

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

**FORM 10-Q**

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

For the quarterly period ended April 3, 2005

Commission file number 1-7349

**BALL CORPORATION**

State of Indiana 35-0160610

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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

<u>Class</u>	<u>Outstanding at May 10, 2005</u>
Common Stock, without par value	110,162,086 shares

Ball Corporation and Subsidiaries  
QUARTERLY REPORT ON FORM 10-Q  
For the period ended April 3, 2005

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**PART I. FINANCIAL INFORMATION**

**Item 1. FINANCIAL STATEMENTS**

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

	Three Months Ended	
	April 3, 2005	April 4, 2004
<b>Net sales</b>	<b>\$ 1,324.1</b>	<b>\$ 1,231.5</b>
Costs and expenses		
Cost of sales (excluding depreciation and amortization)	1,096.8	1,012.5
Depreciation and amortization (Notes 8 and 10)	53.4	53.8
Selling, general and administrative	63.0	71.1
	<u>1,213.2</u>	<u>1,137.4</u>
<b>Earnings before interest and taxes</b>	<b>110.9</b>	<b>94.1</b>
Interest expense	25.8	28.3
	<u>85.1</u>	<u>65.8</u>
Earnings before taxes	85.1	65.8
Tax provision	(29.8)	(21.5)
Minority interests	(0.2)	(0.3)
Equity in results of affiliates	3.5	2.8
<b>Net earnings</b>	<b>\$ 58.6</b>	<b>\$ 46.8</b>
<b>Earnings per share (Notes 13 and 14):</b>		
Basic	\$ 0.52	\$ 0.42 <sup>(a)</sup>
Diluted	\$ 0.51	\$ 0.41 <sup>(a)</sup>
<b>Weighted average common shares outstanding (000s) (Note 14):</b>		
Basic	111,628	111,347 <sup>(a)</sup>
Diluted	114,036	114,060 <sup>(a)</sup>
<b>Cash dividends declared and paid, per common share</b>	<b>\$ 0.10</b>	<b>\$ 0.075<sup>(a)</sup></b>

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

See accompanying notes to unaudited condensed consolidated financial statements.

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

	April 3, 2005	December 31, 2004
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 86.8	\$ 198.7
Receivables, net (Note 6)	441.0	346.8
Inventories, net (Note 7)	714.5	629.5
Prepaid common stock repurchase (Note 13)	108.5	—
Deferred taxes, prepaids and other current assets	85.1	70.6
	1,435.9	1,245.6
Total current assets		
Property, plant and equipment, net (Note 8)	1,534.8	1,532.4
Goodwill (Note 9)	1,361.8	1,410.0
Intangibles and other assets, net (Note 10)	285.8	289.7
	4,618.3	4,477.7
<b>Total Assets</b>	<b>\$ 4,618.3</b>	<b>\$ 4,477.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Short-term debt and current portion of long-term debt (Note 11)	\$ 145.0	\$ 123.0
Accounts payable	509.9	453.0
Accrued employee costs	133.5	222.2
Income taxes payable	111.2	80.4
Other current liabilities	119.7	117.7
	1,019.3	996.3
Total current liabilities		
Long-term debt (Note 11)	1,631.0	1,537.7
Employee benefit obligations (Note 12)	740.8	734.3
Deferred taxes and other liabilities	99.8	116.4
	3,490.9	3,384.7
Total liabilities	3,490.9	3,384.7
Contingencies (Note 15)		
Minority interests	6.6	6.4
	6.6	6.4
Shareholders' equity (Note 13)		
Common stock (157,999,939 shares issued - 2005; 157,506,545 shares issued - 2004)	621.2	610.8
Retained earnings	1,055.0	1,007.5
Accumulated other comprehensive earnings	6.8	33.2
Treasury stock, at cost (44,836,026 shares - 2005; 44,815,138 shares - 2004)	(562.2)	(564.9)
	1,120.8	1,086.6
Total shareholders' equity		
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,618.3</b>	<b>\$ 4,477.7</b>

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended	
	April 3, 2005	April 4, 2004
<b>Cash flows from operating activities</b>		
Net earnings	\$ 58.6	\$ 46.8
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	53.4	53.8
Deferred taxes	(11.8)	8.3
Other, net	(4.1)	11.8
Prepaid common stock repurchase (Note 13)	(108.5)	-
Changes in other working capital components, excluding effects of acquisitions	(148.6)	(190.1)
<b>Net cash used in operating activities</b>	<b>(161.0)</b>	<b>(69.4)</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(80.6)	(34.9)
Business acquisitions, net of cash acquired (Note 4)	-	(17.0)
Other, net	(7.9)	(5.8)
<b>Net cash used in investing activities</b>	<b>(88.5)</b>	<b>(57.7)</b>
<b>Cash flows from financing activities</b>		
Long-term borrowings	135.0	108.4
Repayments of long-term borrowings	(26.7)	(55.2)
Change in short-term borrowings	34.0	102.1
Proceeds from issuance of common stock	10.8	7.7
Acquisitions of treasury stock	(2.1)	(22.3)
Common dividends	(11.1)	(8.4)
Other, net	-	(0.4)
<b>Net cash provided by financing activities</b>	<b>139.9</b>	<b>131.9</b>
Effect of exchange rate changes on cash	(2.3)	(0.1)
Net change in cash and cash equivalents	(111.9)	4.7
Cash and cash equivalents - beginning of period	198.7	36.5
<b>Cash and cash equivalents - end of period</b>	<b>\$ 86.8</b>	<b>\$ 41.2</b>

See accompanying notes to unaudited condensed consolidated financial statements.

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Principles of Consolidation and Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements include the accounts of Ball Corporation and its controlled affiliates (collectively Ball, the company, we or our) and have been prepared by the company without audit. Certain information and footnote disclosures, including critical and significant accounting policies, normally included in financial statements prepared in accordance with generally accepted accounting principles, have been condensed or omitted. As of January 1, 2004, the results of subsidiaries and equity affiliates in the People's Republic of China (PRC) are no longer reflected in the consolidated financial statements on a one-month lag. The change did not have a significant impact on the consolidated financial statements in 2004.

Results of operations for the periods shown are not necessarily indicative of results for the year, particularly in view of the seasonality in the packaging segments. These unaudited condensed consolidated financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and the notes thereto included in the company's annual report pursuant to Section 13 of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2004 (annual report).

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. These estimates are based on historical experience and various assumptions believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions and conditions. However, we believe that the financial statements reflect all adjustments which are of a normal recurring nature and are necessary for a fair statement of the results for the interim period.

Expense related to stock options is calculated using the intrinsic value method under the guidelines of Accounting Principles Board (APB) Opinion No. 25, and is therefore not included in the consolidated statements of earnings. Ball's earnings as reported include after-tax stock-based compensation of \$1.8 million and \$3.6 million for the first three months of 2005 and 2004, respectively. If the fair-value-based method had been used, after-tax stock-based compensation would have been \$2.5 million and \$2.4 million for the same periods, respectively. The pro forma effect on diluted earnings per share of using the fair-value-based method was insignificant for the first quarters of both 2005 and 2004.

