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 Quarterly Period Ended March 31, 2002

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 April 30, 2002, 53,333,333 shares of Common Stock were outstanding.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2002

TABLE OF CONTENTS

Forward Looking Statements

Certain statements in this report constitute "forward-looking statements" within the meaning of the federal securities laws. Such statements involve known and unknown risks and uncertainties which may cause the Company's actual results, performance or achievements to be materially different than any 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; changes in market conditions or product demand; loss of important customers or volume; downward product price movements; changes in raw material costs; and currency fluctuations. 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 achievements will be attained.

U.S. CAN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(000's OMITTED)

	For the Quarterly Period Ended	
	March 31, 2002	April 1, 2001
	(Unaudited)	
Net Sales	$ 186,038	$ 191,168
Cost of Sales	167,070	166,717
Gross income	18,968	24,451
Selling, General and Administrative Expenses	9,331	11,842
Operating income	9,637	12,609
Interest Expense	13,743	14,804
Income (loss) before income taxes	(4,106)	(2,195)
Provision (benefit) for Income Taxes	(1,724)	(867)
Net Income (Loss) Before Preferred Stock Dividends	(2,382)	(1,328)
Preferred Stock Dividend Requirement	(2,974)	(2,725)
Net Income (Loss) Available for Common Stockholders	$ (5,356)	$ (4,053)

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 data)

ASSETS	March 31, 2002	December 31, 2001
CURRENT ASSETS:	(Unaudited)	
Cash and cash equivalents	$ 25,214	$ 14,743
Accounts receivable, net of allowances	97,702	95,274
Inventories	99,975	100,676
Deferred income taxes	21,959	21,977
Other current assets	20,177	15,732
Total current assets	265,027	248,402
PROPERTY, PLANT AND EQUIPMENT, less accumulated depreciation and amortization	235,542	239,234
GOODWILL, less amortization	65,894	66,437
OTHER NON-CURRENT ASSETS	69,808	80,277
Total assets	$ 636,271	$ 634,350
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital lease obligations	$ 21,873	$ 14,983
Accounts payable	99,151	96,685
Accrued expenses	48,276	45,437
Restructuring reserves	23,978	25,945
Income taxes payable	245	1,055
Total current liabilities	193,523	184,105
LONG TERM DEBT	530,047	521,793
DEFERRED INCOME TAXES PAYABLE	1,097	1,162
OTHER LONG-TERM LIABILITIES	52,131	53,801
Total liabilities	776,798	760,861
PREFERRED STOCK	123,587	120,613
STOCKHOLDERS' EQUITY:		
Common stock, $0.01 par value	533	533
Additional paid in capital	52,800	52,800
Accumulated other comprehensive loss	(50,285)	(38,651)
Accumulated deficit	(267,162)	(261,806)
Total stockholders' equity	(264,114)	(247,124)
Total liabilities and stockholders' equity	$ 636,271	$ 634,350

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 Quarterly Period Ended	
	March 31, 2002	**April 1, 2001**
CASH FLOWS FROM OPERATING ACTIVITIES:	**(Unaudited)**	
Net loss before preferred stock dividend requirements	$ (2,382)	$ (1,328)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,806	9,144
Deferred income taxes	(1,724)	867
Change in operating assets and liabilities, net of effect of acquired and disposed of businesses:		
Accounts receivable	(3,368)	(19,449)
Inventories	(385)	(4,134)
Accounts payable	3,514	(982)
Accrued expenses	(1,994)	4,072
Other, net	(3,114)	(4,429)
Net cash used for operating activities	(647)	(16,239)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(4,849)	(4,039)
Acquisition of business	–	(4,570)
Proceeds from sale of property	406	–
Advances to Formametal S.A.	–	(5,800)
Net cash used for investing activities	(4,443)	(14,409)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under revolving lines of credit	8,900	25,700
Payments of other long-term debt	(1,839)	(3,392)
Borrowing of other long-term debt	8,201	3,068
Net cash provided by financing activities	15,262	25,376
EFFECT OF EXCHANGE RATE CHANGES ON CASH	299	(608)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,471	(5,880)
CASH AND CASH EQUIVALENTS, beginning of period	14,743	10,784
CASH AND CASH EQUIVALENTS, end of period	$ 25,214	$ 4,904

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
MARCH 31, 2002
(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, 2001. Certain prior year amounts have been reclassified to conform with the 2002 presentation.

