

Toward a Sustainable Future

Ball Corporation 2007 Sustainability Report



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About This Report

Ball Corporation's first sustainability report is focused on calendar years 2006 and 2007 and provides available baseline information for 2005.

We embrace the triple bottom line approach to sustainability reporting which calls for companies to measure and report on their economic, environmental and social performance. We believe the proactive management and transparent reporting of our environmental and social performance will enhance our long-term economic growth.

Our report is based on the Reporting Framework of the Global Reporting Initiative (GRI), a widely accepted standard for sustainability reporting. Information based on the GRI's standard disclosures as well as additional information about Ball Corporation is available online at www.ball.com.

We collected the available data and are reporting information from our majority-owned operations. We plan to issue our next sustainability report in 2010.

We welcome your inquiries and comments on our sustainability reporting. Please direct those to:

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2007 Company Profile

Ball at a Glance

Businesses: Packaging, Aerospace

Employees: 15,500

Net Sales: \$7.4 billion

Countries: 10

Facilities: 90

Headquarters: Broomfield, Colorado, USA

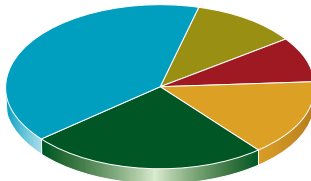
Founded: 1880

Ticker Symbol: BLL



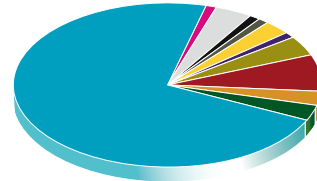
www.ball.com

Net Sales by Reporting Segment



- Metal beverage packaging, Americas and Asia (41%)
- Metal beverage packaging, Europe (22%)
- Metal food & household products packaging, Americas (16%)
- Plastic packaging, Americas (10%)
- Aerospace & technologies (11%)

Total Employees



- USA (72%)
- Canada (3%)
- Argentina (3%)
- Germany (7%)
- UK (4%)
- Netherlands (1%)
- France (3%)
- Poland (1%)
- Serbia (1%)
- China (4%)
- Other (1%)

Packaging Containers Produced

(approximate)



Plastic containers, 5.5 billion



Metal food and household containers, 8 billion



Metal beverage containers, 48 billion

Ball Aerospace Mission Areas

- Intelligence, Surveillance & Reconnaissance
- Space Science & Exploration
- Weather & Environment
- Integrated Battlespace
- Space Superiority
- Technology Components

Chairman's Letter



“For Ball, sustainability is a systematic way of doing business that creates economic, social and environmental value for our shareholders, society and the planet. Whether it is working to reduce our environmental footprint, helping our customers to become more sustainable or investing further in our employees or our communities, we are committed to making Ball a more sustainable enterprise.”

R. David Hoover
Chairman, president and chief executive officer

Ball Corporation turned 128 years old in 2008. In our early years we were known for manufacturing glass jars. Today we manufacture metal and plastic packaging for well-known beverages, foods and household products. We also provide aerospace and technology solutions for defense and civilian agencies.

We have adapted to many changes – economic, social and environmental – to survive and thrive for 128 years. We have grown from a family business to one that employs more than 15,500 people in 10 countries around the world in the Americas, Europe and Asia. In 2007, we paid more than \$99 million to government tax authorities and donated more than \$2 million to support our communities and make them better places in which to live and work. Since 2000, we have created approximately \$3.2 billion in shareholder value for the people who own our stock.

Ball's economic success allows us to fulfill our obligations as a responsible employer, supplier, customer and neighbor. Our prosperity is clearly linked to the prosperity and success of others. We are committed to doing our part in protecting the environment for future generations and to being a responsible citizen of our shared global community.

Without calling it “sustainability,” we have embraced these concepts for a long time. We have been reducing the amount of material in our products; reducing energy consumption; emissions and waste; increasing our use of recycled materials; and supporting recycling programs. We have developed innovative products that offer more environmentally friendly alternatives to existing packages. And we have designed and built

numerous satellites and instruments used to study climate change and other impacts affecting our planet.

What is new for us is our commitment to broaden and deepen our efforts by embedding a more formalized sustainability approach into Ball's strategy and operations, thus adding to our financial success. This first sustainability report is part of that commitment.

We do not have solutions or even measurable goals for every challenge. But preparing this report has helped us to chart a clear course:

- It became the catalyst for compiling social and environmental information from our global operations and for establishing a baseline, allowing us to measure global performance and progress.
- That information in turn enabled us to identify our sustainability areas of focus and to begin to set goals to address them. The adjacent list is a summary of these goals; relevant goals are listed at the beginning of each section of this report.
- The process of reviewing the report with some of our stakeholders gave us more insight into the challenges they face and how we might work more closely to address common concerns.

The issues on which we have chosen to focus raise challenges relating to our own operations, as well as to the activities of everyone in the packaging supply chain – from the suppliers of source material to consumers. The active cooperation of everyone in the packaging supply chain is essential if we are to make significant progress on sustainable packaging. This report is a vehicle for us to bring more focus and energy to those and other discussions about how to improve the sustainability of packaging, and of our products and processes in particular, so that we can help create a more sustainable planet for us and for future generations.

Since the five Ball brothers founded this company in 1880, successive generations of Ball employees have made our core values come alive by trying to do the right thing every day. This report commits us to continue on that journey.



R. David Hoover
Chairman, president and chief executive officer

Our Direction

- Use less virgin materials and more recycled materials
- Support recycling programs
- Understand environmental impact of our packages and quantify their carbon footprints
- Strengthen environmental management systems
- Increase energy efficiency
- Reduce emissions and resource use
- Improve safety performance
- Increase diversity
- Develop product and process innovations
- Support small and minority businesses
- Expand stakeholder relations
- Long-term earnings per share growth of 10 to 15 percent over time
- Generate returns in excess of our cost of capital in all of our businesses
- Increase Economic Value Added

Ball's Approach to Sustainability

Ball has long recognized the importance of stakeholders and a major part of our sustainability initiative continues to be to work with those who have a significant stake in our activities. We believe sustainability can be a differentiator for us and we are working to become the sustainable supplier of choice.



Our focus on sustainability will assist us to further reduce our environmental footprint; decrease costs; increase our appeal to customers, investors, existing and potential employees; and help us be a better neighbor. Those are the reasons, along with our strong desire to be a responsible corporate citizen, that we are committing to a formal sustainability program in our operations around the world.

We are focused on five key areas and plan to integrate each into our business strategy:

- **Advance Sustainable Packaging** – A major opportunity to make a positive difference is to advance sustainable packaging through the innovations in the products we make, the processes we use in our operations and our advocacy for sustainability principles within the supply chain that includes our products. This is good for Ball, good for our stakeholders and good for the planet.
- **Reduce Our Environmental Footprint** – We will continue to improve the environmental performance of our manufacturing facilities and decrease our energy use and the greenhouse gas emissions from our operations. This will benefit the environment and reduce our costs.
- **Care for Our Employees and Communities** – We will enhance the health, safety and well-being of our employees and continue to have a favorable impact in the communities we call home. This will make us a stronger company and an even more appealing employer.
- **Create Prosperity for Us and Others** – We seek to prosper in ways that also create prosperity for others, particularly through innovations in our products and processes. Our continued financial success will enable us to create benefits for those with whom we interact.
- **Strengthen Stakeholder Relationships** – We will strengthen our relationships with all those who have a stake in our activities and who can affect our business. This will make our company and our products more sustainable.

We believe that sustainability can be a differentiator for us and we are working to become the sustainable supplier of choice. Part of our challenge, however, is that we can only make significant progress on some of these issues by collaborating with others – our suppliers, our customers, consumers, other key players in our industries, governments and the communities in which we operate. Ball has long recognized the importance of stakeholders and part of our sustainability initiative continues to be to work with those who have a significant stake in our activities, especially in the packaging supply chain.

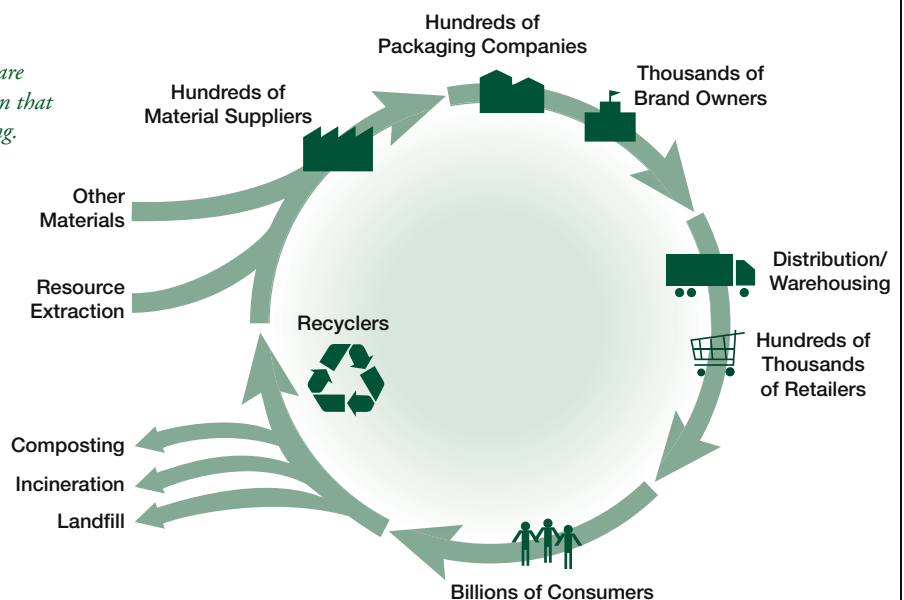
For example, our customers and the retailers to whom they provide products are focused on reducing, reusing and recycling packaging and reducing greenhouse gas

emissions. We will continue to help them achieve their sustainability goals as we achieve our own goals, through greater efficiency in our operations, more innovative and sustainable products and more collaboration for mutual benefit.

