
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 10-K/A
Amendment No. 1**

**Annual Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2003

Commission File Number 333-53276

U.S. Can Corporation
(Exact Name Of Registrant As Specified In Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

700 East Butterfield Road, Suite 250, Lombard, Illinois
(Address of principal executive offices)

60148
(Zip code)

Registrant's telephone number, including area code **(630) 678-8000**

Securities registered pursuant to Section 12(b) of the Act: None

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (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 ☒

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

Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of March 15, 2004, 53,333.333 shares of Common Stock were outstanding.

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INCLUSION OF FORWARD-LOOKING INFORMATION

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 general economic and business conditions; the Company's substantial debt and ability to generate sufficient cash flows to service its debt; the Company's compliance with the financial covenants contained in its various debt agreements; changes in market conditions or product demand; the level of cost reduction achieved through restructuring and capital expenditure programs; changes in raw material costs and availability; downward selling price movements; currency and interest rate fluctuations; increases in the Company's leverage; the Company's ability to effectively integrate acquisitions; changes in the Company's business strategy or development plans; the timing and cost of plant closures; the success of new technology; and increases in the cost of compliance with laws and regulations, including environmental laws and regulations. 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.

PART I

ITEM 1. BUSINESS

General

U.S. Can Corporation, incorporated in Delaware in 1983, through its wholly owned subsidiary, United States Can Company, is a leading manufacturer by volume of steel containers for personal care, household, automotive, paint, industrial and specialty products in the United States and Europe, as well as plastic containers in the United States and food cans in Europe. We have long-standing relationships with many well-known consumer products and paint manufacturers in the United States and Europe, including Reckitt Benckiser, Sherwin Williams, S.C. Johnson and CCL Custom Manufacturing. We also produce seasonal holiday tins sold by mass merchandisers. References in this report include U.S. Can Corporation (the "Corporation" or "U.S. Can"), its wholly owned subsidiary, United States Can Company ("United States Can"), and United States Can's subsidiaries (the "Subsidiaries"). References in this report to "the Company", "we", "us", or "our" refer to U.S. Can Corporation and all of its subsidiaries as a combined entity.

Based on sales volume of steel aerosol cans, we hold the number one market position in the United States and the number two market position in Europe. In addition, we hold the number two market position in paint cans in the United States, by unit volume. We attribute our market leadership to our ability to consistently provide high-quality products and service at competitive prices, while continually improving our product-related technologies. The references in this report to market positions or market share are based on information derived from annual reports, trade publications and management estimates that the Company believes to be reliable. For financial information about business segments and geographic areas, refer to Note (16) to the Consolidated Financial Statements.

Restatement

This Form 10-K/A amends and restates the following sections of the original Form 10-K, which was filed with the Securities and Exchange Commission on March 18, 2004 (the "Original 10-K"):

- Item 1. Business
- Item 6. Selected Financial Data
- Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
- Item 8. Financial Statements and Supplementary Data
- Item 9A. Controls and Procedures
- Item 10. Directors and Executive Officers of the Registrant.

The Company has restated its financial statements as of and for the years (and each of the interim periods) ended December 31, 2003 and 2002 included in this filing (the "Restatement") to reflect adjustments to its previously reported financial information for such periods. In addition, the Company has restated its financial statements for the first quarter of 2004. The foregoing items have been amended to reflect the effects of the Restatement as discussed in Note (3) to the Consolidated Financial Statements and have not been updated to reflect other events occurring after the filing of the Original Form 10-K, or to modify or update those disclosures affected by subsequent events, except for those disclosures provided in Note (3) to consolidated financial statements included in Item 8 of this Form 10-K/A. As a result, you should read this Form 10-K/A in conjunction with the Company's Form 10-Q/A for the quarter ended April 4, 2004 (the "April 2004 10-Q") and the Company's periodic reports filed under the Securities and Exchange Act of 1934 (the "Exchange Act") following the filing of the April 2004 10-Q. This Form 10-K/A reflects balances and amounts on a restated basis. For the convenience of the reader, this Form 10-K/A amends in its entirety the Original 10-K, but does not restate or update the disclosure contained herein to reflect any events that occurred at a later date other than that set forth above.

For a discussion of the individual adjustments contained in the Restatement, see "Item 8. Financial Statements and Supplementary Data--Note (3). Restatements."

In August 2004, and subsequent to the issuance of its consolidated financial statements for the year ended December 31, 2003, the Company became aware of certain issues relating to its Laon, France manufacturing facility following the departure of the facility's financial controller. Following this discovery, management immediately informed

the Company's Board of Directors and its Audit Committee, which conducted a review of these issues assisted by outside legal advisors and accounting consultants, and also promptly informed the Company's independent auditors, Deloitte & Touche LLP. That review and work performed by the Company identified certain accounting and financial reporting improprieties and related material errors in the Company's financial statements, all related to the Laon, France facility. On September 30, 2004, the Company disclosed its intent to restate its financial statements for the years ended December 31, 2002 and 2003 and for the quarterly period ended April 4, 2004. Those changes are reflected in this Restatement.

The principal effects of the Restatement are:

- Increases in the reported amounts of cost of goods sold, causing corresponding increases in net loss of \$5.9 million, \$7.8 million and \$2.5 million for December 31, 2002, December 31, 2003 and the quarter ended April 4, 2004 respectively;
- Decreased working capital, principally as a result of decreased accounts receivable and increased accounts payable and accrued expenses; and
- Increased short-term borrowings by \$3.9 million in the aggregate, as of December 31, 2003 and \$5.1 million in the aggregate as of April 4, 2004.

The Company did not amend its Annual Report on Form 10-K or Quarterly Reports on Form 10-Q for periods affected by the Restatement that ended prior to December 31, 2003, and the financial statements and related financial information and disclosures contained in those reports should no longer be relied upon.

Business Segments

We have four business segments: Aerosol Products; International Operations; Paint, Plastic & General Line Products; and Custom & Specialty Products.

Aerosol Products

As the largest producer of steel aerosol cans in the United States by sales volume, we have a leading position in all of the major aerosol consumer product lines, including personal care, household, automotive and spray paint cans. We offer a wide range of steel aerosol containers that enhance our customers' product offerings, including stylized necked-in cans and barrier-pack cans used for products that cannot be mixed with a propellant, such as shaving gel. Most of the aerosol cans that we produce employ a lithography process that consists of printing our customers' designs and logos on the cans.

Steel aerosol cans manufactured in the U.S. represent our largest business segment, accounting for approximately 43.7%, 45.7% and 43.3% of our total net sales in 2003, 2002 and 2001, respectively. In 2003, we manufactured approximately 53% of the steel aerosol containers produced in the United States.

International Operations

Our international operations primarily produce steel aerosol cans for the European market. Based on management estimates, we manufactured approximately 30% of the steel aerosol cans produced in Europe in 2003. We also supply steel aerosol cans to customers in Latin America through Formametal S.A., our Argentinean joint venture. In addition, we participate in the metal food packaging market through our wholly-owned subsidiary, May Verpackungen GmbH & Co., KG ("May"), a leading European food can producer with more than 30% of the German food can market, by sales volume (based on management estimates). May has long-term relationships with several leading consumer products companies in Europe, including Mars and Nestlé.

International Operations represents our second largest business segment, accounting for approximately 34.9%, 30.3% and 29.7% of our total net sales in 2003, 2002 and 2001, respectively.

Paint, Plastic & General Line Products

Our primary Paint, Plastic & General Line products include steel paint and coating containers, oblong cans for products such as turpentine and charcoal lighter fluid, plastic pails and drums for industrial products, such as spackle and dry wall

compounds, and consumer products, such as swimming pool chemicals and paint. Management estimates that U.S. Can is second in market share in the United States, on a unit volume basis, in steel round and general line containers.

Our Paint, Plastic & General Line products accounted for approximately 14.5%, 15.1% and 16.9% of our total net sales in 2003, 2002 and 2001, respectively. We hold the number two market position in the United States in the steel paint can market.

Custom & Specialty Products

We also have a significant presence in the Custom & Specialty market, offering a wide range of decorative, hermetic and specialty steel products. Our primary products include functional and decorative containers, tins and collectible items that are typically produced in smaller quantities than our other products. Examples of products packaged with our containers include holiday tins sold by mass merchandisers, infant formula packaging and tins for compact discs.

Custom & Specialty products accounted for approximately 7.0%, 8.9% and 10.0% of our total net sales in 2003, 2002 and 2001, respectively.

Customers and Sales Force

As of December 31, 2003, we had approximately 5,200 customers, with our largest customer accounting for 6.7% of our total net sales in 2003. To the extent possible, we enter into one-year or multi-year supply agreements with our major customers. Some of these agreements specify the number of containers a customer will purchase (or the mechanism for determining such number), pricing, volume discounts (if any) and, in the case of many of our domestic and some of our international multi-year supply agreements, a provision permitting us to pass through price increases in specified raw material and other costs.

We market our products primarily through a sales force comprised of inside and outside sales representatives. As of December 31, 2003, we had 64 sales representatives in the United States and 13 sales representatives in Europe. Each sales representative is responsible for growing sales in a specific geographic region and is compensated by a salary and a bonus based on sales volume targets.

Raw Materials

Our principal raw materials are tin-plated steel, referred to as tin-plate, and coatings and inks used to print our customers' designs and logos onto tin-plate. Tin-plate represents our largest raw material cost. Our domestic operations purchase tin-plate principally from domestic steel manufacturers, with a smaller portion purchased from foreign suppliers. Our European operations purchase tin-plate principally from European suppliers. Our largest domestic steel suppliers are United States Steel, Weirton Steel and Wheeling-Pitt, while Corus, Arcelor and Rasselstein supply the largest volume in Europe.

