UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K

( X ) ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1996

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________________ to ________________
Commission File Number 1-7349
Ball Corporation
State of Indiana 35-0160610

345 South High Street, P.O. Box 2407
Muncie, Indiana 47307-0407
Registrant's telephone number, including area code: (765) 747-6100

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

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

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

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

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

The aggregate market value of voting stock held by non-affiliates of the registrant was $755.2 million based upon the closing market price on March 3, 1997 (excluding Series B ESOP Convertible Preferred Stock of the registrant, which series is not publicly traded and which has an aggregate liquidation preference of $61.7 million).

Number of shares outstanding as of the latest practicable date.

| Class | Outstanding at March 3, 1997 |
|---|---|
| Common Stock, without par value | 30,547,685 |

DOCUMENTS INCORPORATED BY REFERENCE

1. Annual Report to Shareholders for the year ended December 31, 1996, to the extent indicated in Parts I, II, and IV. Except as to information specifically incorporated, the 1996 Annual Report to Shareholders is not to be deemed filed as part of this Form 10-K Annual Report.

2. Proxy statement filed with the Commission dated March 17, 1997, to the extent indicated in Part III.

## PART I

### Item 1. Business

Ball Corporation is an Indiana corporation organized in 1880 and incorporated in 1922. Its principal executive offices are located at 345 South High Street, Muncie, Indiana 47305-2326. The terms "Ball" and the "Company" as used herein refer to Ball Corporation and its consolidated subsidiaries.

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

The following sections of the 1996 Annual Report to Shareholders contain financial and other information concerning Company business developments and operations, and are incorporated herein by reference: the notes to the financial statements "Discontinued Operations," "Business Segment Information," "Dispositions and Other," "1997 Acquisition," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

## Recent Business Developments

The Company took a number of actions during 1996 which have affected the core business. The most significant of these actions are summarized briefly below. Further information regarding these actions are found in the notes to the financial statements "Discontinued Operations," "1997 Acquisition," "Dispositions and Other" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" all within the 1996 Annual Report to Shareholders.

### Ball-Foster Glass Container Co., L.L.C.

The Company sold its 42 percent interest in Ball-Foster Glass Container Co., L.L.C. (Ball-Foster) in 1996. Ball-Foster was formed in 1995 from the glass businesses acquired from Ball and Foster-Forbes. As a result of these transactions, the Company no longer participates in the manufacture or sale of glass containers.

### Plastic Packaging

In 1994 the Company announced that it would enter the PET (polyethylene terephthalate) plastic container market. By year end 1996, in addition to the pilot line and research and development center completed in 1995, three plants were operational and two additional facilities were under construction. Consolidated results include losses from this start-up operation of $17.4 million and $7.8 million for 1996 and 1995, respectively.

### FTB Packaging

Through a series of investments, Ball increased its equity ownership in FTB Packaging, Limited (FTB Packaging), its Hong Kong-based metal packaging subsidiary, to approximately 95 percent by year end 1996. FTB Packaging has been included on a consolidated basis within the packaging segment effective January 1995. Further expansion of the Company's investments into the People's Republic of China (PRC) has been effected through FTB Packaging and includes the construction of two metal beverage container facilities and a metal food container facility and the 1997 acquisition of a controlling interest in M.C. Packaging (Hong Kong) Limited (M.C. Packaging).

### EarthWatch

In 1994 the Company and WorldView, Inc. formed what is now EarthWatch Incorporated (EarthWatch) to commercialize certain proprietary technologies by serving the market for satellite-based remote sensing of the Earth. The Company invested approximately $21 million in EarthWatch through December 31, 1995. EarthWatch has experienced extended product development and deployment delays and is expected to incur significant product development losses into the future, exceeding Ball's investment. Ball has no commitments to provide further equity or debt financing to EarthWatch beyond its investment to date. EarthWatch indicates that it will seek further significant development stage financing during 1997. Although Ball is currently a 49 percent equity owner of EarthWatch and has contracted to design, and may elect to produce, satellites for that company in the future, the remaining carrying value of the investment was written off.

### Other

Within the Company's North American metal packaging business over the last three years, operations were consolidated to reduce costs by closing or selling five food container manufacturing and related facilities, writing down certain non-productive equipment to net realizable value and discontinuing the manufacture of metal beverage containers at one facility in Canada. In addition, the Company sold its U.S. aerosol can manufacturing business during the fourth quarter of 1996.

## Other Information Pertaining to the Business of the Company

The Company's continuing businesses are comprised of two segments: packaging, and aerospace and technologies.

### Packaging Segment

Ball's principal business is the development, manufacture and sale of rigid packaging products, containers and materials primarily for use in packaging food and beverage products and is reported within the packaging segment. Packaging products are sold in highly competitive markets, primarily based on price, service, quality and performance. The majority of the Company's packaging sales are made directly to a relatively few major companies having leading market positions in packaged food and beverage businesses. Ball believes that its competitors exhibit similar customer concentrations.

The rigid packaging business is capital intensive, requiring significant investments in machinery and equipment. Profitability is sensitive to production volumes, the costs of certain significant raw materials, such as aluminum, steel and plastic resin, and labor.

Raw materials used by the Company's packaging businesses are generally available from several sources. Ball has secured what it considers to be adequate supplies of raw materials and is not experiencing any shortage. The Company's manufacturing facilities are dependent, in varying degrees, upon the availability of process energy, such as natural gas and electricity. While certain of these energy sources may become increasingly in short supply, or subject to government allocation or excise taxes, the Company cannot predict the effects, if any, of such occurrences on its future operations.

Research and development efforts in these businesses generally seek to improve manufacturing efficiencies and lower unit costs, principally raw material costs, by reducing the material content of containers while improving or maintaining other physical properties such as material strength. In addition, research and development efforts are directed towards the development of new sizes and types of both metal and plastic beverage containers such as the patented Touch TopTM metal beverage container easy-open end. In addition, Ball is focusing on the further development of heat-set technology for plastic containers.

The operations and products within this segment are discussed below:

Metal Packaging

Metal packaging is comprised primarily of two product lines: two-piece beverage containers and two and three-piece food containers. Dominance of these containers in both the food and beverage markets and high recycling rates contribute to the metal container's significant market share. However, plastic containers, primarily PET, have made recent gains against metal beverage containers in the soft drink market. Current industry forecasts indicate that this growth will continue such that PET containers' market share of packaged soft drinks may exceed metal beverage containers by the year 2000.

North American Metal Beverage Containers

Metal beverage containers and ends represent Ball's largest product line, accounting for approximately 54 percent of 1996 consolidated net sales. Decorated two-piece aluminum beverage cans are produced by seven manufacturing facilities in the U.S. and two facilities in Canada; ends are produced within two of the U.S. facilities.

Metal beverage containers are sold primarily to brewers and fillers of carbonated soft drinks and other beverages under long-term supply or annual contracts. Sales to the Company's largest customer, Anheuser-Busch Companies, Inc., accounted for approximately 11 percent of consolidated 1996 sales. Combined North American metal beverage sales to all bottlers of Pepsi-Cola and Coca-Cola branded beverages comprised approximately 34 percent of consolidated 1996 sales. Sales volume of metal beverage cans and ends tends to be highest during the period between April and September.

The Company estimates that 17 percent of the total aluminum beverage cans shipped in the U.S. and Canada in 1996 were shipped by Ball. The Company estimates that its four larger competitors together represent approximately 80 percent of estimated 1996 total industry shipments for the U.S. and Canada.

The U.S. metal beverage container industry had experienced steady demand growth at a compounded annual rate of approximately 2.9 percent over the last decade, with much of that growth in the soft drink market segment. However, in 1995 aluminum suppliers changed the pricing formula for aluminum can sheet to a price based on ingot plus conversion costs, in contrast to the prior practice of annually negotiated prices. As a result, the cost of aluminum can sheet increased significantly and was reflected in higher beverage can selling prices. It is believed that the soft drink industry responded by reducing its promotions of products packaged in aluminum containers in 1995, and, coupled with increased customer purchases in the fourth quarter of 1994 in anticipation of the higher can prices, resulted in lower can shipments for the industry by an estimated 5 percent. Shipments to the beer industry were also affected by the price increase, the accelerated shipments in 1994, and the predominant use of glass containers for introduction of new products. In 1996, industry-wide shipments increased approximately one percent.

In Canada, metal beverage containers have captured significantly lower percentages of the packaged beverage market than in the U.S., particularly in the packaged beer market, in which the market share of metal containers has been hindered by trade barriers and restrictive taxes within Canada.

Beverage container industry production capacity in the U.S. and Canada has exceeded demand in the last several years, which has created a competitive pricing environment. While higher aluminum can sheet costs were largely passed through to customers via higher container pricing, it appears that pricing will continue to be a major competitive factor.

North American Metal Food Containers

Two-piece and three-piece steel food containers are manufactured in the U.S. and

Canada and sold primarily to food processors in the Midwestern United States and Canada. In 1996 metal food container sales comprised approximately 23 percent of consolidated net sales. Sales volume of metal food containers tends to be highest from June through October as a result of seasonal vegetable packs.

Recent consolidations within the commercial food container industry have reduced the number of competitors. Currently, Ball has one principal competitor located in Canada and two primary competitors located in the U.S. metal food container market. Approximately 33 billion steel food cans are shipped in the U.S. and Canada each year, more than 4.5 billion, or approximately 14 percent, by Ball in 1996.

In the food container industry, manufacturing capacity in North America significantly exceeds market demand, resulting in a highly price-competitive market. During 1996, Ball completed the closure of three facilities, a facility in Pittsburgh, Pennsylvania, which provided metal coating and slitting services to the metal food and specialty products businesses, and food can manufacturing facilities in Columbus, Indiana and Red Deer, Alberta, Canada.

International

The Company, through its majority-owned subsidiary FTB Packaging, and including the controlling interest in M.C. Packaging, is the largest beverage can manufacturer in the PRC, supplying more than half of the beverage cans used in China. The Beijing manufacturing facility, which is majority owned by FTB Packaging, is the most technologically advanced plant in the PRC with the fastest line-speed capacity. The Company's joint venture Sanshui Jianlibao FTB Packaging Ltd. (Sanshui) is the largest can manufacturing facility in the PRC in terms of production capacity. Capacity within the PRC has been growing at greater than 20 percent annually. However, as per capita consumption in the PRC is significantly lower than in more developed countries and per capita income in China is rising, there is significant potential for strong demand growth.

Metal beverage containers are produced in China by FTB Packaging's majority-owned subsidiaries in Xian and Zhuhai; ends are produced at both Zhuhai and Sanshui. Two new beverage container facilities in Beijing and Wuhan in which FTB Packaging is the majority owner became operational . In addition, a new joint venture company majority-owned by FTB Packaging, Ningbo FTB Can Company Ltd., began trial production of three-piece food cans during 1996.

As part of Ball's initiative to expand its presence internationally, in early 1997 the Company, through FTB Packaging, acquired a controlling interest in M.C. Packaging. M.C. Packaging operates 13 ventures, with one wholly owned subsidiary in Hong Kong, eight majority-owned subsidiaries in the PRC and four minority-owned ventures in the PRC. M.C. Packaging produces two-piece aluminum beverage containers, three-piece steel food containers, aerosol cans, plastic packaging, metal crowns and printed and coated metal.

The Company provides manufacturing technology and assistance to numerous can manufacturers around the world. The Company also has a minority equity position in a new joint venture, in which the Company constructed the first two-piece beverage can manufacturing plant in the Philippines. In 1995, the Company announced the formation of a new joint venture with BBM Participacoes S.A. to produce two-piece aluminum cans and ends in Brazil. The Company and BBM Participacoes S.A. each own 50 percent of this venture. In early 1996, the Company announced a joint venture with Standard Can Company of Bangkok, Thailand, to build a two-piece can and end plant in Thailand. Ball and Standard Can each own 40 percent; the remaining interest is held by local investors. The affiliate in Brazil has a plant which became operational in early 1997, and Ball's Thailand affiliate has a plant which expects to be operational during the second quarter of 1997.

Plastic Packaging

PET packaging is Ball's newest business. A full-scale pilot line, research and development center in Smyrna, Georgia, was completed in 1995. During 1996 three multi-line production plants became operational in Chino, California; Baldwinsville, New York; and Reading, Pennsylvania. A fourth facility began full production in the first quarter of 1997 in Ames, Iowa. A fifth plant in Delran, New Jersey is under construction and is anticipated to begin operations in the second half of 1997.

Demand for containers made of PET has increased in the beverage packaging market and is expected to increase in the food packaging market with improved technology and adequate supplies of PET resin. While PET plastic beverage containers compete against both metal and glass, the historical increase in the PET market share has come primarily at the expense of glass containers. In 1994 the domestic plastic container market reached $5.5 billion, surpassing the size of the glass container market for the first time. Projections for the year 2000 (based on estimated pounds of resin used) range from an increase of almost 55 percent to 90 percent compared to 1996.

Competition in this industry includes two national suppliers and several regional suppliers and self-manufacturers (primarily Coca-Cola). Price, service and quality are deciding competitive factors. Increasingly, the ability to produce customized, differentiated plastic containers is an important competitive factor.

The demand for PET resins in North America has exceeded supply in the last few years. However, the North American PET resin market has recently experienced increased production levels resulting in capacity exceeding demand, a position which is expected to remain in the near future. As a result, resin prices have decreased significantly since the beginning of 1996 which has been reflected in lower sales, as lower resin prices are passed on to customers.

Ball has secured long-term customer supply agreements, principally for beverage containers. Other products such as juice, water, liquor and food containers are key elements in expanding the business.

Aerospace and Technologies Segment

The aerospace and technologies segment consists of two divisions: the Aerospace Systems Division, and the Telecommunication Products Division. Sales in the aerospace and technologies segment accounted for approximately 17 percent of consolidated net sales in 1996.

The majority of the Company's aerospace business involves work under relatively short-term contracts (generally one to five years) for the National Aeronautics and Space Administration (NASA), the U.S. Department of Defense (DoD) and foreign governments. Contracts funded by the various agencies of the federal government represented approximately 91 percent of this segment's sales in 1996. Overall, competition within the aerospace business is expected to intensify. While the government budget for defense and NASA has exhibited a downward trend in recent years, management believes the NASA budget has stabilized and that within the Company's niche markets defense spending will increase. With the consolidation of the industry, competition for business will remain intense.

Aerospace Systems Division

A full-service aerospace and defense organization, the Aerospace Systems Division provides hardware, software and services to a wide range of U.S. and international customers, with an emphasis on space science, environment and Earth sciences, defense, manned missions and exploration.

Space systems include the design, manufacture and test of satellites, ground systems, launch vehicles and payloads (including integration ) as well as satellite ground station control hardware and software.

Electro-optics products for spacecraft guidance, control instruments and sensors, and defense subsystems for surveillance, warning, target identification and attitude control in military and civilian space applications continue to be a niche market for the division.

Primary cryogenics products include cryogenic systems for reactant storage and sensor cooling devices such as closed-cycle mechanical refrigerators and open-cycle solid and liquid cryogens.

The division has gained prominence in the star trackers market as an industry leader in general-purpose stellar attitude sensors, producing a unique multi-mission, man-rated star tracker for the space shuttle. Fast-steering mirrors provide precise stabilization and pointing of optical lines of sight and offer potential commercial applications such as laser surgery and optical computing.

Additionally, this division provides diversified technical services and products to federal and local government agencies, prime contractors and commercial organizations for a broad range of information warfare, electronic warfare, avionics, intelligence, training and space systems problems. These same skills developed for defense and aerospace programs are now being applied to transportation and environmental markets.

Among the 1996 highlights was the delivery of the Ball-built Space Telescope Imaging Spectrograph and Near-infrared Camera and Multi-object Spectrometer for the Hubble Space Telescope's second servicing mission's February 1997 launch. Work progressed on the GEOSAT Follow-on operational radar altimeter satellite for its 1997 launch. The division was also awarded a contract to design and develop the cryogenic telescope assembly for NASA's Space Infrared Telescope Facility. Other major contracts include the Solar Array and Antenna Mechanism Lot 5, the Stratospheric Aerosol and Gas Experiment and the Advanced Camera for Surveys.

Telecommunication Products Division

This division develops and manufactures antenna, communication and video products and systems for space, aeronautical, land and marine applications for military and specialized civil markets.

Among the 1996 milestones was the unveiling of a new product line of color and monochrome cameras for inflight safety, security and entertainment applications aboard air transport, general aviation and military aircraft. A 10-year contract with the Boeing Commercial Airplane Group to outfit the 777-300's with cameras to provide pilots with views of the aircraft's main and nose landing gear was also signed, making the cameras standard equipment aboard every 777-300. The Telecommunication Products Division also supplied commercial secure satellite communication systems for Air Force One, the aircraft used by the President of the United States.

Backlog

Backlog of the aerospace and technologies segment was approximately $337 million at December 31, 1996, and $420 million at December 31, 1995, and consists of the aggregate contract value of firm orders excluding amounts previously recognized as revenue. The 1996 backlog includes approximately $260 million which is expected to be billed during 1997, with the remainder expected to be billed thereafter. Unfunded amounts included in backlog for certain firm government orders which are subject to annual funding were approximately $192 million at December 31, 1996. Year-to-year comparisons of backlog are not necessarily indicative of the trend of future operations.

The Company's aerospace and technologies segment has contracts with the U.S. Government which have standard termination provisions. The Government retains the right to terminate contracts at its convenience. However, if contracts are terminated, Ball is entitled to be reimbursed for allowable costs and profits to the date of termination relating to authorized work performed to such date. U.S. Government contracts are also subject to reduction or modification in the event of changes in Government requirements or budgetary constraints.

## Patents

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

## Research and Development

The note, "Research and Development," of the 1996 Annual Report to Shareholders contains information on Company research and development activity and is incorporated herein by reference.

## Environment

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

Legislation which would prohibit, tax or restrict the sale or use of certain types of containers, and would require diversion of solid wastes such as packaging materials from disposal in landfills, has been or may be introduced in the U.S. Congress and the Canadian Parliament, in state and Canadian provincial legislatures and other legislative bodies. While container legislation has been adopted in a few jurisdictions, similar legislation has been defeated in public referenda in several other states, in local elections and in many state and local legislative sessions. The Company anticipates that continuing efforts will be made to consider and adopt such legislation in many jurisdictions in the future. If such legislation was widely adopted, it could have a material adverse effect on the business of the Company, as well as on the container manufacturing industry generally, in view of the Company's substantial North American sales and investment in metal and PET container manufacture.

Aluminum, steel and PET containers are recyclable, and significant amounts of used containers are being recycled and diverted from the solid waste stream. Using the most recent data available, in 1995 approximately 62 percent of aluminum beverage containers sold in the U.S. were recycled. Steel can recycling in 1995, the latest information available, was approximately 56 percent. In 1995, the most recent data available, approximately 41 percent of the PET soft drink containers, and approximately 30 percent of all PET containers, sold in the U.S. were recycled.

## Employees

As of March 1997 Ball employed approximately 7,900 people.

## Item 2. Properties

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

The Corporate headquarters and certain research and engineering facilities are located in Muncie, Indiana. The offices for metal packaging operations are based in Westminster, Colorado. Also located in Westminster is the Edmund F. Ball Technical Center, which serves as a research and development facility primarily for the metal packaging operations. The offices, pilot line and research and development center for the plastic container business are located in Smyrna, Georgia. Information regarding the approximate size of the manufacturing facilities for significant packaging operations, which are owned by the Company, except where indicated otherwise, is provided below. In addition to the manufacturing facilities, Company leases warehousing space.

Ball Aerospace & Technologies Corp. offices are located in Broomfield, Colorado. The Colorado-based operations of this business operate from a variety of Company owned and leased facilities in Boulder, Broomfield and Westminster, Colorado, which together aggregate approximately 1,000,000 square feet of office, laboratory, research and development, engineering and test, and manufacturing space, including a leased research and development facility currently under construction in Broomfield. Other aerospace and technologies operations are based in Dayton, Ohio; Warner Robins, Georgia; Albuquerque, New Mexico; and San Diego, California.

| Plant Location | Approximate Floor Space in Square Feet |
|---|---|
| Metal packaging manufacturing facilities: | |
| Blytheville, Arkansas (leased) | 8,000 |
| Springdale, Arkansas | 290,000 |
| Richmond, British Columbia | 204,000 |
| Fairfield, California | 148,000 |
| Golden, Colorado | 330,000 |
| Tampa, Florida | 139,000 |
| Saratoga Springs, New York | 283,000 |
| Columbus, Ohio | 170,000 |
| Findlay, Ohio | 450,000 |
| Burlington, Ontario | 309,000 |
| Hamilton, Ontario | 347,000 |
| Whitby, Ontario | 195,000 |
| Baie d'Urfe, Quebec | 117,000 |
| Chestnut Hill, Tennessee | 70,000 |
| Conroe, Texas | 284,000 |
| Williamsburg, Virginia | 260,000 |
| Weirton, West Virginia (leased) | 117,000 |
| DeForest, Wisconsin | 45,000 |
| Plastic packaging manufacturing facilities: | |
| Chino, California (leased) | 228,000 |
| Ames, Iowa | 250,000 |
| Delran, New Jersey (leased) | 466,000 |
| Baldwinsville, New York (leased) | 240,000 |
| Reading, Pennsylvania (leased) | 69,000 |

In addition to the North American manufacturing facilities, Ball has ownership interest in over 20 packaging plants located in the PRC, Hong Kong, Brazil, Thailand, Taiwan and the Philippines.

## Item 3. Legal Proceedings

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

In March 1983, the Golden, Colorado, metal container plant of the Company received a notice from the U.S. EPA, Region VIII, requesting any and all records reflecting whether or not the Company had ever disposed of hazardous wastes in Section 6 of the Lowry Landfill in Denver, Colorado. In February 1985, it was suggested that the Company was a PRP for cleanup.

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

At this time, there are no Lowry Landfill actions in which the Company is actively involved. Based on the information available to the Company at the present time, the Company believes that this matter will not have a material adverse effect on the financial condition of the Company.

As previously reported, the EPA issued in August 1988, an administrative order to 12 companies, including the Company, pursuant to Section 106A of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), ordering them to remove certain abandoned drums and surface waste at the AERR CO site located in Jefferson County, Colorado. AERR CO, which used the site to recycle wastes, filed a petition with the United States Bankruptcy Court in Denver, Colorado, seeking protection from its creditors. Several of the companies, including the Company, are subject to the EPA's order, and have cleaned up the site. The companies negotiated with the EPA with regard to its demand for the payment of oversight costs. The companies and the EPA entered into a settlement agreement on or about January 24, 1994, pursuant to which this matter was settled by payment of $488,867.41 by the companies. The Company's portion of this payment was $28,594.82. The Company's information at this time does not indicate that this matter will have a material, adverse effect upon its financial condition. The Company now believes that this matter is closed.

As previously reported, on or about August 28, 1990, the Company received a notice from the Department of Environmental Resources, State of Pennsylvania ("DER"), that the Company may have been responsible for disposing of waste at the Industrial Solvents and Chemical Company site located in York County, Pennsylvania. The Company is cooperating with several hundred other companies and the DER to resolve this matter. In December 1993 the Company entered into a De Minimis Settlement Agreement with certain other companies who have agreed to indemnify the Company with respect to claims arising out of the alleged disposal of hazardous waste at the site in consideration of the Company paying an amount not to exceed $11,031.70 to the indemnifying companies. The Company has paid the indemnifying companies in accordance with their agreement. The Company believes this matter is now concluded as to the Company. The Company's information at this time does not indicate that this matter will have a material adverse impact on the financial condition of the Company.

As previously reported, the Company has been notified by Chrysler Corporation ("Chrysler") that Chrysler, Ford Motor Company, and General Motors Corporation have been named in a lawsuit filed in the U.S. District Court in Reno, Nevada, by Jerome Lemelson, alleging infringement of three of his vision inspection system patents used by defendants. One or more of the vision inspection systems used by the defendants may have been supplied by the Company's former Industrial Systems Division or its predecessors. The suit seeks injunctive relief and unspecified damages. Chrysler has notified the Company that the Division may have indemnification responsibilities to Chrysler. The Company has responded to Chrysler that it appears at this time that the systems sold to Chrysler by the Company either were not covered by the identified patents or were sold to Chrysler before the patents were issued. On June 16, 1995, the Magistrate of the U.S. District Court has declared the patents of Lemelson are unenforceable because of the long delays in prosecution. On April 11, 1996, the U.S. District Court Judge adopted the report and recommendation of the U.S. Magistrate. Based on that information, it is not expected that any obligation to Chrysler because of the patents referred to will have a material, adverse effect on the financial condition of the Company.