Recycling is key to our efforts. Aluminum and steel are not renewable resources, but aluminum and steel cans are – they are 100 percent endlessly recyclable. PET (♻️) and HDPE (♻️) bottles are also 100 percent recyclable and polypropylene (♻️) bottles are increasingly being collected in many areas of the United States. We are not satisfied with the recycling rates of containers worldwide, which is why we support efforts to increase collection and why we champion recycling within our industries.

Packaging Material Flows

Ball's various packaging operations are part of a vast packaging supply chain that makes, uses and disposes of packaging.



(diagram adapted from Sustainable Packaging Coalition's Design Guidelines)

2007 Milestones

In addition to the benefits related to waste reduction, recycling reduces greenhouse gas emissions. The U.S. Environmental Protection Agency (EPA) concluded that recycling a ton of a common residential mixture of recyclables reduces greenhouse gas emissions by approximately 2.8 tons.

The use of recycled material saves up to 95 percent of the energy required to make aluminum cans from virgin materials and up to 74 percent of the energy required to make steel cans from virgin materials. Recycling a ton of PET bottles saves the equivalent of about 400 gallons of gasoline (*source: EPA*).

Our focus areas reflect environmental, social and economic concerns and we plan to be more systematic about working with our stakeholders – especially our customers, employees and suppliers – to make advances in each one.

- Our executive management committed the company to a formal sustainability initiative and created a sustainability task force to lead our efforts.
- Our board of directors, through its nominating/corporate governance committee, committed to review and assess our sustainability activities and performance, requesting periodic reports by management on progress and challenges.
- We identified key sustainability areas of focus for our company.
- We introduced sustainability as a business initiative to our employees.
- We endorsed the reporting framework issued by the Global Reporting Initiative.
- We gathered the available quantitative and qualitative information from our operations on relevant economic, environmental and social indicators.
- Our operations committed to sustainability goals in their strategic plans for 2008-2010.
- We endorsed the guidelines set forth by the Sustainable Packaging Coalition, an industry working group inspired by cradle-to-cradle principles (www.sustainablepackaging.org).
- We worked with our customers, employees, government officials and others to review drafts of this report and refine its focus.
- We began reporting greenhouse gas emissions to the Carbon Disclosure Project, an independent organization that works with shareholders and corporations on disclosure of greenhouse gas emissions (www.cdproject.net).



“Sustainability is absolutely critical to Ball’s longevity. Economic vitality, recycling, safety, reducing our environmental footprint – key elements that make up the triple bottom line – have been, and will continue to be, daily life for us.”

John A. Hayes
Executive vice president and chief operating officer

Ball's Role in Advancing Sustainable Packaging

A major opportunity to make a positive difference is to advance sustainable packaging through the innovations in the products we make, the processes we use in our operations and our advocacy for sustainability principles within the supply chain that includes our products. This is good for Ball, good for our stakeholders and good for the planet.



Goals

More fully integrate sustainable packaging principles into our operations by:

- **Using less materials and more recycled source materials in our packages.**
 - Complete conversion to a new, lighter-weight beverage can lid in North America in 2009 and expand capacity of same lid in Europe.
 - Use 25 percent recycled HDPE in our plastic pails or achieve 10 percent source reduction by substituting lower density polypropylene.
- **Improve post-consumer collection and recycling of our packaging by working with our supply chain, communities and waste management systems.**
- **Work with the metals industries to complete life cycle analyses of metal cans to understand the impacts in each stage of the life cycle, identifying opportunities to improve those impacts and determine the carbon footprint of cans.**

Integrating Sustainable Packaging Principles

Ball is primarily a packaging company, and thus one of the most important opportunities we have from a sustainability perspective is to help to advance sustainable packaging. In doing so, we seek to become the sustainable packaging supplier of choice.

Sustainable Packaging Coalition Principles

Our packages meet many aspects of the Sustainable Packaging Coalition's principles and we are committed to focusing on more fully integrating the relevant and achievable principles into our strategy and operations.



Sustainable Packaging:

- A. Is beneficial, safe and healthy for individuals and communities throughout its life cycle; (see page 12)
- B. Meets market criteria for performance and cost; (see page 8)
- C. Is sourced, manufactured, transported, and recycled using renewable energy; (see page 20)
- D. Maximizes the use of renewable or recycled source materials; (see page 10)
- E. Is manufactured using clean production technologies and best practices; (see page 20)
- F. Is made from materials healthy in all probable end-of-life scenarios; (see page 20)
- G. Is physically designed to optimize materials and energy; (see pages 8 and 18)
- H. Is effectively recovered and utilized in biological and/or industrial cradle-to-cradle cycles. (see page 11)

Packaging serves society along the entire supply chain; it secures product quality, provides for efficient and safe delivery, enables storage and sufficient shelf life, offers important product information and protects products from damage, tampering and deterioration. Packaging provides consumers what they want, when they want it, in a format that fits their lifestyles.

Hundreds of billions of cans and plastic bottles are manufactured by companies worldwide each year to meet those needs. Like other consumer packaging, these containers pose a challenge for society in terms of natural resource use, energy consumption and waste disposal. This challenge drives our commitment to produce more sustainable packaging.

We are a member of the Sustainable Packaging Coalition (SPC www.sustainablepackaging.org), an international industry working group inspired by cradle-to-cradle principles (all material outputs can either be reused, recycled or composted) and dedicated to transforming packaging into a system that creates economic prosperity through a sustainable flow of materials. The SPC has a long-term vision – which we share – that a sustainable packaging system can provide benefits throughout

the life cycle of the package, and it has developed eight principles that support that vision (see sidebar).

In relevant sections of this report, we will note how we are addressing these principles.

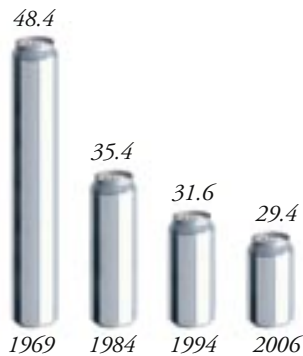
Using Less Material in Our Packages

We work to produce packaging that minimizes environmental impacts while meeting the requirements of our customers and consumers. Our primary effort has been to provide increasingly lighter weight, recyclable packaging that contains recycled material when feasible.

Because metal and resin costs are significant factors in the production of cans and bottles, light-weighting has been a cornerstone of our approach to sustainable packaging, providing both economic and environmental benefits by making the lightest container possible while still providing the functional characteristics necessary (SPC Principles B & G).

The benefits of lighter packaging cascade throughout the entire supply chain. Reducing the weight of shipments, for example, decreases fuel use, greenhouse gas emissions and costs. Light-weighting has helped ensure that our products lead the market in value in addition to quality and performance.

**Aluminum Can
Source Reduction**
(pounds of aluminum per 1,000 cans)



Since 1969, the weight of the 12-ounce can and end package has been reduced by approximately 40 percent.

The diameter of the can end on our beverage can has been reduced five times in 25 years. Each reduction saved substantial amounts of aluminum when multiplied by the billions of recyclable beverage can ends made each year. We are nearing the end of a multi-year project to consolidate our U.S. beverage end-making capabilities and reduce aluminum use. When completed in 2009, this project will save approximately 9,900 tons of aluminum annually and, as a result, reduce greenhouse gas emissions by approximately 85,000 metric tons of carbon dioxide. That is the equivalent of taking more than 15,000 automobiles off the road for one year. We are also implementing this project in Europe.

Since we entered our current plastic bottle business in 1995, we have focused on reducing the amount of plastic used in each container. We are also currently evaluating how we can improve the sustainability of HDPE plastic pails by either using 25 percent recycled HDPE or substituting polypropylene, a lower density plastic that requires less material for the same size container and emits less greenhouse gases per ton of material (*source: American Chemistry Council*).

We employ other strategies to minimize raw material use, such as recycling all scrap within our facilities and making process improvements to reduce spoilage.

Ball's sustainability activities were awarded second place in the 2007 "Establishing Corporate Social Responsibility in Southeast Europe" competition among 400 companies in Serbia by a jury headed by the Serbian deputy prime minister. The valuation criteria were related to the environmental and safety performance of our can manufacturing plant, as well as to our "recan" recycling activities in communities.



Light-weighting Successes



Our aluminum cans are 40 percent lighter than in 1969; our steel beverage cans are 50 percent lighter than in 1970.



Our steel food cans are 35 percent lighter on average than in 1992.



Our half-liter PET water bottle is 35 percent lighter than in 1995.

Our polypropylene bottles are 25 percent lighter on average than in 1992.

Our one-liter HDPE bottles are 30 percent lighter than in 2004.

Recycled Source Material in Our Packages

The recycling infrastructure for aluminum and steel in North America and Europe is well established and highly efficient.

Both metals are endlessly recyclable without loss of quality and are recycled in a material-to-material process (aluminum-to-aluminum and steel-to-steel) achieving significant economic and environmental savings.

In North America, aluminum cans are collected at a rate of 52 percent and contain an average of 41 percent postconsumer recycled content, while steel cans are collected at a rate of 63 percent and contain an average of 22 percent postconsumer recycled content according to industry analysis for 2006 (SPC Principle D). There are two methods for recycling steel. Recycled steel is sourced via the most cost effective route, which does not necessarily mean into the same product. Recycled cans can become part of a different steel product such as a structural beam (*sources: the Aluminum Association and the Steel Recycling Institute*).

In Europe, 58 percent of aluminum cans and 66 percent of steel cans were recycled in 2006. Aluminum cans are manufactured from aluminum produced with 50 percent recycled material. Steel

cans are made from steel produced with 56 percent recycled material (*sources: European Aluminum Association and the Association of European Producers of Steel for Packaging*).

In China, the recycling rate of aluminum cans is estimated to be 90 percent (*source: China Packaging Federation*). Collecting recyclable materials is a source of income for many people in China and in other emerging markets. The cans in China are re-melted into various alloys that Ball and others are working to bring to the level of recognized international standards.