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

**2. New Accounting Standards**

In December 2004 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (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 January 1, 2006, establishes accounting standards for transactions in which an entity exchanges its equity instruments for goods or services, including stock option and restricted stock grants. On March 29, 2005, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 107, which summarizes the views of the SEC staff regarding the interaction between SFAS No. 123 (revised 2004) and certain SEC rules and regulations and provides the SEC staff's views regarding the valuation of share-based payment arrangements for public companies. Ball is evaluating the impact on the company's results from adopting SFAS No. 123 (revised 2004) and SAB 107, but expects them to be comparable to the pro forma effects of applying the original SFAS No. 123 (discussed in Note 1).

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**2. New Accounting Standards (continued)**

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 percent. The reduced rate is achieved via an 85 percent 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." 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.

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" (FSP FAS 109-1). The Jobs Act introduces a special 9 percent tax deduction (3 percent per year beginning January 1, 2005) on qualified production activities. FSP FAS 109-1 clarifies that this tax deduction should be accounted for as a special tax deduction in accordance with SFAS No. 109. Based upon preliminary U.S. Treasury guidance, the impact of FSP FAS 109-1 on Ball's consolidated financial statements is not significant.

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. Ball has not yet determined the potential future impact, if any, of SFAS No. 151 on its consolidated financial statements.

**3. Business Segment Information**

Ball's operations are organized and reviewed by management along its product lines in three reportable segments – North American packaging, international packaging and aerospace and technologies. We also have investments in companies in the U.S., PRC and Brazil, which are accounted for under the equity method of accounting and, accordingly, those results are not included in segment sales or earnings. The accounting policies of the segments are the same as those in the unaudited condensed consolidated financial statements. A discussion of the company's critical and significant accounting policies can be found in Ball's annual report.

*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 containers in Europe and Asia, as well as plastic containers in Asia.

*Aerospace and Technologies*

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Business Segment Information (continued)

Summary of Business by Segment ( <i>\$ in millions</i> )	Three Months Ended	
	April 3, 2005	April 4, 2004
<b>Net Sales</b>		
North American metal beverage	\$ 544.1	\$ 549.3
North American metal food (Note 4)	184.2	145.1
North American plastic containers	115.8	93.0
Total North American packaging	844.1	787.4
Europe metal beverage	255.8	242.0
Asia metal beverage and plastic containers	42.2	41.8
Total international packaging	298.0	283.8
Aerospace and technologies	182.0	160.3
Net sales	\$ 1,324.1	\$ 1,231.5
<b>Net Earnings</b>		
North American packaging (Note 4)	\$ 78.3	\$ 66.6
International packaging (Note 5)	30.3	27.6
Aerospace and technologies	8.9	11.2
Segment earnings before interest and taxes	117.5	105.4
Corporate undistributed expenses, net	(6.6)	(11.3)
Earnings before interest and taxes	110.9	94.1
Interest expense	(25.8)	(28.3)
Tax provision	(29.8)	(21.5)
Minority interests	(0.2)	(0.3)
Equity in results of affiliates	3.5	2.8
Net earnings	\$ 58.6	\$ 46.8
( <i>\$ in millions</i> )	As of	As of
	April 3, 2005	December 31, 2004
<b>Total Assets</b>		
North American packaging	\$ 2,613.0	\$ 2,459.8
International packaging	2,207.1	2,255.8
Aerospace and technologies	226.2	210.3
Segment eliminations	(751.6)	(767.3)
Segment assets	4,294.7	4,158.6
Corporate assets, net of eliminations	323.6	319.1
Total assets	\$ 4,618.3	\$ 4,477.7



NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Acquisitions

On March 17, 2004, Ball acquired ConAgra Grocery Products Company's (ConAgra) interest in Ball Western Can for a total consideration of \$30 million, comprised of \$17 million in cash and a \$13 million long-term note. 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 under 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 will provide metal food containers to ConAgra manufacturing locations in California. The acquisition of Ball Western Can was not significant to the North American packaging segment.

5. Business Consolidation Costs

At April 3, 2005, and December 31, 2004, accruals of \$9.1 million remain in the consolidated balance sheets related to PRC business consolidation activities commenced prior to 2002. The remaining accruals are primarily for tax matters, for which tax clearances from the applicable authorities are required during the formal liquidation process. Subsequent changes to the estimated costs of the PRC business consolidation activities, if any, will be included in current-period earnings and identified as net business consolidation gains or costs.

At April 3, 2005, and December 31, 2004, accruals of €3.8 million remain in the consolidated balance sheets for the 2003 closure of a United Kingdom beverage can plant, as well as a line conversion and line shut down at German plants. The accruals include €3.2 million of pension and early retirement benefits to be paid in future periods and €0.6 million of decommissioning costs. Subsequent decreases to these estimated costs, if any, will reduce goodwill, as these costs were accounted for in the opening balance sheet.

6. Receivables

A receivables sales agreement provides for the ongoing, revolving sale of a designated pool of trade accounts receivable of Ball's North American packaging operations, up to \$200 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 \$158.5 million at April 3, 2005, and \$174.7 million at December 31, 2004.

7. Inventories

*(\$ in millions)*

	April 3, 2005	December 31, 2004
Raw materials and supplies	\$ 232.7	\$ 256.5
Work in process and finished goods	481.8	373.0
	<u>\$ 714.5</u>	<u>\$ 629.5</u>

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. Property, Plant and Equipment

<i>(\$ in millions)</i>	April 3, 2005	December 31, 2004
Land	\$ 80.7	\$ 81.7
Buildings	733.9	735.4
Machinery and equipment	2,201.3	2,157.4
	<hr/>	<hr/>
	3,015.9	2,974.5
Accumulated depreciation	(1,481.1)	(1,442.1)
	<hr/>	<hr/>
	\$ 1,534.8	\$ 1,532.4
	<hr/>	<hr/>

Property, plant and equipment are stated at historical cost. Depreciation expense amounted to \$50.4 million for the three months ended April 3, 2005, and \$50.6 million for the three months ended April 4, 2004. The change in the net property, plant and equipment balance is the result of capital spending offset by depreciation and the effects of foreign exchange rates.

