

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(D) of the
Securities Exchange Act of 1934

July 26, 2007
(Date of earliest event reported)

BALL CORPORATION

(Exact name of Registrant as specified in its charter)

Indiana
(State of
Incorporation)

1-7349
(Commission
File No.)

35-0160610
(IRS Employer
Identification No.)

10 Longs Peak Drive, P.O. Box 5000, Broomfield, CO 80021-2510
(Address of principal executive offices, including ZIP Code)

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02. Results of Operations and Financial Condition.

On July 26, 2007, Ball Corporation (the "Company") issued a press release announcing its second quarter earnings for 2007, which results are set forth in the press release dated July 26, 2007, and attached hereto as Exhibit 99.1.

Earnings information regarding the second quarter for 2007, as well as information regarding the use of non-GAAP financial measures, are set forth in the attached press release.

The information in this Report shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") or otherwise subject to the liability of that section, and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) Performance Contingent Restricted Stock Units

The Company previously reported in its Form 8-K filed April 26, 2007, that the Board of Directors approved the award of performance contingent restricted stock units under the 2005 Stock and Cash Incentive Plan. The award of the performance contingent restricted stock units provides participants with the opportunity to receive common shares of the Company if Company's return on average invested capital ("ROAIC") during a three-year performance period is equal to or exceeds the Company's estimated cost of capital as defined in the Award. The initial performance period will be 33 months from April 2007 through December 2009. Future 3-year performance periods will run from January 1 of the first year in the cycle. If the performance goal is met, restricted stock units would vest on January 31 (or the first business day following if on a weekend day or holiday) following the end of the performance period, not cliff vest three years from the grant date as previously reported. Failure to meet the performance goal would result in forfeiture of shares. The award of performance contingent restricted stock units would apply to certain employees of the Company including the officers of the Company. The Company previously disclosed in its Form 8-K dated April 26, 2007, the grants to officers on April 25, 2007, and other authorized changes to the vesting of stock options and SARS. A copy of the Notification of Award of Performance Contingent Restricted Stock Units under Ball Corporation's 2005 Stock and Cash Incentive Plan for certain employees located in the United States is attached hereto as Exhibit 10.1. A copy of the Notification of Award of Performance Contingent Restricted Stock Units under Ball Corporation's 2005 Stock and Cash Incentive Plan for certain employees located outside the United States is attached hereto as Exhibit 10.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following are furnished as exhibits to this report:

Exhibit 10.1 Notification of Award of Performance Contingent Restricted Stock Units under Ball Corporation's 2005 Stock and Cash Incentive Plan for certain employees located in the United States.

Exhibit 10.2 Notification of Award of Performance Contingent Restricted Stock Units under Ball Corporation's 2005 Stock and Cash Incentive Plan for certain employees located outside the United States.

Exhibit 99.1 Ball Corporation Press Release dated July 26, 2007.

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 hereunto duly authorized.

BALL CORPORATION
(Registrant)

By: /s/ Raymond J. Seabrook

Name: Raymond J. Seabrook

Title: Executive Vice President and
Chief Financial Officer

Date: July 26, 2007

Ball Corporation
Form 8-K
July 26, 2007

EXHIBIT INDEX

| Description | Exhibit |
|---|----------------|
| Notification of Award of Performance Contingent Restricted Stock Units under Ball Corporation's 2005 Stock and Cash Incentive Plan for certain employees located in the United States. | 10.1 |
| Notification of Award of Performance Contingent Restricted Stock Units under Ball Corporation's 2005 Stock and Cash Incentive Plan for certain employees located outside the United States. | 10.2 |
| Press Release dated July 26, 2007. | 99.1 |

Ball Corporation
Notification of Award of Performance Contingent Restricted Stock Units
Under Ball Corporation's 2005 Stock and Cash Incentive Plan

Ball Corporation ("Corporation") has awarded you, as of the effective date set forth below, Performance Contingent Restricted Stock Units issued pursuant to the Ball Corporation 2005 Stock and Cash Incentive Plan ("Plan"). The award of the Performance Contingent Restricted Stock Units provides you the opportunity to receive common shares in the future contingent upon the Corporation achieving a specified performance measure.