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 adopted 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 has ceased amortization of goodwill and indefinite-lived intangibles and will test for impairment, at least, annually. Management is currently assessing the provisions of SFAS 142 and its potential impact on the Company's consolidated results of operations and financial position. The Company will have determined if an impairment to goodwill exists by the end of the second quarter and if it is determined an impairment exists, the impact of the impairment will be quantified by the end of the year. The Company recorded goodwill amortization of $0.7 million for the first quarter of 2001.

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. There was not a material impact to the financial position and results of operations of the Company as a result of the implementation of SFAS No. 144.

(2) SUPPLEMENTAL CASH FLOW INFORMATION

The Company paid interest of approximately $10.3 million and $8.3 million for the quarterly periods ended March 31, 2002 and April 1, 2001, respectively. The Company paid $0.4 million in income taxes for the three months ended March 31, 2002 and no income taxes were paid for the quarterly period ended April 1, 2001.

(3) SPECIAL CHARGES

During 2002, restructuring programs will result in the closure of the Southall U.K. integrated plant, the Burns Harbor lithography facility, and one Custom & Specialty plant. The consolidation of two plastic facilities into a new manufacturing facility, which began in 2001, was completed in the first quarter of 2002. Total cash restructuring costs in the first quarter of 2002 were $3.2 million and the Company anticipates spending another $30.0 million of such costs in 2002 and beyond.

(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. Inventories of approximately $48.8 million at March 31, 2002 and $48.1 million at December 31, 2001, at the European subsidiaries 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 March 31, 2002 and at December 31, 2001.

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

	March 31, 2002	December 31, 2001
Raw materials	$ 25,739	$ 27,216
Work in process	39,991	40,046
Finished goods	34,245	33,414
	$ 99,975	$ 100,676

(5) 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 & Specialty segment produces a wide array of functional and decorative tins, containers and other products.

The following is a summary of revenues from external customers and income (loss) from operation for the periods ended March 31, 2002 and April 1, 2001, respectively (000's omitted):

	March 31, 2002	April 1, 2001
REVENUES FROM EXTERNAL CUSTOMERS:		
Aerosol	$ 86,464	$ 84,305
International	54,504	56,024
Paint, Plastic, & General Line	28,911	34,102
Custom & Specialty	16,159	16,737
Total revenues	$ 186,038	$ 191,168
INCOME (LOSS) FROM OPERATIONS:		
Aerosol	$ 12,687	$ 13,289
International	(216)	2,516
Paint, Plastic, & General Line	2,276	3,763
Custom & Specialty	629	749
Corporate and eliminations	(5,739)	(7,708)
Total income from operations	$ 9,637	$ 12,609

(6) COMPREHENSIVE NET INCOME

The components of accumulated other comprehensive loss are as follows (000's omitted):

	March 31, 2002	December31, 2001
Foreign Currency Translation Adjustment	$(47,425) (a)	$(34,501)
Minimum Pension Liability Adjustment	(288)	(288)
Unrealized Loss on Cash Flow Hedges	(2,572)	(3,862)
Total Accumulated Other Comprehensive Loss	$(50,285)	$(38,651)

(a) Includes a $15.6 million devaluation impact related to the investment in Formametal, which will not be settled in the foreseeable future. The Company used the exchange rate of 3.00 pesos per U.S. dollar to calculate the translation adjustment.

