SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the Nine month Period Ended September 30, 2001

Commission File Number 0-21314

U.S. CAN CORPORATION

(Exact Name of Registrant as Specified in its Charter)

06-1094196
(I.R.S. Employer Identification No.)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

700 EAST BUTTERFIELD ROAD
SUITE 250
LOMBARD, ILLINOIS 60148
(Address of Principal Executive Offices, Including Zip Code)

(630) 678-8000
(Registrant's Telephone Number, Including Area Code)

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

Yes ☒ No ☐

As of October 31, 2001, 53,333,333 shares of Common Stock were outstanding.

U.S. CAN CORPORATION AND SUBSIDIARIES

FORM 10-Q

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

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Forward Looking Statements

Certain statements in this filing constitute "forward-looking statements" within the meaning of the Federal securities laws. Such statements involve known or unknown risks and uncertainties which may cause the Company's actual results, performance or achievements to be materially different than future results, performance or achievements expressed or implied in this report. By way of example and not limitation and in no particular order, known risks and uncertainties include our substantial debt and ability to generate sufficient cash flows to service our debt; the timing and cost of plant closures; the level of cost reduction achieved through restructuring; the success of new technology; the timing of, and synergies achieved through, integration of acquisitions; changes in market conditions or product demand; loss of important customers or volume; downward product price movements; changes in raw material costs; and currency fluctuation. In light of these and other risks and uncertainties, the inclusion of a forward-looking statement in this report should not be regarded as a representation by the Company that any future results, performance or achievement will be attained. For more information regarding these and other factors, see the Company's annual report on Form 10-K.

U.S. CAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(000's omitted)

	For the Quarterly Period Ended		For the Nine Months Ended	
	September 30, 2001	October 1, 2000	September 30, 2001	October 1, 2000
	(unaudited)		(unaudited)	
Net Sales	$ 204,175	$ 200,024	$ 588,672	$ 624,307
Cost of Sales	180,161	173,715	513,846	538,282
Gross income	24,014	26,309	74,826	86,025
Selling, General and Administrative Expenses	11,603	10,703	34,638	34,367
Operating income	12,411	15,606	40,188	51,658
Interest Expense	14,312	8,565	43,523	25,717
Income (loss) before income taxes	(1,901)	7,041	(3,335)	25,941
Provision (benefit) for Income Taxes	(475)	2,665	(1,004)	9,807
Net Income (Loss) Before Preferred Stock Dividends	(1,426)	4,376	(2,331)	16,134
Preferred Stock Dividend Requirement	(2,862)	–	(8,379)	–
Net Income (Loss) Available for Common Stockholders	$ (4,288)	$ 4,376	$ (10,710)	$ 16,134

The accompanying Notes to Consolidated Financial Statements are
an integral part of these statements.

U.S. CAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(000's omitted, except per share amount)

ASSETS	September 30, 2001	December 31, 2000
	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,547	$ 10,784
Accounts receivables, net of allowances	115,612	90,763
Inventories	112,859	113,902
Deferred income taxes	12,620	12,538
Other current assets	36,606	23,300
Total current assets	285,244	251,287
PROPERTY, PLANT AND EQUIPMENT, less accumulated depreciation and amortization	263,143	272,220
GOODWILL, less amortization	67,511	70,712
OTHER NON-CURRENT ASSETS	47,366	43,645
Total assets	$ 663,264	$ 637,864
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital lease obligations	$ 22,343	$ 14,671
Accounts payable	102,231	102,274
Accrued expenses	54,014	46,479
Restructuring reserves	9,273	11,915
Income taxes payable	3,070	1,704
Total current liabilities	190,931	177,043
LONG TERM DEBT	500,613	480,374
DEFERRED INCOME TAXES PAYABLE	3,873	3,083
OTHER LONG-TERM LIABILITIES	47,504	42,419
Total liabilities	742,921	702,919
PREFERRED STOCK	117,647	109,268
STOCKHOLDERS' EQUITY:		
Common stock, $0.01 par value	533	533
Additional Paid in capital	52,800	52,800
Currency translation adjustment	(26,767)	(19,674)
Unrealized loss on cash flow hedges	(4,662)	–
Accumulated deficit	(219,208)	(207,982)
Total stockholders' equity	(197,304)	(174,323)
Total liabilities and stockholders' equity	$ 663,264	$ 637,864

The accompanying Notes to Consolidated Financial Statements are an integral part of these balance sheets

U.S. CAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(000's omitted)

	For the Nine Months Ended September 30, 2001	For the Nine Months Ended October 1, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:	(Unaudited)	
Net income before preferred stock dividends requirements	$ (2,331)	$ 16,134
Adjustments to reconcile net income to net cash provided by operating activities --		
Depreciation and amortization	27,323	26,788
Deferred income taxes	(1,004)	3,004
Change in operating assets and liabilities, net of effect of acquired and disposed of businesses:		
Accounts receivable	(25,045)	(27,386)
Inventories	105	(7,450)
Accounts payable	1,297	12,873
Accrued expenses	2,802	1,768
Other, net	(8,800)	217
Net cash provided by (used in) operating activities	(5,653)	25,948
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(13,385)	(16,519)
Acquisition of businesses, net of cash acquired	(4,570)	–
Proceeds from sale of business	–	12,088
Proceeds from sale of property	–	7,855
Investment in Formametal S.A.	(7,850)	(4,914)
Net cash used in investing activities	(25,805)	(1,490)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock and exercise of stock options	–	1,700
Net borrowings (payments) under the revolving line of credit and changes in cash overdrafts	30,300	
Payments of long-term debt, including capital lease obligations	(2,205)	(33,993)
Purchase of treasury stock	–	(488)
Net cash provided by (used in) financing activities	28,095	(32,781)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	126	40
DECREASE IN CASH AND CASH EQUIVALENTS	(3,237)	(8,283)
CASH AND CASH EQUIVALENTS, beginning of year	10,784	15,697
CASH AND CASH EQUIVALENTS, end of year	$ 7,547	$ 7,414

