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

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2004

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________________ to ________________

Commission File Number 1-7349

Ball Corporation

State of Indiana 35-0160610

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

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

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

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

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

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

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

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

The aggregate market value of voting stock held by non-affiliates of the registrant was $3,976 million based upon the closing market price and common shares outstanding as of July 4, 2004.

Number of shares outstanding as of the latest practicable date.

Class	Outstanding at February 6, 2005
Common Stock, without par value	109,869,994

DOCUMENTS INCORPORATED BY REFERENCE

1. Proxy statement to be filed with the Commission within 120 days after December 31, 2004, to the extent indicated in Part III.

PART I

Item 1. Business

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

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

Information Pertaining to the Business of the Company

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

North American Packaging

Our principal business in North America is the manufacture and sale of aluminum, steel and polyethylene terephthalate (PET) containers, primarily for beverages and foods. This segment represented 65 percent of Ball's consolidated net sales in 2004.

A substantial part of our North American packaging sales are made directly to companies in packaged beverage and food businesses, including SABMiller and bottlers of Pepsi-Cola and Coca-Cola branded beverages and their affiliates that utilize consolidated purchasing groups. Sales to SABMiller plc and PepsiCo, Inc., represented approximately 11 percent and 9 percent of Ball's consolidated net sales, respectively, for the year ended December 31, 2004. Additional details about sales to major customers are included in Note 2 to the consolidated financial statements, which can be found in Item 8 of this Form 10-K ("Financial Statements and Supplementary Data").

Packaging products are sold in highly competitive markets, primarily based on quality, service and price. The packaging business is capital intensive, requiring significant investment in machinery and equipment. Profitability is sensitive to selling prices, production volumes, labor, freight, utility and warehousing costs, as well as the availability and price of raw materials, such as aluminum, steel, plastic resin and other direct materials. These raw materials are generally available from several sources and we have secured what we consider to be adequate supplies and are not experiencing any shortages. We believe we have limited our exposure related to changes in the costs of aluminum, steel and plastic resin as a result of (1) the inclusion of provisions in most aluminum container sales contracts to pass through aluminum cost changes, as well as the use of derivative instruments, (2) the inclusion of provisions in certain steel container sales contracts to pass through steel cost changes and the existence of certain other steel container sales contracts that incorporate annually negotiated metal costs and (3) the inclusion of provisions in substantially all plastic container sales contracts to pass through resin cost changes. In 2004 we were able to pass through steel surcharges levied by producers and we are currently in negotiations with respect to 2005 steel price increases. We believe these negotiations will result in the pass through of the majority of the 2005 steel price increases. At the same time, we are attempting to reduce manufacturing and other material costs as much as possible. While raw materials and energy sources, such as natural gas and electricity, may from time to time be in short supply or unavailable due to external factors, and the pass through of steel costs to our customers may be limited in some instances, we cannot predict the effects, if any, of such occurrences on future operations.

Research and development (R&D) efforts in the North American packaging segment are directed toward the development of new sizes and types of metal and plastic beverage and food containers, as well as new uses for the current containers. Other research and development efforts in this segment generally seek to improve manufacturing efficiencies. During 2004 we completed our expansion of the Ball Technology and Innovation Center located near Denver, Colorado. All of our North American R&D activities are now conducted in that facility.

North American Metal Beverage Containers

North American metal beverage containers represent Ball's largest product line, accounting for 67 percent of segment net sales and 44 percent of consolidated net sales in 2004. Decorated two-piece aluminum beverage cans are produced at 16 manufacturing facilities in the U.S., one facility in Canada and one in Puerto Rico. Can ends are produced within four of the U.S. facilities, as well as in a fifth facility that manufactures only ends. Our annual production capacity is approximately 32 billion cans. Metal beverage containers are primarily sold under multi-year supply contracts to fillers of carbonated soft drinks, beer and other beverages. Sales volumes of metal beverage containers in North America tend to be highest during the period from April through September.

Through Rocky Mountain Metal Container, LLC, a 50/50 joint venture, which is accounted for as an equity investment, Ball and Coors Brewing Company (Coors), a wholly owned subsidiary of Molson Coors Brewing Company, participate in beverage can and end manufacturing facilities in Golden, Colorado. The joint venture supplies Coors with beverage cans and ends for its Golden, Colorado, and Memphis, Tennessee, breweries and supplies ends to its Shenandoah, Virginia, filling location. Ball receives management fees and technology licensing fees under agreements with the joint venture. In addition to beverage containers supplied to Coors from the joint venture, Ball supplies, from its own facilities, substantially all of Coors' metal container requirements for its Shenandoah, Virginia, filling location, as well as other containers not manufactured by the joint venture.

Based on publicly available industry information, we estimate that our North American metal beverage container shipments were approximately 31 percent of total U.S. and Canadian shipments for metal beverage containers. Three producers manufacture substantially all of the remaining metal beverage containers. Two of these producers and three other independent producers also manufacture metal beverage containers in Mexico. Available information indicates that North American metal beverage container shipments have been relatively flat during the past several years.

Beverage container production capacity in the U.S., Canada and Mexico exceeds demand. In order to more closely balance capacity and demand within our business, from time to time we consolidate our can and end manufacturing capacity into fewer, more efficient facilities. From January 1, 1999, through December 31, 2001, we closed five plants. In the second quarter of 2003, we closed a beverage end plant which we acquired from Metal Packaging International, Inc., in March 2003. We also attempt to efficiently match capacity with the changes in customer demand for our packaging products. To that end, we are converting a beverage can manufacturing line in our Golden, Colorado, plant from the production of 12-ounce beverage cans to 24-ounce beverage cans. The Golden line conversion is expected to be completed during the second quarter of 2005.

The aluminum beverage container continues to compete aggressively with other packaging materials in the beer and soft drink industries. The glass bottle has shown resilience in the packaged beer industry, while soft drink industry use of PET containers has grown. In Canada, metal beverage containers have captured significantly lower percentages of the packaged beverage industry than in the U.S., particularly in the packaged beer industry.

North American Metal Food Containers

In addition to metal beverage containers, Ball produces two-piece and three-piece steel food containers for packaging vegetables, fruit, soups, meat, seafood, nutritional products, pet food and other products. These containers are manufactured in 12 plants in the U.S. and Canada and sold primarily to food processors in North America. In 2004 metal food container sales comprised approximately 22 percent of segment net sales and 14 percent of consolidated net sales. Sales volumes of metal food containers in North America tend to be highest from June through October as a result of seasonal vegetable and salmon packs. Approximately 33 billion steel food containers were shipped in the U.S. and Canada in 2004, approximately 21 percent of which we estimate were shipped by Ball.

On March 17, 2004, Ball acquired ConAgra Grocery Products Company's (ConAgra) interest in Ball Western Can Company LLC (Ball Western Can) located in Oakdale, California. Prior to the acquisition, Ball Western Can was a 50/50 joint venture between Ball and ConAgra and was accounted for under the equity method of accounting. The acquisition of Ball Western Can added approximately one billion units of annual capacity.

Competitors in the metal food container business include two national and a few regional suppliers and self manufacturers. Several producers in Mexico also manufacture steel food containers. Steel food containers also compete with other packaging materials in the food industry including glass, aluminum, plastic, paper and the stand-up pouch. As a result, demand for this product line may be affected during the next few years and this segment must increasingly focus on product innovation and cost reduction. Service, quality and price are among the key competitive factors.

North American Plastic Containers

PET containers represented approximately 11 percent of segment net sales and 7 percent of consolidated net sales in 2004. Demand for containers made of PET has increased in the beverage and food markets, with improved barrier technologies and other advances. This growth in demand should continue, assuming adequate supplies of resin continue to be available. While PET beverage containers compete against metal, glass and paper, the historical increase in the sales of PET containers has come primarily at the expense of glass containers and through new market introductions. We estimate our 2004 shipments of 5 billion plastic containers to be approximately 8 percent of total U.S. and Canadian plastic container shipments.

The company operates five PET facilities in the U.S. Competition in the PET container industry includes several national and regional suppliers and self-manufacturers. Service, quality and price are important competitive factors. The ability to produce customized, differentiated plastic containers is becoming a key competitive factor.

Most of Ball's PET containers are sold under long-term contracts to suppliers of bottled water and carbonated soft drinks, including bottlers of Pepsi-Cola branded beverages and their affiliates that utilize consolidated purchasing groups. Our plastic beer containers are being tested by several of our customers and we are developing plastic containers for the single serve juice market. We have expanded our line of Heat-Tek(TM) PET plastic bottles for hot-filled beverages, adding sizes from 8 ounces to 64 ounces.

International Packaging

Europe

Ball Packaging Europe's operations, which accounted for 20 percent of Ball's consolidated net sales in 2004, consist of nine beverage can plants and two aluminum beverage can end plants, a technical center in Bonn, Germany, and the European headquarters in Ratingen, Germany. Of the 11 plants, four are located in Germany, three in the United Kingdom, two in France and one each in the Netherlands and Poland. In total the plants produced approximately 11 billion cans in 2004, with approximately half of those being produced from steel and half from aluminum. Four of the can plants use steel only, four use aluminum and one plant uses both metals.

Ball Packaging Europe is the second largest metal beverage container producer in Europe, with an approximate 30 percent of European shipments, and produces two-piece beverage cans and can ends for producers of beer, carbonated soft drinks, mineral water, fruit juices, energy drinks, isotonics, milk-based beverages, coffee drinks and alcoholic mixed drinks. In western Europe, Ball Packaging Europe is the top metal beverage container manufacturer in Germany, France and the Benelux countries and the second largest metal beverage container manufacturer in the United Kingdom. In addition, it has contributed to the development of the eastern European beverage business and is the second largest metal beverage container manufacturer in Poland. In 2004 Ball began construction on a new aluminum beverage can manufacturing plant in Belgrade, Serbia, to serve the growing demand for beverage cans in southern and eastern Europe. This plant is expected to commence production in the second quarter of 2005.

As in North America, the metal beverage container continues to compete aggressively with other packaging materials used by the European beer and soft drink industries. The glass bottle is heavily utilized in the packaged beer industry, while the PET container is increasingly utilized in the soft drink, juice and mineral water industries.

Our European beverage container business has a balanced and stable customer base with 10 customers accounting for approximately 65 percent of its net sales. Ball Packaging Europe's major customers include Coca-Cola, Inbev, Molson Coors, Heineken, Bavaria, SABMiller, Britvic and Diageo (Guinness).

Beverage packaging in Germany is subject to a mandatory deposit fee on cans and other non-refillable containers. Due to political and legal uncertainties surrounding the mandatory deposit in Germany, no nationwide system for returning the containers was in place when the deposit was imposed on January 1, 2003. As a result, nearly all retailers stopped carrying beverages in non-refillable containers. Subsequently, several small return systems have been put in place instead of one generally accepted return system and no broad solution has been put forth. On October 15, 2004, the German parliament adopted a proposal leaving the existing deposit of 25 eurocents per container in effect. This decision, however, was ruled not in compliance with the European Union (EU) law, and therefore does not provide a stable legal situation to which the industry can adapt. The outcome of the legal proceedings of the EU Commission is unclear and the political discussions about the deposit continue. 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.

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

R&D efforts in Europe are directed toward the development of new sizes and types of metal containers, as well as new uses for the current containers. Other research and development efforts in this segment include improving manufacturing efficiencies. The European R&D activities are conducted in a technical center located in Bonn, Germany.

Other International

Through Ball Asia Pacific Limited, we are one of the largest beverage can manufacturers in the People's Republic of China (PRC) and believe that our facilities are among the most modern in that country. Capacity grew rapidly in the PRC, resulting in a supply/demand imbalance to which we have responded in recent years by closing facilities. Our current operations include the manufacture of aluminum cans and ends in three plants and high-density plastic containers in two plants. Sales in the PRC represented 3 percent of consolidated net sales. We also participate in joint ventures that manufacture aluminum cans and ends in Brazil and in the PRC. In the fourth quarter of 2004, we recorded an allowance for doubtful accounts in respect of a receivable of a 35-percent owned joint venture in the PRC.

For more information on Ball's international operations, see Item 2, Properties, and Exhibit 21, Subsidiary List.

Aerospace and Technologies

The aerospace and technologies segment includes defense operations, civil space systems and commercial space operations. The defense operations business unit includes defense systems, systems engineering services, advanced antenna and video systems and electro-optics and cryogenic systems and components. Sales in the aerospace and technologies segment accounted for approximately 12 percent of consolidated net sales in 2004.

The majority of the aerospace and technologies segment business involves work under contracts, generally from one to five years in duration, as a prime contractor or subcontractor for the National Aeronautics and Space Administration (NASA), the U.S. Department of Defense (DoD) and other U.S. government agencies. Contracts funded by the various agencies of the federal government represented approximately 82 percent and 96 percent of segment sales in 2004 and 2003, respectively. The percentage representing U.S. government sales decreased in 2004 due to growing revenues related to the WorldView contract. Geopolitical events and executive and legislative branch priorities have yielded considerable growth opportunities in areas matching our core capabilities. However, consolidation in the aerospace and defense industries continues, and there is strong competition for new business.

Civil space systems, defense systems and commercial space operations include hardware, software and services sold primarily to U.S. customers, with emphasis on space science and exploration, environmental and Earth sciences, and defense and intelligence applications. Major contractual activities frequently involve the design, manufacture and testing of satellites, remote sensors and ground station control hardware and software, as well as related services such as launch vehicle integration and satellite operations.

Other hardware activities include: target identification, warning and attitude control systems and components; cryogenic systems for reactant storage, and sensor cooling devices using either closed-cycle mechanical refrigerators or open-cycle solid and liquid cryogens; star trackers, which are general-purpose stellar attitude sensors; and fast-steering mirrors. Additionally, the aerospace and technologies segment provides diversified technical services and products to government agencies, prime contractors and commercial organizations for a broad range of information warfare, electronic warfare, avionics, intelligence, training and space systems needs.

Backlog in the aerospace and technologies segment was $694 million and $644 million at December 31, 2004 and 2003, respectively, and consists of the aggregate contract value of firm orders, excluding amounts previously recognized as revenue. The 2004 backlog includes $502 million expected to be recognized in revenues during 2005, with the remainder expected to be recognized in revenues thereafter. Unfunded amounts included in backlog for certain firm government orders which are subject to annual funding were $393 million and $443 million at December 31, 2004 and 2003, respectively. Year-to-year comparisons of backlog are not necessarily indicative of the trend of future operations.

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

Patents

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

Research and Development

Note 18, "Research and Development," in the consolidated financial statements within Item 8 of this report, contains information on company research and development activity. Additional information is also included in Item 2, "Properties," below.

Environment

Aluminum, steel and PET containers are recyclable, and significant amounts of used containers are being diverted from the solid waste stream and recycled. Using the most recent data available, in 2003 approximately 50 percent of aluminum containers, 60 percent of steel containers and 20 percent of the PET containers sold in the U.S. were recycled.

Recycling rates vary throughout Europe, but generally average 60 percent for aluminum and steel containers, which exceeds the European Union's goal of 50 percent recycling for metals. Due in part to the intrinsic value of aluminum and steel, metal packaging compares favorably to other packaging materials in terms of recycling in Europe. Some of the highest rates are in Germany where both aluminum and steel containers were recycled at rates estimated to be at least 80 percent prior to the imposition of mandatory deposits on one-way packaging effective January 1, 2003.

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

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

Employees

At the end of December 2004 the company employed approximately 13,200 people worldwide, including 9,100 employees in the U.S. and 4,100 in other countries. There are also approximately 1,000 employees employed in unconsolidated joint ventures in which Ball participates. Approximately one-third of Ball's North American packaging plant employees are unionized and most of our European plant employees are union workers. Collective bargaining agreements with various unions in the U.S. have terms of three to five years, expire at regular intervals and are customarily renewed in the ordinary course after bargaining between union and company representatives. The company believes that its employee relations are good and that its training, education and retention practices assist in enhancing employee satisfaction levels.

Where to Find More Information

Ball Corporation is subject to the reporting and other information requirements of the Securities Exchange Act of 1934, as amended (Exchange Act). Reports and other information filed with the Securities and Exchange Commission (SEC) pursuant to the Exchange Act may be inspected and copied at the public reference facility maintained by the SEC in Washington, D.C. The SEC maintains a website at www.sec.gov containing our reports, proxy materials, information statements and other items.

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

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

The company intends to post on its website the nature of any amendments to the company's codes of ethics that apply to executive officers and directors, including the chief executive officer, chief financial officer or controller, and the nature of any waiver or implied waiver from any code of ethics granted by the company to any executive officer or director. The posting will appear on the company's website at www.ball.com under the section "Investors," under the subsection "Financial Information," and under the link "Corporate Governance."

Item 2. Properties

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

The corporate headquarters and the Ball Aerospace & Technologies Corp. offices are located in Broomfield, Colorado. The Colorado-based operations of the aerospace and technologies business occupy a variety of company-owned and leased facilities in Broomfield, Boulder and Westminster, which together aggregate approximately 1.3 million square feet of office, laboratory, research and development, engineering and test and manufacturing space. During 2005 the company will commence construction of an additional 105,000 square foot facility adjacent to existing facilities in Boulder. Other aerospace and technologies operations carry on business in company-owned and leased facilities in Florida, Georgia, New Mexico, Ohio, Virginia, Washington and Australia.

The offices for the North American packaging operations are based in Westminster, Colorado, and the offices for the European packaging operations are located in Ratingen, Germany. Also located in Westminster is the Ball Technology and Innovation Center, which serves as a research and development facility for the North American metal packaging and plastic container operations. The European Technical Centre, which serves as a research and development facility for the European beverage can manufacturing operations, is located in Bonn, Germany.

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

Plant Location	**Approximate Floor Space in Square Feet**
Metal packaging manufacturing facilities:	
North America	
Springdale, Arkansas	286,000
Richmond, British Columbia	194,000
Fairfield, California	340,000
Torrance, California	478,000
Golden, Colorado	500,000
Tampa, Florida	275,000
Kapolei, Hawaii	132,000
Monticello, Indiana	356,000
Kansas City, Missouri	400,000
Saratoga Springs, New York	358,000
Wallkill, New York	317,000
Reidsville, North Carolina	287,000
Columbus, Ohio	305,000
Findlay, Ohio*	733,000
Burlington, Ontario	308,000
Whitby, Ontario*	200,000
Guayama, Puerto Rico	225,000
Baie d'Urfe, Quebec	211,000
Chestnut Hill, Tennessee	315,000
Conroe, Texas	180,000
Fort Worth, Texas	328,000
Bristol, Virginia	241,000
Williamsburg, Virginia	400,000
Kent, Washington	166,000
Weirton, West Virginia (leased)	85,000
DeForest, Wisconsin	360,000
Milwaukee, Wisconsin*	397,000
Europe	
Bierne, France	263,000
La Ciotat, France	393,000
Braunschweig, Germany	258,000
Hassloch, Germany	283,000
Hermsdorf, Germany	269,000
Weissenthurm, Germany	260,000
Oss, The Netherlands	231,000
Radomsko, Poland	309,000
Deeside, U.K.	109,000
Rugby, U.K.	175,000
Wrexham, U.K.	222,000
Asia	
Beijing, PRC	303,000
Hubei (Wuhan), PRC	237,000
Shenzhen, PRC	404,000

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

Plant Location	**Approximate Floor Space in Square Feet**
Plastic packaging manufacturing facilities:	
North America	
Chino, California (leased)	578,000
Ames, Iowa	840,000
Delran, New Jersey	450,000
Baldwinsville, New York (leased)	508,000
Watertown, Wisconsin	111,000
Asia	
Zhongfu, PRC (leased)	52,000
Hemei, PRC	47,000

The plant under construction in Belgrade, Serbia, will be approximately 313,000 square feet when completed. In addition to the consolidated manufacturing facilities, the company has ownership interests of 50 percent or less in packaging affiliates located primarily in the U.S., PRC and Brazil.

Item 3. Legal Proceedings

North America

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

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

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

The company previously reported that, on August 1, 1997, the USEPA sent notice of potential liability to 19 PRPs concerning past activities at one or more of the four Rocky Flats parcels (including land owned by Precision Chemicals now owned by Great Western Inorganics) at the Rocky Flats Industrial Park site (RFIP) located in Jefferson County, Colorado. The RFIP site also includes the American Ecological Recycling and Research Company (AERRCO) site and a site owned by Thoro Products Company. Based upon sampling at the site in 1996, the USEPA determined that additional site work would be required to determine the extent of contamination and the possible cleanup of the site. The USEPA requested the PRPs to perform certain site work in 1996. On December 19, 1997, the USEPA issued an Administrative Order on Consent (AOC) to conduct engineering estimates and cost analyses. The company has funded approximately $70,000 toward these costs. The PRPs have negotiated an agreement and the company contributed $5,000 as an initial group contribution. The company has agreed to pay 12 percent of the costs of cleanup at the AERRCO site and a percentage of the cleanup costs on the Thoro site. On January 8, 2003, and October 9, 2003, the company made additional payments of $97,200 (total $194,400) toward the cost of cleanup. The company paid $35,355 in 2004 toward the cleanup. Based on the information, or lack thereof, available to the company at the present time, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

As previously reported, in October 2001 representatives of Vauxmont Intermountain Communities (Vauxmont) notified six of the PRPs at the AERRCO site, including the company, (AERRCO PRPs) that hazardous materials might have contaminated property owned by Vauxmont. The AERRCO site is contained within the RFIP site. Vauxmont also alleges that it lost $7 million on a contract with a home developer for the purchase of a portion of the land. Vauxmont representatives requested that the AERRCO PRPs study any contamination to the Vauxmont real estate. The AERRCO PRPs agreed to undertake such a study and sought the USEPA’s final approval. The sampling results were made available to all parties. No further claims have been made against the company by Vauxmont to date. Based on the information, or lack thereof, available to the company at the present time, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

As previously reported, during July 1992, the company received information that it had been named a PRP with respect to the Solvents Recovery of New England Site (SRSNE) located in Southington, Connecticut. According to the information received, it is alleged that the company contributed approximately 0.08816 percent of the waste contributed to the site on a volumetric basis. The PRP group has been involved in negotiations with the USEPA regarding the remediation of the site. The company has paid approximately $17,500 toward site investigation and remediation efforts. The PRP group spent $15 million through the end of 2001. Approximately $1.5 million more was spent to complete a Remedial Investigation and Feasibility Study (RI/FS) and pay for remediation work through 2003. As of December 2001, projected remediation cost estimates for a bioremediation and enhanced oxidation system ranged from $20 million to $30 million. The PRP group offered a $5.5 million settlement to resolve the USEPA claim of $16 million for past costs at the SRSNE site. PRP/USEPA negotiations to resolve the past cost claims from the USEPA have not been resolved and are not being actively pursued by the PRP group. A natural resources damage claim of approximately $3 million is anticipated. Based on the information, or lack thereof, available to the company at the present time, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

The company previously reported that on or about June 14, 1990, the El Monte plant of Ball-InCon Glass Packaging Corp. (renamed Ball Glass Container Corporation [Ball Glass] in 1994), a then wholly owned subsidiary of the company, the assets of which were contributed in September 1995 into a joint venture with Compagnie de Saint-Gobain (Saint-Gobain), now known as Saint-Gobain Industries, Inc., and currently wholly owned by Saint-Gobain, received a general notification letter and information request from the EPA, Region IX. The letter notified Ball Glass that it may have a potential liability as defined in Section 107(a) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) with respect to the San Gabriel Valley areas 1-4 Superfund Sites located in Los Angeles County, California. Other companies received a similar letter and request. The PRP group organized and drafted an agreement, which Ball Glass executed. The PRP group and the EPA negotiated the terms of an AOC, which was subsequently revised and finalized with the consent of the EPA. The remedy AOC was filed with the U.S. District Court in Los Angeles effective April 21, 2004, four days after the public comment period expired. On June 21, 2004, the order became final. No appeals were filed. On June 30, 2004, the *de minimis* parties’ settlement in the amount of $3.75 million (Ball’s $412,169 share was paid on November 6, 2003) was distributed to Gould Industries who will place the monies into a qualified settlement fund for its use and performance in performing the site remediation work required by the AOC. The *de minimis* settlement, incorporated into the AOC, has now become final and the company and subsidiaries will receive contribution protection from the U.S. government against any future litigation at this site. The company believes that this matter is now resolved with no material adverse effect upon the liquidity, results of operations or financial condition of the company.

The company previously reported that in 1998 various consumers filed toxic tort litigation in the Superior Court for Los Angeles County (Trial Court) against various water companies operating in the San Gabriel Valley Basin. Plaintiffs also joined other PRPs, including the company, in the various operable units of the San Gabriel Valley Superfund Site. The Trial Court consolidated the six separate lawsuits in the Northeast District (Pasadena) and designated the case of *Adler, et al. v. Southern California Water Company, et al.*, as the lead case. This case involved allegations that the defendants had violated regulatory drinking water standards. The parties have now settled this case. The company has agreed to pay $50,000 toward the settlement. The settlement has been filed with and approved by the Trial Court. The settlement amount will be tendered to the plaintiffs after the plaintiffs obtain an order approving the settlement and release of the claims of those plaintiffs who are minors. The company’s general liability insurance carrier has been defending the action and is paying the cost of defense, including attorneys’ fees, under a reservation of rights. The company believes that this matter is now resolved with no material adverse effect upon the liquidity, results of operations or financial condition of the company.

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

Europe

Ball Packaging Europe (BPE), together with other plaintiffs, is contesting in federal and state administrative courts the enactment of a mandatory deposit for non-refillable containers based on the German Packaging Regulation (Verpackungsverordnung). The proceedings in the State Administrative Court are still active in two States (Bavaria and Hamburg), and the proceedings in the other states have been declared inactive or have been retracted. The Federal Constitutional Court in Karsruhe (Bundesverfassungsgericht) has denied the motions of the plaintiffs for judgment. At the federal level, a proceeding with the Administrative Court in Berlin (Verwaltungsgericht Berlin) is still pending. BPE filed a motion for an expedited procedure with the objective of reinstating the suspensive effect of the procedure. The Administrative Court has denied the motion. BPE has filed an appeal against this decision with the Higher Administrative Court in Berlin (Oberverwaltungsgericht Berlin), which also denied the motion. The European Court of Justice has issued a judgment that confirmed that the German deposit legislation violated, among other EU regulations, the principle of free trade of goods within the European Union (EU) and disadvantaged the importers of beverages versus German beverage producers. Following this judgment, two German law firms have suggested that importers of beverages and possibly even local beverage producers may be able to market beverages in Germany without mandatory deposit until a German-wide functioning return system is implemented. The German government does not share this point of view and has indicated that it will continue to apply the mandatory deposit regulations. German retailers are hesitant as to which point of view they share. Based on the information, or lack thereof, available to the company at the present time, the company is unable to express an opinion as to the actual exposure of the company.

Item 4. Submission of Matters to Vote of Security Holders

There were no matters submitted to the security holders during the fourth quarter of 2004.

Part II

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

Ball Corporation common stock (BLL) is traded on the New York, Chicago and Pacific Stock Exchanges. There were 5,484 common shareholders of record on February 4, 2005.

Common Stock Repurchases

The following table summarizes the company's repurchases of its common stock during the quarter ended December 31, 2004.

Purchases of Securities

($ in millions)	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*(b)*
October 4 to October 31, 2004	220	$ 37.67	220	11,755,396
November 1 to November 28, 2004	47,990	$ 40.74	47,990	11,707,406
November 29 to December 31, 2004	322,063	$ 44.04	322,063	11,385,343
Total	370,273*(a)*	$ 43.61	370,273	

(a) *Primarily open market purchases.*
(b) *The company has an ongoing repurchase program for which shares are authorized for repurchase by Ball's Board of Directors as needed. On July 28, 2004, the board authorized the repurchase of up to 12 million shares, which replaced all previous authorizations. On January 31, 2005, the company repurchased 3 million shares thereby reducing the maximum number of shares that may yet be repurchased under the program by that amount.*

Quarterly Stock Prices and Dividends

Quarterly prices for the company's common stock, as reported on the New York Stock Exchange composite tape, and quarterly dividends in 2004 and 2003 (on a calendar quarter basis) were:

	2004				2003			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
High	$ 34.43	$ 36.23	$ 38.30	$ 45.20	$28.425	$ 29.61	$27.555	$29.875
Low	28.255	30.20	34.12	35.81	24.275	22.635	21.150	26.60
Dividends per share	0.075	0.075	0.10	0.10	0.045	0.045	0.075	0.075

Amounts have been retroactively restated for a two-for-one stock split, which was effected on August 23, 2004.

Item 6. Selected Financial Data

Five-Year Review of Selected Financial Data
Ball Corporation and Subsidiaries

($ in millions, except per share amounts)	2004	2003	2002	2001	2000
Net sales	$ 5,440.2	$ 4,977.0	$ 3,858.9	$ 3,686.1	$ 3,664.7
Net earnings (loss) *(1)*	295.6	229.9	156.1	(99.2)	68.2
Preferred dividends, net of tax	--	--	--	(2.0)	(2.6)
Earnings (loss) attributable to common shareholders *(1)*	$ 295.6	$ 229.9	$ 156.1	$ (101.2)	$ 65.6
Return on average common shareholders' equity	31.2%	35.4%	31.3%	(17.7)%	10.1%
Basic earnings (loss) per share *(1) (2)*	$ 2.67	$ 2.06	$ 1.39	$ (0.92)	$ 0.56
Weighted average common shares outstanding (000s) *(2)*	110,846	111,710	112,634	109,759	116,160
Diluted earnings (loss) per share *(1) (2)*	$ 2.60	$ 2.01	$ 1.36	$ (0.92)	$ 0.53
Diluted weighted average common shares outstanding (000s) *(2)*	113,790	114,275	115,076	109,759	124,068
Property, plant and equipment additions	$ 196.0	$ 137.2	$ 158.4	$ 68.5	$ 98.7
Depreciation and amortization	$ 215.1	$ 205.5	$ 149.2	$ 152.5	$ 159.1
Total assets	$ 4,477.7	$ 4,069.6	$ 4,132.4	$ 2,313.6	$ 2,649.8
Total interest bearing debt and capital lease obligations	$ 1,660.7	$ 1,686.9	$ 1,981.0	$ 1,064.1	$ 1,137.3
Common shareholders' equity	$ 1,086.6	$ 807.8	$ 492.9	$ 504.1	$ 639.6
Market capitalization *(3)*	$ 4,956.2	$ 3,359.1	$ 2,904.8	$ 2,043.8	$ 1,292.0
Net debt to market capitalization *(3)*	29.5%	49.1%	59.3%	48.0%	86.0%
Cash dividends per share *(2)*	$ 0.35	$ 0.24	$ 0.18	$ 0.15	$ 0.15
Book value per share *(2)*	$ 9.64	$ 7.17	$ 4.35	$ 4.36	$ 5.70
Market value per share *(2)*	$ 43.98	$ 29.785	$ 25.595	$ 17.675	$ 11.515
Annual return to common shareholders *(4)*	48.8%	17.4%	46.0%	55.3%	19.2%
Working capital	$ 249.3	$ 62.4	$ 155.6	$ 218.8	$ 310.2
Current ratio	1.25	1.07	1.15	1.38	1.47

(1) *Includes business consolidation activities and other items affecting comparability between years of pretax income of $15.2 million, $3.7 million and $2.3 million in 2004, 2003 and 2002, respectively, and pretax expense of $271.2 million and $76.4 million in 2001 and 2000, respectively. Also includes expense of $15.2 million in 2004 reported within equity in results of affiliates and $15.2 million and $5.2 million of debt refinancing costs in 2003 and 2002, respectively, reported as interest expense. Additional details about the 2004, 2003 and 2002 items are available in Notes 4, 9 and 11 to the consolidated financial statements within Item 8 of this report.*

(2) *Amounts have been retroactively restated for two-for-one stock splits, which were effected on August 23, 2004, and February 22, 2002.*

(3) *Market capitalization is defined as the number of common shares outstanding at year end, multiplied by the year-end closing price of Ball common stock. Net debt is total debt less cash and cash equivalents.*

(4) *Change in stock price plus dividend yield assuming reinvestment of all dividends paid.*

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

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

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

BUSINESS OVERVIEW

Ball Corporation is one of the world's leading suppliers of metal and plastic packaging to the beverage and food industries. Our packaging products are produced for a variety of end uses and are currently manufactured in 48 plants around the world. We also supply aerospace and other technologies and services to governmental and commercial customers.