The components of comprehensive loss for the three months ended March 31, 2002 and April 1, 2001 are as follows (000's omitted):

	Three Months Ended	
	March 31, 2002	April 1, 2001
Net Loss Before Preferred Stock Dividends	$ (2,382)	$ (1,328)
Foreign Currency Translation Adjustment	(12,924)	(10,909)
Unrealized gain (loss) on cash flow hedges	38 (a)	(708)
Comprehensive Loss	$ (15,268)	$ (12,945)

(a) Net of reclassification of losses included in net loss of $1.2 million

(7) 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 March 31, 2002 and December 31, 2001 and for the quarterly period ended March 31, 2002 and April 1, 2001. 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 Issuer's 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 QUARTERLY PERIOD ENDED MARCH 31, 2002
(000's omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Guarantor Subsidiaries)	USC Europe/ May Verpackungen GmbH & Co., KG (Non-Guarantor Subsidiaries)	Eliminations	U.S. Can Corporation Consolidated
NET SALES	$ –	$ 131,534	$ –	$ 54,504	$ –	$ 186,038
COST OF SALES	–	115,941	–	51,129	–	167,070
Gross income	–	15,593	–	3,375	–	18,968
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	–	5,740	–	3,591	–	9,331
Operating income	–	9,853	–	(216)	–	9,637
INTEREST EXPENSE	–	11,606	1,651	486	–	13,743
EQUITY IN EARNINGS (LOSS) OF SUBSIDIARIES	(2,382)	(1,302)	(1,221)	–	4,905	–
Income (loss) before income taxes	(2,382)	(3,055)	(2,872)	(702)	4,905	(4,106)
PROVISION (BENEFIT) FOR INCOME TAXES	–	(673)	(1,399)	348	–	(1,724)
NET INCOME (LOSS) BEFORE PREFERRED STOCK DIVIDENDS	(2,382)	(2,382)	(1,473)	(1,050)	4,905	(2,382)
PREFERRED STOCK DIVIDEND REQUIREMENT	(2,974)	–	–	–	–	(2,974)
NET INCOME (LOSS) AVAILABLE FOR COMMON STOCKHOLDERS	$ (5,356)	$ (2,382)	$ (1,473)	$ (1,050)	$ 4,905	$ (5,356)

U.S.CAN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS --- (Continued)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE QUARTERLY PERIOD ENDED APRIL 1, 2001
(000's omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Guarantor Subsidiaries)	USC Europe/ May Verpackungen GmbH & Co., KG (Non-Guarantor Subsidiaries)	Eliminations	U.S. Can Corporation Consolidated
NET SALES	$ –	$ 135,144	$ –	$ 56,024	$ –	$ 191,168
COST OF SALES	–	117,341	–	49,376	–	166,717
Gross income	–	17,803	–	6,648	–	24,451
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	–	7,326	384	4,132	–	11,842
Operating income	–	10,477	(384)	2,516	–	12,609
INTEREST EXPENSE	–	12,400	1,651	753	–	14,804
EQUITY IN EARNINGS (LOSS) OF SUBSIDIARIES	(1,328)	(150)	143	–	1,335	–
Income (loss) before income taxes	(1,328)	(2,073)	(1,892)	1,763	1,335	(2,195)
PROVISION (BENEFIT) FOR INCOME TAXES	–	(745)	(724)	602	–	(867)
NET INCOME (LOSS) BEFORE PREFERRED STOCK DIVIDENDS	(1,328)	(1,328)	(1,168)	1,161	1,335	(1,328)
PREFERRED STOCK DIVIDEND REQUIREMENT	(2,725)	–	–	–	–	(2,725)
NET INCOME (LOSS) AVAILABLE FOR COMMON STOCKHOLDERS	$ (4,053)	$ (1,328)	$ (1,168)	$ 1,161	$ 1,335	$ (4,053)