This award is subject to the specific terms and provisions contained in this Notification. However, the Plan and Prospectus set forth all other terms and conditions which control the Performance Contingent Restricted Stock Unit Award. To the extent any provision of this Notification conflicts with the express terms of the Plan, it is hereby stated that the terms of the Plan shall control and, if necessary, the provisions of this Notification shall be deemed amended so as to carry out the purpose and intent of the Plan.

Participant: []

Grant Effective Date:

Number of Performance Contingent Restricted Stock Units Awarded: []

Restriction Lapse Criteria and Schedule: If the Performance Measure is satisfied as set forth below, restrictions will lapse on 100% of the units on January 31 (or the first business day following if on a weekend or holiday). Upon lapse of the restrictions, the Participant will be issued Ball Corporation Common Stock. If the Performance Measure is not satisfied, the units will be forfeited.

Performance Measure: The Performance Measure for this Award is the Corporation's return on average invested capital ("ROAIC") over the applicable Performance Period as compared to the Corporation's cost of capital. The Performance Measure will be satisfied if during the performance period the Corporation's average ROAIC is equal to or exceeds the Corporation's estimated cost of capital.

Performance Period: The applicable performance period for this award is a 33 month period commencing at the beginning of the Corporation's 2007 second quarter and ending December 31, 2009.

Deferral Opportunity: The Performance Contingent Restricted Stock Units may be deferred into the Ball Corporation 2005 Deferred Compensation Company Stock Plan, or its successor, at the time of the lapse for issuance at a later date. The election to defer any scheduled lapse must be completed by a date specified by the Corporation.

Effect of Termination of Employment during the Performance Period:

· **Resignation/Termination:
(not considered early or normal retirement
as defined below):** Upon termination prior to the end of the Performance Period for any reason other than death or disability, the outstanding Performance Contingent Restricted Stock Units will be forfeited. If termination occurs after the end of the Performance Period for any reason other than death or disability, the restrictions on the outstanding Performance Contingent Restricted Stock Units will lapse on January 31 (or the first business day following if on a weekend or holiday), contingent on the achievement of the Performance Measure.

· **Early Retirement:** For purposes of this award, early retirement is defined as the termination of employment after attainment of age 55 or above and 15 years of service or age 60 or above and 10 years of service.

If this early retirement definition is satisfied, then upon termination for any reason other than death or disability and execution of an agreement not to compete as presented by the Corporation, the restrictions on the outstanding Performance Contingent Restricted Stock Units will lapse on January 31 (or the first business day following if on a weekend or holiday), contingent on the achievement of the Performance Measure.

If you terminate employment during the Performance Period and do not meet the age and service and agreement not-to-compete requirements above, the outstanding Performance Contingent Restricted Stock Units will be forfeited.

· **Normal Retirement at age 65:** Upon termination of employment at or after attainment of age 65 for any reason other than death or disability, the restrictions on the outstanding Performance Contingent Restricted Stock Units will lapse on January 31 (or the first business day following if on a weekend or holiday), contingent on the achievement of the Performance Measure.

· **Death:** In the event of your death, the restrictions on the outstanding Performance Contingent Restricted Stock Units will immediately lapse and the unrestricted common stock will be issued to the person or persons defined as your beneficiary(ies).

· **Disability:** In the event of your disability as defined in the Plan, the restrictions on the outstanding Performance Contingent Restricted Stock Units will immediately lapse and the unrestricted common stock will be issued to you.

Nontransferability: Your Performance Contingent Restricted Stock Units may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by beneficiary designation, will or by laws of descent or distribution.

Rights as a Shareholder:

You shall not have rights equivalent to those of a shareholder for outstanding Performance Contingent Restricted Stock Units. You will receive quarterly an amount equal to the quarterly dividends; however, you will not be able to vote the units at the annual meeting of shareholders.

No Right to Awards or to Employment:

No participant shall have any claim or right to be granted an Award in the future and the Award shall not be construed as giving the participant the right to continue in the employ of the Corporation.