9. Goodwill

<i>(\$ in millions)</i>	North American Packaging	International Packaging	Total
Balance at December 31, 2004	\$ 358.2	\$ 1,051.8	\$ 1,410.0
Purchase accounting adjustments	2.2	-	2.2
Effects of foreign exchange rates	(0.7)	(49.7)	(50.4)
	<hr/>	<hr/>	<hr/>
Balance at April 3, 2005	\$ 359.7	\$ 1,002.1	\$ 1,361.8
	<hr/>	<hr/>	<hr/>

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

10. Intangibles and Other Assets

<i>(\$ in millions)</i>	April 3, 2005	December 31, 2004
Investments in affiliates	\$ 65.4	\$ 83.1
Prepaid pension and related intangible assets	47.9	48.0
Intangibles (net of accumulated amortization of \$46 at April 3, 2005, and \$44 at December 31, 2004)	54.9	58.2
Deferred financing costs	24.9	26.9
Other	92.7	73.5
	<hr/>	<hr/>
	\$ 285.8	\$ 289.7
	<hr/>	<hr/>

Total amortization expense of intangible assets amounted to \$3 million for the three months ended April 3, 2005, and \$3.2 million for the three months ended April 4, 2004. Based on intangible assets and foreign exchange rates as of April 3, 2005, total annual intangible asset amortization expense is expected to be between approximately \$10 million and \$11 million in each of the next five years.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. Intangibles and Other Assets (continued)

In the first quarter of 2005, selling, general and administrative expenses included \$3.8 million for the write down to net realizable value of an equity investment in an affiliated aerospace company. This investment is expected to be disposed of in 2005 and, accordingly, the remaining carrying amount of \$14 million has been reclassified to other current assets at April 3, 2005. Also included in the first quarter of 2005 was an expense of \$3.4 million for the full write off of an investment in a joint venture in the PRC. In the fourth quarter of 2004, the company recorded a \$15.2 million loss in equity in results of affiliates from the same joint venture related to a bad debt provision. Subsequent developments and information late in the first quarter of 2005 have led the company to conclude that it will not recover the remaining carrying value of this investment.

11. Debt and Interest Costs

Long-term debt consisted of the following:

(in millions)	April 3, 2005		December 31, 2004	
	In Local Currency	In U.S. \$	In Local Currency	In U.S. \$
<b>Notes Payable</b>				
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 \$4.2 in 2005 and \$4.3 in 2004)	\$ 550.0	550.0	\$ 550.0	550.0
<b>Senior Credit Facilities (at variable rates)</b>				
Term Loan A, euro denominated due December 2007	€ 66.0	85.2	€ 72.0	97.7
Term Loan A, British sterling denominated due December 2007	£ 43.5	81.8	£ 47.4	90.9
Term Loan B, euro denominated due December 2009	€ 232.1	299.5	€ 232.7	315.6
Term Loan B, U.S. dollar denominated due December 2009	\$ 184.5	184.5	\$ 185.0	185.0
Multi-currency revolver, U.S. dollar equivalent	\$ 135.0	135.0	–	–
<b>European Bank for Reconstruction and Development Loans</b>				
Floating rates due October 2009	€ 20.0	25.8	€ 20.0	27.1
<b>Industrial Development Revenue Bonds</b>				
Floating rates due through 2011	\$ 16.0	16.0	\$ 24.0	24.0
<b>Other</b>	Various	22.2	Various	26.7
		1,700.0		1,617.0
		(69.0)		(79.3)
Less: Current portion of long-term debt				
		\$1,631.0		\$1,537.7

At April 3, 2005, taking into account outstanding letters of credit, approximately \$280 million was available under the multi-currency revolving credit facilities, which provide for up to \$450 million in U.S. dollar equivalents. The company also had short-term uncommitted credit facilities of up to \$261 million at April 3, 2005, of which \$76 million was outstanding and due on demand.

During the first quarter of 2004, Ball repaid €31 million (\$38 million) of the euro denominated Term Loan B and reduced the interest rate by 50 basis points. Interest expense during the first quarter of 2004 included \$0.5 million for the write off of unamortized financing costs associated with the repaid loan.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. Debt and Interest Costs (continued)

The notes payable 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. The notes payable and senior credit facilities contain certain covenants and restrictions including, among other things, limits on the incurrence of additional indebtedness and limits on the amount of restricted payments, such as dividends and share repurchases. Exhibit 20 contains condensed, consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries. Separate financial statements for the guarantor subsidiaries and the non-guarantor subsidiaries are not presented because management has determined that such financial statements would not be material to investors.

The company was not in default of any loan agreement at April 3, 2005, and has met all debt payment obligations.

12. Employee Benefit Obligations

(\$ in millions)

	April 3, 2005	December 31, 2004
Total defined benefit pension liability	\$ 475.9	\$ 488.5
Less current portion	(10.0)	(29.9)
Long-term defined benefit pension liability	465.9	458.6
Retiree medical and other post-employment benefits	139.7	133.8
Deferred compensation plans	121.2	117.6
Other	14.0	24.3
	<u>\$ 740.8</u>	<u>\$ 734.3</u>

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

(\$ in millions)	Three Months Ended					
	April 3, 2005			April 4, 2004		
	U.S.	Foreign	Total	U.S.	Foreign	Total
Service cost	\$ 6.0	\$ 2.2	\$ 8.2	\$ 5.5	\$ 2.2	\$ 7.7
Interest cost	10.0	7.3	17.3	9.4	7.2	16.6
Expected return on plan assets	(11.5)	(3.7)	(15.2)	(10.9)	(3.1)	(14.0)
Amortization of prior service cost	1.2	-	1.2	0.9	0.1	1.0
Recognized net actuarial loss	3.9	0.5	4.4	3.2	0.3	3.5
Net periodic benefit cost	<u>\$ 9.6</u>	<u>\$ 6.3</u>	<u>\$ 15.9</u>	<u>\$ 8.1</u>	<u>\$ 6.7</u>	<u>\$ 14.8</u>

Contributions to the company's global defined benefit pension plans, not including the unfunded German plans, were \$6.5 million in the first three months of 2005. The total contributions to these funded plans are expected to be approximately \$17 million for the full year. Actual contributions may vary upon revaluation of the plans' liabilities later in 2005. Payments to participants in the unfunded German plans were €4.2 million (\$5.5 million) in the first three months of 2005 and are expected to be approximately €18 million for the full year (approximately \$24 million).

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. Shareholders' Equity

On January 31, 2005, in a privately negotiated stock repurchase transaction, Ball entered into a forward purchase agreement to repurchase 3 million of its common shares at an initial price of \$42.72 per share using cash on hand and available borrowings. The company initially advanced \$108.5 million for the purchase of the shares. 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. The company previously reported in its Annual Report on Form 10-K for the year ended December 31, 2004, within Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data," that the purchase of the 3 million shares occurred on January 31, 2005, with the immediate reduction of Ball's outstanding shares. The reduction of shares was reflected in the number of outstanding shares disclosed on the cover page of the Form 10-K. Subsequent to the close of the first quarter, the company, upon further review of the transaction, concluded that the shares purchased under the contract should not reduce the outstanding shares, nor affect earnings per share, until actual delivery of the shares to the company. The company completed its purchase of the 3 million shares at an average price of \$41.63 per share and obtained delivery of the shares in early May 2005. We expect that our total share repurchase program in 2005 may exceed \$175 million, net of issuances.