In 2006, the United States recycling rate for PET bottles was 24 percent. The strong markets for recycled PET are diverse and include carpeting, strapping for pallets of containers and food and nonfood bottles. Recycled food-grade PET is generally sold in pellet form and mixed with virgin resin just prior to manufacturing bottles. Using recycled food-grade PET in new bottles in the United States requires rigorous processing to remove all impurities and must conform to a U.S. Food and Drug Administration approved process for food contact. Depending on market factors, it can be more costly to use recycled food-grade PET in new bottles than to use virgin PET. To support



We partner with Coors Brewing Company to fund community recycling drop-off centers like this one in Grand County, Colorado, which collects approximately 2.5 tons per month.

the sustainability requirements of our customers, we added equipment in our operations and are now using an average of 5 percent recycled PET.

The 2006 recycling rate for polypropylene bottles in the United States was 9 percent (*source: American Plastics Council*). No food-grade recycled polypropylene is currently available in the United States. Due to limited existing markets for recycled polypropylene, it is used in nonfood applications, such as plastic pails. If food-grade recycled polypropylene becomes available, we will evaluate integrating it into our operations.

Working with Local Communities on Increased Collection and Recycling

Metal beverage and food cans, steel aerosol containers and PET and HDPE bottles are fully recyclable and fit in all collection schemes (SPC Principle H). Curbside recycling is the most convenient and comprehensive of these schemes. Polypropylene bottles are not as widely recycled, but are increasingly included with HDPE bottles for recycling. Inclusion of polypropylene bottles below 5 percent in HDPE materials does not have an adverse effect on the recycling of HDPE (*source: Association of Post-Consumer Plastic Recyclers*).

Ball's "recan" program in Asia was officially launched at the Shanghai Exhibition of Energy Conservation and Environmental Protection in June 2007. The program educates consumers about the environmental benefits of an efficient used beverage can recycling solution in China.



Ball's Recycling Programs...



... in Europe



... in the United States



... in China

Recycling programs depend on reliable markets for the recycled materials and sufficient revenues to offset costs for collection and processing. The price paid for recycled metals and plastics generates revenue that helps to offset the costs of curbside and other recycling programs (SPC Principle A). The additional benefits of recycling are the significant energy savings and reductions in greenhouse gas emissions compared to using virgin materials.

In many parts of the world, curbside recycling has been very successful. In Belgium, for example, the return rates of aluminum and steel cans are higher than 90 percent, achieving a significantly higher rate of return than the minimum target.

Recognizing that more collection is needed to further reduce the environmental impacts of our packages, Ball is actively engaged in programs to improve collections (see sidebar on next page).

In 2003, when United States municipal recycling programs were generally stagnant, we joined with some of our aluminum suppliers and competitors to start the Curbside Value Partnership (CVP) to improve the participation levels and efficiency of local curbside recycling programs (www.recyclecurbside.org).

The CVP has 40 community partners, as well as the entire state of Georgia. The CVP's goal is to help communities create a self-sustaining, economically efficient curbside program. CVP communities have increased participation by approximately 20 percent with a 22 percent average increase in collected volumes. Other communities are using the free online tool kits available on the CVP Web site to help strengthen their curbside recycling programs.

The Can Manufacturers Institute provides free educational materials about recycling for elementary and middle schools and will soon add a curriculum for high schools. All curriculums are accredited by the National Science Teachers Association (www.cancentral.com).

Our headquarters and North American manufacturing plants participate in the annual America Recycles Day Aluminum Can Challenge to demonstrate the importance of recycling in our communities. In 2007, 14 Ball plants collected almost 40,000 pounds of aluminum cans and donated almost \$30,000 to local charities or to community projects such as a skateboard park in Monticello, Indiana.



recan

recal 

 CURBSIDE VALUE PARTNERSHIP



Ball initiates and supports recycling initiatives such as our “recan” programs in Europe and China, the Recal Foundation in Europe and the Curbside Value Partnership in the United States. We also support the National Recycling Coalition, Keep America Beautiful, NAPCOR, Steel Recycling Institute and the Colorado Association for Recycling.

Case Study Serbia:

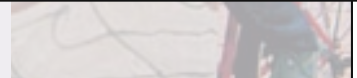
Recycling to Combat Poverty

Ball operates a beverage can manufacturing plant in Serbia, a country where recycling systems, while developing, are inadequate, and where unemployment is above 30 percent. Some residents collect valuable recyclable materials as a way of making a living.

In 2006, our “recan” fund and “recan” recycling organization – Ball’s recycling subsidiary in Europe – initiated a project in cooperation with two Serbian nongovernmental organizations to enhance collection by improving collectors’ work skills and opportunities. The project allocated equipment, education and training and focused on communicating facts on the recycling market and recyclable materials such as beverage cans.

The United States embassy in Belgrade, through a program of the United States Agency for International Development, sponsored the project. They provided 50 cargo tricycles to help the collectors transport more cans and cover a larger area.

Contacts between collectors and recycling companies have been established to assist collectors in selling the material. These contacts will improve the collectors’ opportunity to participate in the new public waste collection and recycling system when it starts in Serbia. The project also led to the creation of additional jobs for trainers, bicycle mechanics and project mentors.



Equipped with reflective jackets and tricycles, Serbians collected used beverage cans for recycling.

Plastic Containers and Sustainability

- PET, HDPE and polypropylene bottles are lightweight, strong, resealable and recyclable.
- Light-weighting plastic bottles saves resin and energy costs, reduces transportation energy, decreases emissions and lowers shipping costs.
- Clean plant process scrap is directly recycled back into new bottles.
- PET and HDPE plastic bottles are recyclable in the vast majority of curbside and drop-off systems in the United States. Polypropylene bottles are increasingly being collected.
- Ball's 500-milliliter water bottle has been reduced from 23.5 grams in 1995, when we began manufacturing PET bottles, to 15.2 grams today, a 35 percent reduction.
- Recycled PET is in high demand and has many diverse uses that include carpeting, automobile parts, food and nonfood bottles.

When Ball opened beverage can plants in Poland and Serbia, we established recycling programs to educate consumers and increase recycling rates. The Recal Foundation for environmental education was established in 1995 in Poland by Ball (then called Schmalbach-Lubeca), other European beverage can producers and aluminum suppliers. Its mission is to inform and educate consumers – especially young people – on the advantages of recycling, increase environmental awareness and to instill recycling as a daily habit. The Recal Foundation has, for example, run the annual “Clean Beaches” campaign since 2000. Almost 29,000 children have participated in the project during their stay at holiday camps, attending more than 500 environmental education workshops and collecting about 1,800

tons of aluminum cans on Poland's Baltic Sea coast. Projects have been established in other regions as well.

A similar organization – “recan” Fund for Recovery and Recycling of used beverage cans – was founded by Ball in Serbia in 2005 as a nonprofit organization with comparable goals and programs.

In parallel to these educational organizations, the recycling organization “recan” was started in 2004 to support and improve the collection of used beverage cans. The organization operates recycling centers in Germany, Netherlands, Poland, Serbia and the United Kingdom. Used cans are tested for material quality, sorted, pressed into briquettes and then forwarded to the metalworking industry. The briquettes are melted down and transformed into metal suitable for producing new beverage cans.

Ball has been recognized with the “Environmental Hero Award” for its joint efforts to collect and recycle beverage cans in innovative ways and to successfully reach out to businesses, schools and the community in Serbia. Shown here are Ball employees taking part in a project to keep the banks of the Danube River around Belgrade free from litter.





The Curbside Value Partnership helps create special recycling campaigns for local communities, like this one in Louisiana.

In Asia, Ball has also started a “recan” program, which became fully operational in 2007. During 2006, our representatives met with the city governments of Shanghai, Shenzhen and Qingdao to discuss creating a can collection network in those cities as the basis for a nationwide can recycling program. In June 2007, Ball launched the “recan” program promotion at the Shanghai Exhibition of Energy Conservation and Environmental Protection. In addition to can recycling, energy savings and environmental protection, “recan” provides educational materials on the benefits of recycling.

Metals Life Cycle Inventory

We are working with the metals industries in North America and Europe to complete a life cycle inventory in 2008 of metal cans. It will allow us to fully understand the impacts in each stage of the life cycle, identify opportunities for improvement and determine the carbon footprints of these packages. The data are being collected for aluminum and steel production, as well as can manufacturing. For the first time, beverage can life cycle inventories in the United States and Europe will be based on the same methodology.

Metal Cans and Sustainability

- Metal beverage and food cans are 100 percent endlessly recyclable, without loss of quality, in a material-to-material process (aluminum-to-aluminum, steel-to-steel). Empty steel aerosol and paint cans can be recycled in the same steel recycling process.
- A well developed and sustainable recycling infrastructure exists in North America and Europe for aluminum and steel, providing recycled source materials for a wide variety of metal products.
- In addition to being light in weight, cans can be manufactured and filled at high speeds, and are cost effective throughout the supply chain including recycling. Aluminum has the highest scrap value of all packaging types.
- Cans provide product protection, a long shelf life and are an effective barrier against light and oxygen.
- Cans handle the rigors of transportation better than other packaging, reducing the need for extra package protection.
- Recycling saves 95 percent of the energy needed to produce aluminum from virgin materials and 74 percent of the energy needed to produce steel from virgin materials.
- Food cans provide energy efficient storage requiring no refrigeration to protect the contents.

Reduce Our Environmental Footprint

We will continue to improve the environmental performance of our manufacturing facilities and decrease our energy use and the greenhouse gas emissions from our operations. This will benefit the environment and reduce our costs.



Goals

■ Strengthen Environmental Management Systems

- Certify final existing European plant to the ISO 14001 standard in 2008.
- Implement an environmental management system based on ISO 14001 criteria in North American packaging and plants in China that are not already certified by 2010.

■ Increase Energy Efficiency; Reduce Greenhouse Gas Emissions

- Reduce greenhouse gas emissions globally by 16 percent in 10 years, using 2002 as a baseline.
- Complete implementation of an energy management system in our European plants by 2010.

■ Reduce Pollutant Emissions and Optimize Resource Use

- Formalize a plan to further reduce global volatile organic compounds emissions by 2010.
- Reduce hazardous waste by 150,000 pounds in North American food and household products packaging plants in 2008 by installing more efficient coating technology.
- Survey all North American packaging plants to determine the specific types and quantities of waste currently generated and, where possible, divert the waste streams into recycling streams by 2009.
- Analyze water usage in our packaging facilities to determine water use inefficiencies by 2009.
- Evaluate potential use of isopropyl alcohol from our aerospace business as a product in the printing industry by 2009 instead of disposing of it.