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

U.S. CAN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2001
(Unaudited)

(1) PRINCIPLES OF REPORTING

The consolidated financial statements include the accounts of U.S. Can Corporation (the "Corporation"), its wholly owned subsidiary, United States Can Company ("U.S. Can"), and U.S. Can's subsidiaries (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated. These financial statements, in the opinion of management, include all normal recurring adjustments necessary for a fair presentation. Operating results for any interim period are not necessarily indicative of results that may be expected for the full year. These financial statements should be read in conjunction with the previously filed financial statements and footnotes included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2000. Certain amounts in prior years have been reclassified to conform with current period presentation, including the special charge as presented in the 2000 third quarter filing which is now a component of cost of goods sold.

NEW ACCOUNTING PRONOUNCEMENTS

On January 1, 2001, the Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138. In accordance with the provisions of SFAS No. 133, the Corporation recorded a transition adjustment in other comprehensive income of $1.5 million upon adoption of the standard to recognize its derivative instruments at fair value. As of September 30, 2001, the accumulated unrealized loss on cash flow hedges included in Accumulated Other Comprehensive Income was $4.7 million.

The Company uses financial instruments, including forward exchange and swap contracts to manage its exposure to movement in interest and foreign exchange rates. The use of these financial instruments modifies the exposure of these risks with the intent to reduce the risk and variability to the Company. Derivatives are recorded on the Consolidated Balance Sheet at fair value in other non-current assets and other long-term liabilities. Initially, upon adoption of the new derivative accounting requirements, and prospectively, the effective portion of the changes in the fair value of a derivative that is designated as a cash flow hedge is recorded in Accumulated Other Comprehensive Income. When the hedged item is realized, the gain or loss included in Accumulated Other Comprehensive Income is reported on the same line in the Consolidated Statement of Operations as the hedged item. Currently, the derivative instruments entered into by the Company have been determined to be highly effective. If, in the future, an ineffective portion of the instrument is determined, that portion of the derivative will be reported in the consolidated statement of operations. The adoption of SFAS 133 did not have a material impact on the results of operations for the first nine months of 2001. The Company does not utilize derivative financial instruments for trading or other speculative purposes.

During July 2001, the FASB issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 modifies the method of accounting for business combinations entered into after June 30, 2001 and addresses the accounting for acquired intangible assets. All business combinations entered into after June 30, 2001, are accounted for using the purchase method. SFAS No. 142 eliminates the current requirement to amortize goodwill and indefinite-lived intangible assets, addresses the amortization of intangible assets with a defined life, and addresses the impairment testing and recognition for goodwill and intangible assets. The Company will adopt this pronouncement on January 1, 2002. This pronouncement applies to goodwill and intangible assets arising from transactions completed before and after the date of adoption. Effective January 1, 2002, the Company will cease amortization of goodwill and indefinite-lived intangibles and test for impairment, at least, annually. Management is currently assessing the provisions of both pronouncements and their potential impact on the Company's consolidated results of operations and financial position. The Company recorded goodwill amortization of $2.1 million and $1.9 million for the nine-months ended September 30, 2001 and October 1, 2000, respectively.

The Emerging Issues Task Force released Issue No. 00-10 (EITF 00-10), "Accounting for Shipping and Handling Revenues and Costs" in July of 2000. EITF 00-10 requires that amounts billed, if any, for shipping and handling be included in revenue and costs incurred for shipping and handling are required to be recorded in cost of goods sold. The impact of implementing EITF 00-10 was to increase each of net sales and cost of goods sold by approximately $17.3 million and $5.4 million for the first nine months of 2000 and the third quarter ended October 1, 2000, respectively. There was no net impact on results of operations nor financial position caused by the implementation of EITF 00-10.

The FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," in August 2001. SFAS No. 144, which addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of, supercedes SFAS No. 121 and is effective for fiscal years beginning after December 15, 2001. While the Company is currently evaluating the impact SFAS No. 144 will have on its financial position and results of operations, it does not expect such impact to be material.

(2) SUPPLEMENTAL CASH FLOW INFORMATION

The Company paid interest of approximately $36.5 million and $13.9 million for the nine months ended September 30, 2001 and October 1, 2000, respectively. The higher level of interest in 2001 is attributed to higher debt levels from the leveraged buyout ("LBO") completed in late 2000. The 2000 cash payments were less due to interest payments on the subordinated debt immediately after the quarter end related to the LBO timing. The Company paid no income taxes for the nine months ended September 30, 2001 and paid approximately $0.4 million of income taxes for the nine months ended October 1, 2000. . The Company expects to realize projected annual pre-tax savings of $5.0 million from this program.

(3) SPECIAL CHARGES

2001

In connection with the Company's focus on reducing employee-related costs, the Company offered voluntary termination packages, primarily to salaried employees, in the third quarter of 2001 under which 82 positions have been eliminated. A one-time pre-tax charge of $4.6 million for severance and other termination-related costs was recorded in the third quarter of 2001.