Our domestic and European operations purchase approximately 400,000 tons of tin-plate annually. The Company believes that adequate quantities of tin-plate will continue to be available from steel manufacturers, however, potential seasonal shortages may occur from domestic suppliers as foreign sourcing is currently not available due to an increase in steel requirements in other areas of the world.

Tin-plate prices have increased slightly over the last five years. While there is some long-term variability, tin-plate prices have generally been stable and price increases have historically been announced several months before implementation. This stability has enhanced our ability to communicate and negotiate required selling price increases with our customers and minimizes fluctuations of our gross profits. Many of our domestic and some of our international multi-year supply agreements with our customers permit us to pass through tin-plate price increases and, in some cases, other raw material costs. We did experience increases in steel costs in 2003 that we believe to be a result of the tariffs imposed in 2002 in the U.S., which have since been removed. Additionally, starting in the fourth quarter of 2003, many domestic and foreign steel suppliers began experiencing a shortage of coke, an important component of the steel-making process. The shortage is due to many factors, which include the growing Chinese steel market and a fire at a coal mine in the U.S. that produces coke. The shortage is expected to continue in at least the near future. While we cannot predict the long-term effects the shortage will have on our tin-plate costs, the shortage has caused some steel manufacturers to consider a surcharge on steel, which could potentially increase our tinplate prices. We have not always been able to immediately offset increases in tin-plate prices with price increases on our products.

Coatings and inks, which are used to coat tin-plate and print designs and logos, represent our second largest raw material expense. We purchase coatings and inks from regional suppliers in the United States and Europe. These products historically have been readily available, and we expect to be able to meet our needs for coatings and inks in the foreseeable future.

Our plastic products are produced from two main types of resins, which are petroleum or natural gas-based products. High-density polyethylene resin is used to make pails, drums and agricultural products. We use 100% post-industrial and post-consumer use, recycled polypropylene resin in the production of the Plastite® line of paint cans. The price of resin fluctuates significantly, and we believe that it is standard industry practice, as well as a provision of many of our customer contracts, to pass on increases and decreases in resin prices to our customers.

Seasonality

The Company's business as a whole has minor 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 & 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.

Labor

As of December 31, 2003, we employed approximately 2,300 salaried and hourly employees in the United States. Of our total U.S. workforce, approximately 1,500 employees, or 65%, were members of various labor unions, including the United Steelworkers of America, the International Association of Machinists and the Graphic Communications International Union. Labor agreements covering approximately 450 employees were successfully negotiated in 2003. As of December 31, 2003, our European subsidiaries employed approximately 1,250 people. In line with common European practices, all plants are unionized.

On June 4, 2003, the National Labor Relations Board, Region Six issued a Notice of Representation Hearing, Case 6-BC-12232, indicating that the Graphic Communications International Union, Local 24, or the GCIU, was seeking to organize 31 full and regular part-time production and maintenance employees at our New Castle, Pennsylvania facility. On August 7, 2003, these employees elected the GCIU as their exclusive bargaining representative. The GCIU has been certified and collective bargaining negotiations began in November 2003.

We have followed a labor strategy designed to enhance our flexibility and productivity through constructive relations with our employees and collective bargaining units. Our practice is to deal directly with labor unions on employment contract issues and other employee concerns. We believe that our employees and us have benefited from this approach, and we intend to continue this practice in the future. This practice also has the effect of staggering renewal negotiations with the various bargaining units.

Our restructuring programs initiated in 2001 have resulted in a reduction of the salaried and hourly work force. The Company has worked closely with the various labor unions and their collective bargaining units to ensure provisions for termination, severance and pension eligibility were in accordance with the respective collective bargaining agreements. The Company's relationship with represented employees is generally good and there have been no labor strikes, slow-downs, work stoppages or other material labor disputes threatened or pending against the Company for at least the past ten years.

Competition

Quality, service and price are the principal methods of competition in the rigid metal and plastic container industry. To compete effectively, we must strategically locate supply facilities to reduce the added cost of shipping cans long distances and accordingly, we maintain East Coast, Midwest, Southern and West Coast manufacturing facilities. In addition, price competition in our industry may limit our ability to raise prices for many of our top products.

In the U.S. steel aerosol can market, we compete primarily with Crown Cork & Seal and BWAY Corporation. Our European subsidiaries compete with Crown Cork & Seal, Impress Metal Packaging and other smaller regional producers. Crown Cork & Seal and Impress are larger and may have greater financial resources than we do. Because steel aerosol cans are pressurized and are used for personal care, household and other packaged products, they are more sensitive to quality, can decoration and other consumer-oriented features than some of our other products.

In metal paint and general line products, we compete primarily with BWAY Corporation and one smaller, regional manufacturer. Our plastic products line competes with many regional companies.

Our Custom & Specialty products compete with a large number of container manufacturers, but we do not compete across the entire product spectrum with any single company. Competition in this segment is based principally on quality, service, price, geographical proximity to customers and production capability, with varying degrees of intensity according to the specific product category.

We also face competition from substitute products, such as aluminum, glass and plastic containers.

Strategic Transactions

The Company continually evaluates all areas of its operations for ways to improve profitability and overall Company performance. In connection with these evaluations, management considers numerous alternatives to enhance the Company's existing business including, but not limited to acquisitions, divestitures, capacity realignments and alternative capital structures.

Risk Factors

We have substantial debt that could negatively impact our business by, among other things, increasing our vulnerability to general adverse economic and industrial conditions and preventing us from fulfilling our obligations under our borrowing agreements.

As of December 31, 2003, total consolidated debt outstanding was \$559.2 million. We had \$50.7 million of unused commitment under our revolving credit facility and cash of \$23.0 million.

Our high level of debt could:

- make it difficult for us to satisfy our obligations; including making interest payments under our Senior Secured Credit Agreement and our 10 7/8% Senior Secured Notes and 12 3/8% Senior Subordinated Notes agreements;
- limit our ability to obtain additional financing to operate our business;
- limit our financial flexibility in planning for and reacting to industry changes;
- place us at a competitive disadvantage as compared to less leveraged companies;
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates; and
- require us to dedicate a substantial portion of our cash flow to payments on our debt, reducing the availability of our cash flow for other purposes.

We may borrow additional funds to fund our capital expenditures and working capital needs. We also may incur additional debt to finance future acquisitions. The incurrence of additional debt could make it more likely that we will experience some or all of the risks described above.

If we do not generate sufficient positive cash flows, we may be unable to service our debt.

Our ability to pay principal and interest on our indebtedness depends on our future operating performance. Future operating performance is subject to market conditions and business factors that often are beyond our control. Consequently, we cannot assure you that we will have sufficient cash flows to service our debt.

If our cash flows and capital resources are insufficient to allow us to make scheduled payments on our debt, we may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our debt. We cannot assure you that the terms of our debt will allow these alternative measures or that such measures would enable us to satisfy our scheduled debt service obligations.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- our senior debt lenders could terminate their commitments and commence foreclosure proceedings against our assets; and
- we could be forced into bankruptcy or liquidation.

The terms of our debt may severely limit our ability to plan for or respond to changes in our business.

Our Senior Secured Credit Facility, our 10 7/8% Senior Secured Notes and our 12 3/8% Senior Subordinated Notes, restrict, among other things, our ability to take specific actions, even if these actions may be in our best interest. These restrictions limit our ability to:

- incur liens or make negative pledges on our assets;
- merge, consolidate or sell our assets;
- issue additional debt;
- pay dividends or redeem capital stock and prepay other debt;
- enter into sale and leaseback transactions;
- make investments and acquisitions;
- enter into transactions with affiliates;
- make capital expenditures;
- materially change our business;
- amend our debt and other material agreements;
- issue and sell capital stock;
- allow our subsidiaries to enter into agreements that restrict distributions to us; or
- prepay specified indebtedness.

Our debt requires us to maintain specified financial ratios and meet specific financial tests. Our failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in us being required to repay these borrowings before their due date. If we were unable to make this repayment or otherwise refinance these borrowings, our lenders could foreclose on our assets. If we were unable to refinance these borrowings on favorable terms, our business could be adversely impacted.

Our Senior Secured Credit Facility bears interest at a floating rate, and if interest rates rise, our payments will increase and we may incur losses.

Outstanding amounts under our Senior Secured Credit Facility bear interest at a floating rate. Current interest rates are low and our financial results have benefited from these low rates. If interest rates rise, our interest payments on our Senior Secured Credit Facility also will increase, which could make it more difficult for us to satisfy our debt obligations and further reduce availability of our cash flow for operations and other purposes. For example, based on the amount of floating rate debt outstanding during the year ended December 31, 2003, we expect that a 1% increase in interest rates would have

increased our interest expense for 2003 by \$2.9 million to \$57.3 million. We also were party to interest rate protection agreements, which expired on October 10, 2003. These agreements increased our interest expense by \$5.1 million in 2003. The expiration of these agreements did not have an impact on our reported debt balances. We do not currently intend to enter into new interest rate protection agreements with respect to our borrowings under our Senior Secured Credit Facility.

Berkshire Partners owns a controlling interest in our voting securities.

Berkshire Partners and its affiliates own approximately 77.3% of the total common equity of U.S. Can Corporation. Subject to specified limitations contained in our stockholders agreement, Berkshire Partners controls the Company. Accordingly, Berkshire and its affiliates will control the power to elect directors and to approve many actions requiring the approval of our stockholders, such as adopting most amendments to our certificate of incorporation and approving mergers, sales of all or substantially all of our assets and other corporate transactions that could result in a change of control of our company.

We face competitive risks from many sources that may reduce demand for our products and adversely affect our sales and results of operations.