Strengthen Environmental Management Systems

Our environmental performance is based on our global environmental policy. We are committed to strengthening our environmental management systems and conducting our business in a manner that minimizes current and future environmental risks for our company and the communities in which we operate.

Our organized efforts on environmental compliance began in 1968 with surveys and assessments of energy conservation opportunities at 14 locations in North America. Our focus on environmental management systems began in 1995. Today, all of our plants have systems in place and all but one of our European plants are certified to ISO 14001. That plant is applying for certification in 2008. In China, the Beijing plant is certified to ISO 14001 and all plants in China will develop environmental management systems programs based on ISO 14001.

We implement environmental management systems to reduce our environmental impacts and manage costs and to demonstrate to the global community that we conduct business in a responsible manner. Since 1995, these systems have clearly improved our environmental performance in significant ways, enabling us to:

Ball's Global Environmental Policy

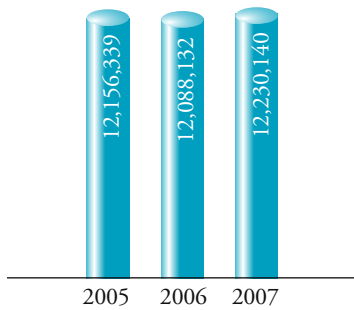
Ball Corporation seeks to operate in an environmentally responsible manner with a continued emphasis on reducing our businesses' impact on the environment. It is the policy of the company to conduct business activities and operations in a manner that minimizes current and future environmental risk to the company and complies with applicable environmental laws, regulations and requirements. The company will utilize its environmental management program to achieve the intent of this policy.

Policy Implementation

- Each plant/facility manager has overall responsibility for compliance with all environmental requirements. If there is no plant/facility manager within Ball Aerospace, compliance responsibility rests with the program or functional area management.
- Each part of Ball shall develop and maintain an environmental management program to direct and document regulatory compliance activities. The environmental management program shall include elements that focus on compliance with environmental requirements and improving and enhancing environmental performance. The Corporate Compliance Committee will review such programs to evaluate adequacy, consistency and compliance with environmental requirements. As business needs dictate, plants will obtain ISO 14001 certifications.
- The company will periodically review compliance status. Information concerning review of compliance status will be communicated to appropriate levels of management.
- The company will conduct, prior to completion of the transaction, environmental assessments, as appropriate, on properties and businesses under consideration for acquisition, sale, lease or joint venture.

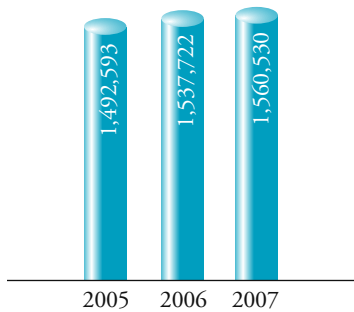
Global Energy Consumption

(gigajoules)



Global CO₂ Emissions

(metric tons)



Between 2005 and 2007, Ball's global energy efficiency improved 7 percent, reducing our CO₂ emissions by the same amount relative to production. Our CO₂ emissions are primarily from the use of gas and electricity. Our production volumes grew by approximately 13 percent during this time period.

- Understand, monitor and manage our environmental impacts.
- Identify emerging requirements and implement compliance strategies ahead of deadlines.
- Establish program consistency throughout the corporation.

We have a strong record of environmental compliance. Since 2005, there have been only eight citations resulting in fines totaling \$23,000 among all 62 packaging plants.

Increase Energy Efficiency; Reduce Greenhouse Gas Emissions

Ball recognizes climate change can have a substantial impact on the environment, our business and our long-term success as an enterprise. We are committed to reducing greenhouse gas emissions and are taking measures to document and register those emission reductions.

Our worldwide company goal, established in 2008, is to decrease greenhouse gas emissions intensity (as measured by ratio of energy consumed per unit of production input) by 16 percent by 2012 (based on a 2002 baseline) primarily through energy efficiency improvements. We have implemented energy savings programs, including compressed air improvements, energy efficient lighting, process heat recovery, manufacturing efficiencies, equipment upgrades and heating, ventilation and air conditioning controls

in many plants and plan to continue implementing these types of projects.

Our packaging operations in North America and Europe funded 60 energy savings capital projects between 2005 and 2007 that have resulted in a reduction of approximately 590,000 gigajoules, the equivalent to removing more than 18,000 automobiles from the road annually.

Our European operations are implementing an energy management system with online reporting and monitoring for every existing European plant by 2010. This will enable us to understand the energy consumption in our complex manufacturing process, identify the processes that are most energy intensive and evaluate energy savings opportunities. Through continuous monitoring, we will note anomalies in energy consumption and will be able to react immediately to make needed improvements. The system will also enable us to compare the energy efficiency of the same processes in different plants so we can identify and expand best practices throughout the company. Online energy consumption data will help promote environmental awareness and an energy conservation mindset throughout the company.

Each of our plants in China has recently formed an energy conservation team focused on



In addition to our Climate Leaders commitment, Ball supports this program by presenting Climate Leaders to government and private organizations, thus helping to recruit other companies.

identification and implementation of energy conservation efforts.

Ball Corporation is participating in initiatives and industry organizations focused on energy efficiency and climate change issues. These activities will help us to achieve our long-term energy and greenhouse gas emission reduction goals by providing guidance on energy management systems and best practices.

Climate Leaders Program

In 2002, we became a charter member of the U.S. Environmental Protection Agency's (EPA) Climate Leaders program, an industry-government partnership in which corporations work to develop comprehensive climate change strategies. In 2004, we made an aggressive commitment to reduce our North American greenhouse gas emissions by 16 percent by 2012, using 2002 as a baseline.

Due to the efficiency gains from our energy savings projects and the

implementation of energy management systems, our Climate Leaders GHG emission intensity in the United States declined by 2 percent in 2007. These reductions have helped offset energy intensity increases from new equipment used to improve product quality, the manufacturing process associated with more energy intensive packaging products and from processes to meet new air emission regulations.

Ball has also committed to the following:

- Development of a corporate-wide greenhouse gas emission inventory of the six major gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) using the World Resources Institute GHG emission reporting protocol.
- Development of a corporate greenhouse gas inventory management plan.
- Annual reporting of inventory data and documented progress towards the reduction goal.

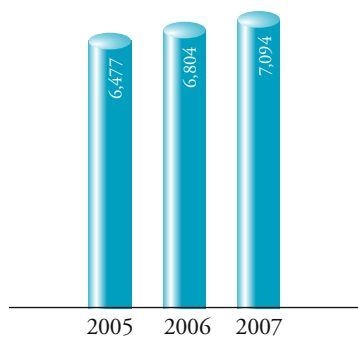
In Europe we replaced chilled water systems with standardized cooling towers and small decentralized chillers. The investment for two production sites was 650,000 euros and the total savings in electricity is 14 Mio. kWh per year, equivalent to 7,000 tons of CO₂ per year.





Our North American packaging facilities and Ball Aerospace are members of the U.S. EPA's voluntary Energy Star Partner program. Energy Star is a voluntary industry/government partnership and commitment to improve energy efficiency.

Process Emitted Volatile Organic Compounds
(metric tons)



Although we have significantly reduced volatile organic compounds over the years, the increases reflected on this chart are mainly due to increased production and a shift to larger beverage can sizes.

Carbon Disclosure Project

In 2007, we reported our CO₂ emissions to the Carbon Disclosure Project, an independent, not-for-profit organization, that seeks to create cooperation between shareholders and corporations on climate change.

Renewable Energy

Principle C of the SPC guidelines sets forth the long-range vision that sustainable packaging is sourced, manufactured, transported and recycled using renewable energy. Many of our aluminum suppliers use hydro energy in the production of primary aluminum; however, we do not currently use any renewable energy in our production process, other than what is available in the local energy supply. Our primary effort is directed toward creating greater energy efficiency across all of our manufacturing operations, which is where we can make the biggest impact. We have explored, and will continue to explore, opportunities for directly using renewable energy.

Reduce Pollutant Emissions and Optimize Resource Use

Ball's major impacts on the environment come from the generation of air emissions, waste, wastewater, the consumption of water and management of chemicals used mainly in our can manufacturing processes. We have reduced those

impacts during the past several years and are committed to continuing that improvement (SPC Principles E & F). To this end, we have programs in place throughout all of our businesses in the following areas:

Volatile Organic Compounds and Hazardous Air Pollutants

Our manufacturing facilities release a variety of regulated air emissions. Our largest impact relates to the release of volatile organic compounds generated by vaporization of organic solvents in can coatings and drying those coatings. In the presence of ultraviolet light and nitrogen oxides, they form ozone, sometimes called "summer smog."

We have worked to reduce volatile organic compounds since the mid-1980s by changing to water-based can coatings and installing regenerative thermal oxidizers, devices that destroy a minimum of 95 percent of captured volatile organic compounds. To date, over 60 percent of our beverage can plants are equipped with regenerative thermal oxidizers. The environmental trade-off is that they contribute to CO₂ emissions because they combust fuel.

To further reduce volatile organic compounds, technological progress and cooperation with our suppliers is needed. We recently installed new technology to more efficiently apply coatings in some of our food and household

products packaging plants, resulting in a 70 percent decrease in volatile organic compounds emissions in those plants. We plan to implement a design change in a beverage end plant in 2008 to reduce emissions by an additional 22 tons.

We have also worked to eliminate hazardous air pollutants at our beverage and food and household packaging products plants. We reduced these emissions by approximately 45 percent between 2005 and 2007. Some of this reduction was due to the proper reclassification of one hazardous air pollutant to a nonhazardous classification.

Waste Management

Material use and waste volumes are important yardsticks to determine the efficiency of our processes. Waste reduction, reuse and

recycling help cut disposal costs in addition to creating environmental benefits such as resource conservation. We strive to recycle all materials that have a viable end use market. We have pioneered innovative recycling initiatives such as the use of wastewater treatment sludge as a road base component. We also repurposed spent solvent as cleaner for railroad tanker cars.

