BALL CORP
Form 11-K
June 29, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Annual Report Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

FORM 11-K

þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-07349

A. Full title of the Plan and the address of the Plan, if different from that of the issuer named below:

BALL CORPORATION
SALARY CONVERSION AND EMPLOYEE STOCK OWNERSHIP PLAN

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:

BALL CORPORATION
10 LONGS PEAK DRIVE
BROOMFIELD, COLORADO 80021-2510

BALL CORPORATION
Salary Conversion and Employee Stock Ownership Plan

Index to Financial Statements and Supplemental Schedule

Note: Certain supplemental schedules have been omitted because they are not applicable.

BALL CORPORATION
Salary Conversion and Employee Stock Ownership Plan

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the
Ball Corporation Salary Conversion and Employee Stock Ownership Plan
Broomfield, Colorado

We have audited the accompanying statements of net assets available for benefits of the Ball Corporation Salary Conversion and Employee Stock Ownership Plan as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the year ended December 31, 2008. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The financial statements of the Plan as of December 31, 2007 were audited by other auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan administrator instructed the other auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the Trustee. Their report, dated September 3, 2008, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion on the financial statements taken as a whole and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the Trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As described in Note 10, due to changes in the accounting for Company Stock within the Plan, the Plan has elected to file in accordance with the standards of the Public Company Accounting Oversight Board (United States). Accordingly, our present opinion on the 2007 financial statements, as presented herein, is different from that expressed in the previous auditor's report.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Ball Corporation Salary Conversion and Employee Stock Ownership Plan as of December 31, 2008 and 2007, and the changes in net assets available for benefits for the year ended December 31, 2008 in conformity with United States generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information, required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information is the responsibility of the Plan's management. The supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ Clifton Gunderson LLP
Clifton Gunderson LLP
Denver, Colorado
June 26, 2009

BALL CORPORATION
Salary Conversion and Employee Stock Ownership Plan

Statements of Net Assets Available for Benefits

	December 31, 2008	2007
Assets		
Investments, at fair value (Note 3):		
Mutual funds	$ 625,884,353	$ 849,278,622
Ball Corporation common stock	238,808,324	263,054,295
Investment contracts	132,043,351	128,508,567
Participant loans	21,314,785	21,920,907
Total investments	1,018,050,813	1,262,762,391
Contributions receivable:		
Participant	–	174,870
Employer	8,784,265	8,984,714
Net assets available for benefits at fair value	1,026,835,078	1,271,921,975
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	1,066,674	(1,162,775)
Net assets available for benefits	$ 1,027,901,752	$ 1,270,759,200

See accompanying notes to the financial statements.

BALL CORPORATION
Salary Conversion and Employee Stock Ownership Plan

Statement of Changes in Net Assets Available for Benefits

		For the year ended December 31, 2008
Additions to (Deductions from) Net Assets:		
Contributions:		
Participant	$	55,828,995
Employer, net of forfeitures		31,045,005
Rollovers and Other Additions		2,717,982
Total contributions		89,591,982
Investment income:		
Dividends and interest		32,007,230
Interest on participant loans		1,718,918
Net (depreciation)/appreciation in fair value of investments		(274,449,108)
Total investment (loss)/ income		(240,722,960)
Distributions to participants		(91,651,861)
Administrative expenses and other		(74,609)
Decrease in net assets		(242,857,448)
Net assets available for benefits:		
Beginning of year		1,270,759,200
End of year	$	1,027,901,752

See accompanying notes to the financial statements.