As previously reported, in September 1992 the Company, as a fourth-party defendant, was served with a lawsuit filed by AlliedSignal and certain other fourth-party plaintiffs seeking the recovery of certain response costs and contribution under CERCLA with respect to the alleged disposal by its Metal Decorating & Service Division of hazardous waste at the Cross Brothers Site in Kankakee, Illinois, during the years 1961 to 1980. Also in September 1992, the Company was sued by another defendant, Krueger Ringier, Inc. In October 1992 the Illinois Environmental Protection Agency filed an action to join the Company as a Defendant seeking to recover the State's costs in removing waste from the Cross Brothers Site. The Company has denied the allegations of the complaints and will defend these matters, but is unable at this time to predict the outcome of the litigation. The Company and certain other companies have entered into a Consent Decree with the EPA pursuant to which the EPA received approximately $2.9 million dollars and provided the companies with contribution protection and a covenant not to sue. Ball's share of the settlement amount was $858,493.60. The Company has been indemnified for the settlement payment by Alltrista Corporation which owns the Metal Decorating & Service Division. The Court approved the Consent Decree on April 28, 1994. The Company and certain other companies are negotiating with the State of Illinois to settle the State's alleged claim to recover costs expended in the cleanup of the Cross Brothers Site. Based upon the information available to the Company at this time, this matter is not likely to have a material, adverse effect upon its financial condition.

On October 12, 1992, the Company received notice that it may be a PRP for the cleanup of the Aqua-Tech Environmental site located in Greer, South Carolina. Following negotiations between the Company and the PRPs and the EPA to establish a de minimis buyout, the Company entered into a de minimis settlement with the EPA in the fall of 1995, wherein the Company paid $4,209.62 to the EPA and $14,088.34 to the PRP Group. Based upon the information available to the Company at this time, the Company believes that this matter is now concluded and will not have a material adverse effect on the financial condition of the Company.

As previously reported, on April 24, 1992, the Company was notified by the Muncie Race Track Steering Committee that the Company, through its former Consumer Products Division and former Zinc Products Division, may be a PRP with respect to waste disposed at the Muncie Race Track Site located in Delaware County, Indiana. The Steering Committee requested that the Company pay two percent of the cleanup costs which are estimated at this time to be $10 million. The Company declined to participate in the PRP group because the Company's records do not indicate the Company contributed hazardous waste to the site. Based upon the information available to the Company at this time, the Company does not believe that this matter will have a material, adverse effect upon the financial condition of the Company.

As previously reported, the Company was notified on June 19, 1989, that the EPA has designated the Company and numerous other companies as PRPs responsible for the cleanup of certain hazardous wastes that have been released at the Spectron, Inc., site located in Elkton, Maryland. In December 1989, the Company, along with other companies whose alleged hazardous waste contributions to the Spectron, Inc., site were considered to be de minimis, entered into a settlement agreement with the EPA for cleanup costs incurred in connection with the removal action of aboveground site areas. By a letter dated September 29, 1995, the Company, along with the other above described PRPs, were notified by EPA that it was negotiating with the large volume PRPs another consent order for performance of a site environmental study as a prerequisite to possible long-term remediation. EPA and the large-volume PRPs have stated that a second de minimis buyout for settlement of liability for performance of all environmental studies and site remediation is being formulated and an offer to participate therein has been made to the Company. Certain other PRPs have agreed with the EPA to perform a groundwater study of the site. The Company's information at this time does not indicate that this matter will have a material, adverse effect upon its financial condition.

As previously reported, the Company has received information that it has been named a PRP with respect to the Solvents Recovery Site located in Southington, Connecticut. According to the information received by the Company, it is alleged that the Company contributed approximately .08816 percent of the waste contributed to the site on a volumetric basis. The Company is attempting to identify additional information regarding this matter. The Company has responded and has investigated the accuracy of the total volume alleged to be attributable to the Company. The Company joined the PRP group during 1993. In February 1995, the Company executed a trust agreement whereby certain contributions will be made to fund the administration of an ongoing work group. The group members finalized an Administrative Order on Consent For Removal Action and Remedial Investigation/Feasibility Study on February 6, 1997, pursuant to which the group members will perform a removal action and completion of a remedial investigation and feasibility study in connection with the site. Based on the information available to the Company at this time, the Company now believes that this matter will not have a material, adverse effect on the financial condition of the Company.

As previously reported, on or about June 14, 1990, the El Monte plant of Ball-InCon Glass Packaging Corp., a then wholly owned subsidiary of the Company, (renamed Ball Glass Container Corporation ("Ball Glass") on June 6, 1994, the assets of which were contributed in September 1995 into a joint venture with Saint-Gobain, now known as Ball-Foster Glass Container Co., L.L.C., and wholly owned by Saint-Gobain), received a general notification letter and information request from EPA, Region IX, notifying Ball Glass that it may have a potential liability as defined in Section 107(a) of CERCLA with respect to the San Gabriel Valley areas 1-4 Superfund sites located in Los Angeles County, California. The EPA requested certain information from Ball Glass, and Ball Glass responded. The Company received notice from the City of El Monte that, pursuant to a proposed city economic redevelopment plan, the City proposed to commence groundwater cleanup by a pump and treat remediation process. A PRP group organized and drafted a PRP group agreement, which Ball Glass executed. The PRP group retained an environmental engineering firm to critique the EPA studies and any proposed remediation.

The PRP group completed negotiations with the EPA over the terms of the administrative consent order, statement of work for the remedial investigation phase of the cleanup, and the interim allocation arrangement between group members to fund the remedial investigation. The interim allocation approach would require that any payment will be based upon contribution to pollution. The administrative consent order was executed by the group and EPA. The EPA also accepted the statement of work for the remedial investigation phase of the cleanup. The group retained an environmental engineering consulting firm to perform the remedial investigation. As required under the administrative consent order, the group submitted to the EPA all copies of all environmental studies conducted at the plant, the majority of which had already been furnished to the State of California. The EPA approved the work plan, project management plan, and the data management plan portions of the PRP group's proposed remedial investigation/feasibility study ("RI/FS"). The group is currently funding the RI/FS.

Based on the information available to the Company at the present time, the Company is unable to express an opinion as to the actual exposure of the Company for this matter. However, Commercial Union, the Company's general liability insurer, is defending this governmental action and is paying the cost of defense including attorneys' fees.

As previously reported, on July 27, 1994, Onex Corporation ("Onex") initiated arbitration before the International Chamber of Commerce, alleging that the Company was in breach of a joint venture agreement dated September 15, 1988. Onex's demand represented a claim against the Company for approximately $30 million. The Company denied the allegations of Onex's complaint. On August 1, 1995, the Arbitral Tribunal decided the case in favor of the Company. The parties had previously agreed to be bound by the decision of the Tribunal. The Company believes that this matter is now concluded.

As previously reported, in March of 1992, William Hallahan, an employee of the Company's metal container plant in Saratoga Springs, New York, filed a workers' compensation claim alleging that he suffers from a form of leukemia that was caused by his exposure to certain chemicals used in the plant. The Company denied the charge and hearings on the matter were held before the Workers' Compensation Board of the State of New York. On January 14, 1997, the Administrative Law Judge filed his Memorandum of Decision finding in favor of the claimant. The Company has filed an appeal. Based upon the information available the Company at this time, the Company believes that this matter will not have a material, adverse effect on the financial condition of the Company.

On or about July 29, 1996, Somerset Technologies filed a third party complaint seeking contribution from the Company for any alleged damages that Somerset might be required to pay to William Hallahan. The third party complaint was served on the Company on November 22, 1996. Hallahan brought a suit against Somerset and numerous other manufacturers of solvents, coatings and equipment. Mr. Hallahan alleges in his complaint that the defendants caused his leukemia by exposing him to harmful toxins. Based upon information available to the Company at this time, the Company believes that this matter will not have a material, adverse effect on the financial condition of the Company.

On November 30, 1995, the U.S. Justice Department filed a lawsuit in the U.S. District Court for the Eastern District of Michigan on behalf of the United States of America against Erie Coatings and Chemicals, Inc., and certain other defendants including the Company. The lawsuit alleges that some thirty generators of hazardous waste, including the Company's metal beverage container operations, disposed of hazardous waste at the Erie Coatings and Chemicals, Inc., site located in Erie, Michigan. The Company continues to investigate this matter and to determine the nature and amount of remedial costs the government is seeking to recoup. The United States and the defendants are discussing settlement of this matter. The United States and the defendants have agreed to settle this matter for $900,000 plus interest. Based upon the information available to the Company at this time, the Company believes that this matter will not result in a material adverse effect on the financial condition of the Company.

On January 5, 1996, the Company was served with a lawsuit filed by an individual named Tangee E. Daniels, on behalf of herself and two minor children and four other plaintiffs, alleging that the Company's metal beverage container operations a/k/a Ball Corporation and over fifty other defendants disposed of certain hazardous waste at the hazardous waste disposal site operated by Gibraltar Chemical Resources, Inc., located in Winona, Smith County, Texas. The lawsuit also alleges that American Ecology Corp., America Ecology Management Corp., Mobley Environmental Services, Inc., John A. Mobley, James Mobley, Daniel Mobley, and Thomas Mobley were managers for Gibraltar and failed to appropriately manage the waste disposed of or treated at the Gibraltar site, resulting in release of hazardous substances into the environment. The plaintiffs allege that they have been denied the enjoyment of their property and have sustained personal and bodily injury and damages due to the release of hazardous waste and toxic substances into the environment caused by all the defendants. The plaintiffs allege numerous causes of action under state law and common law. Plaintiffs also seek to recover damages for past, present, and future medical treatment; mental and emotional anguish and trauma; loss of wages and earning capacity; and physical impairment, as well as punitive damages and prejudgment interest in unspecified amounts. Three other lawsuits have been filed against substantially the same defendants: Williams v. Akzo Nobel Chemicals, Inc., and Gibraltar Chemical Resources, Inc.; Steich v. Akzo et al. (voluntarily dismissed without prejudice); and Adams v. Akzo et al. Each lawsuit makes the same allegations that are made in the Daniel's suit and seeks the same damages. The Company is a party defendant in each lawsuit. The Company has denied the allegations of each complaint and intends to defend each matter. Based upon the limited information available to the Company at the present time, the Company is unable to express an opinion as to the actual exposure of the Company for these matters.

Item 4. Submission of Matters to Vote of Security Holders

There were no matters submitted to the security holders during the fourth quarter of 1996.

## Part II

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

Ball Corporation common stock (BLL) is traded on the New York, Chicago and Pacific Stock Exchanges. There were 8,312 common shareholders of record on March 3, 1997.

Other information required by Item 5 appears under the caption, "Quarterly Stock Prices and Dividends," in the 1996 Annual Report to Shareholders and is incorporated herein by reference.

Item 6. Selected Financial Data

The information required by Item 6 for the five years ended December 31, 1996, appearing in the section titled, "Five Year Review of Selected Financial Data," of the 1996 Annual Report to Shareholders is incorporated herein by reference.

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

"Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 1996 Annual Report to Shareholders is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements and notes thereto of the 1996 Annual Report to Shareholders, together with the report thereon of Price Waterhouse LLP, dated January 21, 1997, are incorporated herein by reference.

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

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

## Part III

Item 10. Directors and Executive Officers of the Registrant

The executive officers of the Company as of December 31, 1996 were as follows:

1. George A. Sissel, 60, Chairman, President and Chief Executive Officer, since April 1996; President and Chief Executive Officer, 1995-1996; Acting President and Chief Executive Officer, 1994-1995; Senior Vice President, Corporate Affairs; Corporate Secretary and General Counsel, 1993-1995; Senior Vice President, Corporate Secretary and General Counsel, 1987-1993; Vice President, Corporate Secretary and General Counsel, 1981-1987.

2. R. David Hoover, 51, Executive Vice President, Chief Financial Officer and Treasurer, since April 1996; Executive Vice President and Chief Financial Officer, 1995-1996; Senior Vice President and Chief Financial Officer, 1992-1995; Vice President and Treasurer, 1988-1992; Assistant Treasurer, 1987-1988; Vice President, Finance and Administration, Technical Products, 1985-1987; Vice President, Finance and Administration, Management Services Division, 1983-1985.

3. David B. Sheldon, 55, retired effective March 1997 as Executive Vice President, since December 1996; Executive Vice President, Packaging Operations, 1995-1996; Group Vice President; President, Metal Beverage Container Group; Group Vice President, Packaging Products, 1992-1993; Vice President and Group Executive, Sales and marketing, Packaging Products Group, 1988-1992; Vice President and Group Executive, Sales and Marketing, Metal Container Group, 1985-1988.

4. Duane E. Emerson, 59, Consultant to the Chairman, President and Chief Executive Officer, and not a corporate officer commencing February 1997, Senior Vice President and Chief Administrative Officer, 1995-1997; Senior

Vice President, Administration, 1985-1995; Vice President, Administration, 1980-1985.

5. Donovan B. Hicks, 59, retired effective December 1996 as Group Vice President; President and Chief Executive Officer, Ball Aerospace & Technologies Corp., since January 1988; Group Vice President, Technical Products, 1980-1988; President, Ball Brothers Research Corporation/Division, 1978-1980.

6. Richard E. Durbin, 55, Vice President, Information Services, since April 1985; Corporate Director, Information Services, 1983-1985; Corporate Director, Data Processing, 1981-1983.

7. Albert R. Schlesinger, 55, Vice President and Controller, since January 1987; Assistant Controller, 1976-1986.

8. Raymond J. Seabrook, 46, Vice President, Planning and Control, since April 1996; Vice President and Treasurer, 1992-1996; Senior Vice President and Chief Financial Officer, Ball Packaging Products Canada, Inc., 1988-1992.

9. Harold L. Sohn, 51, Vice President, Corporate Relations, since March 1993; Director, Industry Affairs, Packaging Products, 1988-1993.

10. David A. Westerlund, 46, Vice President, Administration, since January 1997; Vice President, Human Resources, 1994-1997; Senior Director, Corporate Human Resources, July 1994-December 1994; Vice President, Human Resources and Administration, Ball Glass Container Corporation, 1988-1994; Vice President, Human Resources, Ball Glass Container Corporation, 1987-1988.

Other information required by Item 10 appearing under the caption, "Director Nominees and Continuing Directors," on pages 3 through 5 and under the caption, "Section 16(a) Beneficial Ownership Reporting Compliance" on page 20 of the Company's proxy statement filed pursuant to Regulation 14A dated March 17, 1997, is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Item 11 appearing under the caption, "Executive Compensation," on pages 7 through 14 of the Company's proxy statement filed pursuant to Regulation 14A dated March 17, 1997, is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by Item 12 appearing under the caption, "Voting Securities and Principal Shareholders," on pages 1 and 2 of the Company's proxy statement filed pursuant to Regulation 14A dated March 17, 1997, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information required by Item 13 appearing under the caption, "Relationship with Independent Public Accountants and Certain Other Relationships and Related Transactions," on page 16 of the Company's proxy statement filed pursuant to Regulation 14A dated March 17, 1997, is incorporated herein by reference.

Part IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1) Financial Statements:

The following documents included in the 1996 Annual Report to Shareholders are incorporated by reference in Part II, Item 8:

Consolidated statement of income (loss) - Years ended December 31, 1996, 1995 and 1994

Consolidated balance sheet - December 31, 1996 and 1995

Consolidated statement of cash flows - Years ended December 31, 1996, 1995 and 1994

Consolidated statement of changes in shareholders' equity - Years ended December 31, 1996, 1995 and 1994

Notes to consolidated financial statements

Report of independent accountants

(2) Financial Statement Schedules:

There were no financial statement schedules required under this item.

(3) Exhibits:

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

(b) Reports on Form 8-K:

The registrant filed or amended reports on Form 8-K as follows:

A current report on Form 8-K filed October 16, 1996, reporting under (i) Item 2 the disposition of the Company's 42 percent indirect interest in Ball-Foster, and (ii) Item 5 an announcement to exit the aerosol can manufacturing business by selling Ball's Cincinnati manufacturing plant and certain other assets to BWAY Corporation of Atlanta.

A current report on Form 8-K filed on November 15, 1996, reporting under Item 5 an announcement that Ball had reached a definitive agreement with the Honickman Group of Philadelphia to acquire certain assets of Brunswick Corporation, a company which manufactures PET plastic bottles for use by Honickman's soft drink bottling companies.

A current report on Form 8-K filed on December 31, 1996, reporting under Item 5 a restatement of financial statements for exit of the commercial glass packaging business.

A current report on Form 8-K filed on January 17, 1997, reporting under Item 5 an announcement that Ball's Hong Kong subsidiary, FTB Packaging Limited, had completed the purchase of Lam Soon (Hong Kong) Limited's controlling interest in M.C. Packaging (Hong Kong) Limited on January 2, 1997.

A current report on Form 8-K filed on March 20, 1997, reporting under Item 5 an announcement that Ball completed an offering for the publicly held shares of M.C. Packaging Limited of Hong Kong.

SIGNATURES

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

BALL CORPORATION
(Registrant)

By: /s/George A. Sissel
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George A. Sissel, Chairman, President and Chief Executive Officer
March 31, 1997

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

(1) Principal Executive Officer:

| | |
|---|---|
| /s/George A. Sissel | Chairman, President and Chief Executive Officer |
| George A. Sissel | March 31, 1997 |

(2) Principal Financial Accounting Officer:

| | |
|---|---|
| /s/R. David Hoover | Executive Vice President, Chief Financial Officer and Treasurer |
| R. David Hoover | March 31, 1997 |

(3) Controller:

| | |
|---|---|
| /s/Albert R. Schlesinger | Vice President and Controller |
| Albert R. Schlesinger | March 31, 1997 |

(4) A Majority of the Board of Directors:

| | |
|---|---|
| /s/Frank A. Bracken | * Director |

| | | |
|---|---|---|
| Frank A. Bracken | | March 31, 1997 |
| /s/Howard M. Dean | * | Director |
| Howard M. Dean | | March 31, 1997 |
| /s/John T. Hackett | * | Director |
| John T. Hackett | | March 31, 1997 |
| /s/R. David Hoover | * | Director |
| R. David Hoover | | March 31, 1997 |
| /s/John F. Lehman | * | Director |
| John F. Lehman | | March 31, 1997 |
| /s/George McFadden | * | Director |
| George McFadden | | March 31, 1997 |
| /s/Ruel C. Mercure, Jr. | * | Director |
| Ruel C. Mercure, Jr. | | March 31, 1997 |
| /s/Jan Nicholson | * | Director |
| Jan Nicholson | | March 31, 1997 |
| /s/George A. Sissel | * | Chairman, President, Chief Executive Officer and Director |
| George A. Sissel | | March 31, 1997 |
| /s/William P. Stiritz | * | Director |
| William P. Stiritz | | March 31, 1997 |

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

By: /s/George A. Sissel
George A. Sissel
As Attorney-in-Fact
March 31, 1997

Ball Corporation and Subsidiaries
Annual Report on Form 10-K
For the year ended December 31, 1996

Index to Exhibits

| Exhibit Number | Description of Exhibit |
|---|---|
| 3.(i) | Amended Articles of Incorporation as of November 26, 1990 (filed by incorporation by reference to the Current Report on Form 8-K dated November 30, 1990) filed December 13, 1990. |
| 3.(ii) | Bylaws of Ball Corporation as amended January 25, 1994 (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1993) filed March 29, 1994. |
| 4.1 | Ball Corporation and its subsidiaries have no long-term debt instruments in which the total amount of securities authorized under any instrument exceeds 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. Ball Corporation hereby agrees to furnish a copy of any long-term debt instruments upon the request of the Commission. |
| 4.2 | Dividend distribution payable to shareholders of record on August 4, 2006, of one preferred stock purchase right for each outstanding share of common stock under the Rights Agreement dated as of July 24, 1996, between the Company and The First Chicago Trust Company of New York (filed by incorporation by |

reference to the Form 8-A Registration Statement, No. 1-7349, dated August 1, 1996, and filed August 2, 1996, and to the Company's Form 8-K Report dated February 13, 1996, and filed February 14, 1996).

| | |
|---|---|
| 10.1 | 1980 Stock Option and Stock Appreciation Rights Plan, as amended, 1983 Stock Option and Stock Appreciation Rights Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 2-82925) filed April 27, 1983. |
| 10.2 | Restricted Stock Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 2-61252) filed May 2, 1978. |
| 10.3 | 1988 Restricted Stock Plan and 1988 Stock Option and Stock Appreciation Rights Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 33-21506) filed April 27, 1988. |
| 10.4 | Ball Corporation Deferred Incentive Compensation Plan (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1987) filed March 25, 1988. |
| 10.5 | Ball Corporation 1986 Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.6 | Ball Corporation 1988 Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.7 | Ball Corporation 1989 Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.8 | Amended and Restated Form of Severance Benefit Agreement which exists between the Company and its executive officers, effective as of August 1, 1994 and as amended on January 24, 1996 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended March 31, 1996) filed May 15, 1996. |
| 10.9 | An agreement dated September 15, 1988, between Ball Corporation and Onex Corporation to form a joint venture company known as Ball-Onex Packaging Corp., since renamed Ball Packaging Products Canada, Inc. (filed by incorporation by reference to the Current Report on Form 8-K dated December 8, 1988) filed December 23, 1988. |
| 10.10 | Stock Purchase Agreement dated as of June 29, 1989, between Ball Corporation and Mellon Bank, N.A. (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 2, 1989) filed August 15, 1989. |
| 10.11 | Ball Corporation 1986 Deferred Compensation Plan for Directors, as amended October 27, 1987 (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1990) filed April 1, 1991. |
| 10.12 | 1991 Restricted Stock Plan for Nonemployee Directors of Ball Corporation (filed by incorporation by reference to the Form S-8 Registration Statement, No. 33-40199) filed April 26, 1991. |
| 10.13 | Agreement of Purchase and Sale, dated April 11, 1991, between Ball Corporation and the term lenders of Ball Packaging Products Canada, Inc., Citibank Canada, as Agent (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended March 31, 1991) filed May 15, 1991. |
| 10.14 | Ball Corporation Economic Value Added Incentive Compensation Plan dated January 1, 1994 (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1994) filed March 29, 1995. |

| Exhibit Number | Description of Exhibit |
|---|---|
| 10.15 | Agreement and Plan of Merger among Ball Corporation, Ball Sub Corp. and Heekin Can, Inc. dated as of December 1, 1992, and as amended as of December 28, 1992 (filed by incorporation by reference to the Registration Statement on Form S-4, No. |

33-58516) filed February 19, 1993.

| | |
|---|---|
| 10.16 | Distribution Agreement between Ball Corporation and Alltrista (filed by incorporation by reference to the Alltrista Corporation Form 8, Amendment No. 3 to Form 10, No. 0-21052, dated December 31, 1992) filed March 17, 1993. |
| 10.17 | 1993 Stock Option Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 33-61986) filed April 30, 1993. |
| 10.18 | Retirement Agreement dated June 17, 1994, between Delmont A. Davis and Ball Corporation (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.19 | Ball-InCon Glass Packaging Corp. Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.20 | Retention Agreement dated June 22, 1994, between Donovan B. Hicks and Ball Corporation (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.21 | Ball Corporation Supplemental Executive Retirement Plan (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994) filed November 15, 1994. |
| 10.22 | Ball Corporation Split Dollar Life Insurance Plan (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994) filed November 15, 1994. |
| 10.23 | Ball Corporation Long-Term Cash Incentive Plan, dated October 25, 1994, as amended October 23, 1996 (filed by incorporation by reference to the Quarterly Report on Form 10-K for the quarter ended September 29, 1996) filed November 13, 1996. |
| 10.24 | Asset Purchase Agreement dated June 26, 1995, among Foster Ball, L.L.C. (since renamed Ball-Foster Glass Container Co., L.L.C.), Ball Glass Container Corporation and Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K dated September 15, 1995) filed September 29, 1995. |
| 10.25 | Foster Ball, L.L.C. (since renamed Ball-Foster Glass Container Co., L.L.C.) Amended and Restated Limited Liability Company Agreement dated June 26, 1995, among Saint-Gobain Holdings I Corp., BG Holdings I, Inc. and BG Holdings II, Inc. (filed by incorporation by reference to the Current Report on Form 8-K dated September 15, 1995) filed September 29, 1995. |
| 10.26 | Part-Time Employment, Retirement and Consulting Services Agreement between Duane E. Emerson and Ball Corporation dated January 14, 1997. (Filed herewith.) |
| 10.27 | Agreement and General Release between David B. Sheldon and Ball Corporation dated February 7, 1997. (Filed herewith.) |
| 10.28 | Consulting Agreement between The Cygnus Enterprise Development Corp. (for which Donovan B. Hicks is managing partner) and Ball Corporation dated January 1, 1997. (Filed herewith.) |
| 11.1 | Statement re: Computation of Earnings Per Share. (Filed herewith.) |
| 13.1 | Ball Corporation 1996 Annual Report to Shareholders (The Annual Report to Shareholders, except for those portions thereof incorporated by reference, is furnished for the information of the Commission and is not to be deemed filed as part of this Form 10-K.) (Filed herewith.) |
| 18.1 | Letter re: Change in Accounting Principles. (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarterly period ended July 2, 1995) filed August 15, 1995. |
| 21.1 | List of Subsidiaries of Ball Corporation. (Filed herewith.) |
| 23.1 | Consent of Independent Accountants. (Filed herewith.) |
| 24.1 | Limited Power of Attorney. (Filed herewith.) |
| 27.1 | Financial Data Schedule for the year ended December 31, 1996. |

(Filed herewith.)