The can and container industry is highly competitive with some of our competitors having greater financial resources than we do. Quality, service and price are the principal methods of competition in our industry. Because our customers have the ability to buy similar products from our competitors, we are limited in our ability to increase prices. We believe our capital investments have improved our operating efficiencies, and consequently, improved profitability, but we cannot assure you that we will continue to improve profit margins in this manner. In addition, our profit margins could decrease if we are unable to meet our customers' quality and service demands.

We also face competitive risks from substitute products, such as aluminum, glass and plastic containers. The market for such substitute products has grown substantially over the past several years and from time to time our customers, including some of our largest customers, have switched from steel containers to these substitute products to package their products. Our business also is affected by changes in consumer demand for our customers' products. A decrease in the costs of substitute products, a widespread introduction of substitute products by our customers as a substitute for steel containers or a decline in consumer demand for our customers' products could reduce our customers' orders and adversely affect our sales and results of operations.

Increases in tin-plated steel prices could cause our production costs to increase, which could reduce our ability to compete effectively.

Tin-plated steel is the most significant raw material used to make our products. Negotiations with our domestic and European tin-plated steel suppliers generally occur once per year. Failure to negotiate favorable tin-plated steel prices in the future could result in an increase in production costs and a negative impact on our results of operations.

Starting in the fourth quarter of 2003, many domestic and foreign steel suppliers began experiencing a shortage of coke, an important component of the steel-making process. The shortage is due to many factors, which include the growing Chinese steel market and a fire at a coal mine in the U.S., which produces coke. The shortage is expected to continue in at least the near future. While we cannot predict the long-term effects the shortage will have on our tin-plate costs, the shortage has caused some steel manufacturers to consider a surcharge on steel, which could potentially increase our tinplate prices.

Some customer contracts allow us to pass tin-plated steel price increases through to our customers. However, these contracts generally limit pass-throughs and also may require us to match other competitive bids. If we cannot pass through all future tin-plated steel price increases to our customers or match other packaging suppliers' bids, our ability to compete effectively will be reduced and our financial condition may be adversely affected. See "Business – Raw Materials."

Our principal markets are subject to overcapacity, which could cause us to lose business and result in decreased profitability.

The worldwide steel container markets have experienced limited growth in demand in recent years. Steel containers are standardized products, allowing for relatively little differentiation among competitors. This led to overcapacity and price competition among steel container producers, as capacity growth outpaced the growth in demand for steel containers. The North American steel container market, in particular, is considered to be a mature market, characterized by stable growth and a sophisticated distribution system. Price-driven competition has increased as producers seek to capture more sales volume in order to keep their plants operating at optimal levels and reduce unit costs.

Competitive pricing pressures, overcapacity or any failure to develop new product designs and technologies could cause us to lose existing business or opportunities to generate new business and could result in decreased profitability.

We have significant underfunded pension plan obligations and significant unfunded post-retirement obligations, which could lead to increases in our pension expenses and postretirement benefit expenses.

We sponsor noncontributory defined benefit pension plans covering most domestic hourly employees and certain international employees. Also, we provide post-retirement medical and life insurance benefits for certain domestic retired employees in connection with collective bargaining agreements that are operated on a pay-as-you-go basis. The U.S. defined benefit plans require quarterly cash contributions to fund the payment of benefits. The international defined benefit plans may also require periodic contributions or benefit payments.

We rely upon actuarial models to calculate our pension benefit obligations and the related effects on operations, as well as our projected liability for post-retirement medical benefits. Accounting for pension plans requires the use of estimates and assumptions regarding numerous factors, including the discount rate, the long-term rate of return on plan assets, retirement ages, mortality and employee turnover. On an annual basis, we evaluate these critical assumptions and make changes to them as necessary to reflect our experience. Two of the critical assumptions in determining our reported expense or liability for pensions are the discount rate and the long-term expected rate of return on plan assets. The use of a lower discount rate and lower long-term rate of return on plan assets would increase the present value of benefit obligations and increase pension expenses and required cash contributions.

Likewise, a deterioration in a pension plan's investment portfolio performance will cause increases to our pension expense and required cash contributions. Our pension liability also would be increased if a pension plan were terminated immediately because the interest rate assumption used to value the benefits and the assets on a termination basis would most likely be lower than current funding assumptions. We may not have funds available in such circumstances and we would have to borrow amounts in order to satisfy any such liabilities. The terms of our indebtedness, however, may restrict or prohibit our ability to borrow such amounts.

With respect to our U.S. domestic pension plan, the failure to satisfy liabilities upon the termination of the plan would result in the Pension Benefit Guaranty Corporation, or PBGC, terminating the plan on a "distress termination basis". In that event, the Employee Retirement Income Security Act of 1974 would provide that the PBGC guarantee the payment of all or a portion of the promised benefits up to an amount determined by statute. We and members of our "controlled group", which includes any subsidiary that is owned by 80% or more by a common parent (even if it did not participate in the plan), would be jointly and severally liable for the PBGC liability. In addition, the PBGC would have lien on the assets of the solvent members of the controlled group upon termination to the extent of the guaranty in an amount equal to 30% of the value of the assets of the solvent members of the controlled group.

We have recently experienced losses and our future profitability is uncertain.

We have experienced operating losses since the fiscal year ended December 31, 2000 and we may continue to incur losses. For the years ended December 31, 2003, 2002 and 2001, we had net losses attributable to common stockholders of \$35.2 million, \$90.2 million and \$51.8 million, respectively. As of December 31, 2003, we had an accumulated deficit of \$387.1 million. We cannot assure you that we will become profitable in the future and if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable could impair our ability to continue our operations.

We face risks associated with our international operations.

We operate facilities and sell products in several countries outside the United States. We have significant foreign operations, including plants and sales offices in Denmark, France, Germany, Italy, Spain and the United Kingdom. In addition, we have a joint venture with an aerosol can manufacturer located in Argentina. Our international operations subject us to risks associated with selling and operating in foreign countries. These risks include:

- fluctuations in currency exchange rates;
- restrictions on dividend payments and other payments by our foreign subsidiaries;
- withholding and other taxes on dividend payments and other payments by our foreign subsidiaries; and
- investment regulation and other restrictions by foreign governments.

Our joint venture in Argentina is also subject to these additional risks:

- limitations on conversion of foreign currencies into United States dollars;
- hyperinflation; and
- political instability.

Our business is subject to substantial environmental regulation and remediation, which could result in increased compliance costs and adversely affect our results of operations and profitability.

Our operations are subject to federal, state, local and foreign laws and regulations relating to pollution, the protection of the environment, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. Changes in applicable environmental regulations could increase the capital expenditures necessary to bring manufacturing facilities into compliance with changing environmental laws.

We also could incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, as a result of violations of, or liabilities under, environmental laws or non-compliance with environmental permits required for our production facilities. Occasionally, contaminants from current or historical operations have been detected at some of our present and former sites. The detection of contaminants or the imposition of cleanup obligations at existing or unknown sites of contamination could result in significant liability.

We cannot predict the amount or timing of costs imposed under environmental laws. Liability under certain environmental laws relating to contaminated sites can be imposed retroactively and on a joint and several basis (i.e., one liable party could be held liable for all costs at a site). We have been named as a potentially responsible party for costs incurred in the clean up of a regional groundwater plume partially extending underneath property located in San Leandro, California, formerly a site of one of our can assembly plants. We have agreed to indemnify the owner of this property against this matter. Any liability in connection with this or other environmental matters could result in increased compliance costs and adversely affect our results of operations and profitability.

A significant portion of our workforce is unionized and labor disruptions could decrease our productivity.

As of December 31, 2003, we had approximately 3,550 employees. Approximately 1,500 of our United States employees are subject to collective bargaining agreements. In keeping with common practice, virtually all manufacturing employees at our European plants are unionized. Although we consider our current relations with our employees to be good, if we do not maintain these good relations, or if major work disruptions were to occur, our production costs could increase.

ITEM 2. PROPERTIES

We have 13 operations located in the United States, many of which are strategically positioned near principal customers and suppliers. Through our European subsidiaries, we also have production locations in the largest regional markets in Europe, including Denmark, France, Germany, Italy, Spain and the United Kingdom. The following table sets forth certain information with respect to our principal plants as of March 15, 2004.

<u>Location</u>	<u>Size (in sq. ft.)</u>	<u>Status</u>	<u>Segment</u>
United States			
Elgin, IL (1).....	481,346	Owned	Aerosol
Tallapoosa, GA (1).....	249,480	Owned	Aerosol
Baltimore, MD	232,172	Leased	Custom & Specialty
Commerce, CA.....	215,860	Leased	Paint, Plastic & General Line
Newnan, GA.....	185,122	Leased	Paint, Plastic & General Line
Hubbard, OH (1)	174,970	Owned	Paint, Plastic & General Line
Elgin, IL.....	144,578	Leased	Custom & Specialty
Baltimore, MD (1).....	137,000	Owned	Custom & Specialty
Horsham, PA (1)	132,000	Owned	Aerosol
Weirton, WV	145,700	Leased	Aerosol
Danville, IL (1).....	100,000	Owned	Aerosol
Alliance, OH.....	52,000	Leased	Paint, Plastic & General Line
New Castle, PA (1)	22,750	Owned	Custom & Specialty
Europe			
Erfstadt, Germany	369,000	Leased	International
Merthyr Tydfil, United Kingdom (2)	320,000	Leased	International
Laon, France.....	220,000	Owned	International
Reus, Spain.....	182,250	Owned	International
Itzehoe, Germany	80,730	Owned	International
Esbjerg, Denmark.....	66,209	Owned	International
Voghera, Italy	45,200	Leased	International
Schwedt, Germany	35,500	Leased	International

- (1) The plants that we own in the United States (a) are subject to a lien in favor of Bank of America, N.A. as collateral agent for the lenders under the Senior Secured Credit Facility and (b) are subject to a second priority lien in favor of Wells Fargo Bank Minnesota, N.A. as collateral agent for the holders of the 10 7/8% Senior Secured Notes.
- (2) The property at Merthyr Tydfil is subject to a 999-year lease with a pre-paid option to buy that becomes exercisable in January 2007. Up to that time, the landowner may require us to purchase the property for a payment of one Pound Sterling. Currently, the leasehold interest in, and personal property located at, Merthyr Tydfil is subject to a pledge to secure amounts outstanding under a credit agreement with General Electric Capital Corporation.