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

In the rigid packaging industry in the U.S. and Canada, sales and earnings can be improved by reducing costs, developing new products, volume expansion and increasing pricing where possible. While the U.S. and Canadian beverage container manufacturing industry is relatively mature, the European, PRC and Brazilian beverage can markets are growing (excluding the effects of the German mandatory deposit discussed in "International Packaging") and are expected to continue to grow. We are capitalizing on this growth by reconfiguring some of our European can manufacturing lines, building a beverage can manufacturing plant near Belgrade, Serbia, and expanding our manufacturing capacity in both the PRC and Brazil. The Belgrade plant is scheduled to be operational by the second quarter of 2005.

With our acquisition of Ball Packaging Europe in December 2002, Ball's consolidated earnings are 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.

As part of our packaging strategy, we are focused on developing and marketing new and existing products that meet the ever-expanding needs of our beverage and food customers. These innovations include new shapes, sizes, opening features and other functional benefits of both metal and plastic packaging. This packaging development activity helps us maintain and expand our supply positions with major beverage and food customers.

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 of accounting. Our present contract mix consists of approximately 60 percent cost-plus contracts, which are billed at our costs plus an agreed upon profit component, and approximately 40 percent fixed price contracts. We include time and material contracts in the fixed price category because such contracts typically provide for the sale of engineering labor at fixed hourly rates. 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 for this business 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), diluted earnings per share, economic value added, operating cash flow and free cash flow (generally defined by the company as cash flow from operating activities less capital expenditures). Nonfinancial measures in the packaging segments include production spoilage rates, quality control measures and production and shipment volumes. Additional 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 of the company's common stock. For most management employees, a meaningful portion of compensation is at risk as an incentive, dependent upon economic value-added 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 with Ball common stock, many employees, regardless of organizational level, have opportunities to participate as Ball shareholders. During 2004 we expanded our employee stock purchase program to some of our Ball Packaging Europe employees.

In recognition of the company's performance, the company's Board of Directors declared a two-for-one stock split and increased the quarterly dividend. The distribution date for the stock split was August 23, 2004, for shareholders of record on August 4, 2004. As a result of the stock split, all amounts related to earnings per share and share prices have been retroactively restated as if the split had occurred as of January 1, 2002. Ball's board also authorized the repurchase of up to 12 million of the company's post-split shares. This authorization replaced all previous authorizations. On January 31, 2005, the company repurchased 3 million shares, thereby reducing the maximum number of shares that may yet be repurchased by that amount.

CONSOLIDATED SALES AND EARNINGS

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

North American Packaging

North American packaging consists of operations located in the U.S. and Canada, which manufacture metal container products, used primarily in beverage and food packaging, and polyethylene terephthalate (PET) plastic container products, used principally in beverage packaging. This segment accounted for 65 percent of consolidated net sales in 2004.

<u>Metal Beverage Container Sales</u>

North American metal beverage container sales comprised 67 percent of segment sales in 2004 (69 percent in 2003) and were 3 percent higher than in 2003. Contributing to the increase were the pass through of aluminum price increases and higher volumes in our specialty can products, partially offset by declines in standard 12-ounce cans. Sales in the first quarter of 2004 were also improved over 2003 due to the acquisition of Metal Packaging International, Inc. (MPI) in March 2003 (discussed below). North American metal beverage container sales were slightly higher in 2003 than in 2002 as higher can end volumes resulting from the acquisition of MPI were partially offset by lower can and end volumes in several regions of the country due to poor weather conditions. Based on publicly available information, we estimate that our shipments of metal beverage containers were approximately 31 percent of total U.S. and Canadian shipments in 2004.

In October 2004 we announced plans to convert a beverage can manufacturing line in our Golden, Colorado, plant from the production of 12-ounce beverage cans to 24-ounce beverage cans. The Golden line conversion, which is expected to be completed during the second quarter of 2005, will enable Ball to more efficiently match its capacity with the growing demand for custom cans.

On March 11, 2003, we acquired MPI, a manufacturer of aluminum beverage can ends, for $28 million. MPI produced just over 2 billion ends for metal beverage containers per year, primarily for soft drink companies, and had sales of approximately $42 million in 2002.

<u>Metal Food Container Sales</u>

Metal food container sales in 2004 comprised 22 percent of segment sales (20 percent in 2003) and were 20 percent higher than 2003 sales. Sales were higher due to the acquisition of Ball Western Can Company, LLC (Ball Western Can) in March 2004 (discussed below), higher selling prices as a result of the pass through of raw material costs and some pre-buying by customers in the fourth quarter ahead of expected steel price increases. Negotiations with respect to 2005 sales contracts are ongoing. We believe these negotiations will result in the pass through of the majority of the 2005 steel price increases. We estimate our 2004 shipments of approximately 7 billion cans to be approximately 21 percent of total U.S. and Canadian metal food container shipments, based on publicly available trade information.

Metal food container sales in 2003 were 3 percent higher than in 2002. Sales were higher in 2003 compared to 2002 primarily as a result of a multi-year contract with Ross Products, a division of Abbott Laboratories.

On March 17, 2004, we acquired ConAgra Grocery Products Company's (ConAgra) interest in Ball Western Can for $30 million. Ball Western Can, located in Oakdale, California, was established in 2000 as a 50/50 joint venture between Ball and ConAgra and, prior to the acquisition, was accounted for by Ball using the equity method of accounting. Ball and ConAgra's parent company, ConAgra Foods Inc., signed a long-term agreement under which Ball will provide metal food containers to ConAgra food packing locations in California. The acquisition of Ball Western Can added approximately one billion units of annual capacity.

<u>Plastic Container Sales</u>

Plastic container sales in 2004 comprised 11 percent of segment sales (11 percent in 2003) and increased 7 percent compared to 2003. The increase was primarily related to several new preform sales contracts secured during the year and the price pass through of raw material price increases. Preform sales, which represent approximately 8 percent of the business, increased by 56 percent and bottle sales increased by 4 percent over 2003 levels. Carbonated soft drink and water sales volumes were lower than expected primarily due to reduced demand on the East Coast resulting from competitive pressures and a delay in the commencement of a new customer supply opportunity on the West Coast. Although only a small percentage of our total volume, juice and beer container sales increased in 2004 and are expected to grow considerably in the future as more focus is given to these specialty markets and the development of our Heat-Tek(TM) business. We estimate our 2004 shipments of 5 billion bottles to be approximately 8 percent of total U.S. and Canadian plastic container shipments.

Plastic container sales in 2003 increased 6 percent compared to 2002. Four plastic bottle blow-molding production lines were installed during the latter part of 2002 which increased 2003 sales volumes compared to 2002. Competitive pricing pressure and cold and wet weather conditions on the East Coast and in the Midwest contributed to lower than expected 2003 sales. In response to the lower sales, we reduced production at certain plants, and reduced the work force and idled some of the equipment at our Watertown, Wisconsin, plant.

North American Packaging Segment Earnings

Segment earnings in 2004 were 18 percent higher than in 2003. The improvement in earnings was the result of higher sales and production volumes, improved product mix, cost reduction programs and strong fourth quarter food can sales. In addition, 2003 earnings were negatively impacted by approximately $11 million of start-up costs associated with a new two-piece food can manufacturing line in Milwaukee. Partially offsetting these 2004 earnings improvements were continued pricing pressures on commodity plastic containers for soft drink customers and an increase in cost of sales due to rising raw material costs under the LIFO (last-in-first-out) method of accounting.

Segment earnings were slightly lower in 2003 than in 2002. In addition to the Milwaukee start-up costs, 2003 earnings were negatively affected by competitive pricing pressures on food cans and plastic containers. These issues were partially offset by cost improvements achieved through operating efficiencies, lower spoilage and stringent cost management, particularly in our metal beverage container plants.

Segment earnings results over the past three years include various business consolidation activities, which were undertaken to improve our operations. All of these restructuring activities were completed by the end of 2004. Segment earnings included business consolidation gains of $1.1 million and $0.2 million for 2004 and 2003, respectively, and a loss of $2.3 million in 2002. In addition to the business consolidation gains, relocation costs of $2 million and $2.7 million were incurred in 2004 and 2003, respectively, for the relocation of the plastics offices and research and development facility from Atlanta, Georgia, to Colorado. The office relocation was completed during 2003 and the R&D facility relocation was completed in 2004.

Concerning the business consolidation activities, earnings of $0.4 million were recorded in the fourth quarter of 2004, as costs to complete the closure of a metal food container plant were less than expected. Also in the third quarter, $0.7 million of earnings were recorded to reflect lower than expected costs incurred on the shut down and relocation of the Atlanta plastics offices and research and development facility.

In the fourth quarter of 2003, a gain of $1.6 million was recorded in connection with the sale of a metal beverage container facility that was shut down in December 2001. In the first quarter of 2003, a net charge of $1.4 million was booked to record the closure of a metal food container plant and a gain from a previous plant closure.

In the fourth quarter of 2002, a net charge of $2.3 million was recorded in connection with the closure of the Atlanta plastics facilities and the completion of several plant closures commenced prior to 2002.

International Packaging

International packaging includes the production and sale of metal beverage container products manufactured in Europe and Asia as well as plastic containers manufactured and sold in Asia. This segment accounted for 23 percent of consolidated net sales in 2004.

Europe

Ball Packaging Europe, which represents approximately 30 percent of the total European metal beverage container manufacturing capacity, has manufacturing plants located in Germany, the United Kingdom, France, the Netherlands and Poland. European sales were 10 percent higher in 2004 than in 2003 as a result of a stronger euro, higher selling prices and successful export programs from German plants to other European countries. In the first quarter of 2003, one German can manufacturing line was idled and, in the first quarter of 2004, another German can manufacturing line was converted from steel to aluminum cans. Another steel can manufacturing line in the Netherlands is being converted to aluminum partially in response to increased demand for custom cans in Europe. This conversion is expected to be completed by the end of the first quarter of 2005.

European sales of $1 billion in 2003 benefited from a strong euro, but were negatively affected by the January 1, 2003, imposition of a mandatory deposit on one-way metal, PET and glass beverage containers (for beer, carbonated soft drinks and water) in Germany, where four of Ball Packaging Europe’s plants are located. While sales volumes to German customers from our European plants were down approximately 2.2 billion cans in 2003 from prior year levels, warm weather conditions in much of Europe and the continued growth in beverage can usage in eastern and southern Europe have helped to increase volumes in other countries. Sales in 2002 were not comparable to 2003 because Ball acquired Ball Packaging Europe on December 19, 2002.

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

PRC

Sales in the PRC in 2004 increased 18 percent over 2003 levels, which were flat compared to 2002. Earnings before taxes were significantly improved over the prior year due largely to cost reduction initiatives resulting from business consolidation actions taken in 2001.

During the fourth quarter of 2004, Sanshui Jianlibao FTB Packaging Limited (Sanshui JFP), a 35 percent owned PRC joint venture, experienced a greater than customary seasonal production slowdown caused by cash flow difficulties. The cash flow difficulties were due to a build up of receivables from our joint venture partner’s business, which is Sanshui JFP’s major customer. After discussions with representatives of the local Chinese government, which has taken control of our joint venture partner’s business, we recorded an allowance for doubtful accounts in respect of Sanshui JFP’s receivable from the joint venture partner. Our share of the bad debt provision amounted to $15.2 million and is included in the consolidated statement of earnings as equity in results of affiliates.

International Packaging Segment Earnings

International packaging segment earnings improved in 2004 and 2003 due to a stronger euro and higher profit margins in both Europe and the PRC due in large part to operational cost reduction programs. The stronger euro improved our net earnings per diluted share by $0.08 in 2004 compared to 2003. Segment earnings in 2004 were also improved over 2003 by the nonrecurrence of purchase accounting adjustments which increased Ball Packaging Europe’s cost of sales in 2003.

In June 2001 we announced a plan to exit the general line metal can business in the PRC and reduce our PRC beverage can manufacturing capacity by closing two plants. A $237.7 million pretax charge ($185 million after tax and minority interest impact) was recorded in connection with this reorganization. We recorded $13.7 million of earnings during 2004, $3.3 million in 2003 and $5.1 million in 2002 as restructuring activities were completed, resulting in realization on assets in excess of amounts previously estimated, as well as costs incurred being less than estimated. Other than tax clearances from the applicable authorities as the closed facilities are formally liquidated, the costs and transactions related to the PRC were concluded by the end of 2004.

Aerospace and Technologies

Aerospace and technologies segment sales represented 12 percent of 2004 consolidated net sales (11 percent in 2003) and were 22 percent higher than in 2003. Higher sales in 2004 resulted from newly awarded contracts and additions to previously awarded contracts. The aerospace and technologies business won a number of large, strategic contracts and delivered a great deal of sophisticated space and defense instrumentation throughout the period. Net earnings decreased in 2004 by 2 percent compared to 2003 largely due to increased pension costs and higher costs incurred on certain cost-plus contracts without corresponding additional fees as these contracts reach completion. In addition, 2003 margins included approximately $8 million due to successfully achieving milestones in two key programs. Sales and operating margins in 2003 increased compared to 2002 as a result of strong operating performance and the program milestones and completions mentioned above.

Some of the segment's high-profile contracts include: the Deep Impact mission, which was launched in January 2005 to intercept and study a comet; WorldView, an advanced commercial remote sensing satellite; the James Webb Space Telescope, a successor to the Hubble Space Telescope; the Space-Based Space Surveillance System, which will detect and track space objects such as satellites and orbital debris; NPOESS, the next-generation satellite weather monitoring system; and a number of antennas for the Joint Strike Fighter.

Earnings were recorded of $0.4 million in the fourth quarter of 2004, $0.2 million in the third quarter of 2003 and $2 million in the fourth quarter of 2002 for exit costs that were no longer required due to the sale of a product line whose operations ceased in 2001. In the fourth quarter of 2002, we also recorded a $2.5 million after-tax charge to write off an equity investment in an aerospace company.

Sales to the U.S. government, either directly as a prime contractor or indirectly as a subcontractor, represented approximately 82 percent of segment sales in 2004 and 96 percent of segment sales in both 2003 and 2002. The percentage representing U.S. government sales decreased in 2004 due to growing revenues related to the WorldView contract. Contracted backlog for the aerospace and technologies segment at December 31, 2004 and 2003, was $694 million and $644 million, respectively. Year-to-year comparisons of backlog are not necessarily indicative of the trend of future operations.

For additional information regarding the company's segments, see the summary of business segment information in Note 2 accompanying the consolidated financial statements within Item 8 of this report. The charges recorded for business consolidation activities were based on estimates by Ball management, actuaries and other independent parties and were developed from information available at the time. If actual outcomes vary from the estimates, the differences will be reflected in current period earnings in the consolidated statement of earnings and identified as business consolidation gains and losses. Additional details about our business consolidation activities and associated costs are provided in Note 4 accompanying the consolidated financial statements.

Selling and Administrative Expenses

Selling and administrative expenses were $267.9 million, $234.2 million and $170.6 million for 2004, 2003 and 2002, respectively. The increase in 2004 compared to 2003 was due to higher costs related to the company's deposit share program, higher pension and incentive costs, costs associated with Sarbanes-Oxley compliance in 2004, higher research and development costs, the effects of foreign exchange rates and growth in our aerospace and technologies segment. In 2004 we reduced our U.S. pension plan discount rate from 6.75 percent to 6.25 percent, resulting in approximately $8.3 million higher U.S. pension expense for the year compared to 2003, most of which was included in cost of sales.

Approximately $48.1 million of the increase in 2003 compared to 2002 is related to the acquisition of Ball Packaging Europe in December 2002. The additional increase in 2003 was primarily the result of higher employee costs, incentives and higher pension expense, partially offset by lower expenses in the PRC. In 2003 we reduced our U.S. pension plan long-term asset return assumption from 9 percent to 8.5 percent and our discount rate from 7.5 percent to 6.75 percent. The changes in the return on pension asset and discount rate assumptions, as well as actual asset performance, increased North American pension expense for the year by approximately $14.8 million as compared to 2002. Most of this increase was included in cost of sales.

For the U.S. pension plans, we intend to maintain our current return on asset assumption at 8.5 percent for 2005 while further reducing the discount rate assumption to 6 percent. Based on these assumptions, U.S. pension expense for 2005 is anticipated to increase approximately $5.4 million compared to 2004, most of which will be included in cost of sales. Pension expense in Europe and Canada combined is expected to be comparable to 2004 expense. A further reduction of the plan asset return assumption by one quarter of a percentage point would result in additional expense of approximately $1.8 million. A quarter of a percentage point reduction in the discount rate would result in approximately $3.3 million of additional expense. Additional information regarding the company's pension plans is provided in Note 13 accompanying the consolidated financial statements.

Interest and Taxes

Consolidated interest expense before debt refinancing costs was $103.7 million in 2004, $125.9 million in 2003 and $75.6 million in 2002. The lower expense in 2004 compared to 2003 was due to lower average borrowings and changes in interest rates. The higher expense in 2003 compared to 2002 was associated with the higher level of borrowings subsequent to the acquisition of Ball Packaging Europe. Debt refinancing costs in 2003 included $15.2 million of costs associated with the early redemption of the company's 8.25% senior subordinated notes in August 2003. Debt refinancing costs in 2002 included $5.2 million related to the refinancing of the company's debt in connection with the acquisition of Ball Packaging Europe.

Ball's consolidated effective income tax rate for 2004 was 32 percent compared to 31.3 percent in 2003 and 35.6 percent in 2002. The overall 2004 effective rate was slightly higher, primarily due to higher North American earnings than in 2003, but continues to reflect a low consolidated European income tax rate due to lower profits in Germany, reflecting the impact of the refundable mandatory deposit on non-refillable containers imposed on January 1, 2003, and a tax holiday in Poland. Germany has the highest tax rate of the European countries in which Ball has operations.

We are currently reviewing the impact of making a 2005 foreign earnings distribution to the U.S. via intercompany dividend distributions in accordance with the American Jobs Creation Act of 2004. If such a dividend distribution were to occur, we estimate the reasonably possible range of distributions to be $300 million to $500 million, with the related potential impact on income tax expense being $7 million to $12 million. See Note 12 in Item 8 for more details on other pending tax matters.

Results of Equity Affiliates

Equity in the earnings of affiliates is attributable to our 50 percent ownership in packaging investments in North America and Brazil, a minority-owned aerospace business and our minority-owned packaging investments in the PRC and, prior to 2003, in Thailand. Earnings in 2004 included a $15.2 million loss which represented Ball's share of a provision for doubtful accounts related to its 35 percent owned interest in Sanshui JFP (discussed above in "International Packaging"). Excluding the PRC loss, earnings were $15.8 million in 2004 compared to $11.3 million in 2003 and $9.3 million in 2002. The higher earnings in 2004 included improved results in our joint ventures in Brazil and North America. The higher earnings in 2003 compared to 2002 were the result of improved earnings in our joint venture in Brazil, offset by lower earnings in our North American packaging joint ventures and our investment in Thailand no longer being accounted for under the equity method.

NEW ACCOUNTING PRONOUNCEMENTS

For information regarding recent accounting pronouncements, see Note 1 to the consolidated financial statements within Item 8 of this report.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows and Capital Expenditures

Cash flows from operating activities were $535.9 million in 2004 compared to $364 million in 2003 and $452.3 million in 2002. The lower amount generated in 2003 included $138.3 million for the payment in January 2003 of an accrued withholding tax obligation related to the acquisition of Ball Packaging Europe (further discussed below) which was funded by the seller at the time of closing by the inclusion of €131 million of additional cash.

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

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

($ in millions)	2004	2003	2002
Cash flows from operating activities	$ 535.9	$ 364.0	$ 452.3
Add back withholding tax payment related to the acquisition of Ball Packaging Europe	--	138.3	--
Capital spending	(196.0)	(137.2)	(158.4)
Free cash flow	$ 339.9	$ 365.1	$ 293.9

Cash flows from operating activities in 2004 reflected higher earnings and higher accounts payable, offset by higher accounts receivable and inventories. Inventories and accounts payable were higher due to increased purchases of raw materials and accounts receivable were higher partially as a result of strong December food can sales. Cash flow in 2003 included higher earnings, lower accounts receivable and lower inventories than in 2002 but was offset by lower accounts payable.

Based on information currently available, we estimate cash flows from operating activities for 2005 to be $500 million or more, capital spending to be approximately $300 million and free cash flow to exceed $200 million. Capital spending of $196 million in 2004 was below depreciation and amortization expense of $215.1 million. In 2005 we plan to invest capital in our highest performing operations, including projects to increase custom can capabilities, convert lines from steel to aluminum in Europe and the completion of a new beverage can manufacturing plant in Belgrade, Serbia, as well as expenditures in the aerospace and technologies segment.

Debt Facilities and Refinancing

Interest-bearing debt at December 31, 2004, decreased $26.2 million to $1,660.7 million from $1,686.9 million at year-end 2003. The reduction in interest-bearing debt includes the net repayment of approximately $78 million of debt, partially offset by the non-cash translation exchange effect on the balance sheet of having foreign debt denominated in the stronger euro and British pound. Cash and cash equivalents at December 31, 2004, were $198.7 million compared to $36.5 million at December 31, 2003. We intend to use much of the 2004 ending cash balance to repurchase shares of our stock.

At December 31, 2004, approximately $407 million was available under the revolving credit facility portions of the multi-currency senior credit facilities. The company also had $234 million of short-term uncommitted credit facilities available at the end of the year, of which $43.7 million was outstanding.

During the first quarter of 2004, Ball repaid €31 million ($38 million) of the euro denominated Term Loan B and reduced the interest rate by 50 basis points. During the fourth quarter of 2003, Ball repaid $160 million of the U.S. dollar denominated Term Loan B and €25 million of the euro denominated Term Loan B. At the time of the early repayment, the interest rate on the U.S. portion of the Term Loan B was reduced by 50 basis points. Interest expense during the first quarter of 2004 and the fourth quarter of 2003 included $0.5 million and $2.9 million, respectively, for the write off of the unamortized financing costs associated with the repaid loans.

On August 8, 2003, Ball refinanced 8.25% Senior Subordinated Notes due in 2008 through the private placement of $250 million of 6.875% Senior Notes due in 2012 issued at a price of 102% (effective yield to maturity of 6.58 percent). In connection with the refinancing of the higher interest debt, in the third quarter of 2003 a pretax charge of $15.2 million was recorded as interest expense, which consisted of the payment of a $10.3 million call premium and the write off of $4.9 million of unamortized financing costs.

In connection with the acquisition of Ball Packaging Europe, we refinanced $389 million of our existing debt and, as a result, recorded in 2002 a pretax charge of $5.2 million for the write off of unamortized financing costs.

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 $200 million as of December 31, 2004 ($175 million as of December 31, 2003). 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 $174.7 million and $175 million at December 31, 2004 and 2003, respectively, and are reflected as a reduction of accounts receivable in the consolidated balance sheets.

The company was not in default of any loan agreement at December 31, 2004, and has met all payment obligations. The U.S. note agreements, bank credit agreement and industrial development revenue bond agreements contain certain restrictions relating to dividends, investments, financial ratios, guarantees and the incurrence of additional indebtedness.

Additional details about the company's receivables sales agreement and debt are available in Notes 5 and 11, respectively, accompanying the consolidated financial statements.

Other Liquidity Items

Cash payments required for debt maturities, rental payments under noncancellable operating leases and purchasing obligations in effect at December 31, 2004, are summarized in the following table:

	Payments Due By Period				
($ in millions)	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years

Long-term debt	$ 1,603.4	$ 77.8	$ 460.2	$ 506.2	$ 559.2
Capital lease obligations	9.3	1.5	3.1	1.0	3.7
Operating leases	167.0	43.4	57.1	27.5	39.0
Purchase obligations *(a)*	4,717.4	2,070.0	2,596.5	42.3	8.6
Total payments on contractual obligations	$ 6,497.1	$ 2,192.7	$ 3,116.9	$ 577.0	$ 610.5

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

Contributions to the company's defined benefit pension plans, not including the unfunded German plans, are expected to be approximately $17 million in 2005. This estimate may change based on plan asset performance. Benefit payments related to these plans are expected to be $43 million, $44 million, $47 million, $49 million and $51 million for the years ending December 31, 2005 through 2009, respectively, and $301 million thereafter. Payments to participants in the unfunded German plans are expected to be approximately $24 million in 2005, $25 million in each of the years 2006 through 2009 and a total of $123 million thereafter.

We have increased our share repurchase program in 2005 to between $150 million and $175 million, net of issuances, compared to $50 million net in 2004. On January 31, 2005, Ball repurchased 3 million of its common shares at an initial price of $42.72 per share using cash on hand and available borrowings. The price per share is subject to a price adjustment based on a weighted average price calculation for the period between the initial purchase date and the settlement date of July 6, 2005.

Annual cash dividends paid on common stock were 35 cents per share in 2004, 24 cents per share in 2003 and 18 cents per share in 2002. Ball increased its dividends for the third and fourth quarter of 2004 from seven and a half to 10 cents per share, resulting in dividend payments which were $12.1 million higher in 2004 than in 2003. The company also increased its dividends for the third and fourth quarters of 2003 from four and a half to seven and a half cents per share. This change resulted in dividend payments which were $6.4 million higher in 2003 than in 2002.

Contingencies

The company is subject to various risks and uncertainties in the ordinary course of business due, in part, to the competitive nature of the industries in which we participate, our operations in developing markets outside the U.S., changing commodity prices for the materials used in the manufacture of our products and changing capital markets. Where practicable, we attempt to reduce these risks and uncertainties through the establishment of risk management policies and procedures, including, at times, the use of derivative financial instruments as explained in Item 7A of this report.

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 most retailers stopped carrying beverages in non-refillable containers. On October 15, 2004, the German parliament adopted a proposal leaving the existing deposit of 25 eurocents per container in effect. This decision, however, was ruled not in compliance with the European Union (EU) law, and therefore does not provide a stable legal situation to which the industry can adapt. The outcome of the legal proceedings of the EU Commission is unclear and the political discussions about the deposit continue. 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. We also closed a plant in the United Kingdom, shut down one production line in Germany, 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.

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

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

Forward-Looking Statements

The company has made or implied certain forward-looking statements in this annual report which are made as of the end of the 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; loss of one or more major customers; 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; changes in climate and 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, aluminum and energy, 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; fiscal and monetary policies established by the United States or foreign governments; 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 certain 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 and activities of foreign subsidiaries) in Europe and particularly in developing countries such as the PRC and Brazil; changes in the foreign exchange rates of the U.S. dollar against the European euro, British pound, Polish zloty, Serbian dinar, Hong Kong dollar, Canadian dollar, Chinese renminbi and Brazilian real, and in the foreign exchange rate of the European euro against the British pound, Polish zloty and Serbian dinar; 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 disruptions in the ability of the company to obtain adequate credit resources for the foreseeable financing requirements of the company's businesses; successful or unsuccessful acquisitions, joint ventures or divestitures and the integration activities associated therewith; changes to unaudited results due to statutory audits of our financial statements or internal controls over financial reporting; and loss contingencies related to income and other tax matters, including those arising from audits performed by U.S. and foreign tax authorities. 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 in quarterly or annual earnings reports. You are advised, however, to consult any further disclosures we make on related subjects in our 10-K, 10-Q and 8-K reports to the Securities and Exchange Commission.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Financial Instruments and Risk Management

In the ordinary course of business, we employ 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.

To test the sensitivity of our market risk exposure, we have estimated the changes in fair value of market risk sensitive instruments assuming a hypothetical 10 percent adverse change in market prices or rates. The results of the sensitivity analysis are summarized below. Actual changes in market prices or rates may differ from hypothetical changes.

Commodity Price Risk

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

North American 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 container sales contracts either include provisions permitting us to pass through some or all steel cost changes we incur or incorporate annually negotiated steel costs. In 2004 we were able to pass through steel surcharges to our customers and we are currently in negotiations with respect to 2005 steel price increases. We believe these negotiations will result in the pass through of the majority of this year's steel price increases.

In Europe and Asia the company manages aluminum and steel raw material commodity price risks through annual and long-term contracts for the purchase of the materials, as well as certain sales of containers, 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 also uses forward and option contracts as cash flow hedges to minimize the company's exposure to significant price changes for those sales contracts where there is not a pass-through arrangement.

Considering the effects of derivative instruments, the market's ability to accept price increases and the company's commodity price exposures, a hypothetical 10 percent adverse change in the company's metal prices could result in an estimated \$3.8 million after-tax reduction of net earnings over a one-year period. Additionally, if foreign currency exchange rates were to change adversely by 10 percent, we estimate there could be a \$5.2 million after-tax reduction of net earnings over a one-year period for foreign currency exposures on the metal. Actual results may vary based on actual changes in market prices and rates.

The company is also exposed to fluctuations in prices for utilities such as natural gas and electricity. A hypothetical 10 percent increase in our utility prices could result in an estimated \$5.3 million after-tax reduction of net earnings over a one-year period. Actual results may vary based on actual changes in market prices and rates.

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 and options to manage our mix of floating and fixed-rate debt. Interest rate instruments held by the company at December 31, 2004 and 2003, included pay-fixed and pay-floating 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.

Based on our interest rate exposure at December 31, 2004, assumed floating rate debt levels throughout 2005 and the effects of derivative instruments, a 100 basis point increase in interest rates could result in an estimated \$4.3 million after-tax reduction of net earnings over a one-year period. Actual results may vary based on actual changes in market prices and rates and the timing of these changes.