BALL CORPORATION
Salary Conversion and Employee Stock Ownership Plan

Notes to Financial Statements

Note 1–Description of the Plan

The Ball Corporation Salary Conversion and Employee Stock Ownership Plan (the "Plan") is a defined contribution Plan established on September 1, 1983. The Plan was amended and restated on July 1, 1989, under the rules of Internal Revenue Code of 1986, as amended ("IRC"), Section 401(k), to add an employee stock ownership (the "ESOP") feature which was qualified under IRC Sections 401(a) and 4975(e)(7). There is no active ESOP feature currently in the Plan. Participants should refer to the Summary Plan Description for more complete information. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Participation

Essentially all U.S. salaried and U.S. hourly employees of Ball Corporation and participating subsidiaries (the "Company") are eligible to participate in the Plan. Eligibility to participate in the Plan begins with the first day of employment. An eligible employee hired on or after January 1, 2005, who does not make an election about his or her participation in the Plan, is automatically enrolled 30 days after his or her hire date.

Employee Contributions

The Plan allows eligible participants to contribute a portion of their salaries or wages to the Plan on a before-tax basis within limits defined by the Plan. Such limits vary among certain employee classifications. In all cases, the maximum contribution for a participant may not exceed the annual maximum limits established under IRC Section 402(g). All income earned from invested contributions accumulates tax deferred until withdrawal.

The Plan provides for the automatic enrollment of a 3 percent pretax deferral of eligible pay for newly hired employees, unless the employee affirmatively elects to make no pretax contributions or elects to make pretax contributions of a different amount.

Effective January 1, 2007, the Plan was amended to provide an automatic one-step increase whereby the automatic deferral percentage of 3 percent for an employee automatically enrolled in the Plan on or after January 1, 2007, is automatically increased 1 percent each January 1st, beginning in the calendar year following the calendar year of automatic enrollment until the deferral percentage equals 6 percent. Employees may opt-out of the automatic increases at any time.

Participants may change the level of their contribution or suspend contributions entirely at any time. The Plan also permits rollovers, which represent funds that participants transfer into the Plan from previous eligible Plans.

Company Matching Contributions

The Company generally makes a matching contribution each pay period that is based on the percentage of eligible pay that the participant contributes. The Company matching contribution differs depending on the employee group in which the participant belongs up to a maximum of 4.5 percent of eligible pay. The Plan includes matching provisions in accordance with the provisions of the applicable union contracts. However, certain employee groups (if they had worked 1,000 hours and were employed on the last day of the year) that were merged into the Plan in October 2007 received an annual matching contribution after the end of 2007 that depended on plant performance and ranged from 1/2 percent of eligible pay to

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BALL CORPORATION
Salary Conversion and Employee Stock Ownership Plan

Notes to Financial Statements (Cont.)

3 percent of eligible pay. Starting in 2008, most of these employee groups will receive their Company matching contribution, which will no longer depend on plant performance, on a payroll period basis.

For certain employee groups, Company matching contributions are invested automatically in the Ball Corporation Common Stock Fund. For remaining employee groups, Company matching contributions are invested according to participant elections. Participants whose Company matching contributions are automatically invested in the Ball Corporation Common Stock Fund may immediately diversify this investment.

Effective January 1, 1996, the Plan was amended to allow employees in the Company's aerospace division who are not participants in the Ball Corporation EVA Incentive Compensation Plan to receive an additional match under the Plan. This amendment allows up to a maximum of 4 percent of the employee's pay if the EVA performance factor of Ball Aerospace & Technologies Corp. ("BATC") achieved is between 1.0 percent and 2.0 percent (inclusive) in accordance with conditions of the BATC Performance Sharing Match Program. The additional match is invested in accordance with participant elections. An additional match in the amount of $8,288,978 was made for 2008, and was funded in 2009, and an additional match in the amount of $8,550,468 was made for 2007, and funded in 2008. In addition, other receivables in the amounts of $495,287 and $609,115 were recorded for 2008 and 2007, respectively.

The Company makes additional contributions for some employee groups. Generally, this contribution is made each pay period and is based on the eligible hours worked by the employee during the pay period. Additional contributions are invested in accordance with participant elections.

Vesting

Participants are always fully vested in their own contributions and related earnings. With the exception of certain employee groups, participants are also always fully vested in Company matching contributions and any additional Company contributions, including related earnings. Certain employee groups vest ratably in Company contributions over a maximum of 6 years. Participants should refer to the summary plan documents for further information. As of and for the years ended December 31, 2008 and 2007, there was no significant forfeiture activity.