During the third quarter of 2001, the Company closed a facility in Baltimore, Maryland and transferred some of its production to another facility located in Baltimore, Maryland. The Company established a pre-tax provision of $2.4 million, including $1.8 million for the non-cash write off of assets related to the facility being consolidated and $0.6 million for related building closure costs. The Company successfully negotiated the termination of the lease on the Green Bay facility closed in 1999 at a total cash cost of $0.4 million in 2001 and annual payments through 2007 totaling $0.8 million (including interest).

Based on the lithography needs of the Custom and Specialty business, which has increased as a result of the Olive Can acquisition, the Company has decided to keep open a lithography facility, which supports this segment. A reserve for the closure of this lithography facility was established at the end of 1998. Accordingly, this reserve was reversed in the third quarter in the amount of $6.4 million.

2000

In July 2000, the Company announced a reduction in force program, under which 81 salaried and 39 hourly positions have been eliminated. A one-time pre-tax charge of $3.4 million for severance and other termination-related costs was recorded in the third quarter of 2000.

On March 10, 2000, the Company sold its Wheeling metal closures and the Warren lithography businesses for $12.1 million in cash. The Company established a disposition provision for the anticipated loss on the sale of the metal closures business in connection with the special charge taken in 1998.

Cash costs for restructuring activities in the first nine months of 2001 were $3.7 million. The Company anticipates spending another $9.7 million of such costs in 2001 and beyond. The details of the changes in accrued restructuring reserves are as follows (000's omitted):

	September 30, 2001	December 31, 2000
Balance at beginning of the year	$ 15,391	$ 28,514
Special charge	6,974	3,413
Payments against reserve	(3,723)	(5,142)
Non-cash charges against reserve	(7,062) (b)	(11,394)
Balance at end of the period	$ 11,580 (a)	$ 15,391 (a)

(a) Includes $2.3 million and $3.5 million classified as other long-term liabilities as of September 30, 2001 and December 31, 2000, respectively.

(b) Includes a reassessment and adjustment to prior restructure programs as described above.

Charges and amounts related to reassessment of prior restructure programs are reflected in the cost of sales caption on the consolidated statement of operations.

The Company continuously evaluates the composition of its various manufacturing facilities in light of current and expected market conditions and demand. The Company is currently reviewing the capacity and utilization of several facilities and a restructure charge related to these facilities is likely in the fourth quarter.

(4) INVENTORIES

All domestic inventories, except machine parts, are stated at cost determined by the last-in, first-out ("LIFO") cost method, not in excess of market. European subsidiaries' inventories of approximately $48.8 million at September 30, 2001 and $44.2 million at December 31, 2000, are stated at cost determined by the first-in, first-out ("FIFO") cost method, not in excess of market. FIFO cost of LIFO inventories approximated their LIFO value at September 30, 2001 and at December 31, 2000.

Inventories reported in the accompanying balance sheets were classified as follows (000's omitted):

	September 30, 2001	December 31, 2000
Raw materials	$ 26,198	$ 28,540
Work in process	42,431	49,728
Finished goods	44,230	35,634
	$ 112,859	$ 113,902

(5) DEBT OBLIGATIONS

Under our senior secured credit facility, the Company is required to meet certain financial tests, including achievement of a minimum EBITDA level, a minimum interest coverage ratio, a minimum fixed charge coverage ratio and a maximum leverage ratio. Other restrictive covenants limit the Company's ability to incur debt, pay dividends or make distributions, sell assets or consolidate or merge with other companies.

Effective April 1, 2001, the Credit Agreement was amended to provide for less restrictive financial covenants. Additionally, the revolving credit portion of the facility was reduced to $110 million from the original amount of $140 million, effectively eliminating funds available for acquisitions or other uses. Interest rates paid increased by 0.25%, but may decrease based on the achievement of specified leverage ratios. The Company was in compliance with all financial ratios and covenants as of September 30, 2001.

The pricing concessions granted in the early part of the year and the temporary inefficiencies in our European operations (primarily the United Kingdom), will have a negative impact on the fourth quarter results and raises uncertainty as to whether we will be in compliance under our covenants at the end of 2001. Our definitive results for the year will not be known until February 2002. We would expect to negotiate with the lenders an amendment to our senior secured credit facilities if we believe we will not be in compliance. We cannot be assured however, that the lenders would agree to an amendment if one were required. Without such an amendment or a waiver, we would be in default on almost all of our borrowings, which would have severe consequences to the Company regarding its sources of liquidity and its ability to continue operations.

(6) BUSINESS SEGMENTS

Management monitors and evaluates business performance, customer base and market share for four business segments. The segments have separate management teams and distinct product lines. The aerosol segment primarily produces steel aerosol containers for personal care, household, automotive, paint and industrial products. The International segment produces aerosol cans in Europe and Latin America (through Formametal S.A., a joint venture in Argentina) as well as steel food packaging in Europe. The Paint, Plastic & General Line segment produces round cans for paint and coatings, oblong cans for such items as lighter fluid and turpentine as well as plastic containers for paint and industrial and consumer products. The Custom and Specialty segment, which includes Olive Can (acquired in early 2001), produces a wide array of functional and decorative tins, containers and other products. Certain amounts in prior years have been reclassified to conform with current period presentation

The following is a summary of revenues from external customers and income (loss) from operation for the periods ended September 30, 2001 and October 1, 2000, respectively (000's omitted):