Employee Withholding Tax Requirements for Current Employees or Employees that Terminate After the End of the Performance Period:

At the end of the Performance Period if it is determined that the Performance Measure was achieved, you will be required, prior to the January 31 (or the first business day following if on a weekend or holiday), lapse date, to elect the method in which you will meet the withholding tax obligation associated with the lapse of restrictions. You are required to remit payment of the taxes to the Corporation. Acceptable methods of payment of the tax obligation are:

- Check, wire transfer, or other acceptable negotiable instrument payable to Ball Corporation.
- Stock Unit retention by which the Corporation retains the number of units having a fair market value based on the closing price on the date restrictions lapse that equates to the amount of the tax obligation. Any fraction of a unit will not be utilized in this payment; therefore a small balance may remain, which shall be paid by you in the form of a check, wire transfer, or other acceptable negotiable instrument to Ball Corporation.
- Deliver to the Corporation the number of Ball Common Shares having a fair market value based on the closing price on the date restrictions lapse equal to the amount of the tax obligation.

If participant had previously elected to defer issuance of the award at lapse into the Ball Corporation 2005 Deferred Compensation Stock Plan, FICA taxes will be due to the Corporation immediately following the January 31 (or the first business day following if on a weekend or holiday), vest date.

Withholding Tax Requirements Units for Retired Employees that Met the Early and Normal Retirement Definition:

At the end of the performance period if it is determined that the Performance Measure was achieved, the common stock issued will be the award amount less the number of units which must be withheld to satisfy the applicable tax withholding requirements.

If participant had previously elected to defer issuance of the award at lapse into the Ball Corporation 2005 Deferred Compensation Stock Plan, FICA taxes will be due to the Corporation immediately following the January 31 (or the first business day following if on a weekend or holiday), vest date.

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This award is subject to the specific terms and provisions contained in this Notification. However, the Plan and Prospectus set forth all other terms and conditions which control the Performance Contingent Restricted Stock Unit Award. To the extent any provision of this Notification conflicts with the express terms of the Plan, it is hereby stated that the terms of the Plan shall control and, if necessary, the provisions of this Notification shall be deemed amended so as to carry out the purpose and intent of the Plan.

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Performance Measure:

The Performance Measure for this Award is the Corporation's return on average invested capital ("ROAIC") over the applicable Performance Period as compared to the Corporation's cost of capital. The Performance Measure will be satisfied if during the performance period the Corporation's average ROAIC is equal to or exceeds the Corporation's estimated cost of capital.

Performance Period:

The applicable performance period for this award is a 33 month period commencing at the beginning of the Corporation's 2007 second quarter and ending December 31, 2009.

Deferral Opportunity:

The Performance Contingent Restricted Stock Unit Award is not deferrable.

Effect of Termination of Employment during the Performance Period:

Resignation/Termination/ Retirement:

Upon termination prior to the end of the Performance Period for any reason other than death or disability, the outstanding Performance Contingent Restricted Stock Units will be forfeited. If termination occurs after the end of the Performance Period for any reason other than death or disability, the restrictions on the outstanding Performance Contingent Restricted Stock Units will lapse on January 31 (or the first business day following if on a weekend or holiday), contingent on the achievement of the Performance Measure.

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Your Performance Contingent Restricted Stock Units may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by beneficiary designation, will or by laws of descent or distribution.

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- Deliver to the Corporation the number of Ball Common Shares having a fair market value based on the closing price on the date restrictions lapse equal to the amount of the tax obligation.

Acknowledged and Accepted:

Signature: _____

Participant: _____

Address: _____

Date: _____



News Release

For Immediate Release

Investor Contact: Ann T. Scott
Media Contact: Scott McCarty

<http://www.ball.com>
303-460-3537, ascott@ball.com
303-460-2103, smccarty@ball.com

Ball Corporation Announces Second Quarter Results

BROOMFIELD, Colo., July 26, 2007—Ball Corporation [NYSE:BLL] today announced second quarter earnings of \$105.9 million, or \$1.03 per diluted share, on sales of \$2.03 billion, compared to \$129.8 million, or \$1.23 per diluted share, in 2006 when second quarter results included a \$45.2 million after-tax gain, or 43 cents per diluted share, for property insurance recovery from a fire in a manufacturing facility in Germany.