27.2 Restated Financial Data Schedule for the nine month period ended September 29, 1996. (Filed herewith.)

27.3 Restated Financial Data Schedule for the six month period ended June 30, 1996. (Filed herewith.)

99.1 Specimen Certificate of Common Stock (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1979) filed March 24, 1980.

99.2 Cautionary statement for purposes of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended. (Filed herewith.)

Exhibit 10.26

PART-TIME EMPLOYMENT, RETIREMENT
AND CONSULTING SERVICES
AGREEMENT

This Part-Time Employment, Retirement and Consulting Services Agreement ("Agreement") between Duane E. Emerson ("Emerson"), on the one hand, and Ball Corporation ("Ball"), on the other hand, is made with respect to the following facts.

A. Emerson is employed by Ball as Senior Vice President and Chief Administrative Officer, and has provided written notification to Ball of his intent to be employed on a part-time basis beginning February 1, 1997, and ending July 31, 1997, and to retire effective at the close of business on July 31, 1997.

B. Emerson and Ball have agreed to enter into this Agreement for the purpose of facilitating Emerson's part-time employment and subsequent retirement.

Based on the foregoing facts, and in exchange for the covenants contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged by Emerson, the parties hereto agree as follows:

1. Effective February 1, 1997, Emerson shall be employed on a part-time basis, approximately eighty (80) hours per month, as Consultant to the Chairman, President and Chief Executive Officer, and not as a corporate officer.

2. During the period February 1, 1997, and ending July 31, 1997 ("Part-Time Period"), Emerson will be employed to provide services in the area of executive compensation and to advise Ball management in areas related to his prior responsibilities as Senior Vice President and Chief Administrative Officer. During the Part-Time Period, Emerson's services will be provided on a schedule and in locations to be mutually agreed between Emerson and George A. Sissel, Chairman, President and Chief Executive Officer. Emerson's compensation for the Part-Time Period shall be Fourteen Thousand Three Hundred and Forty Dollars ($14,340.00) per month, to be paid on a biweekly basis. Emerson will not participate in Ball's EVA IC Plan on or after the commencement of the Part-Time Period.

3. During the Part-Time Period, Emerson will be an employee but not a corporate officer of Ball. However, Emerson will be considered to have retired as a corporate officer for all intents and purposes effective at the close of business on July 31, 1997, as outlined in the following.

4. Until December 31, 1997, Emerson shall be provided an appropriate office in Ball's headquarters building in Muncie, Indiana, and shall be entitled to such garage parking and automobile maintenance services as are provided to corporate officers. Emerson will also continue to have the use of the personal computer he is presently using as well as the facsimile machine in his home until December 31, 1997.

5. Effective at the close of business on July 31, 1997, Emerson's employment shall terminate and he shall retire from employment with Ball.

6. During the period beginning August 1, 1997, and ending December 31, 1997 ("Consulting Period"), Emerson will provide consulting services to Ball, its subsidiaries and joint venture companies. During the Consulting Period, Emerson agrees to provide as an independent contractor and not as an employee of Ball, consulting services not to exceed eighty (80) hours per month. Emerson's consulting services will be provided upon reasonable notice provided by George A. Sissel, Chairman, President and Chief Executive Officer. Emerson will be paid Fourteen Thousand Three Hundred and Forty Dollars ($14,340.00) per month during this period beginning August 1, 1997, and on the first day of each month thereafter until the last payment is made on December 1, 1997.

   Upon approval by George A. Sissel or his designee, Ball will pay or reimburse Emerson for his reasonable out-of-pocket expenses such as meals, lodging or transportation, incurred in the performance of his services. Emerson must obtain the written approval of George A. Sissel or his designee before incurring such expenses. Single items of expense (such as airline tickets, hotel bills and restaurant expenses) of $25 or more, including taxi fares, must be supported by appropriate receipts. Ball may withhold reimbursement for any expenses not supported in accordance with the requirements of this paragraph.

7. Ball further agrees that Emerson and his eligible dependents will continue to be covered, as if he were continuing as a regular full-time employee, under Ball's active Medical and Dental Plan for Salaried Employees for the period January 1, 1997 through July 31, 1997, after which time Emerson and his eligible dependents will be eligible for Ball's Retiree Medical Program or COBRA coverage, as elected by Emerson or his eligible dependents. If either Ball's Retiree Medical Program or COBRA is elected, such coverage shall be provided to Emerson without premium contribution from August 1, 1997 through December 31, 1997. Thereafter, Emerson shall make required contributions to continue coverage.

8. Emerson shall continue to be covered under Ball's Long Term Disability plans (including the Supplemental LTD Plan) during the Part-Time Period and any benefits payable will be based on the compensation in effect on January 1, 1997.

9. Ball also agrees that Emerson will continue to be covered under Ball's Directors and Officers insurance coverage through December 31, 1997, as if he were continuing as an officer of Ball for that period.

10. Change in Control and Severance Benefit Agreements entered into on January 24, 1996, and on May 1, 1996, respectively, will remain in effect during the Part-Time Period, it being understood that the agreed reduction in compensation resulting from the part-time employment shall not constitute Constructive Termination under these agreements; provided, however, any benefits under such agreements shall be calculated based on compensation and benefits in effect as of January 1, 1997.

11. As of the execution date of this Agreement, Emerson acknowledges that he has no claim or cause of action arising out of or in connection with Emerson's employment with or retirement from Ball, including, but not limited to, actions under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Rehabilitation Act of 1973, the Civil Rights Act of 1866, Executive Order 11246, the Civil Rights Act of 1991, the Americans with Disabilities Act, or any other federal, state or local statute or regulation regarding employment or termination of employment or other such common law right.

12. During the Consulting Period, Emerson shall not, directly or indirectly, offer, sell, advise, or provide any consulting services to any person or entity which Ball deems to be its competitor in plastic container, metal food or beverage containers, or beverage technology or equipment in any market in which Ball, its subsidiaries or joint venture companies compete. Emerson shall not, directly or indirectly, as an employee of a competitor or otherwise, compete with Ball, its subsidiaries or joint venture companies, in the manufacture, sale or development of plastic containers, metal food or beverage containers or compete with Ball, its subsidiaries and joint venture companies, in the manufacture, sale or development of plastic, metal food or beverage container technology or equipment during the Consulting Period. Emerson agrees that Ball shall have no obligation to make payments for consulting services if Emerson competes against Ball, its subsidiaries or joint venture companies, or assumes employment with a competitor during the Consulting Period.

13. Emerson agrees that unless he first secures Ball's written consent, he will keep confidential and will not divulge, communicate, disclose, copy, destroy or use at any time, any secret or confidential information or technology (including matters of a technical nature, such as know-how, formulae, secret processes or machines, inventions, discoveries, improvements, secret data, and research projects, and matters of a business nature, such as information processing systems input, output, instructions and object or source codes, information about costs, profits, markets, sales, lists of customers, and any other information of a similar nature to the extent not available to the public) of Ball or third parties to whom Ball has obligations of confidence of which he became informed during, or as a result of, his employment with Ball; and Emerson further agrees to abide by the terms of Ball's Employee Proprietary Agreement executed by him on November 8, 1996.

14. Emerson's rights to vested retirement benefits under the applicable Ball Corporation Pension Plan for Salaried Employees and the Ball Corporation Salary Conversion and Employee Stock Ownership Plan shall not be altered by this Agreement. Emerson's right to receive payment for earned, unused vacation, less legally required withholdings, shall not be altered by this Agreement. Further, the Agreement shall not alter Emerson's rights to benefits and entitlements under applicable Stock Option, Restricted Stock, Long Term Cash Incentive, Executive Retirement Benefit Protection Program, Split Dollar Life Insurance, Deferred Compensation, Ayco Financial Counseling or similar plans in which he is now a participant.

15. Emerson acknowledges Ball has no obligation to hire, rehire, or reinstate him, and agrees to not seek employment with Ball at any time hereafter.

16. Emerson agrees not to disclose the details of this Agreement, including the nature or the amount of the benefit that he has received to any person other than his lawyer, accountant, income tax preparer, or immediate family member, whether directly or indirectly. To the extent that Emerson must disclose any information about the Agreement to any of the above-named persons, he agrees that he will instruct that person or those persons to keep this information confidential.

17. Emerson represents that he has not filed any lawsuits, claims, or charges, or complaints against Ball with any local, state, or federal agency or court.

18. The existence and execution of this Agreement shall not be considered, and shall not be admissible in any proceeding, as an admission by Ball, or its agents or employees, of any fact, liability, error, violation, or omission.

19. This Agreement shall be binding upon and shall be for the benefit of Ball and Emerson, as well as their respective heirs, personal representatives, successors, and assigns.

20. This Agreement shall be construed in accordance with the laws of the State of Indiana.

21. The provisions of this Agreement shall be severable, and the invalidity of any provision shall not affect the validity of the other provision.

22. Emerson acknowledges that Ball is hereby advising him in writing to consult with an attorney prior to signing this Agreement. He understands that he has the right to consult with local, state and federal equal employment opportunity agencies, such as the Equal Employment Opportunity Commission, regarding this Agreement prior to signing it. Ball has provided him with at least 21 days to consider signing this Agreement. He understands that he may revoke this Agreement within seven days after the date that he signs the Agreement by notifying Ball, David A. Westerlund, 345 South High Street, Muncie, Indiana 47305-2326, in writing of his intent to revoke. He understands that the Agreement is not effective or enforceable until the seven-day revocation period has expired.

BALL CORPORATION

| | |
|---|---|
| /s/Duane E. Emerson | By: /s/George A. Sissel |
| Duane E. Emerson | George A. Sissel<br>Chairman, President and<br>Chief Executive Officer |
| Dated: January 14, 1997 | Dated: January 14, 1997 |

Exhibit 10.27

AGREEMENT AND GENERAL RELEASE

This Agreement and General Release ("Agreement") is entered into this 7th day of February, 1997, by and between David B. Sheldon ("Consultant"), having a current address at 350 Franklin Street, Denver, Colorado 80218, and Ball Corporation ("Ball"), having a current address at 345 South High Street, Muncie Indiana 47305-2326.

WITNESSETH

WHEREAS, Consultant is employed by Ball as Executive Vice President, Packaging Operations; and

WHEREAS, Consultant has provided Ball with written notice of his intent to retire effective March 1, 1997; and

WHEREAS, Contractor and Ball have entered into this Agreement for the purpose of facilitating a independent contractor consulting arrangement, terminating his employment with Ball, and fully and completely settling all differences which have arisen or may arise between them without any party conceding the correctness of the position of the other party in the interest of saving themselves the burdens and vexation of litigation.

NOW, THEREFORE, IN CONSIDERATION of the covenants hereinafter contained and other good and valuable consideration, the receipt of which is hereby acknowledged by Consultant, the parties agree as follows:

1. Employment Termination. Effective March 1, 1997, Consultant's employment shall terminate and he shall become an independent contractor consultant to Ball.

2. Consulting Period. During the period beginning March 1, 1997, and ending on December 31, 1998, ("Consulting Period"), Consultant will provide consulting services as outlined on Attachment A for Ball, its subsidiaries, affiliates, joint venture companies, groups and divisions. References to "Ball" shall hereafter include Ball Corporation, its subsidiaries, affiliates, joint venture companies, groups, divisions and assigns. During this period, Consultant agrees to provide as an independent contractor and not as an employee of Ball, consulting services for a period not to exceed one hundred (100) hours per month. Consultant's consulting services will be provided upon notice from George A. Sissel, Chairman of the Board, President and Chief Executive Officer, his successor(s) or an employee of Ball reporting to Mr. Sissel or his successor(s). Consultant will be paid Thirty-Five Thousand Four Hundred Seventeen ($35,417) a month during the period beginning on March 1, 1997, and ending on December 31, 1997. Consultant will be paid Twenty-One Thousand Four Hundred Sixty-Five ($21,465) a month during the period beginning on January 1, 1998 and ending on December 31, 1998. The first payment will be made on or about March 31, 1997 and subsequent payments will be made on or about the end of each month thereafter until the last payment is made on or about December 31, 1998. Consultant may terminate the Consulting Period at any time upon thirty (30) days written notice. In the event of such termination, no further payment for consulting services shall be due from Ball after the date of such termination.

3. Billing. Consultant shall submit to Ball, for its approval, a monthly statement of the services performed, including the dates and hours worked and the expenses incurred by Consultant in the performance of his consulting services, including as appropriate, transportation, lodging, meals and incidental expenses. Consultant must obtain Ball's approval before incurring any expenses. Expenses incurred must be supported by copies of airline tickets, hotel bills and restaurant receipts. Single items of expense, including taxi fares, of $25 or more, must be supported by appropriate receipts. Ball may withhold reimbursement for any expenses not supported in accordance with the requirements of this Agreement. Should Ball require any of the consulting services be performed at Ball's offices, Ball will provide office space and secretarial service at no cost to Consultant.

4. Duties. Consultant shall have a duty of loyalty to Ball. Consultant agrees to perform his consulting services promptly with care, skill and diligence. Consultant understands that Ball will be relying upon the accuracy, competence and

completeness of Consultant's services. Consultant shall not disparage or criticize, orally or in writing, the performance of Ball, or its officers, directors or employees to any person, provided, however, this sentence shall not prevent Consultant from rendering good faith objective advice to Ball as part of confidential work product delivered to Ball in response to requests for services from Ball.

5. Independent Contractor. During the Consulting Period, Consultant shall operate as an independent contractor and shall not act or be an agent or employee of Ball. All of Consultant's activities will be at his own risk and Consultant shall not be entitled to workers' compensation or similar benefits or other employee benefit protection provided by Ball. As an independent contractor Consultant will be solely responsible for determining the means and methods for providing consulting services described herein. Consultant will determine the time, the place and the manner in which to accomplish his services within an overall schedule date established by Ball. Ball will receive only the results of the consulting services.

6. Indemnity. Consultant shall indemnify and hold harmless Ball from any and all claims, actions, causes of action, suits, judgments, including costs and attorney's fees associated with Consultant's failure to comply with applicable requirements regarding workers' compensation coverage liability for himself, his employees, his agents or subcontractors or the employees of his agents or subcontractors. Consultant is not entitled to unemployment insurance benefits, unless unemployment compensation coverage is provided by Consultant or by an entity other than Ball. Consultant is solely responsible for reporting his income and for paying Federal and State Income Tax on any monies paid by Ball to Consultant pursuant to this Agreement.

7. Release. Consultant, on behalf of himself, his agents, assignees, attorneys, heirs, executors and administrators, fully releases Ball, its successors, assigns, parents, subsidiaries, affiliates, joint venture companies, groups and divisions, and all of their officers, directors, shareholders, employees, agents and representatives, from any and all liability and legal and equitable claims, demands, actions, causes of action, suits, grievances, debts, sums of money, controversies, agreements, promises, damages, back and front pay, costs, expenses, attorney's fees, and remedies of any type which Consultant now has or hereafter may have by reason of any matter, cause, act or omission arising out of or in connection with Consultant's employment with or termination of employment from Ball including without limitation: actions under Title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act; the Rehabilitation Act of 1973; the Civil Rights Act of 1866; Executive Order 11246; the Civil Rights Act of 1991; the Americans with Disabilities Act; Colorado state laws; any other federal, state or local statute or regulation regarding employment, discrimination in employment, or the termination of employment; wrongful discharge from employment; breach of implied or express contract or covenant; laws relating to employment contracts or employment termination; or common law right. Consultant understands that this release does not affect rights or claims that Consultant may have under the Age Discrimination in Employment Act that may arise from events after the effective date of this Agreement.

8. Non Competition. During the Consulting Period and for a period of nine (9) months thereafter, Consultant shall not, directly or indirectly, offer, sell, advise, or provide any consulting services to any person or entity which Ball deems to be its competitor in the rigid container business or rigid container technology or equipment business. Consultant shall not, directly or indirectly, as an employee or otherwise, compete with Ball, in the manufacture, sale or development of rigid containers or compete with Ball in the manufacture, sale or development of rigid container technology or equipment during the Consulting Period and a period of nine (9) months thereafter. Rigid container includes, without limitation: plastic bottles and cans and closures therefore; metal cans and ends and decorated metal for metal cans and ends. Consultant agrees that Ball shall have no obligation to make payments for consulting services if Consultant competes against Ball, its subsidiaries or joint venture companies, or assumes employment with a competitor during the Consulting Period. Consultant shall repay to Ball any monies paid under this Agreement from the time of any breach of this covenant

not to compete.

9. Nondisclosure of Data. Consultant agrees that unless he first secures Ball's written consent, he will keep confidential and will not divulge, communicate, disclose, copy, destroy or use at any time, any secret or confidential information or technology (including matters of a technical nature, such as know-how, formulae, secret processes or machines, inventions, discoveries, improvements, secret data, and research projects, and matters of a business nature, such as information processing systems input, output, instructions and object or source codes, information about costs, profits, markets, sales, lists of customers, and any other information of a similar nature to the extent not available to the public) of Ball or third parties to whom Ball has obligations of confidence of which he became informed during, or as a result of, his employment or consulting with Ball; and Consultant further agrees to abide by the terms of Ball's Employee Proprietary Agreement executed by him the last time on November 11, 1996.

10. Return of Materials. Consultant agrees to return to Ball upon request but in any event no later than termination of Consultant's consulting services any: secret or confidential information referred to in 9 above; manuals; documents; drawings; equipment; vendor, customer or other third party materials, computerized or hard copy files; computer hardware and software; identification cards; credit cards; keys and other Ball property.

11. Ownership of Work. Ball shall own any concept, product or process, patentable or otherwise, furnished to Ball by Consultant, or otherwise conceived or developed by Consultant arising out of the performance of this Agreement. Consultant agrees to do all things necessary, at Ball's request and at its sole cost and expense, to obtain patents or copyrights on any processes, products or writings conceived, developed or produced by Consultant in the performance of this Agreement. All materials prepared or developed by Consultant hereunder, including without limitation: documents; calculations; maps; sketches; notes; reports; data; models; and samples, shall become the property of Ball when prepared, whether delivered to Ball or not and shall be delivered to Ball upon request and, in any event, upon termination of Consultant's consulting services.

12. Rehire. Consultant acknowledges Ball has no obligation to hire, rehire, or reinstate him; and Consultant agrees to not seek employment with Ball at any time hereafter.

13. Agreement Confidential. Consultant agrees not to disclose the details of this Agreement, including the nature or the amount of the benefit that he has received to any person other than his lawyer, accountant, income tax preparer, or spouse, whether directly or indirectly. To the extent that Consultant must disclose any information about the Agreement to any of the above-named persons, he agrees that he will instruct that person or those persons to keep the information confidential.

14. Dismissal Of Claims. Consultant represents that he has not filed lawsuits, claims, or charges, or complaints against Ball with any local, state, or federal agency or court; and he will not do so at any time hereafter. If such agency or court ever assumes jurisdiction of any such lawsuit, claim, charge, or complaint, or attempts to bring any legal proceedings against Ball, he will request said agency or court to withdraw from or to dismiss the lawsuit, claim, charge or complaint.

15. No Admission. The existence and execution of this Agreement shall not be considered, and shall not be admissible in any proceeding, as an admission by Ball, or its agents or employees, of any fact, liability, error, violation, or omission.

16. Assignment. This Agreement and the obligations under it may not be assigned or delegated by Consultant without Ball's written permission. This Agreement and the obligations under it may be assigned by Ball. In the event Consultant shall become unable to perform the services agreed to be rendered under this Agreement because of Consultant's illness, incapacity or death, Ball shall have the option to terminate payments provided under section 2 above.

17. Applicable Law. This Agreement shall be construed in accordance with the laws of the State of Indiana, without

reference to principles of conflicts of laws.

18. Severability. The provisions of this Agreement shall be severable, and the invalidity of any provision shall not affect the validity of the other provisions. This Agreement states the entire agreement between the parties with respect to the subject matter hereof.

19. Arbitration. Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement shall be settled exclusively by arbitration conducted before a panel of three arbitrators (one chosen by the Executive, one by the Corporation and the third by the other two) in Muncie, Indiana, in accordance with the rules of the American Arbitration Association then in effect. The determination of the arbitrators shall be conclusive and binding on the Corporation and the Executive, and judgment may be entered on the arbitrators' award in any court having appropriate jurisdiction; provided, however, that the Corporation shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any violation of or the continuation of any violation of Sections 5, 8, 9, 10, 11 and 13 of this Agreement. The prevailing party in any arbitration proceeding pursuant to this section of this Agreement shall be entitled to recover the reasonable out of pocket costs incurred by the prevailing party in the arbitration proceeding, including reasonable attorney's fees of the prevailing party.

20. Consult An Attorney. Consultant acknowledges that Ball is hereby advising him in writing to consult with an attorney prior to signing this Agreement. Consultant understands that he has the right to consult with local, state and federal equal employment opportunity agencies, such as the Equal Employment Opportunity Commission, regarding this Agreement prior to signing it. Ball has provided Consultant with at least 21 days to consider signing this Agreement. He understands that he may revoke this Agreement within seven days after the date that he signs the Agreement by notifying Ball, David A. Westerlund, 345 South High Street, Muncie, Indiana 47305-2326, in writing of his intent to revoke this Agreement. He understands that this Agreement is not effective or enforceable until the seven-day revocation period has expired.

21. Modifications In Writing. This Agreement may only be modified in writing and supersedes any and all prior oral or written communications. Any waiver by Ball of nonperformance or noncompliance on the part of Consultant of any term or condition of this Agreement shall not constitute a continuing waiver of such term or condition or any other term or condition of this Agreement.

22. Titles. The titles to sections of this Agreement are provided for convenience only and do not effect the interpretation of this Agreement.

23. Termination. Unless terminated earlier for cause, this Agreement shall terminate December 31, 1999. Sections 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 17 of this Agreement shall survive the termination of this Agreement for any reason.

| DAVID B. SHELDON | BALL CORPORATION |
|---|---|
| By: /s/David B. Sheldon | By: /s/David A. Westerlund<br>David A. Westerlund<br>Vice President, Administration |
| Dated: February 25, 1997 | Dated: February 21, 1997 |

Attachment A

Assist and advise as a consultant with the following projects and ongoing activities:

Strategic relationships - merger, acquisition, divestiture, joint venture, and technology arrangement projects

Industry affairs, including, but not limited to, CMI, NFPA, and Plastics associations

Relationship with board membership with Phoenix Packaging, Inc.

Shareholder/institutional relations

Customer relations

Community relations in packaging operations locations

Strategic planning and analysis

Development of marketing and new business/new project concepts

The above subjects may be modified or eliminated by Ball, as may be necessary, and similar but different subjects added by Ball as may be appropriate.

Exhibit 10.28

# Consulting Agreement

It is agreed as of this 1st day of January, 1997, by and between Ball Corporation (Ball) and The Cygnus Enterprise Development Corp. (Consultant), residing at or whose principal place of business is located at PO Box 1590, Granby, CO 80446, as follows:

1. Whereas, Consultant has generalized expertness in corporate management;

   Whereas Ball is interested in various projects associated with the above expertise;

   Now therefore:

2. Consultant shall perform for Ball the consulting services as mutually agreed upon from time to time, and as may be authorized from time to time in Schedule 4, using the equipment and services contained in Schedule 5, during the period described in Schedule 4, which by this reference are incorporated herein.

3. Ball shall pay to Consultant and Consultant shall accept the compensation provided for in Schedule 4.

   Consultant shall submit invoices containing the following data:

   a) Contract number must be listed on the invoice.
   b) Invoice date
   c) Dates of service
   d) Days worked
   e) Location and description of services
   f) Signed statement certifying that the invoice is correct and just; that it is based on time records maintained on a current basis; that payment has not been received; and that the amount paid may become the basis for a claim against the United States Government; and that the charges represent Consultant's total for the dates included.
   g) Itemized Expenses:
      1) Date
      2) Description
      3) Air Transportation
      4) Auto Rental
      5) Personal Auto Mileage and Rate
      6) Lodging
      7) Business Meals itemizing when, where, what, how much, purpose and attendees
      8) Reasonable and customary expenses for meals and incidentals
      9) Fees as enumerated in Sections 4.2, 4.3 and 4.4.
      10) Other
      11) Signed statement certifying that these expenses have been incurred in support of the services rendered herein

   h) Send invoices to Ball Corporation, 345 High Street, P.O. Box 2407, Muncie, IN 47307-0407 Attn: G. A. Sissel

Expenses of $25.00 or more must be supported by original receipts or risk non-reimbursement.