	Three Months Ended		Nine Months Ended	
	September 30, 2001	October 1, 2000	September 30, 2001	October 1, 2000
REVENUES FROM EXTERNAL CUSTOMERS:				
Aerosol	$ 87,037	$ 88,545	$ 253,766	$ 277,604
International	59,735	59,022	171,719	183,374
Paint, Plastic, & General Line	34,912	35,970	106,439	108,792
Custom & Specialty	22,491	16,487	56,748	54,537
Total revenues	$ 204,175	$ 200,024	$ 588,672	$ 624,307
INCOME (LOSS) FROM OPERATIONS:				
Aerosol	$ 10,947	$ 16,024	$ 38,409	$ 48,450
International	1,033	4,278	7,541	13,963
Paint, Plastic, & General Line	3,967	4,095	11,758	10,452
Custom & Specialty	3,813	2,142	5,256	5,373
Corporate and eliminations	(7,349)	(10,933)	(22,776)	(26,580)
Total income from operations	$ 12,411	$ 15,606	$ 40,188	$ 51,658

(7) COMPREHENSIVE NET INCOME

The components of comprehensive income for the three months ended September 30, 2001 and October 1, 2000 are as follows (000's omitted):

	Three Months Ended		Nine Months Ended	
	September 30, 2001	October 1, 2000	September 30, 2001	October 1, 2000
Net Income Before Preferred Dividends	$ (1,426)	$ 4,376	$ (2,331)	$ 16,134
Unrealized Income (loss) on Cash Flow Hedges	(2,576)	–	(4,662)	–
Foreign Currency Translation Adjustment	7,146	(7,669)	(7,093)	(17,698)
Comprehensive Income	$ 3,144	$ (3,293)	$ (14,086)	$ (1,564)

(8) SUBSIDIARY GUARANTOR INFORMATION

The following presents the condensed consolidating financial data for U.S. Can Corporation (the "Parent Guarantor"), United States Can Company (the "Issuer"), USC May Verpackungen Holding Inc. (the "Subsidiary Guarantor"), and the Issuer's European subsidiaries, including May Verpackungen GmbH & Co., KG (the "Non-Guarantor Subsidiaries"), as of September 30, 2001 and December 31, 2000 and for the nine-month periods ended September 30, 2001 and October 1, 2000. Investments in subsidiaries are accounted for by the Parent Guarantor, the Issuer and the Subsidiary Guarantor under the equity method for purposes of the supplemental consolidating presentation. Earnings of subsidiaries are, therefore, reflected in their parent's investment accounts and earnings. This consolidating information reflects the guarantors and non-guarantors of the 12 $^{3}/_{8}$% senior subordinated notes due 2010.

The 12 $^{3}/_{8}$% senior subordinated notes are guaranteed on a full, unconditional, unsecured, senior subordinated, joint and several basis by the Parent Guarantor, the Subsidiary Guarantor and any other domestic restricted subsidiary of the Issuer. USC May Verpackungen Holding Inc., which is wholly owned by the Issuer, currently is the only Subsidiary Guarantor. The Parent Guarantor has no assets or operations separate from its investment in the Issuer.

Separate financial statements of the Issuer or the Subsidiary Guarantors have not been presented as management has determined that such information is not material to the holders of the 12 $^{3}/_{8}$% senior subordinated notes.

U.S.CAN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Nine months Ended September 30, 2001
(000's omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackugen Holding (Guarantor Subsidiaries)	USC Europe/ May Verpackugen GmbH (Non-Guarantor Subsidiaries)	Eliminations	U.S. Can Corporation Consolidated
NET SALES	$ –	$ 416,953	$ –	$ 171,719	$ –	$ 588,672
COST OF SALES	–	361,530	–	152,316	–	513,846
Gross income	–	55,423	–	19,403	–	74,826
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	–	21,665	1,111	11,862	–	34,638
Operating income	–	33,758	(1,111)	7,541	–	40,188
INTEREST EXPENSE	–	36,614	4,885	2,024	–	43,523
EQUITY IN EARNINGS (LOSS) FROM SUBSIDIARY	(2,331)	(579)	2,387	–	523	–
Income before income taxes	(2,331)	(3,435)	(3,609)	5,517	523	(3,335)
PROVISION FOR INCOME TAXES	–	(1,104)	(1,374)	1,474	–	(1,004)
NET INCOME (LOSS) BEFORE PREFERRED STOCK DIVIDENDS	(2,331)	(2,331)	(2,235)	4,043	523	(2,331)
PREFERRED STOCK DIVIDENDS	(8,379)	–	–	–	–	(8,379)
NET INCOME (LOSS) AVAILABLE FOR COMMON STOCKHOLDERS	$ (10,710)	$ (2,331)	$ (2,235)	$ 4,043	$ 523	$ (10,710)

U.S.CAN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Nine months Ended October 1, 2000
(000's omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackugen Holding (Guarantor Subsidiaries)	USC Europe/ May Verpackugen GmbH (Non-Guarantor Subsidiaries)	Eliminations	U.S. Can Corporation Consolidated
NET SALES	$ –	$ 440,933	$ –	$ 183,374	$ –	$ 624,307
COST OF SALES	–	379,399	–	158,883	–	538,282
Gross income	–	61,534	–	24,491	–	86,025
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	–	22,332	836	11,199	–	34,367
Operating income	–	39,202	(836)	13,292	–	51,658
INTEREST EXPENSE ON BORROWINGS	–	19,263	4,072	2,382	–	25,717
EQUITY EARNINGS (LOSS) FROM SUBSIDIARY	16,134	3,900	4,186	–	(24,220)	–
PROVISION FOR INCOME TAXES	–	7,705	(279)	2,381	–	9,807
NET INCOME	$ 16,134	$ 16,134	$ (443)	$ 8,529	$ (24,220)	$ 16,134