For the first six months of 2007, Ball's earnings were \$187.1 million, or \$1.81 per diluted share, on sales of \$3.73 billion. First half 2006 results, which included the property insurance gain, were earnings of \$174.2 million, or \$1.66 per diluted share, on sales of \$3.21 billion.

During the fourth quarter of 2006, Ball changed its method of inventory accounting for certain inventories from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. Results for 2006 have been adjusted to reflect the accounting change.

"Operating earnings for both the second quarter and the first half were up compared to a year ago," said R. David Hoover, chairman, president and chief executive officer. "Operating earnings in all business segments except plastic packaging, Americas, were ahead of last year through the first six months."

Metal Beverage Packaging, Americas

Earnings for the quarter in the metal beverage packaging, Americas, segment were \$82.6 million on sales of \$816.7 million. In 2006, second quarter earnings in the segment were \$67 million on sales of \$740.6 million. For the first six months, earnings in 2007 were \$176.4 million on sales of \$1.45 billion, compared to \$120.5 million on sales of \$1.33 billion in the first half of 2006.

"Sales volumes in the quarter and for the first six months were down slightly from 2006 levels, but earnings were up as we are realizing the benefits of our cost reduction efforts and the capital project to improve our end-making capabilities," Hoover said.

- more -

Ball Corporation

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Metal Beverage Packaging, Europe/Asia

Second quarter earnings in the metal beverage packaging, Europe/Asia, segment were \$92.6 million on sales of \$539.3 million, compared to \$141.6 million, including the \$74.1 million pre-tax property insurance gain, on sales of \$433.8 million a year ago. For the first six months, earnings were \$137.5 million on sales of \$924.3 million, compared to \$169.7 million, including the insurance gain, on sales of \$734.7 million in the first half of 2006.

“Sales volumes in the metal beverage packaging, Europe/Asia, segment were up more than nine percent over 2006 levels for the quarter and the first half of 2007,” Hoover said. “During the quarter we brought into full production the replacement capacity we installed following the April 1, 2006, fire at one of our plants in Germany. The replacement capacity will help us meet the anticipated strong demand for beverage cans in Europe in the third quarter of 2007. In addition, we plan to increase the capacity of our Hermsdorf, Germany, and Radomsko, Poland, plants by a total of a half billion cans in 2008, and to further increase capacity as demand warrants.”

Metal Food & Household Products Packaging, Americas

The metal food and household products packaging, Americas, segment second quarter results were earnings of \$11.1 million on sales of \$284 million, compared to \$4.8 million on sales of \$295.2 million in 2006. For the first half of 2007, segment earnings were \$10.9 million on sales of \$562.8 million, compared to \$5.8 million on sales of \$484.5 million in the first six months of 2006. The second quarter and first half earnings in 2006 included a \$0.4 million gain and \$1.7 million loss, respectively, related to restructuring activities.

“We are seeing progress in the metal food and household products packaging segment, in part due to the consolidation activities and the cost cutting measures we have put in place,” Hoover said. “After operating at a loss in the first quarter of 2007, we were profitable throughout the second quarter and are performing at an improved level as we enter the seasonally-strong third quarter.”

Plastic Packaging, Americas

Earnings in the plastic packaging, Americas, segment for the second quarter of 2007 were \$7.1 million on sales of \$198.7 million, compared to \$8.8 million on sales of \$197.5 million in 2006. For the first half of 2007, earnings were \$9.4 million on sales of \$385.3 million, compared to \$10.4 million on sales of \$319.9 million in the first six months of 2006.

“We continue to be pleased with the performance of the business we acquired in March 2006. Results from our PET bottle business, however, have been disappointing,” Hoover said. “Slow demand for certain higher-margin PET containers that we experienced in the first quarter continued into the second quarter.”

- more -

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Aerospace & Technologies

Earnings in the aerospace and technologies segment were \$15.6 million on sales of \$194.1 million during the second quarter of 2007, compared to \$8.3 million on sales of \$175.4 million in the same period a year ago. For the first half of 2007, segment earnings were \$35.2 million on sales of \$400.4 million, compared to \$17.8 million on sales of \$335.3 million in the first six months of 2006.