Foreign Currency Exchange Rate Risk

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

Considering the company's derivative financial instruments outstanding at December 31, 2004, and the currency exposures, a hypothetical 10 percent reduction in foreign currency exchange rates compared to the U.S. dollar could result in an estimated \$12.8 million after-tax reduction of net earnings over a one-year period. This amount includes the \$5.2 million currency exposure discussed above in the "Commodity Price Risk" section. Actual changes in market prices or rates may differ from hypothetical changes.

Common Share Repurchases

In connection with the company's ongoing share repurchases, on January 31, 2005, Ball repurchased 3 million of its common shares at an initial price of \$42.72 per share. The price per share is subject to a price adjustment based on a weighted average price calculation for the period between the initial purchase date and the settlement date of July 6, 2005.

The company also sells put options from time to time, 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. The put option contracts allow us to determine the method of settlement, either in cash or shares. At December 31, 2004, there were put option contracts outstanding for 200,000 shares at $31.75 per share, which expired without value in February 2005. There were no put option contracts outstanding at December 31, 2003.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Ball Corporation:

We have completed an integrated audit of Ball Corporation's 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2004 and audits of its 2003 and 2002 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, of cash flows and of shareholders' equity and comprehensive earnings present fairly, in all material respects, the financial position of Ball Corporation and its subsidiaries at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing in Item 9A, that the company maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control – Integrated Framework* issued by the COSO. The company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Denver, Colorado
February 22, 2005

Consolidated Statements of Earnings

Ball Corporation and Subsidiaries

	Years ended December 31,		
($ in millions, except per share amounts)	**2004**	**2003**	**2002**
Net sales	$ 5,440.2	$ 4,977.0	$ 3,858.9
Costs and expenses			
Cost of sales (excluding depreciation and amortization)	4,433.5	4,080.2	3,230.4
Depreciation and amortization (Notes 7 and 9)	215.1	205.5	149.2
Business consolidation gains (Note 4)	(15.2)	(3.7)	(2.3)
Selling and administrative	267.9	234.2	170.6
	4,901.3	4,516.2	3,547.9
Earnings before interest and taxes	538.9	460.8	311.0
Interest expense (Note 11)			
Interest expense before debt refinancing costs	103.7	125.9	75.6
Debt refinancing costs	--	15.2	5.2

Total interest expense	103.7	141.1	80.8
Earnings before taxes	435.2	319.7	230.2
Tax provision (Note 12)	(139.2)	(100.1)	(81.9)
Minority interests	(1.0)	(1.0)	(1.5)
Equity in results of affiliates (Note 9)	0.6	11.3	9.3
Net earnings	**$ 295.6**	**$ 229.9**	**$ 156.1**
Earnings per share (Notes 14 and 15):			
Basic	$ 2.67	$ 2.06*(a)*	$ 1.39*(a)*
Diluted	$ 2.60	$ 2.01*(a)*	$ 1.36*(a)*
Weighted average shares outstanding *(000s)* (Note 15):			
Basic	110,846	111,710*(a)*	112,634*(a)*
Diluted	113,790	114,275*(a)*	115,076*(a)*
Cash dividends declared and paid, per share	$ 0.35	$ 0.24*(a)*	$ 0.18*(a)*

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

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

Consolidated Balance Sheets

Ball Corporation and Subsidiaries

($ in millions)	***December 31,*** 2004	2003
Assets		
Current assets		
Cash and cash equivalents	$ 198.7	$ 36.5
Receivables, net (Note 5)	346.8	250.1
Inventories, net (Note 6)	629.5	546.2
Deferred taxes and prepaid expenses (Note 12)	70.6	90.7
Total current assets	1,245.6	923.5
Property, plant and equipment, net (Note 7)	1,532.4	1,471.1
Goodwill, net (Notes 3, 4 and 8)	1,410.0	1,336.9
Intangibles and other assets, net (Note 9)	289.7	338.1
Total Assets	**$ 4,477.7**	**$ 4,069.6**
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt and current portion of long-term debt (Note 11)	$ 123.0	$ 107.6
Accounts payable	453.0	349.7
Accrued employee costs	222.2	180.6
Income taxes payable	80.4	75.0
Other current liabilities	117.7	148.2
Total current liabilities	996.3	861.1
Long-term debt (Note 11)	1,537.7	1,579.3
Employee benefit obligations (Note 13)	734.3	701.7
Deferred taxes and other liabilities (Note 12)	116.4	113.5
Total liabilities	3,384.7	3,255.6
Contingencies (Note 20)		
Minority interests	6.4	6.2
Shareholders' equity (Note 14)		
Common stock (157,506,545 shares issued - 2004; 155,884,710 shares issued - 2003) *(a)*	610.8	567.3
Retained earnings	1,007.5	748.8
Accumulated other comprehensive earnings (loss)	33.2	(1.4)
Treasury stock, at cost (44,815,138 shares - 2004; 43,106,006 shares - 2003) *(a)*	(564.9)	(506.9)
Total shareholders' equity	1,086.6	807.8
Total Liabilities and Shareholders' Equity	**$ 4,477.7**	**$ 4,069.6**

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

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

Consolidated Statements of Cash Flows

Ball Corporation and Subsidiaries

($ in millions)	*Years ended December 31,* 2004	2003	2002
Cash Flows from Operating Activities			
Net earnings	$ 295.6	$ 229.9	$ 156.1
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization	215.1	205.5	149.2
Business consolidation (gains) costs	(15.2)	(3.3)	2.1
Deferred taxes	42.8	17.8	25.6
Contributions to defined benefit pension plans	(60.6)	(34.1)	(56.4)
Debt prepayment costs	--	10.3	--
Noncash write off of deferred financing costs	0.5	7.8	5.2
Other, net	50.6	29.2	13.1
Working capital changes, excluding effects of acquisitions:			
Withholding taxes related to European acquisition (Note 3)	--	(138.3)	--
Receivables	(81.3)	55.6	35.2
Inventories	(49.3)	38.5	12.4
Accounts payable	87.1	(112.6)	37.8
Accrued salaries and wages	39.9	32.8	37.9
Income taxes payable	18.1	46.1	40.2
Other, net	(7.4)	(21.2)	(6.1)
Cash provided by operating activities	**535.9**	**364.0**	**452.3**
Cash Flows from Investing Activities			
Additions to property, plant and equipment	(196.0)	(137.2)	(158.4)
Business acquisitions, net of cash acquired (Note 3)	(17.2)	(28.0)	(813.8)
Purchase price adjustments, net (Note 3)	--	39.8	--
Acquisitions of previously leased assets	--	--	(43.1)
Other, net	3.6	1.6	(5.9)
Cash used in investing activities	**(209.6)**	**(123.8)**	**(1,021.2)**
Cash Flows from Financing Activities			
Long-term borrowings	26.3	5.3	1,300.5
Repayments of long-term borrowings	(107.2)	(367.4)	(440.4)
Change in short-term borrowings	2.6	(31.6)	(1.3)
Debt prepayment costs	--	(10.3)	--
Debt issuance costs	--	(5.2)	(28.1)
Proceeds from issuance of common stock	35.3	35.5	35.0
Acquisitions of treasury stock	(85.3)	(63.4)	(104.1)
Common dividends	(38.9)	(26.8)	(20.4)
Other, net	(0.9)	--	0.2
Cash provided by (used in) financing activities	**(168.1)**	**(463.9)**	**741.4**
Effect of exchange rate changes on cash	4.0	1.0	3.6
Change in cash and cash equivalents	162.2	(222.7)	176.1
Cash and Cash Equivalents - Beginning of Year	36.5	259.2	83.1
Cash and Cash Equivalents - End of Year	**$ 198.7**	**$ 36.5**	**$ 259.2**

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

Consolidated Statements of Shareholders' Equity and Comprehensive Earnings

Ball Corporation and Subsidiaries

($ in millions, except share amounts)	*Years ended December 31,* 2004	2003	2002
Number of Common Shares Outstanding *(a) (000s)*			
Balance, beginning of year	155,885	154,402	151,416
Shares issued for stock options and other stock plans, net of shares exchanged	1,621	1,483	2,986
Balance, end of year	157,506	155,885	154,402
Number of Treasury Shares Outstanding *(a) (000s)*			
Balance, beginning of year	(43,106)	(40,910)	(35,780)
Shares purchased, net of shares reissued	(1,709)	(2,196)	(5,130)
Balance, end of year	(44,815)	(43,106)	(40,910)

Common Stock			
Balance, beginning of year	$ 567.3	$ 530.8	$ 478.9
Shares issued for stock options and other stock plans, net of shares exchanged	29.8	28.8	35.6
Tax benefit from option exercises	13.7	7.7	16.3
Balance, end of year	$ 610.8	$ 567.3	$ 530.8
Retained Earnings			
Balance, beginning of year	$ 748.8	$ 545.7	$ 410.0
Net earnings	295.6	229.9	156.1
Common dividends, net of tax benefits	(36.9)	(26.8)	(20.4)
Balance, end of year	$ 1,007.5	$ 748.8	$ 545.7
Accumulated Other Comprehensive Earnings (Loss) (Note 14)			
Balance, beginning of year	$ (1.4)	$ (138.3)	$ (43.7)
Foreign currency translation adjustment	68.2	103.6	7.0
Change in minimum pension liability, net of tax	(33.2)	11.8	(99.2)
Effective financial derivatives, net of tax	(0.4)	21.5	(2.4)
Net other comprehensive earnings adjustments	34.6	136.9	(94.6)
Accumulated other comprehensive earnings (loss)	$ 33.2	$ (1.4)	$ (138.3)
Treasury Stock			
Balance, beginning of year	$ (506.9)	$ (445.3)	$ (341.1)
Shares purchased, net of shares reissued	(58.0)	(61.6)	(104.2)
Balance, end of year	$ (564.9)	$ (506.9)	$ (445.3)
Comprehensive Earnings			
Net earnings	$ 295.6	$ 229.9	$ 156.1
Net other comprehensive earnings adjustments (see details above)	34.6	136.9	(94.6)
Comprehensive earnings	$ 330.2	$ 366.8	$ 61.5

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

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

Notes to Consolidated Financial Statements

Ball Corporation and Subsidiaries

1. Critical and Significant Accounting Policies

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

Critical Accounting Policies

The company considers certain accounting policies to be critical, as their application requires management's best judgment in making estimates about the effect of matters that are inherently uncertain. Following is a discussion of the accounting policies we consider critical to our consolidated financial statements.

Revenue Recognition in the Aerospace and Technologies Segment

Sales under long-term contracts in the aerospace and technologies segment are recognized under the cost-to-cost, percentage-of-completion method. This business segment sells using two types of long-term sales contracts – cost-plus sales contracts, which represent approximately 60 percent of sales, and fixed price sales contracts that account for the remainder. A cost-plus sales contract is an agreement to perform the contract for cost plus an agreed upon profit component, whereas fixed price sales contracts are completed for a fixed price or involve the sale of engineering labor at fixed rates per hour. Cost-plus sales contracts can have different types of fee arrangements, including fixed fee, cost, schedule and performance incentive fees, award fees or a combination thereof.

During initial periods of sales contract performance, our estimates of base, incentive and other fees are established at a conservative estimate of profit over the period of contract performance. Throughout the period of contract performance, we regularly reevaluate and, if necessary, revise our estimates of total contract revenue, total contract cost and extent of progress toward completion. Provision for estimated contract losses, if any, is made in the period that such losses are determined to be probable. Because of sales contract payment schedules, limitations on funding and contract terms, our sales and accounts receivable generally include amounts that have been earned but not yet billed. As a prime U.S. government contractor or subcontractor, the aerospace and technologies segment is subject to a high degree of regulation, financial review and oversight by the U.S. government.

Goodwill and Other Intangible Assets

We evaluate the carrying value of goodwill annually, and we evaluate our other intangible assets whenever there is evidence that certain events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Goodwill is tested for impairment using a fair value approach, using discounted cash flows to establish fair values. We recognize an impairment charge for any amount by which the carrying amount of goodwill exceeds its fair value. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. When a business within a reporting unit is disposed of, goodwill is allocated to the gain or loss on disposition using the relative fair value methodology.

We amortize the cost of other intangibles over their estimated useful lives unless such lives are deemed indefinite. Amortizable intangible assets are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required.

Defined Benefit Pension Plans and Other Employee Benefits

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

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

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

Taxes on Income

Deferred tax assets, including operating loss, capital loss and tax credit carry forwards, are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that any portion of these tax attributes will not be realized. In addition, from time to time, management must assess the need to accrue or disclose a possible loss contingency for proposed adjustments from various federal, state and foreign tax authorities that regularly audit the company in the normal course of business. In making these assessments, management must often analyze complex tax laws of multiple jurisdictions, including many foreign jurisdictions.

Deferred income taxes reflect the future tax consequences of differences between the tax bases of assets and liabilities and their financial reporting amounts at each balance sheet date, based upon enacted income tax laws and tax rates. Income tax expense or benefit is provided based on earnings reported in the financial statements. The provision for income tax expense or benefit differs from the amounts of income taxes currently payable because certain items of income and expense included in the consolidated financial statements are recognized in different time periods by taxing authorities.

Business Consolidation Costs

The company estimates its liabilities for business consolidation activities by accumulating detailed estimates of costs and asset sales proceeds, if any, for each business consolidation initiative. This includes the estimated costs of employee severance and related benefits, impairment of property and equipment and other assets, including estimates of realizable value, contract termination payments for leases, contractual obligations and any other qualifying costs related to the exit plan. These estimated costs are grouped by specific projects within the overall exit plan and are then monitored on a monthly basis. Such disclosures represent management's best estimates, but require assumptions about the plans that may change over time. Changes in estimates for individual locations are evaluated periodically to determine if a change in estimate is required for the overall restructuring plan. Subsequent changes to the original estimates are included in current period earnings and identified as business consolidation gains or losses.

Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Ball Corporation and its controlled subsidiaries (collectively, Ball, the company, we or our). Equity investments in which we exercise significant influence, but do not control and are not the primary beneficiary, are accounted for using the equity method. Investments in which we do not exercise significant influence over the investee are accounted for using the cost method. Significant intercompany transactions are eliminated. As of January 1, 2004, the results of subsidiaries and certain 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 2004.

Cash Equivalents

Cash equivalents have original maturities of three months or less.

Inventories

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

Depreciation and Amortization

Depreciation and amortization are provided using the straight-line method in amounts sufficient to amortize the cost of the assets over their estimated useful lives (buildings and improvements – 15 to 40 years; machinery and equipment – 5 to 15 years; other intangible assets – approximately 7 years, weighted average).

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

Environmental Reserves

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

Revenue Recognition in the Packaging Segments

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

Stock-Based Compensation

Ball has a variety of restricted stock and stock option plans. With the exception of the company's deposit share program, which is accounted for as a variable plan and is discussed in Note 14, the compensation cost associated with restricted stock grants is calculated using the fair value at the date of grant and amortized over the restriction period. Expense related to stock options is calculated using the intrinsic value method under the guidelines of Accounting Principles Board (APB) Opinion No. 25, and is therefore not included in the consolidated statements of earnings. Ball's earnings as reported include after-tax stock-based compensation of $12.5 million, $7.6 million and $4.2 million for the years ended December 31, 2004, 2003 and 2002, respectively. If the fair value based method had been used, after-tax stock-based compensation would have been $9.3 million in 2004, $8.8 million in 2003 and $8 million in 2002, and diluted earnings per share would have been higher by $0.03 in 2004 and lower by $0.01 and $0.04 in 2003 and 2002, respectively. Further details regarding the expense calculated under the fair value based method are provided in Note 14.

Foreign Currency Translation

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

Derivative Financial Instruments

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

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

Reclassifications

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

New Accounting Pronouncements

In December 2004 the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (revised 2004), "Share-Based Payment." SFAS No. 123 (revised 2004) is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." The new standard, which will be effective for Ball beginning in the third quarter of 2005, establishes accounting standards for transactions in which an entity exchanges its equity instruments for goods or services, including stock option and restricted stock grants. Ball is evaluating the impact on the company's results from adopting SFAS No. 123 (revised 2004), but expects it to be comparable to the pro forma effects of applying the original SFAS No. 123 (see Note 14 for further details).

On October 22, 2004, the American Jobs Creation Act of 2004 (Jobs Act) was signed into law. The Jobs Act provides certain domestic companies a temporary opportunity to repatriate previously undistributed earnings of controlled foreign subsidiaries at a reduced federal tax rate, approximating 5.25%. The reduced rate is achieved via an 85% dividends received deduction on earnings repatriated during a one-year period. Accounting and disclosure guidance was provided in December 2004 in FASB Staff Position No. FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004." Ball is in the process of evaluating whether it will repatriate foreign earnings under the repatriation provisions of the Jobs Act, and if so, the amount that will be repatriated. Further details are available in Note 12.

In December 2004 the FASB issued Staff Position No. FAS 109-1, "Application of FASB Statement No. 109, "Accounting for Income Taxes," to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004." The Jobs Act introduces a special 9 percent tax deduction (3 percent per year beginning January 1, 2005) on qualified production activities. FAS 109-1 clarifies that this tax deduction should be accounted for as a special tax deduction in accordance with SFAS No. 109. Until U.S. Treasury regulations and other guidance is provided, we cannot estimate the impact FAS 109-1 will have on our consolidated financial statements.

In November 2004 the FASB issued SFAS No. 151, "Inventory Costs – an amendment of ARB No. 43, Chapter 4." SFAS No. 151 requires abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) to be recognized as current-period charges. It also requires that the allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 will be effective for inventory costs incurred by Ball beginning on January 1, 2006; early adoption is not anticipated. Ball has not yet determined the potential future impact, if any, of SFAS No. 151 on its consolidated financial statements.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the MPDIM Act) was signed into law. The MPDIM 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. In May 2004 the FASB issued Staff Position No. FAS 106-2, which provides accounting guidance and disclosure for the subsidy. FAS 106-2 did not have a significant effect on Ball's consolidated financial statements in 2004 and is not expected to have a significant effect in 2005.

2. Business Segment Information

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

North American Packaging

North American packaging consists of operations in the U.S. and Canada, which manufacture metal and polyethylene terephthalate (PET) 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 container products in Europe and Asia, as well as plastic containers in Asia.

Aerospace and Technologies

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

Major Customers

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

	2004	2003	2002
SABMiller plc	11%	12%	15%
PepsiCo, Inc. and affiliates	9%	10%	13%
All bottlers of Pepsi-Cola or Coca-Cola branded beverages	28%	29%	32%
U.S. government agencies and their prime contractors	10%	10%	12%

Summary of Net Sales by Geographic Area

($ in millions)	U.S.	Other *(a)*	Consolidated
2004	$ 3,898.9	$ 1,541.3	$ 5,440.2
2003	3,567.8	1,409.2	4,977.0
2002	3,473.2	385.7	3,858.9

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

($ in millions)	U.S.	Germany	Other *(a)*	Consolidated
2004	$ 2,077.0	$ 1,286.7	$ (131.6)	$ 3,232.1
2003	2,002.3	1,207.6	(63.8)	3,146.1
2002	1,717.7	1,017.0	173.2	2,907.9

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

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

Summary of Business by Segment

($ in millions)	2004	2003	2002
Net Sales			
North America metal beverage	$ 2,360.6	$ 2,292.2	$ 2,254.8
North America metal food	777.5	646.2	625.5
North America plastic containers	401.0	376.0	355.2
Total North American packaging	3,539.1	3,314.4	3,235.5
Europe metal beverage (Note 3)	1,105.4	1,007.0	11.1
Asia metal beverage and plastic containers	142.7	120.7	121.1
Total international packaging	1,248.1	1,127.7	132.2
Aerospace and technologies	653.0	534.9	491.2
Net sales	$ 5,440.2	$ 4,977.0	$ 3,858.9
Consolidated Earnings			
North American packaging *(a)*	$ 335.0	$ 282.9	$ 294.9
International packaging *(a)*	198.0	158.6	9.2
Aerospace and technologies *(a)*	48.7	49.5	38.9
Segment earnings before interest and taxes	581.7	491.0	343.0
Corporate undistributed expenses	(42.8)	(30.2)	(32.0)
Earnings before interest and taxes	538.9	460.8	311.0
Interest expense	(103.7)	(141.1)	(80.8)

Tax provision	(139.2)	(100.1)	(81.9)
Minority interests	(1.0)	(1.0)	(1.5)
Equity in results of affiliates (Note 9)	0.6	11.3	9.3
Net earnings	$ 295.6	$ 229.9	$ 156.1
Depreciation and Amortization			
North American packaging	$ 124.0	$ 127.5	$ 124.9
International packaging	74.2	62.5	9.9
Aerospace and technologies	14.6	12.9	12.3
Segment depreciation and amortization	212.8	202.9	147.1
Corporate	2.3	2.6	2.1
Depreciation and amortization	$ 215.1	$ 205.5	$ 149.2
Total Assets			
North American packaging	$ 2,459.8	$ 2,165.7	$ 2,023.0
International packaging	2,255.8	2,027.8	2,025.9
Aerospace and technologies	210.3	278.6	248.5
Segment eliminations	(767.3)	(687.3)	(349.9)
Segment assets	4,158.6	3,784.8	3,947.5
Corporate assets, net of eliminations	319.1	284.8	184.9
Total assets	$ 4,477.7	$ 4,069.6	$ 4,132.4
Investments in Affiliates			
North American packaging	$ 7.7	$ 5.8	$ 5.2
International packaging	50.0	64.2	59.7
Aerospace and technologies	25.4	22.8	13.4
Investments in affiliates	$ 83.1	$ 92.8	$ 78.3
Property, Plant and Equipment Additions			
North American packaging	$ 90.5	$ 90.7	$ 126.5
International packaging	73.9	22.1	6.2
Aerospace and technologies	24.0	19.2	17.0
Segment property, plant and equipment additions	188.4	132.0	149.7
Corporate	7.6	5.2	8.7
Property, plant and equipment additions	$ 196.0	$ 137.2	$ 158.4

(a) *Includes the following business consolidation gains (costs) discussed in Note 4:*

($ in millions)	*2004*	*2003*	*2002*
North American packaging	*$ 1.1*	*$ 0.2*	*$ (2.3)*
International packaging	*13.7*	*3.3*	*5.1*
Aerospace and technologies	*0.4*	*0.2*	*(0.5)*
	$ 15.2	*$ 3.7*	*$ 2.3*

3. Acquisitions

Ball Western Can Company (Ball Western Can)

On March 17, 2004, Ball acquired ConAgra Grocery Products Company's (ConAgra) interest in Ball Western Can for $30 million. Ball Western Can, located in Oakdale, California, was established in 2000 as a 50/50 joint venture between Ball and ConAgra and, prior to the acquisition, was accounted for by Ball using the equity method of accounting. The acquisition has been accounted for as a purchase, and accordingly, its results have been consolidated in our financial statements 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 provides metal food containers to ConAgra manufacturing locations in California. The acquisition of Ball Western Can is not significant to the North American packaging segment.

Metal Packaging International (MPI)

On March 11, 2003, Ball acquired MPI, a manufacturer of ends for aluminum beverage cans, for $28 million. MPI produced just over 2 billion ends per year, primarily for soft drink companies, and had sales of approximately $42 million in 2002. The MPI plant, which had approximately 100 employees and was located in Northglenn, Colorado, was closed during the second quarter of 2003 and sold in October 2004. The manufacturing volumes were consolidated into other Ball facilities. The acquisition of MPI was not significant to the North American packaging segment.

Ball Packaging Europe

On December 19, 2002, Ball acquired 100 percent of the outstanding shares of Schmalbach-Lubeca GmbH (a European beverage can manufacturer) for an initial purchase price of €922.3 million at closing (approximately $948 million), plus acquisition costs of $11.6 million, refinancing costs of $28.1 million and the assumption of approximately $20 million of debt and $145 million of cash. Ball also assumed approximately $300 million of ongoing pension liabilities. In addition, at closing Ball assumed a €131 million withholding tax liability ($138.3 million at the time of payment), which was paid in January 2003 with cash provided by the seller at the time of the acquisition. The final purchase price was reduced in 2003 by $39.8 million for working capital and other purchase price adjustments, including the final valuation of pension liabilities.

4. Business Consolidation Activities

North American Packaging

2004

During 2004 Ball concluded all business consolidation activities for North American Packaging. The remaining carrying value of assets held for disposal was not significant. In the fourth quarter a gain of $0.4 million was recorded, as costs were less than estimated for the 2003 closure of a metal food container plant. In the third quarter, earnings of $0.7 million were recorded as costs related to the shut down and relocation of the Atlanta plastics offices and research and development (R&D) facility were less than expected. The office relocation was completed during 2003 and the R&D facility relocation was completed in 2004.

2003

A gain of $1.6 million was recorded in the fourth quarter in connection with the sale, and the completion of the consolidation activities, related to a metal beverage container plant closed in December 2001. In the first quarter Ball announced plans to close a metal food container plant to address decreased demand for three-piece welded cans. In connection with the closure, a charge of $1.9 million was recorded, partially offset by a $0.5 million gain on the sale of a Canadian plant that was included in a business consolidation charge taken in 2000. The $1.9 million charge included $0.8 million for employee severance and benefit costs and $1.1 million for decommissioning costs and an impairment charge on fixed assets.

2002

In the fourth quarter Ball announced it would relocate its plastics office and R&D facility from Atlanta, Georgia, to Colorado. In connection with the relocation, a pretax charge of $1.6 million was recorded, including $0.8 million for employee severance and benefit costs and $0.8 million for decommissioning costs and the impairment of leasehold improvements. Also in the fourth quarter, $0.7 million of net charges were recorded related to the completion of several plant closures commenced prior to 2002.

International Packaging

At December 31, 2004, accruals of $9.1 million remain, primarily for tax matters and costs of liquidation of the companies related to PRC business consolidation activities commenced prior to 2002. Tax clearances from the applicable authorities are required during the formal liquidation process. The company recorded $13.7 million of earnings in 2004, $3.3 million in 2003 and $5.1 million in 2002, primarily related to the realization of assets in the PRC in excess of amounts previously estimated, and costs of consolidation and liquidation less than anticipated, related to a $237.7 million business consolidation charge taken in the second quarter of 2001.

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 acquisition balance sheet. These costs include €8.7 million for employee termination costs and €3.2 million for decommissioning costs, of which €7.4 million has been paid and €0.7 million was reversed to goodwill as costs were less than initially estimated. The remaining balance of €3.8 million includes €1.4 million of pension benefits to be paid in future periods, €0.6 million of decommissioning costs and €1.8 million of early retirement benefits to be paid under local law in 2005. There are no remaining assets held for sale at December 31, 2004.

Aerospace and Technologies

Earnings of $0.4 million were recorded in the fourth quarter of 2004, $0.2 million in the third quarter of 2003 and $2 million in the fourth quarter of 2002 for exit costs that were no longer required due to the sale of a product line whose operations ceased in 2001. Also in the fourth quarter of 2002, a $2.5 million after-tax charge to write off an equity investment in an aerospace company was recorded.

5. Accounts Receivable

Accounts receivable are net of an allowance for doubtful accounts of $17.1 million at December 31, 2004, and $15.4 million at December 31, 2003.

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 of up to $200 million (increased during the second quarter of 2004 from the previous limit of $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 $174.7 million and $175 million at December 31, 2004 and 2003, respectively, and are reflected as a reduction of accounts receivable in the consolidated balance sheets. Fees incurred in connection with the sale of accounts receivable, which are reported as part of selling and administrative expenses, totaled $3.2 million in 2004, $2.5 million in 2003 and $3 million in 2002.

Net accounts receivable under long-term contracts, due primarily from agencies of the U.S. government and their prime contractors, were $85.8 million and $102.7 million at December 31, 2004 and 2003, respectively, and included unbilled amounts representing revenue earned but contractually not yet billable of $15.7 million and $13 million, respectively. The average length of the long-term contracts is approximately 3.3 years and the average length remaining on those contracts at December 31, 2004, was approximately 15 months. Approximately $2.4 million of unbilled receivables at December 31, 2004, is expected to be collected after one year and is related to customary fees and cost withholdings that will be paid upon milestone or contract completions, as well as final overhead rate settlements.

6. Inventories

	December 31,	
($ in millions)	2004	2003
Raw materials and supplies	$ 256.5	$ 199.6
Work in process and finished goods	373.0	346.6
	$ 629.5	$ 546.2

Approximately 32 percent and 29 percent of total inventories at December 31, 2004 and 2003, respectively, were valued using the LIFO method of accounting. Inventories at December 31, 2004 and 2003 would have been $12.1 million and $1.4 million higher, respectively, than the reported amounts if the FIFO method of accounting, which approximates replacement cost, had been used for those inventories.

7. Property, Plant and Equipment

($ in millions)	December 31, 2004	December 31, 2003
Land	$ 81.7	$ 75.0
Buildings	735.4	681.0
Machinery and equipment	2,157.4	1,980.9
	2,974.5	2,736.9
Accumulated depreciation	(1,442.1)	(1,265.8)
	$ 1,532.4	$ 1,471.1

Property, plant and equipment are stated at historical cost. Depreciation expense amounted to $202.8 million, $193 million and $145.3 million for the years ended December 31, 2004, 2003 and 2002, respectively. The increase in property, plant and equipment during 2004 is the result of planned capital spending projects as well as the effects of foreign exchange rates.

During 2003 the company entered into capital leases totaling $6.7 million. The acquisitions of equipment under these capital leases were noncash transactions and, accordingly, have been excluded from the consolidated statement of cash flows.

8. Goodwill

($ in millions)	North American Packaging	International Packaging	Total
Balance at December 31, 2003	$ 355.6	$ 981.3	$ 1,336.9
Purchase accounting and other adjustments	(1.6)	(3.9)	(5.5)
Effects of foreign exchange rates	4.2	74.4	78.6
Balance at December 31, 2004	$ 358.2	$ 1,051.8	$ 1,410.0

In accordance with SFAS No. 142, goodwill is tested annually for impairment. There was no impairment of goodwill in 2004, 2003 or 2002.

9. Intangibles and Other Assets

($ in millions)	December 31, 2004	December 31, 2003
Intangibles and Other Assets:		
Investments in affiliates (Note 2)	$ 83.1	$ 92.8
Prepaid pension and related intangible asset	48.0	91.2
Other intangibles (net of accumulated amortization of $44 and $30.1 at December 31, 2004 and 2003, respectively)	58.2	66.7
Deferred financing costs	26.9	32.5
Other	73.5	54.9
	$ 289.7	$ 338.1

Total amortization expense of other intangible assets amounted to $12.3 million, $12.5 million and $3.9 million for the years ended December 31, 2004, 2003 and 2002, respectively. Based on intangible assets and foreign exchange rates as of December 31, 2004, total annual intangible asset amortization expense is expected to be between approximately $10 million and $11 million in each of the next five years.