4. Consultant shall operate as, and have the status of, an independent contractor and shall not act as or be an agent or employee of Ball. All of the Consultant's activities will be at its own risk, and Consultant shall not be entitled to Workers Compensation or similar benefits or other employee benefits from Ball other than normal retirement benefits. Consultant shall indemnify and hold Ball harmless from any and all claims, actions, causes of action, liabilities, losses, or expenses associated with the failure of Consultant to comply with applicable legal requirements regarding coverage for workers compensation liability, either for itself, its employees, or subcontractors.

   Ball and Consultant shall insure that effort associated with Boards of Director activities shall be covered by D & O insurance.

   As an independent contractor, Consultant shall be solely responsible for determining the means and methods for performing the consulting services. Consultant shall determine the time, the place and the manner in which it shall accomplish its services within an overall schedule in accordance with Schedule 4. Ball shall receive only the results of Consultant's services. Although Ball shall not control and supervise the Consultant, Ball shall have the right to surveil the consultant's performance and to suggest direction, but only insofar as to enable or insure satisfactory performance in accordance with the scope of work.

Consultant shall indemnify and hold Ball harmless from any and all claims, actions, causes of action, suits, judgments, including costs and attorney's fees arising out of Consultant's breach of this agreement, and any negligent or wrongful acts and/or omissions of Consultant, its employees, subcontractors, agents, assigns and invitees.

Consultant is not entitled to unemployment insurance benefits unless employment compensation coverage is provided by Consultant or by an entity other than Ball. Consultant is solely responsible for reporting its income and for paying Federal and State Income Tax on any monies paid by Ball to Consultant pursuant to this Agreement, and Ball shall have no obligation to withhold any amounts from such monie s to cover Federal or State withholding obligations.

Consultant acknowledges that: (a) Ball does not require Consultant to work exclusively for Ball, (b) Ball will not provide any training or tools except as delineated in Schedule 5, and (c) the respective operations of Ball and Consultant shall remain separate and distinct throughout the term of this Agreement.

5. Consultant shall perform its consulting services with that standard of care, skill and diligence normally provided by a professional person in the performance of such consulting services. Consultant understands that Ball shall rely upon the accuracy, competence and completeness of Consultant's services in utilizing the results of such services.

6. Unless otherwise agreed by Ball in writing, only Donovan B. Hicks shall perform the services specified for consulting services contained herein. It is understood that if one of the areas of services referenced on Schedule 4 is authorized, outside professional services may be necessary with Consultant to be responsible for obtaining and compensating for said services.

7. Ball shall own any concept, product or process, patentable or otherwise, furnished to Ball by Consultant, or otherwise conceived or developed by Consultant in the performance of this Agreement. Consultant agrees to do all things necessary, at Ball's request and at Ball's sole cost and expense, to obtain patents or copyrights on any processes, products or writings conceived, developed or produced by Consultant in the performance of this Agreement. All materials prepared or developed by Consultant hereunder, including without limitation documents, calculations, maps, sketches, notes, reports, data, models and samples, shall become the property of Ball when prepared, whether delivered to Ball or not, and shall be delivered to Ball upon request and, in any event, upon termination of this Agreement.

8. Consultant agrees that it shall not divulge to third parties, without the prior written consent of Ball, any information obtained from or through Ball in connection with performance of this Agreement unless (a) as shown by the written records of Consultant the information is lawfully known to the Consultant on a non-confidential basis prior to obtaining it from Ball, (b) the information is, at the time of disclosure by Consultant, then in the public domain through no violation of this Agreement, or (c) the information is hereafter lawfully obtained by Consultant from a third party who did not receive it directly or indirectly from Ball.

9. Consultant represents to Ball that no part of monies paid by Ball under this Agreement shall be directly or indirectly paid to or for the benefit of any employee, agent or representative of any customer of Ball for an improper purpose or to obtain a benefit.

10. This Agreement constitutes the complete understanding of the parties associated with the work to be performed by Consultant for Ball, it may only be modified by writing expressly identified as a modification of the Agreement and executed by both parties, and supersedes any and all prior oral or written communications. Any waiver by Ball of any term or condition of this Agreement shall not constitute a continuing waiver of such term or condition of this Agreement.

11. This Agreement shall be construed under the laws of the State of Colorado and Consultant submits to jurisdiction in the State of Colorado.

12. To the extent permitted by law, Consultant shall indemnify and hold harmless Ball from all costs, expenses, losses, claims and liability arising under subsections 27(e), (f), (g) and (h) of the Office of Federal Procurement Policy Act (the Act), codified at 41 U.S.C. 423, as Amended by Section 814 of Public Law 101-189 and Section 815 of P.L. 101-510, and titled "Procurement Integrity", as may be later amended and as implemented at Section 3.104 of Federal Acquisition Regulation (codified at Chapter 1 of Title 48 of the Code of Federal Regulations), to the extent only such costs, expenses, losses, claims and liability are caused solely or concurrently by Consultant, if Consultant is notified promptly in writing and given authority, information, and assistance, at Consultant's expense, for the defense of same with counsel of Consultant's choice. Consultant agrees to execute immediately, and re-execute at least on an annual basis,

a Certificate of Procurement Integrity, attached hereto as Schedule 1.

13. The Equal Employment Opportunity provisions attached hereto as Schedule 2 are hereby incorporated herein.

14. The rates charged by Consultant herein are as favorable as those charged any other customer for similar work.

15. This Agreement may be terminated by either party for breach of a material term hereof or by either party for convenience. In the event of termination for convenience by Ball, Consultant shall be entitled to submit a final claim for expenses incurred before termination and reasonable expenses for contract closure.

16. Obligations contained in Provisions 3, 4, 7, 8, and 12 shall survive the termination or expiration of this Agreement.

17. This Agreement shall supercede any other consulting agreements between the parties and shall only be modified in writing and executed by both parties.

EXECUTED as of the date first above written.

| CONSULTANT | BALL CORPORATION |
| --- | --- |
| By: /s/Donovan B. Hicks | By: /s/George A. Sissel |
| Typed Name: Donovan B. Hicks | Typed Name: George A. Sissel |
| Title: Managing Partner | Title: Chairman, President & CEO |
| Date: December 20, 1996 | Date: December 23, 1996 |

SCHEDULE 1

CERTIFICATE OF PROCUREMENT INTEGRITY

I, Donovan B. Hicks, the undersigned, certify:

a) That I am an independent contractual consultant to Ball Corporation.

b) That I am familiar with, and will comply with, and will not knowingly violate, the requirements of Subsection (a) of 41 U.S.C. Section 423 as implemented in the FAR.

c) That I will report immediately to the officer or employee of the corporate entity qualifying as a competing contractor and designate in paragraph a), which officer or employee is or was responsible for the bid or offer which, to the best of my knowledge or belief, concerns a violation or possible violation of subsection (g), (h), (I) and (j) of 41 U.S.C. Section 423 or Section 3.104 of the FAR, occurring on or after December 1, 1990, regarding any Federal agency procurement of property or services, during which I participated personally and substantially in the preparation of such bid or offer or of such modification.

I further understand that the obligations of paragraph b) and c) apply if and when, as a consultant to, the entity designated below as "Name of Employing Company", I participate personally and substantially in the preparation of such bid or offer or of such modification described in paragraph c.

| | |
| --- | --- |
| Signature | /s/Donovan B. Hicks |
| Typed Name | Donovan B. Hicks |
| Title | Managing Partner |
| Name of Employing Company | Ball Corporation |

SCHEDULE 2

EQUAL EMPLOYMENT OPPORTUNITY

A. Consultant is aware of, and is fully informed of, Consultant's obligations under Executive Order 11246 and, where applicable, shall comply with the requirements of such Order and all orders, rules and regulations promulgated thereunder unless exempted therefrom.

Without limitation of the foregoing, Consultant's attention is directed to 41 CFR, Section 60-1.4, and the clause therein entitled "Equal Opportunity Clause" which, by this reference, is incorporated herein.

B. Consultant is aware of, and is fully informed of Consultant's responsibilities under Executive Order No 11701, "List of Job Openings for Veterans" and, where applicable, shall comply with the requirement of such Order, and all orders, rules and regulations promulgated thereunder unless exempted therefrom.

Without limitation of the foregoing, Consultant's attention is directed to 41 CFR Section 60-250, et seq., and the clause therein entitled "Affirmative Action Obligations of Contractors and Subcontractors for Disabled Veterans and Veterans of the Vietnam Era" which, by this reference, is incorporated herein.

C. Consultant certifies that segregated facilities including, but not limited to, washrooms, work areas and locker rooms, are not and will not be maintained or provided for Consultant's employees on the basis of race, color, religion or national origin. Where applicable, Consultant shall obtain similar certification from any of its subcontractors, vendors or suppliers performing work under this Agreement.

D. Consultant is aware of, and is fully informed of, Consultant's responsibilities under the Rehabilitation Act of 1973 and, where applicable, shall comply with the provisions of the Act and the regulations promulgated thereunder unless exempted therefrom.

Without limitation of the foregoing, Consultant's attention is directed to 41 CFR, Section 60-741 and the clause entitled "Affirmative Action Obligations of Contractors and Subcontractors for Handicapped Workers" which, by this reference, is incorporated herein.

SCHEDULE 3
REPRESENTATIONS, CERTIFICATIONS AND ACKNOWLEDGMENTS
For Ball Paid Consultants Regarding
"Byrd Amendment Disclosure and Certification Requirements"

1. As a paid consultant under Contract to Ball Corporation, I certify that I have been provided, have read, and will comply with the disclosure (reporting) requirements set forth in Federal Acquisition Regulations (FAR) Subpart 3.8 entitled, "Limitation on the Payment of Funds to Influence Federal Transactions."

2. If I engage in any activities that are required to be disclosed by FAR Subpart 3.8, I will report such activities no less frequently than quarterly during the term of my Consultant Contract with Ball.

3. I certify that on or after December 23, 1989 I ____ have made or _____ have not made any communication to or appearance before an officer or employee of an agency, a Member of Congress, an officer of employee of Congress or an employee of a Member of Congress in connection with and with the intention, or attempt, to influence the award, extension, continuation, renewal, amendment, or modification of any Federal Contract to Ball Corporation.

   NOTE: If you marked your certification as X have made..." then complete and return an OBM Standard Form LLL, "Disclosure of Lobbying Activities" and specifically identify the amount of costs that you invoiced, and were reimbursed by Ball, for performing those reportable activities.

4. I acknowledge that these certifications are a material representation of fact upon which reliance was placed when the below identified related transaction was made or entered into.

The foregoing representations, certifications, and acknowledgments are hereby made by the undersigned.

Company Name: Cygnus Enterprise Development LLC

Company Address: P.O. Box 1590, Granby, CO 80446

Signed: /s/Donovan B. Hicks

Print Name: Donovan B. Hicks

Title: Managing Partner    Date: January 9, 1997

Related Transaction: (Identify RFP, Award, Amendment, Consultant Agreement, Subcontract, etc., by number, title and date.)

## SCHEDULE 4
## COMPENSATION AND PERIOD OF PERFORMANCE

4.1 Period of Performance

The period of performance shall begin on January 1, 1997, and shall continue until terminated by either Consultant or Ball.

4.2 Compensation

For consulting services as agreed upon by the parties and for services as Chairman of the Board of EarthWatch, Member of the Board of Datum and Consulting to Ball Corporation. A basic retainer of $3,500 per month (annualized equal to $42,000 per year) is proposed to cover the following levels of effort. Effort will be billed quarterly.

| Task | Level of Effort |
|---|---|
| 1. C of B of EarthWatch | 6 board meetings per year<br>1 day per meeting, which covers preparation |
| 2. Datum | 4 board meetings per year<br>2 days per meeting, which covers preparation |
| 3. Ball Corp Consulting | 1 day per month |

Times in excess of the levels identified above must be authorized ahead of time by the Ball CFO and will be billed at $1,500 per day for activities as Chairman of the Board of EarthWatch and $1,200 per day for Datum Board membership and Ball consulting assignments.

Air travel will be at coach rates. Rental cars will be at mid-size equivalent rates. Other expenses will be invoiced on an incurred basis. Personal car travel will be invoiced at the most recent approved IRS mileage rate.

(Potential) - The Forty Year Chronicle of BATC project may be approved by Ball Corporation but has not been to date. If it is later approved, the effort will be coordinated and negotiated with activities planned in the Ball Corporation Corporate Relations Department and, through it, BATC Public Relations Department. It is recognized that there may be a need to fund outside consultants, administrative support and effort to publish the book and that it is possible that the cost for this task could approach $100K per year and take two years to complete.

## SCHEDULE 5
## BALL SUPPLIED EQUIPMENT & SERVICES

The following equipment and services are requested for the conduct of the consulting services as agreed to from time to time by the parties.

| Item | Description |
|---|---|
| Computer | Off-site use of Lap Top Computer with Docking Station, Monitor and Tape Back-up presently located in my office |
| Software | Use of the latest releases of Microsoft Office |
| Fax Machine | Off-site use of Hewlett Packard fax machine presently located in my office |
| Officing | Office space to be made available when on assignment at corporate facilities |

<TABLE>

Exhibit 11.1

Ball Corporation and Subsidiaries
STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE
(Millions of dollars except per share amounts)

<CAPTION>

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 1996 | 1995 | 1994 |
| <S> | <C> | <C> | <C> |
| **Earnings (loss) per Common Share - Assuming No Dilution** | | | |
| Net income (loss) from: | | | |
| Continuing operations | $13.1 | $ 51.9 | $64.0 |
| Discontinued operations | 11.1 | (70.5) | 9.0 |
| Net income (loss) | 24.2 | (18.6) | 73.0 |
| Preferred dividends, net of tax | (2.9) | (3.1) | (3.2) |
| Net earnings (loss) attributable to common shareholders | $21.3 | $ (21.7) | $69.8 |
| Weighted average number of common shares outstanding (000s) | 30,314 | 30,024 | 29,662 |
| Earnings (loss) per share of common stock: | | | |
| Continuing operations | $0.34 | $ 1.63 | $2.05 |
| Discontinued operations | 0.36 | (2.35) | 0.30 |
| | $0.70 | $ (0.72) | $2.35 |
| **Earnings (loss) per Share - Assuming Full Dilution** | | | |
| Net income | $13.1 | $ 51.9 | $64.0 |
| Adjustments for deemed ESOP cash contribution in lieu of Series B ESOP Preferred dividend | (2.2) | (2.0) | (2.4) |
| Net earnings attributable to common shareholders | $10.9 | $49.9 | $61.6 |
| Weighted average number of common shares outstanding (000s) | 30,314 | 30,024 | 29,662 |
| Dilutive effect of stock options | 59 | 219 | 264 |
| Common shares issuable upon conversion of Series B ESOP Preferred stock | 1,984 | 2,085 | 2,136 |
| Weighted average number shares applicable to fully diluted earnings per share | 32,357 | 32,328 | 32,062 |
| Fully diluted earnings (loss) per share: | | | |
| Continuing operations | $0.34 | $ 1.54 | $1.92 |
| Discontinued operations | 0.34 | (2.18) | 0.28 |
| | $0.68 | $ (0.64) | $2.20 |

</TABLE>

Exhibit 13.1

1996 Annual Report

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Consolidated Financial Statements

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Report of Management on Financial Statements
Report of Independent Accountants

25
Management's Discussion and Analysis
of Financial Condition and Results of Operations

32
Five-Year Review of Selected Financial Data

Consolidated Statement of Income (Loss)
Ball Corporation and Subsidiaries

| (dollars in millions except per share amounts) | 1996 | 1995 | 1994 |
|---|---|---|---|
| | Year ended December 31, | | |
| Net sales | $2,184.4 | $2,045.8 | $1,842.8 |
| Costs and expenses | | | |
| Cost of sales | 2,007.3 | 1,836.6 | 1,615.0 |
| General and administrative expenses | 77.5 | 83.3 | 79.3 |
| Selling and product development expenses | 15.7 | 16.2 | 18.9 |
| Dispositions and other | 21.0 | 7.1 | 6.8 |
| Interest expense | 33.3 | 25.7 | 26.9 |
| | 2,154.8 | 1,968.9 | 1,746.9 |
| Income from continuing operations before taxes on income | 29.6 | 76.9 | 95.9 |
| Provision for income tax expense | (7.2) | (26.4) | (34.4) |
| Minority interests | 0.2 | (1.6) | - |
| Equity in (losses) earnings of affiliates: | | | |
| EarthWatch | (12.3) | (1.3) | - |
| All other | 2.8 | 4.3 | 2.5 |
| Net income (loss) from: | | | |
| Continuing operations | 13.1 | 51.9 | 64.0 |
| Discontinued operations | 11.1 | (70.5) | 9.0 |
| Net income (loss) | 24.2 | (18.6) | 73.0 |
| Preferred dividends, net of tax benefit | (2.9) | (3.1) | (3.2) |
| Net earnings (loss) attributable to common shareholders | $ 21.3 | $ (21.7) | $ 69.8 |
| Net earnings (loss) per share of common stock: | | | |
| Continuing operations | $ 0.34 | $ 1.63 | $ 2.05 |
| Discontinued operations | 0.36 | (2.35) | 0.30 |
| | $ 0.70 | $ (0.72) | $ 2.35 |

=============

| | | | |
|---|---|---|---|
| Fully diluted earnings (loss) per share: | | | |
| Continuing operations | $ 0.34 | $ 1.54 | $ 1.92 |
| Discontinued operations | 0.34 | (2.18) | 0.28 |
| - | | | |
| | $ 0.68 | $ (0.64) | $ 2.20 |

=============
</TABLE>

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

Consolidated Balance Sheet
Ball Corporation and Subsidiaries
<TABLE>
<CAPTION>

| | December 31, | |
|---|---|---|
| (dollars in millions) | 1996 | 1995 |
| <S> | <C> | <C> |
| Assets | | |
| Current assets | | |
| Cash and temporary investments | $ 169.2 | $ 5.1 |
| Accounts receivable, net | 245.9 | 190.2 |
| Inventories, net | 302.0 | 318.5 |
| Deferred income tax benefits and prepaid expenses | 49.5 | 60.5 |
| Total current assets | 766.6 | 574.3 |
| Discontinued operations | - | 200.8 |
| Property, plant and equipment, at cost | | |
| Land | 24.2 | 24.0 |
| Buildings | 264.8 | 230.2 |
| Machinery and equipment | 980.5 | 879.2 |
| | 1,269.5 | 1,133.4 |
| Accumulated depreciation | (570.5) | (505.3) |
| | 699.0 | 628.1 |
| Other assets | 235.2 | 210.8 |
| | $1,700.8 | $1,614.0 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Short-term debt and current portion of long-term debt | $ 175.2 | $ 155.0 |
| Accounts payable | 214.3 | 195.3 |
| Salaries, wages and accrued employee benefits | 64.2 | 72.8 |
| Other current liabilities | 57.3 | 73.9 |
| Total current liabilities | 511.0 | 497.0 |
| Noncurrent liabilities | | |
| Long-term debt | 407.7 | 320.4 |
| Deferred income taxes | 34.7 | 30.0 |
| Employee benefit obligations and other | 136.0 | 177.9 |
| Total noncurrent liabilities | 578.4 | 528.3 |
| Contingencies | | |
| Minority interests | 7.0 | 6.0 |
| Shareholders' equity | | |
| Series B ESOP Convertible Preferred Stock | 61.7 | 65.6 |
| Unearned compensation - ESOP | (44.0) | (50.4) |
| Preferred shareholder's equity | 17.7 | 15.2 |
| Common stock (32,976,708 shares issued - 1996; 32,172,768 shares issued - 1995) | 315.2 | 293.8 |
| Retained earnings | 344.5 | 336.4 |
| Treasury stock, at cost (2,458,483 shares - 1996; 2,058,173 shares - 1995) | (73.0) | (62.7) |
| Common shareholders' equity | 586.7 | 567.5 |

| | | |
|---|---|---|
| Total shareholders' equity | 604.4 | 582.7 |
| | $1,700.8 | $1,614.0 |

</TABLE>

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

Consolidated Statement of Cash Flows
Ball Corporation and Subsidiaries
<TABLE>
<CAPTION>

| | Year ended December 31, | | |
|---|---|---|---|
| (dollars in millions) | 1996 | 1995 | 1994 |
| <S> | <C> | <C> | <C> |
| Cash Flows from Operating Activities | | | |
| Net income from continuing operations | $ 13.1 | $ 51.9 | $ 64.0 |
| Reconciliation of net income from continuing operations to net cash provided by operating activities: | | | |
| Depreciation and amortization | 93.5 | 78.7 | 78.6 |
| Dispositions and other | 21.0 | 7.1 | 6.8 |
| Net payments related to dispositions and other | (11.2) | (10.8) | (6.1) |
| Deferred taxes on income | 12.4 | 6.7 | 7.1 |
| Other | 12.8 | 9.2 | (7.4) |
| Working capital changes, excluding effects of dispositions: | | | |
| Accounts receivable | (62.4) | (27.1) | (6.7) |
| Inventories | 3.2 | (69.8) | (6.5) |
| Other current assets | 15.5 | (32.6) | 3.8 |
| Accounts payable | 19.0 | 22.8 | 49.3 |
| Other current liabilities | (32.6) | (3.2) | 8.8 |
| Net cash provided by operating activities | 84.3 | 32.9 | 191.7 |
| Cash Flows from Investing Activities | | | |
| Additions to property, plant and equipment | (196.1) | (178.9) | (41.3) |
| Investments in and advances to affiliates | (27.7) | (55.2) | (5.6) |
| Company-owned life insurance, net | (10.3) | 88.4 | (1.4) |
| Net cash flows from: | | | |
| Discontinued operations | 188.1 | 116.7 | (2.0) |
| Proceeds (net) from sale of other businesses | 41.3 | 14.5 | - |
| Other | (13.7) | 17.8 | 9.7 |
| Net cash (used in) provided by investing activities | (18.4) | 3.3 | (40.6) |
| Cash Flows from Financing Activities | | | |
| Changes in long-term borrowings | 167.6 | 22.2 | (74.3) |
| Principal payments of long-term debt | (66.6) | (79.9) | (44.9) |
| Net change in short-term borrowings | 12.9 | 40.0 | (15.0) |
| Common and preferred dividends | (22.8) | (23.0) | (22.9) |
| Proceeds from issuance of common stock under various employee and shareholder plans | 21.4 | 32.5 | 19.8 |
| Acquisitions of treasury stock | (10.2) | (27.5) | (9.9) |
| Other | (4.1) | (5.8) | (1.7) |
| Net cash provided by (used in) financing activities | 98.2 | (41.5) | (148.9) |
| Net Increase (Decrease) in Cash | 164.1 | (5.3) | 2.2 |
| Cash and temporary investments at beginning of year | 5.1 | 10.4 | 8.2 |
| Cash and Temporary Investments at End of Year | $169.2 | $ 5.1 | $ 10.4 |

</TABLE>

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

Consolidated Statement of Changes in Shareholders' Equity
Ball Corporation and Subsidiaries
<TABLE>
<CAPTION>

| | Number of Shares (in thousands) 1996 | 1995 | 1994 | Year ended December 31, (dollars in millions) 1996 | 1995 | 1994 |
|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Series B ESOP Convertible Preferred Stock | | | | | | |
| Balance, beginning of year | 1,787 | 1,828 | 1,870 | $ 65.6 | $ 67.2 | $ 68.7 |
| Shares retired | (106) | (41) | (42) | (3.9) | (1.6) | (1.5) |
| Balance, end of year | 1,681 | 1,787 | 1,828 | $ 61.7 | $ 65.6 | $ 67.2 |
| Unearned Compensation - ESOP | | | | | | |
| Balance, beginning of year | | | | $(50.4) | $(55.3) | $(58.6) |
| Amortization | | | | 6.4 | 4.9 | 3.3 |
| Balance, end of year | | | | $(44.0) | $(50.4) | $(55.3) |
| Common Stock | | | | | | |
| Balance, beginning of year | 32,173 | 31,034 | 30,258 | $293.8 | $261.3 | $241.5 |
| Shares issued for stock options and other employee and shareholder stock plans less shares exchanged | 804 | 1,139 | 776 | 21.4 | 32.5 | 19.8 |
| Balance, end of year | 32,977 | 32,173 | 31,034 | $315.2 | $293.8 | $261.3 |
| Retained Earnings | | | | | | |
| Balance, beginning of year | | | | $336.4 | $378.6 | $332.2 |
| Net income (loss) for the year | | | | 24.2 | (18.6) | 73.0 |
| Common dividends | | | | (18.1) | (18.0) | (17.8) |
| Preferred dividends, net of tax benefit | | | | (2.9) | (3.1) | (3.2) |
| Foreign currency translation adjustment | | | | (0.5) | (1.4) | (6.7) |
| Change in additional minimum pension liability, net of tax | | | | 5.4 | (1.1) | 1.1 |
| Balance, end of year | | | | $344.5 | $336.4 | $378.6 |
| Treasury Stock | | | | | | |
| Balance, beginning of year | (2,058) | (1,167) | (812) | $(62.7) | $(35.1) | $(25.1) |
| Shares reacquired | (399) | (889) | (350) | (10.2) | (27.5) | (9.9) |
| Shares issued for stock options and other employee and shareholder stock plans less shares exchanged | (1) | (2) | (5) | (0.1) | (0.1) | (0.1) |
| Balance, end of year | (2,458) | (2,058) | (1,167) | $(73.0) | $(62.7) | $(35.1) |

</TABLE>

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

## Notes to Consolidated Financial Statements
## Ball Corporation and Subsidiaries

### Significant Accounting Policies

#### Principles of Consolidation and Basis of Presentation
The consolidated financial statements include the accounts of Ball Corporation and majority-owned subsidiaries (collectively, Ball or the Company). Investments in 20 percent through 50 percent owned affiliated companies, and majority-owned affiliates where control is temporary, are included under the equity method where Ball exercises significant influence over operating and financial affairs. Otherwise, investments are included at cost. Differences between the carrying amounts of equity investments and the Company's interest in underlying net assets are amortized over periods benefited. Significant intercompany transactions are eliminated. Certain amounts for 1995 and 1994 have been reclassified to conform to the 1996 presentation.