In connection with our restructuring initiatives, we have closed several manufacturing facilities, some which have been subleased. The Company has reserved for on-going costs associated with these closed facilities and they are not included in the above listing.

We believe our facilities are adequate for our present needs and that our properties are generally in good condition, well maintained and suitable for their intended use. We continuously evaluate the composition of our various manufacturing facilities in light of current and expected market conditions and demand, and may further consolidate our plant operations in the future.

ITEM 3. LEGAL PROCEEDINGS

Environmental Matters

Our operations are subject to environmental laws in the United States and abroad, relating to pollution, the protection of the environment, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. Our capital and operating budgets include costs and expenses associated with complying with these laws, including the acquisition, maintenance and repair of pollution control equipment, and routine measures to prevent, contain and clean up spills of materials that occur in the ordinary course of our business. In addition, some of our production facilities require environmental permits that are subject to revocation, modification and renewal. We believe that we are in substantial compliance with environmental laws and our environmental permit requirements, and that the costs and expenses associated with this compliance are not material to our business. However, additional operating costs and capital expenditures could be incurred if, among other developments, additional or more stringent requirements relevant to our operations are promulgated.

Occasionally, contaminants from current or historical operations have been detected at some of our present and former sites. Although we are not currently aware of any material claims or obligations with respect to these sites, the detection of additional contamination or the imposition of cleanup obligations at existing or unknown sites could result in significant liability.

We have been designated as a potentially responsible party under Superfund laws at various sites in the United States, including a former can plant located in San Leandro, California. As a potentially responsible party, we are or may be legally responsible, jointly and severally with other members of the potentially responsible party group, for the cost of environmental remediation at these sites. Based on currently available data, we believe our contribution to the sites designated under U.S. Superfund law was, in most cases, minimal. With respect to San Leandro, we believe the principal source of contamination is unrelated to our past operations.

Based upon currently available information, the Company does not expect the effects of environmental matters to be material to its financial position.

Litigation

We are involved in litigation from time to time in the ordinary course of our business. In our opinion, the litigation is not material to our financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

U.S. Can has approximately 20 common stockholders. Its common stock has not been registered and there is no trading market for its common stock. It has not paid, and has no present intention to pay, cash dividends. As U.S. Can Corporation has no operations, its only source of cash for dividends or distributions is United States Can Company. There are stringent limitations in the Senior Secured Credit Facility ("the Facility") and the 10 7/8% Senior Secured Note ("Senior Secured Notes") and 12 3/8% Senior Subordinated Notes ("the Subordinated Notes") on United States Can's ability to fund or pay cash dividends to U.S. Can Corporation.

In 2000, U.S. Can Corporation issued shares of preferred stock having a face value of \$106.7 million. Dividends accrue on the preferred stock at an annual rate of 10%, are cumulative from the date of issuance and are compounded quarterly, on March 31, June 30, September 30 and December 31 of each year and are payable in cash when and as declared by our Board of Directors, so long as sufficient cash is available to make the dividend payment and such payment would not violate the terms of the Facility, the Senior Secured Notes and the Subordinated Notes. As of December 31, 2003, dividends of approximately \$40.3 million have been accrued. As United States Can is U.S. Can Corporation's only source of cash and payments by United States Can are restricted by the terms of the Facility, the Senior Secured Notes and the Subordinated Notes, U.S. Can Corporation does not anticipate paying cash dividends on the preferred stock in the foreseeable future. Holders of the preferred stock have no voting rights, except as otherwise required by law. The preferred stock has a liquidation preference equal to the purchase price per share (after giving effect to the reverse stock split), plus all accrued and unpaid dividends. The preferred stock ranks senior to all classes of U.S. Can Corporation common stock and is not convertible into common stock.

ITEM 6. SELECTED FINANCIAL DATA

The following consolidated financial data as of and for each of the fiscal years in the five years ended December 31, 2003 were derived from our audited financial statements. You should read all of this information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements for the year ended December 31, 2003 and accompanying notes beginning on page 27.

U.S. CAN CORPORATION AND SUBSIDIARIES

(000's omitted)

For the Year Ended December 31,

	<u>As Restated (See Note (3))</u>				
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
OPERATING DATA:					
Net sales	\$ 823,442	\$ 796,557	\$ 772,188	\$ 809,497	\$ 732,897
Special charges (a)	382	8,921	36,239	3,413	--
Recapitalization charge (b)	--	--	--	18,886	--
Operating income (loss)	41,247	32,140	(6,146)	48,153	66,975
Loss from early extinguishment of debt (c)	--	--	--	24,167	2,152
Income (loss) from operations before cumulative effect of accounting change	(21,331)	(59,339)	(40,416)	(11,522)	21,156
Cumulative effect of accounting change, net of income taxes (d)	--	(18,302)	--	--	--
Net income (loss)	(21,331)	(77,641)	(40,416)	(11,522)	21,156
Preferred stock dividend requirement	(13,821)	(12,521)	(11,345)	(2,601)	--
Net income (loss) attributable to common stockholders	\$ (35,152)	\$ (90,162)	\$ (51,761)	\$ (14,123)	\$ 21,156
BALANCE SHEET DATA:					
Total assets	\$ 574,418	\$ 580,113	\$ 634,350	\$ 637,864	\$ 663,570
Total debt	559,224	551,979	536,776	495,045	359,317
Redeemable preferred stock	146,954	133,133	120,613	109,268	--
Stockholders' equity (deficit)	(361,911)	(350,008)	(247,124)	(174,323)	68,556

- (a) See Note (4) of the "Notes to Consolidated Financial Statements" for a description of the 2003, 2002 and 2001 Special Charges. In 2000, we announced a reduction in force program.
- (b) On October 4, 2000, the Company and Berkshire Partners LLC completed a recapitalization of the Company through a merger. As a result of the recapitalization, all of U.S. Can's common stock, other than certain shares held by designated continuing shareholders, was converted into the right to receive \$20.00 in cash per share and options to purchase approximately 1.6 million shares of U.S. Can's common stock were retired in exchange for a cash payment of \$20.00 per underlying share, less the applicable option price. The Company recorded the \$18.9 million charge for expenses related to the recapitalization.
- (c) In April of 2002, the FASB issued Statement of Financial Accounting Standards No. 145 (SFAS No. 145) related to gains and losses on extinguishment of debt. The Company has adopted SFAS No. 145 and determined that the losses in 2000 and 1999 do not meet the criteria in Opinion 30 for classification as an extraordinary item. As such, the Company has reported its 2000 and 1999 losses from early extinguishment of debt as deductions from income before income taxes. See Note (2) (n) to the audited consolidated financial statements for further details on SFAS No. 145.
- (d) See Note (15) of the "Notes to Consolidated Financial Statements."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion summarizes the significant factors affecting the consolidated operating results and financial condition of the Company and subsidiaries for the three years ended December 31, 2003. This discussion should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements.

Restatement

In August 2004, and subsequent to the issuance of its consolidated financial statements for the year ended December 31, 2003, the Company became aware of certain issues relating to its Laon, France manufacturing facility following the departure of the facility's financial controller. Following this discovery, management immediately informed the Company's Board of Directors and its Audit Committee, which conducted a review of these issues assisted by outside legal advisors and accounting consultants, and also promptly informed the Company's independent auditors, Deloitte & Touche LLP. That review and work performed by the Company identified certain accounting and financial reporting improprieties and related material errors in the Company's financial statements, all related to the Laon, France facility. The Company is, by means of this Form 10-K/A filing, restating its previously issued financial statements for the years ended December 31, 2002 and 2003. See Note (3) in Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K/A for additional information related to the Restatement. Unaudited quarterly information for the year ended December 31, 2003 as shown in Note (18) in Notes to Consolidated Financial Statements, is also being restated by means of this Form 10-K/A.

The effect of the Restatement is to increase the Company's net loss attributable to common stockholders from \$27.3 million to \$35.2 million in 2003 and from \$84.3 million to \$90.2 million in 2002. The increase in net loss primarily arises from increases in the amounts of costs of sales in each of these periods. Along business segment lines, these changes are reflected in International, the Company's second largest segment. The effect of the Restatement on the Company's Consolidated Balance Sheets resulted in decreased working capital, principally as a result of decreased accounts receivable and increased accounts payable and accrued expenses and increased short-term borrowings of \$3.9 million in the aggregate as of December 31, 2003 and \$5.1 million in the aggregate as of April 4, 2004. The Company has initiated the implementation of various measures to strengthen its internal controls and has added more structure to the financial oversight of its European operations, including its facility in France, in response to issues identified by the Company's independent accountants as material weaknesses and raised by the Restatement.

Critical Accounting Policies; Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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: customer rebate accruals included in allowance for doubtful accounts; inventory valuation; restructuring amounts; asset impairments; goodwill impairments; 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. Accounting policies requiring significant management judgments include those related to revenue recognition, inventory valuation, rebate accruals, goodwill impairment, restructuring reserves, tax valuation allowances, pension benefit obligations and interest rate exposure.

The Company's critical accounting policies are described in Note (2) to the audited Consolidated Financial Statements. Significant business or customer conditions could cause material changes to the amounts reflected in our financial statements. For example, 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, however, we have not historically been required to make material adjustments to our rebate accruals. Similarly, a large portion of the Company's inventory is manufactured to customer specifications. Other inventory is generally less specific and saleable to multiple customers.