During the fourth quarter of 2004, Sanshui Jianlibao FTB Packaging Limited (Sanshui JFP), a 35 percent owned PRC joint venture, experienced a greater than customary seasonal production slowdown caused by cash flow difficulties. The cash flow difficulties were due to a build up of receivables from our joint venture partner's business, which is Sanshui JFP's major customer. After discussions with representatives of the local Chinese government, which has taken control of our joint venture partner's business, we recorded an allowance for doubtful accounts in respect of Sanshui JFP's receivable from the joint venture partner. Our share of the bad debt provision amounted to $15.2 million and is included in the consolidated statement of earnings as equity in results of affiliates. Our investment was reduced in connection with the charge and the company believes it will be able to recover its remaining investment in the joint venture.

10. Leases

The company leases warehousing and manufacturing space and certain equipment, primarily within the packaging segments, and office and technical space, primarily within the aerospace and technologies segment. During 2003 we entered into a lease which qualifies as an operating lease for book purposes and a capital lease for tax purposes. Under this lease arrangement, Ball has the option to purchase the leased equipment at the end of the lease term, or if we elect not to do so, to compensate the lessor for the difference between a guaranteed minimum residual value of $12.2 million and the fair market value of the asset, if less. Certain of the company's leases in effect at December 31, 2004, include renewal options and/or escalation clauses for adjusting lease expense based on various factors.

Total noncancellable operating leases in effect at December 31, 2004, require rental payments of $43.4 million, $33.3 million, $23.8 million, $15.8 million and $11.7 million for the years 2005 through 2009, respectively, and $39 million combined for all years thereafter. Lease expense for all operating leases was $71.3 million, $64.8 million and $50.7 million in 2004, 2003 and 2002, respectively.

11. Debt and Interest Costs

Short-term debt at December 31, 2004, includes $43.7 million outstanding under uncommitted bank facilities totaling $234 million. At December 31, 2003, $39.3 million was outstanding under uncommitted bank facilities totaling $179.6 million. The weighted average interest rate of the outstanding short-term facilities was 3.26 percent at December 31, 2004, and 3.24 percent at December 31, 2003.

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

	2004		2003	
(in millions)	In Local Currency	In U.S. $	In Local Currency	In U.S. $
Notes Payable				
7.75% Senior Notes, due August 2006	$ 300.0	$ 300.0	$ 300.0	$ 300.0
6.875% Senior Notes, due December 2012 (excluding premium of $4.3 in 2004 and $4.8 in 2003)	$ 550.0	550.0	$ 550.0	550.0
Senior Credit Facilities				
Term Loan A, euro denominated, due December 2007 (2004 - 3.93%; 2003 - 4.14%)	€ 72.0	97.7	€ 96.0	120.8
Term Loan A, British sterling denominated, due December 2007 (2004 - 6.64%; 2003 - 6.04%)	£ 47.4	90.9	£ 63.2	112.9
Term Loan B, euro denominated, due December 2009 (2004 - 4.18%; 2003 - 4.64%)	€ 232.7	315.6	€ 266.1	334.7
Term Loan B, U.S. dollar denominated, due December 2009 (2004 - 4.31%; 2003 - 2.92%)	$ 185.0	185.0	$ 186.9	186.9
European Bank for Reconstruction and Development Loans				
Floating rates due June 2009 (2004 - 3.63%)	€ 20.0	27.1	--	--
Industrial Development Revenue Bonds				
Floating rates due through 2011 (2004 - 2%; 2003 - 1.20% to 1.35%)	$ 24.0	24.0	$ 27.1	27.1
Other	Various	26.7	Various	15.2
		1,617.0		1,647.6
Less: Current portion of long-term debt		(79.3)		(68.3)
		$ 1,537.7		$ 1,579.3

The senior credit facilities bear interest at variable rates and also include (1) a multi-currency long-term revolving credit facility which provides the company with up to the equivalent of $415 million and (2) a Canadian long-term revolving credit facility which provides the company with up to the equivalent of $35 million. Both revolving credit facilities expire in 2007. At December 31, 2004, approximately $407 million was available under the revolving credit facilities. 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.

During the first quarter of 2004, Ball repaid €31 million ($38 million) of the euro denominated Term Loan B and reduced the interest rate by 50 basis points. During the fourth quarter of 2003, Ball repaid $160 million of the U.S. dollar denominated Term Loan B and €25 million of the euro denominated Term Loan B. At the time of the early repayment, the interest rate on the U.S. portion of the Term Loan B was reduced by 50 basis points. Interest expense during the first quarter of 2004 and the fourth quarter of 2003 included $0.5 million and $2.9 million, respectively, for the write off of the unamortized financing costs associated with the repaid loans.

On August 8, 2003, Ball refinanced 8.25% Senior Subordinated Notes due in 2008 through the placement of $250 million of 6.875% Senior Notes due in 2012 issued at a price of 102% (effective yield to maturity of 6.58 percent). In connection with the refinancing of the higher interest debt, in the third quarter of 2003 a pretax charge of $15.2 million was recorded as interest expense, which consisted of the payment of a $10.3 million call premium and the write off of $4.9 million of unamortized financing costs.

In connection with the acquisition of Ball Packaging Europe, Ball refinanced approximately $389 million of its existing debt and, as a result, recorded in 2002 a pretax charge of $5.2 million for the write off of unamortized financing costs.

The remaining deferred financing costs are included in other assets on the consolidated balance sheets (see Note 9) and are being amortized to earnings on a straight-line basis over the remaining lives of the related facilities.

Maturities of all fixed long-term debt obligations outstanding at December 31, 2004, are $79.3 million, $378.1 million, $85.2 million, $18 million and $489.2 million for the years ending December 31, 2005 through 2009, respectively, and $562.9 million thereafter.

Ball issues letters of credit in the ordinary course of business to secure liabilities recorded in connection with industrial development revenue bonds and certain self-insurance arrangements. Letters of credit outstanding at December 31, 2004 and 2003, were $43 million and $45.6 million, respectively.

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. Note 19 contains further details as well as condensed, consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries.

The company was not in default of any loan agreement at December 31, 2004, and has met all debt payment obligations. The U.S. note agreements, bank credit agreement and industrial development revenue bond agreements contain certain restrictions relating to dividend payments, share repurchases, investments, financial ratios, guarantees and the incurrence of additional indebtedness.

A summary of total interest cost paid and accrued follows:

($ in millions)	2004	2003	2002
Interest costs	$ 105.8	$ 144.2	$ 83.2
Amounts capitalized	(2.1)	(3.1)	(2.4)
Interest expense	$ 103.7	$ 141.1	$ 80.8
Interest paid during the year	$ 102.6	$ 139.2	$ 74.3

12. Taxes on Income

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

($ in millions)	2004	2003	2002
U.S.	$ 254.8	$ 187.8	$ 224.4
Foreign	180.4	131.9	5.8
	$ 435.2	$ 319.7	$ 230.2

The provision for income tax expense is as follows:

($ in millions)	2004	2003	2002
Current			
U.S.	$ 45.2	$ 35.5	$ 47.4
State and local	10.6	7.9	6.8
Foreign	40.6	38.9	2.1
Total current	96.4	82.3	56.3
Deferred			
U.S.	41.2	22.9	23.4
State and local	4.5	2.7	3.4
Foreign	(2.9)	(7.8)	(1.2)
Total deferred	42.8	17.8	25.6
Provision for income taxes	$ 139.2	$ 100.1	$ 81.9

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

($ in millions)	2004	2003	2002
Statutory U.S. federal income tax	$152.3	$111.9	$ 80.6
Increase (decrease) due to:			
Foreign tax holiday	(7.0)	(8.4)	--
Company-owned life insurance	(3.5)	(4.8)	(2.5)
Tax rate differences	(7.9)	(5.5)	--
Research and development tax credits	(3.7)	(1.5)	(1.3)
State and local taxes, net	9.4	6.9	6.8
Other, net	(0.4)	1.5	(1.7)
Provision for taxes	$139.2	$100.1	$ 81.9
Effective tax rate expressed as a percentage of pretax earnings	32.0%	31.3%	35.6%

In 1995 Ball Packaging Europe’s Polish subsidiary was granted a tax holiday. Under the terms of the holiday, an exemption was granted on manufacturing earnings for up to €39.5 million of income tax. At December 31, 2004, the remaining tax holiday available to reduce future Polish tax liability was €9.9 million.

Net income tax payments were $72.6 million, $28.4 million and $16.2 million for 2004, 2003 and 2002, respectively.

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

($ in millions)	2004	2003
Deferred tax assets:		
Deferred compensation	$ (51.7)	$ (42.9)
Accrued employee benefits	(73.9)	(64.0)
Plant closure costs	(15.6)	(33.4)

Accrued pensions	(54.5)	(42.0)
Alternative minimum tax credits	(7.0)	(31.5)
Net operating losses	(7.7)	(8.7)
Other	(47.8)	(58.9)
Total deferred tax assets	(258.2)	(281.4)
Deferred tax liabilities:		
Depreciation	277.8	278.9
Goodwill and other intangible assets	42.9	38.0
Other	26.2	23.4
Total deferred tax liabilities	346.9	340.3
Net deferred tax liability	$ 88.7	$ 58.9

The change in deferred taxes during 2004 is primarily attributable to accelerated (including bonus) depreciation, the effects of foreign exchange rates and an increase in accrued pension liabilities.

At December 31, 2004, Ball Packaging Europe and subsidiaries had net operating loss carry forwards, with no expiration date, of $45.9 million with a related tax benefit of $13.1 million. Due to the uncertainty of ultimate realization, that benefit has been offset by a valuation allowance of $5.4 million. Any realization of the valuation allowance will be recognized as a reduction in goodwill.

At December 31, 2004, $20.5 million of capital loss carry forwards expired unused. As a valuation allowance had been provided on the entire tax benefit, the expiration of the capital loss carry forward had no impact on the 2004 income tax provision.

On October 22, 2004, the American Jobs Creation Act of 2004 (Jobs Act) was signed into law and, in December 2004, accounting guidance was provided in FASB Staff Position No. FAS 109-2. The Jobs Act provides certain domestic companies a temporary opportunity to repatriate previously undistributed earnings of controlled foreign subsidiaries at a reduced federal tax rate, approximating 5.25%. The reduced rate is achieved via an 85% dividends received deduction on earnings repatriated during a one-year period. To qualify for the deduction, the repatriated earnings must be reinvested in the U.S. pursuant to a domestic reinvestment plan established by the company's chief executive officer and subsequently approved by the company's board of directors. Certain other criteria in the Jobs Act must be satisfied as well. The maximum amount of Ball's foreign earnings that could qualify for the temporary deduction is $500 million. For Ball, the one-year period during which the qualifying distributions can be made is 2005. Ball is in the process of evaluating whether it will repatriate foreign earnings under the repatriation provisions of the Jobs Act and has not made a decision on whether it will make any distributions. Ball is assessing the impact of proposed statutory technical corrections with respect to certain provisions in the Jobs Act and anticipates that no distributions will occur if certain technical correction provisions are not legislated into law. If the company determines that a distribution will be made, the range of reasonably possible amounts eligible for the temporary deduction is $300 million to $500 million. Ball expects to determine the amounts and sources of foreign earnings to be repatriated, if any, no later than the fourth quarter of 2005. While the company is not yet in a position to determine the impact of a qualifying repatriation on its income tax expense for 2005, the related potential range of income tax effects on the reasonably possible repatriation amounts is estimated at $7 million to $12 million.

As noted above for the Jobs Act, provision has not been made currently, or historically, for additional U.S. or foreign withholding taxes on undistributed earnings of controlled foreign corporations where such earnings will continue to be reinvested. It is not practical to estimate the additional taxes, including applicable foreign withholding taxes, that might become payable upon the eventual remittance of the foreign earnings for which no provision has been made. Until a decision is made with regard to a potential distribution pursuant to the Jobs Act, management's intention is to indefinitely reinvest foreign earnings.

The Internal Revenue Service (IRS) is currently examining Ball's consolidated income tax returns for the tax years 2000 and 2001 and has proposed several adjustments to taxable income. The only significant adjustment proposes to disallow Ball's deductions of interest expense incurred on loans under a company-owned life insurance plan that has been in place for 18 years. Ball believes that its interest deductions will be sustained as filed so no provision for loss has been accrued. The IRS's proposed adjustments would result in an increase in taxable income for 2000 and 2001 of $18.6 million and a corresponding increase in tax expense of $7.3 million plus related interest expense. In addition, Ball would incur an increase in taxable income for subsequent tax years 2002 to 2004 in the amount of $30.6 million with an increase in tax expense of $12.1 million plus any related interest expense. Although it is very early in the process, Ball intends to vigorously defend the interest expense deduction.

13. Employee Benefit Obligations

	December 31,	
($ in millions)	**2004**	**2003**
Total defined benefit pension liability	$ 488.5	$ 470.8
Less current portion	(29.9)	(24.6)
Long-term defined benefit pension liability	458.6	446.2
Retiree medical and other postemployment benefits	133.8	119.6
Deferred compensation	117.6	103.7
Other	24.3	32.2
	$ 734.3	$ 701.7

Defined Benefit Pension Plans

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

An analysis of the change in benefit accruals for 2004 and 2003 follows:

($ in millions)	2004 U.S.	2004 Foreign	2004 Total	2003 U.S.	2003 Foreign	2003 Total
Change in benefit obligation:						
Benefit obligation at prior year end	$ 612.8	$ 543.9	$1,156.7	$ 550.1	$ 430.8	$ 980.9
Service cost	22.1	8.6	30.7	18.8	7.7	26.5
Interest cost	37.8	28.8	66.6	36.3	26.0	62.3
Benefits paid	(28.9)	(31.6)	(60.5)	(27.0)	(28.0)	(55.0)
Net actuarial loss	24.9	14.2	39.1	31.0	8.1	39.1
Effect of foreign exchange rates	--	43.8	43.8	--	81.9	81.9
Plan amendments, opening balance sheet adjustments and other	15.2	(6.2)	9.0	3.6	17.4	21.0
Benefit obligation at year end	683.9	601.5	1,285.4	612.8	543.9	1,156.7
Change in plan assets:						
Fair value of assets at prior year end	488.0	158.4	646.4	405.2	122.2	527.4
Actual return on plan assets	57.1	16.4	73.5	83.1	17.7	100.8
Employer contributions	42.6	18.0	60.6	26.7	7.4	34.1
Contributions to unfunded German plans *(a)*	--	21.0	21.0	--	19.0	19.0
Benefits paid	(28.9)	(31.6)	(60.5)	(27.0)	(28.0)	(55.0)
Effect of foreign exchange rates	--	13.9	13.9	--	21.4	21.4
Other	--	1.5	1.5	--	(1.3)	(1.3)
Fair value of assets at end of year	558.8	197.6	756.4	488.0	158.4	646.4
Funded status	(125.1)	(403.9)*(a)*	(529.0)	(124.8)	(385.5)*(a)*	(510.3)
Unrecognized net actuarial loss	220.6	42.2	262.8	221.9	29.6	251.5
Unrecognized prior service cost	41.9	(2.8)	39.1	30.7	4.8	35.5
Prepaid (accrued) benefit cost	$ 137.4	$ (364.5)	$ (227.1)	$ 127.8	$ (351.1)	$ (223.3)

(a) The German plans are unfunded and the liability is included in the company's balance sheet. Benefits are paid directly by the company to the participants. The German plans represented $353.6 million and $323.3 million of the total unfunded status at December 31, 2004 and 2003, respectively. The increase from 2003 to 2004 is primarily the result of changes in foreign exchange rates.

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

($ in millions)	2004 U.S.	2004 Foreign	2004 Total	2003 U.S.	2003 Foreign	2003 Total
Prepaid benefit cost	$ --	$ 1.3	$ 1.3	$ 54.7	$ 1.2	$ 55.9
Accrued benefit liability	(74.3)	(414.2)	(488.5)	(86.8)	(384.0)	(470.8)
Intangible asset	41.9	4.8	46.7	30.4	4.9	35.3
Deferred tax benefit associated with accumulated other comprehensive loss	67.0	15.2	82.2	51.1	12.1	63.2
Accumulated other comprehensive loss, net of tax	102.8	28.4	131.2	78.4	14.7	93.1
Net amount recognized	$137.4	$(364.5)	$(227.1)	$127.8	$(351.1)	$(223.3)

The accumulated benefit obligation for all U.S. defined benefit pension plans was $633.1 million and $569.4 million at December 31, 2004 and 2003, respectively. The accumulated benefit obligation for all foreign defined benefit pension plans was $561.5 million and $506.2 million at December 31, 2004 and 2003, respectively. Following is the information for defined benefit plans with an accumulated benefit obligation in excess of plan assets at December 31:

($ in millions)	2004 U.S.	2004 Foreign	2004 Total	2003 U.S.	2003 Foreign	2003 Total
Projected benefit obligation	$ 683.9	$ 571.1	$ 1,255.0	$ 422.9	$ 515.7	$ 938.6
Accumulated benefit obligation	633.1	531.1	1,164.2	410.1	477.9	888.0
Fair value of plan assets	558.8	166.3	725.1	323.2	129.0	452.2

Components of net periodic benefit cost were:

($ in millions)	2004 U.S.	2004 Foreign	2004 Total	2003 U.S.	2003 Foreign	2003 Total	2002*(a)* Total
Service cost	$ 22.1	$ 8.6	$ 30.7	$ 18.8	$ 7.7	$ 26.5	$ 16.1
Interest cost	37.8	28.8	66.6	36.3	26.0	62.3	37.8
Expected return on plan assets	(43.8)	(12.8)	(56.6)	(42.4)	(10.1)	(52.5)	(46.7)

Amortization of prior service cost	4.0	--	4.0	2.9	0.1	3.0	2.8
Curtailment loss	--	--	--	--	--	--	0.2
Recognized net actuarial loss	12.9	1.3	14.2	9.1	1.0	10.1	0.8
Net periodic benefit cost	$ 33.0	$ 25.9	$ 58.9	$ 24.7	$ 24.7	$ 49.4	$ 11.0

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

Weighted average assumptions used to determine benefit obligations for the North American plans at December 31 were:

	U.S.			Canada		
	2004	2003	2002	2004	2003	2002
Discount rate	6.00%	6.25%	6.75%	5.75%	6.20%	6.37%
Rate of compensation increase	3.33%	3.33%	3.33%	2.75%	3.50%	3.50%

Weighted average assumptions used to determine benefit obligations for the European plans at December 31 were:

	United Kingdom			Germany		
	2004	2003	2002	2004	2003	2002
Discount rate	5.50%	5.50%	5.50%	4.76%	5.25%	5.50%
Rate of compensation increase	4.00%	4.00%	4.00%	2.75%	3.00%	3.25%
Pension increase	2.50%	2.50%	2.50%	1.75%	2.00%	2.00%

The discount and compensation increase rates used above to determine the benefit obligations at December 31, 2004, will be used to determine net periodic benefit cost for 2005.

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

	U.S.			Canada		
	2004	2003	2002	2004	2003	2002
Discount rate	6.25%	6.75%	7.50%	6.20%	6.37%	6.68%
Rate of compensation increase	3.33%	3.33%	3.33%	3.50%	3.50%	3.50%
Expected long-term rate of return on assets	8.50%	8.50%	9.00%	7.64%	7.69%	8.00%

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

	United Kingdom			Germany		
	2004	2003	2002	2004	2003	2002
Discount rate	5.50%	5.50%	5.50%	5.25%	5.50%	5.50%
Rate of compensation increase	4.00%	4.00%	4.00%	3.00%	3.25%	3.25%
Pension increase	2.50%	2.50%	2.50%	2.00%	2.00%	2.00%
Expected long-term rate of return on assets	7.00%	7.00%	7.00%	N/A	N/A	N/A

The assumption related to the expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested to provide for the benefits over the life of the plans. The assumption is based upon Ball's pension plan asset allocations, investment strategies and the views of investment managers and other large pension plan sponsors. Some reliance was placed on historical asset returns of our plans. An asset-return generation model was used to project future asset returns using simulation and asset class correlation. The analysis includes expected future risk premiums, forward-looking return expectations derived from the yield on long-term bonds and the price earnings ratios of major stock market indexes, expected inflation and real risk-free interest rate assumptions, and the fund's expected asset allocation.

The expected long-term rates of return on assets are calculated by applying the expected rate of return to a market related value of plan assets at the beginning of the year, adjusted for the weighted average expected contributions and benefit payments. For the North American plans, the market related value of plan assets used to calculate expected return was $604.4 million for 2004, $570.4 million for 2003 and $501.6 million for 2002.

Included in other comprehensive earnings, net of related tax effect, were increases in the minimum liability of $33.2 million and $99.2 million in 2004 and 2002, respectively, and a decrease of $11.8 million in 2003.

For pension plans, accumulated gains and losses in excess of a 10 percent corridor, the prior service cost and the transition asset are being amortized over the average remaining service period of active participants.

Defined Benefit Pension Plan Assets

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

Target asset allocations in the U.S. and Canada are set using a minimum and maximum range for each asset category as a percent of the total funds market value. Assets contributed to the United Kingdom plans are invested using established percentages. Following are the target asset allocations established as of December 31, 2004:

	U.S.	Canada	United Kingdom
Cash and cash equivalents	0-10%	0-10%	--
Equity securities	40-75%*(a)*	50-75%*(c)*	82%*(d)*
Fixed income securities	25-60%*(b)*	25-45%	18%
Alternative investments	0-15%	--	--

(a) *Equity securities may consist of: (1) up to 35 percent large cap equities; (2) up to 15 percent mid cap equities; (3) up to 15 percent small cap equities; (4) up to 35 percent foreign equities; and (5) up to 10 percent other equities.*

(b) *Debt securities may include up to 10 percent high yield non-investment grade bonds and up to 15 percent international bonds.*

(c) *May include between 15 percent and 35 percent non-Canadian equity securities and must remain within the Canadian tax law for foreign property limits.*

(d) *Equity securities must consist of United Kingdom securities and up to 29 percent foreign securities.*

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

	2004	2003
Cash and cash equivalents	1%	1%
Equity securities	66%	66%
Fixed income securities	31%	32%
Other	2%	1%
	100%	100%

Contributions to the company's defined benefit pension plans, not including the unfunded German plans, are expected to be approximately $17 million in 2005. This estimate may change based on plan asset performance. Benefit payments related to these plans are expected to be $43 million, $44 million, $47 million, $49 million and $51 million for the years ending December 31, 2005 through 2009, respectively, and $301 million thereafter. Payments to participants in the unfunded German plans are expected to be approximately $24 million in 2005, $25 million in each of the years 2006 through 2009 and a total of $123 million thereafter.

Other Postemployment Benefits

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

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

An analysis of the change in other postemployment benefit accruals for 2004 and 2003 follows:

($ in millions)	2004	2003
Change in benefit obligation:		
Benefit obligation at prior year end	$ 162.6	$ 135.3
Service cost	2.7	2.1
Interest cost	9.7	9.0
Benefits paid	(9.5)	(7.9)
Net actuarial (gain) loss	(5.0)	20.7
Plan amendment	8.5	--
Effect of foreign exchange rates	1.8	3.4
Benefit obligation at year end	170.8	162.6
Change in plan assets:		
Fair value of assets at prior year end	--	--
Employer contributions	9.5	7.9
Benefits paid	(9.5)	(7.9)
Fair value of assets at end of year	--	--
Funded status	(170.8)	(162.6)
Unrecognized net actuarial loss	32.8	40.1
Unrecognized prior service cost	10.0	2.9
Accrued benefit cost	$ (128.0)	$ (119.6)

Components of net periodic benefit cost were:

($ in millions)	2004	2003	2002
Service cost	$ 2.7	$ 2.1	$ 1.8
Interest cost	9.7	9.0	8.2
Amortization of prior service cost	1.5	0.4	0.4
Recognized net actuarial loss	2.7	2.0	0.2

Net periodic benefit cost	$ 16.6	$ 13.5	$ 10.6

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

For the U.S. health care plans at December 31, 2004, a 10 percent health care cost trend rate was used for pre-65 and post-65 benefits, and trend rates were assumed to decrease by 1 percent per year until 2010 when they reach 5 percent and remain level thereafter. For the Canadian plans, an 8.5 percent health care cost trend rate was used, which was assumed to decrease in one-percent increments to 4.5 percent by 2008 and remain at that level in subsequent years.

Health care cost trend rates can have an effect on the amounts reported for the health care plan. A one-percentage point change in assumed health care cost trend rates would increase or decrease the total of service and interest cost by approximately $0.4 million and the postemployment benefit obligation by approximately $8 to $9 million.

Other Benefit Plans

The company matches employee contributions to the 401(k) plan with shares of Ball common stock, up to 50 percent of up to 6 percent of a participant's annual salary. The expense associated with the company match amounted to $13 million, $11.7 million and $10.9 million for 2004, 2003 and 2002, respectively.

In addition, substantially all employees within the company's aerospace and technologies segment who participate in Ball's 401(k) plan receive a performance-based matching cash contribution of up to 4 percent of base salary. The company recognized $4.8 million, $6 million and $4.8 million of additional compensation expense related to this program for the years 2004, 2003 and 2002, respectively.

In 2004 the company's 401(k) plan matching contributions could not exceed $6,500 per employee due to the 401(k) aggregate limit on employee contributions of $13,000.

14. Shareholders' Equity

At December 31, 2004, the company had 240 million shares of common stock and 15 million shares of preferred stock authorized, both without par value. Preferred stock includes 120,000 authorized but unissued shares designated as Series A Junior Participating Preferred Stock.

On July 28, 2004, the company's board of directors declared a two-for-one split of Ball's common stock and authorized the repurchase of up to 12 million common shares. The stock split was effective August 23, 2004, for all shareholders of record on August 4, 2004. As a result of the stock split, all amounts prior to the split related to earnings, options and outstanding shares have been retroactively restated as if the split had occurred as of January 1, 2002.

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

As a result of the company's stock split, which was distributed on August 23, 2004, the rights attaching to the shares (pursuant to the Rights agreement dated January 24, 1996) automatically split so that one-quarter of a right attached to each share of Ball Corporation common stock outstanding upon the effective date of the stock split. Ball previously split the company's common stock on February 22, 2002.

In connection with the employee stock purchase plan, the company contributes 20 percent of up to $500 of each participating employee's monthly payroll deduction toward the purchase of Ball Corporation common stock. Company contributions for this plan were approximately $2.7 million in 2004, $2.5 million in 2003 and $1.9 million in 2002.

Accumulated Other Comprehensive Earnings (Loss)

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

($ in millions)	Foreign Currency Translation	Minimum Pension Liability, Net of Tax	Effective Financial Derivatives, Net of Tax	Accumulated Other Comprehensive Earnings (Loss)
December 31, 2001	$ (29.9)	$ (5.7)	$ (8.1)	$ (43.7)
2002 change	7.0	(99.2)	(2.4)	(94.6)
December 31, 2002	(22.9)	(104.9)	(10.5)	(138.3)
2003 change	103.6	11.8	21.5	136.9
December 31, 2003	80.7	(93.1)	11.0	(1.4)
2004 change	68.2	(33.2)	(0.4)	34.6
December 31, 2004	$ 148.9	$ (126.3)	$ 10.6	$ 33.2

No taxes have been provided on the foreign currency translation component for any period, as the undistributed earnings of the company's foreign investments will continue to be reinvested. The change in the minimum pension liability is presented net of related tax benefit of $20.8 million for 2004, related tax expense of $7.7 million for 2003 and related tax benefit of $63.3 million for 2002.

Stock Options and Restricted Shares

The company has several stock option plans under which options to purchase shares of common stock have been granted to officers and key employees at the market value of the stock at the date of grant. Payment must be made at the time of exercise in cash or with shares of stock owned by the option holder, which are valued at fair market value on the date exercised. Options issued through December 31, 2004, terminate 10 years from date of grant. Commencing one year from date of grant, options vest in four equal annual amounts.

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 $17.5 million, $10.5 million and $6 million of expense in connection with this program in 2004, 2003 and 2002, 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. The deposit share program was amended and restated in April 2004 and further awards of up to 357,000 shares have been made, of which 277,100 grants have occurred as of December 31, 2004. Participants in this award generally have until April 2005 to acquire shares in order to receive the matching restricted share grants.

Prior to passage of the Sarbanes-Oxley Act of 2002 (the Act), Ball guaranteed loans made by a third party bank to certain participants in the deposit share program, of which $3 million of grandfathered loans were outstanding at December 31, 2004. In the event of a participant default, Ball would pursue payment from the participant. The Act provides that companies may no longer guarantee such loans for its executive officers. In accordance with the provisions of the Act, the company has not and will not guarantee any additional loans to its executive officers.

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

	2004		2003		2002	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	5,862,006	$ 14.70	6,417,494	$ 12.28	7,567,076	$ 9.63
Exercised	(1,441,745)	10.78	(1,163,302)	9.85	(2,051,340)	8.76
Granted	518,900	34.06	754,400	27.60	1,118,700	23.75
Canceled	(106,954)	19.60	(146,586)	13.77	(216,942)	12.00
Outstanding, end of year	4,832,207	17.84	5,862,006	14.70	6,417,494	12.28
Exercisable, end of year	2,919,057	13.08	3,226,326	10.99	3,162,604	9.52
Reserved for future grants	1,568,780		2,341,840		3,294,558	

Additional information regarding options outstanding at December 31, 2004, follows:

	Exercise Price Range			
	$6.09-$8.98	$10.61-$13.78	$23.75-$34.11	Total
Number of options outstanding	1,046,332	1,656,421	2,129,454	4,832,207
Weighted average exercise price	$ 8.31	$ 11.45	$ 27.49	$ 17.84
Weighted average remaining life	4.1 years	5.5 years	8.1 years	6.4 years
Number of shares exercisable	1,046,332	1,280,521	592,204	2,919,057
Weighted average exercise price	$ 8.31	$ 11.57	$ 24.77	$ 13.08

These options cannot be traded in any equity market. However, based on the Black-Scholes option pricing model, adapted for use in valuing compensatory stock options in accordance with SFAS No. 123, options granted in 2004, 2003 and 2002 have estimated weighted average fair values at the date of grant of $10.24 per share, $8.63 per share and $8.29 per share, respectively. The actual value an employee may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. Consequently, there is no assurance that the value realized by an employee will be at or near the value estimated. The fair values were estimated using the following weighted average assumptions:

	2004 Grants	2003 Grants	2002 Grants
Expected dividend yield	1.17%	0.84%	0.70%
Expected stock price volatility	32.78%	35.38%	34.92%
Risk-free interest rate	3.45%	2.87%	4.57%
Expected life of options	4.75 years	4.75 years	4.75 years

Ball accounts for its stock-based employee compensation programs using the intrinsic value method prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees." If we had elected to recognize compensation in accordance with SFAS No. 123, pro forma net earnings and earnings per share would have been:

	Years ended December 31,		
($ in millions, except per share amounts)	2004	2003	2002
Stock-based compensation as reported, net of tax	$ 12.5	$ 7.6	$ 4.2
Pro forma effect of fair value based method	(3.2)	1.2	3.8
Pro forma stock-based compensation	$ 9.3	$ 8.8	$ 8.0
Net earnings as reported	$ 295.6	$ 229.9	$ 156.1
Pro forma effect of fair value based method	3.2	(1.2)	(3.8)
Pro forma net earnings	$ 298.8	$ 228.7	$ 152.3
Basic earnings per share as reported	$ 2.67	$ 2.06*(a)*	$ 1.39*(a)*
Pro forma basic earnings per share	2.70	2.05*(a)*	1.36*(a)*

Diluted earnings per share as reported	$ 2.60	$ 2.01*(a)*	$ 1.36*(a)*
Pro forma diluted earnings per share	2.63	2.00*(a)*	1.32*(a)*

(a) Per share amounts have been retroactively restated for the two-for-one stock split effective August 23, 2004.