In the mid-1980s, beverage can coating and cleaning materials changed from solvent to water-based products. Each of our North American beverage can plants generated more than one ton of hazardous waste per month prior to the change. Today, none of our North American beverage can plants do so.

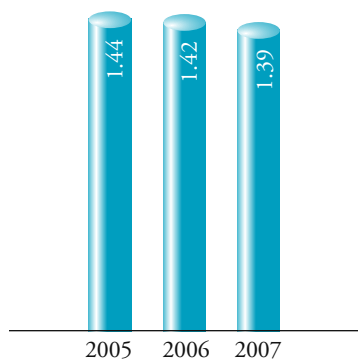
We have reduced excess packaging through bulk purchasing of certain materials. In most

We have installed energy efficient lighting in many of our facilities. In addition to new lighting, Ball Aerospace installed individual room lighting occupancy sensors and building lighting controls for night shut-off. Our North American packaging plants installed energy efficient lighting at 16 facilities between 2005 and 2007. We expect the new lighting to reduce energy consumption by more than 22 million kWh per year, equivalent to 1.6 percent of the annual electricity consumption of our North American operations. In Europe, Ball has replaced fluorescent lighting at four plants with more energy efficient lighting.



Global Water Consumption

(gallons in billions)



Our global water usage declined by three percent over the reporting period, as our company grew significantly.

of our packaging operations in Europe and North America, we use reusable plastic pallets, that last about five times longer than wooden pallets.

Our waste management program is managed properly by physical inspections of disposal sites and internal waste management controls.

Water Management

Our main use of water is in washing cans after they are formed from aluminum and steel coils. We reuse water in the can washing process by returning water from the final cleaning stage (containing the cleanest water) into prior washer stages. We plan to establish global water reduction goals in 2009, after we have a better understanding of our water use and efficiency.

All aluminum beverage can plants have wastewater treatment systems. These systems remove specified contaminants and neutralize effluents to meet federal, country, state, provincial and local requirements. Steel packaging plants do not need wastewater treatment because all cleaning materials used are water soluble.

Ball has also dedicated resources to minimizing the impact our operations have on storm water runoff, including chemical loading safety procedures to minimize the potential for storm water contamination.

Chemical Management

We manage all chemicals used in the production process as well as those used for maintenance, cleaning and other activities in the workplace through a materials approval process. We verify conformance with environmental, internal health and safety requirements and customer requirements prior to material purchases. Over the past 10 years, we have reduced or eliminated chemicals with potentially adverse human health or environmental impacts, including polyvinyl chloride, formaldehyde and methylene chloride.

Our production process for steel beverage and food cans does not use chemicals in the washing process, significantly reducing the amount of chemicals used in these processes.

Bisphenol A (BPA) is used in the manufacture of numerous products, including epoxy can coatings. The metal can industry has used epoxy can coatings containing BPA for decades. Scientific evidence from several different regulatory agencies in the United States (including the U.S. Food and Drug Administration), Europe and Japan has consistently shown these coatings to be safe. Despite these findings and reassurances, other independent studies have raised questions about possible health effects related to BPA. Based on

regulatory and expert opinions, we remain confident that epoxy can coatings are safe for consumers. Alternative can coatings exist but are not suitable for broad applications because they cannot meet all performance criteria. Alternatives are being developed and tested by industry. They must pass rigorous testing processes and regulatory approvals and be deemed appropriate for use in a wide variety of applications before we can use them. The plastic bottles we manufacture are made from PET, HDPE and Polypropylene resins, none of which contain BPA.

In Europe new regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) took effect in June 2007. It requires

hazard and risk assessment product classification and labeling information. The regulation transfers the responsibility for the safe use of chemicals from government to industry and it applies to all substances manufactured or imported into the EU in quantities of one ton or more per year. Ball is not a manufacturer or importer of chemical substances; however, some of the materials we purchase may contain substances that are subject to registration. We have approached our suppliers to ensure product components will be registered. In the event any are not, we are prepared to launch qualification programs to replace non-registered chemicals.

In 2007, three of our United States plastic packaging plants installed systems to capture high pressure air and “recycle” it at a reduced pressure, saving an estimated 12 million kWh per year. High pressure air is used to form bottles and uses a significant amount of energy.



Care for Our Employees and Communities

We will enhance the health, safety and well-being of our employees and continue to have a favorable impact in the communities we call home. This will make us a stronger company and an even more appealing employer.



Employees in the Batavia, Illinois, polypropylene plant worked with a supplier to design a safer way to change heavy molds by using a customized air balancer. In addition to the safety benefit, productivity was increased.

Goals

■ Improve Safety Performance

- Reduce total incident rate by a minimum of 15 percent globally in 2008.
- Implement formalized health and safety management systems by 2009.
- Implement behavior-based safety programs at new plants in Europe.

■ Increase Diversity

- Increase diversity in the applicant pool by 20 percent in the United States by 2012.
- Reduce turnover of female and minority employees by 20 percent in the United States by 2012.

Improve Safety Performance

Safety is a major emphasis at Ball's facilities. Our goal as a company is to have no accidents and injuries. Our primary emphasis is on enhancing our safety culture. Our incident rates are consistently lower than the injury statistics in each of our manufacturing categories provided by the U.S. Bureau of Labor Statistics, but we need to do much more to achieve our ultimate goal of zero accidents.

The graph on page 26 shows the total recordable incident rate in each of our operating divisions. To accurately depict global incident rates, these numbers have been normalized to represent incidents per one hundred employees.

Tragically, we had two fatalities in operations we acquired in 2006 – an employee in our Garin, Argentina, plant in August 2006 and a summer employee in our Elgin, Illinois, plant in June 2007. Prior to these two accidents, we had not experienced a fatality since

Safety Awards

Awards are given for working specific lengths of time without a recordable incident.

Platinum President's Safety Award (3 years)

- Brampton, Ontario
- Bristol, Virginia
- Chestnut Hill, Tennessee
- Deeside, United Kingdom
- Tampa, Florida

Crystal President's Safety Award (4 years)

- Saratoga Springs, New York

Diamond President's Safety Award (5 years)

- Ball Technology & Innovation Center, Colorado
- Findlay, Ohio
- Watertown, Wisconsin

6 Year President's Safety Award

- Tianjin, China

7 Year President's Safety Award

- Taicang, China

1999. With our overall goal of no accidents or injuries, a fatality is extremely saddening for us as a company.

Health and Safety Management Systems

To improve health and safety performance in North America, in 2007 Ball committed to the American National Standards Institute (ANSI) Z-10 standard for Occupational Health and Safety Management Systems. This standard emphasizes behaviors and measures the systems, tools and methods used to manage health and safety. The standard includes management leadership, employee participation, planning and periodic evaluation – as opposed to measuring compliance. We expect to complete the integration process by January 2009, at which time we will start auditing against the ANSI Z-10 standard.

In Europe, Ball has implemented the Occupational Health and

Safety Assessment Series (OHSAS) 18001 International Standard for Health and Safety Management Systems. External audits by a third party, with the goal of certification, were initiated in 2007. Ball will focus on risk assessments in accordance with European regulatory requirements. Our operations in China will begin implementation of OHSAS 18001 in 2008.

Employee involvement is clearly a major factor in improving safety and reducing injury rates. Most of our facilities have implemented behavior-based programs and/or safety awareness training. These programs help employees avoid work habits that increase the potential for accidents by promoting a culture of prevention and of watching out for the safety of others.

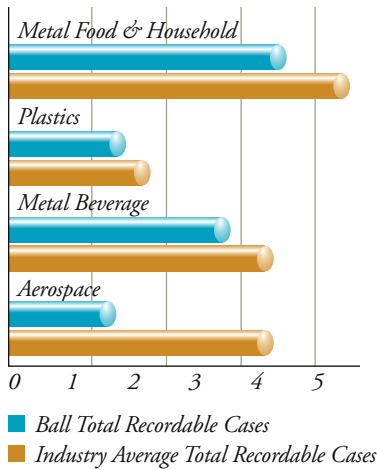
Health and safety program management is primarily the responsibility of plant or facility managers, who are assisted

Our Golden, Colorado, plant achieved the Star Level of Certification from the U.S. Department of Labor Occupational Safety and Health Administration in June 2007. Golden is one of only 1,800 plants out of nine million that meet the Voluntary Protection Program requirements and the only facility of its type to reach this level of excellence.

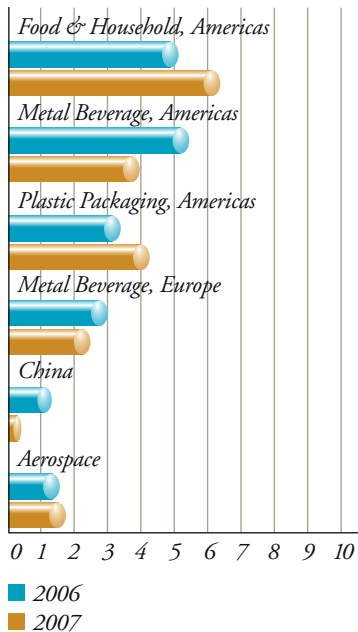


Total Recordable Cases

Ball in comparison with the U.S. Bureau of Labor Statistics average rates for industry. (percent)



Total Recordable Incident Rates By Division (percent)



by designated personnel to oversee specific health and safety compliance requirements.

Safety committees in all packaging facilities play a key role in promoting health and safety by establishing safety priorities and communicating safety requirements to all employees. In Europe, the safety committees are involved in job safety assessments – a tool to evaluate the hazards associated with a specific operation or task.

Measurement and accountability are among the most important factors in improving health and safety and reducing injury rates. Our North American packaging operations have incorporated safety into all job descriptions. Safety is also in our performance appraisal process for hourly employees. In Europe, we have incorporated safety elements into appraisal processes and individual job descriptions.