“The first half of 2007 was a record in terms of sales and earnings in our aerospace and technologies segment as the second quarter built on our exceptionally strong first quarter,” Hoover said. “The success of the Orbital Express mission during the second quarter demonstrated several of our unique capabilities and our ability to deliver in difficult space environments. Last week the NASA Goddard Space Flight Center awarded us the contract to build the Operational Land Imager for the eighth Landsat Data Continuity Mission. This contract, valued at more than \$120 million, will add to our backlog, which stood at \$753 million at the end of the quarter.”

Outlook

Raymond J. Seabrook, executive vice president and chief financial officer, said it now appears the company’s planned fourth quarter payment into its North American pension funds will be smaller than earlier anticipated.

“Because of good pension asset performance, we believe the amount needed to fund the North American pension plans to the 95 percent level will be in the range of \$45 million, or \$27 million after-tax, rather than the \$70 million we initially estimated,” Seabrook said.

“We have been focused on free cash flow, as can be seen from our results through the first half, and we now expect adjusted full-year free cash flow to be at least \$400 million,” Seabrook said. “The higher free cash flow estimate includes a forecast of \$300 million for capital spending, net of insurance recoveries. The increase in the capital spending estimate is related in part to 2008 capacity additions for Europe, where we are essentially sold out this year and next.”

“The first six months of 2007 were the best half-year in Ball Corporation’s 127-year history in terms of sales and earnings,” Hoover said. “In recent years our second half performance typically has been better than our first half, but this year we do not expect that will be the case, though our overall outlook remains positive.”

- more -

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“We will continue business integration activities to improve our metal food and household products packaging segment. We expect both the metal food and household products packaging and the plastic packaging segments to be much better in the second half,” Hoover said. “We have several beverage can growth opportunities internationally. Our aerospace and technologies segment has had a stellar first half of 2007, and the long-term outlook for that segment is positive.

“We are working hard on the opportunities and challenges in 2007, and when the year is over, we believe that it will be viewed as another excellent year for Ball Corporation,” Hoover said.

Ball Corporation is a supplier of high-quality metal and plastic packaging products for beverage, food and household customers, and of aerospace and other technologies and services, primarily for the U.S. government. Ball Corporation and its subsidiaries employ more than 15,500 people worldwide and reported 2006 sales of \$6.6 billion.

Conference Call Details

Ball Corporation will hold its regular quarterly conference call on the company’s results and performance today at 9 a.m. Mountain Time (11 a.m. Eastern). The North American toll-free number for the call is 800-205-6714. International callers should dial 415-908-4703. Please use the following URL for a Web cast of the live call: <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=115234&eventID=1589905>

For those unable to listen to the live call, a taped replay will be available about an hour after the live call’s conclusion until 11 a.m. on August 2, 2007. To access the replay, call 800-633-8284 (North American callers) or 402-977-9140 (international callers) and use reservation number 21342805.

A written transcript of the call will be posted within 48 hours of the call’s conclusion to Ball’s Web site at www.ball.com in the investors section under “presentations.”

Forward-Looking Statements

This release contains “forward-looking” statements concerning future events and financial performance. Words such as “expects,” “anticipates,” “estimates” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties which could cause actual results to differ materially from those expressed or implied. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Key risks and uncertainties are summarized in filings with the Securities and Exchange Commission, including Exhibit 99.2 in our Form 10-K, which are available at our Web site and at www.sec.gov. Factors that might affect our packaging segments include fluctuation in consumer and customer demand and preferences; availability and cost of raw materials, including recent significant increases in resin, steel, aluminum and energy costs, and the ability to pass such increases on to customers; competitive packaging availability, pricing and substitution; changes in climate and weather; crop yields; industry productive capacity and competitive activity; failure to achieve anticipated productivity improvements or production cost reductions, including those associated with our beverage can end project; the German mandatory deposit or other restrictive packaging laws; changes in major customer or supplier contracts or loss of a major customer or supplier; and changes in foreign exchange rates, tax rates and activities of foreign subsidiaries. Factors that might affect our aerospace segment include: funding, authorization, availability and returns of government and commercial contracts; and delays, extensions and technical uncertainties affecting segment contracts. Factors that might affect the company as a whole include those listed plus: accounting changes; successful or unsuccessful acquisitions, joint ventures or divestitures; integration of recently acquired businesses; regulatory action or laws including tax, environmental and workplace safety; governmental investigations; technological developments and innovations; goodwill impairment; antitrust, patent and other litigation; strikes; labor cost changes; rates of return projected and earned on assets of the company’s defined benefit retirement plans; pension changes; reduced cash flow; interest rates affecting our debt; and changes to unaudited results due to statutory audits or other effects.