Accumulated Other Comprehensive Earnings

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

<i>(\$ in millions)</i>	Foreign Currency Translation	Minimum Pension Liability (a) (net of tax)	Effective Financial Derivatives (b) (net of tax)	Accumulated Other Comprehensive Earnings
December 31, 2004	\$ 148.9	\$ (126.3)	\$ 10.6	\$ 33.2
Change	(29.1)	-	2.7	(26.4)
April 3, 2005	\$ 119.8	\$ (126.3)	\$ 13.3	\$ 6.8

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

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

The following table summarizes total comprehensive earnings for 2005 and 2004:

<i>(\$ in millions)</i>	Three Months Ended	
	April 3, 2005	April 4, 2004
<b>Comprehensive Earnings</b>		
Net earnings	\$ 58.6	\$ 46.8
Foreign currency translation adjustment	(29.1)	(27.0)
Effect of derivative instruments	2.7	11.9
	\$ 32.2	\$ 31.7

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. Shareholders' Equity (continued)

Stock-Based Compensation Programs

Ball adopted a deposit share program in March 2001 that, by matching purchased shares with restricted shares, encourages certain senior management employees and outside directors to invest in Ball stock. In general, restrictions on the matching shares lapse at the end of four years from date of grant, or earlier if established share ownership guidelines are met, assuming the relevant 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 \$2.1 million and \$5.3 million of expense in connection with this program in the first three months of 2005 and 2004, respectively. The variances in expense recorded are the result of the timing and vesting of the share grants, as well as changes in the price of Ball stock. The deposit share program was amended and restated in April 2004 and further awards have been made.

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 \$2.2 million of grandfathered loans were outstanding at April 3, 2005. 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.

The company has stock option plans under which options to purchase shares of common stock have been granted to officers and employees at the market value of the stock at the date of grant. In general, options are exercisable in four equal installments commencing one year from the date of grant. The options terminate 10 years from the date of grant. At April 3, 2005, there were 4,497,527 options outstanding under these plans at a weighted average exercise price of \$18.20 per share, of which 2,869,627 were exercisable at a weighted average exercise price of \$13.05 per share.

14. Earnings Per Share

	Three Months Ended	
	April 3, 2005	April 4, 2004
<i>(\$ in millions, except per share amounts)</i>		
<b>Diluted earnings per share:</b>		
Net earnings	\$ 58.6	\$ 46.8
Weighted average common shares (000s)	111,628	111,347(a)
Effect of dilutive stock options (000s)	2,408	2,713(a)
Weighted average shares applicable to diluted earnings per share (000s)	114,036	114,060(a)
Diluted earnings per share	\$ 0.51	\$ 0.41(a)

(a) Amounts have been retroactively restated for a two-for-one stock split on August 23, 2004.

All of the company's outstanding options have been included in the diluted earnings per share calculation for the first quarters of 2005 and 2004 because they were dilutive (i.e., the exercise price was lower than the average closing market price of common stock for the period).

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

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**15. Contingencies**

The company is subject to various risks and uncertainties in the ordinary course of business due, in part, to the competitive nature of the industries in which the company participates. We do business in countries outside the U.S., have changing commodity prices for the materials used in the manufacture of our packaging products and participate in changing capital markets. Where management considers it warranted, we 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 businesses. 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 does not fully comply with European Union law and thus does not provide a stable legal basis for the deposit. However, affected German industries such as packaging suppliers, beverage fillers and retailers propose to build a nationwide redemption system, recognizing that the deposit regulations are likely to stay in place. Retailers also generally recognize that highly-recycled, one-way containers are more efficient and beneficial than refillable containers in a modern deposit environment. During 2004 and 2003, we responded to the lower demand 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 converted one of our steel can production lines in Germany to aluminum in order to facilitate additional can exports from Germany. In 2005 we are working closely with the industry group to establish the necessary redemption systems, which we anticipate will be in place by the second quarter of 2006.

**16. Indemnifications and Guarantees**

During the normal course of business, the company or its 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.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**16. Indemnifications and Guarantees (continued)**

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 certain 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 6). The company, the relevant subsidiaries and Ball Capital Corp. II are not in default under the above credit arrangement.

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



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

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

### BUSINESS OVERVIEW

Ball Corporation is one of the world's leading suppliers of metal and plastic packaging to the beverage and food industries. Our packaging products are produced for a variety of end uses and are currently manufactured in 49 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 do our equity joint ventures in Brazil and the U.S. 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 customer or supplier, 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 "Contingencies") 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 Brazil. The Belgrade plant is scheduled to be operational in the second quarter of 2005.

Ball's consolidated earnings are exposed to foreign exchange rate fluctuations. We attempt to mitigate this exposure through the use of derivative financial instruments, as discussed in "Quantitative and Qualitative Disclosures About Market Risk" within Item 3 of this report.

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 two-thirds cost-plus contracts, which are billed at our costs plus an agreed upon and/or earned profit component, and approximately one-third 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), earnings before interest, taxes, depreciation and amortization (EBITDA), diluted earnings per share, economic value added (operating earnings, as defined by the company, less its cost of capital), 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 strive 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 the availability of our employee stock purchase program to many of our Ball Packaging Europe employees.

In 2004 the company's board of directors declared a two-for-one stock split. The distribution date for the stock split was August 23, 2004, for shareholders of record on August 4, 2004. 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.

## **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., 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 64 percent of consolidated net sales in the first quarter of 2005.

### Metal Beverage Container Sales

North American metal beverage container sales, which represented 64 percent of North American packaging segment sales in the first quarter of 2005, were flat compared to the first quarter of 2004. Lower sales volumes, partially the result of changes in customer mix, were offset by higher aluminum prices which are being passed through to our customers. Metal beverage container volumes were below last year's levels as a result of poor weather and general softness in the quarter in the beer and soft drink markets. The conversion of a manufacturing line in our Golden, Colorado, plant from 12-ounce to 24-ounce cans, which limited our 12-ounce can manufacturing capacity in the first quarter, will be completed in the second quarter of 2005. We continue to focus efforts on the growing custom beverage can business, which includes cans of different shapes, diameters and fill volumes, and cans with our functional attributes for new products and product line extensions.

### Metal Food Container Sales

North American metal food container sales, which comprised 22 percent of segment sales in the first quarter of 2005, were 27 percent above the same period in 2004. Sales benefited from the acquisition of Ball Western Can Company, LLC (Ball Western Can) in March 2004 (discussed in Note 4 to the consolidated financial statements), increased volumes including some pre-buying by our customers in anticipation of announced steel price increases and higher selling prices as a result of the pass through of higher raw material costs. Due to the impact of the first quarter 2004 acquisition, some of the strong first quarter 2005 sales being related to pre-buying and changes in our customer base, we do not expect the quarter-over-quarter trend to continue through the remainder of the year. Although steel supplies were tight during the quarter, we were able to largely avoid disruptions in service to our customers through coordinated company purchasing and scheduling efforts, as well as the cooperation of our suppliers. We are assessing our system-wide production capabilities in light of the changes in our customer base and, depending on our assessment, may make appropriate adjustments to those capabilities.

### Plastic Container Sales

Plastic container sales, which accounted for 14 percent of segment sales in the first quarter of 2005, were 25 percent higher than in the first quarter of 2004. The sales increase was related to the pass through to our customers of resin price increases that went into effect after the first quarter of 2004 and higher sales volumes in 2005 compared to the first quarter of last year. In addition to the resin impact, net sales were positively affected by an increase in bottle and preform sales volumes, the latter primarily associated with a major customer contract signed in the second half of 2004. We continue to focus sales efforts in the custom hot-fill and beer container sales markets.