CONDENSED CONSOLIDATING BALANCE SHEET
As of September 30, 2001
(000s omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackugen Holding (Guarantor Subsidiaries)	USC Europe/ May Verpackugen GmbH (Non-Guarantor Subsidiaries)	Eliminations	U.S. Can Corporation Consolidated
CURRENT ASSETS:						
Cash and cash equivalents	$ –	$ 3,783	$ –	$ 3,764	$ –	$ 7,547
Accounts receivable	–	64,937	–	50,675	–	115,612
Inventories	–	64,061	(600)	49,398	–	112,859
Other current assets	–	34,686	1,049	13,491	–	49,226
Total current assets	–	167,467	449	117,328	–	285,244
NET PROPERTY, PLANT AND EQUIPMENT	–	167,391	–	95,752	–	263,143
INTANGIBLE ASSETS	–	41,219	1,566	24,726	–	67,511
OTHER ASSETS	–	33,257	–	14,109	–	47,366
INTERCOMPANY ADVANCES	–	232,841	–	–	(232,841)	–
INVESTMENT IN SUBSIDIARIES	31,701	31,204	63,956	–	(126,861)	–
Total assets	$ 31,701	$ 673,379	$ 65,971	$ 251,915	$ (359,702)	$ 663,264
CURRENT LIABILITIES						
Current maturities of long-term debt	$ –	$ 11,569	$ –	$ 10,774	$ –	$ 22,343
Accounts payable	–	59,863	–	42,368	–	102,231
Other current liabilities	–	51,672	(970)	15,655	–	66,357
Total current liabilities	–	123,104	(970)	68,797	–	190,931
TOTAL LONG TERM DEBT	854	477,350	–	22,409	–	500,613
OTHER LONG-TERM LIABILITIES	–	41,224	449	9,704	–	51,377
PREFERRED STOCK	117,647	–	–	–	–	117,647
INTERCOMPANY LOANS	110,504	–	79,266	43,071	(232,841)	–
STOCKHOLDERS' EQUITY	(197,304)	31,701	(12,774)	107,934	(126,861)	(197,304)
Total liabilities and stockholders' equity	$ 31,701	$ 673,379	$ 65,971	$ 251,915	$ (359,702)	$ 663,264

U.S. CAN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2000
(000s omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Guarantor Subsidiary)	USC Europe/ May Verpackungen GmbH & Co., KG (Non-Guarantor Subsidiaries)	Eliminations	U.S. Can Corporation Consolidated
CURRENT ASSETS:						
Cash and cash equivalents	$ –	$ 2,276	$ –	$ 8,508	$ –	$ 10,784
Accounts receivable	–	47,952	–	42,811	–	90,763
Inventories	–	69,709	(600)	44,793	–	113,902
Other current assets	–	27,878	608	7,352	–	35,838
Total current assets	–	147,815	8	103,464	–	251,287
NET PROPERTY, PLANT AND EQUIPMENT	–	169,525	–	102,695	–	272,220
GOODWILL	–	41,974	1,630	27,108	–	70,712
OTHER NON-CURRENT ASSETS	–	29,606	439	13,600	–	43,645
INTERCOMPANY ADVANCES	–	224,260	–	–	(224,260)	–
INVESTMENT IN SUBSIDIARIES	45,790	38,881	63,317	–	(147,988)	–
Total assets	$ 45,790	$ 652,061	$ 65,394	$ 246,867	$ (372,248)	$ 637,864
CURRENT LIABILITIES						
Current maturities of long-term debt	$ –	$ 9,569	$ –	$ 5,102	$ –	$ 14,671
Accounts payable	–	56,208	–	46,066	–	102,274
Other current liabilities	–	50,255	650	9,193	–	60,098
Total current liabilities	–	116,032	650	60,361	–	177,043
LONG TERM DEBT	854	454,539	–	24,981	–	480,374
OTHER LONG-TERM LIABILITIES	–	35,700	879	8,923	–	45,502
PREFERRED STOCK	109,268	–	–	–	–	109,268
INTERCOMPANY LOANS	109,991	–	72,656	41,613	(224,260)	–
STOCKHOLDERS' EQUITY	(174,323)	45,790	(8,791)	110,989	(147,988)	(174,323)
Total liabilities and stockholders' equity	$ 45,790	$ 652,061	$ 65,394	$ 246,867	$ (372,248)	$ 637,864

U.S. CAN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
(000s omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Guarantor Subsidary)	USC Europe / May Verpackungen (Non-Guarantor Subsidaries)	U.S. Can Corporation Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES	$ –	$ 8,120	$ (4,220)	$ (9,553)	$ (5,653)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	–	(10,933)	–	(2,452)	(13,385)
Acquisition of business, net of cash acquired	–	(4,570)	–	–	(4,570)
Investment in Formametal S.A.	–	(7,850)	–	–	(7,850)
Net cash used in investing activities	–	(23,353)	–	(2,452)	(25,805)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Changes in intercompany advances	–	(8,069)	4,220	3,849	–
Net borrowingsunder the revolving line of credit and changes in cash overdrafts	–	30,300	–	–	30,300
Payments of long-term debt, including capital lease obligations	–	(5,490)	–	3,285	(2,205)
Payment of debt financing costs	–	–	–	–	–
Net cash provided by financing activities	–	16,741	4,220	7,134	28,095
EFFECT OF EXCHANGE RATE CHANGES ON CASH	–	–	–	126	126
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	–	1,508	–	(4,745)	(3,237)
CASH AND CASH EQUIVALENTS, beginning of year	–	2,275	–	8,509	10,784
CASH AND CASH EQUIVALENTS, end of period	$ –	$ 3,783	$ –	$ 3,764	$ 7,547