U.S. CAN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF MARCH 31, 2002
(000s omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Guarantor Subsidiaries)	USC Europe/ May Verpackungen GmbH & Co., KG (Non-Guarantor Subsidiaries)	Eliminations	U.S. Can Corporation Consolidated
CURRENT ASSETS:						
Cash and cash equivalents	$ –	$ 16,799	$ –	$ 8,415	$ –	$ 25,214
Accounts receivable	–	58,337	–	39,365	–	97,702
Inventories	–	51,212	(600)	49,363	–	99,975
Prepaid expenses and other assets	–	27,605	1,155	13,376	–	42,136
Total current assets	–	153,953	555	110,519	–	265,027
NET PROPERTY, PLANT AND EQUIPMENT	–	151,327	–	84,215	–	235,542
GOODWILL	–	40,611	1,544	23,739	–	65,894
OTHER ASSETS	–	55,139	2,942	11,727	–	69,808
INTERCOMPANY ADVANCES	–	241,500	–	–	(241,500)	–
INVESTMENT IN SUBSIDIARIES	–	3,961	63,015	–	(66,976)	–
Total assets	$ –	$ 646,491	$ 68,056	$ 230,200	$ (308,476)	$ 636,271
CURRENT LIABILITIES						
Current maturities of long-term debt	$ –	$ 11,633	$ –	$ 10,240	$ –	$ 21,873
Accounts payable	–	55,483	–	43,668	–	99,151
Other current liabilities	–	53,102	31	19,366	–	72,499
Total current liabilities	–	120,218	31	73,274	–	193,523
TOTAL LONG TERM DEBT	854	508,239	–	20,954	–	530,047
OTHER LONG-TERM LIABILITIES	–	45,651	861	6,716	–	53,228
PREFERRED STOCK	123,587	–	–	–	–	123,587
INTERCOMPANY LOANS	112,056	–	87,938	41,506	(241,500)	–
INVESTMENT IN SUBSIDIARIES	27,617	–	–	–	(27,617)	–
STOCKHOLDERS' EQUITY	(264,114)	(27,617)	(20,774)	87,750	(39,359)	(264,114)
Total liabilities and stockholders' equity	$ –	$ 646,491	$ 68,056	$ 230,200	$ (308,476)	$ 636,271

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2001
(000s omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackugen Holding (Subsidiary Guarantor)	USC Europe/ May Verpackugen GmbH (Non-Guarantor Subsidiaries)	Eliminations	U.S. Can Corporation Consolidated
CURRENT ASSETS:						
Cash and cash equivalents	$ –	$ 8,249	$ –	$ 6,494	$ –	$ 14,743
Accounts receivable	–	51,806	–	43,468	–	95,274
Inventories	–	52,625	(600)	48,651	–	100,676
Prepaid expenses and other assets	–	26,518	1,049	10,142	–	37,709
Total current assets	–	139,198	449	108,755	–	248,402
NET PROPERTY, PLANT AND EQUIPMENT	–	152,779	–	86,455	–	239,234
GOODWILL	–	40,611	1,544	24,282	–	66,437
OTHER ASSETS	–	62,561	–	17,716	–	80,277
INTERCOMPANY ADVANCES	–	239,414	–	–	(239,414)	–
INVESTMENT IN SUBSIDIARIES	–	11,044	65,779	–	(76,823)	–
Total assets	$ –	$ 645,607	$ 67,772	$ 237,208	$ (316,237)	$ 634,350
CURRENT LIABILITIES						
Current maturities of long-term debt	$ –	$ 12,801	$ –	$ 2,182	$ –	$ 14,983
Accounts payable	–	47,995	–	48,690	–	96,685
Other current liabilities	–	51,834	(1,759)	22,362	–	72,437
Total current liabilities	–	112,630	(1,759)	73,234	–	184,105
TOTAL LONG TERM DEBT	854	499,339	–	21,600	–	521,793
OTHER LONG-TERM LIABILITIES	–	47,239	514	7,210	–	54,963
PREFERRED STOCK	120,613	–	–	–	–	120,613
INTERCOMPANY LOANS	112,056	–	86,775	40,583	(239,414)	–
INVESTMENT IN SUBSIDIARIES	13,601	–	–	–	(13,601)	–
STOCKHOLDERS' EQUITY	(247,124)	(13,601)	(17,758)	94,581	(63,222)	(247,124)
Total liabilities and stockholders' equity	$ –	$ 645,607	$ 67,772	$ 237,208	$ (316,237)	$ 634,350