### North American Packaging Segment Earnings

Segment earnings in the North American packaging segment were 18 percent higher in the first quarter of 2005 compared to the same period in 2004. The improvement in earnings was the result of higher food can and plastic container sales, improved product mix, manufacturing cost reduction programs and lower selling, general and administrative costs. While pricing pressures continue on all of our raw materials, other direct materials, freight and utility costs, we continue to work with both customers and suppliers to maintain our volumes, as well as preserve our margins.

### *International Packaging*

International packaging includes the manufacture of metal beverage containers in Europe and Asia as well as the manufacture of plastic containers in Asia. This segment accounted for 22 percent of consolidated net sales in the first quarter of 2005.

Segment sales were 5 percent higher in the first quarter of 2005 than in the first quarter of 2004, primarily due to European sales. PRC sales were relatively flat. The increased European sales reflected a stronger euro and slightly increased sales volumes due in part to successful export programs from German plants to other European countries. The continued weak demand in Germany, as a result of the mandatory deposit legislation previously reported on, is being offset by stronger demand elsewhere in Europe. In response to increased demand for custom cans in Europe, a steel can manufacturing line in the Netherlands was converted to aluminum during the first quarter of 2005. Additionally, in the first quarter of 2004, a steel can manufacturing line in Germany was converted to production of aluminum cans.

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

### International Packaging Segment Earnings

International packaging segment earnings improved by 10 percent due to lower selling, general and administrative costs and a stronger euro. Included in segment earnings was an expense of \$3.4 million for the full write off of an investment in a joint venture in the PRC. In the fourth quarter of 2004, the company recorded a \$15.2 million loss in equity in results of affiliates from the same joint venture related to a bad debt provision. Subsequent developments and information late in the first quarter of 2005 have led the company to conclude that it will not recover the remaining carrying value.

### *Aerospace and Technologies*

Aerospace and technologies segment sales of \$182 million were a quarterly record and represented 14 percent of consolidated net sales in the first quarter of 2005. Higher sales in the 2005 first quarter (14 percent higher than in the comparable period of 2004) resulted from a combination of newly awarded contracts and additions to previously awarded contracts. Earnings in the first quarter of 2005 included an expense of \$3.8 million for the write down to net realizable value of an equity investment in an affiliated company that is expected to be sold in 2005. The decrease in operating margins in the first quarter of 2005 compared to those in the first quarter of 2004 were the result of the \$3.8 million write down.

Some of the segment's high-profile contracts include: the Deep Impact mission, which was launched in January 2005 to intercept a comet on July 4, 2005, and study the comet's composition; 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 suite of antennas for the Joint Strike Fighter.

Contracted backlog in the aerospace and technologies segment at April 3, 2005, was a record \$803 million compared to a backlog of \$694 million at December 31, 2004. Comparisons of backlog are not necessarily indicative of the trend of future operations.

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

### Selling, General and Administrative

Selling, general and administrative expenses were \$63 million in the first three months of 2005 compared to \$71.1 million for the same period in 2004 and were lower in all areas of the company (North America, Europe and the PRC). The decrease in 2005 compared to 2004 was due largely to lower employee benefit costs, including the company's deposit share program, and foreign currency hedging gains. These lower costs were partially offset by the write down of the PRC and aerospace equity investments.

### Interest and Taxes

Consolidated interest expense was \$25.8 million for the first quarter of 2005 compared to \$28.3 million for the same period last year. The lower expense in 2005 was due to lower average borrowings and higher capitalized interest.

The consolidated effective income tax rate was approximately 35 percent for the first three months compared to 32.7 percent in 2004. The \$3.8 million write down of the aerospace investment is not tax deductible while the realization of the tax deductibility of \$3.4 million China write down, which will be a capital loss, is not reasonably assured as the company does not have, nor does it anticipate, any capital gains to utilize the losses. Therefore, no tax benefit has been provided on the write downs, which is the primary reason for the higher effective tax rate in the first three months of 2005. The full year effective rate is expected to be in the 32 percent to 33 percent range.

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. Ball expects to determine the amounts and sources of foreign earnings to be repatriated, if any, no later than the fourth quarter of 2005. 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.

As previously reported in the company's 2004 Form 10-K, in connection with their examination of Ball's consolidated income tax returns for the tax years 2000 and 2001, the Internal Revenue Service (IRS) has proposed to disallow Ball's deductions of interest expense incurred on loans under a company-owned life insurance plan that has been in place for more than 18 years. Ball believes that its interest deductions will be sustained as filed so no provision for loss has been accrued. The status of the examination has not changed since December 31, 2004.

## **NEW ACCOUNTING PRONOUNCEMENTS**

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

## **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

Cash flow used in operations was \$161 million in the first three months of 2005 compared to a usage of \$69.4 million in the first three months of 2004. The first quarter of 2005 included \$108.5 million for the prepayment of a common stock repurchase agreement, which was used to acquire shares in the second quarter of this year. Positive effects in 2005 included improved earnings, higher payables and lower inventories compared to the prior year. The increase in these working capital items reflected seasonality and timing of customer purchases.

Interest-bearing debt increased to \$1,776 million at April 3, 2005, compared to \$1,660.7 million at December 31, 2004. This increase includes \$148.6 million for seasonal working capital needs and the \$108.5 million prepaid common stock repurchase, partially offset by the lower euro exchange rate. At April 3, 2005, approximately \$280 million was available under the company's multi-currency revolving credit facilities. In addition, the company had short-term uncommitted credit facilities of approximately \$261 million at the end of the first quarter, of which \$76 million was outstanding.

On January 31, 2005, in a privately negotiated stock repurchase transaction, Ball entered into a forward purchase agreement to repurchase 3 million of its common shares at an initial price of \$42.72 per share using cash on hand and available borrowings. The company initially advanced \$108.5 million for the purchase of the shares. 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. The company previously reported in its Annual Report on Form 10-K for the year ended December 31, 2004, within Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Item 8, "Financial Statements and Supplementary Data," that the purchase of the 3 million shares occurred on January 31, 2005, with the immediate reduction of Ball's outstanding shares. The reduction of shares was reflected in the number of outstanding shares disclosed on the cover page of the Form 10-K. Subsequent to the close of the first quarter, the company, upon further review of the transaction, concluded that the shares purchased under the contract should not reduce the outstanding shares, nor affect earnings per share, until actual delivery of the shares to the company. The company completed its purchase of the 3 million shares at an average price of \$41.63 per share and obtained delivery of the shares in early May 2005. We expect that our total share repurchase program in 2005 may exceed \$175 million, net of issuances.

Based on information currently available, we estimate 2005 capital spending to somewhat exceed \$300 million compared to 2004 spending of \$196 million. During 2005 we are investing 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.

Contributions to the company's defined benefit 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, the revaluation of the plans' liabilities later in 2005 and revised estimates of 2005 full-year cash flows. Payments to participants in the unfunded German plans are expected to be approximately €18 million for the full year (approximately \$24 million).

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. Interest expense during the first quarter of 2004 included \$0.5 million for the write off of unamortized financing costs associated with the repaid loan.