U.S. CAN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED OCTOBER 1, 2000
(000s omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Guarantor Subsidary)	USC Europe / May Verpackungen (Non-Guarantor Subsidaries)	U.S. Can Corporation Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES	$ –	$ 30,891	$ 4,853	$ (9,796)	$ 25,948
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	–	(11,376)	–	(5,143)	(16,519)
Proceeds on the sale of business	–	12,088	–	–	12,088
Proceeds on the sale of property	–	7,855	–	–	7,855
Investment in Formametal S.A.	–	(4,914)	–	–	(4,914)
Net cash provided by (used in) investing activities	–	3,653	–	(5,143)	(1,490)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Change in intercompany advances	(1,212)	(14,840)	(4,853)	20,905	–
Issuance of common stock and exercise of stock options	1,700	–	–	–	1,700
Payments of long-term debt, including capital lease obligations	–	(18,784)	–	(15,209)	(33,993)
Purchase of treasury stock	(488)	–	–	–	(488)
Net cash (used in) provided by financing activities	–	(33,624)	(4,853)	5,696	(32,781)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	–	–	–	40	40
DECREASE IN CASH AND CASH EQUIVALENTS	–	920	–	(9,203)	(8,283)
CASH AND CASH EQUIVALENTS, beginning of year	–	2,101	–	13,596	15,697
CASH AND CASH EQUIVALENTS, end of period	$ –	$ 3,021	$ –	$ 4,393	$ 7,414

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following narrative discusses the results of operations, liquidity and capital resources for the Company on a consolidated basis. This section should be read in conjunction with the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein.

The Company's business as a whole has some seasonal variations. Quarterly sales and earnings tend to be slightly stronger starting in early spring (second quarter) through late summer (third quarter). Aerosol sales have minor increases in the spring and summer related to increased sales of containers for household products and insect repellents. Paint container sales tend to be stronger in spring and early summer due to the favorable weather conditions. Portions of the Custom and Specialty products line tend to vary seasonally, because of holiday sales late in the year. May's food can sales generally peak in the third and fourth quarters.

Results of Operations

Three-month period ended September 30, 2001, as compared to the three month period ended October 1, 2000

Consolidated net sales for the three months ended September 30, 2001 were $204.2 million as compared to $200.0 million in 2000, an increase of 2.1%. The increase is primarily attributable to the acquisition of Olive Can and requalification of May Verpackungen with its largest customer, offset by the impact of pricing concessions granted to customers earlier in the year in the face of industry pricing competition. Along business segment lines, Aerosol net sales in the third quarter of 2001 decreased to $87.0 million from $88.5 million in 2000, a 1.7% decline, due principally to decreased demand and pricing concessions. International sales increased $0.7 million to $59.7 million in the third quarter of 2001 from $59.0 million in 2000, due primarily to the requalification of May Verpackungen with its largest customer. Paint, Plastic and General Line segment sales declined $1.1 million to $34.9 million for the three months ended September 30, 2001. Custom and Specialty net sales increased $6.0 million, from $16.5 million in 2000 to $22.5 million in 2001, due to the acquisition of Olive Can. On February 20, 2001, certain assets of Olive Can Company, a Custom and Specialty manufacturer, were acquired. Net sales for Olive Can for the three months ended September 30, 2001 were $7.4 million.

Consolidated cost of goods sold of $180.2 million for the third quarter of 2001 increased $6.4 million, or 3.7%, from the same period in 2000. The main contributors to the increase were the Olive Can acquisition, increased production levels at May Verpackungen, and manufacturing inefficiencies in Europe aerosols due to over capacity in the United Kingdom operations relative to current demand. Steps are being taken to reduce the excess costs in the United Kingdom, but are unlikely to have a positive effect before year-end. Gross profit margin of 11.8% in the third quarter of 2001 decreased 1.4 percentage points from the third quarter of 2000, due to the loss of volume experienced in the aerosol segment coupled with industry-wide pricing pressure.

During the third quarter of 2001, the Company offered voluntary termination packages, primarily to salaried employees, under which 82 positions have been eliminated, to reduce on-going employee costs. The Company expects to realize projected annual pre-tax savings of $5.0 million from this program. A one-time pre-tax charge of $4.6 million for severance and other termination related costs was recorded in the third quarter of 2001. In addition, the Company closed a facility in Baltimore, Maryland and transferred partial production to another facility located in Baltimore, Maryland. The Company established a pre-tax provision of $2.4 million. The provision included $1.8 million for the non-cash write off of assets related to the facility being consolidated and $0.6 million for related building closure costs. The Company also reassessed its needs relative to lithography capacity to support the Custom and Specialty business, including Olive Can and decided to keep open a facility previously identified for closure. For further discussion, see Note (3) to the consolidated financial statements.

The Company continuously evaluates the composition of its various manufacturing facilities in light of current and expected market conditions and demand. The Company is currently reviewing the capacity and utilization of several facilities, including the United kingdom facilities and a restructuring charge related to these facilities is likely to be recorded in the fourth quarter.