Subsequent Event

On January 31, 2005, Ball repurchased 3 million of its outstanding common shares in a privately negotiated accelerated stock repurchase transaction at an initial price of $42.72 per share. The transaction immediately reduced Ball's outstanding common shares by 3 million shares. The shares are subject to a market price adjustment provision which may require a payment to be made by Ball or to Ball based on the volume weighted average trading price of the company's shares between January 31, 2005, and July 6, 2005.

15. Earnings Per Share

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

($ in millions, except per share amounts)	Years ended December 31, 2004	2003	2002
Diluted Earnings per Share:			
Net earnings	$ 295.6	$ 229.9	$ 156.1
Weighted average common shares *(000s)*	110,846	111,710	112,634
Dilutive effect of stock options and restricted shares	2,944	2,565	2,442
Weighted average shares applicable to diluted earnings per share	113,790	114,275	115,076
Diluted earnings per share	$ 2.60	$ 2.01	$ 1.36

Certain options have been excluded from the computation of the diluted earnings per share calculation since they were anti-dilutive (i.e., the exercise price exceeded the average closing market price of common stock for the year). A total of 639,400 options at an exercise price of $28.155 and 1,095,000 options at an exercise price of $23.745 were excluded for the years ended December 31, 2003 and 2002, respectively. There were no anti-dilutive options for the year ended December 31, 2004.

16. Financial Instruments and Risk Management

Policies and Procedures

In the ordinary course of business, we employ established risk management policies and procedures to reduce our exposure to commodity price changes, changes in interest rates, fluctuations in foreign currencies and fluctuations in prices of the company's common stock in regard to common share repurchases. Although the instruments utilized involve varying degrees of credit and interest risk, the counterparties 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 container sales contracts, which include aluminum-based pricing terms that consider price fluctuations under our commercial supply contracts for aluminum purchases. The terms include a fixed price or an upper limit to the aluminum component pricing. This matched pricing affects substantially all of our North American metal beverage container net sales. We also, at times, use certain derivative instruments such as option and forward contracts as cash flow hedges of commodity price risk.

North American 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 container sales contracts either include provisions permitting us to pass through some or all steel cost changes we incur or incorporate annually negotiated steel costs. In 2004 we were able to pass through steel surcharges to our customers and we are currently in negotiations with respect to 2005 steel price increases. We believe these negotiations will result in the pass through of the majority of this year's steel price increases.

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

At December 31, 2004, the company had aluminum forward contracts with notional amounts of $303.4 million hedging its aluminum purchase contracts. These forward contract agreements expire within the next four years. Included in shareholders' equity at December 31, 2004, within accumulated other comprehensive earnings, is a net gain of $8.4 million associated with these contracts, of which a net gain of $8.2 million is expected to be recognized in the consolidated statement of earnings during 2005. The majority of the gains on these derivative contracts will be offset by lower revenue from fixed price sales contracts. At December 31, 2003, the company had aluminum forward contracts with notional amounts of $115.6 million hedging the aluminum in the aluminum purchase contracts.

Interest Rate Risk

Our objective in managing our exposure to interest rate changes is to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we use a variety of interest rate swaps, collars and options to manage our mix of floating and fixed-rate debt. Interest rate instruments held by the company at December 31, 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 two years.

Interest rate swap agreements outstanding at December 31, 2004, had notional amounts of $220 million paying floating rates and $120 million paying fixed rates, or a net floating position of $100 million. Approximately $2.7 million of net gain related to the termination or deselection of hedges is included in accumulated other comprehensive earnings at December 31, 2004, of which approximately $1.7 million is expected to be recognized in the consolidated statement of earnings during 2005. The fair market value of agreements designated as fair value and cash flow hedges in accordance with SFAS No. 133 was insignificant at December 31, 2004 and 2003. The company also has an interest rate cap on Eurolibor interest rates with a notional amount of €50 million. The fair value was not material at December 31, 2004 or 2003. At December 31, 2003, the agreements had notional amounts of $50 million paying floating rates and $139.6 million paying fixed rates, or a net fixed position of $89.6 million.

The fair value of all non-derivative financial instruments approximates their carrying amounts with the exception of long-term debt. Rates currently available to the company for loans with similar terms and maturities are used to estimate the fair value of long-term debt based on discounted cash flows. The fair value of derivatives generally reflects the estimated amounts that we would pay or receive upon termination of the contracts at December 31, 2004, taking into account any unrealized gains and losses on open contracts.

	2004		2003	
($ in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion	$ 1,617.0	$ 1,673.8	$ 1,647.6	$ 1,696.2
Unrealized loss on derivative contracts	--	--	--	(0.4)

Foreign Currency Exchange Rate Risk

Our objective in managing exposure to foreign currency fluctuations is to protect foreign cash flows and earnings associated with foreign exchange rate changes through the use of cash flow hedges. In addition, we manage foreign earnings translation volatility through the use of foreign currency options. Our foreign currency translation risk results from the European euro, British pound, Canadian dollar, Polish zloty, Serbian dinar, Brazilian real and Chinese renminbi. We face currency exposures in our global operations as a result of purchasing raw materials in U.S. dollars. Sales contracts are negotiated with customers to reflect cost changes and, where there is not a foreign exchange pass-through arrangement, the company uses forward and option contracts to manage foreign currency exposures. Contracts outstanding at December 31, 2004, expire within the next four years and approximately $0.5 million of net loss is included in accumulated other comprehensive earnings, all of which is expected to be recognized in earnings over the next year.

Common Share Repurchases

In connection with the company's ongoing share repurchases, on January 31, 2005, Ball repurchased 3 million of its common shares at an initial price of $42.72 per share. The price per share is subject to a price adjustment based on a weighted average price calculation for the period between the initial purchase date and the settlement date of July 6, 2005.

The company also 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. The put option contracts allow us to determine the method of settlement, either in cash or shares. At December 31, 2004, there were put option contracts outstanding for 200,000 shares at $31.75 per share, which expired without value in February 2005. There were no put option contracts outstanding at December 31, 2003.

17. Quarterly Results of Operations (Unaudited)

The company's fiscal years end on December 31 and the fiscal quarters generally end on the Sunday nearest the calendar quarter end. In 2004 the first quarter included six more shipping days than in 2003 and the fourth quarter had five fewer shipping days than in 2003.

2004 Quarterly Information

The third and fourth quarters of 2004 included earnings of $6.7 million and $8.5 million, respectively, related to business consolidation activities for which proceeds on assets were higher than originally estimated and costs of completion were less than anticipated. The fourth quarter also included a $15.2 million loss pertaining to an allowance for doubtful accounts related to a minority-owned PRC joint venture. Other than these items, fluctuations in sales and earnings for the quarters in 2004 reflected the number of days in each fiscal quarter, as well as the normal seasonality of the business.

2003 Quarterly Information

A gain of $1.6 million was recorded in the fourth quarter in connection with the sale, and the completion of the consolidation activities, related to a metal beverage container plant closed in December 2001. In the first quarter Ball announced plans to close a metal food container plant to address decreased demand for three-piece welded cans. In connection with the closure, a charge of $1.9 million was recorded, partially offset by a $0.5 million gain on the sale of a Canadian plant that was included in a business consolidation charge taken in 2000. The $1.9 million charge included $0.8 million for employee severance and benefit costs and $1.1 million for decommissioning costs and an impairment charge on fixed assets.

($ in millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2004					
Net sales	$ 1,231.5	$ 1,467.2	$ 1,478.7	$ 1,262.8	$ 5,440.2
Gross profit *(a)*	171.1	228.2	231.4	185.0	815.7
Net earnings	$ 46.8	$ 90.7	$ 101.7	$ 56.4	$ 295.6
Basic earnings per share	$ 0.42*(b)*	$ 0.82*(b)*	$ 0.92	$ 0.51	$ 2.67
Diluted earnings per share	$ 0.41*(b)*	$ 0.80*(b)*	$ 0.90	$ 0.50	$ 2.60
2003					
Net sales	$ 1,070.9	$ 1,353.3	$ 1,359.3	$ 1,193.5	$ 4,977.0
Gross profit *(a)*	140.4	205.6	209.7	161.5	717.2

Net earnings	$ 31.5	$ 74.3	$ 68.8	$ 55.3	$ 229.9
Basic earnings per share *(b)*	$ 0.28	$ 0.66	$ 0.62	$ 0.50	$ 2.06
Diluted earnings per share *(b)*	$ 0.27	$ 0.65	$ 0.61	$ 0.49	$ 2.01

(a) *Gross profit is shown after depreciation and amortization related to cost of sales of $191 million and $179.6 million for the years ended December 31, 2004 and 2003, respectively.*

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

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

18. Research and Development

Research and development costs are expensed as incurred in connection with the company's internal programs for the development of products and processes. Costs incurred in connection with these programs, the majority of which are included in cost of sales, amounted to $25.5 million, $20.5 million and $18.8 million for the years ended December 31, 2004, 2003 and 2002, respectively.

19. Subsidiary Guarantees of Debt

As discussed in Note 11, the company's notes payable and senior credit facilities are guaranteed on a full, unconditional and joint and several basis by certain of the company's domestic wholly owned subsidiaries. Certain tranches of the senior credit facilities are similarly guaranteed by certain of the company's wholly owned foreign subsidiaries. The senior credit facilities are secured by: (1) a pledge of 100 percent of the stock owned by the company in its material direct and indirect majority-owned domestic subsidiaries and (2) a pledge of the company's stock, owned directly or indirectly, of certain foreign subsidiaries, which equals 65 percent of the stock of each such foreign subsidiary. The following is condensed, consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries, as of December 31, 2004 and 2003, and for the years ended December 31, 2004, 2003 and 2002 (in millions of dollars). Certain prior-year amounts have been reclassified in order to conform to the current year presentation. Separate financial statements for the guarantor subsidiaries and the non-guarantor subsidiaries are not presented because management has determined that such financial statements would not be material to investors.

CONSOLIDATED BALANCE SHEET

	December 31, 2004				
	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 113.8	$ 0.6	$ 84.3	$ --	$ 198.7
Receivables, net	0.5	87.0	259.3	--	346.8
Inventories, net	--	402.8	226.7	--	629.5
Deferred taxes and prepaid expenses	323.2	167.6	17.8	(438.0)	70.6
Total current assets	437.5	658.0	588.1	(438.0)	1,245.6
Property, plant and equipment, at cost	39.3	1,932.4	1,002.8	--	2,974.5
Accumulated depreciation	(14.2)	(1,140.2)	(287.7)	--	(1,442.1)
	25.1	792.2	715.1	--	1,532.4
Investment in subsidiaries	1,995.9	680.1	9.8	(2,685.8)	--
Investment in affiliates	2.8	32.9	47.4	--	83.1
Goodwill, net	--	338.1	1,071.9	--	1,410.0
Intangibles and other assets	74.6	53.8	78.2	--	206.6
	$ 2,535.9	$ 2,555.1	$ 2,510.5	$(3,123.8)	$ 4,477.7
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term debt and current portion of long-term debt	$ 9.8	$ 3.3	$ 109.9	$ --	$ 123.0
Accounts payable	55.2	218.5	179.3	--	453.0
Accrued employee costs	15.6	168.7	37.9	--	222.2
Income taxes payable	--	450.9	67.7	(438.2)	80.4
Other current liabilities	31.9	30.3	55.5	--	117.7
Total current liabilities	112.5	871.7	450.3	(438.2)	996.3
Long-term debt	1,045.2	22.7	469.8	--	1,537.7
Intercompany borrowings	165.8	382.6	150.5	(698.9)	--
Employee benefit obligations	144.1	150.8	439.4	--	734.3
Deferred taxes and other liabilities	(18.3)	21.1	113.6	--	116.4
Total liabilities	1,449.3	1,448.9	1,623.6	(1,137.1)	3,384.7

Minority interests	--	--	6.4	--	6.4
Shareholders' equity					
Convertible preferred stock	--	--	179.6	(179.6)	--
Preferred shareholders' equity	--	--	179.6	(179.6)	--
Common stock	610.8	726.0	681.1	(1,407.1)	610.8
Retained earnings	1,007.5	524.2	(124.2)	(400.0)	1,007.5
Accumulated other comprehensive earnings (loss)	33.2	(144.0)	144.0	--	33.2
Treasury stock, at cost	(564.9)	--	--	--	(564.9)
Common shareholders' equity	1,086.6	1,106.2	700.9	(1,807.1)	1,086.6
Total shareholders' equity	1,086.6	1,106.2	880.5	(1,986.7)	1,086.6
	$ 2,535.9	$ 2,555.1	$ 2,510.5	$(3,123.8)	$ 4,477.7

CONSOLIDATED BALANCE SHEET

December 31, 2003

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 8.8	$ 0.9	$ 26.8	$ --	$ 36.5
Receivables, 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
Intangibles and 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
Minority interests	--	--	6.2	--	6.2
Shareholders' equity					
Convertible preferred stock	--	--	179.6	(179.6)	--
Preferred shareholders' equity	--	--	179.6	(179.6)	--
Common stock	567.3	726.0	687.6	(1,413.6)	567.3
Retained earnings	748.8	380.4	(263.8)	(116.6)	748.8
Accumulated other comprehensive earnings (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 Year Ended December 31, 2004

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	$ --	$ 4,192.1	$ 1,512.5	$ (264.4)	$ 5,440.2
Costs and expenses					
Cost of sales (excluding depreciation and amortization)	--	3,547.4	1,150.5	(264.4)	4,433.5
Depreciation and amortization	2.3	130.6	82.2	--	215.1
Business consolidation gains	--	(1.5)	(13.7)	--	(15.2)
Selling and administrative	43.1	154.6	70.2	--	267.9
Interest expense	10.7	51.9	41.1	--	103.7
Equity in earnings of subsidiaries	(278.3)	--	--	278.3	--
Corporate allocations	(72.4)	65.4	7.0	--	--
	(294.6)	3,948.4	1,337.3	13.9	5,005.0
Earnings (loss) before taxes	294.6	243.7	175.2	(278.3)	435.2
Tax provision	1.0	(102.5)	(37.7)	--	(139.2)
Minority interests	--	--	(1.0)	--	(1.0)
Equity in results of affiliates	--	3.9	(3.3)	--	0.6
Net earnings (loss)	$ 295.6	$ 145.1	$ 133.2	$ (278.3)	$ 295.6

CONSOLIDATED STATEMENT OF EARNINGS

For the Year Ended December 31, 2003

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	$ --	$ 3,849.3	$ 1,378.5	$ (250.8)	$ 4,977.0
Costs and expenses					
Cost of sales (excluding depreciation and amortization)	--	3,272.0	1,059.0	(250.8)	4,080.2
Depreciation and amortization	2.6	131.4	71.5	--	205.5
Business consolidation (gains) costs	--	0.1	(3.8)	--	(3.7)
Selling and administrative	30.0	129.2	75.0	--	234.2
Interest expense	48.7	47.1	45.3	--	141.1
Equity in earnings of subsidiaries	(242.0)	--	--	242.0	--
Corporate allocations	(63.1)	57.2	5.9	--	--
	(223.8)	3,637.0	1,252.9	(8.8)	4,657.3
Earnings (loss) before taxes	223.8	212.3	125.6	(242.0)	319.7
Tax provision	6.1	(75.1)	(31.1)	--	(100.1)
Minority interests	--	--	(1.0)	--	(1.0)
Equity in results of affiliates	--	1.4	9.9	--	11.3
Net earnings (loss)	$ 229.9	$ 138.6	$ 103.4	$ (242.0)	$ 229.9

CONSOLIDATED STATEMENT OF EARNINGS

For the Year Ended December 31, 2002

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	$ --	$ 3,726.7	$ 366.2	$ (234.0)	$ 3,858.9
Costs and expenses					
Cost of sales (excluding depreciation and amortization)	--	3,150.2	314.2	(234.0)	3,230.4
Depreciation and amortization	2.1	128.8	18.3	--	149.2
Business consolidation (gains) costs	--	0.6	(2.9)	--	(2.3)

Selling and administrative	29.5	120.0	21.1	--	170.6
Interest expense	56.4	14.4	10.0	--	80.8
Equity in earnings of subsidiaries	(168.2)	--	--	168.2	--
Corporate allocations	(61.4)	61.4	--	--	--
	(141.6)	3,475.4	360.7	(65.8)	3,628.7
Earnings (loss) before taxes	141.6	251.3	5.5	(168.2)	230.2
Tax provision	14.7	(95.8)	(0.8)	--	(81.9)
Minority interests	--	--	(1.5)	--	(1.5)
Equity in results of affiliates	(0.2)	1.6	7.9	--	9.3
Net earnings (loss)	$ 156.1	$ 157.1	$ 11.1	$ (168.2)	$ 156.1

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2004

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Cash flows from operating activities					
Net earnings (loss)	$ 295.6	$ 145.1	$ 133.2	$ (278.3)	$ 295.6
Adjustments to reconcile net earnings to cash provided by operating activities:					
Depreciation and amortization	2.3	130.6	82.2	--	215.1
Business consolidation gains	--	(1.5)	(13.7)	--	(15.2)
Deferred taxes	16.7	26.9	(0.8)	--	42.8
Contributions to defined benefit pension plans	(21.4)	(21.2)	(18.0)	--	(60.6)
Equity earnings of subsidiaries	(278.3)	--	--	278.3	--
Other, net	42.9	(7.6)	15.8	--	51.1
Working capital changes	(33.4)	152.0	(111.5)	--	7.1
Cash provided by operating activities	24.4	424.3	87.2	--	535.9
Cash flows from investing activities					
Additions to property, plant and equipment	(7.6)	(111.1)	(77.3)	--	(196.0)
Business acquisitions, net of cash acquired	--	(17.0)	(0.2)	--	(17.2)
Investments in and advances to affiliates	187.8	(296.9)	109.1	--	--
Other, net	(8.5)	4.8	7.3	--	3.6
Cash provided by (used in) investing activities	171.7	(420.2)	38.9	--	(209.6)
Cash flows from financing activities					
Long-term borrowings	--	--	26.3	--	26.3
Repayments of long-term borrowings	(1.9)	(4.4)	(100.9)	--	(107.2)
Change in short-term borrowings	--	--	2.6	--	2.6
Proceeds from issuance of common stock	35.3	--	--	--	35.3
Acquisitions of treasury stock	(85.3)	--	--	--	(85.3)
Common dividends	(38.9)	--	--	--	(38.9)
Other, net	(0.3)	--	(0.6)	--	(0.9)
Cash used in financing activities	(91.1)	(4.4)	(72.6)	--	(168.1)
Effect of exchange rate changes on cash	--	--	4.0	--	4.0
Change in cash and cash equivalents	105.0	(0.3)	57.5	--	162.2
Cash and cash equivalents - beginning of year	8.8	0.9	26.8	--	36.5
Cash and cash equivalents - end of year	$ 113.8	$ 0.6	$ 84.3	$ --	$ 198.7

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2003

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Cash flows from operating activities					
Net earnings (loss)	$ 229.9	$ 138.6	$ 103.4	$ (242.0)	$ 229.9
Adjustments to reconcile net earnings to cash provided by operating activities:					
Depreciation and amortization	2.6	131.4	71.5	--	205.5
Business consolidation gains	--	--	(3.3)	--	(3.3)

Deferred taxes	(7.0)	32.6	(7.8)	--	17.8
Contributions to defined benefit pension plans	(5.8)	(20.2)	(8.1)	--	(34.1)
Equity earnings of subsidiaries	(242.0)	--	--	242.0	--
Other, net	27.8	2.2	7.0	--	37.0
Debt refinancing costs	10.3	--	--	--	10.3
Withholding tax payment related to European acquisition	--	--	(138.3)	--	(138.3)
Working capital changes	(5.3)	46.2	(1.7)	--	39.2
Cash provided by operating activities	10.5	330.8	22.7	--	364.0
Cash flows from investing activities					
Additions to property, plant and equipment	(5.2)	(108.2)	(23.8)	--	(137.2)
Business acquisitions, net of cash acquired	--	(28.0)	--	--	(28.0)
Purchase price adjustments	--	--	39.8	--	39.8
Investments in and advances to affiliates	295.0	(199.0)	(96.0)	--	--
Other, net	(9.6)	5.0	6.2	--	1.6
Cash provided by (used in) investing activities	280.2	(330.2)	(73.8)	--	(123.8)
Cash flows from financing activities					
Long-term borrowings	4.8	--	0.5	--	5.3
Repayments of long-term borrowings	(264.1)	--	(103.3)	--	(367.4)
Change in short-term borrowings	--	--	(31.6)	--	(31.6)
Debt prepayment costs	(10.3)	--	--	--	(10.3)
Debt issuance costs	(5.2)	--	--	--	(5.2)
Proceeds from issuance of common stock	35.5	--	--	--	35.5
Acquisitions of treasury stock	(63.4)	--	--	--	(63.4)
Common dividends	(26.8)	--	--	--	(26.8)
Cash used in financing activities	(329.5)	--	(134.4)	--	(463.9)
Effect of exchange rate changes on cash	--	--	1.0	--	1.0
Change in cash and cash equivalents	(38.8)	0.6	(184.5)	--	(222.7)
Cash and cash equivalents - beginning of year	47.6	0.3	211.3	--	259.2
Cash and cash equivalents - end of year	$ 8.8	$ 0.9	$ 26.8	$ --	$ 36.5

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2002

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Cash flows from operating activities					
Net earnings (loss)	$ 156.1	$ 157.1	$ 11.1	$ (168.2)	$ 156.1
Adjustments to reconcile net earnings to cash provided by operating activities:					
Depreciation and amortization	2.1	128.8	18.3	--	149.2
Business consolidation costs	--	0.6	1.5	--	2.1
Deferred taxes	11.4	15.4	(1.2)	--	25.6
Contributions to defined benefit pension plans	--	(54.2)	(2.2)	--	(56.4)
Equity earnings of subsidiaries	(168.2)	--	--	168.2	--
Other, net	25.7	(1.0)	(6.4)	--	18.3
Working capital changes	8.0	116.3	33.1	--	157.4
Cash provided by operating activities	35.1	363.0	54.2	--	452.3
Cash flows from investing activities					
Additions to property, plant and equipment	(8.7)	(140.6)	(9.1)	--	(158.4)
Business acquisitions, net of cash acquired	--	(813.8)	--	--	(813.8)
Acquisitions of previously leased assets	--	(43.1)	--	--	(43.1)
Investments in and advances to affiliates	(232.6)	613.9	(381.3)	--	--
Other, net	(2.2)	20.5	(24.2)	--	(5.9)
Cash used in investing activities	(243.5)	(363.1)	(414.6)	--	(1,021.2)
Cash flows from financing activities					
Long-term borrowings	748.4	--	552.1	--	1,300.5
Repayments of long-term borrowings	(439.1)	--	(1.3)	--	(440.4)

Change in short-term borrowings	--	--	(1.3)	--	(1.3)
Debt issuance costs	(16.5)	--	(11.6)	--	(28.1)
Proceeds from issuance of common stock	35.0	--	--	--	35.0
Acquisitions of treasury stock	(104.1)	--	--	--	(104.1)
Common dividends	(20.4)	--	--	--	(20.4)
Other, net	--	--	0.2	--	0.2
Cash provided by financing activities	203.3	--	538.1	--	741.4
Effect of exchange rate changes on cash	--	--	3.6	--	3.6
Change in cash and cash equivalents	(5.1)	(0.1)	181.3	--	176.1
Cash and cash equivalents - beginning of year	52.7	0.4	30.0	--	83.1
Cash and cash equivalents - end of year	$ 47.6	$ 0.3	$ 211.3	$ --	$ 259.2

20. Contingencies

The company is subject to various risks and uncertainties in the ordinary course of business due, in part, to the competitive nature of the industries in which we participate, our operations in developing markets, 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 beverage containers was in place at the time a mandatory deposit was imposed in January 2003 and nearly all retailers stopped carrying beverages in non-refillable containers. On October 15, 2004, the German parliament adopted a proposal leaving the existing deposit of 25 eurocents per container in effect. This decision, however, is still not in compliance with the EU law, and therefore does not provide a stable legal situation to which the industry can adapt. The outcome of the legal proceedings of the EU Commission is unclear and the political discussions about the deposit continue. 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. We also closed a plant in the United Kingdom, shut down a production line in Germany, 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.

21. 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 certain joint ventures, indemnities in connection with the sale of businesses or substantially all of the assets and specified liabilities of businesses, 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 payments under promissory notes and other evidences of incurred indebtedness 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 are 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 are 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 (see Note 5). The company, the appropriate subsidiaries and Ball Capital Corp. II are not in default under the above credit arrangement.

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

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

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

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to the officers who certify the company's financial reports and to other members of senior management and the board of directors.

Based on their evaluation as of December 31, 2004, the chief executive officer and chief financial officer of the company have concluded that the company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by the company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in "Internal Control – Integrated Framework," our management concluded that our internal control over financial reporting was effective as of December 31, 2004. Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included in Item 8, "Financial Statements and Supplementary Data."

Changes in Internal Control

In the fourth quarter of 2004, the company migrated the North American metal beverage customer pricing and invoicing system from a legacy system to an integrated corporate business system (the new system). The migration involved changes in systems that included internal controls. We have reviewed the new system and the controls affected by the implementation of the new system and made appropriate changes to affected internal controls. The controls as modified are appropriate and operating effectively. There were no other changes in our internal control over financial reporting for the year ended December 31, 2004, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

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

Part III

Item 10. Directors and Executive Officers of the Registrant

The executive officers of the company as of December 31, 2004, were as follows:

1. R. David Hoover, 59, Chairman, President and Chief Executive Officer since April 2002 and a director since 1996. Mr. Hoover was President and Chief Executive Officer from January 2001 until April 2002 and Vice Chairman, President and Chief Operating Officer from April 2000 to January 2001; Vice Chairman, President and Chief Financial Officer from January 2000 to April 2000; Vice Chairman and Chief Financial Officer, 1998-2000; Executive Vice President and Chief Financial Officer, 1997-1998; Executive Vice President, Chief Financial Officer and Treasurer, 1996-1997; Executive Vice President and Chief Financial Officer, 1995-1996; Senior Vice President and Chief Financial Officer, 1992-1995; Vice President and Treasurer, 1988-1992; Assistant Treasurer, 1987-1988; Vice President, Finance and Administration, Technical Products, 1985-1987; Vice President, Finance and Administration, Management Services Division, 1983-1985.

2. Raymond J. Seabrook, 53, Senior Vice President and Chief Financial Officer since April 2000; Senior Vice President, Finance, April 1998 to April 2000; Vice President, Planning and Control, 1996-1998; Vice President and Treasurer, 1992-1996; Senior Vice President and Chief Financial Officer, Ball Packaging Products Canada, Inc., 1988-1992.

3. Hanno C. Fiedler, 59, Executive Vice President and a director since December 2002 as well as Chairman and Chief Executive Officer of Ball's European packaging business. Mr. Fiedler was Chairman of the Board of Management of Schmalbach-Lubeca AG from January 1996 until December 2002 and, prior to that, headed the European activities of TRW Inc. Steering and Suspension Systems.

4. John R. Friedery, 48, Senior Vice President and Chief Operating Officer, North American Packaging, since January 2004; President, Metal Beverage Container, 2000 to January 2004; Senior Vice President, Manufacturing, 1998-2000; Vice President, Manufacturing, 1996-1998; Plant Manager, 1993-1996; Assistant Plant Manager, 1992-1993; Administrative Manager, 1991-1992; General Supervisor, 1989-1991; Production Supervisor, 1988-1989.

5. Charles E. Baker, 47, General Counsel and Assistant Corporate Secretary since April 2004; Associate General Counsel, 1999 to April 2004; Senior Director, Business Development, 1995-1999; Director, Corporate Compliance, 1994-1997; Director, Business Development, 1993-1995.

6. Harold L. Sohn, 58, Vice President, Corporate Relations, since March 1993; Director, Industry Affairs, Packaging Products, 1988-1993.

7. David A. Westerlund, 54, Senior Vice President, Administration, since April 1998 and Corporate Secretary since December 2002; Vice President, Administration, 1997-1998; Vice President, Human Resources, 1994-1997; Senior Director, Corporate Human Resources, July 1994-December 1994; Vice President, Human Resources and Administration, Ball Glass Container Corporation, 1988-1994; Vice President, Human Resources, Ball-InCon Glass Packaging Corp., 1987-1988.

8. Scott C. Morrison, 42, Vice President and Treasurer since April 2002; Treasurer, September, 2000 to April 2002; Managing Director/Senior Banker of Corporate Banking, Bank One, Indianapolis, Indiana, 1995 to August 2000.

9. John A. Hayes, 39, Vice President, Corporate Strategy, Marketing and Development since January 2003; Vice President, Corporate Planning and Development, April 2000 to January 2003; Senior Director, Corporate Planning and Development, February 1999 to April 2000; Vice President, Mergers and Acquisitions/Corporate Finance, Lehman Brothers, Chicago, Illinois, April 1993 to February 1999.

10. Douglas K. Bradford, 47, Vice President and Controller since April 2003; Controller since April 2002; Assistant Controller, May 1998 to April 2002; Senior Director, Tax Administration, January 1995 to May 1998; Director, Tax Administration, July 1989 to January 1995.

As a result of an administrative error, the Form 4 report regarding a Restricted Stock Award for 172 shares to Mr. Howard M. Dean on February 17, 2004, was not timely reported. The Award was reported on a Form 4 filed on April 29, 2004. To the best of the Corporation's knowledge, all of the other filings for its executive officers and directors were made on a timely basis in 2004.

Other information required by Item 10 appearing under the caption "Director Nominees and Continuing Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance," of the company's proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2004, is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Item 11 appearing under the caption "Executive Compensation" in the company's proxy statement, to be filed pursuant to Regulation 14A within 120 days after December 31, 2004, is incorporated herein by reference. Additionally, the Ball Corporation 2000 Deferred Compensation Company Stock Plan, the Ball Corporation Deposit Share Program and the Ball Corporation Directors Deposit Share Program were created to encourage key executives and other participants to acquire a larger equity ownership interest in the company and to increase their interest in the company's stock performance. Non-employee directors also participate in the 2000 Deferred Compensation Company Stock Plan.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by Item 12 appearing under the caption "Voting Securities and Principal Shareholders," in the company's proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2004, is incorporated herein by reference.