The company has a receivables sales agreement that 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 (\$175 million in the first quarter of 2004). The agreement qualifies as off-balance sheet financing under the provisions of Statement of Financial Accounting Standards No. 140. Net funds received from the sale of the accounts receivable totaled \$158.5 million at April 3, 2005, and \$174.7 million at December 31, 2004.

The company was not in default of any loan agreement at April 3, 2005, and has met all debt payment obligations. Additional details about the company's debt and receivables sales agreement are available in Notes 11 and 6, respectively, accompanying the unaudited condensed consolidated financial statements included within Item 1 of this report.

#### **CONTINGENCIES, INDEMNIFICATIONS AND GUARANTEES**

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

#### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

In the ordinary course of business, we employ established risk management policies and procedures to reduce our exposure to fluctuations in commodity prices, interest rates, foreign currencies and 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 expected to perform fully under the terms of the agreements.

We have estimated our market risk exposure using sensitivity analysis. Market risk exposure has been defined as the changes in fair value of derivative instruments, financial instruments and commodity positions. 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.

##### Commodity Price Risk

We manage our North American commodity price risk in connection with market price fluctuations of aluminum primarily by entering into can and end sales contracts, which generally include aluminum-based pricing terms that consider price fluctuations under our commercial supply contracts for aluminum purchases. Such terms may include a fixed price or an upper limit to the aluminum component pricing. This matched pricing affects substantially all of our North American metal beverage container net sales. We also, at times, use certain derivative instruments such as option and forward contracts as cash flow hedges of commodity price risk. Outstanding derivative contracts at the end of the first quarter 2005 expire within one year. Included in shareholders' equity at April 3, 2005, within accumulated other comprehensive earnings, is approximately \$8.1 million of net gain associated with these contracts, all of which is expected to be recognized in the consolidated statement of earnings during the next 12 months. Gains on these derivative contracts will be offset by higher costs on metal purchases.

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. We anticipate we will be able to pass through the majority of the steel price increases in 2005.

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. Outstanding derivative contracts at the end of the first quarter 2005 expire within three years. Included in shareholders' equity at April 3, 2005, within accumulated other comprehensive earnings, is approximately \$2.4 million of net gain associated with these contracts, of which \$1.4 million of income is expected to be recognized in the consolidated statement of earnings during the next 12 months.

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 \$10.6 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 \$10.1 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 \$6.9 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 April 3, 2005, included pay-fixed and pay-floating interest rate swaps. Pay-fixed swaps effectively convert variable rate obligations to fixed rate instruments. Substantially all of the pay-floating swaps, which effectively convert fixed rate obligations to variable rate instruments, are fair value hedges. Swap agreements expire at various times up to two years. Approximately \$2.3 million of net gain related to the termination or deselection of hedges is included in accumulated other comprehensive earnings at April 3, 2005, of which approximately \$1.5 million of net income is expected to be recognized in the consolidated statement of earnings during the next 12 months.

Based on our interest rate exposure at April 3, 2005, assumed floating rate debt levels through first quarter 2006 and the effects of derivative instruments, a 100 basis point increase in interest rates could result in an estimated \$5.2 million after-tax reduction of net earnings over a one-year period. Actual results may vary based on actual changes in market prices and rates and the timing of these changes.

## Foreign Currency Exchange Rate Risk

Our objective in managing exposure to foreign currency fluctuations is to protect foreign cash flows and earnings associated with foreign exchange rate changes through the use of cash flow hedges. In addition, we manage foreign earnings translation volatility through the use of foreign currency options. Our foreign currency translation risk results from the European euro, British pound, Canadian dollar, Polish zloty, 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. Contracts outstanding at the end of the first quarter 2005 expire within 15 months. At April 3, 2005, there was \$0.5 million of net gain from cash flow hedges included in accumulated other comprehensive earnings, all of which is expected to be recognized in the consolidated statement of earnings during the next 12 months.

Considering the company's derivative financial instruments outstanding at April 3, 2005, 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 \$10.6 million after-tax reduction of net earnings over a one-year period. This amount includes the \$10.1 million currency exposure discussed above in the "Commodity Price Risk" section. Actual changes in market prices or rates may differ from hypothetical changes.

### **Item 4. CONTROLS AND PROCEDURES**

Our chief executive officer and chief financial officer participated in an evaluation of our disclosure controls and procedures, as defined by the Securities and Exchange Commission (SEC), as of the end of the period covered by this report and concluded that our controls and procedures were appropriate to ensure that information required to be disclosed by us in this quarterly report is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. During the first three months of 2005, there were no changes in our internal controls over financial reporting that materially affected, or, with reasonable likelihood, could materially affect, our internal controls over financial reporting.



## FORWARD-LOOKING STATEMENTS

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

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

There were no material updates to the company's legal proceedings under Item 1 for the quarter ended April 3, 2005.

### Item 2. Changes in Securities

The following table summarizes the company's repurchases of its common stock during the quarter ended April 3, 2005.

#### Purchases of Securities

<i>(\$ in millions)</i>	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 <sup>(b)</sup>
January 1 to February 6, 2005	149	\$ 42.36	149	11,385,194
February 7 to March 6, 2005	45,444	\$ 43.91	45,444	11,339,750
March 7 to April 3, 2005	2,264	\$ 43.72	2,264	11,337,486
Total	47,857 <sup>(a)</sup>	\$ 43.90	47,857	

<sup>(a)</sup> Includes shares retained by the company to settle employee withholding tax liabilities.

<sup>(b)</sup> The company has an ongoing repurchase program for which shares are authorized by Ball's Board of Directors as needed.

### Item 3. Defaults Upon Senior Securities

There were no events required to be reported under Item 3 for the quarter ended April 3, 2005.

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

There were no events required to be reported under Item 4 for the quarter ended April 3, 2005.

### Item 5. Other Information

There were no events required to be reported under Item 5 for the quarter ended April 3, 2005.

### Item 6. Exhibits

20 Subsidiary Guarantees of Debt

31 Certifications pursuant to Rule 13a-14(a) or Rule 15d-14(a), by R. David Hoover, Chairman of the Board, President and Chief Executive Officer of Ball Corporation and by Raymond J. Seabrook, Senior Vice President and Chief Financial Officer of Ball Corporation

32 Certifications pursuant to Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, by R. David Hoover, Chairman of the Board, President and Chief Executive Officer of Ball Corporation and by Raymond J. Seabrook, Senior Vice President and Chief Financial Officer of Ball Corporation

99 Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995, as amended

SIGNATURE

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

Ball Corporation  
(Registrant)

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

Date: May 13, 2005

Ball Corporation and Subsidiaries  
QUARTERLY REPORT ON FORM 10-Q  
April 3, 2005

EXHIBIT INDEX

<u>Description</u>	<u>Exhibit</u>
Subsidiary Guarantees of Debt (Filed herewith.)	EX-20
Certifications pursuant to Rule 13a-14(a) or Rule 15d-14(a), by R. David Hoover, Chairman of the Board, President and Chief Executive Officer of Ball Corporation and by Raymond J. Seabrook, Senior Vice President and Chief Financial Officer of Ball Corporation (Filed herewith.)	EX-31
Certifications pursuant to Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, by R. David Hoover, Chairman of the Board, President and Chief Executive Officer of Ball Corporation and by Raymond J. Seabrook, Senior Vice President and Chief Financial Officer of Ball Corporation (Furnished herewith.)	EX-32
Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995, as amended (Filed herewith.)	EX-99

**Subsidiary Guarantees of Debt**

The company's Senior Notes, Senior Subordinated Notes and senior credit facilities are guaranteed on a full, unconditional and joint and several basis by certain of the company's wholly owned domestic subsidiaries. The following is condensed, consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries, as of April 3, 2005, and December 31, 2004 (in millions of dollars). The presentation of certain prior-year amounts has been changed in order to conform to the current-year presentation. Separate financial statements for the guarantor subsidiaries and the non-guarantor subsidiaries are not presented because management has determined that such financial statements would not be material to investors.