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

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2002
(000s omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidary Guarantor)	USC Europe / May Verpackungen (Non-Guarantor Subsidaries)	U.S. Can Corporation Condsolidated
CASH FLOWS FROM OPERATING ACTIVITIES	$ –	$ 5,183	$ (1,616)	$ (4,214)	$ (647)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	–	(3,271)	–	(1,578)	(4,849)
Proceeds from the sale of property	–	406	–	–	406
Net cash used in investing activities	–	(2,865)	–	(1,578)	(4,443)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Changes in intercompany advances	–	(1,501)	1,616	(115)	–
Net borrowings under revolving line of credit	–	8,900	–	–	8,900
Payments of other long-term debt	–	(1,167)	–	(672)	(1,839)
Borrowings of other long-term debt	–	–	–	8,201	8,201
Net cash (used in) provided by financing activities	–	6,232	1,616	7,414	15,262
EFFECT OF EXCHANGE RATE CHANGES ON CASH	–	–	–	299	299
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	–	8,550	–	1,921	10,471
CASH AND CASH EQUIVALENTS, beginning of period	–	8,249	–	6,494	14,743
CASH AND CASH EQUIVALENTS, end of period	$ –	$ 16,799	$ –	$ 8,415	$ 25,214

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

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE QUARTERLY PERIOD ENDED APRIL 1, 2001
(000s omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidary Guarantor)	USC Europe / May Verpackungen (Non-Guarantor Subsidaries)	U.S. Can Corporation Condsolidated
CASH FLOWS FROM OPERATING ACTIVITIES	$ –	$ (6,692)	$ (1,311)	$ (8,236)	$ (16,239)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	–	(3,418)	–	(621)	(4,039)
Acquisition of business	–	(4,570)	–	–	(4,570)
Advances to Formametal S.A.	–	(5,800)	–	–	(5,800)
Net cash used in investing activities	–	(13,788)	–	(621)	(14,409)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Changes in intercompany advances	–	(2,474)	1,311	1,163	–
Net borrowings under revolving line of credit	–	25,700	–	–	25,700
Borrowing of other long-term debt	–	–	–	3,068	3,068
Payments of long-term debt, including capital lease obligations	–	(1,830)	–	(1,562)	(3,392)
Net cash (used in) provided by financing activities	–	21,396	1,311	2,669	25,376
EFFECT OF EXCHANGE RATE CHANGES ON CASH	–	–	–	(608)	(608)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	–	916	–	(6,796)	(5,880)
CASH AND CASH EQUIVALENTS, beginning of period	–	2,276	–	8,508	10,784
CASH AND CASH EQUIVALENTS, end of period	$ –	$ 3,192	$ –	$ 1,712	$ 4,904

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, 2001 (see "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein).

Use of Estimates; Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used for, but not limited to: allowance for doubtful accounts; inventory valuation; purchase accounting allocations; restructuring amounts; asset impairments; depreciable lives of assets; useful lives of intangible assets; pension assumptions and tax valuation allowances. Future events and their effects cannot be perceived with certainty. Accordingly, our accounting estimates require the exercise of management’s current best reasonable judgment based on facts available. The accounting estimates used in the preparation of the Consolidated Financial Statements will change as new events occur, as more experience is acquired, as more information is obtained and as the Company’s operating environments change. Significant business or customer conditions could cause material changes to the amounts reflected in our financial statements. Accounting policies requiring significant management judgments include those related to revenue recognition, inventory valuation, accounts receivable allowances, restructuring reserves and interest rate exposure.

Revenue is recognized when goods are shipped to the customer. Provisions for discounts, returns, allowances, customer rebates and other adjustments are provided for in the same period as the related revenues are recorded. The Company enters into contractual agreements with certain of its customers for rebates, generally based on annual sales volumes. Should the Company’s estimates of the customers’ annual sales volumes vary materially from the sales volumes actually realized, revenue may be materially impacted.