Attract and Retain Motivated Employees

Ball strives to be an “employer of choice,” a place where people want to work and find that they can stay, grow and increase their contributions to the organization, enjoy rewarding personal growth and find satisfaction in their work. We employ more than 15,500 people in 90 locations. We attract employees, in part, based on our history and reputation and retain them based on how we treat them. On average, our employees stay

with the company for more than 12 years. Our voluntary separation rates are under 6 percent in the United States and under 4 percent in Europe.

Ball’s “Five Keys to Success” (listed on page 37) describe five ways we all must behave in order to succeed together. They have been deeply ingrained in our culture for decades and reflect the balance between what we expect from employees and what they can expect from the company.

In addition to the challenges and achievements that come from assigned responsibilities, Ball offers a variety of benefits that can help our employees improve their lives and well-being.

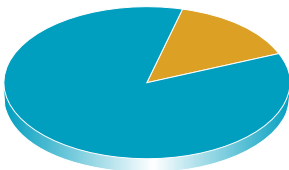
- We contributed a total of \$14 million, \$16 million and \$21 million in 2005, 2006 and 2007, respectively, to employee 401(k) retirement plan participants.
- We contributed a total of \$115.7 million to defined benefit pension plans in the United States in 2007, which were approximately 95 percent funded as of December 31, 2007.
- 30 percent of our employees participate in our Employee Stock Purchase Plan, which includes a 20 percent company match on up to \$6,000 per year of employee contributions.

Diversity

Ball supports organizations that are committed to increasing diversity, including:

- Thurgood Marshall College Fund
- Outstanding Women in Technology
- National Association of Black Engineers
- Society of Women Engineers
- Women in Aerospace
- Women's Vision Foundation
- Women in Computing
- Society of Hispanic Professional Engineers

2007 U.S. Health Care Cost per Ball Employee \$8,886



Ball Share – \$7,597 (85.5%)
Employee Share – \$1,289 (14.5%)

In North America we offer a variety of health care plans to address the different needs of our employees, including domestic partner health coverage. We pay the majority of these costs.

Education and Training

We have a long-standing commitment to employee education and training. Our employees receive an average of more than 20 hours of training annually in the areas of health and safety, legal requirements, compliance and management and technical skills.

We have also tapped into the flexibility of online education programs to enable employees to advance their education at home, at work or while traveling. We offer more than 1,000 online courses to our employees and their families. Since 2005, Ball employees and their families have logged more than 30,000 hours of voluntary online education time.

We encourage employees to continue their education and offer a tuition reimbursement program. Since its inception we have provided more than \$9 million in tuition reimbursement to approximately 3,500 employees.

Performance Management, Succession Planning and Growth

Employees are expected to receive an annual performance appraisal. More than 90 percent of our salaried and nonunion worldwide employees have documented annual performance discussions. We identify skills and gaps, develop actions for addressing shortfalls

and areas of exposure and find ways to promote individual careers.

In Europe, we offer a trainee program for career development in an international business environment. The program provides an opportunity to qualified junior employees to gain in-depth knowledge of the company in various countries in which we operate.

Career planning and development are an integral part of our overall people strategy. We use our succession planning process to accelerate the development of key internal candidates by creating comprehensive individualized development plans that include educational and experiential learning opportunities. We measure the success of our succession planning and normal employee development processes in terms of the number of employees promoted internally versus outside hires. During 2006 and 2007, we filled more than 70 percent of all openings above entry level with internal candidates.

Increase Diversity and Reduce Turnover

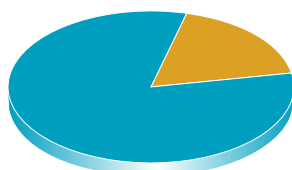
Workplace demographics are changing; women and minorities will make up a much larger portion of potential employees in the future. Employee diversity is a business imperative for our company, bringing fresh perspectives, top talent and new solutions to our business.

Our United States-based diversity initiative is designed to fully engage current employees as we continue to attract the best and brightest new hires. The adjacent charts show the makeup of our 2006 United States employee population.

From 2002 to 2007, our North American employee population increased by more than 37 percent, largely through acquisitions. During that same time period, in North America, we experienced a 51 percent increase in the number of women employees and a 72 percent increase in minority employees. At the same time, our population of manager-level employees increased more than 20 percent. The number of women in those positions increased 32 percent and the number of minorities increased 16 percent.

In Europe, we do not have a systematic approach to diversity, given the broad geographies and diversity of cultures in which we operate. One measure of diversity is to

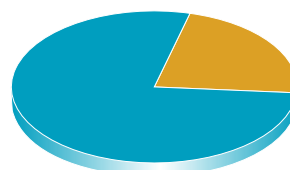
2006 U.S. Ball Management Population



*Males – 82%
Females – 18%*

Minorities make up 7 percent of the total.

2006 U.S. Ball Employee Population



*Males – 78%
Females – 22%*

Minorities make up 11 percent of the total.

increase the number of women employees, especially in middle and upper management positions. At the end of 2007, women comprised 12 percent of our senior management team in Europe.

Volunteerism and Giving in Our Communities

Ball Corporation strives to enrich the communities in which we work beyond traditional economic investments such as jobs, benefits and paying local taxes. Among our many activities, our employees volunteer for numerous organizations and donate for causes in local communities in a number

of ways. Our company often matches donations and supports volunteer activities by donating company resources.

- In Europe, we allocate a budget for social commitment of 5,000 euros per year per facility. All activities are related to our core values and therefore are focused on either social or environmental sustainability. In 2006 and 2007 our sites supported numerous local and some international projects and initiatives for medical treatment, clean up of public places and parks and the support

Ball Packaging Europe supports a Ratingen-based initiative that is working towards improving the living conditions of children in India. This includes supporting two primary schools in Simon Colony in southern India, a region that was strongly affected by a tsunami in 2004. Since then Ball Packaging Europe donated more than 10,000 euros for reconstructing the schools and buying equipment and furniture.



of two Indian schools that were affected by a tsunami in 2004.

- We support our employees and higher education in the United States through our matching gifts program whereby we match gifts by Ball employees to eligible colleges, universities or other higher learning organizations, up to \$3,000 per employee per year. In 2007, \$312,000 was donated by Ball and our employees.
- We address needs in our communities by supporting a variety of nonprofit organizations by matching employee donations up to \$1,000 per employee per year. Through the matching gifts activities, Ball and its employees in North America donated almost \$800,000 in 2006-2007. Our employees thus have a strong role in directing our corporate giving.
- Each Ball plant in North America sets aside a specific amount of money each year for targeted donations within the local community. Many plants also hold an annual United Way drive.
- Our annual United Way campaign conducted by our corporate and packaging employees in Colorado raised more than \$900,000 in 2006-2007 from employees, which Ball matched, dollar for dollar. Ball Aerospace was recognized as the single largest contributor to the annual Foothills (Boulder, Colorado)

United Way campaign in 2005, 2006 and 2007, donating more than \$1.6 million during that three-year period.

- Ball employees donate thousands of hours volunteering in their communities. For example, in Colorado, where Ball employs more than 3,000 people, an employee volunteer task force called BEACON (Ball Employee Action & Community Outreach Network) coordinates

volunteer activities throughout the year. Those activities in 2007 included repairing several Denver area homes as part of a national Rebuilding Together event, monthly staffing and help at a local food bank and cleaning up open space land.

- Ball helps local organizations such as Junior Achievement in classrooms and with in-kind contributions and resources.

Caring for Our Employees

Two of the Ball programs that help improve the lives of our employees and their families:

Military Service Policy

Since the military actions in Iraq and Afghanistan began, we have paid the difference between what our United States employees called to service earn on active duty and what they would have earned if they had continued to work for us. We have also continued benefits for more than 80 employees and their dependents since 2003 during their period of active duty. We have extended our policy on military service four times and now provide adjusted pay and benefits for up to 24 months to help these employees and their families during their service deployment.

John W. Fisher Scholarship

Ball established the John W. Fisher Scholarship in 1980. Each year children of Ball employees are selected to receive the scholarship to help pay the cost of higher education. In 2005, the program was expanded to include our European employees. Scholarship recipients are eligible to receive a \$3,000/€2,000 annual award for a maximum of four years or until a baccalaureate degree is earned. Ball gave scholarships in 2007 totaling approximately \$100,000 for 34 students in eight countries. Since 1980, we have awarded over \$1.3 million in this program to almost 200 students.

Create Prosperity for Us and Others

We seek to prosper in ways that also create prosperity for others, particularly through innovations in our products and processes. Our continued financial success will enable us to create benefits for those with whom we interact.

Ball's Corporate Strategy

Our corporate strategy is to grow our worldwide beverage can business and aerospace business, to improve the performance of the food and household products packaging business and plastic packaging business and to utilize free cash flow and earnings growth to increase shareholder value.

Goals

- Long-term earnings per share growth of 10 to 15 percent over time.
- Generate returns in excess of our cost of capital in all of our businesses
- Increase Economic Value Added.
- Continue to develop innovations in our processes and products as we work closely with customers and suppliers on shared opportunities.
- Support small businesses and minority-owned businesses.
- Advocate sensible public policy that protects our ability to produce and sell our products and services consistent with sustainability and good government.

Ball reports its financial performance in the company's annual report and quarterly news releases. Our corporate strategy is stated in the box on the left and our business goals are the first three goals listed above. Our sustainability goals will play an important role in helping us achieve our financial goals. In this section, we highlight sustainability goals and issues that compliment our overall performance or affect us indirectly through their impact on larger economies.

Our packaging businesses accounted for 89 percent of Ball's total net sales in 2007, 32 percent of that coming from markets outside the United States. Our largest single product line – aluminum and steel beverage cans – experienced strong growth both in Europe and in China.

Our packaging products are used in many countries and comply with packaging and environmental laws and regulations. We monitor developments, evaluate possible

Our Innovations



Alumi-Tek® bottle



Recloseable can



Aergo® shaped aerosol container



Gamma-Clear® plastic jar

effects on our businesses and – when necessary – develop and execute strategies to address opportunities and risks, including:

- Increased government intervention relating to environmental protection, causing operational and compliance costs to rise over time.
- Legislation that could restrict the use of our packages.
- Higher prices for key raw materials and energy.
- Changes in retailer and consumer preferences between metal, plastic, glass and composite packaging due to environmental perceptions.