However, losses may result should the Company manufacture customized products which it is unable to sell. Since raw materials inventory is generally not customer-specific, losses would generally relate to work in progress and finished goods inventory. An increase of 1% in the level of reserves for work in progress and finished goods inventory would result in a pretax charge of less than \$1 million. The Company has not historically experienced major deviations in the level of reserve for unsaleable inventory, except in the case of discontinued product lines. In 2001, we wrote off \$3.2 million of inventory associated with the exit of certain product lines in our Custom & Specialty segment.

Statement of Financial Accounting Standards (SFAS) No. 142 “Goodwill and Other Intangible Assets” requires that goodwill and “indefinite-lived” intangibles are not amortized but are tested at least annually for impairment. On an ongoing basis, the Company reviews its operations for indications of potential goodwill impairment and annually tests its goodwill for impairment under SFAS 142 in November of each year. The Company identifies potential impairments of goodwill by comparing an estimated fair value for each applicable business unit to its respective carrying value. Although the values are assessed using a variety of internal and external sources, future events may cause reassessments of these values and related goodwill impairments. The Company currently has \$27.4 million of goodwill relating to its Aerosol and Paint, Plastic and General Line segments included in its consolidated balance sheet. As of December 31, 2003, a 10% decrease in the Company’s assessment of the fair value of the Aerosol or Paint, Plastic and General Line businesses would cause no impairment of the goodwill related to that segment.

In accordance with SFAS 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” we continually review whether events and circumstances subsequent to the acquisition of any long-lived assets have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, we use projections to assess whether future cash flows or operating income (before amortization) on an undiscounted basis related to the tested assets is likely to exceed the recorded carrying amount of those assets, to determine if a write-down is appropriate. Should an impairment be identified, a loss would be reported to the extent that the carrying value of the impaired assets exceeds their fair values as determined by valuation techniques appropriate in the circumstances that could include the use of similar projections on a discounted basis. Our estimates of future cash flows are based on historical performance, our assessment of the impact of economic and industry-specific trends and Company-prepared projections. These estimates are highly likely to change from period to period based on performance and changes in market and economic conditions. A significant decline in our assessment of future cash flows and a significant decline in our assessment of the fair value of long-lived assets could cause us to record material impairment losses.

As more fully described in Note (4) to the Consolidated Financial Statements, several restructuring programs were implemented in order to streamline operations and reduce costs. The Company has established reserves and recorded charges against such 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. During 2003, the Company recorded a net charge of \$0.4 million related to restructuring. The charge consisted of new restructuring reserves of \$2.2 million less reversals of \$1.8 million due to the reassessment of restructuring reserves established in 2001. At December 31, 2003, \$7.9 million of reserves for restructuring programs were included in the Company’s consolidated balance sheet. \$4.3 million of these reserves related to employee separation costs for employees that have already been separated. As these payments will be made over time, actual payments may not reflect the amounts accrued but they are unlikely to vary materially. \$3.6 million of the reserve relates to future costs related to facilities that the Company has closed. The Company has made assumptions regarding the period of time that it will require to dispose of these facilities. In most cases, the Company has included costs through the life of the leases. If the Company disposes of or subleases the facilities earlier than expected, the Company will reduce the level of the reserve.

The Company accounts for income taxes using the asset and liability method under which deferred income tax assets and liabilities are recognized for the tax consequences of “temporary differences” between the financial statement carrying amounts and the tax bases of existing assets and liabilities and operating losses and tax credit carry forwards. On an ongoing basis, the Company evaluates its deferred tax assets to determine whether it is more likely than not that such assets will be realized in the future and records valuation allowances against the deferred tax assets for amounts which are not considered more likely than not to be realized. The estimate of the amount that is more likely than not to be realized requires the use of assumptions concerning the amounts and timing of the Company’s future income by taxing jurisdiction. Actual results may differ from those estimates.

In 2002, due to a history of operating losses in certain foreign countries coupled with the deferred tax assets that arose in connection with the restructuring programs and goodwill impairment charges, the Company determined that it could not conclude that it was “more likely than not” that all of the deferred tax assets of certain of its foreign operations would be realized in the foreseeable future. Accordingly, during the fourth quarter of 2002, the Company established a valuation allowance of \$44.7 million to provide for the estimated unrealizable amount of its net deferred tax assets as of December 31, 2002. The Company will continue to assess the valuation allowance and, to the extent it is determined that such allowance is no longer required, these deferred tax assets will be recognized in the future. In 2003, the Company did not record an income tax benefit related to 2003 losses of those operations. Additionally, after evaluation of the restated results of operations related to its Laon, France facility, the Company could not conclude that it would “more likely than not” realize the resultant deferred tax asset and, accordingly, recorded an additional valuation allowance as a restatement adjustment in 2003.

The Company relies upon actuarial models to calculate its pension benefit obligations and the related effects on operations. Accounting for pensions and postretirement benefit plans using actuarial models requires the use of estimates and assumptions regarding numerous factors, including the discount rate, the long-term rate of return on plan assets, health care cost increases, retirement ages, mortality and employee turnover. On an annual basis, the Company evaluates these critical assumptions and makes changes to them as necessary to reflect the Company’s experience. In any given year, actual results could differ from actuarial assumptions made due to economic and other factors which could impact the amount of expense or liability for pensions or postretirement benefits the Company reports.

Two of the critical assumptions in determining the Company’s reported expense or liability for pensions or postretirement benefits are the discount rate and the long-term expected rate of return on plan assets. The use of a lower discount rate and a lower long-term expected rate of return on plan assets would increase the present value of benefit obligations and increase pension expense and postretirement benefit expense. A 1% decrease in our discount rate would have caused our 2003 pension expense and postretirement expense to increase by approximately \$1.2 million. A 1% decrease in our assumed return on plan assets would have increased our pension expense by approximately \$0.3 million. At December 31, 2003, we reduced our discount rate related to our U.S. plans by 0.5%. This increased our annual 2003 pension expense and postretirement expense by approximately \$0.6 million.

Year Ended December 31, 2003 Compared To Year Ended December 31, 2002

	As of December 31,					
	Revenue		Gross Profit		Percentage to Sales	
	2003	2002	2003	2002	2003	2002
Aerosol	\$ 359,246	\$ 364,133	\$ 61,802	\$ 59,545	17.2%	16.4%
International.....	287,354	241,254	(577)	7,878	(0.2)%	3.3%
Paint, Plastic & General Line	118,909	119,952	13,070	11,378	11.0%	9.5%
Custom & Specialty	57,933	71,218	3,320	734	5.7%	1.0%
Total	<u>\$ 823,442</u>	<u>\$ 796,557</u>	<u>\$ 77,615</u>	<u>\$ 79,535</u>	9.4%	10.0%

Net Sales

Consolidated net sales for the year ended December 31, 2003 were \$823.4 million as compared to \$796.6 million in 2002, an increase of 3.4%. Along business segment lines, Aerosol net sales in 2003 decreased to \$359.2 million from \$364.1 million in 2002, a decrease of 1.3%, due principally to decreased unit volume (\$7.9 million) partially offset by changes in customer and product mix (\$3.0 million). International net sales increased to \$287.4 million in 2003 from \$241.1 million in 2002, an increase of \$46.2 million or 19.2% primarily due to the positive impact of the translation of sales made in foreign currencies based upon using the same average U.S. dollar exchange rates in effect during the year ended December 31, 2002. Paint, Plastic & General Line segment net sales decreased \$1.0 million to \$119.0 million for the year ended December 31, 2003. This decrease was due primarily to the negative impact of a decrease in paint volume (\$6.5 million) partially offset by an increase in plastics volume (\$2.3 million) and increasing resin prices in our plastics business (\$3.2 million), which are contractually passed on to customers. Custom & Specialty sales of \$57.9 decreased from the \$71.2 million for the year ended December 31, 2002, driven primarily by a decline in volume.

Gross Profit

Consolidated gross profit for the year ended December 31, 2003 was \$77.6 million as compared to \$79.5 million in 2002, a decrease of \$1.9 million. Along business segment lines, Aerosol gross profit dollars increased \$2.3 million versus 2002, and the percentage to sales increased from 16.4% to 17.2%. The increase in gross profit dollars and percentage to sales was driven by the positive impact of restructuring programs (\$6.0 million) partially offset by the margin and overhead absorption impacts (\$3.7 million) of the decreased volume. International gross profit decreased by \$8.5 million, and the percentage to net sales decreased from 3.3% to (0.2)%. The decline in International gross profit dollars and percentage to net sales was primarily due to a \$2.6 million charge to operations by May Verpackungen to writedown its inventory to net realizable market value as well as increased material and production costs at May Verpackungen which cannot be passed through to customers (\$0.5 million). The positive benefit of the Southall plant closure in the third quarter of 2002 (\$3.0 million), was offset by the negative impact of volume related inefficiencies in the UK and France (\$5.9 million) and a non-recurring pension benefit in 2002 of \$2.5 million. The Paint, Plastic & General Line segment gross profit increased \$1.7 million versus 2002 and the percentage to net sales increased 1.5 percentage points to 11.0% in 2003. The improvement was driven by restructuring program benefits (\$0.7 million) and other plastics cost reductions (\$1.4 million), offset by the impact of decreased paint volume of (\$0.4 million). In the Custom & Specialty segment, gross profit dollars increased to \$3.3 million in 2003 versus \$0.7 million in 2002. The improvement was driven by a restructuring benefit of \$0.6 million, and other cost reduction programs and operational efficiencies of \$2.0 million.

Selling, General and Administrative Costs

Selling, general and administrative costs decreased from \$38.5 million in 2002 to \$36.0 million in 2003 due to positive results from Company-wide cost savings programs.