Inventories are stated at the lower of cost or market and include material, labor and factory overhead. Costs for United States inventory have been determined using the last-in, first-out ("LIFO") method and costs for Subsidiaries’ inventory have been determined by the first-in, first-out (“FIFO”) method. The Company estimates reserves for inventory obsolescence and shrinkage based on its judgment of future realization. A large portion of the Company's inventory is manufactured to customer specifications. Losses may result to the extent the Company manufactures customized products that it is unable to sell.

Management estimates allowances for collectibility related to its accounts receivable based on the customer relationships, the aging and turns of accounts receivable, credit worthiness of customers, credit concentrations and payment history. Despite our best efforts, the inability of a particular customer to pay its debts could impact collectibility of receivables and could have an impact on future revenues if the customer is unable to arrange other financing.

Several restructuring programs are underway in order to streamline operations and reduce costs. The Company has established reserves to cover the costs to implement the programs. The estimated costs were determined based on contractual arrangements, quotes from contractors, similar historical activities and other judgmental determinations. Actual costs may differ from those estimated.

To manage interest rate exposure, the Company enters into interest rate agreements. The net interest paid or received on these agreements is recognized as interest income or expense. Our interest rate agreements are reported in the consolidated financial statements at fair value using a mark-to-market valuation. Changes in the fair value of the contracts are recorded each period as a component of other comprehensive income. Gains or losses on our interest rate agreements are reclassified as earnings or losses in the period in which earnings are affected by the underlying hedged item. This may result in additional volatility in reported earnings, other comprehensive income and accumulated other comprehensive income. Our interest rate swaps and collars were entered into in 2000, when interest rates were higher than current rates. Accordingly, these contracts are “out of the money” and may require future payments if market interest rates do not return to historical levels. In addition, if rates do increase above historical levels and the counterparties to the agreements default on their obligations under the agreements, our interest expense would increase. The Company does not use financial instruments for trading or speculative purposes.

Results of Operations

Consolidated net sales for the first quarter ended March 31, 2002 were $186.0 million as compared to $191.2 million in the first quarter of 2001, a decrease of 2.7%. Along business segment lines, Aerosol net sales for the first three months of 2002 increased to $86.5 million from $84.3 million for the same period in 2001, a 2.6% increase, due principally to increased unit volume ($4.6 million), offset by pricing concessions granted in 2001 ($2.4 million). The pricing concessions granted in the first part of 2001 will continue to negatively impact the second quarter of 2002, both in sales and gross profit. International net sales decreased to $54.5 million for the first quarter of 2002 from $56.0 million for the first quarter of 2001, a decrease of $1.5 million or 2.7%. If first quarter 2002 sales made in foreign currencies were translated to U.S dollars using the same average exchange rates in effect during the first quarter of 2001, International sales would have reported an increase of 2.1%, due primarily to an increase in European aerosol volume. The Paint, Plastic and General Line segment net sales decreased $5.2 million, from $34.1 million for the first quarter of 2002 to $28.9 million for the first quarter of 2001. This decrease was due primarily to lower volume caused by the closing of our Dallas plant in our paint and general line business ($2.6 million) and decreased selling prices in our plastics business due to falling resin prices ($1.7 million). In the Custom & Specialty segment, sales decreased 3.5% from $16.8 million for the first three months in 2001 to $16.1 million for the first three months in 2002, due to a decrease in unit volume.

Consolidated cost of goods sold increased $0.4 million to $167.1 million for the three months ended March 31, 2002 from the same quarter in 2001. The principal reasons for the increase included additional volume in both U.S. and International aerosol ($5.0 million) and production inefficiencies at one May Verpackungen facility ($2.9 million) offset by a foreign exchange impact ($2.5 million) and decreased costs caused primarily by reduced volumes in our paint, general line and custom & specialty businesses ($5.0 million). Gross profit margin of 10.2% in the first quarter of 2002 decreased 2.6 percentage points from the first quarter of 2001. Gross margin was negatively impacted by pricing concessions granted in 2001 (1.2 percentage points), the operating costs of an excess facility in the U.K. scheduled for closing in the third quarter of 2002 (0.7 percentage points) and manufacturing inefficiencies in the Company’s food operations (1.2 percentage points) offset by volume-related production efficiencies (0.5 percentage points). The Company expects to improve gross margins upon completion of its restructuring programs as 2002 progresses. These include the closure of the Southall U.K. integrated plant, the Burns Harbor lithography facility, and one Custom and Specialty plant. The consolidation of two plastic facilities into a new manufacturing facility, which began in 2001, was completed in the first quarter of 2002.