12/07

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Ball Corporation

10 Longs Peak Drive · P.O. Box 5000 · Broomfield, CO 80021

Condensed Financials (June 2007)

Unaudited Statements of Consolidated Earnings

| (\$ in millions, except per share amounts) | Three months ended | | Six months ended | |
|---|--------------------|-----------------|------------------|-----------------|
| | July 1, 2007 | July 2, 2006 | July 1, 2007 | July 2, 2006 |
| Net sales (Note 2) | \$ 2,032.8 | \$ 1,842.5 | \$ 3,727.0 | \$ 3,207.4 |
| Costs and expenses | | | | |
| Cost of sales (excluding depreciation and amortization) | 1,682.6 | 1,554.8 | 3,076.9 | 2,711.5 |
| Business consolidation (gains) costs (Note 4) | - | (0.4) | - | 1.7 |
| Depreciation and amortization | 69.9 | 64.9 | 134.9 | 119.5 |
| Selling, general and administrative | 87.3 | 73.5 | 169.5 | 143.8 |
| Property insurance gain (Note 4) | - | (74.1) | - | (74.1) |
| | 1,839.8 | 1,618.7 | 3,381.3 | 2,902.4 |
| Earnings before interest and taxes (Note 2) | 193.0 | 223.8 | 345.7 | 305.0 |
| Interest expense | (38.1) | (37.6) | (76.0) | (60.9) |
| Tax provision | (52.3) | (61.1) | (89.0) | (77.6) |
| Minority interests | (0.1) | (0.2) | (0.2) | (0.4) |
| Equity in results of affiliates | 3.4 | 4.9 | 6.6 | 8.1 |
| Net earnings | \$ 105.9 | \$ 129.8 | \$ 187.1 | \$ 174.2 |
| Earnings per share (Note 4): | | | | |
| Basic | \$ 1.04 | \$ 1.25 | \$ 1.84 | \$ 1.68 |
| Diluted | \$ 1.03 | \$ 1.23 | \$ 1.81 | \$ 1.66 |
| Weighted average shares outstanding (000s): | | | | |
| Basic | 101,542 | 103,655 | 101,826 | 103,449 |
| Diluted | 103,165 | 105,205 | 103,374 | 105,133 |

Condensed Financials (June 2007)

Unaudited Statements of Consolidated Cash Flows

| (\$ in millions) | Three months ended | | Six months ended | |
|---|--------------------|----------------|------------------|----------------|
| | July 1, 2007 | July 2, 2006 | July 1, 2007 | July 2, 2006 |
| Cash Flows From Operating Activities: | | | | |
| Net earnings | \$ 105.9 | \$ 129.8 | \$ 187.1 | \$ 174.2 |
| Depreciation and amortization | 69.9 | 64.9 | 134.9 | 119.5 |
| Property insurance gain (Note 4) | - | (74.1) | - | (74.1) |
| Business consolidation (gains) costs (Note 4) | - | (0.4) | - | 1.7 |
| Income taxes | 29.1 | 17.3 | 48.3 | 7.0 |
| Pension funding and expense, net | (6.4) | (6.9) | (2.4) | (1.4) |
| Other changes in working capital | 142.2 | (29.4) | (139.1) | (289.6) |
| Other | 18.1 | 4.4 | 22.3 | (3.5) |
| | 358.8 | 105.6 | 251.1 | (66.2) |
| Cash Flows From Investing Activities: | | | | |
| Additions to property, plant and equipment | (78.2) | (63.1) | (166.3) | (127.5) |
| Acquisitions (Note 3) | - | (17.5) | - | (785.4) |
| Property insurance proceeds (Note 4) | - | 32.4 | 48.6 | 32.4 |
| Other | (1.7) | 7.1 | 0.7 | 8.6 |
| | (79.9) | (41.1) | (117.0) | (871.9) |
| Cash Flows From Financing Activities: | | | | |
| Net change in borrowings | (224.8) | (44.6) | (85.6) | 985.0 |
| Dividends | (10.2) | (10.5) | (20.4) | (20.7) |
| Purchase of common stock, net | (7.8) | (4.7) | (95.3) | (31.5) |
| Other | 3.7 | 0.4 | 6.7 | (4.0) |
| | (239.1) | (59.4) | (194.6) | 928.8 |
| Effect of exchange rate changes on cash | 0.9 | 0.5 | 0.9 | 0.8 |
| Change in cash | 40.7 | 5.6 | (59.6) | (8.5) |
| Cash—beginning of period | 51.2 | 46.9 | 151.5 | 61.0 |
| Cash—end of period | \$ 91.9 | \$ 52.5 | \$ 91.9 | \$ 52.5 |