Interest Expense and Bank Financing Fees; Preferred Stock Dividend Requirements

Interest expense in 2003 increased 6.1%, or \$3.1 million, versus 2002 due to higher interest rates (\$1.0 million) and higher average borrowings (\$2.8 million). The increase in interest expense was partially offset by a \$0.7 million decrease in interest expense versus prior year related to the October 10, 2003 expiration of the Company's interest rate protection agreements. See Note (6) to the Consolidated Financial Statements for a further discussion of the Company's debt position.

Bank financing fees for 2003 were \$6.1 million compared to \$4.1 million for 2002. The 2003 increase was primarily due to \$1.5 million of fees incurred and expensed by the Company to amend the Senior Secured Credit Facility. In addition, during 2003, amortization of deferred financing costs increased \$0.5 million over 2002 to \$4.6 million due to \$5.4 million of fees and expenses related to the 10 7/8% Senior Secured Note offering and Senior Secured Credit Facility amendment, which are being amortized over the life of the applicable borrowings. The amortization of these fees and all other deferred financing fees is included in bank financing fees.

Payment in kind dividends of \$13.8 million and \$12.5 million on the redeemable preferred stock were recorded in 2003 and 2002, respectively. See Note (12) to the Consolidated Financial Statements.

Year Ended December 31, 2002 Compared To Year Ended December 31, 2001

	As of December 31,					
	Revenue		Gross Profit		Percentage to Sales	
	2002	2001	2002	2001	2002	2001
Aerosol	\$ 364,133	\$ 334,716	\$ 59,545	\$ 47,299	16.4%	14.1%
International	241,254	229,466	7,878	17,829	3.3%	7.8%
Paint, Plastic & General Line	119,952	130,412	11,378	12,544	9.5%	9.6%
Custom & Specialty	71,218	77,594	734	(998)	1.0%	(1.3)%
Total	<u>\$ 796,557</u>	<u>\$ 772,188</u>	<u>\$ 79,535</u>	<u>\$ 76,674</u>	<u>10.0%</u>	<u>9.9%</u>

Net Sales

Consolidated net sales for the year ended December 31, 2002 were \$796.6 million as compared to \$772.2 million in 2001, an increase of 3.2%. Along business segment lines, Aerosol net sales in 2002 increased to \$364.1 million from \$334.7 million in 2001, an increase of 8.8%, due principally to increased unit volume (\$37.4 million) partially offset by the pricing impacts resulting from a shift in customer demand to smaller can sizes. International net sales increased to \$241.3 million in 2002 from \$229.5 million in 2001, an increase of \$11.8 million or 5.1% primarily due to the positive impact of the translation of sales made in foreign currencies based upon using the same average U.S. dollar exchange rates in effect during the year ended December 31, 2001. The Paint, Plastic & General Line segment net sales decreased 8.0%, from \$130.4 million in 2001 to \$120.0 million in 2002. This decrease was due to changes in product and customer mix along with falling resin prices in our plastics business that are contractually passed on to customers (\$11.3 million) and decreased paint volume (\$2.2 million) offset by increased volume in plastics (\$3.1 million). In 2002, the Company reduced manufacturing capacity in its paint business as part of the Company's restructuring programs. In the Custom & Specialty segment, sales decreased 8.2% from \$77.6 million in 2001 to \$71.2 million in 2002 driven primarily by a change in product mix (\$7.6 million) partially offset by an increase in volume (\$1.2 million).

Gross Profit

Consolidated gross profit for the year ended December 31, 2002 was \$79.5 million as compared to \$76.7 million in 2001, an increase of \$2.8 million. Along business segment lines, Aerosol gross profit dollars increased \$12.2 million versus 2001, and the percentage to sales increased from 14.1% to 16.4%. The increase in gross profit dollars was driven by increased volume (\$5.3 million) and savings realized from other cost containment programs (\$2.4 million). International gross profit decreased by \$10.0 million, and the percentage to net sales decreased from 7.8% to 3.3%. The consolidation of the production of the majority of our U.K. production volume into the Merthyr Tydfil plant increased our per unit production costs, as the inexperienced work force could not produce the same level of output as the prior two-plant workforce, spoilage costs increased and machine breakdowns increased in frequency and duration. These inefficiencies were partially offset by a \$2.1 million benefit relating to the closure of our Southall, U.K. facility in August 2002 and a non-recurring pension benefit of \$2.5 million. In addition, the profitability of our plant in France declined significantly as the cost (including production inefficiencies) to manufacture products transferred from the U.K. and other increased costs exceeded the revenue realized from the transferred business. In Germany, our per unit costs also increased as the shift of our sales mix to the third and fourth quarters was not adequately planned nor anticipated, causing us to incur higher overtime, although fewer units were produced. The Paint, Plastic & General Line segment gross profit decreased \$1.2 million, while the percentage to net sales of 9.5% remained fairly constant with 2001 (9.6%). The decrease in dollars versus 2001 was driven by plastics competitive pricing pressures (\$2.9 million) and the overhead absorption impact of producing fewer units due to the new Atlanta plant in the first half of 2002 (\$1.4 million), partially offset by a \$2.6 million benefit realized from restructuring programs and cost containment programs (\$0.5 million). In the Custom & Specialty segment, gross profit dollars increased to \$0.7 million in 2002, versus a loss of \$1.0 million in 2001. 2001 gross profits were reduced by a \$3.2 million charge for the write-off of inventory associated with discontinued product lines. After consideration of this one-time write-off, gross profit decreased due to a decline in volume at one facility and increased manufacturing support expenses (\$1.1 million), partially offset by benefits realized from restructuring programs (\$0.4 million).

Selling, General and Administrative Costs

Selling, general and administrative costs decreased from \$46.6 million in 2001 to \$38.5 million in 2002 due to the lack of goodwill amortization during the year and positive results from management's focus on Company-wide cost saving programs initiated in 2001. The Company has ceased the amortization of goodwill. Goodwill amortization for the year ended December 31, 2001 was \$2.8 million.

Special Charges

During 2002, the Company substantially completed the restructuring programs initiated in 2001. The Company offered voluntary termination programs to corporate office salaried employees, opened a new plastics plant in Atlanta, Georgia and closed six planned manufacturing facilities. The Burns Harbor, Indiana lithography facility was closed in the fourth quarter, completing the facility closure program. In addition, during the fourth quarter of 2002, the Company sold its Daegeling, Germany facility.

During 2002, the Company recorded a net charge of \$8.9 million related to restructuring. The net charge of \$8.9 million consists of new restructuring reserves of \$12.1 million less reversals of \$3.2 million due to the reassessment of restructuring reserves established in 2001. Included in the 2002 net restructuring charge are executive position elimination costs and the loss on the sale of the Daegeling, Germany facility. While the majority of the restructuring initiatives have been completed in 2002, certain portions of the programs will not be completed until 2003, and the Company does not expect to realize the full earnings benefits until 2004. Certain long-term liabilities (approximately \$3.7 million as of December 31, 2002), consisting primarily of employee termination costs and future ongoing facility carrying costs will be paid over many years. The Company initiated the restructuring programs in 2001 and recorded a net restructuring charge of \$36.2 million for the year.

The table below presents the reserve categories and related activity as of December 31, 2002:

(in millions)	January 1, 2002 Balance	Net Additions(d)	Deductions(c)	Other (b)	December 31, 2002 Balance
Employee Separation	\$21.2	\$5.1	(\$17.6)	\$0.7	\$9.4
Facility Closing Costs	10.7	3.8	(9.6)	1.6	6.5
Total	<u>\$31.9</u>	<u>\$8.9</u>	<u>(\$27.2)</u>	<u>\$2.3</u>	<u>\$15.9 (a)</u>

- (a) Includes \$3.7 million classified as other long-term liabilities as of December 31, 2002.
- (b) Non-cash foreign currency translation impact and the reversal of \$1.5 million of asset write-offs previously expensed in 2001.
- (c) Includes cash payments of \$20.8 million. The remaining non-cash deductions represent increased pension and post-retiree benefits transferred to Other Long-Term Liabilities and the non-cash loss recorded on the sale of the Daegeling facility.
- (d) Includes reversals of \$3.2 million (representing \$1.6 million of employee separation costs and \$1.6 million of facility closing costs) as actual expenditures were less than anticipated.

Interest Expense and Bank Financing Fees; Preferred Stock Dividend Requirements

Interest expense and bank financing fees in 2002 decreased 3.5%, or \$2.0 million, versus 2001 due to lower interest rates (\$3.4 million) partially offset by the interest expense impact of higher average borrowings (\$1.4 million). See Note (6) to the Consolidated Financial Statements for a further discussion of the Company's debt position.

Payment in kind dividends of \$12.5 million and \$11.3 million on the redeemable preferred stock issued in connection with the recapitalization were recorded in 2002 and 2001, respectively. See Note (12) to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

During 2003, liquidity needs were met through cash provided by operating activities, seasonal borrowings made under credit lines and proceeds from the sale of a facility. Principal liquidity needs included operating costs, seasonal working capital needs and capital expenditures. Cash flow provided by operations was \$19.9 million for the year ended December 31, 2003, compared to \$3.8 million for the year ended December 31, 2002. The increase in cash provided was primarily due to decreased restructuring expenditures (\$ 12.0 million).

Net cash used in investing activities was \$14.9 million in 2003, as compared to \$21.7 million in 2002. Investing activities for 2003 relate primarily to capital spending of \$20.3 million, including \$1.6 million in conjunction with the Company's restructuring programs, offset by the proceeds received from the sale of property of \$5.4 million. As of December 31, 2003, the cost to complete projects included in Construction in Progress is estimated at \$8.6 million. We are contractually committed to spend approximately 75% of this amount, however we expect to spend the entire amounts necessary to complete these projects. Total capital expenditures in 2002 were \$27.2 million, including \$11.5 million in conjunction with the Company's restructuring programs. Base capital expenditures are expected to range from \$20.0 million to \$24.0 million in 2004. Capital expenditures are expected to be funded from cash on hand, operations and borrowings under the revolving credit facility. Capital investments have historically yielded reduced operating costs and improved profit margins, and management believes that the strategic deployment of capital will enable overall profitability to improve by leveraging the economies of scale inherent in the manufacturing of containers.