In October 1996, the Company sold its 42 percent interest in Ball-Foster Glass Container Co., L.L.C. (Ball-Foster), a joint venture company formed in 1995, to Compagnie de Saint-Gobain (Saint-Gobain). With this sale, Ball no longer participates in the manufacture or sale of glass containers. Accordingly, the accompanying consolidated financial statements and notes have been restated from amounts previously reported to segregate the financial effects of the glass business as discontinued operations. See the note, "Discontinued Operations," for more information regarding this transaction. Amounts included in the notes to consolidated financial statements pertain to continuing operations, except where otherwise noted.

#### Use of Estimates
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 contingencies at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Future events could affect these estimates.

#### Foreign Currency Translation
Foreign currency financial statements of foreign operations, where the local currency is the functional currency, are translated using period-end exchange rates for assets and liabilities and average exchange rates during each period for results of operations and cash flows.

#### Revenue Recognition
Sales and earnings are recognized primarily upon shipment of products, except in the case of long-term contracts within the aerospace and technologies segment for which revenue is recognized under the percentage-of-completion method. Certain of these contracts provide for fixed and incentive fees, which are recorded as they are earned or when incentive amounts become determinable. Provision for estimated contract losses, if any, are made in the period that such losses are determined.

#### Temporary Investments
Temporary investments are considered cash equivalents if original maturities are three months or less.

#### Financial Instruments
Accrual accounting is applied for financial instruments classified as hedges. Costs of hedging instruments are deferred as a cost adjustment, or deferred and amortized as a yield adjustment, over the term of the hedging agreement. Gains and losses on early terminations of derivative financial instruments related to debt are deferred and amortized as yield adjustments. Deferred gains and losses related to exchange rate forwards are recognized as cost adjustments of the related purchase or sale transaction.

#### Inventories
Inventories are stated at the lower of cost or market. The cost for substantially all inventories within the U.S. metal food container business is determined using the last-in, first-out (LIFO) method of accounting. Effective January 1, 1995, the Company adopted the LIFO method for determining the cost of certain U.S. metal beverage container inventories. The cost for remaining inventories is determined using the first-in, first-out (FIFO) method.

#### Depreciation and Amortization
Depreciation is provided on the straight-line method in amounts sufficient to amortize the cost of the properties over their estimated useful lives (buildings - - 15 to 40 years; machinery and equipment - 5 to 10 years). Goodwill is amortized over the periods benefited, generally up to 40 years. The Company evaluates long-lived assets, including goodwill and other intangibles, based on fair values or undiscounted cash flows whenever significant events or changes in circumstances occur which indicate the carrying amount may not be recoverable.

## Taxes on Income

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

## Employee Stock Ownership Plan

Ball records the cost of its Employee Stock Ownership Plan (ESOP) using the shares allocated transitional method under which the annual pretax cost of the ESOP, including preferred dividends, approximates program funding. Compensation and interest components of ESOP cost are included in net income; preferred dividends, net of related tax benefits, are shown as a reduction from net income. Unearned compensation-ESOP recorded within the accompanying balance sheet is reduced as the principal of the guaranteed ESOP notes is amortized.

## Earnings Per Share

Earnings per share computations are based upon net earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding each year. Fully diluted earnings per share computations assume that the Series B ESOP Convertible Preferred Stock (ESOP Preferred) was converted into additional outstanding common shares and that outstanding dilutive stock options were exercised. In the fully diluted computation, net earnings (loss) attributable to common shareholders is adjusted for additional ESOP contributions which would be required if the ESOP Preferred was converted to common shares and excludes the tax benefit of deductible common dividends upon the assumed conversion of the ESOP Preferred.

In 1995, the assumed conversion of preferred stock and exercise of stock options resulted in a dilutive effect on continuing operations. Accordingly, the fully diluted weighted average share amounts are required to be used for discontinued operations, resulting in a lower total loss per share than the loss per common share.

## New Accounting Pronouncements

Ball has adopted Statements of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," effective January 1, 1996. In accordance with this statement, Ball has evaluated the recoverability of goodwill and other intangible assets and determined that no material impairment exists at December 31, 1996. In connection with decisions to discontinue manufacturing activities at certain facilities, consistent with SFAS No. 121 and the Company's prior practice, Ball recorded charges to write down the carrying value of property, plant and equipment to estimated net realizable value. See the note, "Dispositions and Other," for additional information.

The Financial Accounting Standards Board also issued SFAS No. 123, "Accounting for Stock-Based Compensation," effective in 1996. SFAS No. 123 establishes financial accounting and reporting standards for stock-based employee compensation plans. SFAS No. 123 also defines a fair value-based method of accounting for employee stock options and encourages, though does not require, companies to adopt that method of accounting for stock-based employee compensation plans. Ball will continue to account for its stock-based employee compensation programs using the intrinsic value method prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees." In accordance with SFAS No. 123, the Company has provided, on a pro forma basis, the effect of employee stock options using the fair value-based method of accounting. See the note, "Shareholders' Equity," for additional information.

## Discontinued Operations

In September 1995, the Company sold substantially all of the assets of Ball Glass Container Corporation (Ball Glass), a wholly owned subsidiary of Ball, to Ball-Foster for approximately $323 million in cash. Concurrent with this transaction, the Company acquired a 42 percent interest in Ball-Foster for $180.6 million. The remaining 58 percent interest was acquired for $249.4 million by Saint-Gobain. Ball-Foster also acquired substantially all of the assets of Foster-Forbes, a unit of American National Can Company, for approximately $680 million in cash.

In May 1996, Ball-Foster agreed to assume the pension liabilities for former hourly glass employees. The actuarially determined projected benefit obligation was approximately $118.1 million at the date the obligation was assumed. Ball transferred related plan assets of $103.7 million, including $18.8 million which the Company funded in 1996. In October 1996, the Company sold its interest in Ball-Foster to Saint-Gobain for $190 million in cash and received an additional $15 million in cash in final settlement of the 1995 transaction. Effective with this transaction, Ball no longer participates in the glass business.

As a result of the above transactions, Ball ultimately realized net cash proceeds, including distributions from Ball-Foster, of approximately $337 million.

Discontinued operations within the accompanying balance sheet at December 31, 1995, included $17.9 million of net current assets and $182.9 million of net noncurrent assets, and excluded the hourly glass employee pension liability subsequently assumed by Ball-Foster in 1996.

The following table provides summary income statement data related to the discontinued glass business:

| (dollars in millions) | Year ended December 31, 1996 | 1995 | 1994 |
|---|---|---|---|
| Net sales | $ - | $545.9 | $750.6 |
| Earnings attributable to previously consolidated Ball Glass operations before interest and taxes on income, excluding loss on sale | $ - | $ 30.5 | $ 38.0 |
| Pretax gain (loss) on sale of Ball-Foster/Ball Glass | 24.1 | (111.1) | - |
| Ball's share of Ball-Foster's net loss | (7.6) | (2.3) | - |
| Adjustment of provisions to currently estimated requirements | 11.0 | - | - |
| Allocated interest expense | (5.5) | (12.1) | (14.1) |
| Provision for income tax (expense) benefit | (10.9) | 27.5 | (10.3) |
| Minority interest | - | (3.0) | (4.6) |
| Net income (loss) attributable to the glass business | $ 11.1 | $(70.5) | $ 9.0 |

Interest expense allocated to the glass business was based on the average net assets of the glass business and Ball's weighted average interest rate for general borrowings. Debt specifically identified with the Company's other operations was excluded in determining the weighted average interest rate. The net income (loss) attributable to discontinued operations included allocated general and administrative expenses directly related to the glass business of approximately $5.7 million and $3.2 million for 1995 and 1994, respectively.

Business Segment Information

The Company has two business segments: packaging, and aerospace and technologies.

Packaging

The packaging segment includes the following operations:

Metal - manufacture of metal beverage and food containers and ends.
Plastic - manufacture of PET (polyethylene terephthalate) plastic containers, primarily for use in beverage and food packaging.

The net loss recognized in connection with the sale of the Company's aerosol container business in October 1996, and the operating results of that business through its disposition, are included within the segment's results. Effective January 1, 1995, as a result of increased ownership, the Company consolidated FTB Packaging. Previously, this investment had been accounted for under the equity method. Also in 1995, the Company entered the PET plastic container manufacturing business; revenues and costs in connection with the start-up of that business are included within packaging segment results.

Aerospace and Technologies

The aerospace and technologies segment includes the following two divisions: the aerospace systems division, comprised of civil space systems, technology operations, defense systems, commercial space operations and systems engineering; and the telecommunication products division, comprised of advanced antenna and video systems and communication and video products. In March 1995, Ball sold its Efratom time and frequency measurement business. The gain recorded in connection with the sale is included as part of the aerospace and technologies segment operating earnings, as are the results of that business through the date of sale.

Financial data segmented by geographic area is provided below.

Summary of Business by Geographic Area

| (dollars in millions) | U.S. | Canada | Asia | Eliminations | Consolidated |
|---|---|---|---|---|---|
| 1996 | | | | | |
| Net sales | | | | | |
| Sales to unaffiliated customers | $1,826.3 | $291.2 | $66.9 | $ - | $2,184.4 |

| | | | | | |
|---|---|---|---|---|---|
| Inter-area sales to affiliates | - | 0.5 | - | (0.5) | - |
| | 1,826.3 | 291.7 | 66.9 | (0.5) | 2,184.4 |
| Consolidated operating earnings (1) | 62.0 | 4.4 | 3.0 | (1.4) | 68.0 |
| Assets employed in operations | $ 976.5 | $217.9 | $138.4 | $ (2.5) | $1,330.3 |
| 1995 | | | | | |
| Net sales | | | | | |
| Sales to unaffiliated customers | $1,685.7 | $304.0 | $ 56.1 | $ - | $2,045.8 |
| Inter-area sales to affiliates | - | 0.3 | - | (0.3) | - |
| | 1,685.7 | 304.3 | 56.1 | (0.3) | 2,045.8 |
| Consolidated operating earnings (1) | 92.1 | 19.1 | 4.7 | (0.1) | 115.8 |
| Assets employed in operations | $ 951.1 | $198.2 | $ 60.4 | $ (3.7) | $1,206.0 |
| 1994 | | | | | |
| Net sales | | | | | |
| Sales to unaffiliated customers | $1,563.0 | $279.8 | | $ - | $1,842.8 |
| Inter-area sales to affiliates | 0.6 | 1.0 | | (1.6) | - |
| | 1,563.6 | 280.8 | | (1.6) | 1,842.8 |
| Consolidated operating earnings (1) | 119.1 | 19.7 | | - | 138.8 |
| Assets employed in operations | $ 819.6 | $193.3 | | $ (5.2) | $1,007.7 |

<FN>
(1) Refer to the note, "Dispositions and Other."
</FN>
</TABLE>

<TABLE>
<CAPTION>

Summary of Business by Segment
(dollars in millions)

| <S> | 1996 <C> | 1995 <C> | 1994 <C> |
|---|---|---|---|
| Net Sales | | | |
| Packaging: | | | |
| Metal | $1,765.8 | $1,730.0 | $1,574.8 |
| Plastic | 56.3 | - | - |
| Total packaging | 1,822.1 | 1,730.0 | 1,574.8 |
| Aerospace and technologies | 362.3 | 315.8 | 268.0 |
| Consolidated net sales | $2,184.4 | $2,045.8 | $1,842.8 |
| Income | | | |
| Packaging | $ 57.6 | $ 95.6 | $ 119.7 |
| Dispositions and other (1) | (21.0) | (10.9) | - |

| | | | |
|---|---|---|---|
| Total packaging | 36.6 | 84.7 | 119.7 |
| Aerospace and technologies | 31.4 | 27.3 | 23.1 |
| Dispositions and other (1) | - | 3.8 | (4.0) |
| Total aerospace and technologies | 31.4 | 31.1 | 19.1 |
| Consolidated operating earnings | 68.0 | 115.8 | 138.8 |
| Corporate expenses, net (1) | (5.1) | (13.2) | (16.0) |
| Interest expense | (33.3) | (25.7) | (26.9) |
| Consolidated income from continuing operations before taxes on income | $ 29.6 | $ 76.9 | $ 95.9 |
| Assets Employed in Operations | | | |
| Packaging | $1,198.7 | $1,081.0 | $ 883.5 |
| Aerospace and technologies | 131.6 | 125.0 | 124.2 |
| Assets employed in operations | 1,330.3 | 1,206.0 | 1,007.7 |
| Discontinued operations | - | 200.8 | 388.0 |
| Investments in affiliates (2) | 80.9 | 84.5 | 30.8 |
| Corporate (3) | 289.6 | 122.7 | 205.4 |
| Total assets | $1,700.8 | $1,614.0 | $1,631.9 |
| Property, Plant and Equipment Additions | | | |
| Packaging | $ 179.7 | $ 163.3 | $ 34.7 |
| Aerospace and technologies | 15.1 | 13.9 | 5.3 |
| Corporate | 1.3 | 1.7 | 1.3 |
| Total additions | $ 196.1 | $ 178.9 | $ 41.3 |
| Depreciation and Amortization | | | |
| Packaging | $ 78.9 | $ 65.5 | $ 64.4 |
| Aerospace and technologies | 12.5 | 10.9 | 11.5 |
| Corporate | 2.1 | 2.3 | 2.7 |
| Total depreciation and amortization | $ 93.5 | $ 78.7 | $ 78.6 |

<FN>

(1) Refer to the note, "Dispositions and Other."
(2) Refer to the note, "Other Assets."
(3) Corporate assets include cash and temporary investments, current deferred and prepaid income taxes, amounts related to employee benefit plans and corporate facilities and equipment.

</FN>
</TABLE>

Major Customers
Packaging segment sales to Anheuser-Busch Companies, Inc., represented approximately 11 percent, 14 percent and 16 percent of consolidated net sales in 1996, 1995 and 1994, respectively. Sales to PepsiCo, Inc., and affiliates represented approximately 12 percent of consolidated net sales in 1996 and less than 10 percent of consolidated net sales in each of 1995 and 1994. Sales to all bottlers of Pepsi-Cola and Coca-Cola branded beverages comprised approximately 36 percent, 32 percent and 30 percent of consolidated net sales in 1996, 1995 and 1994, respectively. Sales to various U.S. government agencies by the aerospace and technologies segment, either as a prime contractor or as a subcontractor, represented approximately 15 percent, 13 percent and 11 percent of consolidated net sales in 1996, 1995 and 1994, respectively.

Dispositions and Other

1996 Transactions
In October 1996, Ball sold its U.S. aerosol container manufacturing business, with net assets of approximately $47.5 million, including $6.0 million of goodwill, for $44.3 million, comprised of a $3.0 million note and cash. In connection with the sale, the Company recorded a loss of $3.3 million ($4.4 million after tax or 14 cents per share).

In late 1996, the Company closed a metal food container manufacturing facility and discontinued the manufacture of metal beverage containers at another facility. Ball recorded a charge of $14.9 million ($9.3 million after tax or 31 cents per share) consisting of $9.4 million to write down assets to net realizable value and $5.5 million for employee termination costs, benefits and other direct costs. In addition, in the first quarter of 1996, Ball recorded a charge of $2.8 million ($1.7 million after tax or six cents per share) for employee termination costs, primarily related to the metal packaging business.

In 1994, the Company and WorldView, Inc., formed EarthWatch, Incorporated

(EarthWatch) to commercialize certain proprietary technologies by serving the market for satellite-based remote sensing images of the Earth. Through December 31, 1995, the Company invested approximately $21 million in EarthWatch. EarthWatch has experienced extended product development and deployment delays and is expected to incur significant product development losses into the future, exceeding Ball's investment. Ball has no commitments to provide additional equity or debt financing to EarthWatch beyond its investment to date. EarthWatch indicates that it will seek further significant development stage financing during 1997. Although Ball is currently a 49 percent equity owner of EarthWatch and has contracted to design, and may elect to produce, satellites for that company in the future, the remaining carrying value of the investment was written off. Accordingly, Ball recorded a pretax charge of $15.0 million ($9.3 million after tax or 31 cents per share) in the fourth quarter of 1996.

1995 and 1994 Transactions

In March 1995, the Company sold its Efratom time and frequency measurement business to Datum Inc. (Datum) for cash of $15.0 million and approximately 1.3 million shares of Datum common stock with a market value at the date of the sale of $14.0 million. Ball recorded a gain of $11.8 million ($7.7 million after tax or 25 cents per share). The Company records its 32 percent share of Datum's earnings under the equity method; the investment is included in other assets in the consolidated balance sheet. Based on the closing market price of the publicly traded shares on December 31, the market value of the Company's investment in Datum was $21.6 million and $13.1 million for 1996 and 1995, respectively.

In late 1995, the metal packaging business recorded a charge of $10.9 million ($6.6 million after tax or 22 cents per share) as a result of the curtailment of certain manufacturing capacity and write-down of certain unproductive manufacturing equipment to net realizable value. The charge included $7.5 million for asset write-downs to net realizable value and $3.4 million for employment termination costs, benefits and other direct costs. Curtailment activities were substantially completed during 1996.

Additional charges of $8.0 million and $4.0 million were recorded in 1995 and 1994, respectively, for costs associated with the 1993 decision to exit the visual image generating systems (VIGS) business. Also in 1994, the Company recorded a charge of $2.8 million, included in corporate expenses, associated with the early retirement of certain former employees, partially offset by a gain on the sale of a portion of Ball's Taiwan joint venture interest.

Accounts Receivable

Sale of Trade Accounts Receivable

Ball has an agreement to sell, on a revolving basis without recourse, an undivided percentage ownership interest in a designated pool of up to $75.0 million of packaging trade accounts receivable. The current agreement expires in December 1997. The Company's retained credit exposure on receivables sold is limited to $8.5 million.

At December 31, 1996 and 1995, the $66.5 million of trade receivables sold was reflected as a reduction of accounts receivable in the accompanying consolidated balance sheet. Costs of the program are based on certain variable interest indices and are included in general and administrative expenses. Costs recorded in 1996, 1995 and 1994 amounted to $3.7 million, $4.3 million and $3.0 million, respectively.

Accounts Receivable in Connection with Long-Term Contracts

Net accounts receivable under long-term contracts, due primarily from agencies of the U.S. government, were $60.4 million and $59.9 million at December 31, 1996 and 1995, respectively, and include gross unbilled amounts representing revenue earned but not yet billable of $23.5 million and $24.9 million, respectively. Approximately $7.6 million of gross unbilled receivables at December 31, 1996, is expected to be collected after one year.

Inventories

Inventories at December 31 consisted of the following:

| (dollars in millions) | 1996 | 1995 |
|---|---|---|
| Raw materials and supplies | $ 95.7 | $ 82.8 |
| Work in process and finished goods | 206.3 | 235.7 |
| | $302.0 | $318.5 |

Effective January 1, 1995, Ball adopted the LIFO method of accounting for determining the cost of certain U.S. metal beverage container inventories as a preferable method for matching the cost of the products sold with the revenues generated. The impact of this change in accounting was an increase in cost of sales and corresponding decrease in operating earnings of $17.1 million ($10.4 million after tax or 35 cents per share). The Company is unable to determine the cumulative impact of this change on prior periods.

Approximately 67 percent and 75 percent of total U.S. product inventories at December 31, 1996 and 1995, respectively, were valued using LIFO accounting. Inventories at December 31, 1996 and 1995, would have been $10.1 million and $17.1 million higher, respectively, than the reported amounts if the FIFO method, which approximates replacement cost, had been used for all inventories.

Other Assets

The composition of other assets at December 31 was as follows:

| (dollars in millions) | 1996 | 1995 |
|---|---|---|
| Investments in affiliates | | |
| Packaging affiliates | $ 66.8 | $ 51.4 |
| Datum Inc. | 14.1 | 14.3 |
| EarthWatch, Incorporated (1) | - | 18.8 |
| Total investments in affiliates | 80.9 | 84.5 |
| Goodwill and other intangibles, net | 65.2 | 66.0 |
| Net cash surrender value of company-owned life insurance | 32.5 | 16.8 |
| Other | 56.6 | 43.5 |
| | $235.2 | $210.8 |

(1) Refer to the note, "Dispositions and Other."

Company-Owned Life Insurance

The Company has purchased insurance on the lives of certain employees. Premiums in 1996 were $5.7 million, and in 1995 and 1994, were approximately $20 million each year. Amounts in the consolidated statement of cash flows represent net cash flows from this program, including policy loans of $10.3 million, $113.2 million and $23.4 million in 1996, 1995 and 1994, respectively. Loans outstanding of $242.3 million and $233.0 million at December 31, 1996 and 1995, respectively, are reflected as a reduction in the net cash surrender value in the consolidated balance sheet. The policies are issued by Great-West Life Assurance Company and The Hartford Life Insurance Company. Legislation enacted in 1996 limits the amount of interest on policy loans which can be deducted for federal income tax purposes. The limits affect insurance programs initiated after June 1986, and phase-in over a three-year period. As a result of the new legislation, the Company was unable to deduct certain amounts of its policy loan interest in 1996, resulting in higher income tax expense of approximately $1.5 million (five cents per share). Ball has taken action to limit the impact of this new legislation on its future financial results.

Debt and Interest Costs

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

| (dollars in millions) | 1996 Outstanding | 1996 Weighted Average Rate (1) | 1995 Outstanding | 1995 Weighted Average Rate (1) |
|---|---|---|---|---|
| U.S. bank facilities | $ - | 5.5% | $ 21.7 | 6.2% |
| Canadian dollar commercial paper | 57.6 | 4.5% | 43.3 | 6.1% |
| Asian bank facilities (2) | 58.7 | 7.2% | 38.5 | 7.7% |
| | $116.3 | | $103.5 | |

(1) Represents the weighted average interest rate on short-term borrowings for the year.

(2) Facilities for FTB Packaging and affiliates in U.S. and Asian currencies. Borrowings are without recourse to Ball Corporation.

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

| (dollars in millions) | 1996 | 1995 |
|---|---|---|

| | | |
|---|---|---|
| Notes Payable | | |
| Private placements: | | |
| 6.29% to 6.82% serial installment notes (6.71% weighted average) due through 2008 | $150.0 | $ - |
| 8.09% to 8.75% serial installment notes (8.52% weighted average) due through 2012 | 101.4 | 110.0 |
| 8.20% to 8.57% serial notes (8.35% weighted average) due 1999 through 2000 | 60.0 | 60.0 |
| 9.95% to 10.00% serial notes (9.98% weighted average) due through 1998 | 35.0 | 45.0 |
| 9.66% serial note due 1998 (1) | 20.0 | 40.0 |
| Floating rate note (6.81% at December 31, 1996) due through 2001 | 18.0 | - |
| 6.62% note due January 1996 (2) | - | 20.0 |
| Industrial Development Revenue Bonds | | |
| Floating rates (2.5% to 4.3% at December 31, 1996) due through 2011 | 32.2 | 33.1 |
| Capital Lease Obligations and Other | 6.0 | 13.4 |
| ESOP Debt Guarantee | | |
| 8.38% installment notes due through 1999 | 18.9 | 25.3 |
| 8.75% installment note due 1999 through 2001 | 25.1 | 25.1 |
| | 466.6 | 371.9 |
| Less: | | |
| Current portion of long-term debt | 58.9 | 51.5 |
| | $407.7 | $320.4 |

<FN>
(1) This note has been classified as current as the Company intends to prepay this note without penalty in 1997.
(2) This note was refinanced in January 1996 with long-term, fixed-rate debt due 2004 at 6.62 percent.
</FN>
</TABLE>

In the U.S., Ball had committed revolving credit agreements at December 31, 1996, totaling $280 million consisting of a five-year facility for $150 million and 364-day facilities for $130 million. The revolving credit agreements provide for various borrowing rates, including borrowing rates based on the London Interbank Offered Rate (LIBOR). An additional $356 million in short-term funds were available on an uncommitted basis at year end 1996. The Canadian dollar commercial paper facility provides for committed short-term funds of approximately $87.6 million. In Asia, FTB Packaging had approximately $57.5 million in short-term committed funds and $56.2 million additional uncommitted funds available at December 31, 1996. Ball pays a facility fee on the committed facilities.