We are aware of these challenges and address them proactively, often

as opportunities to differentiate our company from competitors. Our activities include:

- Building a worldwide network to work closely with policy makers to ensure balanced regulation for free choice of packages and nondiscriminatory, effective collection systems that support recycling.
- Continuing to reduce energy, water and disposal costs, as well as material use in our products.
- Passing through cost increases to our customers and reducing costs throughout the organization.
- Implementing a comprehensive energy reduction strategy.
- Expanding our global beverage can business in some of

Economic Contributions

(\$ in millions)

	2007	2006	2005
Economic Value Generated			
Total revenues	\$7,390	\$6,622	\$5,751
Income from equity investments.....	13	15	16
	<u>\$7,403</u>	<u>\$6,637</u>	<u>\$5,767</u>
Economic Value Distributed			
Operating costs – including payments to employees ⁽¹⁾	\$6,513	\$5,789	\$5,004
Interest expense.....	149	134	116
Payments to government tax authorities	99	176	130
Payments for charitable contributions.....	2	2	2
Payments to shareholders – dividends & net share repurchases	252	87	401
	<u>\$7,015</u>	<u>\$6,188</u>	<u>\$5,653</u>
Difference – economic profit retained in the business available for repayment of debt, investments and other purposes	\$ 388	\$ 449	\$ 114

(1) Includes cost of sales excluding depreciation and amortization plus selling, general and administrative costs.

Our Innovations



Fusion-Tek™ microwavable can



PET wine bottle



Eyeris™ enhanced can printing



Laser incised tabs

the world's strongest developing markets.

- Driving innovations for developing products that meet consumer needs and sustainability requirements.

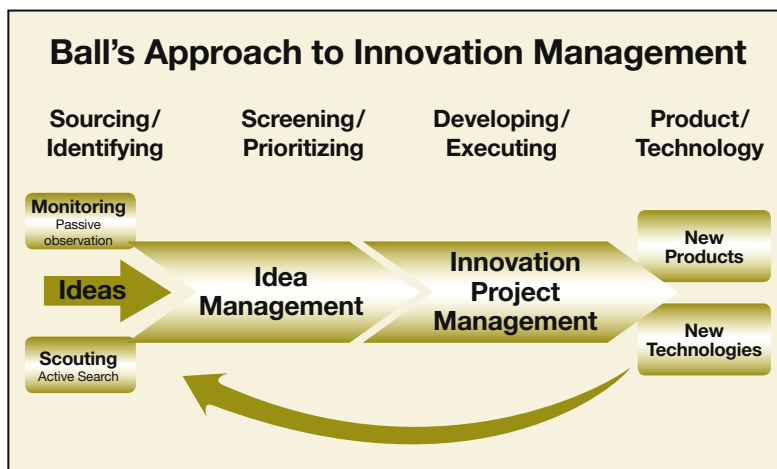
Continue to Develop Innovations in Our Processes and Products

In addition to sustainability considerations, successful packaging innovation must meet a variety of needs – consumer needs, retailer and brand owner growth opportunities and package capabilities – as well as work in terms of our manufacturing expertise and capabilities. We work closely with our customers and have a process (see chart below) to evaluate ideas to ensure that our new packaging has the best chance to meet these needs and become commercially successful. Ball employs a disciplined innovation management system that is tailored for each of our business units.

Over the years process innovation costs – innovations in

manufacturing and filling processes – have been borne by all parties and the capital investments usually created a return. Most of these innovations were not apparent to the consumer. This cooperation has led to some very refined delivery systems for packaging and the business models for food and beverage packaging are based on those systems.

Most successful packaging innovation in our industry has been process-related. Light-weighting, increasing manufacturing speeds and reducing end sizes have added economic benefit to us and our customers and have passed almost unnoticed by consumers. Since 2006, Ball has introduced a number of innovations designed to appeal to consumers. Some of them offer sustainability benefits such as source reduction or easier recyclability compared to existing packages. Others will help our customers showcase their brand image by using higher quality



decoration methods like Eyeris™ or waterless printing.

Ball is uniquely positioned among packaging companies because we serve multiple end markets with multiple substrates. For example, consumers are drawn to plastic containers because of the benefit of reclosability. We have

that provide critical climate and environmental data to assist policy makers in decision making. Ball has developed technology that helps scientists better understand our planet's atmosphere, ice mass, oceans, clouds and wind.

Key scientific discoveries about climate change and its effects on

sured snowfall melt and accumulation from July 1999 through July 2005 that showed unmistakable evidence of widespread Antarctic melting – the most significant melt data obtained using satellites in three decades.

- The Synthetic Aperture Radar antennas, which amassed



In autumn 2006, the Metal Packaging Manufacturers' Association presented Ball Packaging Europe with a "Can of the Year Award" for its beverage can with a laser design. The artistic design, the excellent optical effects, the new brand differentiation and image-creating options offered by laser technology were the crucial criteria in the assessment.

been able to leverage that benefit in aluminum with the introduction of the Alumi-Tek® bottle, a package that can be used across virtually any filling process and weighs less than competing aluminum bottles. In Europe, we introduced a can with a recloseable end, which will also be available for our worldwide can business.

Ultimately, innovation costs money and good innovation creates value. Our future success requires that we continue to create and sustain growth through successful packaging innovation.

Ball Aerospace Innovation

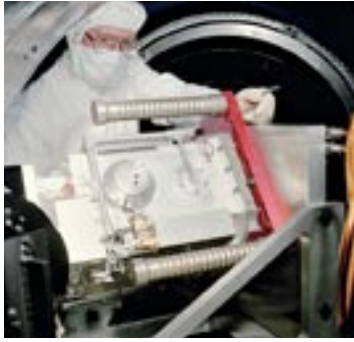
Ball develops innovative spacecraft, sensors, systems and components

the Earth relied significantly on our instruments and spacecraft, including:

- The Solar Backscatter Ultraviolet Radiometer, which helped confirm the ozone hole above Antarctica in 1987.
- The Ice, Cloud and Land Elevation Satellite (ICESat), the first spacecraft to map the Earth's total ice volume. Elevation profiles supplied by ICESat helped confirm in 2006 that glaciers in Antarctica are collapsing at a faster rate than predicted, which may eventually cause a sea-level rise due to polar ice cap warming.
- The Quick Scatterometer (QuikSCAT), launched in 1999, mea-

topographic data covering more than 47.6 million square miles of Earth's surface for the Shuttle Radar Topography Mission (SRTM) in 2000. Processed SRTM data has provided topographic maps that detail a large percentage of Earth's land surface, affording accurate shape and land height information for flood control, soil conservation, reforestation, earthquake research and volcano and glacier monitoring.

Our aerospace contributions have had an impact on environmental policy. Ball built the spacecraft and one of three science instruments for the Earth



Solar Backscatter Ultraviolet Radiometer



ICESat



QuikSCAT



SRTM

Radiation Budget Satellite (ERBS), launched in 1984. ERBS contributed ozone data showing the harm caused by chlorofluorocarbons, which helped motivate the international community to develop the Montreal Protocol on Substances that Deplete the Ozone Layer.

Ball Aerospace continues to be engaged in programs that provide environmental benefits. The Global Precipitation Measurement Microwave Imager (GMI) will improve weather and environmental forecasting by providing more accurate precipitation measurements from space. We will also build the Operational Land Imager (OLI), the primary instrument for the Landsat Data Continuity Mission, which has collected the most significant continuous record of land imagery to date for a variety

of applications, including natural resource management, agricultural monitoring and land use planning. OLI is slated for a 2011 launch.

Support Small and Minority-Owned Businesses

As with employment diversity, a diverse supplier base is important to our continued success. We have two programs, with dedicated personnel, that support minority subcontractors; the Small Business Program in Aerospace and the Supplier Diversity Program for our North American packaging businesses (see charts below and on the next page).

Advocate Sensible Public Policy

Ball produces packaging that is sometimes regulated. Additional regulation may be imposed in

Ball Aerospace's small business program currently receives the highest rating – "Outstanding" – by the Defense Contracts Management Agency. Ball Aerospace's spending with small businesses over the past three years is as follows:

Small Business

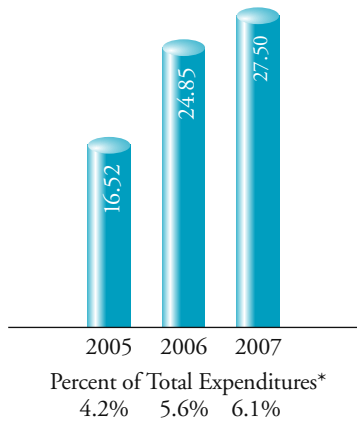
	Dollars spent	%
2005	\$74,664,260	41.3
2006	\$71,965,651	47.2
2007	\$95,996,515	51.2

Small Disadvantaged Business (SDB)

	Dollars spent	%
2005	\$2,547,490	1.7
2006	\$2,581,806	1.4
2007	\$2,581,806	1.4

Ball Aerospace is a government contractor and does not track MBE dollars spent. The government SDB classification mirrors the MBE classification. All SDB suppliers must be certified by the Small Business Administration. We are reporting the SDB classification as comparable to the MBE classification.

**Total Certified Minority
Business Enterprise
Expenditures**
(\$ in millions)



** We did not include our purchases of aluminum, steel and resin because there are no minority or small business enterprises that supply these materials.*

the future driven by the desire for waste reduction and climate change mitigation. We monitor and participate in public policy discussions when appropriate to protect and enhance our business for the many stakeholders who share in our economic success.

In 2002, Germany enacted a mandatory deposit on certain one-way beverage containers – including the beverage can, despite the fact that the beverage can recycling rate exceeded 85 percent – but did not provide for an adequate system of one-way container return. The demand for beverage cans virtually disappeared as a result and Ball, the largest supplier in Germany, lost the most business of any can manufacturer. The deposit eliminated a significant number of jobs and devastated the market for beverage cans. That example continues to remind us of the need for, and importance of, sensible public policy.