Distribution of Benefits

Distributions to employees are normally made upon termination of employment and upon submission of a request. A request for distribution may be directed to the recordkeeper via written request, voice response system, internet site, or directly with the recordkeeper in accordance with Plan provisions.

At any time, a participant with an approved immediate and critical financial need may request a hardship withdrawal in an amount no greater than is necessary to satisfy such financial hardship.

Participant Loans

Loans are interest bearing at 1 percent above the published prime rate and are limited to the lesser of $50,000, reduced by the highest outstanding loan balance in the prior 12-month period, or 50 percent of a participant's eligible account balance. Participant loans at December 31, 2008, had interest rates ranging from 4 percent to 10.5 percent and maturity dates ranging from 2009 to 2036.

BALL CORPORATION
Salary Conversion and Employee Stock Ownership Plan

Notes to Financial Statements (Cont.)

Participant Accounts

Each participant's account is credited with the participant's contribution; the Company's matching contribution and discretionary contribution, if applicable, and an allocation of Plan earnings and losses. Plan earnings and losses are allocated to individuals' accounts based on each participant's account balance in their respective investment options selected.

Voting Rights

Each participant receives voting rights on his/her shares of Ball Corporation common stock.

Company Stock Dividends

Participants have the option to either reinvest dividends paid on the Ball Corporation common stock or to receive the dividends in cash.

Note 2–Summary of Significant Accounting Policies

Basis of Accounting

The Plan financial statements are prepared on the accrual basis of accounting.

Valuation of Investments

The Plan's investments are stated at fair value. Quoted market prices are used to value investments when available, including Ball Corporation common stock. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end. Participant loans are recorded at cost, which approximates fair value.

The fair value of the investment contracts is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations. The individual assets of the synthetic investment contracts are valued at the fair value of the underlying assets. The fair value of the wrapper contract for the synthetic investment contracts is determined using the market approach discounting methodology, which incorporates the difference between current market level rates for contract level wrapper fees and the wrapper fee being charged. The difference is calculated as a dollar value as discounted by the prevailing interpolated swap rate as of period end. The Plan's interests in common collective trusts are included in the Investment Contract Fund. The fair value is based on the fair value of the common collective trust's underlying investments as based on information reported by the investment advisor using the audited financial statements of the common collective trust at year end. (Note 3)

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, "Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans" (the "FSP"), investment contracts held by a defined contribution Plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by the FSP, the statement of net

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BALL CORPORATION
Salary Conversion and Employee Stock Ownership Plan

Notes to Financial Statements (Cont.)

assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Income Recognition

The net appreciation (depreciation) in the fair value of investments (net realized and unrealized gains and losses) is reflected in the accompanying statements of changes in net assets available for benefits. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment transactions are recorded on the date of purchase or sale (trade date).

Distributions

Distributions to participants are recorded when paid.

Expenses of the Plan

Certain costs and expenses incurred in establishing, amending and administering the Plan, including the fees and expenses of the trustees, are paid by the Company. The Plan pays for annual compliance testing and certain loan transaction fees that are charged to the related participants' accounts.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Plan's management to use estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Note 3 - Fair Value Measurements

The Plan adopted Statement of Financial Accounting Standards (SFAS) No. 157 effective January 1, 2008, for financial assets and liabilities and for nonfinancial assets and liabilities measured on a recurring basis. SFAS No. 157 establishes a framework for measuring value and expands disclosures about fair value measurements. Although it does not require any new fair value measurements, the statement emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and should be determined based on the assumptions that market participants would use in pricing the asset or liability. As defined in SFAS No. 157, fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The adoption of SFAS No. 157 did not have a material impact on the Plan's financial statements.

The statement establishes a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets

BALL CORPORATION
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Notes to Financial Statements (Cont.)