Selling, general and administrative costs decreased from $11.8 million for the first quarter of 2001 to $9.3 million in 2002 primarily due to positive results from Company-wide cost saving programs initiated in 2001 and the lack of goodwill amortization in the first quarter of 2002. In connection with the adoption of *SFAS 142 Goodwill and Other Intangible Assets*, the Company has ceased the amortization of goodwill. First quarter 2001 selling, general and administrative expense included $0.7 million of goodwill amortization.

Interest expense in the first three months of 2002 decreased 7.2%, or $1.1 million, versus the same period of 2001 due to lower interest rates ($1.5 million) offset by higher average borrowings ($0.4 million).

Payment in kind dividends of $3.0 million and $2.7 million on the redeemable preferred stock were recorded for the first quarters of 2002 and 2001, respectively.

Liquidity and Capital Resources

During the first quarter of 2002, liquidity needs were met through internally generated cash flow and borrowings made under credit lines. Principal liquidity needs included operating costs and capital expenditures. Cash flow used by operations was $0.6 million for the three months ended March 31, 2002, compared to cash used of $16.2 million for the three months ended April 1, 2001. The decreased use of cash is due to reductions in accounts receivables and inventory requirements.

Net cash used in investing activities was $4.4 million (primarily capital spending) for the first quarter of 2002, as compared to $14.4 million for the first quarter of 2001. First quarter 2001 investing activities included capital spending, the acquisition of certain assets of Olive Can Company and advances to Formametal S.A. ("Formametal") to finance Formametal's debt repayment and working capital needs.

Net cash provided from financing activities in the first three months of 2002 was $15.3 million, versus net cash provided of $25.4 million for the same period in 2001. The primary first quarter 2002 financing sources were borrowings under the revolving credit portion of the Senior Secured Credit Facility and unsecured revolving lines of credit granted by various banks to fund the seasonal working capital requirements of May Verpackungen. The unsecured revolving lines granted to May Verpackungen may be terminated by the offering banks upon given notice periods. The Senior Secured Credit Facility and the Notes contain a number of financial and restrictive covenants. The Company was in compliance with all of the required financial ratios and other covenants as of March 31, 2002.

At March 31, 2002, $65.0 million was outstanding under the $110.0 million revolving loan portion of the Senior Secured Credit Facility. Letters of Credit of $10.4 million were outstanding securing the Company's obligations under various insurance programs and other contractual agreements. In addition, the Company had $25.2 million of cash and equivalents at quarter end, $10.5 million greater than year end

At existing levels of operations, cash generated from operations together with amounts to be drawn from the revolving credit facility, are expected to be adequate to meet anticipated debt service requirements, restructure costs, 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.

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 2001.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

New Castle, PA Self-Discovery

In April 2002, the Pennsylvania Department of Environmental Protection (PDEP) advised the Company that it had completed its review of this matter and requested a meeting with the Company to discuss final resolution of the past reported deviations from the requirements of the plant's Title V permit. The Company expects to meet with PDEP in late May or early June of 2002. Since the Company has not had this meeting, it is unable, at this time, to determine PDEP's position or the effect on the Company of any reported deviation.

National Labor Relations Board/IPJO Case

The Company has agreed with the United Steelworkers of America to settle this inter-plant job opportunity case, but the National Labor Relations Board (NLRB) is required to approve the final settlement. Presently, the Company is awaiting the necessary NLRB approval.

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

(a) Exhibits

Exhibit Number	Exhibit Description

NONE

(b) Reports on Form 8-K

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 by the undersigned thereunto duly authorized.

U.S. CAN CORPORATION

Date: May 10, 2002

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