In January 1996, the Company issued long-term, senior, unsecured notes to several insurance companies for $150 million with a weighted average interest rate of 6.71 percent and maturities from 1997 through 2008. Maturities of all fixed long-term debt obligations outstanding at December 31, 1996, are $51.5 million, $54.4 million, $56.7 million and $23.5 million for the years ending December 31, 1998 through 2001, respectively.

The note agreements, bank credit agreement, ESOP debt guarantee and industrial development revenue bond agreements contain certain restrictions relating to dividends, investments, working capital requirements, guarantees and other borrowings. Under the most restrictive covenant, approximately $140 million was available for payment of dividends and purchases of treasury stock at December 31, 1996.

Fixed-term debt at December 31, 1996, included an $18.0 million fixed-term, floating-rate note issued by FTB Packaging's People's Republic of China (PRC) affiliate in Beijing to finance the construction of the Beijing facility. This debt is guaranteed by FTB Packaging and is secured by the land and production equipment of the Beijing venture. In addition, FTB Packaging issues letters of credit in the ordinary course of business in connection with supplier arrangements and provides guarantees to secure bank financing for its affiliates in the PRC. At year end, FTB Packaging had outstanding letters of credit and guarantees of approximately $21.4 million in addition to the guarantee of the Beijing fixed-term note.

ESOP debt represents borrowings by the trust for the Ball-sponsored ESOP which have been irrevocably guaranteed by the Company. Ball Corporation also provided a completion guarantee representing 50 percent of the debt issued by the Company's Brazilian joint venture to fund the construction in process at year end. At December 31, 1996, the Brazilian venture had debt outstanding of $40 million against a total facility of $54.2 million. Ball also issues letters of credit in the ordinary course of business to secure liabilities recorded in connection with the Company's deferred compensation program, industrial development revenue bonds and insurance arrangements, of which $77.2 million were outstanding at December 31, 1996.

A summary of total interest cost paid and accrued follows:

<TABLE>
<CAPTION>

| (dollars in millions) | 1996 | 1995 | 1994 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Interest costs | $39.9 | $29.2 | $29.1 |
| Amounts capitalized | (6.6) | (3.5) | (2.2) |
| Interest expense | 33.3 | 25.7 | 26.9 |
| Gross amount paid during year (1) | $37.3 | $42.6 | $37.6 |

<FN>
(1) Includes $5.5 million, $12.1 million and $14.1 million for 1996, 1995 and 1994, respectively, allocated to discontinued operations.
</FN>
</TABLE>

Financial and Derivative Instruments and Risk Management

In the ordinary course of business, the Company is subject to various risks and uncertainties due, in part, to the highly competitive nature of the industries in which Ball participates, its operations in developing markets outside the U.S., volatile costs of commodity materials used in the manufacture of its products and changing capital markets. Where practicable, Ball attempts to reduce these risks and uncertainties.

The Company uses various techniques to reduce its exposure to significant changes in the cost of commodity materials, primarily aluminum, through arrangements with suppliers and, at times, through the use of certain derivative instruments designated as hedges. Financial derivatives, including interest rate swaps and options and forward exchange contracts, are used when circumstances warrant to manage the Company's interest rate and foreign exchange exposure. Interest rate derivatives are used principally to manage the Company's mix of floating- and fixed-rate debt within parameters that are consistent with its long-term financial strategy. Derivative instruments generally are not held for trading purposes.

Under interest rate swap agreements, the Company agrees to exchange with the counter parties the difference between the fixed-rate and floating-rate interest amounts calculated on the notional amounts. Interest rate swap agreements outstanding at December 31, 1996, had notional amounts of $110 million at a floating rate and $81 million at a fixed rate, or a net floating-rate position of $29 million. These swap agreements effectively change the rate upon which interest expense is determined from a fixed rate to a floating rate of interest. At December 31, 1995, these agreements had notional amounts of $117 million at a fixed rate and $25 million at a floating rate, or a net fixed-rate position of $92 million. Fixed-rate agreements with notional amounts of $50 million at December 31, 1996 and 1995, included an interest rate floor.

The related notional amounts of interest rate swaps and options serve as the basis for computing the cash flow due under these agreements but do not represent the Company's exposure through its use of these instruments. Although these instruments involve varying degrees of credit and interest risk, the counter parties to the agreements involve financial institutions which are expected to perform fully under the terms of the agreements.

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

<TABLE>
<CAPTION>

| | 1996 | | 1995 | |
|---|---|---|---|---|
| (dollars in millions) | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| <S> | <C> | <C> | <C> | <C> |
| Long-term debt | $466.6 | $463.5 | $371.9 | $405.1 |
| Unrealized net loss on derivative contracts relating to debt | - | 1.9 | - | 4.9 |
| Unrealized loss on derivative contracts relating to aluminum purchases | - | - | - | 2.4 |

</TABLE>

Leases

The Company leases warehousing and manufacturing space and certain manufacturing equipment, primarily within the packaging segment, and office space, primarily within its aerospace and technologies business. Under certain of these lease arrangements, which will commence payments in 1997, the Company has guaranteed the lessor a minimum residual value estimated to be approximately $68.4 million. In addition, noncancellable operating leases in effect at December 31, 1996, require rental payments of $23.7 million, $24.2 million, $21.4 million, $19.0

million and $11.1 million for the years 1997 through 2001, respectively, and $22.5 million for years thereafter. Lease expense for all operating leases was $28.9 million, $18.1 million and $14.1 million in 1996, 1995 and 1994, respectively.

Taxes on Income
The amounts of income from continuing operations before income taxes by national jurisdiction follow:

<TABLE>
<CAPTION>

| (dollars in millions) | 1996 | 1995 | 1994 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Domestic | $17.9 | $60.6 | $80.7 |
| Foreign | 11.7 | 16.3 | 15.2 |
| | $29.6 | $76.9 | $95.9 |

</TABLE>

The provision for income tax expense for continuing operations was comprised as follows:
<TABLE>
<CAPTION>

| (dollars in millions) | 1996 | 1995 | 1994 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Current | | | |
| U.S. | $ (7.2) | $ 13.1 | $ 21.3 |
| State and local | - | 4.4 | 5.1 |
| Foreign | 2.0 | 2.2 | 0.9 |
| Total current | (5.2) | 19.7 | 27.3 |
| Deferred | | | |
| U.S. | 8.4 | 3.2 | 1.8 |
| State and local | 1.3 | (0.3) | (0.5) |
| Foreign | 2.7 | 3.8 | 5.8 |
| Total deferred | 12.4 | 6.7 | 7.1 |
| Provision for income taxes | $ 7.2 | $ 26.4 | $ 34.4 |

</TABLE>

The provision for income tax expense recorded within the consolidated statement of income (loss) differs from the amount of income tax expense determined by applying the U.S. statutory federal income tax rate to pretax income from continuing operations as a result of the following:
<TABLE>
<CAPTION>

| (dollars in millions) | 1996 | 1995 | 1994 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Statutory U.S. federal income tax | $ 10.3 | $ 26.9 | $ 33.5 |
| Increase (decrease) due to: | | | |
| Company-owned life insurance | (6.0) | (5.4) | (4.1) |
| Research and development tax credit (1) | (6.0) | - | - |
| Tax effects of foreign operations | 4.7 | 2.7 | 1.5 |
| Basis difference on sale of assets | 2.1 | - | - |
| State and local income taxes, net | 0.9 | 2.3 | 2.8 |
| Other, net | 1.2 | (0.1) | 0.7 |
| Provision for income tax expense | $ 7.2 | $ 26.4 | $ 34.4 |
| Effective income tax rate expressed as a percentage of pretax income from continuing operations | 24.3% | 34.4% | 35.9% |

<FN>
(1) See the note, "Quarterly Results of Operations," for additional information.
</FN>
</TABLE>

Provision is not made for additional U.S. or foreign taxes on undistributed earnings of controlled foreign corporations where such earnings will continue to be reinvested. It is not practicable to estimate the additional taxes, including applicable foreign withholding taxes, that might become payable upon the eventual remittance of the foreign earnings for which no provision has been made.

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

<TABLE>
<CAPTION>

| (dollars in millions) | 1996 | 1995 |
|---|---|---|
| <S> | <C> | <C> |
| Deferred tax assets: | | |
| Deferred compensation | $ (21.4) | $ (18.9) |
| Accrued employee benefits | (36.0) | (39.2) |
| Estimated plant closure costs | (9.7) | (16.4) |
| Other | (39.5) | (36.1) |
| Total deferred tax assets | (106.6) | (110.6) |
| Deferred tax liabilities: | | |
| Depreciation | 90.9 | 99.8 |
| Other | 19.4 | 12.6 |
| Total deferred tax liabilities | 110.3 | 112.4 |
| Net deferred tax liabilities | $ 3.7 | $ 1.8 |

</TABLE>

Net income taxes refunded in 1996 were $14.2 million. Net income tax payments were $26.5 million and $18.5 million for 1995 and 1994, respectively.

Pension Benefits

The Company's noncontributory pension plans cover substantially all U.S. and Canadian employees meeting certain eligibility requirements. The defined benefit plans for salaried employees provide pension benefits based on employee compensation and years of service. In addition, the plan covering salaried employees in Canada includes a defined contribution feature. Plans for hourly employees provide benefits based on fixed rates for each year of service. Ball's policy is to fund the plans on a current basis to the extent deductible under existing tax laws and regulations and in amounts sufficient to satisfy statutory funding requirements. Plan assets consist primarily of fixed income securities and common stocks.

The funded status of the plans at December 31 follows:

<TABLE>
<CAPTION>

| | 1996 | | 1995 | |
|---|---|---|---|---|
| (dollars in millions) | Assets Exceeded ABO | ABO Exceeded Assets | Assets Exceeded ABO | ABO Exceeded Assets |
| <S> | <C> | <C> | <C> | <C> |
| Vested benefit obligation | $187.0 | $ 85.8 | $187.6 | $193.0 |
| Nonvested benefit obligation | 4.3 | 9.1 | 4.1 | 9.1 |
| Accumulated benefit obligation (ABO) | 191.3 | 94.9 | 191.7 | 202.1 |
| Effect of projected future compensation | 22.0 | 0.5 | 20.6 | 0.7 |
| Projected benefit obligation (PBO) | 213.3 | 95.4 | 212.3 | 202.8 |
| Plan assets at fair value | 238.7 | 79.8 | 222.7 | 160.2 |
| Plan assets in excess of (less than) PBO | 25.4 | (15.6) | 10.4 | (42.6) |

| | | | | |
|---|---|---|---|---|
| Unrecognized transitional asset | (12.7) | (0.7) | (15.7) | (1.0) |
| Unrecognized prior service cost | 0.8 | 5.2 | 1.1 | 5.2 |
| Unrecognized net loss | 16.7 | 4.8 | 29.5 | 14.2 |
| Additional minimum pension liability | - | (8.9) | - | (17.7) |
| Prepaid (accrued) pension cost | $ 30.2 | $(15.2) | $ 25.3 | $(41.9) |
| Actuarial assumptions used for plan calculations were: | | | | |
| Discount rate | 8.00-8.25% | 8.00-8.25% | 7.50-8.75% | 7.50-8.75% |
| Assumed rate of increase in future compensation | 4.0% | 6.0% | 4.0% | 6.0% |
| Expected long-term rates of return on assets | 10.25-11.00% | 10.25-10.50% | 10.2-10.5% | 10.0-10.5% |

</TABLE>

Where two discount rates are provided in the table above, the higher rate in each case pertains to Ball's Canadian pension plans. The additional minimum liability was partially offset by an intangible asset of approximately $5.0 million in each of 1996 and 1995. The remainder, net of tax benefits, was recognized as a component of shareholders' equity.

The cost of pension benefits, including prior service cost, is recognized over the estimated service periods of employees, based upon respective pension plan benefit provisions. The composition of pension expense, excluding curtailments and settlements, follows:

<TABLE>
<CAPTION>

| (dollars in millions) | 1996 | 1995 | 1994 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Service cost | $ 7.9 | $ 9.5 | $ 12.5 |
| Interest cost on the PBO | 27.4 | 31.5 | 28.8 |
| Investment return on plan assets | (35.4) | (77.6) | 9.6 |
| Net amortization and deferral | 1.7 | 42.3 | (39.3) |
| Net periodic pension expense | 1.6 | 5.7 | 11.6 |
| Less net periodic pension expense of the glass business | - | (5.4) | (8.2) |
| Net periodic pension expense of continuing operations | 1.6 | 0.3 | 3.4 |
| Expense of defined contribution pension plans | 0.7 | 0.8 | 0.9 |
| Total pension expense of continuing operations | $ 2.3 | $ 1.1 | $ 4.3 |

</TABLE>

In addition, settlement and curtailment costs in 1996 included a pretax gain of $1.9 million in connection with the settlement of hourly glass pension liabilities with Ball-Foster, included in discontinued operations, and a net pretax loss of $3.3 million in connection with the sale of the aerosol business. In 1995, a net curtailment loss of $18.6 million was included as part of the net loss on the 1995 Ball Glass transaction.

Other Postretirement and Postemployment Benefits

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

Postretirement Medical and Life Insurance Benefits

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

The status of the Company's unfunded postretirement benefit obligation at December 31 follows:

<TABLE>
<CAPTION>

| (dollars in millions) | 1996 U.S. | 1996 Canadian | 1996 Total | 1995 U.S. | 1995 Canadian | 1995 Total |
|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Accumulated postretirement benefit obligation (APBO): | | | | | | |
| Retirees | $34.5 | $15.3 | $49.8 | $33.4 | $13.2 | $46.6 |
| Fully eligible active plan participants | 2.6 | 0.7 | 3.3 | 5.1 | 0.9 | 6.0 |
| Other active plan participants | 3.7 | 1.1 | 4.8 | 12.1 | 1.4 | 13.5 |
| | 40.8 | 17.1 | 57.9 | 50.6 | 15.5 | 66.1 |
| Unrecognized prior service cost | (1.4) | 0.7 | (0.7) | (1.5) | 0.8 | (0.7) |
| Unrecognized net gain (loss) | 8.2 | (5.5) | 2.7 | 6.7 | (4.6) | 2.1 |
| Accrued postretirement benefit obligation | $47.6 | $12.3 | $59.9 | $55.8 | $11.7 | $67.5 |
| Assumptions used to measure the APBO were: | | | | | | |
| Discount rate | 8.00% | 8.25% | | 7.50% | 8.75% | |
| Health care cost trend rates: | | | | | | |
| Canadian | - | 11.00% | | - | 12.00% | |
| U.S. Pre-Medicare | 9.00% | - | | 10.00% | - | |
| U.S. Post-Medicare | 7.50% | - | | 7.80% | - | |

</TABLE>

The health care cost trend rates used to calculate the APBO are assumed to decline to 5.5 percent for U.S. plans and 5.0 percent for Canadian plans after the year 2002 and 2003, respectively. A one percentage point increase in these rates would increase the APBO by $2.7 million at December 31, 1996, and would have increased the service and interest components of net periodic postretirement benefit cost by $0.2 million in 1996.

Curtailment and settlement gains amounting to $8.4 million in each of 1996 and 1995 in connection with the sale of the aerosol business and glass business, respectively, are reflected as a part of the respective transaction. Net periodic postretirement benefit cost, excluding curtailments and settlements, was comprised of the following components:

<TABLE>
<CAPTION>

| (dollars in millions) | U.S. | Canadian | Total |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| 1996 | | | |
| Service cost | $0.7 | $0.1 | $0.8 |
| Interest cost on the APBO | 3.5 | 1.4 | 4.9 |
| Net amortization and deferral | (0.1) | - | (0.1) |
| Net periodic postretirement benefit cost of continuing operations | $4.1 | $1.5 | $5.6 |
| 1995 | | | |
| Service cost | $1.0 | $0.1 | $1.1 |
| Interest cost on APBO | 4.1 | 1.3 | 5.4 |
| Net amortization and deferral | (0.3) | - | (0.3) |
| Net periodic postretirement benefit cost | 4.8 | 1.4 | 6.2 |
| Less net periodic postretirement benefit cost of the glass business | (1.0) | - | (1.0) |
| Net periodic postretirement benefit cost of continuing operations | $3.8 | $1.4 | $5.2 |
| 1994 | | | |

| | | | |
|---|---|---|---|
| Service cost | $1.4 | $0.1 | $1.5 |
| Interest cost on the APBO | 4.1 | 1.2 | 5.3 |
| Net amortization and deferral | 0.6 | 0.1 | 0.7 |
| Net periodic postretirement benefit cost | 6.1 | 1.4 | 7.5 |
| Less net periodic postretirement benefit cost of the glass business | (1.9) | - | (1.9) |
| Net periodic postretirement benefit cost of continuing operations | $4.2 | $1.4 | $5.6 |

</TABLE>

Other Benefit Plans
Effective January 1, 1996, substantially all employees within the Company's aerospace and technologies business who participate in Ball's 401(k) salary conversion plan receive a performance-based matching cash contribution of up to four percent of base salary. Ball recorded $3.5 million in compensation expense in 1996 related to this match. In addition, substantially all U.S. salaried employees and certain U.S. nonunion hourly employees who participate in Ball's 401(k) salary conversion plan automatically participate in the Company's ESOP. Cash contributions to the ESOP trust, including preferred dividends, are used to service the ESOP debt and were $10.6 million, $10.2 million and $9.5 million for 1996, 1995 and 1994, respectively. Interest paid by the ESOP trust for its borrowings was $4.2 million, $4.7 million and $5.1 million for 1996, 1995 and 1994, respectively.

Shareholders' Equity
At December 31, 1996, the Company had 120 million shares of common stock and 15 million shares of preferred stock authorized, both without par value. Preferred stock includes 600,000 authorized but unissued shares designated as Series A Junior Participating Preferred Stock and 2,100,000 authorized shares designated as Series B ESOP Convertible Preferred Stock (ESOP Preferred). There were 1,680,584 shares of ESOP Preferred outstanding at December 31, 1996.

The ESOP Preferred has a stated value and liquidation preference of $36.75 per share and cumulative annual dividends of $2.76 per share. The ESOP Preferred shares are entitled to 1.3 votes per share and are voted with common shares as a single class upon matters submitted to a vote of Ball's shareholders. Each ESOP Preferred share has a guaranteed value of $36.75 and is convertible at $31.813 into 1.1552 shares of Ball Corporation common stock.

Under the Company's successor Shareholder Rights Plan, effective August 1996, one Preferred Stock Purchase Right (Right) is attached to each outstanding share of Ball Corporation common stock. Subject to adjustment, each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock of the Company at an exercise price of $130 per Right. If a person or group acquires 15 percent or more of the Company's outstanding common stock (or upon occurrence of certain other events), the Rights (other than those held by the acquiring person) become exercisable and generally entitle the holder to purchase shares of Ball Corporation common stock at a 50 percent discount. The Rights, which expire in 2006, are redeemable by the Company at a redemption price of one cent per Right and trade with the common stock. Exercise of such Rights would cause substantial dilution to a person or group attempting to acquire control of the Company without the approval of Ball's board of directors. The Rights would not interfere with any merger or other business combinations approved by the board of directors.

Common shares were reserved at December 31, 1996, for future issuance under the employee stock purchase, stock option, dividend reinvestment and restricted stock plans, as well as to meet conversion requirements of the ESOP Preferred.

In connection with the employee stock purchase plan, the Company contributes 20 percent of up to $500 of each participating employee's monthly payroll deduction. Company contributions for this plan were approximately $1.6 million in each of 1996, 1995 and 1994.

The Company has several stock option plans under which options to purchase shares of common stock have been granted to officers and key employees of Ball at not less than the market value of the stock at the date of grant. Payment must be made at the time of exercise in cash or with shares of stock owned by the option holder, which are valued at fair market value on the date exercised. Options terminate ten years from date of grant. Tier A options are exercisable in four equal installments commencing one year from date of grant. Tier B options vest at the date of grant, and are exercisable after the Company's common stock price closes at or above $50 per share for ten consecutive days.

A summary of stock option activity for the years ended December 31 follows:
<TABLE>
<CAPTION>

| | 1996 | | 1995 | | 1994 | |
|---|---|---|---|---|---|---|
| | Number of | Weighted Average Exercise | Number of | Weighted Average Exercise | Number of | Weighted Average Exercise |

| | Shares | Price | Shares | Price | Shares | Price |
|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Outstanding at beginning of year | 1,403,822 | $28.468 | 1,779,448 | $26.534 | 1,674,970 | $26.267 |
| Tier A options exercised | (84,547) | $25.024 | (495,405) | $25.046 | (122,283) | $21.284 |
| Tier A options granted | 285,000 | $24.375 | 295,700 | $35.625 | 299,500 | $26.444 |
| Tier B options granted | 307,000 | $24.375 | - | - | - | - |
| Tier A options canceled | (110,201) | $29.490 | (175,921) | $30.571 | (72,739) | $28.846 |
| Outstanding at end of year | 1,801,074 | $27.222 | 1,403,822 | $28.468 | 1,779,448 | $26.534 |
| Exercisable at end of year | 923,449 | $27.465 | 875,813 | $26.522 | 1,170,574 | $25.641 |
| Reserved for future grants | 512,358 | | 1,003,057 | | 1,132,011 | |

</TABLE>

Additional information regarding options outstanding at December 31, 1996, follows:

<TABLE>
<CAPTION>

| | Exercise Price Range | | | |
|---|---|---|---|---|
| | $21.36 - $24.42 | $26.13 - $29.35 | $32.00 - $38.50 | Total |
| <S> | <C> | <C> | <C> | <C> |
| Number of options outstanding | 921,321 | 496,714 | 383,039 | 1,801,074 |
| Weighted average exercise price | $24.277 | $27.298 | $34.206 | $27.222 |
| Remaining contractual life | 7.2 years | 5.6 years | 7.3 years | 6.8 years |
| Number of shares exercisable | 339,321 | 395,214 | 188,914 | 923,449 |
| Weighted average exercise price | $24.108 | $27.509 | $33.401 | $27.465 |

</TABLE>

These options cannot be traded in any equity market. However, based on the Black-Scholes option pricing model, adapted for use in valuing compensatory stock options in accordance with SFAS No. 123, Tier A options granted in 1996 have an estimated weighted fair value, at the date of grant, of $8.67 per share. Under the same methodology, Tier B options granted during 1996 have an estimated fair value, at the date of grant, of $8.56 per share. The actual value an employee may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. Consequently, there is no assurance that the value realized by an employee will be at or near the value estimated. The fair values were estimated using the following weighted average assumptions:

| | | | |
|---|---|---|---|
| Expected dividend yield | 2.33% | Risk-free interest rate | 6.77% |
| Expected stock price volatility | 24.26% | Expected life of options | 6.96 years |

If Ball had elected to recognize compensation based upon the calculated fair value of the options granted after 1994, pro forma net income and earnings per share would have been:

<TABLE>
<CAPTION>

| | As reported | | Pro forma | |
|---|---|---|---|---|
| (dollars in millions except per share amounts) | Net income (loss) | Per share | Net income (loss) | Per share |
| <S> | <C> | <C> | <C> | <C> |
| Year ended December 31, 1996 | $ 24.2 | $ 0.70 | $ 23.3 | $ 0.67 |
| Year ended December 31, 1995 | (18.6) | (0.72) | (19.1) | (0.74) |

</TABLE>

Research and Development

Research and development costs are expensed as incurred in connection with the Company's internal programs for the development of products and processes. Costs incurred in connection with these programs amounted to $18.1 million, $13.4 million and $12.5 million for the years 1996, 1995 and 1994, respectively.

1997 Acquisition

In 1997, FTB Packaging acquired a controlling interest in M.C. Packaging (Hong

Kong) Limited (M.C. Packaging), and ultimately expects to own, directly and indirectly, 75 percent of that company. Ball estimates the total acquisition price will be approximately $175 million. M.C. Packaging had net sales of approximately $205 million in 1996 and operates 13 manufacturing facilities, with one wholly owned facility in Hong Kong, eight majority-owned subsidiaries in the PRC and four minority-owned ventures in the PRC. M.C. Packaging produces two-piece aluminum beverage containers, three-piece steel food containers, aerosol cans, plastic packaging, metal crowns and printed and coated metal. The acquisition will be accounted for as a purchase and the results of M.C. Packaging will be included within the packaging segment.