Condensed Financials (June 2007)

Unaudited Consolidated Balance Sheets

| <i>(\$ in millions)</i> | <u>July 1, 2007</u> | <u>July 2, 2006</u> |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 91.9 | \$ 52.5 |
| Receivables, net | 772.4 | 770.7 |
| Inventories, net | 898.8 | 854.7 |
| Deferred taxes and other current assets | 93.4 | 129.6 |
| Total current assets | <u>1,856.5</u> | <u>1,807.5</u> |
| Property, plant and equipment, net | 1,913.8 | 1,831.4 |
| Goodwill | 1,783.8 | 1,710.0 |
| Other assets | 371.0 | 518.9 |
| Total assets | <u>\$ 5,925.1</u> | <u>\$ 5,867.8</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Short-term debt and current portion of long-term debt | \$ 162.1 | \$ 133.9 |
| Payables and accrued liabilities | 1,173.4 | 1,206.6 |
| Total current liabilities | <u>1,335.5</u> | <u>1,340.5</u> |
| Long-term debt | 2,233.0 | 2,513.0 |
| Other liabilities and minority interests | 1,011.0 | 949.0 |
| Shareholders' equity | 1,345.6 | 1,065.3 |
| Total liabilities and shareholders' equity | <u>\$ 5,925.1</u> | <u>\$ 5,867.8</u> |

Notes to Condensed Financials (June 2007)

1. Accounting Policy Change

In the fourth quarter of 2006, management changed the method of inventory accounting for the majority of the inventories in the metal beverage packaging, Americas, and metal food and household products packaging, Americas, segments from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. The FIFO method of inventory accounting better matches revenues and expenses in accordance with sales contract payment terms. The six months ended July 2, 2006, have been retrospectively adjusted on a FIFO basis in accordance with Statement of Financial Standards No. 154.

2. Business Segment Information

| (\$ in millions) | Three months ended | | Six months ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | July 1, 2007 | July 2, 2006 | July 1, 2007 | July 2, 2006 |
| Sales— | | | | |
| Metal beverage packaging, Americas | \$ 816.7 | \$ 740.6 | \$ 1,454.2 | \$ 1,333.0 |
| Metal beverage packaging, Europe/Asia | 539.3 | 433.8 | 924.3 | 734.7 |
| Metal food & household products packaging, Americas (Note 3) | 284.0 | 295.2 | 562.8 | 484.5 |
| Plastic packaging, Americas (Note 3) | 198.7 | 197.5 | 385.3 | 319.9 |
| Aerospace & technologies | 194.1 | 175.4 | 400.4 | 335.3 |
| Consolidated net sales | \$ 2,032.8 | \$ 1,842.5 | \$ 3,727.0 | \$ 3,207.4 |
| Earnings before interest and taxes (A)— | | | | |
| Metal beverage packaging, Americas | \$ 82.6 | \$ 67.0 | \$ 176.4 | \$ 120.5 |
| Metal beverage packaging, Europe/Asia | 92.6 | 67.5 | 137.5 | 95.6 |
| Property insurance gain (Note 4) | - | 74.1 | - | 74.1 |
| Total metal beverage packaging, Europe/Asia | 92.6 | 141.6 | 137.5 | 169.7 |
| Metal food & household products packaging, Americas (Note 3) | 11.1 | 4.4 | 10.9 | 7.5 |
| Business consolidation costs (Note 4) | - | 0.4 | - | (1.7) |
| Total metal food & household products packaging, Americas | 11.1 | 4.8 | 10.9 | 5.8 |
| Plastic packaging, Americas (Note 3) | 7.1 | 8.8 | 9.4 | 10.4 |
| Aerospace & technologies | 15.6 | 8.3 | 35.2 | 17.8 |
| Segment earnings before interest and taxes | 209.0 | 230.5 | 369.4 | 324.2 |
| Undistributed corporate costs | (16.0) | (6.7) | (23.7) | (19.2) |
| Earnings before interest and taxes | \$ 193.0 | \$ 223.8 | \$ 345.7 | \$ 305.0 |