CONSOLIDATED BALANCE SHEET

	April 3, 2005				
	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 11.1	\$ 1.0	\$ 74.7	\$ –	\$ 86.8
Receivables, net	0.4	105.2	335.4	–	441.0
Inventories, net	–	482.5	232.0	–	714.5
Prepaid common stock repurchase	108.5	–	–	–	108.5
Deferred taxes, prepaids and other current assets	313.7	180.6	16.8	(426.0)	85.1
<b>Total current assets</b>	<b>433.7</b>	<b>769.3</b>	<b>658.9</b>	<b>(426.0)</b>	<b>1,435.9</b>
Property, plant and equipment, at cost	40.3	1,965.7	1,009.9	–	3,015.9
Accumulated depreciation	(14.9)	(1,167.9)	(298.3)	–	(1,481.1)
	25.4	797.8	711.6	–	1,534.8
Investments in subsidiaries	2,019.5	679.6	9.8	(2,708.9)	–
Investments in affiliates	2.9	15.7	46.8	–	65.4
Goodwill	–	340.3	1,021.5	–	1,361.8
Intangibles and other assets, net	87.6	56.3	76.5	–	220.4
<b>Total Assets</b>	<b>\$ 2,569.1</b>	<b>\$ 2,659.0</b>	<b>\$ 2,525.1</b>	<b>\$ (3,134.9)</b>	<b>\$ 4,618.3</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Short-term debt and current portion of long-term debt	\$ 7.8	\$ 3.3	\$ 133.9	\$ –	\$ 145.0
Accounts payable	61.1	242.3	206.5	–	509.9
Accrued employee costs	21.4	86.5	25.6	–	133.5
Income taxes payable	–	467.8	69.3	(425.9)	111.2
Other current liabilities	42.4	27.0	50.3	–	119.7
<b>Total current liabilities</b>	<b>132.7</b>	<b>826.9</b>	<b>485.6</b>	<b>(425.9)</b>	<b>1,019.3</b>
Long-term debt	1,177.4	20.9	432.7	–	1,631.0
Intercompany borrowings	24.3	461.3	213.3	(698.9)	–
Employee benefit obligations	137.6	185.6	417.6	–	740.8
Deferred taxes and other liabilities	(23.7)	20.0	103.5	–	99.8
<b>Total liabilities</b>	<b>1,448.3</b>	<b>1,514.7</b>	<b>1,652.7</b>	<b>(1,124.8)</b>	<b>3,490.9</b>
Contingencies	–	–	6.6	–	6.6
Minority interests	–	–	–	–	–
<b>Shareholders' equity:</b>					
Convertible preferred stock	–	–	179.6	(179.6)	–
Preferred shareholders' equity	–	–	179.6	(179.6)	–
Common stock	621.2	726.0	681.1	(1,407.1)	621.2
Retained earnings (deficit)	1,055.0	561.3	(109.0)	(452.3)	1,055.0
Accumulated other comprehensive earnings (loss)	6.8	(143.0)	114.1	28.9	6.8
Treasury stock, at cost	(562.2)	–	–	–	(562.2)
<b>Common shareholders' equity</b>	<b>1,120.8</b>	<b>1,144.3</b>	<b>686.2</b>	<b>(1,830.5)</b>	<b>1,120.8</b>
<b>Total shareholders' equity</b>	<b>1,120.8</b>	<b>1,144.3</b>	<b>865.8</b>	<b>(2,010.1)</b>	<b>1,120.8</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,569.1</b>	<b>\$ 2,659.0</b>	<b>\$ 2,525.1</b>	<b>\$ (3,134.9)</b>	<b>\$ 4,618.3</b>

CONSOLIDATED BALANCE SHEET

	December 31, 2004				
	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
<b>ASSETS</b>					
<b>Current assets</b>					
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
<b>Total current assets</b>	<b>437.5</b>	<b>658.0</b>	<b>588.1</b>	<b>(438.0)</b>	<b>1,245.6</b>
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	–	338.1	1,071.9	–	1,410.0
Intangibles and other assets, net	74.6	53.8	78.2	–	206.6
	<b>\$ 2,535.9</b>	<b>\$ 2,555.1</b>	<b>\$ 2,510.5</b>	<b>\$ (3,123.8)</b>	<b>\$ 4,477.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
<b>Short-term debt and current portion of long-term debt</b>					
	\$ 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
<b>Total current liabilities</b>	<b>112.5</b>	<b>871.7</b>	<b>450.3</b>	<b>(438.2)</b>	<b>996.3</b>
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
<b>Total liabilities</b>	<b>1,449.3</b>	<b>1,448.9</b>	<b>1,623.6</b>	<b>(1,137.1)</b>	<b>3,384.7</b>
Contingencies					
Minority interests	–	–	6.4	–	6.4
<b>Shareholders' equity</b>					
<b>Convertible preferred stock</b>					
	–	–	179.6	(179.6)	–
<b>Preferred shareholders' equity</b>					
	–	–	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)
<b>Common shareholders' equity</b>	<b>1,086.6</b>	<b>1,106.2</b>	<b>700.9</b>	<b>(1,807.1)</b>	<b>1,086.6</b>
<b>Total shareholders' equity</b>	<b>1,086.6</b>	<b>1,106.2</b>	<b>880.5</b>	<b>(1,986.7)</b>	<b>1,086.6</b>
	<b>\$ 2,535.9</b>	<b>\$ 2,555.1</b>	<b>\$ 2,510.5</b>	<b>\$ (3,123.8)</b>	<b>\$ 4,477.7</b>

## For the Three Months Ended April 3, 2005

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	\$ -	\$ 1,026.0	\$ 352.6	\$ (54.5)	\$ 1,324.1
Costs and expenses					
Cost of sales (excluding depreciation and amortization)	-	873.6	277.7	(54.5)	1,096.8
Depreciation and amortization	0.7	32.5	20.2	-	53.4
Selling, general and administrative	4.0	39.3	19.7	-	63.0
Interest expense	6.0	10.3	9.5	-	25.8
Equity in results of subsidiaries	(55.6)	-	-	55.6	-
Corporate allocations	(16.2)	14.5	1.7	-	-
	(61.1)	970.2	328.8	1.1	1,239.0
Earnings (loss) before taxes	61.1	55.8	23.8	(55.6)	85.1
Tax provision	(2.5)	(20.3)	(7.0)	-	(29.8)
Minority interests	-	-	(0.2)	-	(0.2)
Equity in results of affiliates	-	0.3	3.2	-	3.5
Net earnings (loss)	\$ 58.6	\$ 35.8	\$ 19.8	\$ (55.6)	\$ 58.6