Contingencies

The U.S. government is disputing the Company's claim to recoverability (by means of allocation to government contracts) of reimbursed costs associated with Ball's ESOP for fiscal years 1989 through 1995, as well as the corresponding prospective costs accrued after 1995. The government will not reimburse the Company for disputed ESOP expenses incurred or accrued after 1995. A deferred payment agreement for the costs reimbursed through 1995 was entered into between the government and Ball. On October 10, 1995, the Company filed its complaint before the Armed Services Board of Contract Appeals (ASBCA) seeking final adjudication of this matter. Trial before the ASBCA was conducted in January 1997. While the outcome of the trial is not yet known, the Company's information at this time does not indicate that this matter will have a material, adverse effect upon financial condition, results of operations or competitive position of the Company.

From time to time, the Company is subject to routine litigation incidental to its business. Additionally, the U.S. Environmental Protection Agency has designated Ball as a potentially responsible party, along with numerous other companies, for the cleanup of several hazardous waste sites. However, the Company's information at this time does not indicate that these matters will have a material, adverse effect upon financial condition, results of operations, capital expenditures or competitive position of the Company.

Quarterly Results of Operations (Unaudited)

<TABLE>
<CAPTION>

| (dollars in millions except per share amounts) | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| 1996 | | | | | |
| Net sales | $462.0 | $600.1 | $622.2 | $500.1 | $2,184.4 |
| Gross profit | 37.5 | 52.2 | 55.5 | 31.9 | 177.1 |
| Net income (loss) from: | | | | | |
| Continuing operations | 6.8 | 13.3 | 19.4 | (26.4) | 13.1 |
| Discontinued operations | (1.3) | (1.5) | 0.7 | 13.2 | 11.1 |
| Net income (loss) | 5.5 | 11.8 | 20.1 | (13.2) | 24.2 |
| Preferred dividends, net of tax benefit | (0.8) | (0.7) | (0.7) | (0.7) | (2.9) |
| Net earnings (loss) attributable to common shareholders | $ 4.7 | $ 11.1 | $ 19.4 | $ (13.9) | $ 21.3 |
| Earnings (loss) per share of common stock: | | | | | |
| Continuing operations | $ 0.20 | $ 0.42 | $ 0.62 | $ (0.89) | $ 0.34 |
| Discontinued operations | (0.04) | (0.05) | 0.02 | 0.43 | 0.36 |
| | $ 0.16 | $ 0.37 | $ 0.64 | $ (0.46) | $ 0.70 |
| Fully diluted earnings (loss) per share: | | | | | |
| Continuing operations | $ 0.19 | $ 0.40 | $ 0.58 | $ (0.83) | $ |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | 0.34 |
| Discontinued operations | (0.04) | (0.05) | 0.02 | 0.41 | 0.34 |
| | $ 0.15 | $ 0.35 | $ 0.60 | $ (0.42) | $ 0.68 |
| 1995 | | | | | |
| Net sales | $422.5 | $557.4 | $595.7 | $470.2 | $2,045.8 |
| Gross profit | 52.1 | 59.8 | 55.3 | 42.0 | 209.2 |
| Net income (loss) from: | | | | | |
| Continuing operations | 14.8 | 17.8 | 16.7 | 2.6 | 51.9 |
| Discontinued operations | 1.5 | 4.1 | (74.0) | (2.1) | (70.5) |
| Net (loss) income | 16.3 | 21.9 | (57.3) | 0.5 | (18.6) |
| Preferred dividends, net of tax benefit | (0.8) | (0.8) | (0.7) | (0.8) | (3.1) |
| Net (loss) earnings attributable to common shareholders | $ 15.5 | $ 21.1 | $(58.0) | $ (0.3) | $ (21.7) |
| (Loss) earnings per share of common stock: | | | | | |
| Continuing operations | $ 0.47 | $ 0.57 | $ 0.53 | $ 0.06 | $ 1.63 |
| Discontinued operations | 0.05 | 0.13 | (2.46) | (0.07) | (2.35) |
| | $ 0.52 | $ 0.70 | $(1.93) | $(0.01) | $ (0.72) |
| Fully diluted (loss) earnings per share: | | | | | |
| Continuing operations | $ 0.44 | $ 0.53 | $ 0.50 | $ 0.06 | $ 1.54 |
| Discontinued operations | 0.05 | 0.13 | (2.28) | (0.07) | (2.18) |
| | $ 0.49 | $ 0.66 | $(1.78) | $(0.01) | $ (0.64) |

</TABLE>

Quarterly amounts for 1996 and 1995 have been restated from amounts originally reported to segregate the financial effects of the glass business from continuing operations.

Earnings per share calculations for each quarter are based on the weighted average shares outstanding for that period. As a result, the sum of the quarterly amounts may not equal the annual earnings per share amount. The fully diluted loss per share in fourth quarter of 1995 is the same as the net loss per common share because the assumed exercise of stock options and conversion of the preferred stock would have been antidilutive for continuing operations.

1996 Quarterly Information - Continuing Operations

Results included a first quarter charge of $2.8 million ($1.7 million after tax or six cents per share) for employee termination costs primarily within the metal packaging business.

In connection with a routine examination of its federal income tax return, the Internal Revenue Service concurred with the Company's position on recognition of research and development tax credits. As a result, the Company received a refund of a portion of prior years' tax payments. Further, as a result of legislation enacted in the third quarter of 1996, Ball was required to exclude from deductible expenses a portion of the interest incurred in connection with its company-owned life insurance program, retroactive to January 1, 1996. The net effect of these tax matters was an increase in net income from continuing operations in the third quarter of $4.3 million (14 cents per share).

Fourth quarter charges of $18.2 million ($13.7 million after tax or 45 cents per share) included the loss on the sale of the aerosol business, provision for the closure of a metal food can manufacturing facility, and write-down to net realizable value of certain metal beverage container manufacturing equipment removed from service. In addition, the Company recorded an after-tax charge of $9.3 million (31 cents per share) in the fourth quarter related to Ball's investment in EarthWatch. See the note, "Dispositions and Other," for further information.

1995 Quarterly Information - Continuing Operations

Results included a first quarter net gain of $3.8 million ($2.8 million after tax or nine cents per share) comprised of the gain on sale of Efratom, net of a charge related to exit the VIGS business. The fourth quarter included a charge of $10.9 million ($6.6 million after tax or 22 cents per share) for plant closing and other capacity reductions. See the note, "Dispositions and Other," for further information.

First quarter 1995 results have been restated from amounts originally reported due to the adoption of LIFO accounting in the second quarter of 1995, retroactive to January 1, 1995. The impact of the change on the first quarter was an increase in cost of sales and corresponding decrease in gross profit of $5.4 million ($3.3 million after tax or 11 cents per share). The per share impact of this accounting change was 11 cents, six cents and seven cents for the second, third and fourth quarters of 1995, respectively.

Quarterly Information - Discontinued Operations

Discontinued operations included a fourth quarter pretax gain of $24.1 million ($13.2 million after tax or 43 cents per share) for the sale of the Company's investment in Ball-Foster. Discontinued operations in 1995 included a third quarter pretax charge of $113.3 million ($78.1 million after tax or $2.59 per share), and a pretax gain of $2.2 million ($1.4 million after tax or four cents per share) recorded in the fourth quarter, in connection with the sale of the Company's glass business to Ball-Foster. See the note, "Discontinued Operations," for further information.

Report of Management on Financial Statements

The consolidated financial statements contained in this annual report to shareholders are the responsibility of management. These financial statements have been prepared in conformity with generally accepted accounting principles and, necessarily, include certain amounts based on management's informed judgments and estimates.

In fulfilling its responsibility for the integrity of financial information, management maintains and relies upon a system of internal control which is designed to provide reasonable assurance that assets are safeguarded from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and that transactions are properly recorded to permit the preparation of reliable financial statements in all material respects. To assure the continuing effectiveness of the system of internal control and to maintain a climate in which such controls can be effective, management establishes and communicates appropriate written policies and procedures; carefully selects, trains and develops qualified personnel; maintains an organizational structure that provides clearly defined lines of responsibility, appropriate delegation of authority and segregation of duties; and maintains a continuous program of internal audits with appropriate management follow-up. Company policies concerning use of corporate assets and conflicts of interest, which require employees to maintain the highest ethical and legal standards in their conduct of the Company's business, are important elements of the internal control system.

The board of directors oversees management's administration of Company financial reporting practices, internal controls and the preparation of the consolidated financial statements through its audit committee, which is composed entirely of outside directors. The audit committee meets periodically with representatives of management, Company internal audit and Price Waterhouse LLP to review the scope and results of audit work, the adequacy of internal controls and the quality of financial reporting. Price Waterhouse LLP and Company internal audit have direct access to the audit committee, and the opportunity to meet the committee without management present, to assure a free discussion of the results of their work and audit findings.

| | |
|---|---|
| George A. Sissel<br>Chairman, President and<br>Chief Executive Officer | R. David Hoover<br>Executive Vice President,<br>Chief Financial Officer and Treasurer |

Report of Independent Accountants

To the Board of Directors and Shareholders
Ball Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income (loss), of cash flows and of changes in shareholders' equity present fairly, in all material respects, the financial position of Ball Corporation and its subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in the Inventories note to consolidated financial statements, the Company changed its method of determining the cost of certain inventories from first-in, first-out to the last-in, first-out method effective January 1, 1995.

Price Waterhouse LLP
Indianapolis, Indiana
January 21, 1997

Management's Discussion and Analysis of Financial Condition and Results of Operations
Ball Corporation and Subsidiaries

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

Overview

The accompanying financial statements include the effects of a number of significant actions over the three-year reporting period:

The Company sold its 42 percent interest in Ball-Foster Glass Container Co., L.L.C. (Ball-Foster) in 1996. Ball-Foster was formed in 1995 from the glass businesses acquired from Ball and Foster-Forbes, a division of American National Can Company. As a result of these transactions, the Company realized approximately $337 million in proceeds and no longer participates in the manufacture or sale of glass containers. The financial effects of these transactions, as well as the results of the glass business, have been segregated in the accompanying financial statements as discontinued operations. See "Discontinued Operations" for additional information regarding these transactions.

In October 1996, the Company sold its U.S. aerosol can manufacturing business, consisting of net assets of approximately $47.5 million, including $6.0 million of goodwill, for $44.3 million, comprised of a $3.0 million note and cash. In connection with this sale, the Company recognized a loss of $3.3 million ($4.4 million after tax or 14 cents per share). The aerosol business was included in consolidated results and within the packaging segment through the date of sale.

In 1994 Ball decided to enter the PET (polyethylene terephthalate) plastic container market. By year end 1996, in addition to the pilot line and research and development center completed in 1995, three plants were operational and two additional facilities were under construction. Consolidated results include losses from this start-up operation of $17.4 million and $7.8 million for 1996 and 1995, respectively.

Also in 1994, the Company expanded internationally by increasing its ownership interest in FTB Packaging Limited (FTB Packaging), a Hong Kong-based Chinese metal packaging company. At December 31, 1996, FTB Packaging was a 95 percent owned subsidiary and has been included on a consolidated basis within the packaging segment since January 1, 1995. Further expansion into the People's Republic of China (PRC) has been effected through FTB Packaging and includes the construction of two metal beverage container facilities and a metal food container facility and the 1997 acquisition of a controlling interest in M. C. Packaging (Hong Kong) Limited (M.C. Packaging). In addition, Ball joint venture affiliates in Thailand and Brazil each have under construction plants which are expected to be operational in 1997. See "1997 Acquisition" for additional information regarding M.C. Packaging.

The Company concluded a study in 1994 which explored strategic alternatives for the aerospace and technologies business. A decision was made to retain the core aerospace and technologies business, but to sell the Efratom time and frequency business (Efratom). Efratom was sold in March 1995 at a gain of $11.8 million ($7.7 million after tax or 25 cents per share) to Datum Inc. (Datum) for cash of $15.0 million and 1.3 million shares, or approximately 32 percent, of Datum common stock. Based on the closing market price of the publicly traded shares on December 31, 1996, the market value of the Company's investment in Datum was $21.6 million. Efratom was included in consolidated results and within the aerospace and technologies segment through the date of sale. The gain was partially offset by a pretax charge of $8.0 million for costs in connection with the 1993 decision to exit the visual image generating systems (VIGS) business.

An additional $4.0 million charge related to VIGS was recorded in 1994.

Ball and WorldView, Inc., formed EarthWatch, Incorporated (EarthWatch) in 1994 to commercialize certain proprietary technologies by serving the market for satellite-based remote sensing images of the Earth. Through December 31, 1995, the Company invested approximately $21 million in EarthWatch. EarthWatch has experienced extended product development and deployment delays and is expected to incur significant product development losses into the future, exceeding Ball's investment. Ball has no commitments to provide further equity or debt financing to EarthWatch beyond its investment to date. EarthWatch indicates that it will seek further significant development stage financing during 1997. Although Ball is currently a 49 percent equity owner of EarthWatch and has contracted to design, and may elect to produce, satellites for that company in the future, the remaining carrying value of the investment was written off. Ball recorded a pretax charge of $15.0 million ($9.3 million after tax or 31 cents per share) in the fourth quarter of 1996.

Within Ball's North American metal packaging business, the Company consolidated operations to reduce costs by closing or selling five food container manufacturing and related facilities, writing down certain nonproductive equipment to net realizable value and discontinuing the manufacture of metal beverage containers at one facility in Canada. Ball recorded charges of $14.9 million ($9.3 million after tax or 31 cents per share) and $10.9 million ($6.6 million after tax or 22 cents per share) in connection with these actions in 1996 and 1995, respectively. In addition, the Company recorded a charge of $2.8 million ($1.7 million after tax or six cents per share) in 1996 for employee termination costs primarily related to the elimination of administrative positions within these lines of business.

With the significant industry-wide increase in aluminum can sheet prices in 1995, Ball elected to change its method of accounting for certain U.S. metal beverage container inventories effective January 1, 1995, from first-in, first-out (FIFO) to last-in, first-out (LIFO). This accounting change increased cost of sales, and correspondingly decreased 1995 operating earnings, by $17.1 million ($10.4 million after tax or 35 cents per share).

Sales and Earnings

Consolidated net sales of $2.2 billion in 1996 increased 6.8 percent compared to 1995 net sales of $2.0 billion, reflecting sales of the Company's new PET plastic container business, as well as increased sales in the metal packaging business and the aerospace and technologies segment. Consolidated net sales in 1995 were 11.0 percent higher than consolidated net sales of $1.8 billion in 1994. The increase in 1995 was attributable to increased sales in both the North American metal beverage container and aerospace and technologies businesses, as well as the consolidation of FTB Packaging.

Consolidated operating earnings of $68.0 million in 1996 decreased 41.3 percent compared to 1995 earnings of $115.8 million. The decrease in 1996 reflects lower packaging segment earnings, including amounts related to dispositions and other charges discussed above. Consolidated 1995 operating earnings were 16.6 percent lower than consolidated 1994 operating earnings of $138.8 million, due in part to the effects of the change to the LIFO method of accounting in 1995 and start-up operating costs of the PET plastic container business in that year, the total of which was partially offset by higher earnings within the aerospace and technologies segment.

Corporate expenses were $5.1 million, $13.2 million and $16.0 million for 1996, 1995 and 1994, respectively. Included in 1994 expense was $2.8 million related to termination costs for certain former employees, net of a gain realized from the sale of a portion of the Company's investment in a Taiwan joint venture. The decrease in expenses in 1996 compared to 1995 and 1994 was due, in part, to income from short-term temporary investments, attributable to the proceeds from business dispositions, and lower operating costs.

Packaging Segment

Packaging segment sales were $1.8 billion, $1.7 billion and $1.6 billion for 1996, 1995 and 1994, respectively. The increase in sales when comparing 1996 to 1995 was primarily attributable to the new PET plastic container business, as well as increased sales in both the North American metal food container and international metal packaging businesses. Comparing 1995 to 1994, the increase reflects higher North American metal beverage container sales, as well as the effect of consolidating FTB Packaging. Segment earnings declined over the three-year period ended in 1996 to $36.6 million, from $84.7 million in 1995 and $119.7 million in 1994.

As discussed in the Overview, segment results include charges totaling $21.0 million and $10.9 million in 1996 and 1995, respectively, for plant closures, asset write-downs, the sale of the aerosol business and employee termination costs. To facilitate comparison, the following discussion on the packaging segment's financial results exclude the effects of these dispositions and other charges.

Metal Containers

Net sales increased 2.1 percent to $1,766 million in 1996 from $1,730 million in 1995, primarily due to a 6.0 percent increase in North American metal food container sales, as well as increased sales from international operations. The increase in North American metal food container sales was a result of an 11 percent increase in the Company's shipments of metal food containers, as well as marginally improved pricing. The increase in 1996 shipments compared to 1995 reflects, in part, depressed shipments in 1995 of vegetable and pet food cans. Ball estimates that its North American metal food container shipments are approximately 14 percent of total U.S. and Canadian metal food container shipments based on available 1996 industry information.

In the North American metal beverage container business, lower selling prices offset an 11 percent increase in can unit shipments. Estimated U.S. and Canadian industry shipments of metal beverage containers increased one percent in 1996 compared to 1995. Ball estimates that its North American metal beverage shipments, as a percentage of total U.S. and Canadian shipments for metal beverage containers, increased to approximately 17 percent in 1996, compared to an estimated 16 percent in 1995.

Consolidated metal packaging earnings decreased 27.6 percent in 1996 compared to 1995. The decrease was due primarily to lower earnings within the North American metal beverage container business, start-up operating costs from three new manufacturing facilities in the PRC and higher operating costs of one food container manufacturing plant which has been closed. Improved earnings in the North American metal food container business in 1996, resulting from increased sales volumes, partially offset these decreases. The lower earnings for the North American metal beverage container business were due in part to the higher cost of aluminum contracted for in late 1995 and lower aluminum scrap selling prices, both of which resulted in higher cost of sales. Production inefficiencies in early 1996 while converting to the smaller diameter end and implementing the use of a lower gauge metal also contributed to lower results.

Comparing 1995 to 1994, the increase in metal packaging sales was due primarily to a 10.6 percent increase in North American metal beverage container sales as higher selling prices for metal beverage containers, the result of an unprecedented industry-wide increase in aluminum can sheet cost, more than offset the impact of lower sales volumes. Sales of metal food containers declined approximately four percent in 1995 compared to 1994 as unit volumes declined approximately eight percent, due in part to a poor vegetable harvest, lower shipments to the pet food industry and continued competitive pricing pressures.

Metal packaging earnings for 1995 declined 22.9 percent compared to 1994. The decrease was due primarily to the adoption of LIFO accounting for certain U.S. beverage can inventories. Within metal packaging, however, on a comparable basis to 1994, earnings in the North American metal beverage container business in 1995 increased approximately five percent due to the favorable FIFO cost/price relationship of 1994 inventories sold in 1995, coupled with productivity gains. The North American metal food container business had significantly lower earnings due, in large part, to reduced sales volumes and competitive industry pricing. Metal packaging earnings in 1995 also include FTB Packaging earnings of $4.7 million.

### Plastic Containers

Sales of PET plastic containers were $56.3 million in 1996, below anticipated levels, due in part to lower resin prices and lower than expected requirements of a key customer. Operating losses of this business, reflecting the lower volume as well as start-up inefficiencies and costs, were $17.4 million and $7.8 million for 1996 and 1995, respectively. A fifth facility is under construction in New Jersey, with shipments expected to begin in the second half of 1997. The New Jersey facility is being constructed to supply a large regional beverage franchise, from which the Company is also acquiring certain PET manufacturing equipment. This acquisition is expected to close in July 1997.

### Aerospace and Technologies Segment

As discussed in the Overview, included in aerospace and technologies operating results were a gain of $11.8 million in 1995 related to the sale of the Efratom business and charges of $8.0 million and $4.0 million in 1995 and 1994, respectively, to exit the VIGS business. In the following discussion of aerospace and technologies segment results, these charges and the gain from disposition are excluded to facilitate comparison.

Segment sales were $362.3 million, $315.8 million and $268.0 million for 1996, 1995 and 1994, respectively. The 1995 and 1994 sales amounts include those from the Efratom business sold in March 1995. On a comparable basis, excluding the sales of the Efratom business, sales were $362.3 million, $306.5 million and $231.5 million for 1996, 1995 and 1994, respectively, representing annual increases of 18.2 percent and 32.4 percent for 1996 and 1995, respectively. A significant percentage of the increases were attributable to certain programs awarded late in 1994.

Operating earnings increased 15.0 percent to $31.4 million in 1996 compared to $27.3 million in 1995. Earnings in 1995 were 18.2 percent greater than 1994 earnings of $23.1 million. On a comparable basis, excluding Efratom's results, operating earnings were $31.4 million, $26.7 million and $20.0 million for 1996, 1995 and 1994, respectively, or annual increases of 17.6 percent in 1996 and 33.5 percent in 1995. Comparing 1996 and 1995, the increase in earnings is primarily attributable to the increase in sales, partially offset by costs related to one now completed fixed price contract. The increased earnings in 1995 compared to 1994 were attributed to certain programs and the completion, in 1995, of two contracts for second generation instruments for the Hubble Space

Telescope.

Sales to the U.S. government, either as a prime contractor or as a subcontractor, represented approximately 78 percent of this segment's sales in 1994. In 1995, this increased to 86 percent, and in 1996, sales to the U.S. government represented nearly 91 percent of segment sales. While the government budget for defense and NASA has exhibited a downward trend in recent years, management believes the NASA budget has stabilized and that within the Company's niche markets defense spending will increase. With the consolidation of the industry, competition for business will remain intense. Backlog for the aerospace and technologies segment at December 31, 1996 and 1995, was approximately $337 million and $420 million, respectively.

Interest and Taxes

Gross interest cost, before reduction for capitalized interest and amounts allocated to discontinued operations, of $45.4 million in 1996 increased from $41.3 million in 1995, reflecting higher levels of borrowing for the first nine months of 1996, including the issue of $150 million in fixed-rate term debt, partially offset by generally lower interest rates on interest-sensitive borrowings. Gross interest cost in 1994 was $43.2 million. The decrease in 1995 compared to 1994 was due to the beneficial effects of generally lower interest-sensitive borrowings and prepayment of higher fixed-rate term debt, partially offset by higher interest rates on U.S. and Canadian borrowings and interest on FTB Packaging borrowings. Interest capitalized amounted to $6.6 million, $3.5 million and $2.2 million for 1996, 1995 and 1994, respectively, and, interest expense allocated to discontinued operations for 1996, 1995 and 1994 was $5.5 million, $12.1 million and $14.1 million, respectively. Interest expense for continuing operations increased to $33.3 million in 1996, compared to $25.7 million in 1995 and $26.9 million in 1994.

Ball's consolidated effective income tax rate was 24.3 percent in 1996, compared to 34.4 percent and 35.9 percent in 1995 and 1994, respectively. The decrease in 1996, compared to 1995 and 1994, was primarily attributable to the effect of a refund for tax credits recognized by the Company after the Internal Revenue Service concurred with Ball's position regarding creditable cost of research and development. This benefit was partially offset by the effect of a tax/book investment basis difference related to the sale of the aerosol business and approximately $1.5 million related to policy loan interest due to a change in tax legislation which limited the amount of interest on policy loans which can be deducted. Ball has taken action to limit the impact of this new legislation on its future financial results.

Results of Equity Affiliates

Equity in losses of affiliates in 1996 of $9.5 million included a charge of $15.0 million ($9.3 million after tax or 31 cents per share) to write off the Company's investment in EarthWatch. In addition, the Company's share of EarthWatch's development stage operating losses were $3.0 million and $1.3 million in 1996 and 1995, respectively. Results from other equity affiliates were $2.8 million, $4.3 million and $2.5 million in 1996, 1995 and 1994, respectively, and were primarily from Ball's share of earnings in Pacific Rim joint ventures, including FTB Packaging in 1994. In 1996 start-up operating costs associated with new investments in Brazil and Thailand reduced earnings.

Earnings from Continuing Operations

Net income from continuing operations was $13.1 million in 1996, compared to $51.9 million in 1995 and $64.0 million in 1994. The decrease in 1996 was due to lower operating results, including aggregate net after-tax charges of $20.4 million, or 68 cents per share, for plant closures, asset write-downs (including EarthWatch), employee termination costs, tax matters and the sale of the aerosol business. Net income from continuing operations in 1995 and 1994 included aggregate after-tax charges of $3.8 million and $4.1 million, respectively, for dispositions, plant closures and asset write-downs. Earnings per share from continuing operations were 34 cents, $1.63 and $2.05, in 1996, 1995 and 1994, respectively.

Discontinued Operations

In October 1996, the Company sold its 42 percent investment in Ball-Foster to Compagnie de Saint Gobain (Saint-Gobain) for $190 million in cash. Ball-Foster was formed in September 1995 as a joint venture with Saint-Gobain. Ball-Foster acquired the assets of Ball Glass Container Corporation (Ball Glass), a wholly owned subsidiary of Ball for approximately $338 in cash, and those of Foster-Forbes. Concurrent with the sale of Ball Glass to Ball-Foster, Ball acquired its 42 percent investment in Ball-Foster for $180.6 million in cash. The remaining 58 percent interest was acquired by Saint-Gobain. As a result of the above transactions, Ball ultimately realized net cash proceeds, including distributions, of approximately $337 million for its glass business.