Net cash provided by financing activities in 2003 was \$9.8 million versus cash provided of \$14.0 million in 2002. Cash provided by financing activities in 2003 includes the proceeds of the initial sale of receivables by the Company's subsidiary May Verpackungen as discussed below.

On July 22, 2003, the Company completed an offering of \$125 million of 10 7/8% Senior Secured Notes due 2010 ("Senior Secured Notes"). The Notes are secured, on a second priority basis, by substantially all of the collateral that currently secures the Company's Senior Secured Credit Facility.

The Company also amended its Senior Secured Credit Facility to permit the offering of the Senior Secured Notes and adjust certain financial covenants, among other things. These amendments also permit, from time to time and subject to certain conditions, the Company to repurchase a portion of its outstanding 12 3/8% senior subordinated notes in open market or privately negotiated purchases.

The Company used the \$125 million in proceeds generated from the offering to prepay \$23.3 million of its Tranche A term loan, \$46.7 million of its Tranche B term loan and to reduce its borrowings under its revolving credit facility by \$55.0 million. The repayments under the revolving credit facility did not reduce the \$110.0 million amount available for borrowings under the facility. The prepayments under the Tranche A term loan were applied in direct order of maturity and eliminate quarterly principal payments through December 2004. Through December 31, 2003, the Company incurred approximately \$6.9 million of fees and expenses related to the offering and the amendment of its Senior Secured Credit Facility.

At December 31, 2003, \$42.1 million had been borrowed under the \$110.0 million revolving loan portion of the Senior Secured Credit Facility. Letters of Credit of \$13.3 million were also outstanding securing the Company's obligations under various insurance programs and other contractual agreements. In addition, the Company had \$23.0 million of cash and cash equivalents at year end.

Amounts outstanding under the Senior Secured Credit Facility bear interest at a rate per annum equal to either: (1) the base rate (as defined in our Senior Secured Credit Facility) or (2) the LIBOR rate (as defined in our Senior Secured Credit Facility), in each case, plus an applicable margin. The applicable margins are subject to future reductions based on the achievement of certain leverage ratio targets and on the credit rating of our Senior Secured Credit Facility.

Borrowings under the Tranche A term loan are due and payable in quarterly installments, beginning in the first quarter 2005. The payments in the first three quarters of 2005 will be approximately \$3.5 million per quarter, and \$7.1 million will be paid in the fourth quarter of 2005. Borrowings under the Tranche B term loan are due and payable in quarterly installments of nominal amounts. The balance under the Tranche A and Tranche B term loans is due in January 2006. No payments are due on borrowings under the Tranche C term loan prior to its final maturity in January 2006. The revolving credit facility is available

until January 4, 2006. Additionally, the Company's Senior Secured Credit Facility requires a prepayment in the event that excess cash flow (as defined) exists and following certain other events, including certain asset sales and issuances of debt and equity.

United States Can has outstanding \$125.0 million aggregate principal amount of 10 7/8% Senior Secured Notes due July 15, 2010. The 10 7/8% Senior Secured Notes are secured obligations, on a second priority basis behind the lenders under the Company's Senior Secured Credit Facility, of United States Can and are senior in right of payment to all of United States Can's unsubordinated indebtedness. The 10 7/8% Senior Secured Notes are guaranteed on a senior secured basis by U.S. Can and all of United States Can's domestic restricted subsidiaries.

United States Can also has outstanding \$171.7 million aggregate principal amount of 12 3/8% Senior Subordinated Notes due October 1, 2010. The 12 3/8% Senior Subordinated Notes are unsecured obligations of United States Can and are subordinated in right of payment to all of United States Can's senior indebtedness. The 12 3/8% Senior Subordinated Notes are guaranteed by U.S. Can and all of United States Can's domestic restricted subsidiaries. During December 2003, in accordance with the amended Senior Secured Credit Facility, the Company repurchased \$3.3 million face value 12 3/8% Senior Subordinated Notes at a discount, plus accrued interest. A gain of \$0.2 million from the early extinguishment of the 12 3/8% Senior Subordinated Notes, related to the discount and net of related deferred financing costs, was recorded in operating income.

The Senior Secured Credit Facility, the 10 7/8% Senior Secured Notes and the 12 3/8% Senior Subordinated Notes contain a number of financial and restrictive covenants. 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. The restrictive covenants limit the Company's ability to incur debt, pay dividends or make distributions, sell assets or consolidate or merge with other companies. As of December 31, 2003, the Company reported that it was in compliance with its covenants under the aforementioned facilities. On a restated basis, the Company was not in compliance with certain of its financial ratios under the Senior Secured Credit Facility; however, subsequent to December 31, 2003, the Company refinanced its senior debt and was in compliance with its new senior debt facility for all relevant periods.

On November 13, 2003, May finalized the terms of a two-year accounts receivable factoring arrangement. Under the terms of the agreement, May will factor its customer accounts receivable, subject to a maximum of €12 million of receivables. May pays a nominal factoring fee and an interest charge for amounts advanced to May that have not been paid by the customer to the factor. May received its initial draw under the factoring agreement (\$11.2 million) in December 2003 and used a portion of this draw to repay all of its borrowings under two bank facilities. In addition, one of May's lenders agreed to extend the existing facility for borrowings up to €1.3 million through June 30, 2004. Any borrowings under the extended facility will be secured by one manufacturing plant. We cannot assure you that the factoring arrangement will be sufficient to meet May's funding requirements during its peak third quarter borrowing period. If the factoring arrangement is not sufficient to meet May's funding requirements, the Company would expect to extend or refinance the current bank facilities, but we cannot assure you that the Company will be able to obtain the needed extensions or refinancing. If additional funds above those available from the factoring arrangement are required and the Company is unable to extend or refinance the current bank facilities, the Company would seek to provide funding from other sources currently available to the Company, including existing or new lines of credit in Europe and the United States.

As more fully described in Note (4) to the Consolidated Financial Statements, the Company initiated several restructuring programs in 2001. While the majority of the restructuring initiatives were completed in 2002, certain portions of the programs were not completed until 2003. Future cash requirements related to these programs are estimated to be approximately \$3.4 million in 2004 and \$4.5 million in 2005 and beyond, consisting primarily of employee termination costs and future ongoing facility carrying costs that will be paid over many years. The Company expects to fund these cash requirements from cash on hand, operations and borrowings under the revolving credit facility.

The table below presents the reserve categories and related activity as of December 31, 2003:

(in millions)	January 1, 2003 Balance	Net Additions(c)	Cash Deductions	Other (b)	December 31, 2003 Balance
Employee Separation	\$9.4	\$0.5	(\$6.0)	\$0.4	\$4.3
Facility Closing Costs	6.5	(0.1)	(2.8)	-	3.6
Total	<u>\$15.9</u>	<u>\$0.4</u>	<u>(\$8.8)</u>	<u>\$0.4</u>	<u>\$7.9 (a)</u>

(a) Includes \$4.5 million classified as other long-term liabilities as of December 31, 2003.

(b) Non-cash foreign currency translation impact.

(c) Includes reversals of \$1.8 million due to the re-assessment of reserves.

The Company has also initiated a customer and product line profitability review within its German food can business. As a result of this review, the Company intends to exit certain unprofitable customer relationships and product lines (representing less than 10% of International segment sales and less than 3% of total Company sales) during 2004. The Company will record restructuring charges related to these product line exits, primarily employee severance, but has not yet quantified the amount of the charges.

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, restructuring costs, capital expenditures and working capital needs. Future operating performance, unexpected capital expenditures, investments, acquisitions 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 Company has a number of contractual commitments to make future cash payments. Under existing agreements, contractual obligations as of December 31, 2003 are as follows (000's omitted):

Contractual Obligations (b)	Payments due by period			
	1st year	2-3 years	4-5 years	After 5 years
Long term debt.....	\$ 22,709	\$ 232,965	\$ 2,052	\$ 300,710
Capital lease obligations	748	40	-	-
Operating leases.....	6,327	9,984	7,214	12,284
Pension & other post-retirement employee benefit obligations (a).....	3,089	5,900	6,518	-
Other long-term liabilities on the consolidated balance sheet	2,652	2,311	221	159
Total Contractual Commitments	<u>\$ 35,525</u>	<u>\$ 251,200</u>	<u>\$ 16,005</u>	<u>\$ 313,153</u>

(a) These amounts exclude the Company's non-U.S. pension plans as this information is not available. Payments to the Company's non-U.S. pension plans were \$3.3 million in 2003. The Company's long-term pension and post-retirement benefit obligations are estimates based on the Company's current information and are subject to collective bargaining agreements. The Company reserves the right to make changes to these estimates in the future as facts and circumstances change and new information is received. Additionally, the amount of contractual obligations beyond five years is not reliably estimable and is therefore not included in the table.

(b) The aggregate amount of the Company's open purchase obligations is not included in the Company's contractual obligations table due to the short-term nature and, excluding the amount that the Company has committed to spend to complete projects included in Construction in Progress (as discussed previously), the immateriality of the purchase obligations that the Company is contractually obligated to as of December 31, 2003.

See Note (6) to the Consolidated Financial Statements for further information on obligations under our borrowing agreements and Note (10) for further information on capital and operating leases.