## CONSOLIDATED STATEMENT OF EARNINGS

## For the Three Months Ended April 4, 2004

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	\$ -	\$ 947.7	\$ 338.6	\$ (54.8)	\$ 1,231.5
Costs and expenses					
Cost of sales (excluding depreciation and amortization)	-	805.9	261.4	(54.8)	1,012.5
Depreciation and amortization	0.5	33.2	20.1	-	53.8
Selling, general and administrative	10.2	34.4	26.5	-	71.1
Interest expense	3.4	13.2	11.7	-	28.3
Equity in results of subsidiaries	(46.3)	-	-	46.3	-
Corporate allocations	(15.7)	14.0	1.7	-	-
	(47.9)	900.7	321.4	(8.5)	1,165.7
Earnings (loss) before taxes	47.9	47.0	17.2	(46.3)	65.8
Tax provision	(1.1)	(16.9)	(3.5)	-	(21.5)
Minority interests	-	-	(0.3)	-	(0.3)
Equity in results of affiliates	-	0.7	2.1	-	2.8
Net earnings (loss)	\$ 46.8	\$ 30.8	\$ 15.5	\$ (46.3)	\$ 46.8



CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three Months Ended April 3, 2005

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
<b>Cash flows from operating activities</b>					
Net earnings (loss)	\$ 58.6	\$ 35.8	\$ 19.8	\$ (55.6)	\$ 58.6
Adjustments to reconcile net earnings to net cash provided by operating activities:					
Depreciation and amortization	0.7	32.5	20.2	–	53.4
Deferred taxes	(0.1)	(5.5)	(6.2)	–	(11.8)
Equity in results of subsidiaries	(55.6)	–	–	55.6	–
Other, net	3.0	(2.6)	(4.5)	–	(4.1)
Prepaid common stock repurchase	(108.5)	–	–	–	(108.5)
Changes in other working capital components	13.7	(97.0)	(65.3)	–	(148.6)
<b>Net cash used in operating activities</b>	<b>(88.2)</b>	<b>(36.8)</b>	<b>(36.0)</b>	<b>–</b>	<b>(161.0)</b>
<b>Cash flows from investing activities</b>					
Additions to property, plant and equipment	(1.0)	(39.3)	(40.3)	–	(80.6)
Investments in and advances to affiliates, net of dividends	(133.2)	78.1	55.1	–	–
Other, net	(10.1)	0.3	1.9	–	(7.9)
<b>Net cash provided by (used in) investing activities</b>	<b>(144.3)</b>	<b>39.1</b>	<b>16.7</b>	<b>–</b>	<b>(88.5)</b>
<b>Cash flows from financing activities</b>					
Long-term borrowings	135.0	–	–	–	135.0
Repayments of long-term borrowings	(8.8)	(1.9)	(16.0)	–	(26.7)
Change in short-term borrowings	6.0	–	28.0	–	34.0
Proceeds from issuance of common stock	10.8	–	–	–	10.8
Acquisitions of treasury stock	(2.1)	–	–	–	(2.1)
Common dividends	(11.1)	–	–	–	(11.1)
<b>Net cash provided by (used in) financing activities</b>	<b>129.8</b>	<b>(1.9)</b>	<b>12.0</b>	<b>–</b>	<b>139.9</b>
Effect of exchange rate changes on cash	–	–	(2.3)	–	(2.3)
Net change in cash and cash equivalents	(102.7)	0.4	(9.6)	–	(111.9)
Cash and cash equivalents – Beginning of period	113.8	0.6	84.3	–	198.7
<b>Cash and cash equivalents – End of period</b>	<b>\$ 11.1</b>	<b>\$ 1.0</b>	<b>\$ 74.7</b>	<b>\$ –</b>	<b>\$ 86.8</b>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three Months Ended April 4, 2004

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
<b>Cash flows from operating activities</b>					
Net earnings (loss)	\$ 46.8	\$ 30.8	\$ 15.5	\$ (46.3)	\$ 46.8
Adjustments to reconcile net earnings to net cash provided by operating activities:					
Depreciation and amortization	0.5	33.2	20.1	–	53.8
Deferred taxes	6.1	0.6	1.6	–	8.3
Equity in results of subsidiaries	(46.3)	–	–	46.3	–
Other	8.0	0.8	3.0	–	11.8
Changes in working capital components, excluding effects of acquisitions	(52.9)	6.1	(143.3)	–	(190.1)
Net cash provided by (used in) operating activities	(37.8)	71.5	(103.1)	–	(69.4)
<b>Cash flows from investing activities</b>					
Additions to property, plant and equipment	(1.0)	(20.1)	(13.8)	–	(34.9)
Business acquisition, net of cash acquired	–	(17.0)	–	–	(17.0)
Investments in and advances to affiliates, net of dividends	(85.3)	(35.2)	120.5	–	–
Other	(8.7)	3.1	(0.2)	–	(5.8)
Net cash provided by (used in) investing activities	(95.0)	(69.2)	106.5	–	(57.7)
<b>Cash flows from financing activities</b>					
Long-term borrowings	108.4	–	–	–	108.4
Repayments of long-term borrowings	–	(0.8)	(54.4)	–	(55.2)
Change in short-term borrowings	50.0	–	52.1	–	102.1
Proceeds from issuance of common stock	7.7	–	–	–	7.7
Acquisitions of treasury stock	(22.3)	–	–	–	(22.3)
Common dividends	(8.4)	–	–	–	(8.4)
Other	–	–	(0.4)	–	(0.4)
Net cash provided by (used in) financing activities	135.4	(0.8)	(2.7)	–	131.9
Effect of exchange rate changes on cash	–	–	(0.1)	–	(0.1)
Net change in cash and cash equivalents	2.6	1.5	0.6	–	4.7
Cash and cash equivalents – Beginning of period	8.8	0.9	26.8	–	36.5
Cash and cash equivalents – End of period	\$ 11.4	\$ 2.4	\$ 27.4	\$ –	\$ 41.2

**Certification**

I, R. David Hoover, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ball Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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: May 13, 2005

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

**Certification**

I, Raymond J. Seabrook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ball Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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: May 13, 2005

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

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

My name is R. David Hoover and I am the Chairman of the Board, President and Chief Executive Officer of Ball Corporation (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 Quarterly Report on Form 10-Q for the quarter ended April 3, 2005, filed with the U.S. Securities and Exchange Commission on May 13, 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: May 13, 2005

This certification accompanies the Form 10-Q 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-Q), 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.

**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 Quarterly Report on Form 10-Q for the quarter ended April 3, 2005, filed with the U.S. Securities and Exchange Commission on May 13, 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: May 13, 2005

This certification accompanies the Form 10-Q 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-Q), 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-Q 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.