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

Equity Compensation Plan Information

Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	4,832,207	$ 17.84	1,568,780
Equity compensation plans not approved by security holders	--	--	--
Total	4,832,207	$ 17.84	1,568,780

Item 13. Certain Relationships and Related Transactions

The information required by Item 13 appearing under the caption "Ratification of the Appointment of Independent Auditor," in the company's proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2004, is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 appearing under the caption "Certain Committees of the Board," in the company's proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2004, is incorporated herein by reference.

Part IV

Item 15. Exhibits, Financial Statement Schedules

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

The following documents are included in Part II, Item 8:

Report of independent registered public accounting firm

Consolidated statements of earnings – Years ended December 31, 2004, 2003 and 2002

Consolidated balance sheets – December 31, 2004 and 2003

Consolidated statements of cash flows – Years ended December 31, 2004, 2003 and 2002

Consolidated statements of shareholders' equity and comprehensive earnings – Years ended December 31, 2004, 2003 and 2002

Notes to consolidated financial statements

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

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

(3) ***Exhibits***:

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

SIGNATURES

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

BALL CORPORATION
(Registrant)

By: /s/ R. David Hoover
R. David Hoover
Chairman, President and Chief Executive Officer
February 23, 2005

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

(1) Principal Executive Officer:

/s/ R. David Hoover R. David Hoover	Chairman, President and Chief Executive Officer February 23, 2005

(2) Principal Financial Accounting Officer:

/s/ Raymond J. Seabrook Raymond J. Seabrook	Sr. Vice President and Chief Financial Officer February 23, 2005

(3) Controller:

/s/ Douglas K. Bradford Douglas K. Bradford	Vice President and Controller February 23, 2005

(4) A Majority of the Board of Directors:

/s/ Howard M. Dean * Howard M. Dean	Director February 23, 2005
/s/ Hanno C. Fiedler * Hanno C. Fiedler	Director February 23, 2005
/s/ R. David Hoover * R. David Hoover	Chairman of the Board and Director February 23, 2005
/s/ John F. Lehman * John F. Lehman	Director February 23, 2005
/s/ Jan Nicholson * Jan Nicholson	Director February 23, 2005
/s/ George A. Sissel * George A. Sissel	Director February 23, 2005
/s/ George M. Smart *	Director February 23, 2005

George M. Smart	
/s/ Theodore M. Solso * Theodore M. Solso	Director February 23, 2005
/s/ William P. Stiritz * William P. Stiritz	Director February 23, 2005
/s/ Stuart A. Taylor II * Stuart A. Taylor II	Director February 23, 2005
/s/ Erik H. van der Kaay * Erik H. van der Kaay	Director February 23, 2005

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

By: /s/ R. David Hoover
R. David Hoover
As Attorney-in-Fact
February 23, 2005

Ball Corporation and Subsidiaries
Annual Report on Form 10-K
For the year ended December 31, 2004

Index to Exhibits

Exhibit Number	Description of Exhibit
1	Purchase Agreement, dated as of December 5, 2002, by and among Ball Corporation, Lehman Brothers, Inc., Deutsche Bank Securities, Inc., Banc of America Securities LLC, Banc One Capital Markets, Inc., BNP Paribas Securities Corp., Dresdner Kleinwort Wasserstein-Grantchester, Inc., McDonald Investments Inc., SunTrust Capital Markets, Inc. and Wells Fargo Brokerage Services, LLC and certain subsidiary guarantors of Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K, dated December 19, 2002) filed December 31, 2002.
2.1	Share Sale and Transfer Agreement dated August 29/30, 2002, among Schmalbach-Lubeca Holding GmbH, AV Packaging GmbH, Ball Pan-European Holdings, Inc. and Ball Corporation (filed by incorporation by reference to Ball Corporation's Quarterly Report on Form 10-Q for the quarter ended September 29, 2002) filed November 14, 2002.
2.2	Amendment Agreement, dated December 18, 2002, among Schmalbach-Lubeca Holding GmbH, AV Packaging GmbH, Ball Pan-European Holdings, Inc., Ball Corporation and Ball (Germany) Acquisition GmbH, amending the Share Sale and Transfer Agreement, dated August 29/30, 2002, among Schmalbach-Lubeca Holding GmbH, AV Packaging GmbH, Ball Pan-European Holdings, Inc. and Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K, dated December 19, 2002) filed December 31, 2002.
3.i	Amended Articles of Incorporation as of April 23, 2003. (Filed herewith.)
3.ii	Bylaws of Ball Corporation as amended January 25, 2005. (Filed herewith.)
4.1(a)	Amended and Restated Senior Note Indenture, dated August 10, 1998, and amended and restated as of December 19, 2002, by and among Ball Corporation, certain subsidiary guarantors of Ball Corporation and The Bank of New York, as Senior Note Trustee (filed by incorporation by reference to the Current Report on Form 8-K dated December 19, 2002) filed December 31, 2002.
4.1(b)	Senior Registration Rights Agreement, dated August 10, 1998, among Ball Corporation, Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BancAmerica Robertson Stephens, First Chicago Capital Markets, Inc., and certain subsidiary guarantors of Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K dated August 10, 1998) filed August 25, 1998.
4.2	Dividend distribution payable to shareholders of record on August 4, 1996, of one preferred stock purchase right for each outstanding share of common stock under the Rights Agreement dated as of July 24, 1996, between the company and The First Chicago Trust company of New York (filed by incorporation by reference to the Form 8-A Registration Statement, No. 1-7349, dated August 1, 1996, and filed August 2, 1996, and to the company's Form 8-K Report dated February 13, 1996, and filed February 14, 1996).
4.3(a)	Registration Rights Agreement, dated as of December 19, 2002, by and among Ball Corporation, Lehman Brothers, Inc., Deutsche Bank Securities Inc., Banc of America Securities LLC, Banc One Capital Markets, Inc., BNP Paribas Securities Corp., Dresdner Kleinwort Wasserstein-Grantchester, Inc., McDonald Investments Inc., Sun Trust Capital Markets, Inc. and Wells Fargo Brokerage Services, LLC and certain subsidiary guarantors of Ball Corporation (filed by incorporation by reference to Exhibit 4.1 of the Current Report on Form 8-K, dated December 19, 2002) filed December 31, 2002.

4.3(b)	Senior Note Indenture, dated as of December 19, 2002, by and among Ball Corporation, certain subsidiary guarantors of Ball Corporation and The Bank of New York, as Trustee (filed by incorporation by reference to the Current Report on Form 8-K dated December 19, 2002) filed December 31, 2002.
10.1	1980 Stock Option and Stock Appreciation Rights Plan, as amended, 1983 Stock Option and Stock Appreciation Rights Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 2-82925) filed April 27, 1983.
10.2	1988 Restricted Stock Plan and 1988 Stock Option and Stock Appreciation Rights Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 33-21506) filed April 27, 1988.
10.3	Ball Corporation Deferred Incentive Compensation Plan (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1987) filed March 25, 1988.
10.4	Ball Corporation 1986 Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994.
10.5	Ball Corporation 1988 Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994.
10.6	Ball Corporation 1989 Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994.
10.7	Amended and Restated Form of Severance Benefit Agreement which exists between the company and its executive officers, effective as of August 1, 1994, and as amended on January 24, 1996 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended March 22 , 1996) filed May 15, 1996.
10.8	Ball Corporation 1986 Deferred Compensation Plan for Directors, as amended October 27, 1987 (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1990) filed April 1, 1991.
10.9	1991 Restricted Stock Plan for Nonemployee Directors of Ball Corporation (filed by incorporation by reference to the Form S-8 Registration Statement, No. 33-40199) filed April 26, 1991.
10.10	Ball Corporation Economic Value Added Incentive Compensation Plan dated January 1, 1994 (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1994) filed March 29, 1995.
10.11	Ball Corporation 1997 Stock Incentive Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 333-26361) filed May 1, 1997.
10.12	Agreement and Plan of Merger among Ball Corporation, Ball Sub Corp. and Heekin Can, Inc. dated as of December 1, 1992, and as amended as of December 28, 1992 (filed by incorporation by reference to the Registration Statement on Form S-4, No. 33-58516) filed February 19, 1993.
10.13	Distribution Agreement between Ball Corporation and Alltrista (filed by incorporation by reference to the Alltrista Corporation Form 8, Amendment No. 3 to Form 10, No. 0-21052, dated December 31, 1992) filed March 17, 1993.
10.14	1993 Stock Option Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 33-61986) filed April 30, 1993.
10.15	Ball-InCon Glass Packaging Corp. Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994.
10.16	Ball Corporation Supplemental Executive Retirement Plan (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994) filed November 15, 1994.
10.17	Ball Corporation Long-Term Cash Incentive Plan, dated October 25, 1994, amended and restated effective January 1, 2003 (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2003) filed March 12, 2004.
10.18(a)	Ball Corporation Merger Related, Special Incentive Plan for Operating Executives which provides for Restricted Stock grant in which the five named executive officers participate and which grants are referred to in the Executive Compensation section of the Ball Corporation Proxy Statement dated March 15, 1999. (The form of the restricted grants was filed March 29, 1999.)
10.18(b)	Ball Corporation Merger Related, Special Incentive Plan for Operating Executives which provides for certain cash incentive payments based upon the attainment of certain performance criteria. (The form of the plan was filed March 29, 1999.)
10.19	Asset Purchase Agreement dated June 26, 1995, among Foster Ball, L.L.C. (renamed Ball-Foster Glass Container Co., L.L.C.), Ball Glass Container Corporation and Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K dated September 15, 1995) filed September 29, 1995.
10.20	Foster Ball, L.L.C. (renamed Ball-Foster Glass Container Co., L.L.C.) Amended and Restated Limited Liability Company Agreement dated June 26, 1995, among Saint-Gobain Holdings I Corp., BG Holdings I, Inc. and BG Holdings II, Inc. (filed by incorporation by reference to the Current Report on Form 8-K dated September 15, 1995) filed September 29, 1995.
10.21	Asset Purchase Agreement dated August 10, 1998, among Ball Corporation and its Ball Metal Beverage Container Corp. and Reynolds Metals Company (filed by incorporation by reference to the Current Report on Form 8-K dated August 10, 1998) filed August 25, 1998.
10.22	Form of Severance Agreement (Change of Control Agreement) which exists between the company and its executive officers (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1988) filed March 25, 1989.
10.23	Ball Corporation 2000 Deferred Compensation Company Stock Plan. This plan is referred to in Item 11, the Executive Compensation section of this Form 10-K (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2001) filed March 28, 2002.

10.24	Ball Corporation Deposit Share Program, as amended. This plan is referred to in Item 11, the Executive Compensation section of this Form 10-K (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 4, 2004) filed August 11, 2004.
10.25	Ball Corporation Directors Deposit Share Program, as amended. This plan is referred to in Item 11, the Executive Compensation section of this Form 10-K (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 4, 2004) filed August 11, 2004.
10.26	Credit Agreement, dated December 19, 2002, among Ball Corporation and certain subsidiaries of Ball Corporation, with Deutsche Bank AG, New York Branch, as Administrative Agent, The Bank of Nova Scotia, as Canadian Administrative Agent, Deutsche Bank Securities Inc. and Banc of America Securities LLC, as Joint Lead Arrangers, Joint Mandated Arrangers and Joint Book Managers, Bank of America, N.A., as Syndication Agent, Bank One, NA, Lehman Commercial Paper Inc. and BNP Paribas, as Co-Documentation Agents, and various lending institutions named therein (filed by incorporation by reference to the Current Report on Form 8-K dated December 19, 2002) filed December 31, 2002.
10.27	First Amendment to Credit Agreement (as provided in Exhibit 10.26), dated July 22, 2003, among Ball Corporation and certain subsidiaries of Ball Corporation, with Deutsche Bank AG, New York Branch, as Administrative Agent for the lenders (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2003) filed March 12, 2004.
10.28	Second Amendment to Credit Agreement (as provided in Exhibit 10.26), dated November 6, 2003, among Ball Corporation and certain subsidiaries of Ball Corporation, with Deutsche Bank AG, New York Branch, as Administrative Agent for the lenders (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2003) filed March 12, 2004.
10.29	Third Amendment to Credit Agreement (as provided in Exhibit 10.26), 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 by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended April 4, 2004) filed May 12, 2004.
10.30	Acquisition Related, Special Incentive Plan for selected executives and senior managers which provides for cash incentive payments based upon the attainment of certain performance criteria (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2002) filed March 27, 2003.
10.31	Employment agreement between Ball Corporation and Hanno C. Fiedler (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2002) filed March 27, 2003.
11	Statement re: Computation of Earnings Per Share (filed by incorporation by reference to the notes to the consolidated financial statements in Item 8, “Financial Statements and Supplementary Data”).
12	Statement re: Computation of Ratio of Earnings to Fixed Charges. (Filed herewith.)
18	Letter re: Change in Accounting Principles regarding change in pension plan valuation measurement date (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2002) filed March 27, 2003.
21	List of Subsidiaries of Ball Corporation. (Filed herewith.)
23	Consent of Independent Registered Public Accounting Firm. (Filed herewith.)
24	Limited Power of Attorney. (Filed herewith.)
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. (Filed herewith.)
32	Certifications pursuant to Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, by R. David Hoover, Chairman of the Board, President and Chief Executive Officer of Ball Corporation, and by Raymond J. Seabrook, Senior Vice President and Chief Financial Officer of Ball Corporation. (Furnished herewith.)
99.1	Specimen Certificate of Common Stock (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1979) filed March 24, 1980.
99.2	Cautionary statement for purposes of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, as amended. (Filed herewith.)

Exhibit 3.i

Adopted on April 23, 1985,
as amended on July 22, 1986,
April 26, 1988,
June 29, 1989 and
November 26, 1990
August 2, 1996
April 23, 2003

AMENDED ARTICLES OF INCORPORATION
OF
BALL CORPORATION

The exact text of the entire Amended Articles of Incorporation of the Corporation, as amended (hereinafter referred to as the "Amended Articles"), is as follows:

ARTICLE I
Name

The name of the Corporation is Ball Corporation.

ARTICLE II
Purpose

The purpose for which the Corporation is formed is to engage in the transaction of any or all lawful business which may be conducted, or for which corporations may be incorporated under The Indiana General Corporation Act.

ARTICLE III
Term of Existence

The period during which the Corporation shall continue is perpetual.

ARTICLE IV
Principal Office and Resident Agent

The post-office address of the principal office of the Corporation is 345 South High Street, Muncie, Indiana 47305; and the name and post-office address of its Resident Agent at the time of adoption of these Amended Articles is C T Corporation System, One North Capitol Avenue, Indianapolis, Indiana 46204.

ARTICLE V
Amount of Capital Stock

The total number of shares into which the authorized capital stock of the Corporation is divided is two hundred fifty-five million (255,000,000) shares without par value.

ARTICLE VI
Terms of Capital Stock

Section A. Designation of Classes and Number of Shares of Capital Stock

1. Two hundred forty million (240,000,000) shares of the authorized capital stock without par value shall be known as Common Stock. The shares of Common Stock shall be identical with each other in all respects.

2. Fifteen million (15,000,000) shares of the authorized capital stock without par value shall be known as Preferred Stock. The shares of Preferred Stock may be issued in one or more series. The Board of Directors shall have the authority to determine and state the designations and the relative rights (including, if any, conversion rights, participation rights, voting rights, dividend rights, and stated, redemption and liquidation values), preferences, limitations and restrictions of each such series by the adoption of resolutions prior to the issuance of each such series authorizing the issuance of such series. All shares of Preferred Stock of the same series shall be identical with each other in all respects.

3. (Added by amendment on August 2, 1996)
One hundred twenty thousand (120,000) shares of Preferred Stock shall be designated as "Series A Junior Participating Preferred Stock" and shall have preferences, limitations, and relative voting and other rights as follows:

(A) Dividends and Distributions.

(1) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the last day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $0.01 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all noncash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, without par value, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect

to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after January 24, 1996 (the "Rights Declaration Date") (a) declare any dividend on Common Stock payable in shares of Common Stock, (b) subdivide the outstanding Common Stock, or (c) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (1) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $0.01 per share on the Series A Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(3) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which event such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

(B) Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(1) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (a) declare any dividend on Common Stock payable in shares of Common Stock, (b) subdivide the outstanding Common Stock, or (c) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(2) Except as otherwise provided herein or by law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(3) (a) If at any time dividends on any Series A Junior Participating Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Junior Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Junior Participating Preferred Stock) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) directors.

(b) During any default period, such voting right of the holders of Series A Junior Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (3)(c) of this Section (B) or at any annual meeting of shareholders, and thereafter at annual meetings of shareholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of directors shall be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) directors or, if such right is exercised at an annual meeting, to elect two (2) directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect directors in any default period and during the continuance of such period, the number of directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Junior Participating Preferred Stock.

(c) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect directors, the Board of Directors may order, or any shareholder or shareholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice President or the Corporate Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this subparagraph (3)(c) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any shareholder or shareholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this subparagraph (3)(c), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of shareholders.

(d) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of directors until the holders of Preferred Stock shall have exercised their right to elect two (2) directors voting as a class, after the exercise of which right (x) the directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may, except as provided in subparagraph (3)(b) of this Section (B), be filled by vote of a majority of the remaining directors theretofore elected by the holders of the class of stock which elected the director whose office shall have become vacant. References in this paragraph (3) to directors elected by the holders of a particular class of stock shall include directors elected by such directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(e) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect directors shall cease, (y) the term of any directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of directors shall be such number as may be provided for in these Amended Articles or the Bylaws irrespective of any increase made pursuant to the provisions of subparagraph (3)(b) of this Section (B) (such number being subject, however, to change thereafter in any manner provided by law or in these Amended Articles or the Bylaws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining directors.

(4) Except as set forth herein, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(C) Certain Restrictions.

(1) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section (A) are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(a) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(b) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(c) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock; or

(d) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series of classes.

(2) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (1) of this Section (C), purchase or otherwise acquire such shares at such time and in such manner.

(D) Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(E) Liquidation, Dissolution or Winding Up.

(1) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received $1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the “Series A Liquidation Preference”). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the “Common Adjustment”) equal to the quotient obtained by dividing (a) the Series A Liquidation Preference by (b) 1,000 (as appropriately adjusted as set forth in subparagraph (3) below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (c), the “Adjustment Number”). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect to all outstanding shares of Series A Junior Participating Preferred Stock and Common Stock, respectively, holders of Series A Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(2) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series A Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(3) In the event the Corporation shall at any time after the Rights Declaration Date (a) declare any dividend on Common Stock payable in shares of Common Stock, (b) subdivide the outstanding Common Stock, or (c) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(F) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (a) declare any dividend on Common Stock payable in shares of Common Stock, (b) subdivide the outstanding Common Stock, or (c) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(G) Redemption. The shares of Series A Junior Participating Preferred Stock shall be redeemable at a price equal to the product of (a) the current market price of the Common Stock and (b) the Adjustment Number.

(H) Ranking The Series A Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

(I) Amendment. The Amended Articles of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

(J) Fractional Shares. Series A Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

4. (Added by amendment on June 29, 1989)

Two million one hundred thousand (2,100,000) shares of Preferred Stock shall be designated as "Series B ESOP Convertible Preferred Stock" and shall have preferences, limitations, and relative voting and other rights as follows:

Section 1. Designation and Amount; Special Purpose Restricted Transfer Issue

(A) The shares of such series shall be designated "Series B ESOP Convertible Preferred Stock" (such series being hereinafter sometimes called the "Series B Preferred Stock"), and the number of shares constituting such series shall initially be 2,100,000. Each share of Series B Preferred Stock shall have a stated value of $36.75.

(B) Shares of Series B Preferred Stock shall be issued only to Mellon Bank, N.A., as trustee (the "Trustee") of the Ball Corporation Salary Conversion Plan for Salaried Employees, as amended from time to time, or any successor to such plan (the "Plan"), including the employee stock ownership plan component of the Plan (the "ESOP"). All references to the holder of the Series B Preferred Stock shall mean the Trustee or any corporation with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of Series B Preferred Stock to any person other than any successor trustee under the Plan, the shares of Series B Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the holder thereof, shall be automatically converted into shares of Common Stock (as defined in paragraph (B) of Section 11 hereof) on the terms otherwise provided for the conversion of shares of Series B Preferred Stock into shares of Common Stock pursuant to Section 5 hereof and no such transferee shall have any of the voting powers, preferences and relative, participating, optional or special rights ascribed to shares of Series B Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of Series B Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of Series B Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of Series B Preferred Stock have been automatically converted as of the date of such transfer. Certificates representing shares of Series B Preferred Stock shall bear a legend to reflect the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (B) of Section 1, shares of Series B Preferred Stock (i) may be converted into shares of Common Stock as provided by Section 5 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Corporation upon the terms and conditions provided by Sections 6, 7 and 8 hereof.

Section 2. Dividends and Distributions

(A) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Series B Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation (the "Board of Directors") out of funds legally available therefor, cash dividends ("Preferred Dividends") at the rate of $2.76 per share per annum, payable semiannually in arrears, one-half on the 15th day of December and one-half on the 15th day of June of each year (each a "Dividend Payment Date") commencing on December 15, 1989, to holders of record at the start of business on such Dividend Payment Date. In the event that any Dividend Payment Date shall fall on any day other than a "Business Day" (as defined in paragraph (G) of Section 9 hereof), the dividend payment due on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date. Preferred Dividends shall begin to accrue on outstanding shares of Series B Preferred Stock from the date of issuance of such shares of Series B Preferred Stock. Preferred Dividends shall accrue on a daily basis whether or not during such semiannual period there shall be funds legally available therefor, but Preferred Dividends accrued on the shares of Series B Preferred Stock for any period less than a full semiannual period between Dividend Payment Dates (or, in the case of the first dividend payment, from the date of issuance of the shares of Series B Preferred Stock through the first Dividend Payment Date) shall be computed on the basis of a 360-day year of 30-day months. Accrued but unpaid Preferred Dividends shall cumulate as of the Dividend Payment Date on which they first become payable, but no interest shall accrue on accumulated but unpaid Preferred Dividends.

(B) So long as any shares of Series B Preferred Stock shall be outstanding, no dividend shall be declared or paid or set apart for payment on any other series of stock ranking on a parity with the Series B Preferred Stock as to dividends, unless there shall also be or have been declared and paid or set apart for payment on the Series B Preferred Stock dividends for all dividend payment periods of the Series B Preferred Stock ending on or before the dividend payment date of such parity stock, ratably in proportion to the respective amounts of dividends accumulated and unpaid through such dividend period on the Series B Preferred Stock and accumulated and unpaid on such parity stock through the dividend payment period on such parity stock next preceding such dividend payment date. In the event that full cumulative dividends on the Series B Preferred Stock have not been declared and paid or set apart for payment when due, the Corporation shall not declare or pay or set apart for payment any dividends or make any other distributions on, or make any payment on account of the purchase, redemption or other retirement of any other class of stock or series thereof of the Corporation ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding up of the Corporation, junior to the Series B Preferred Stock until full cumulative dividends on the Series B Preferred Stock shall have been paid or declared and set apart for payment; *provided, however,* that the foregoing shall not apply to (i) any dividend payable solely in any shares of any stock ranking, as to dividends and as to distributions in the event of a liquidation, dissolution or winding up of the Corporation, junior to the Series B Preferred Stock or (ii) the acquisition of shares of any stock ranking, as to dividends or as to distributions in the event of a liquidation, dissolution or winding up of the Corporation, junior to the Series B Preferred Stock in exchange solely for shares of any other stock ranking, as to dividends and as to distributions in the event of a liquidation, dissolution or winding up of the Corporation, junior to the Series B Preferred Stock.

Section 3. Voting Rights

The holders of shares of Series B Preferred Stock shall have the following voting rights:

(A) The holders of shares of Series B Preferred Stock shall be entitled to vote on all matters submitted to a vote of the shareholders of the Corporation, voting together with the holders of Common Stock as one class. The holders of shares of Series B Preferred Stock initially shall be entitled to 1.30 votes per share (the

"Initial Vote"), *provided* in the event of a "Regulatory Determination", as defined below, with respect to the Initial Vote, the Initial Vote shall be reduced to one vote per share. In the event that the "Conversion Price", as defined in Section 5 hereof, is adjusted as provided in Subsection 9(A) or (B) hereof, each share of Series B Preferred Stock shall be entitled to a vote equal to the vote to which it was entitled immediately prior to such adjustment, multiplied by the inverse of the fraction by which the Conversion Price is to be multiplied pursuant to such subsection, subject to a Regulatory Determination. In the event of any other adjustment to the Conversion Price hereunder, each share of Series B Preferred Stock shall be entitled to a number of votes equal to the higher of (i) the number of shares of Common Stock into which such share of Series B Preferred Stock could be converted subsequent to such adjustment and (ii) the number of votes to which it was entitled immediately prior to such adjustment, subject to a Regulatory Determination. In the event of a Regulatory Determination with respect to the voting rights of a share of Series B Preferred Stock as adjusted pursuant to the preceding two sentences, the number of votes per share of Series B Preferred Stock shall only be adjusted to the highest vote per share which would not result in a Regulatory Determination. The term "Regulatory Determination" refers to a determination by the Corporation that the number of votes to be accorded to each share of Series B Preferred Stock hereunder would create a material risk that the Common Stock would no longer be eligible for trading on the New York Stock Exchange ("NYSE") or otherwise not be permitted by applicable rules and regulations of the Securities and Exchange Commission or the NYSE.

(B) Except as otherwise required by law or set forth herein, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of any corporate action.

Section 4. Liquidation, Dissolution or Winding Up

(A) In the event of any liquidation, dissolution or winding up of the Corporation, voluntary or involuntary, the holders of Series B Preferred Stock shall be entitled to receive out of assets of the Corporation which remain after satisfaction in full of all valid claims of creditors of the Corporation and which are available for payment to shareholders, and subject to the rights of the holders of any stock of the Corporation ranking senior to or on a parity with the Series B Preferred Stock in respect of distributions upon liquidation, dissolution or winding up of the Corporation, before any amount shall be paid to or distributed among the holders of Common Stock or any other shares ranking junior to the Series B Preferred Stock in respect of distributions upon liquidation, dissolution or winding up of the Corporation, liquidating distributions in the amount of $36.75 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for distribution, and no more. If upon any liquidation, dissolution or winding up of the Corporation, the amounts payable with respect to the Series B Preferred Stock and any other stock ranking as to any such distribution on a parity with the Series B Preferred Stock are not paid in full, the holders of Series B Preferred Stock and such other stock shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount to which they are entitled as provided by the foregoing provisions of this paragraph 4(A), the holders of Series B Preferred Stock shall not be entitled to any further right or claim to any of the remaining assets of the Corporation.

(B) Neither the merger or consolidation of the Corporation with or into any other corporation, nor the merger or consolidation of any other corporation with or into the Corporation, nor the sale, lease, exchange or other transfer of all or any portion of the assets of the Corporation, shall be deemed to be a dissolution, liquidation or winding up of the affairs of the Corporation for purposes of this Section 4, but the holders of Series B Preferred Stock shall nevertheless be entitled in the event of any such merger or consolidation to the rights provided by Section 8 hereof.

(C) Written notice of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable to holders of Series B Preferred Stock in such circumstances shall be payable, shall be given by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid), delivered, sent or mailed, as the case may be, not less than twenty (20) days prior to any payment date stated therein, to the holders of Series B Preferred Stock, at the address shown on the books of the Corporation or any transfer agent for the Series B Preferred Stock.

Section 5. Conversion into Common Stock

(A) A holder of shares of Series B Preferred Stock shall be entitled, at any time prior to the close of business on the date fixed for redemption of such shares pursuant to Section 6, 7 or 8 hereof, to cause any or all of such shares to be converted into shares of Common Stock, initially at a conversion price equal to $36.75 per share of Common Stock, with each share of Series B Preferred Stock being valued at $36.75 for such purpose, and which price shall be adjusted as provided in Section 9 hereof (and, as so adjusted, is hereinafter sometimes referred to as the "Conversion Price") (that is, a conversion rate initially equivalent to one share of Common Stock for each share of Series B Preferred Stock so converted, subject to adjustment as the Conversion Price is adjusted as provided in Section 9 hereof).

(B) Any holder of shares of Series B Preferred Stock desiring to convert such shares into shares of Common Stock shall surrender the certificate or certificates representing the shares of Series B Preferred Stock being converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the principal executive office of the Corporation or the offices of any transfer agent for the Series B Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the Series B Preferred Stock by the Corporation or any transfer agent for the Series B Preferred Stock, accompanied by written notice of conversion. Such notice of conversion shall specify (i) the number of shares of Series B Preferred Stock to be converted and the name or names in which such holder wishes the certificate or certificates for Common Stock and for any shares of Series B Preferred Stock not to be so converted to be issued and (ii) the address to which such holder wishes new certificates issued upon such conversion to be delivered.

(C) Upon surrender of a certificate representing a share or shares of Series B Preferred Stock for conversion, the Corporation shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid), to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. In the event that there shall have been surrendered a certificate or certificates representing shares of Series B Preferred Stock, only part of which are to be converted, the Corporation shall issue and send to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of Series B Preferred Stock which shall not have been converted.

(D) The issuance by the Corporation of shares of Common Stock upon a conversion of shares of Series B Preferred Stock into shares of Common Stock made at the option of the holder thereof shall be effective as of the earlier of (i) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (ii) the commencement of business on the second Business Day after the surrender of the certificate or certificates for the shares of Series B Preferred Stock to be converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto) and accompanied by all documentation required to effect the conversion, as herein provided. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Corporation shall not be obligated to pay any dividends which shall have been declared and shall be payable to holders of shares of Series B Preferred Stock on a Dividend Payment Date if such Dividend Payment Date for such dividend is subsequent to the effective date of conversion of such shares.

(E) The Corporation shall not be obligated to deliver to holders of Series B Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of Series B Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(F) Out of its authorized Common Stock the Corporation shall at all times reserve and keep available unissued or treasury shares solely for issuance upon the conversion of shares of Series B Preferred Stock as herein provided, free from any preemptive rights, in such number as shall from time to time be issuable upon the conversion of all the shares of Series B Preferred Stock then outstanding. Nothing contained herein shall preclude the Corporation from issuing shares of Common Stock held in its treasury upon the conversion of shares of Series B Preferred Stock into Common Stock pursuant to the terms hereof. The Corporation shall prepare and shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other authorizations as may be required by law, and shall comply with all requirements as to registration or qualification of the Common Stock, in order to enable the Corporation lawfully to issue and deliver to each holder of record of Series B Preferred Stock such number of shares of its Common Stock as shall from time to time be sufficient to effect the conversion of all shares of Series B Preferred Stock then outstanding and convertible into shares of Common Stock.