Selling, general and administrative expenses were $11.6 million in the third quarter of 2001, a $0.9 million increase in comparison to the same period in 2000. As described in the previous paragraph, a Company-wide program has been initiated to develop and implement cost reductions, which is expected to reduce selling, general and admistrative expenses in future periods.

Interest expense in 2001 increased $5.7 million versus 2000 due primarily to increased borrowings made in connection with the recapitalization. See caption "Liquidity and Capital Resources" and Note (5) to the Consolidated Financial Statements for further discussion on the Company's debt position.

A payment in kind dividend of $2.9 million on the redeemable preferred stock was recorded in the third quarter of 2001. The preferred stock was issued on October 4, 2000 in connection with the recapitalization.

Nine-month period ended September 30, 2001, as compared to the nine month period ended October 1, 2000

Net sales for the nine-month period ended September 30, 2001, totaled $588.7 million, a 5.7% decrease versus the corresponding period in 2000. The decrease is primarily attributable to volume softness experienced in domestic aerosol sales, a negative impact in 2001 due to U.S. dollar translation on sales made in foreign currencies, slower-than-expected return to normal volume with May Verpackungen's largest customer, and pricing concessions due to industry wide pricing pressure early in the year. Pricing concessions granted in the first part of the year will continue to negatively impact the balance of the year, both in sales and gross profit. Along business segment lines, Aerosol net sales in the first nine months of 2001 were $253.8 million, an 8.6% decline versus the same period last year due to a decrease in unit volumes. International sales decreased 6.4% to $171.7 million in the first nine months of 2001 from $183.4 million in 2000. The decline is due to a negative foreign currency translation in the first nine months coupled with the slower-than-expected return to normal volume with May Verpackungen's largest customer. Paint, Plastic and General Line segment sales decreased 2.2% to $106.4 million due to weak volume in the first nine months of 2001. Custom & Specialty sales of $56.7 million increased 4.1% over the first nine months of 2000 due to the acquisition of Olive Can offset by the sale of the Wheeling metal closure and Warren lithography businesses. Net sales for Olive Can for the nine months ended September 30, 2001 were $10.0 million. 2000 net sales for Wheeling and Warren were $3.3 million.

Consolidated cost of goods sold of $513.8 million for the first nine months of 2001 decreased from $538.3 million, or 4.6%, from the same period in 2000. The principal reasons for the decrease was the volume softness experienced in domestic aerosol sales and the foreign currency translation impact in 2001. Gross income of $74.8 million for the nine-month period in 2001 decreased $11.2 million, or 13.0%, versus the corresponding period of 2000. Gross profit margin of 12.7% in the first nine months of 2001 decreased 1.1 percentage point from the same period in 2000. Weaker margins were experienced in the first three quarters of 2001 due to the loss in volume in the aerosol segment combined with industry-wide pricing pressure and operational inefficiencies in Europe, primarily in the United Kingdom.

During the third quarter of 2001, the Company offered voluntary termination packages, primarily to salaried employees, under which 82 positions have been eliminated, to reduce on-going employee costs. The Company expects to realize projected annual pre-tax savings of $5.0 million from this program. A one-time pre-tax charge of $4.6 million for severance and other termination related costs was recorded in the third quarter of 2001. In addition, the Company closed a facility in Baltimore, Maryland and transferred partial production to another facility located in Baltimore, Maryland. The Company established a pre-tax provision of $2.4 million. The provision included $1.8 million for the non-cash write off of assets related to the facility being consolidated and $0.6 million for related building closure costs. The Company also reassessed its needs relative to lithography capacity to support the Custom and Specialty business, including Olive Can and decided to keep open a facility previously identified for closure. For further discussion, see Note (3) to the consolidated financial statements.

Selling, general, and administrative expenses were $34.6 million in the first nine months of 2001, a $0.2 million increase in comparison to the same period in 2000.

Interest expense in 2001 increased $17.8 million versus 2000 due primarily to increased borrowings made in connection with the recapitalization. See caption "Liquidity and Capital Resources" and Note (5) to the Consolidated Financial Statements for further discussion on the Company's debt position.

A payment in kind dividend of $8.4 million on the redeemable preferred stock was recorded in the first nine months of 2001. The preferred stock was issued on October 4, 2000 in connection with the recapitalization.

Liquidity and Capital Resources

During the first nine months of 2001, the Company met its liquidity needs through internally generated cash flow and borrowings made under its credit lines. Cash used in operations was $5.7 million in the first nine months of 2001, compared to cash provided of $25.9 million in the first nine months of 2000. The increased use of cash was principally due to the decrease in net income as discussed in Results of Operation.

Net cash used for investing activities was $25.8 million in 2001, compared to net cash used of $1.5 million in the first nine months of 2000. 2001 cash used for investing activities included capital spending, the acquisition of certain assets of Olive Can Company and advances to Formametal S.A. ("Formametal") to finance debt repayment and working capital needs of Formametal. Cash was provided in 2000 by the sale of Wheeling and Warren as discussed in Note (3), and a sale/leaseback of certain manufacturing assets offset by capital expenditures. The Company expects total capital expenditures in 2001 to be approximately $20.0 million, of which $13.4 million was spent in the first nine months. The Olive Can acquisition in February 2001, which is not material to the Company's operations, was accounted for as a purchase.