(A) Amounts in 2006 were retrospectively adjusted for: (1) change in inventory accounting method from LIFO to FIFO (see Note 1), (2) the allocation of stock-based compensation expense to the packaging segments and (3) the transfer of a plastic pail product line from the metal food and household products packaging, Americas, segment to the plastic packaging, Americas, segment (which occurred as of January 1, 2007).

Notes to Condensed Financials (June 2007)

3. Acquisitions

On March 27, 2006, Ball Corporation acquired all the issued and outstanding shares of U.S. Can Corporation and on March 28, 2006, the company acquired certain plastic container net assets from Alcan Packaging. The results of the acquisitions were not significant to Ball's consolidated net sales or net earnings in the first quarter 2006.

4. Business Consolidation Activities and Property Insurance Gain

In April 2006 a fire in our metal beverage can plant in Hassloch, Germany, damaged a significant portion of the building and machinery and equipment. After review and confirmation from the insurance carrier, a \$74.1 million property insurance gain (\$45.2 million after tax) was recorded in the second quarter of 2006. The related accounting gain is the result of asset replacement costs being higher than the asset book values at the time of the fire. Property insurance proceeds of \$48.6 million and \$32.4 million were received in the first quarter of 2007 and the second quarter of 2006, respectively. During the second quarter of 2007, we brought into full production the replacement capacity we installed after the fire.

In the second quarter of 2006, earning of \$0.4 million (\$0.2 million after tax) were recorded to reflect the recovery of amounts previously expensed in a 2005 business consolidation charge.

In the first quarter of 2006, a \$2.1 million charge (\$1.4 million after tax) was recorded in the metal food and household products packaging, Americas, segment to shut down a food can line in a Canadian plant and to reflect the recovery of business consolidation costs expensed in 2005. The charge was reduced during the fourth quarter of 2006 by \$0.7 million (\$0.5 million after tax) to reflect the net proceeds on the disposition of the plant's fixed assets.

A summary of the effects of the above transactions on after-tax earnings follows:

| | Three months ended | | Six months ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | July 1, 2007 | July 2, 2006 | July 1, 2007 | July 2, 2006 |
| <i>(\$ in millions, except per share amounts)</i> | | | | |
| Net earnings as reported | \$ 105.9 | \$ 129.8 | \$ 187.1 | \$ 174.2 |
| Insurance gain, net of tax | - | (45.2) | - | (45.2) |
| Business consolidation (gains) costs, net of tax | - | (0.2) | - | 1.2 |
| Net earnings before the above items | \$ 105.9 | \$ 84.4 | \$ 187.1 | \$ 130.2 |
| <i>Per diluted share before the above items</i> | <i>\$ 1.03</i> | <i>\$ 0.80</i> | <i>\$ 1.81</i> | <i>\$ 1.24</i> |

Ball's management segregates the above items to evaluate the company's performance of current operations. The above is presented on a non-U.S. GAAP basis and should be considered in connection with the unaudited statements of consolidated earnings. Non-U.S. GAAP measures should not be considered in isolation.