Section 6. Redemption At the Option of the Corporation

(A) The Series B Preferred Stock shall be redeemable, in whole or in part, (i) at the option of the Corporation at any time after June 29, 1999, at $36.75 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption and (ii) as otherwise permitted by this Section 6. Payment of the redemption price shall be made by the Corporation in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (F) of this Section 6. From and after the date fixed for redemption, dividends on shares of Series B Preferred Stock called for redemption will cease to accrue, such shares of Series B Preferred Stock will no longer be deemed to be outstanding and all rights in respect of such shares of Series B Preferred Stock shall cease, except the right to receive the redemption price. If less than all of the outstanding shares of Series B Preferred Stock are to be redeemed, the Corporation shall either redeem a portion of the shares of Series B Preferred Stock of each holder determined pro rata based on the number of shares of Series B Preferred Stock held by each holder or shall select the shares of Series B Preferred Stock to be redeemed by lot, as may be determined by the Board of Directors.

(B) Unless otherwise required by law, notice of redemption will be sent to the holders of Series B Preferred Stock at the address shown on the books of the Corporation or any transfer agent for the Series B Preferred Stock by hand delivery, by courier, by any standard form of telecommunications or by first-class mail (postage prepaid), delivered, sent or mailed, as the case may be, not less than fifteen (15) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of Series B Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares of Series B Preferred Stock to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where certificates for such shares of Series B Preferred Stock are to be surrendered for payment of the redemption price; (v) that dividends on the shares of Series B Preferred Stock to be redeemed will cease to accrue on such redemption date; and (vi) the conversion rights of the shares of Series B Preferred Stock to be redeemed, the period within which conversion rights may be exercised, and the Conversion Price and number of shares of Common Stock issuable upon conversion of a share of Series B Preferred Stock at the time. Upon surrender of the certificate for any shares of Series B Preferred Stock so called for redemption and not previously converted (properly endorsed or assigned for transfer, if the Board of Directors shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the date fixed for redemption and at the redemption price set forth in this Section 6.

(C) In the event (i) of a change in any statute, rule or regulation of the United States of America which (x) has the effect of limiting or making unavailable to the Corporation all or any of the tax deductions for amounts paid (including dividends) on the shares of Series B Preferred Stock when such amounts are used as provided under Section 404(k)(2) of the Internal Revenue Code of 1986, as amended and in effect on the date shares of Series B Preferred Stock are initially issued, or (y) relates, directly or indirectly, to the ESOP and adversely affects the Corporation, (ii) that shares of Series B Preferred Stock are held by an employee benefit plan intended to qualify as an employee stock ownership plan within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), and such plan does not so qualify, or (iii) that the Corporation, in good faith after consultation with counsel to the Corporation, determines that the voting provisions contained herein are not in compliance with Rule 19c-4 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Corporation may, in its sole discretion and notwithstanding anything to the contrary in paragraph (A) of this Section 6, elect to redeem any or all of such shares of Series B Preferred Stock for $36.75 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption. Except with respect to the redemption price, such redemption shall be effected as provided in paragraphs (A), (B) and (F) of this Section 6.

(D) In the event that the Plan is terminated or the ESOP is terminated or eliminated from the Plan in accordance with its terms, and notwithstanding anything to the contrary in paragraph (A) of this Section 6, the Corporation shall, as soon thereafter as practicable, call for redemption all then outstanding shares of Series B Preferred Stock at the following redemption prices per share:

During the Twelve-Month Period Beginning June 29	Price Per Share
1989	$39.510
1990	39.234
1991	38.958
1992	38.682
1993	38.406
1994	38.130
1995	37.854
1996	37.578
1997	37.302
1998	37.026

Except with respect to the redemption price, such redemption shall be effected as provided in paragraphs (A), (B) and (F) of this Section 6.

(E) Notwithstanding anything to the contrary in paragraph (A) of this Section 6, upon the termination of a Plan participant's employment with the Corporation, the Corporation may elect to redeem any or all shares of Series B Preferred Stock held for the account of such participant at a redemption price equal to the higher of (i) $36.75 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption or (ii) the Fair Market Value (as defined in paragraph (G) of Section 9 hereof) of the shares of Common Stock which would be issuable upon the conversion of the shares of Series B Preferred Stock being redeemed, plus accrued and unpaid dividends (the "Consideration Price"). Except with respect to the redemption price, such redemption shall be effected as provided in paragraphs (A), (B) and (F) of this Section 6.

(F) The Corporation, at its option, may make payment of the redemption price required upon redemption of shares of Series B Preferred Stock in cash or in shares of Common Stock, or in a combination of such shares and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value.

Section 7. Other Redemption Rights

Shares of Series B Preferred Stock shall be redeemed by the Corporation for cash or, if the Corporation so elects, in shares of Common Stock, or a combination of such shares of Common Stock and cash, any such shares of Common Stock to be valued for such purpose at their Fair Market Value, at a redemption price equal to the higher of (i) $36.75 per share plus accrued and unpaid dividends thereon to the date fixed for redemption or (ii) the Consideration Price, at the option of the holder, at any time and from time to time upon notice to the Corporation given not less than five (5) Business Days prior to the date fixed by the holder in such notice for such redemption, upon certification by such holder to the Corporation: (i) when and to the extent necessary for such holder to provide for distributions required to be made to participants under, or to satisfy an investment election provided to participants in accordance with, the Plan; or (ii) in the event that the Plan is not initially determined by the Internal Revenue Service to be qualified within the meaning of §401(a) and 4975(e)(7) of the Code.

Section 8. Consolidation, Merger, etc.

(A) In the event that the Corporation shall consummate any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Corporation) that constitutes “qualifying employer securities” with respect to a holder of Series B Preferred Stock within the meaning of Section 409(1) of the Code and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of Series B Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become preferred stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 6, 7 and 8 hereof), and the qualifications, limitations or restrictions thereon, that the Series B Preferred Stock had immediately prior to such transaction, except that after such transaction each share of Series B Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 5 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such transaction; *provided, however,* that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holder of the shares of Series B Preferred Stock, then the shares of Series B Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property (other than such qualifying employer securities and a cash payment, if applicable, in lieu of fractional shares), receivable upon such transaction (provided that, if the kind or amount of qualifying employer securities receivable upon such transaction is not the same for each non-electing share, then the kind and amount so receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by the plurality of the non-electing shares). The rights of the Series B Preferred Stock as preferred stock of such successor or resulting corporation shall successively be subject to adjustments pursuant to Sections 3 and 9 hereof after any such transaction as nearly equivalent as practicable to the adjustment provided for by such sections prior to such transaction. The Corporation shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of Series B Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(B) In the event that the Corporation shall consummate any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (A) of this Section 8) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of Series B Preferred Stock shall, without any action on the part of the Corporation or any holder thereof (but subject to paragraph (C) of this Section 8), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted at such time so that each share of Series B Preferred Stock shall by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such transaction; *provided, however,* that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holder of the shares of Series B Preferred Stock, then the shares of Series B Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of Series B Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction (provided that, if the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares).

(C) In the event the Corporation shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (B) of this Section 8, then the Corporation shall as soon as practicable thereafter (and in any event at least ten (10) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of shares of Series B Preferred Stock and each such holder shall have the right to elect, by written notice to the Corporation, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Corporation or the successor of the Corporation, in redemption and retirement of such Series B Preferred Stock, a cash payment equal to the following amount per share:

During the Twelve-Month Period Beginning June 29	Price Per Share
1989	$39.510
1990	39.234
1991	38.958
1992	38.682
1993	38.406
1994	38.130
1995	37.854
1996	37.578
1997	37.302
1998	37.026

No such notice of redemption shall be effective unless given to the Corporation prior to the close of business on the fifth Business Day prior to consummation of such transaction, unless the Corporation or the successor of the Corporation shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Corporation prior to the close of business on the fifth business day prior to consummation of such transaction.

Section 9. Anti-dilution Adjustments

(A) In the event the Corporation shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, (i) pay a dividend or make a distribution in respect of the Common Stock in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, in each case whether by reclassification of shares, recapitalization of the Corporation (including a recapitalization effected by a merger or consolidation to which Section 8 hereof does not apply) or otherwise, subject to the provisions of paragraphs (E) and (F) of this Section 9, the Conversion Price in effect immediately prior to such action shall be adjusted by multiplying such Conversion Price by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately before such event, and the denominator of which is the number of shares of Common Stock outstanding immediately after such event. An adjustment made pursuant to this paragraph 9(A) shall be given effect, upon payment of such a dividend or distribution, as of the record date for the determination of stockholders entitled to receive such dividend or distribution (on a retroactive basis) and in the case of a subdivision or combination shall become effective immediately as of the effective date thereof.

(B) In the event that the Corporation shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, issue to holders of shares of Common Stock as a dividend or distribution, including by way of a reclassification of shares or a recapitalization of the Corporation, any right or warrant to purchase shares of Common Stock (but not including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock) at a purchase price per share less than the Fair Market Value (as defined in paragraph (G) of this Section 9) of a share of Common Stock on the date of issuance of such right or warrant, then, subject to paragraphs (E) and (F) of this Section 9, the Conversion Price shall be adjusted by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased at the Fair Market Value of a share of Common Stock at the time of such issuance for the maximum aggregate consideration payable upon exercise in full of all such rights or warrants, and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock that could be acquired upon exercise in full of all such rights and warrants.

(C) In the event the Corporation shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, issue, sell or exchange shares of Common Stock (other than pursuant to any right or warrant to purchase or acquire shares of Common Stock [including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock] and other than pursuant to any employee or director incentive or benefit plan or arrangement, including any employment, severance or consulting agreement, of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted) for a consideration having a Fair Market Value, on the date of such issuance, sale or exchange, less than the Fair Market Value of such shares on the date of issuance, sale or exchange, then, subject to paragraphs (E) and (F) of this Section 9, the Conversion Price shall be adjusted by multiplying such Conversion Price by a fraction the numerator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of shares of Common Stock, and the denominator of which shall be the product of (a) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (b) the sum of the number of shares of Common Stock outstanding on such day plus the number of shares of Common Stock so issued, sold or exchanged by the Corporation. In the event the Corporation shall, at any time or from time to time while any shares of Series B Preferred Stock are outstanding, issue, sell or exchange any right or warrant to purchase or acquire shares of Common Stock (including as such a right or warrant any security convertible into or exchangeable for shares of Common Stock), other than any such issuance to holders of shares of Common Stock as a dividend or distribution (including by way of a reclassification of shares or a recapitalization of the Corporation) and other than pursuant to any employee or director incentive or benefit plan or arrangement (including any employment, severance or consulting agreement) of the Corporation or any subsidiary of the Corporation heretofore or hereafter adopted, for a consideration having a Fair Market Value, on the date of such issuance, sale or exchange, less than the Non-Dilutive Amount (as hereinafter defined), then, subject to paragraphs (E) and (F) of this Section 9, the Conversion Price shall be adjusted by multiplying such Conversion Price by a fraction the numerator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the day immediately preceding the first public announcement of such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of such right or warrant plus (iii) the Fair Market Value at the time of such issuance of the consideration which the Corporation would receive upon exercise in full of all such rights or warrants, and the denominator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus the maximum number of shares of Common Stock which could be acquired pursuant to such right or warrant at the time of the issuance, sale or exchange of such right or warrant (assuming shares of Common Stock could be acquired pursuant to such right or warrant at such time).

(D) In the event the Corporation shall, at any time or from time to time while any of the shares of Series B Preferred Stock are outstanding, make an Extraordinary Distribution (as defined in paragraph (G) of this Section 9) in respect of the Common Stock, whether by dividend, distribution, reclassification of shares or recapitalization of the Corporation (including a recapitalization or reclassification effected by a merger or consolidation to which Section 8 hereof does not apply) or effect a Pro Rata Repurchase (as defined in paragraph (G) of this Section 9) of Common Stock, the Conversion Price in effect immediately prior to such Extraordinary Distribution or Pro Rata Repurchase shall, subject to paragraphs (E) and (F) of this Section 9, be adjusted by multiplying such Conversion Price by a fraction the numerator of which is the difference between (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase multiplied by (y) the Fair Market Value of a share of Common Stock on the day before the ex-dividend date with respect to an Extraordinary Distribution which is paid in cash and on the distribution date with respect to an Extraordinary Distribution which is paid other than in cash, or on the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase, or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer, as the case may be, and (ii) the Fair Market Value of the Extraordinary Distribution or the aggregate purchase price of the Pro Rata Repurchase, as the case may be, and the denominator of which shall be the product of (a) the number of shares of Common Stock outstanding immediately before such Extraordinary Dividend or Pro Rata Repurchase minus, in the case of a Pro Rata Repurchase, the number of shares of Common Stock repurchased by the Corporation multiplied by (b) the Fair Market Value of a share of Common Stock on the day before the ex-dividend date with respect to an Extraordinary Distribution which is paid in cash and on the distribution date with respect to an Extraordinary Distribution which is paid other than in cash, or on the applicable expiration date (including all extensions thereof) of any tender offer which is a Pro Rata Repurchase or on the date of purchase with respect to any Pro Rata Repurchase which is not a tender offer, as the case may be. The Corporation shall send each holder of Series B Preferred Stock (i) notice of its intent to make any dividend or distribution and (ii) notice of any offer by the Corporation to make a Pro Rata Repurchase, in each case at the same time as, or as soon as practicable after, such offer is first communicated (including by announcement of a record date in accordance with the rules of any stock exchange on which the Common Stock is listed or admitted to trading) to holders of Common Stock; *provided,* the Corporation shall give such holders notice of any dividend or distribution no later than the date upon which it is required to give notice to any stock exchange, or in the event notice to any stock exchange is not required, no later than ten days before the applicable record date. Such notice shall indicate the intended record date and the amount and nature of such dividend or distribution, or the number of shares subject to such offer for a Pro Rata Repurchase and the purchase price payable by the Corporation pursuant to such offer, as well as the Conversion Price and the number of shares of Common Stock into which a share of Series B Preferred Stock may be converted at such time.

(E) Notwithstanding any other provisions of this Section 9, the Corporation shall not be required to make any adjustment to the Conversion Price unless such adjustment would require an increase or decrease of at least one percent (1%) in the Conversion Price. Any lesser adjustment shall be carried forward and shall be made no later than the time of, and together with, the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least one percent (1%) in the Conversion Price.

(F) If the Corporation shall make any dividend or distribution on the Common Stock or issue any Common Stock, other capital stock or other security of the Corporation or any rights or warrants to purchase or acquire any such security, which transaction does not result in an adjustment to the Conversion Price pursuant to the foregoing provisions of this Section 9, the Board of Directors of the Corporation shall consider whether such action is of such a nature that an adjustment to the Conversion Price should equitably be made in respect of such transaction. If in such case the Board of Directors of the Corporation determines that an adjustment to the Conversion Price should be made, an adjustment shall be made effective as of such date, as determined by the Board of Directors of the Corporation. The determination of the Board of Directors of the Corporation as to whether an adjustment to the Conversion Price should be made pursuant to the foregoing provisions of this paragraph (F), and, if so, as to what adjustment should be made and when, shall be final and binding on the Corporation and all shareholders of the Corporation. The Corporation shall be entitled to make such additional adjustments in the Conversion Price, in addition to those required by the foregoing provisions of this Section 9, as shall be necessary in order that any dividend or distribution in shares of capital stock of the Corporation, subdivision, reclassification or combination of shares of stock of the Corporation or any recapitalization of the Corporation shall not be taxable to the holders of the Common Stock.

(G) For purposes of this amendment to the Amended Articles of Incorporation, the following definitions shall apply:

"Business Day" shall mean each day that is not a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York, are not required to be open.

"Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Corporation or any other issuer for any day shall mean the last reported sales price, regular way, or, in the event that no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which such security is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or, if such security is not quoted on such National Market System, the average of the closing bid and asked prices on each such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in such security selected for such purpose by the Board of Directors of the Corporation or a committee thereof, in each case, on each trading day during the Adjustment Period.

"Adjustment Period" shall mean the period of five (5) consecutive trading days preceding, and including, the date as of which the Fair Market Value of a security is to be determined. The "Fair Market Value" of any security which is not publicly traded or of any other property shall mean the fair value thereof as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board of Directors or a committee thereof, or, if no such investment banking or appraisal firm is in the good faith judgment of the Board of Directors or such committee available to make such determination, as determined in good faith by the Board of Directors or such committee.

"Extraordinary Distribution" shall mean any dividend or other distribution to holders of Common Stock (effected while any of the shares of the Series B Preferred Stock are outstanding) (i) of cash where the aggregate amount of such cash dividend or distribution together with the amount of all cash dividends and distributions made during the preceding period of 12 months, when combined with the aggregate amount of all Pro Rata Repurchases (for this purpose, including only that portion of the aggregate purchase price of such Pro Rata Repurchase which is in excess of the Fair Market Value of the Common Stock repurchased as determined on the applicable expiration date (including all extensions thereof) of any tender offer or exchange offer which is a Pro Rata Repurchase, or the date of purchase with respect to any other Pro Rata Repurchase which is not a tender offer or exchange offer made during such period), exceeds twelve and one-half percent (12½%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the day before the ex-dividend date with respect to such Extraordinary Distribution which is paid in cash and on the distribution date with respect to an Extraordinary Distribution which is paid other than in cash; *provided,* that in no event shall a regularly scheduled quarterly dividend not exceeding 125% of the average quarterly dividend for the four quarters immediately preceding such dividend constitute an Extraordinary Distribution resulting in an adjustment of the Conversion Price hereunder, and/or (ii) of any shares of capital stock of the Corporation (other than shares of Common Stock), other securities of the Corporation (other than securities of the type referred to in paragraph (B) or (C) of this Section 9), evidences of indebtedness of the Corporation or any other person or any other property (including shares of any subsidiary of the Corporation) or any combination thereof. The Fair Market Value of an Extraordinary Distribution for purposes of paragraph (D) of this Section 9 shall be equal to the sum of the Fair Market Value of such Extraordinary Distribution plus the amount of any cash dividends (other than regularly scheduled dividends not exceeding 125% of the aggregate quarterly dividends for the preceding period of 12 months) which are not Extraordinary Distributions made during such 12-month period and not previously included in the calculation of an adjustment pursuant to paragraph (D) of this Section 9.

"Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Corporation or any other issuer which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period.

"Non-Dilutive Amount" in respect of any issuance, sale or exchange by the Corporation of any right or warrant to purchase or acquire shares of Common Stock (including any security convertible into or exchangeable for shares of Common Stock) shall mean the difference between (i) the product of the Fair Market Value of a share of Common Stock on the day preceding the first public announcement of such issuance, sale or exchange multiplied by the maximum number of shares of Common Stock which could be acquired on such date upon the exercise in full of such rights and warrants (including upon the conversion or exchange of all such convertible or exchangeable securities), whether or not exercisable (or convertible or exchangeable) at such date, and (ii) the aggregate amount payable pursuant to such right or warrant to purchase or acquire such maximum number of shares of Common Stock; *provided, however,* that in no event shall the Non-Dilutive Amount be less than zero. For purposes of the foregoing sentence, in the case of a security convertible into or exchangeable for shares of Common Stock, the amount payable pursuant to a right or warrant to purchase or acquire shares of Common Stock shall be the Fair Market Value of such security on the date of the issuance, sale or exchange of such security by the Corporation.

"Pro Rata Repurchase" shall mean any purchase of shares of Common Stock by the Corporation or any subsidiary thereof, whether for cash, shares of capital stock of the Corporation, other securities of the Corporation, evidences of indebtedness of the Corporation or any other person or any other property (including shares of a subsidiary of the Corporation), or any combination thereof, effected while any of the shares of Series B Preferred Stock are outstanding, pursuant to any tender offer or exchange offer subject to Section 13(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor provision of law, or pursuant to any other offer available to substantially all holders of Common Stock, other than any such purchase effected prior to June 29, 1989; *provided, however,* that no purchase of shares by the Corporation or any subsidiary thereof made in open market transactions shall be deemed a Pro Rata Repurchase. For purposes of this paragraph (G) of this Section 9, shares shall be deemed to have been purchased by the Corporation or any subsidiary thereof "in open market transactions" if they have been purchased substantially in accordance with the requirements of Rule 10b-18 as in effect under the Exchange Act on the date shares of Series B Preferred Stock are initially issued by the Corporation, or on such other terms and conditions as the Board of Directors or a committee thereof shall have determined are reasonably designed to prevent such purchases from having a material effect on the trading market for the Common Stock.

(H) In the event that the Board of Directors of the Corporation adjusts the number of outstanding shares of Series B Preferred Stock in accordance with Section 3 hereof, then in lieu of any other adjustment to the Conversion Price pursuant to this Section 9, the Board of Directors of the Corporation may make such other adjustments as they deem appropriate. The determination of the Board of Directors of the Corporation as to whether an adjustment should be made pursuant to the foregoing sentence of this paragraph (H), and, if so, as to what adjustment should be made and when, shall be final and binding on the Corporation and all shareholders of the Corporation.

(I) Whenever an adjustment to the Conversion Price and the related voting rights of Series B Preferred Stock is required pursuant to this Amendment, the Corporation shall forthwith place on file with the transfer agent for the Common Stock and the Series B Preferred Stock, and with the Secretary of the Corporation, a statement signed by two officers of the Corporation stating the adjusted Conversion Price determined as provided herein and the resulting conversion ratio, and the voting rights (as appropriately adjusted), of the Series B Preferred Stock. Such statement shall set forth in reasonable detail such facts as shall be necessary to show the reason and the manner of computing such adjustment, including any determination of Fair Market Value involved in such computation. Promptly after each adjustment to the

Conversion Price and the related voting rights of the shares of the Series B Preferred Stock, the Corporation shall mail a notice thereof and of the then prevailing conversion ratio to each holder of shares of Series B Preferred Stock.

Section 10. Ranking; Attributable Capital and Adequacy of Surplus; Retirement of Shares

(A) The Series B Preferred Stock shall rank senior to the Common Stock as to the payment of dividends and the distribution of assets on liquidation, dissolution and winding up of the Corporation, and, unless otherwise provided in the Amended Articles, as the same may be amended, or a Certificate of Amendment relating to a subsequent series of Preferred Stock without par value, of the Corporation, the Series B Preferred Stock shall rank junior to all series of the Corporation's Preferred Stock, without par value, as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up.

(B) In addition to any vote of shareholders required by law or by Section 3(B) of this Amendment, the vote of the holders of a majority of the outstanding shares of Series B Preferred Stock shall be required to increase the par value of the Common Stock or otherwise increase the capital of the Corporation allocable to the Common Stock for the purpose of the Indiana Business Corporation Law ("BCL") if, as a result thereof, the surplus of the Corporation for purposes of the BCL would be less than the amount of Preferred Dividends that would accrue on the then outstanding shares of Series B Preferred Stock during the following three years.

(C) Any shares of Series B Preferred Stock acquired by the Corporation by reason of the conversion or redemption of such shares as herein provided, or otherwise so acquired, shall be retired as shares of Series B Preferred Stock and restored to the status of authorized but unissued shares of Preferred Stock, without par value, of the Corporation, undesignated as to series, and may thereafter be reissued as part of a new series of such Preferred Stock as permitted by law.

Section 11. Miscellaneous

(A) All notices referred to herein shall be in writing, and all notices hereunder shall be deemed to have been given upon the earlier of delivery thereof if by hand delivery, by courier or by standard form of telecommunication or three (3) Business Days after the mailing thereof if sent by registered mail (unless first-class mail shall be specifically permitted for such notice under the terms hereof) with postage prepaid, addressed: (i) if to the Corporation, to its office at 345 South High Street, P.O. Box 2407, Muncie, Indiana 47302-0407 (Attention: General Counsel), or to the transfer agent for the Series B Preferred Stock, or other agent of the Corporation designated as permitted hereby or (ii) if to any holder of the Series B Preferred Stock or Common Stock, as the case may be, to such holder at the address of such holder as listed in the stock record books of the Corporation (which may include the records of any transfer agent for the Series B Preferred Stock or Common Stock, as the case may be) or (iii) to such other address as the Corporation or any such holder, as the case may be, shall have designated by notice similarly given.

(B) The term "Common Stock" as used in this Amendment means the Corporation's Common Stock, without par value, as the same exists at the date of filing of this Amendment, or any other class of stock resulting from successive changes or reclassifications of such Common Stock consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that, at any time as a result of an adjustment made pursuant to Section 9 hereof, the holder of any share of Series B Preferred Stock upon thereafter surrendering such shares for conversion, shall become entitled to receive any shares or other securities of the Corporation other than shares of Common Stock, the Conversion Price in respect of such other shares or securities so receivable upon conversion of Series B Preferred Stock shall thereafter be adjusted, and shall be subject to further adjustment from time to time, in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Common Stock contained in Section 9 hereof, and the provisions of Sections 1 through 8, 10 and 11 of this Amendment with respect to the Common Stock shall apply on like or similar terms to any such other shares or securities.

(C) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of Series B Preferred Stock or shares of Common Stock or other securities issued on account of Series B Preferred Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issuance or delivery of shares of Series B Preferred Stock or Common Stock or other securities in a name other than that in which the shares of Series B Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, or in respect of any payment to any person with respect to any such shares or securities other than a payment, to the registered holder thereof, and shall not be required to make any such issuance, delivery or payment unless and until the person otherwise entitled to such issuance, delivery or payment has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(D) In the event that a holder of shares of Series B Preferred Stock shall not by written notice designate the name in which shares of Common Stock to be issued upon conversion of such shares should be registered or to whom payment upon redemption of shares of Series B Preferred Stock should be made or the address to which the certificate or certificates representing such shares, or such payment, should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the holder of such Series B Preferred Stock as shown on the records of the Corporation and to send the certificate or certificates representing such shares, or such payment, to the address of such holder shown on the records of the Corporation.

(E) Unless otherwise provided in the Amended Articles of Incorporation, as the same may be amended, of the Corporation, all payments in the form of dividends, distributions on voluntary or involuntary dissolution, liquidation or winding up or otherwise made upon the Series B Preferred Stock and any other stock ranking on a parity with the Series B Preferred Stock with respect to such dividend or distribution shall be pro rata, so that amounts paid per share of Series B Preferred Stock and such other stock shall in all cases bear to each other the same ratio that the required dividends, distributions or payments, as the case may be, then payable per share on the Series B Preferred Stock and such other stock bear to each other.

(F) The Corporation may appoint, and from time to time discharge and change, a transfer agent for the Series B Preferred Stock. Upon any such appointment or discharge of a transfer agent, the Corporation shall send notice thereof by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid), to each holder of record of Series B Preferred Stock.

Section B. Issue and Consideration for Capital Stock

1. The Board of Directors shall have authority to authorize and direct the issuance by the Corporation of shares of Common Stock and Preferred Stock at such times, in such amounts, to such persons, for such consideration, and upon such terms and conditions as it may determine, subject to the restrictions, limitations, conditions and requirements imposed by the provisions of these Amended Articles, by the provisions of the resolutions authorizing the issuance of any series of shares of Preferred Stock adopted by the Board of Directors, or by the provisions of The Indiana General Corporation Act.

2. When payment of the consideration for which any share or shares of stock so authorized to be issued shall have been received by the Corporation, such share or shares shall be declared and taken to be fully paid and not liable to any further call or assessment, and the holder or holders thereof shall not be liable for any further payments thereon.

Section C. No Preemptive Rights

The shareholders shall have no preemptive rights to subscribe to or purchase any additional issues of shares of the capital stock of the Corporation nor any shares of the capital stock of the Corporation purchased or acquired by the Corporation and not canceled but held as treasury stock.

ARTICLE VII
Voting Rights of Capital Stock

Section A. Common Stock

Each owner of record (as of the record date fixed by the Bylaws or the Board of Directors for any such determination of shareholders) of shares of the Common Stock shall have one (1) vote for each share of Common Stock standing in his, her or its name on the books of the Corporation with respect to each matter to be voted on, including the election of Directors and on matters referred to the shareholders, in any meeting of the shareholders.

Section B. Preferred Stock

Subject to the requirements of The Indiana General Corporation Act or applicable regulations of the New York Stock Exchange, Inc., the Midwest Stock Exchange, Inc., or other exchanges on which the Corporation's capital stock may be listed, holders of Preferred Stock shall have such voting rights as may be determined and designated by the Board of Directors in accordance with Article VI of these Amended Articles of Incorporation.

Section C. No Cumulative Voting

No holder of shares of Common Stock shall have any right of cumulative voting.

ARTICLE VIII
Stated Capital

The amount of stated capital of the Corporation at the time of filing of these Amended Articles is at least One Thousand Dollars ($1,000).

ARTICLE IX
Directors

Section A. Number and Term

The maximum number of directors shall be fifteen (15) and the minimum number shall be nine (9). The exact number may from time to time be specified by the Bylaws of the Corporation at not less than nine (9) nor more than fifteen (15). If the number of directors is not specified by the Bylaws, the number shall be twelve (12). Subject to the rights, if any, of the holders of shares of any class or series of Preferred Stock then outstanding to elect directors under specified circumstances as may be required by The Indiana General Corporation Act or applicable regulations of the New York Stock Exchange, Inc., the Midwest Stock Exchange, Inc., or other exchanges on which the Corporation's capital stock may be listed, the directors shall be classified, with respect to the time for which they severally hold office, into three (3) classes, as nearly equal in number as possible, as shall be specified by the Bylaws, one (1) class to be originally elected for a term expiring at the Annual Meeting of Shareholders to be held in 1986, another class to be originally elected for a term expiring at the Annual Meeting of Shareholders to be held in 1987, and another class to be originally elected for a term expiring at the Annual Meeting of Shareholders to be held in 1988, with each director to hold office until his successor is elected and qualified. At each Annual Meeting of Shareholders of the Corporation, the successor of each director whose term expires at that Meeting shall be elected to hold office for a term expiring at the Annual Meeting of Shareholders held in the third year following the year of his election, or until his successor is elected and qualified.

Section B. Qualifications

Directors need not be shareholders of the Corporation. A majority of the directors at any time shall be citizens of the United States.

Section C. Vacancies

Subject to the rights, if any, of the holders of shares of any class or series of Preferred Stock then outstanding to elect directors under specified circumstances as may be required by The Indiana General Corporation Act or applicable regulations of the New York Stock Exchange, Inc., the Midwest Stock Exchange, Inc., or other exchanges on which the Corporation's capital stock may be listed, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section D. Removal

Subject to the rights, if any, of the holders of any class or series of Preferred Stock then outstanding to elect directors under specified circumstances as may be required by The Indiana General Corporation Act or applicable regulations of the New York Stock Exchange, Inc., the Midwest Stock Exchange, Inc., or other exchanges on which the Corporation's capital stock may be listed, any director may be removed from office, but only for cause and only by the affirmative vote of the holders of at least three-fourths of the combined voting power of the outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class.

Section E. Amendment

Notwithstanding anything contained in these amended Articles of Incorporation to the contrary, the affirmative vote of the holders of at least three-fourths of the combined voting power of the outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend or adopt any provision inconsistent with or to repeal this Article IX.