Financing cash flows consisted principally of borrowings under the Credit Agreement. As of September 30, 2001, U.S. Can had borrowed $48.8 million against its revolving credit facility under its amended Credit Agreement, $9.8 million in letters of credit were outstanding pursuant thereto, and $51.4 million of unused credit remained thereunder. Effective April 1, 2001, the Credit Agreement was amended to provide for less restrictive financial covenants. Additionally, the revolving credit portion of the facility was reduced to $110 million from the original amount of $140 million. Interest rates paid increased by 0.25%, but may decrease based on the achievement of specified leverage ratios. As of September 30, 2001, U.S. Can was in compliance with the covenants under the Amended Credit Agreement and its other long-term debt agreements.

The Company's primary sources of liquidity are cash flow from operations and borrowings under the revolving credit facility. At existing levels of operations, cash generated from operations together with amounts to be drawn from the $110 million revolving credit facility, are expected to be adequate to meet anticipated debt service requirements, capital expenditures and working capital needs. Future operating performance and the ability to service or refinance the notes, to service, extend or refinance the senior secured credit facility and to redeem or refinance our preferred stock will be subject to future economic conditions and to financial, business and other factors, many of which are beyond management's control. The pricing concessions granted by the Company in the early part of the year and the inefficiencies in our European operations (primarily the United Kingdom), even after steps are taken to reduce excess costs, will have a negative impact on the fourth quarter results and raises uncertainty as to whether we will be in compliance under our financial covenants at the end of 2001. Our definitive results for the year will not be known until February 2002. We would expect to negotiate with the lenders an amendment to our senior secured credit facilities if we believe we will not be in compliance. We cannot be assured, however, that the lenders would agree to an amendment if one were required. Without such an amendment or a waiver, we would be in default on almost all of our borrowings and unable to borrow on our revolving credit facility, which would have severe consequences to the Company regarding its sources of liquidity and its ability to continue operations. See "Forward Looking Statements," following the Table of Contents for further explanation of risk factors.

New Accounting Pronouncements

During July 2001, the FASB issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 modifies the method of accounting for business combinations entered into after June 30, 2001 and addresses the accounting for acquired intangible assets. All business combinations entered into after June 30, 2001, are accounted for using the purchase method. SFAS No. 142 eliminates the current requirement to amortize goodwill and indefinite-lived intangible assets, addresses the amortization of intangible assets with a defined life, and addresses the impairment testing and recognition for goodwill and intangible assets. The Company will adopt this pronouncement on January 1, 2002. This pronouncement applies to goodwill and intangible assets arising from transactions completed before and after the date of adoption. Effective January 1, 2002, the Company will cease amortization of goodwill and indefinite-lived intangibles and test for impairment, at least, annually. Management is currently assessing the provisions of both pronouncements and their potential impact on the Company's consolidated results of operations and financial position. The Company recorded goodwill amortization of $2.1 million and $1.9 million for the nine-months ended September 30, 2001 and October 1, 2000, respectively.

The FASB issued SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” in August 2001. SFAS No. 144, which addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of, supercedes SFAS No. 121 and is effective for fiscal years beginning after December 15, 2001. While the Company is currently evaluating the impact SFAS No. 144 will have on its financial position and results of operations, it does not expect such impact to be material.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Management does not believe the Company's exposure to market risk has significantly changed since year-end 2000.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to the disclosure about the Company's NLRB/Inter-plant job opportunity case previously filed in the Company's Form 10-Q for the quarterly period ended July 1, 2001. In August 2001, the Company submitted its actuarial calculations and evidence to the NLRB. The NLRB and the United Steelworkers of America are currently reviewing the Company's calculations. The Company anticipates that the NLRB and the USWA will submit a counterproposal before the end of the year. If the parties are unable to agree on the amount of credit, the Company anticipates that the remedy hearing before the NLRB will be reopened.

Reference is made to the disclosure about the shareholder suit regarding the Company's leveraged buyout previously filed in the Company's Form 10-Q for the quarterly period ended July 1, 2001. In October 2001, the Company began distributing net settlement proceeds of approximately $0.15 per share to the class members, or a total of approximately $1,500,000. Fees of $500,000 were previously awarded to plaintiff's counsel.

Reference is made to the disclosure about the Company's New Castle, Pennsylvania plant previously filed in the Company's Form 10-Q for the quarterly period ended July 1, 2001. On August 30, 2001, the Company provided the Pennsylvania Department of Environmental Protection (PDEP) and the federal Environmental Protection Agency (EPA) with revised reports, including revised emissions calculations. After completing its revised reports, the Company determined that it had not exceeded its emissions cap for any reporting year. In conjunction with its periodic certification requirements, on September 30, 2001, the Company reported to PDEP and EPA certain deviations from the requirements of its Title V permit related to its use of noncompliant coatings and the corresponding record keeping and reporting obligations, and recordkeeping deviations stemming from the malfunction of the temperature recorder for an oxidizer. The Company met with officials from PDEP on October 17, 2001. As a result of the meeting, PDEP requested that the Company provide additional information regarding its use noncompliant coatings and resubmit its certifications in a different format. The Company and PDEP plan to discuss a cooperative resolution of this matter once PDEP reviews the Company's submission. Since PDEP's review is not yet complete, the Company is unable, at this time, to determine PDEP's position or the effect on the Company of any possible noncompliance.

Item 6. ***Exhibits and Reports On Form 8-K***

(a) Exhibits

NONE

SIGNATURES

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

U.S. CAN CORPORATION

Date: November 14, 2001

By: /s/ John L. Workman
John L. Workman
Executive Vice President and
Chief Financial Officer