Earnings from discontinued operations in 1996 of $11.1 million, or 36 cents per share, is primarily comprised of the net gain of $24.1 million ($13.2 million after tax or 43 cents per share) resulting from the sale of Ball's remaining interest in Ball-Foster. The loss of $111.1 million ($76.7 million after tax or $2.55 per share) resulting from the sale of the Ball Glass assets to Ball-Foster was included as a part of 1995 results from discontinued operations.

1997 Acquisition

In 1997, FTB Packaging acquired a controlling interest in M.C. Packaging, and ultimately expects to own, directly and indirectly, 75 percent of that company. Ball estimates the total acquisition price will be approximately $175 million. M.C. Packaging had net sales of approximately $205 million in 1996 and operates 13 manufacturing facilities, with one wholly owned facility in Hong Kong, eight majority-owned subsidiaries in the PRC and four minority-owned ventures in the PRC. Products manufactured by M.C. Packaging include two-piece aluminum beverage containers, three-piece steel food containers, aerosol cans, plastic packaging, metal crowns and printed and coated metal. The acquisition will be accounted for as a purchase and the results of M.C. Packaging will be included within the packaging segment.

Financial Position, Liquidity and Capital Resources

Cash flow from continuing operations increased to $84.3 million in 1996 from $32.9 million in 1995. Cash used for working capital in 1996 was $52.6 million lower than in 1995, more than offsetting the effects of lower operating results. Cash flow from operations in 1995 compared to 1994 decreased by $158.8 million, due in part to an increase in metal packaging inventories from unusually low levels at year end 1994. At December 31, 1996, working capital (excluding cash and debt) was $261.6 million, an increase of $34.4 million from the 1995 year end. The increase was due largely to the additional working capital requirements of the PET plastic container business, as well as that of Ball's expanding international business.

Capital expenditures were $196.1 million, $178.9 million and $41.3 million in 1996, 1995 and 1994, respectively. Spending in 1996 and 1995 included approximately $75 million and $70 million, respectively, for Ball's PET plastic container business. Spending in all three years included amounts to convert metal beverage plant equipment to meet industry container specifications for smaller diameter ends. This program will be completed in early 1997. Other capital projects in 1996 included the conversion of a metal beverage container line to the manufacture of two-piece metal food containers and a technology upgrade related to the manufacture of salmon cans in Canada. Other spending in 1995 and 1994 included expansion of warehouse space for metal beverage containers and productivity improvement programs in several of the metal packaging facilities.

Investments in affiliates were $27.7 million, $55.2 million and $5.6 million for 1996, 1995 and 1994, respectively. Investments in 1996 were primarily for metal beverage container facilities in Brazil and Thailand. Investments in 1995 include $20.9 million for EarthWatch and approximately $31 million primarily for new metal beverage container plants in Beijing and Wuhan, PRC, and a metal food container plant in Ningbo, PRC. The Company holds a majority interest in these PRC ventures through FTB Packaging. These ventures were consolidated by FTB Packaging effective January 1, 1996, and started producing cans in 1996.

In 1997 total capital spending and investments are anticipated to be up to $165 million, including amounts for the acquisition of certain PET plastic container equipment from a self-manufacturer, and investments in foreign ventures. These amounts exclude Ball's acquisition of M.C. Packaging in early 1997.

Premiums on company-owned life insurance in 1996 were $5.7 million, and in 1995 and 1994, were approximately $20 million each year. Amounts in the consolidated statement of cash flows represent net cash flows from this program, including policy loans of $10.3 million, $113.2 million and $23.4 million in 1996, 1995 and 1994, respectively. Loans outstanding of $242.3 million and $233.0 million at December 31, 1996 and 1995, respectively, are reflected as a reduction in the net cash surrender value in the consolidated balance sheet. The policies are issued by Great-West Life Assurance Company and The Hartford Life Insurance Company. Legislation enacted in 1996 limits the amount of interest on policy loans which can be deducted for federal income tax purposes. The limits affect insurance programs initiated after June 1986 and phase-in over a three-year period. As a result of the new legislation, the Company was unable to deduct certain amounts of its policy loan interest in 1996, resulting in higher income tax expense of approximately $1.5 million (five cents per share). Ball has taken action to limit the impact of this new legislation on its future financial results.

Debt at December 31, 1996, increased $107.5 million to $582.9 million from $475.4 million at year end 1995. In January 1996 Ball issued long-term, senior, unsecured notes with a weighted average interest rate of 6.71 percent to several insurance companies for an aggregate amount of $150 million to secure lower cost, fixed-rate financing. This debt matures, in varying amounts, from 1997 through 2008. The increase in cash and temporary investments in 1996 to $169.2 million compared to $5.1 million at the end of 1995 was a result of the proceeds on the dispositions of the Ball-Foster investment and the aerosol business received in the fourth quarter of 1996. Consolidated debt-to-total capitalization increased to 48.8 percent at December 31, 1996, from 44.7 percent at year end 1995, reflecting the increase in debt.

In the U.S., Ball had committed revolving credit agreements at December 31, 1996, totaling $280 million consisting of a five-year facility for $150 million and 364-day facilities for $130 million. An additional $356 million in short-term funds were available on an uncommitted basis at year end 1996. The Canadian dollar commercial paper facility provides for committed short-term funds of approximately $87.6 million. In Asia, FTB Packaging had approximately $57.5 million in short-term committed facilities and $56.2 million additional uncommitted funds available at December 31, 1996. Management believes that existing credit resources will be adequate to meet foreseeable financing requirements of the Company's business.

Cash dividends paid on common stock in 1996, 1995 and 1994 were 60 cents per share each year.

Other

The U.S. government is disputing the Company's claim to recoverability (by means of allocation to government contracts) of reimbursed costs associated with Ball's Employee Stock Ownership Plan (ESOP) for fiscal years 1989 through 1995, as well as the corresponding prospective costs accrued after 1995. The government will not reimburse the Company for disputed ESOP expenses incurred or accrued after 1995. A deferred payment agreement for the costs reimbursed through 1995 was entered into between the government and Ball. On October 10, 1995, the Company filed its complaint before the Armed Services Board of Contract Appeals (ASBCA) seeking final adjudication of this matter. Trial before the ASBCA was conducted in January 1997. While the outcome of the trial is not yet known, the Company's information at this time does not indicate that this matter will have a material, adverse effect upon financial condition, results of operations or competitive position of the Company.

From time to time, the Company is subject to routine litigation incidental to its business. Additionally, the U.S. Environmental Protection Agency has designated Ball as a potentially responsible party, along with numerous other companies, for the cleanup of several hazardous waste sites. However, the Company's information at this time does not indicate that these matters will have a material, adverse effect upon financial condition, results of operations, capital expenditures or competitive position of the Company.

Ball is subject to various risks and uncertainties in the ordinary course of business due, in part, to the highly competitive nature of the industries in which the Company participates, its operations in developing markets outside the U.S., volatile costs of commodity materials used in the manufacture of its products and changing capital markets. Where practicable, Ball attempts to reduce these risks and uncertainties.

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 contingencies at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Future events could affect these estimates.

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

Quarterly Stock Prices and Dividends

Quarterly prices for the company's common stock, as reported on the composite tape, and quarterly dividends in 1996 and 1995 were:

<TABLE>
<CAPTION>

| | 1996 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | 1995 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|---|---|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| High | 32 1/4 | 31 7/8 | 28 1/2 | 26 1/4 | 35 1/8 | 36 7/8 | 38 3/4 | 30 3/8 |
| Low | 25 3/4 | 26 7/8 | 23 1/4 | 23 1/8 | 29 1/2 | 31 | 29 1/2 | 25 3/4 |
| Dividends | .15 | .15 | .15 | .15 | .15 | .15 | .15 | .15 |

</TABLE>

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

<TABLE>
<CAPTION>

| (dollars in millions except per share amounts) | 1996 | 1995 | 1994 | 1993 | 1992 |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net sales | $2,184.4 | $2,045.8 | $1,842.8 | $1,735.1 | $1,453.5 |
| Net income (loss) from: | | | | | |
| Continuing operations (1) | $13.1 | $51.9 | $64.0 | $3.2 | $44.6 |
| Discontinued operations | 11.1 | (70.5) | 9.0 | (33.6) | |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | 22.5 |
| Net income (loss) before cumulative effect of accounting changes | 24.2 | (18.6) | 73.0 | (30.4) | 67.1 |
| Cumulative effect of accounting changes, net of tax benefit | - | - | - | (34.7) | - |
| Net income (loss) | 24.2 | (18.6) | 73.0 | (65.1) | 67.1 |
| Preferred dividends, net of tax benefit | (2.9) | (3.1) | (3.2) | (3.2) | (3.4) |
| Net earnings (loss) attributable to common shareholders | $21.3 | $(21.7) | $69.8 | $(68.3) | $63.7 |
| Return on average common shareholders' equity | 3.7% | (3.7)% | 12.1% | (11.6)% | 11.1% |
| Per share of common stock: | | | | | |
| Earnings (loss) from: (2) | | | | | |
| Continuing operations (1) | $0.34 | $1.63 | $2.05 | $ - | $1.58 |
| Discontinued operations | 0.36 | (2.35) | 0.30 | (1.17) | 0.87 |
| Earnings (loss) before cumulative effect of accounting changes | 0.70 | (0.72) | 2.35 | (1.17) | 2.45 |
| Cumulative effect of accounting changes, net of tax benefit | - | - | - | (1.21) | - |
| Earnings (loss) | $(0.70) | $(0.72) | $2.35 | $(2.38) | $2.45 |
| Cash dividends | 0.60 | 0.60 | 0.60 | 1.24 | 1.22 |
| Book value (3) | 19.22 | 18.84 | 20.25 | 18.63 | 22.55 |
| Market value | 26 1/4 | 27 3/4 | 31 1/2 | 30 1/4 | 35 3/8 |
| Annual return to common shareholders (4) | (3.2)% | (10.2)% | 6.4% | 1.1% | (3.6)% |
| Weighted average common shares outstanding (000s) | 30,314 | 30,024 | 29,662 | 28,712 | 26,039 |
| Fully diluted earnings (loss) per share: (5) | | | | | |
| Earnings (loss) from: | | | | | |
| Continuing operations (1) | $0.34 | $1.54 | $1.92 | $ - | $1.51 |
| Discontinued operations | 0.34 | (2.18) | 0.28 | (1.17) | 0.80 |
| Earnings (loss) before cumulative effect of accounting changes | 0.68 | (0.64) | 2.20 | (1.17) | 2.31 |
| Cumulative effect of accounting changes, net of tax benefit | - | - | - | (1.21) | - |
| Earnings (loss) | $0.68 | $(0.64) | $2.20 | $(2.38) | $2.31 |
| Fully diluted weighted average common shares outstanding (000s) | 32,357 | 32,328 | 32,062 | 28,712 | 28,223 |
| Property, plant and equipment additions | $196.1 | $178.9 | $41.3 | $89.1 | $51.3 |
| Depreciation | 88.1 | 75.5 | 75.5 | 70.0 | 55.4 |
| Working capital | 255.6 | 77.3 | 56.9 | 104.9 | 147.1 |
| Current ratio | 1.50 | 1.16 | 1.14 | 1.29 | 1.53 |
| Total assets | $1,700.8 | $1,614.0 | $1,631.9 | $1,668.8 | $1,453.4 |
| Total interest bearing debt and lease obligations(6) | 582.9 | 475.4 | 493.7 | 637.2 | 616.5 |
| Common shareholders' equity | 586.7 | 567.5 | 604.8 | 548.6 | 596.0 |
| Total capitalization (6) | 1,194.3 | 1,064.1 | 1,126.5 | 1,211.8 | 1,237.5 |
| Debt-to-total capitalization (6) | 48.8% | 44.7% | 43.8% | 52.6% | 49.8% |

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<FN>

(1) Includes the effect of a change in 1995 to the LIFO method of accounting of $17.1 million ($10.4 million after tax or 35 cents per share).

(2) Based on weighted average common shares outstanding.

(3) Based on common shares outstanding at end of year.

(4) Change in stock price plus dividend yield assuming reinvestment of dividends. Included in 1993 is the value of the distribution of one share of Alltrista Corporation common stock for four shares of Ball Corporation common stock of $4.25.

(5) In 1995, the assumed conversion of preferred stock and exercise of stock options resulted in a dilutive effect on continuing operations. Accordingly, the fully diluted loss per share amounts are required to be used for discontinued operations, resulting in a lower total loss per share than the loss per common share.

(6) Includes amounts attributed to discontinued operations.

</FN>

</TABLE>

Exhibit 21.1

SUBSIDIARY LIST (1)
Ball Corporation and Subsidiaries

The following is a list of subsidiaries of Ball Corporation (an Indiana Corporation) which are included in the financial statements on a consolidated basis.

| Name | State or Country of Incorporation or Organization | Percentage Ownership (2) |
|---|---|---|
| Ball Packaging Corp. | Colorado | 100% |
| Ball Asia Pacific Limited | Colorado | 100% |
| Ball Plastic Container Corp. | Colorado | 100% |
| Ball Metal Food Container Corp. | Delaware | 100% |
| Ball Metal Beverage Container Corp. | Colorado | 100% |
| Ball Metal Packaging Sales Corp. | Colorado | 100% |
| Ball Aerospace & Technologies Corp. | Delaware | 100% |
| Ball Aerospace - (Australia), Pty Ltd. | Australia | 100% |
| Ball Systems Technology Limited | United Kingdom | 100% |
| Ball Technology Services Corporation | California | 100% |
| Ball Packaging Products Canada, Inc. | Canada | 100% |
| FTB Packaging Limited | Hong Kong | 95% |
| Beijing FTB Packaging Limited. | PRC | 81% |
| FTB Tooling and Engineering Ltd. | Hong Kong | 95% |
| Fully Tech Industrial Ltd. | Hong Kong | 67% |
| Greater China Trading Ltd. | Cayman Islands | 95% |
| Hubei FTB Packaging Limited | PRC | 76% |
| Ningbo FTB Can Company Limited. | PRC | 71% |
| Xian Kun Lun FTB Packaging Ltd. | PRC | 57% |
| FTB Ningbo Investment Limited | Hong Kong | 95% |
| M.C. Packaging (Hong Kong) Limited | Hong Kong | 67% |
| MCP Beverage Packaging Limited | Hong Kong | 67% |
| MCP Industries Limited | Hong Kong | 67% |
| Suzhou M.C. Packaging Limited | Hong Kong | 37% |
| Plasco Limited | Hong Kong | 47% |
| Beijing M.C. Packaging Company Limited | PRC | 37% |
| Hainan M.C. Packaging Limited | PRC | 60% |
| Hangzhou M.C. Packaging Company Limited | PRC | 34% |
| Panyu MCP Industries Limited | PRC | 60% |
| Shenzhen M.C. Packaging Limited | PRC | 40% |
| Tianjin M.C. Packaging Limited | PRC | 53% |
| Hemei Containers (Tianjin) Co. Ltd. | PRC | 45% |
| Suzhou M.C. Beverage Packaging Co. Ltd. | PRC | 37% |
| Tianjin MCP Cap Manufacture Company Limited | PRC | 53% |
| Tianjin MCP Industries Limited | PRC | 53% |

The following is a list of affiliates of Ball Corporation included in the financial statements on the basis of equity accounting:

| | | |
|---|---|---|
| Datum Inc. | Delaware | 18% |
| EarthWatch Incorporated | Colorado | 49% |
| Phoenix Packaging Corporation | Ohio | 25% |
| San Miguel Yamamura Ball Corp. | Philippines | 6% |
| Lam Soon-Ball Yamamura | Taiwan | 8% |
| Latapack-Ball Embalagens Ltda. | Brazil | 50% |
| Thai Beverage Can Ltd. | Thailand | 40% |

The following are owned indirectly through FTB Packaging Limited:

| | | |
|---|---|---|
| Jianlibao FTB Beverages & Can Manufacturing (Shanghai) Limited | PRC | 38% |
| Sanshui Jianlibao FTB Packaging Limited | PRC | 33% |
| Zhongshan Yedao Drinks Limited | PRC | 10% |
| Zhuhai FTB Packaging Limited | PRC | 31% |
| Norinco-MCP (Hong Kong) Limited | Hong Kong | 20% |
| Guangzhou M.C. Packaging Limited | PRC | 13% |
| Maoming Norinco MCP Company Limited | PRC | 15% |
| Qindao M.C. Packaging Limited | PRC | 27% |
| Shenzhen Norinco-MCP Company Limited | PRC | 20% |

(1) In accordance with Regulation S-K, Item 601(b)(22)(ii), the names of certain subsidiaries have been omitted from the foregoing lists. The unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary, as defined in Regulation S-X, Rule 1-02(v).

(2) Represents the Registrant's direct and/or indirect ownership in each of the

subsidiaries' voting capital share.

Exhibit 23.1

Consent of Independent Accountants

We hereby consent to the incorporation by reference in each Prospectus constituting part of each Post-Effective Amendment No. 1 on Form S-3 to Form S-16 Registration Statement (Registration Nos. 2-62247 and 2-65638) and in each Prospectus constituting part of each Form S-3 Registration Statement or Post-Effective Amendment (Registration Nos. 33-3027, 33-16674, 33-19035, 33-40196 and 33-58741) and in each Form S-8 Registration Statement or Post-Effective Amendment (Registration Nos. 33-21506, 33-40199, 33-37548, 33-28064, 33-15639, 33-61986 and 33-51121) of Ball Corporation of our report dated January 21, 1997 in the 1996 Annual Report to Shareholders which is incorporated by reference in the Annual Report on Form 10-K.

/s/ PRICE WATERHOUSE LLP

Indianapolis, Indiana

March 31, 1997

Exhibit 24.1

Form 10-K
Limited Power of Attorney

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

Date: March 31, 1997

| | | | |
|---|---|---|---|
| /s/ R. David Hoover | | /s/ Frank A. Bracken | |
| R. David Hoover | Officer | Frank A. Bracken | Director |
| /s/ Albert R. Schlesinger | | /s/ Howard M. Dean | |
| Albert R. Schlesinger | Officer | Howard M. Dean | Director |
| /s/ George A. Sissel | | /s/ John T. Hackett | |
| George A. Sissel | Officer | John T. Hackett | Director |
| | | /s/ R. David Hoover | |
| | | R. David Hoover | Director |
| | | /s/ John F. Lehman | |
| | | John F. Lehman | Director |
| | | /s/ George McFadden | |
| | | George McFadden | Director |
| | | /s/ Ruel C. Mercure, Jr. | |
| | | Ruel C. Mercure, Jr. | Director |
| | | /s/ Jan Nicholson | |
| | | Jan Nicholson | Director |
| | | /s/ George A. Sissel | |
| | | George A. Sissel | Director |
| | | /s/ William P. Stiritz | |
| | | William P. Stiritz | Director |

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EXHIBIT 27.1

BALL CORPORATION
FINANCIAL DATA SCHEDULE

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1996 AND THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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| <PERIOD-END> | DEC-31-1996 |
| <CASH> | 169,200 |
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| <INVENTORY> | 302,000 |
| <CURRENT-ASSETS> | 766,600 |
| <PP&E> | 1,269,500 |
| <DEPRECIATION> | 570,500 |
| <TOTAL-ASSETS> | 1,700,800 |
| <CURRENT-LIABILITIES> | 511,000 |
| <BONDS> | 407,700 |
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| <COMMON> | 242,200 |
| <OTHER-SE> | 344,500 |
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| <SALES> | 2,184,400 |
| <TOTAL-REVENUES> | 2,184,400 |
| <CGS> | 2,007,300 |
| <TOTAL-COSTS> | 2,007,300 |
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| <LOSS-PROVISION> | 0 |
| <INTEREST-EXPENSE> | 33,300 |
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| <DISCONTINUED> | 11,100 |
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| <NET-INCOME> | 24,200 |
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| <EPS-DILUTED> | 0.68 |

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EXHIBIT 27.2

BALL CORPORATION
FINANCIAL DATA SCHEDULE

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE RESTATED UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 29, 1996 AND THE RESTATED UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 29, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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| <SECURITIES> | 0 |
| <RECEIVABLES> | 380,600 |
| <ALLOWANCES> | 0 |
| <INVENTORY> | 287,900 |
| <CURRENT-ASSETS> | 748,600 |
| <PP&E> | 1,267,500 |
| <DEPRECIATION> | 551,700 |
| <TOTAL-ASSETS> | 1,902,900 |
| <CURRENT-LIABILITIES> | 668,500 |
| <BONDS> | 427,800 |
| <PREFERRED-MANDATORY> | 0 |
| <PREFERRED> | 15,100 |
| <COMMON> | 244,300 |
| <OTHER-SE> | 357,800 |
| <TOTAL-LIABILITY-AND-EQUITY> | 1,902,900 |
| <SALES> | 1,684,300 |
| <TOTAL-REVENUES> | 1,684,300 |
| <CGS> | 1,539,100 |
| <TOTAL-COSTS> | 1,539,100 |
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| <EPS-DILUTED> | 1.11 |

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EXHIBIT 27.3

BALL CORPORATION
FINANCIAL DATA SCHEDULE

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE RESTATED UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 1996 AND THE RESTATED UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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| <CASH> | 20,200 |
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| <RECEIVABLES> | 321,000 |
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| <INVENTORY> | 338,000 |
| <CURRENT-ASSETS> | 753,900 |
| <PP&E> | 1,229,700 |
| <DEPRECIATION> | 532,700 |
| <TOTAL-ASSETS> | 1,864,500 |
| <CURRENT-LIABILITIES> | 642,300 |
| <BONDS> | 431,700 |
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| <PREFERRED> | 15,100 |
| <COMMON> | 238,300 |
| <OTHER-SE> | 343,300 |
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| <SALES> | 1,062,100 |
| <TOTAL-REVENUES> | 1,062,100 |
| <CGS> | 972,400 |
| <TOTAL-COSTS> | 972,400 |
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| <LOSS-PROVISION> | 0 |
| <INTEREST-EXPENSE> | 16,200 |
| <INCOME-PRETAX> | 25,900 |
| <INCOME-TAX> | 8,500 |
| <INCOME-CONTINUING> | 20,200 |
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| <EXTRAORDINARY> | 0 |
| <CHANGES> | 0 |
| <NET-INCOME> | 17,300 |
| <EPS-PRIMARY> | 0.52 |
| <EPS-DILUTED> | 0.50 |

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Exhibit 99.2

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. Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements, and many of these statements are contained in Part I, Item 1, "Business" and incorporated by reference in Item 7. The Reform Act defines forward-looking statements as statements that express an expectation or belief and contain a projection, plan or assumption with regard to, among other things, future revenues, income, earnings per share 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 discussed in the forward-looking statements include, but are not limited to, fluctuation in customer growth and demand, weather, fuel costs and availability, regulatory action, Federal and State legislation, interest rates, labor strikes, maintenance and capital expenditures and local economic conditions. In addition, Ball's ability to have available an appropriate amount of production capacity in a timely manner can significantly impact Ball's financial performance. The timing of deregulation and competition, product development and introductions and technology changes are also important potential factors. Other important factors include the following:

Difficulties in obtaining raw materials, supplies, power and natural resources needed for the production of metal and plastic containers as well as telecommunications and aerospace products could affect Ball's ability to ship containers and telecommunications and aerospace products.

The pricing of raw materials, supplies, power and natural resources needed for the production of metal and plastic containers as well as telecommunications and aerospace products, pricing and ability to sell scrap associated with the production of metal containers and the effect of changes in the cost of warehousing the Company's products could adversely affect the Company's financial performance.

The failure of EarthWatch Incorporated to launch successfully satellites planned for 1997 and subsequent years, technological or market acceptance issues, performance failures and related contracts or subcontracts, including any failure of EarthWatch to receive additional financing needed for EarthWatch to continue to make payments, or any events which would require the Company to provide additional financial support for EarthWatch Incorporated.

Cancellation or termination of government contracts for the U.S. Government, other customers or other government contractors.

The effects of, and changes in, laws, regulations, other activities of governments (including political situations and inflationary economies), agencies and similar organizations, including, but not limited to, those effecting frequency, use and availability of metal and plastic containers, the authorization and control over the availability of government contracts and the nature and continuation of those contracts and the related services provided thereunder, the use of remote sensing data and changes in domestic and international tax laws could negatively impact the Company's financial performance.

The effects of changes in the Company's organization or in the compensation and/or benefit plans; any changes in agreements regarding investments or joint ventures in which the Company has an investment; the amount, type or cost of the Company's financing and changes to that financing, could adversely impact Ball's financial performance.

Risks involved in purchasing and selling products and services and receiving payments in currencies other than the U.S. dollar.