We rely on memberships and participation in various broad-

based business and trade organizations to promote a healthy business climate and keep us informed on key issues. Ball was a founding member of the National Association of Manufacturers, now well over 100 years old, one of the largest and most respected business advocacy organizations in the United States. Our operating units are members of key industry-specific trade organizations such as the Can Manufacturers Institute, Beverage Can Makers Europe, the National Association for PET Container Resources, European Organization for Packaging, Grocery Manufacturers Association and Space Foundation. In addition, our operating units and facilities are expected to be members of the appropriate local chambers of commerce, manufacturers and packaging associations or other organizations that communicate with government officials and others regarding legislation, regulation and other business matters.

At the Rocky Mountain Supplier Development Council business opportunity fair in August 2007, suppliers nominated Ball for the Corporation of the Year award. Bea Valdez (center), manager, contract administration and supplier diversity, was nominated for Supplier Diversity Advocate of the Year.



Strengthen Stakeholder Relationships

We will strengthen our relationships with all those who have a stake in our activities and who can affect our business. This will make our company and our products more sustainable.



Since 1997, Ball has held 42 packaging “schools” in the United States and Europe, attended by approximately 1,700 people representing more than 200 companies – most of them customers and suppliers. The schools demonstrate that we not only manufacture packages but are engaged in deepening our relationships on a broad front.

Goals

- **Build on our existing outreach efforts to develop a more systematic process for ongoing stakeholder engagement in order to work more efficiently and effectively with our stakeholders.**
- **Use our sustainability efforts as a catalyst to work with our stakeholders to address issues of mutual interest.**

Build on Existing Outreach Efforts to Develop a More Systematic Process

Ball works with many different stakeholders including customers, suppliers, employees, regulators, investors and environmental and community organizations. We are committed to working systematically to make even our best relationships better by seeking common ground and working in partnerships on projects related to the triple bottom line impacts that are the focus of this report.

This report, as well as the GRI-based information that we have posted on our Web site, demonstrates our achievements, identifies our challenges and provides a strong basis upon which to

strengthen relations with our stakeholders. We will use it to deepen our common understanding of sustainability and our material issues, to hold ourselves accountable and to find ways to work more closely with our stakeholders to create shared value based on mutual interests.

As with many activities now falling under the sustainability umbrella, Ball has for years worked to establish good relationships with our stakeholders. One of our “Five Keys to Success” is “a total commitment to being close to our customers and understanding their needs and future direction.” As part of our sustainability initiative, we plan to build on our existing outreach efforts at Ball.

Packaging Schools

Ten years ago, we held our first beverage can “school”, a class with detailed information on how beverage cans are made. Since then, we added a steel can school, a plastic bottle school and a beverage can school in Europe.

A typical program runs for three days and covers aluminum, steel or plastic packaging manufacturing processes; Ball’s operations and the way we do business; innovation; our perspective on environmental and social responsibility and specific issues such as product safety or proper handling and filling of our packages.

Ball has held 42 packaging schools attended by approximately 1,700 people representing more than 200 companies – most of

them customers and suppliers. We believe our packaging schools are a unique example of stakeholder engagement and offer our stakeholders an in-depth learning and engagement experience. The schools provide us with ideas for improving our products and processes and help us gain insights into our customers’ needs and expectations. The schools demonstrate that we not only manufacture packages but are engaged in deepening our relationships on a broad front.

Our United States marketing department held a “Packaging Solutions” forum in July 2007, a first-time event that focused on the consumer and market trends that are driving packaging innovation in the marketplace.



Ball executives met with Shanghai, China, economic officials in May 2007 prior to Ball establishing the “recan” recycling program in China. The “recan” program was launched at the Shanghai Exhibition of Energy Conservation and Environment Protection in June 2007. Similar “recan” programs were also introduced in Shenzhen and Qingdao.

Five Keys to Success

Close to Customers

We have a total commitment to being close to our customers and understanding their needs and future direction. This commitment extends throughout our organization.

Creativity & Imagination

Our employees’ creativity and imagination enable us to deliver innovations in products, process development and the way we conduct business so we can better serve our customers, grow the company and increase the value of the enterprise.

Behave Like Owners

By behaving as true owners of the business, our employees deliver superior results and provide the best value in the products and services we supply to our customers.

Attention to Detail

By managing our operations with relentless attention to detail we are creating safe workplaces while building a great business that consistently delivers superior value.

Build on Strengths

We intend to build on our heritage of ethics, integrity, quality and value in all our dealings by treating all stakeholders the way we would like to be treated.

Customer Technical Service Support

In our packaging businesses, Ball services our customers' filling lines to ensure our cans run smoothly, maximizing filling line efficiencies and reducing spoilage. Our technicians are experts in customer machinery and can recommend environmentally friendly solutions such as equipment that has a longer life span and can be recycled at the end of its life. They also provide training to help minimize the possibility of filling and seaming problems, that could affect the product inside the package. This is one of the many ways we work cooperatively with our customers worldwide to improve environmental and economic performance.

Customer Surveys

Ball regularly conducts a customer satisfaction survey in Europe to ensure that the company is meeting the needs of its customers. We use the survey to identify ways to provide better service to our customers, principally in the following three areas:

- **Communication** – improving complaint management and informing customers of anticipated problems rather than explaining them afterwards.
- **Logistics and timing of deliveries** – especially important given the tight supply situation in Europe due to the growth of the can market.
- **Consistency in product** – our packages should run on our customers' lines efficiently, regardless of which Ball plant made them.

The latest survey was conducted in 2007. The Customer Satisfaction Index (CSI) shows how well we are meeting our customers' needs and expectations. Our score was 85.3, which was consistent with the prior survey in 2004.

Globally, customer satisfaction varies from country to country but more than 76 percent of customers in the 20 countries in which Ball does business said that their needs were met "entirely" or "almost entirely." We conduct a more detailed analysis to develop customized improvement measures where needed.

We plan to expand the surveys in the future to obtain feedback on how we are working with our customers to improve our triple bottom line performance and help them with their sustainability goals.

Customers in China were surveyed in 2005, 2006 and 2007.



Ball's employees work with customers in their plants to help make our packages run smoothly on their filling lines. They are experts in customer machinery and can recommend environmentally friendly solutions to improve efficiencies.

The results indicated that customers were very satisfied with product quality, customer technical service and communications. Some customers requested improvement in delivery times. As a result of that request, we rented warehouse space to store cans and expedite delivery. We continue to keep in close communication with our customers by having regular meetings with them to understand and meet their production priorities.

Use Our Sustainability Efforts as a Catalyst for Stakeholder Engagement

We have identified a wide range of Ball stakeholders, including our employees, our customers and their customers, suppliers, investors, unions and works councils, policy makers and regulators, non-governmental organizations, industry associations and our local communities. We intend to use our sustainability report as a tool to reach out systematically to these constituencies to determine areas of mutual interest or concern.

We began that process during the preparation of this report by asking representatives of our customers, regulators, employees and others to review preliminary drafts. We held a series of meetings between December 2007 and March 2008 in the United States and in Europe at which we asked for and received very candid comments

about the report as well as our approach to certain issues.

We heard, for example, that although the range of issues that we addressed was comprehensive, we needed to establish more concrete goals for the future. We learned that we were not very clear about what sustainability really means to Ball and how we intend to work toward it. Our employees wanted more information about Ball's future sustainability plans and some of our customers wanted to continue the dialogue around specific issues of importance to them.

We made substantial revisions to the report and began the process of uncovering areas of mutual interest – both opportunities and risks – for future discussion and possible collaboration. We came away with a much deeper understanding of our triple bottom line impacts and those of the participating stakeholders. That understanding resulted in an improved sustainability report.

During the next two years, we will improve our ability to capture data about our operations and use that data to monitor our progress in achieving our goals. We look forward to reporting on that progress in our 2009 report as we continue to systematically integrate sustainability into our company.

Case Study France: Open House in Bierne

Our can production plant in Bierne held an open house in September 2007 to strengthen community ties. Customers, suppliers, politicians and representatives from associations, as well as employees and their families and friends attended. More than 1,400 guests exchanged information and ideas, toured the plant and learned the can making process.

For Ball, the involvement of our employees in the planning and realization of such events is as important as the fostering of our relationship with the communities in which we operate. Through open houses, our employees enhance their identification with the company and with their local community. Many of our worldwide plants hold open houses.



GRI Content Index

The indicators for our sustainability reporting are selected from the Reporting Framework issued by the Global Reporting Initiative (GRI). The GRI Content Index indicates which standard disclosures we determined to be significant to us and where the information pertaining to each can be found.

On www.ball.com, we provide PDF files for each of the four sections of standard disclosures. These files contain detailed quantitative and qualitative information on standard disclosures. In the condensed index below, the @ symbol indicates that additional information can be found online, primarily in our GRI Content Index files.

We declare that we are applying the GRI Reporting Framework at Application Level B. For more details on the GRI and its Application Level system, please see www.globalreporting.org



Note: In addition to the GRI standard disclosures and core indicators listed, the items in italics are GRI additional indicators on which we are reporting.

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Core Purpose

Ball Corporation is in business to add value to all of its stakeholders, whether it is providing quality products and services to customers, an attractive return on investment to shareholders, a meaningful work life for employees or a contribution of time, effort and resources to our communities as we strive to make Ball a more successful and sustainable enterprise. In all of our interactions, we ask how we can get better – how we can make it better, be better and do better, for our own good and the good of those who have a stake in our success.

Core Values

Integrity Our reputation for integrity is one of our most important assets. We will not compromise our integrity or risk damage to our reputation in return for financial gain or for any reason.

Respect We respect our employees, our customers, our suppliers, our shareholders – indeed, all of our stakeholders. In all of our dealings we strive to show that respect and to treat people with dignity.

Motivation We have a strong desire to be successful and to be measured against the best.

Flexibility We are willing to challenge our own assumptions and adapt to changing circumstances for the long-term good of the corporation.

Innovation We strive to be creative and innovative in our products, our processes and the way we conduct business.


Teamwork We operate as a team. Everyone has his or her job, but it takes all of us working together for the company to succeed.

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