ARTICLE X
Names and Addresses of Directors

The names and post-office addresses of the Corporation's Board of Directors holding office at the time of adoption of these Amended Articles are as follows:

Name	Number and Street	City and State
Howard M. Dean	3600 North River Road	Franklin Park, Illinois
John W. Fisher	345 South High Street	Muncie, Indiana
Richard M. Gillett	One Vandenberg Center	Grand Rapids, Michigan
Henry C. Goodrich	1900 Fifth Avenue, North	Birmingham, Alabama
A. Malcolm McVie	3731 Bay Road, North Drive	Indianapolis, Indiana
Robert H. Mohlman	3860 East 79th Street	Indianapolis, Indiana
Alvin M. Owsley, Jr.	3000 One Shell Plaza	Houston, Texas
William L. Peterson	345 South High Street	Muncie, Indiana
Richard M. Ringoen	345 South High Street	Muncie, Indiana
Delbert C. Staley	400 Westchester Avenue	White Plains, New York
William P. Stiritz	Checkerboard Square	St. Louis, Missouri

ARTICLE XI
Names and Addresses of the Chairman of the Board,
the President and Chief Executive Officer,
and the Corporate Secretary

The names and post-office addresses of the Corporation's Chairman of the Board, the President and Chief Executive Officer, and the Corporate Secretary at the time of adoption of these Amended Articles are as follows:

Name	Number and Street	City and State
John W. Fisher Chairman of the Board	345 South High Street	Muncie, Indiana
Richard M. Ringoen President and Chief Executive Officer	345 South High Street	Muncie, Indiana
George A. Sissel Corporate Secretary	345 South High Street	Muncie, Indiana

ARTICLE XII
Provisions for Regulations of Business and Conduct
of Affairs of the Corporation

Section A. Meetings

Meetings of the shareholders and the directors of this Corporation may be held either within or without the State of Indiana, and at such place as the Bylaws shall provide or, in default of such provisions, at such place as the Board of Directors shall designate.

Section B. Indemnification

Indemnification of directors, officers and employees shall be as follows:

1. The Corporation shall indemnify each person who is or was a director, officer or employee of the Corporation, or of any other corporation, partnership, joint venture, trust or other enterprise which he is serving or served in any capacity at the request of the Corporation, against any and all liability and reasonable expense that may be incurred by him in connection with or resulting from any claim, actions, suit or proceeding (whether actual or threatened, brought by or in the right of the corporation or such other corporation, partnership, joint venture, trust or other enterprise, or otherwise, civil, criminal, administrative, investigative, or in connection with an appeal relating thereto), in which he may become involved, as a party or otherwise, by reason of his being or having been a director, officer or employee of the Corporation or of such other corporation, partnership, joint venture, trust or other enterprise or by reason of any past or future action taken or not taken in his capacity as such director, officer or employee, whether or not he continues to be such at the time such liability or expense is incurred, provided that such person acted in good faith and in a manner he reasonably believed to be in the best interests of the Corporation or such other corporation, partnership, joint venture, trust or other enterprise, as the case may be, and, in addition, in any criminal action or proceedings, had no reasonable cause to believe that his conduct was unlawful. Notwithstanding the foregoing, there shall be no indemnification (a) as to amounts paid or payable to the Corporation or such other corporation, partnership, joint venture, trust or other enterprise, as the case may be, for or based upon the director, officer or employee having gained in fact any personal profit or advantage to which he was not legally entitled; (b) as to amounts paid or payable to the Corporation for an accounting of profits in fact made from the purchase or sale of securities of the corporation within the meaning of Section 16 (b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law; or (c) with respect to matters as to which indemnification would be in contravention of the laws of the State of Indiana or of the United States of America whether as a matter of public policy or pursuant to statutory provisions.

2. Any such director, officer or employee who has been wholly successful, on the merits or otherwise, with respect to any claim, action, suit or proceeding of the character described herein shall be entitled to indemnification as of right, except to the extent he has otherwise been indemnified. Except as provided in the preceding sentence, any indemnification hereunder shall be granted by the Corporation, but only if (a) the Board of Directors, acting by a quorum consisting of directors who are not parties to or who have been wholly successful with respect to such claim, action, suit or proceeding, shall find that the director, officer or employee has met the applicable standards of conduct set forth in paragraph 1 of this Section B of Article XII; or (b) outside legal counsel engaged by the Corporation (who may be regular counsel of the Corporation) shall deliver to the corporation its written opinion that such director, officer or employee has met such applicable standards of conduct; or (c) a court of competent jurisdiction has determined that such director, officer or employee has met such standards, in an action brought either by the Corporation, or by the director, officer or employee seeking indemnification, applying *de novo* such applicable standards of conduct. The termination of any claim, action, suit or proceeding, civil or criminal, by judgment, settlement (whether with or without court approval) or conviction or upon a plea of guilty or of *nolo contendere,* or its equivalent, shall not create a presumption that a director, officer or employee did not meet the applicable standards of conduct set forth in paragraph 1 of this Section B of Article XII.

3. As used in this Section B of Article XII, the term "liability" shall mean amounts paid in settlement or in satisfaction of judgments or fines or penalties, and the term "expense" shall include, but shall not be limited to, attorneys' fees and disbursements, incurred in connection with the claim, action, suit or proceeding. The Corporation may

advance expenses to, or where appropriate may at its option and expense undertake the defense of, any such director, officer or employee upon receipt of an undertaking by or on behalf of such person to repay such expenses if it should ultimately be determined that the person is not entitled to indemnification under this Section B of Article XII.

4. The provisions of this Section B of Article XII shall be applicable to claims, actions, suits or proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act occurring before or after the adoption hereof. If several claims, issues or matters of action are involved, any such director, officer or employee may be entitled to indemnification as to some matters even though he is not so entitled as to others. The rights of indemnification provided hereunder shall be in addition to any rights to which any director, officer or employee concerned may otherwise be entitled by contract or as a matter of law, and shall inure to the benefit of the heirs, executors and administrators of any such director, officer or employee.

ARTICLE XIII
Fair Price, Form of Consideration and Procedural Safeguards for Certain Related Party Business Combinations

Section A. Higher Vote Required for Certain Related Party Business Combinations

1. In addition to any affirmative vote required by law or under these Amended Articles of Incorporation, and except as otherwise expressly provided in Section B of this Article XIII, any Related Party Business Combination (as hereinafter defined) shall require the affirmative vote of the holders of at least three-fourths of the Voting Stock (as hereinafter defined), voting together as a single class. For purposes of this Article XIII, each share of Voting Stock shall have the number of votes granted to it pursuant to these Amended Articles of Incorporation.

2. Such affirmative votes shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage or separate class vote may be specified, by law or in any agreement with any national securities exchange or otherwise.

Section B. When Higher Vote Not Required

The provisions of Section A of this Article XIII shall not be applicable to any particular Related Party Business Combination, and such Related Party Business Combination shall require only such affirmative vote as is required by law or any other provision of these Amended Articles of Incorporation or the Bylaws of the Corporation, or any agreement with any national securities exchange, if all of the conditions specified in either of the following subparagraphs 1 or 2 are met:

1. *Approval of Disinterested Directors.* The Related Party Business Combination shall have been expressly approved by a majority (whether such approval is made prior to or subsequent to the acquisition of beneficial ownership of the Voting Stock that caused the Related party, as hereinafter defined, to become a Related Party) of the Disinterested Directors (as hereinafter defined); or

2. *Fair Price, Form of Consideration and Procedural Requirements.* All of the following conditions shall have been met:

(A) The aggregate amount of the cash and the Fair Market Value (as hereinafter defined) as of the date of the consummation of the Related Party Business Combination (the "Consummation Date") of consideration other than cash to be received per share by holders of shares of any class or series of Capital Stock (as hereinafter defined) in such Related Party Business Combination shall be at least equal to the highest of the following (it being intended that the requirements of this subparagraph 2. (A) shall be required to be met with respect to every class or series of outstanding Capital Stock, whether or not the Related Party has previously acquired beneficial ownership of any shares of a particular class or series of Capital Stock):

(1) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the Related Party for any shares of such class or series of Capital Stock acquired by or on behalf of the Related Party (a) within the two-year period immediately prior to the first public announcement of the proposal of the Related Party Business Combination (the "Announcement Date") or (b) in the transaction in which it became a Related Party, whichever is higher;

(2) the Fair Market Value per share of such class or series of Capital Stock on the Announcement Date or on the date on which the Related Party became a Related Party (the "Determination Date"), whichever is higher;

(3) (if applicable) the price per share equal to the Fair Market Value per share of such class or series of Capital Stock determined pursuant to the immediately preceding clause (2), multiplied by the ratio calculated by dividing (a) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by or on behalf of the Related Party for any share of such class or series of Capital Stock in connection with the acquisition by the Related party of beneficial ownership of shares of such class or series of Capital Stock within the two-year period immediately prior to the Announcement Date by (b) the Fair Market Value per share of such class or series of Capital Stock on the first day in such two-year period on which the Related Party acquired beneficial ownership of any share of such class or series of Capital Stock;

(4) in the case of Common Stock, the Corporation's net income per share of Common Stock for the four full consecutive fiscal quarters immediately preceding the Announcement Date, multiplied by the higher of the then price/earnings multiple (if any) of such Related Party or the highest price/earnings multiple of the corporation within the two-year period immediately preceding the Announcement Date (such price/earnings multiples being determined as customarily computed and reported in the financial community); or

(5) in the case of any class or series of Capital Stock other than Common Stock,, the highest preferential amount per share to which the holders of shares of such class or series of Capital Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

All per share prices shall be adjusted for any intervening stock splits, stock dividends and reverse stock splits.

(B) The consideration to be received by holders of a particular class or series of Capital Stock shall be in cash or in the same form as the Related Party has previously paid for shares of such particular stock. If the Related Party has paid for shares of any class or series of Capital Stock with varying forms of consideration, the form of consideration for such particular stock shall be either cash or the form used to acquire the largest number of shares of such particular stock previously acquired by it.

(C) After such Related Party has become a Related Party and prior to the Consummation Date:

(1) there shall have been (a) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of Common Stock), except as approved by a majority of the Disinterested Directors, and (b) an increase in such annual rate of dividends as necessary to reflect any

reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Disinterested Directors;

(2) there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) payable in accordance with the terms of any other outstanding class or series of Capital Stock, except as approved by a majority of the Disinterested Directors; and

(3) such Related Party shall have not become the beneficial owner of any additional shares of Capital Stock, except as part of the transaction which results in such Related Party becoming a Related Party.

(D) After such Related Party has become a Related Party, such Related Party shall not have received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guaranties, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Related Party Business Combination, or otherwise.

(E) A proxy or information statement describing the proposed Related Party Business Combination and complying with the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public shareholders of the Corporation at least 30 calendar days prior to the consummation of such Related Party Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions). The proxy or information statement shall contain on the first page thereof, in a prominent place, any statement as to the advisability (or inadvisability) of the Related Party Business Combination that the Disinterested Directors, or any of them, may choose to make and, if deemed advisable by a majority of the Disinterested Directors, the opinion of an investment banking firm selected by a majority of the disinterested Directors as to the fairness (or not) of the terms of the Related Party Business Combination from a financial point of view to the holders of the shares of any class or series of Capital Stock other than the Related party and its Affiliates or Associates (as hereinafter defined), such investment banking firm to be paid a reasonable fee for its services by this Corporation.

(F) Such Related Party shall not have made any major change in the Corporation’s business or equity capital structure without the approval of a majority of the Disinterested Directors.

Section C. Definitions for Article XIII

For the purposes of this Article XIII:

1. The term “Related Party Business Combination” shall mean any transaction referred to in one or more of the following:

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (1) any Related Party or (2) any other corporation (whether or not itself a Related Party) which is, or after such merger or consolidation would be, an Affiliate or Associate (as hereinafter defined) of any Related Party; or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Related Party or any Affiliate or Associate of any Related Party of any assets of the Corporation or any subsidiary having an aggregate Fair Market Value of Ten Million Dollars ($10,000,000) or more; or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities having an aggregate Fair Market Value of Ten Million Dollars ($10,000,000) or more of the Corporation or any subsidiary to any Related Party or any Affiliate or Associate of any Related Party in exchange for cash, securities or other property (or combination thereof); or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of any Related Party or any Affiliate or Associate of any Related Party; or

(E) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving a Related Party or any Affiliate or Associate of any Related Party) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Related Party or any Affiliate or Associate of any Related Party; or

(F) any agreement, contract or other arrangement providing for any one or more of the actions specified in the foregoing clauses (A) through (E).

2. The term “Related Party” shall mean any person (other than the Corporation or any Subsidiary, and other than any profit-sharing, employee stock ownership or other employee benefit plan of the Corporation or any Subsidiary or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who or which:

(A) is the beneficial owner (as hereinafter defined) of more than ten percent (10%) of the voting power of the outstanding Voting Stock; or

(B) is an Affiliate or Associate of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of ten percent (10%) or more of the voting power of the then outstanding Voting Stock; or

(C) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Related Party, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933, as amended.

For purposes of determining whether a person is a Related Party, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of Section C.4., hereof, but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

3. The term “person” shall mean any individual, firm, partnership, trust, corporation or other entity and shall include any group comprised of any person and any other person with whom such person or any Affiliate or Associate of such person has any agreement, arrangement or understanding, directly or indirectly, for the purpose of acquiring, holding, voting or disposing of Voting Stock.

4. A person shall be a “beneficial owner” of any Voting Stock:

(A) which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(B) which such person or any of its Affiliates or Associates has (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement, understanding or relationship or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; or (2) the right to vote pursuant to any agreement, arrangement, understanding or relationship; or (3) the right to invest, including the power to dispose or to direct the disposition of, pursuant to any agreement, arrangement, understanding or relationship; or

(C) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement, understanding or relationship for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

5. The term "Affiliate," used to indicate a relationship with a specified person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

6. The term "Associate," used to indicate a relationship with a specified person, shall mean:

(A) any corporation or organization (other than the Corporation or a Subsidiary) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities; or

(B) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; or

(C) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person; or

(D) any person who is a director or officer of such specified person or any of its parents or subsidiaries (other than the Corporation or a Subsidiary).

7. The term "Subsidiary" shall mean any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Related Party set forth in Section C.2., hereof, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

8. The term "Disinterested Director" shall mean:

(A) any member of the Board of Directors of the Corporation who is unaffiliated with the Related Party and was a member of the Board of Directors prior to the time that the Related Party became a Related Party; or

(B) any successor of a Disinterested Director who is unaffiliated with the Related Party and is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board of Directors.

9. The term "Fair Market Value" shall mean:

(A) in the case of stock, the highest closing sale price during the 30-calendar-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, Inc., or, if such stock is not listed on such Exchange, on the principal United State securities exchange registered under the Securities Exchange Act of 1934, as amended, on which such stock is listed or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-calendar-day period preceding the date in question on the National Association of Securities Dealers, Inc., Automated Quotations System or any system then in use, or if no such quotation is available, the Fair Market Value on the date in question of a share of such stock as determined by a majority of the disinterested Directors in good faith; and

(B) in the case of property other than cash or stock, the Fair Market Value of such property on the date in question as determined by a majority of the Disinterested Directors in good faith.

10. The term "Capital Stock" shall mean all Capital Stock of the Corporation authorized to be issued from time to time under Article V of these Amended Articles of Incorporation, and the term "Voting Stock" shall mean the then outstanding shares of Capital Stock of the Corporation entitled to vote generally in the election of directors.

11. In the event of any Related Party Business Combination in which the Corporation survives, the phrase "other consideration to be received" as used in Sections B.2. (A) and B.2. (B) of this Article XIII shall include the shares of Common Stock and/or the shares of any other class or series of Capital Stock retained by the holders of such shares.

Section D. Determination by the Disinterested Directors

A majority of the Disinterested Directors or, if there should be no Disinterested Directors, a majority of the directors, shall have the power and duty to determine for the purposes of this Article XIII, on the basis of information known to them after reasonable inquiry:

1. Whether a person is a Related Party;

2. The number of shares of Voting Stock beneficially owned by any person;

3. Whether a person is an Affiliate or Associate of another;

4. Whether the assets which are the subject of any Related Party Business Combination have, or the consideration to be received for the issuance or transfer of securities by the Corporation or any Subsidiary in any Related Party Business Combination has, an aggregate Fair Market Value of Ten Million Dollars ($10,000,000) or more; and

5. Such other matters with respect to which a determination is required under this Article XIII.

A majority of the Disinterested Directors or, if there should be no Disinterested Directors, a majority of the directors shall have the further power to interpret all of the terms and provisions of this Article XIII.

Section E. Effect on Fiduciary Obligations

1. Nothing contained in this Article XIII shall be construed to relieve any Related Party from any fiduciary obligation imposed by law.

2. The fact that any Related Party Business Combination complies with the provisions of Section B. of this Article XIII shall not be construed to impose any fiduciary duty, obligation or responsibility on the Board of Directors, or any member thereof, to approve such Related Party Business Combination or recommend its adoption or approval to the shareholders of the Corporation, nor shall such compliance limit, prohibit or otherwise restrict in any manner the Board of Directors, or any member thereof, with respect to evaluations of or actions and responses taken with respect to such Related Party Business Combination.

Section F. Amendment

Notwithstanding any other provision of law, these Amended Articles of Incorporation or the Bylaws of the Corporation, and notwithstanding the fact that a lesser vote may be specified by law, these Amended Articles of Incorporation or the Bylaws of the Corporation, and in addition to any affirmative vote of holders of any class or series of Capital Stock of the Corporation then outstanding which is required by law or by or pursuant to these Amended Articles of Incorporation, the affirmative vote of the holders of at least three-fourths of the combined voting power of the shares of the outstanding Voting Stock, voting together as a single class, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article XIII; provided, however, that this Section F. shall not apply to, and such three-fourths vote shall not be required for, any amendment, repeal or adoption unanimously recommended by the Board of Directors if all such directors are persons who would be eligible to serve as Disinterested Directors within the meaning of this Article XIII.

ARTICLE XIV
Effect of Amended Articles

These Amended Articles shall supersede and take the place of the heretofore existing Amended Articles of Incorporation of the Corporation.

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Ball Corpporation
10 LONGS PEAK DRIVE
BROOMFIELD, COLORADO 80021-2510

Bylaws
of
Ball Corporation
(As of January 25, 2005)

Article One
Capital Stock

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

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

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

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

Article Two
Shareholders

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

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

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

Article Three
Directors

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

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

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

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

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

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

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

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

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

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

Article Four
Officers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article Five
Corporate Seal

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

Article Six
Amendment

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

Ball Corporation and Subsidiaries
Ratio of Earnings to Fixed Charges

($ in millions)	2004	2003	2002	2001	2000
Earnings (loss) before taxes	$435.2	$319.7	$230.2	$ (113.7)	$113.9
Plus:					
Interest expensed and capitalized	105.8	144.2	83.2	89.7	98.5
Interest expense within rent	24.8	22.6	17.1	21.7	25.4
Amortization of capitalized interest	1.8	1.9	2.0	2.3	2.0
Distributed income of equity investees	8.4	4.5	--	--	--
Less:					
Interest capitalized	(2.1)	(3.1)	(2.4)	(1.4)	(3.3)
Adjusted earnings (loss)	573.9	489.8	330.1	(1.4)	236.5
Fixed charges *(a)*	130.6	166.8	100.3	111.4	123.9
Ratio of earnings to fixed charges	4.4x	2.9x	3.3x	0.0x*(b)*	1.9x

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

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

SUBSIDIARIES OF BALL CORPORATION *(1)*

December 31, 2004

The following is a list of subsidiaries of Ball Corporation (an Indiana Corporation)

Name	State or Country of Incorporation or Organization	Percentage Ownership (2)
Ball Packaging Corp.	Colorado	100%
Ball Asia Services Limited	Delaware	100%
Ball Capital Corp. II	Delaware	100%
Ball Metal Beverage Container Corp.	Colorado	100%
Latas de Aluminio Ball, Inc.	Delaware	100%
Metal Packaging International, Inc.	Colorado	100%
Ball Asia Pacific Holdings Limited	Hong Kong	97%
Ball Asia Pacific Limited	Hong Kong	97%
Ball Asia Pacific Beijing Metal Container Limited	PRC	97%
Hemei Containers (Tianjin) Co. Ltd.	PRC	67%
Ball Asia Pacific Hubei Metal Container Limited	PRC	87%
Ball Asia Pacific Shenzhen Metal Container Limited	PRC	97%
Zhongfu (Taicang) Plastics Products Co. Ltd.	PRC	67%
Ball Pan-European Holdings, Inc.	Delaware	100%
Ball Holdings S.a.r.l.	Luxembourg	100%
Ball European Holdings S.a.r.l.	Luxembourg	100%
Ball (Luxembourg) Finance S.a.r.l.	Luxembourg	100%
Ball (UK) Holdings, Ltd.	England	100%
Ball Europe Ltd.	England	100%
Ball Company Ltd.	England	100%
Ball Packaging Europe Holding Ltd.	England	100%
Ball Packaging Europe UK Ltd.	England	100%
Ball Packaging Europe Managing GmbH	Germany	100%
Ball Investment Holdings S.a.r.l.	Luxembourg	100%
Ball Packaging Europe Holding GmbH & Co. KG	Germany	100%
Ball Packaging Europe GmbH	Germany	100%
Ball Packaging Europe Beteiligungs GmbH	Germany	100%
Ball Packaging Europe Radomsko Sp.z o.o.	Poland	100%
Recal Organizacja Odzysku S.A.	Poland	100%
Ball Packaging Europe Belgrade d.o.o.	Serbia	100%
Ball Packaging Europe Handelsges mbH	Austria	100%
Ball (France) Holdings, S.A.S.	France	100%
Ball (France) Investment Holdings, S.A.S.	France	100%
Ball Packaging Europe Bierne, S.A.S.	France	100%
Ball Packaging Europe La Ciotat, S.A.S.	France	100%
Ball Packaging Europe Holding B.V.	Netherlands	100%
Ball Packaging Europe OSS B.V.	Netherlands	100%
Ball Packaging Europe Trading Sp.z o.o.	Poland	100%
Ball Metal Food Container Corp.	Delaware	100%
Ball Metal Food Container, LLC (formerly Ball Western Can LLC)	Delaware	100%
Ball Metal Packaging Sales Corp.	Colorado	100%
Ball Plastic Container Corp.	Colorado	100%
Ball Aerospace & Technologies Corp.	Delaware	100%
Ball Solutions Group	Australia	100%
Ball Products Solutions PTY LTD	Australia	100%
Ball Services Solutions PTY LTD	Australia	100%
Ball Systems Solutions PTY LTD	Australia	100%
Ball Advanced Imaging and Management	Australia	100%
Solutions PTY LTD	Australia	100%
Ball AIMS (Malaysia) SDN BHD	Malaysia	100%
Ball Technology Services Corporation	California	100%
Ball North America Corp.	Canada	100%
Ball Atlantic Enterprises, Inc.	Canada	100%
Ball Nova Scotia Holdings LLP	Canada	100%
Ball Packaging Products Canada Corp.	Canada	100%

The following is a list of affiliates of Ball Corporation included in the financial statements under the equity or cost accounting methods:

Rocky Mountain Metal Container, LLC	Colorado	50%
Vexcel Corporation	Colorado	50%
DigitalGlobe, Inc.	Delaware	6%
Lam Soon-Ball Yamamura	Taiwan	8%
Latapack-Ball Embalagens Ltda.	Brazil	50%
Recal Organizacja Odzysku S.A.	Poland	50%
Sanshui Jianlibao FTB Packaging Limited	PRC	34%
Thai Beverage Can Ltd.	Thailand	7%

(1) In accordance with Regulation S-K, Item 601(b)(21)(ii), the names of certain subsidiaries have been omitted from the foregoing lists. The unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as defined in Regulation S-X, Rule 1-02(w).

(2) Represents the Registrant’s direct and/or indirect ownership in each of the subsidiaries’ voting capital share.

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in each Amendment No. 1 to the Registration Statements on Form S-3 to Form S-16 (Registration Nos. 2-62247 and 2-65638) and in each Registration Statement on Form S-3 (Registration Nos. 33-3027, 33-16674, 33-19035, 33-40196 and 33-58741) and in each Registration Statement on Form S-8 (Registration Nos. 33-21506, 33-40199, 33-37548, 33-28064, 33-15639, 33-61986, 33-51121, 333-26361, 333-32393, 333-84561, 333-52862, 333-62550, 333-67180 and 333-67284) of Ball Corporation of our report dated February 22, 2005, relating to the financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado
February 22, 2005

FORM 10-K
LIMITED POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned directors and officers of Ball Corporation, an Indiana corporation, hereby constitute and appoint R. David Hoover, Raymond J. Seabrook and Douglas K. Bradford, and any one or all of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority in said agents and attorneys-in-fact, and in any one or more of them, to sign for the undersigned and in their respective names as directors and officers of the Corporation the Form 10-K of the Corporation to be filed with the Securities and Exchange Commission, Washington, D.C., under the Securities Exchange Act of 1934, as amended, and to sign any amendment to such Form 10-K, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact or any one of them, as herein authorized.

Date: February 23, 2005

/s/ R. David Hoover		/s/ Howard M. Dean	
R. David Hoover	Officer	Howard M. Dean	Director
/s/ Raymond J. Seabrook		/s/ Hanno C. Fiedler	
Raymond J. Seabrook	Officer	Hanno C. Fiedler	Director
/s/ Douglas K. Bradford		/s/ R. David Hoover	
Douglas K. Bradford	Officer	R. David Hoover	Chairman of the Board and Director
		/s/ John F. Lehman	
		John F. Lehman	Director
		/s/ Jan Nicholson	
		Jan Nicholson	Director
		/s/ George A. Sissel	
		George A. Sissel	Director
		/s/ George M. Smart	
		George M. Smart	Director
		/s/ Theodore M. Solso	
		Theodore M. Solso	Director
		/s/ William P. Stiritz	
		William P. Stiritz	Director
		/s/ Stuart A. Taylor II	
		Stuart A. Taylor II	Director
		/s/ Erik H. van der Kaay	
		Erik H. van der Kaay	Director

Exhibit 31

Certification

I, R. David Hoover, certify that:

1. I have reviewed this annual report on Form 10-K of Ball Corporation;

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

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

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

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

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

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

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: February 23, 2005

/s/ R. David Hoover
R. David Hoover
Chairman, President and 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: February 23, 2005

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

Exhibit 32

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350
and Rule 13a-14(b) or Rule 15d-14(b)

My name is R. David Hoover and I am the Chairman of the Board, President and Chief Executive Officer of Ball Corporation (the "Company").

I hereby certify 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) the Annual Report on Form 10-K for the year ended December 31, 2004, filed with the U.S. Securities and Exchange Commission on February 23, 2005 ("Report"), fully complies with the requirements of 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: February 23, 2005

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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 (the "Company").

I hereby certify 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) the Annual Report on Form 10-K for the year ended December 31, 2004, filed with the U.S. Securities and Exchange Commission on February 23, 2005 ("Report"), fully complies with the requirements of 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: February 23, 2005

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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-K, 10-Q and 8-K reports to the Securities and Exchange Commission. The Reform Act defines forward-looking statements as statements that express or imply an expectation or belief and contain a projection, plan or assumption with regard to, among other things, future revenues, income, earnings per share, cash flow or capital structure. Such statements of future events or performance involve estimates, assumptions and uncertainties, and are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause Ball's actual results to differ materially from those contained in forward-looking statements made by or on behalf of Ball.

Some important factors that could cause Ball's actual results or outcomes to differ materially from those expressed or implied and discussed in forward-looking statements include, but are not limited to:

- Fluctuation in customer and consumer growth and demand, particularly during the months when the demand for metal beverage beer and soft drink cans is heaviest; loss of one or more major customers; manufacturing overcapacity or under capacity; lack of productivity improvement or production cost reductions; changes in climate and 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.

- Competition in pricing and the possible decrease in, or loss of, sales resulting therefrom; loss of profitability and plant closures, as well as the impact of price increases on financial results.

- The timing and extent of regulation or deregulation; competition in each line of business; product development and introductions; and technology changes.

- Ball's ability or inability to have available sufficient production capacity in a timely manner.

- Overcapacity in foreign and domestic metal and plastic container industry production facilities and its impact on pricing and financial results.

- Regulatory action or federal, state, local or foreign laws, including restrictive packaging legislation such as recycling laws or the German mandatory deposit legislation, and environmental and workplace safety regulations.

- Regulatory action or laws including those related to corporate governance and financial reporting, regulations and standards, including changes in generally accepted accounting principles or their interpretation.

- Loss contingencies related to income and other tax matters, including those arising from audits performed by U.S. and foreign tax authorities.

- Difficulties in obtaining raw materials, supplies, energy such as gas and electric power, and natural resources needed for the production of metal and plastic containers as well as aerospace products.

- The cost and increased cost of raw materials, supplies, power and natural resources needed for the production of metal and plastic containers as well as aerospace products; pricing and ability or inability to sell scrap associated with the production of metal and plastic containers; the effect of changes in the cost of warehousing the company's products; and increases and trends in various employee benefits and labor costs, including pension, medical and health care costs incurred in the countries in which Ball has operations; and rates of return projected and earned on assets and discount rates used to measure future obligations and expenses of the company's defined retirement plans.

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

- International business and market risks (including foreign exchange rates, tax rates and activities of foreign subsidiaries), 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.

- Changes in the foreign exchange rate of the United States dollar against the European euro, British pound, Polish zloty, Serbian dinar, Hong Kong dollar, Canadian dollar, Chinese renminbi and Brazilian real, and in the foreign exchange rate of the euro against the British pound, Polish zloty and Serbian dinar.

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

- The number and timing of the purchases of the company's common shares or the ability to obtain adequate credit resources for foreseeable financing requirements of the company's businesses.

- Undertaking successful and unsuccessful acquisitions, joint ventures and divestitures and the integration activities associated with acquisitions and joint ventures.

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

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

- The ability to invoice and collect accounts receivable related to aerospace contracts in the ordinary course of business.

- The authorization, funding and availability of government contracts and the nature and continuation of those contracts and related services provided thereunder, as well as the cancellation or termination of contracts for the United States government, other customers or other government contractors.

- Actual versus estimated business consolidation and investment exit costs and the estimated net realizable values of assets associated with such activities; and goodwill impairment.

- Fluctuation in the fiscal and monetary policies established by the United States or foreign governments.

- Changes to unaudited results due to statutory audits of our financial statements or internal controls over financial reporting.

February 23, 2005

U.S. Securities and Exchange Commission
Office of Filings, Information and Consumer Services
Attn: Filer Support — Mail Stop 0-7
6432 General Green Way
Alexandria, VA 22312-2413

Ladies and Gentlemen:

Filed herewith is the Ball Corporation Annual Report on Form 10-K for the year ended December 31, 2004.

Sincerely,

/s/ Raymond J. Seabrook

Raymond J. Seabrook
Senior Vice President and Chief Financial Officer