The Company's amended Senior Secured Credit Facility permits, from time to time and subject to certain conditions, the redemption of the subordinated debt. The Company intends to pursue opportunistic repurchases of its outstanding 12 3/8% Senior Subordinated Notes as time and circumstances permit, subject to market conditions, the trading price of the 12 3/8% Senior Subordinated Notes and the terms of the Company's Senior Secured Credit Facility.

The Company continually evaluates all areas of its operations for ways to improve profitability and overall Company performance. In connection with these evaluations, management considers numerous alternatives to enhance the Company's existing business including, but not limited to acquisitions, divestitures, capacity realignments and alternative capital structures.

INFLATION

Tin-plated steel represents the primary component of the Company's raw materials requirements. Historically, the Company has not always been able to immediately offset increases in tinplate prices with customer price increases. The Company's capital spending programs and manufacturing process upgrades are designed to increase operating efficiencies and mitigate the impact of inflation on the Company's cost structure.

Tin-plate prices have increased slightly over the last five years. While there is some long-term variability, tin-plate prices have generally been stable and price increases have historically been announced several months before implementation. This stability has enhanced the Company's ability to communicate and negotiate required selling price increases with its customers and minimizes fluctuations of the Company's gross profits. Many of the Company's domestic and some of its international multi-year supply agreements with its customers permit it to pass through tin-plate price increases and, in some cases, other raw material costs. Starting in the fourth quarter of 2003, many domestic and foreign steel suppliers began experiencing a shortage of coke, an important component of the steel-making process. The shortage is due to many factors, which include the growing Chinese steel market and a fire at a coal mine in the U.S. that produces coke and is expected to continue in at least the near future. While we cannot predict the long-term effects the shortage will have on our tin-plate costs, the shortage has caused some steel manufacturers to consider a surcharge on steel, which could potentially increase our tinplate prices. The Company has not always been able to immediately offset increases in tin-plate prices with price increases on its products.

NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) issued SFAS No. 146 "Accounting for Costs Associated With Exit or Disposal Activities," in July 2002. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 supercedes the guidance of Emerging Issues Task Force ("EITF") Issue No. 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity," which required that liabilities for exit costs be recognized at the date of an entity's commitment to an exit plan. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. As discussed in Note (4), the Company recorded restructuring charges in 2003 in accordance with the provisions of SFAS No. 146.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which requires variable interest entities to be consolidated by the primary beneficiary of the entity if certain criteria are met. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 became effective during the fourth quarter of 2003. The Company adopted FIN 46 in January of 2003. There was no impact to the financial position and results of operations of the Company as a result of the adoption in 2003.

In December of 2003, the FASB issued a revised SFAS No. 132 "Employers' Disclosures about Pensions and Other Postretirement Benefits". The statement revises employers' disclosures about pension plans and other postretirement benefit plans but it does not change the measurement or recognition of those plans. The revised SFAS No. 132 requires additional disclosures to those in the original SFAS 132 about the assets, obligations, cash flows, and net periodic benefit cost of defined

pension plans and other defined benefit postretirement plans. The statement also increases quarterly pension plan and postretirement benefit plan disclosure requirements. Revised SFAS No. 132 domestic plan disclosure requirements are effective for financial statements with fiscal years ending after December 15, 2003. However, disclosure of information about foreign plans required by the Statement is effective for fiscal years ending after June 15, 2004. The Company adopted this statement in December of 2003 and there was no impact to the financial position and results of operations of the Company as a result of the adoption. See Notes (8) and (9) to the Consolidated Financial Statements for the additional disclosures required by this pronouncement.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Foreign Currency Risk

The Company bears foreign exchange risk because much of our financing is currently obtained in U.S. dollars, but a portion of the Company's revenues and expenses are earned in the various currencies of our foreign subsidiaries' operations. The revolving credit facility allows certain foreign subsidiaries to borrow up to \$75 million in British Pounds Sterling, and Euros. The Company has not made borrowings in any of these currencies.

Interest Rate Risk

Interest rate risk exposure results from our floating rate borrowings. A portion of the interest rate risks were hedged by entering into swap and collar agreements. The agreements expired on October 10, 2003. The Company does not currently intend to enter into new interest rate protection agreements.

The table below provides information about the Company's debt obligations that are sensitive to changes in interest rates as of December 31, 2003. The table presents principal cash flows and related weighted average interest rates by expected maturity dates.

Debt Obligations	2004	2005	2006	2007	2008	Thereafter	Fair Value
	(dollars in millions)						
Fixed rate	\$0.7	\$ --	\$0.9	\$ --	\$ --	\$296.7	\$290.2
Average interest rate	6.14%	--	10.13%	--	--	11.74%	
Variable rate	\$22.7	\$19.2	\$212.9	\$1.0	\$ 1.1	\$4.0	\$256.0
Average interest rate	4.94%	5.15%	5.08%	4.74%	4.74%	1.20%	

The Company does not use financial instruments for trading or speculative purposes. Quoted market values are only available on the 10 7/8% Senior Secured Notes and 12 3/8% Senior Subordinated Notes. Fair value amounts, because they do not include certain costs such as prepayment penalties, do not represent the amount the Company would have to pay to reacquire and retire all of its outstanding debt in a current transaction.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To U.S. Can Corporation:
Lombard, Illinois

We have audited the accompanying consolidated balance sheets of U.S. Can Corporation and Subsidiaries (“the Company”) as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders’ equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of the Company for the year ended December 31, 2001, before the inclusion of the disclosures discussed in Note 15 to the financial statements, were audited by other auditors, who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated March 6, 2002.

We conducted our audits in accordance with 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. 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.

In our opinion, such 2003 and 2002 consolidated financial statements present fairly, in all material respects, the financial position of U.S. Can Corporation and Subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 3 to the accompanying consolidated financial statements, the Company has restated its consolidated balance sheets as of December 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity and cash flows for the years ended December 31, 2003 and 2002.

As discussed in Note 2, in 2002 the Company changed its method of accounting for goodwill as required by Statement of Financial Accounting Standards (Statement) No. 142, “Goodwill and Other Intangible Assets.”

As discussed above, the financial statements of U.S. Can Corporation as of December 31, 2001, and for the years then ended were audited by other auditors who have ceased operations. As described in Note 15, these financial statements have been revised to include the transitional disclosures required by Statement No. 142, which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 15 with respect to 2001 included (i) comparing the previously reported net income to the previously issued financial statements and the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill, to the Company’s underlying records obtained from management, and (ii) testing the mathematical accuracy of the reconciliation of adjusted net income to reported net income. In our opinion, the disclosures for 2001 in Note 15 are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 financial statements of the Company other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 financial statements taken as a whole.

Deloitte & Touche LLP
Chicago, Illinois
March 5, 2004 (November 16, 2004 as to Note 3)

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The following report is a copy of a report previously issued by Arthur Andersen LLP and has not been reissued by Arthur Andersen LLP. In fiscal 2002, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS No. 142). As discussed in Note 15 to the consolidated financial statements, the Company has presented the transitional disclosures for 2001 required by SFAS No. 142. The Arthur Andersen LLP report does not extend to these transitional disclosures. These disclosures are reported on by Deloitte & Touche LLP as stated in their report appearing herein.

TO U.S. CAN CORPORATION:

We have audited the accompanying consolidated balance sheets of U.S. CAN CORPORATION (a Delaware corporation) AND SUBSIDIARIES as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001*. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of U.S. Can Corporation and Subsidiaries as of December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP
Chicago, Illinois
March 6, 2002

* The 2000 and 1999 consolidated financial statements are not required to be presented in the 2003 annual report.

U.S. CAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(000's omitted)

	For the Year Ended		
	As Restated (See Note (3)) December 31, 2003	December 31, 2002	December 31, 2001
Net Sales.....	\$823,442	\$796,557	\$772,188
Cost of Sales.....	745,827	717,022	695,514
Gross Profit	77,615	79,535	76,674
Selling, General and Administrative Expenses	35,986	38,474	46,581
Special Charges.....	382	8,921	36,239
Operating Income (Loss).....	41,247	32,140	(6,146)
Interest Expense	54,411	51,278	54,668
Bank Financing Fees	6,118	4,051	2,636
Loss Before Income Taxes.....	(19,282)	(23,189)	(63,450)
Provision (Benefit) for Income Taxes	2,049	36,150	(23,034)
Loss from Operations Before Cumulative Effect of Accounting Change.....	(21,331)	(59,339)	(40,416)
Cumulative Effect of Accounting Change, net of income taxes	—	(18,302)	—
Net Loss	(21,331)	(77,641)	(40,416)
Preferred Stock Dividend Requirement	(13,821)	(12,521)	(11,345)
Net Loss Attributable to Common Stockholders.....	<u>\$(35,152)</u>	<u>\$(90,162)</u>	<u>\$(51,761)</u>

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	As Restated (See Note (3)) December 31, 2003	December 31, 2002
CURRENT ASSETS:		
Cash and cash equivalents	\$22,964	\$11,690
Accounts receivable, net of allowances	81,393	89,320
Inventories, net	95,140	105,195
Deferred income taxes	796	7,730
Other current assets	13,917	14,077
Total current assets	214,210	228,012
PROPERTY, PLANT AND EQUIPMENT, less accumulated depreciation and amortization.....	247,489	244,541
GOODWILL, less accumulated amortization.....	27,384	27,384
DEFERRED INCOME TAXES	30,816	29,340
OTHER NON-CURRENT ASSETS.....	54,519	50,836
Total assets	\$574,418	\$580,113
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital lease obligations	\$23,457	\$28,450
Accounts payable.....	98,411	100,225
Accrued expenses	50,695	52,466
Restructuring reserves	3,412	12,217
Income taxes payable.....	362	95
Total current liabilities.....	176,337	193,453
LONG TERM DEBT.....	535,767	523,529
LONG TERM LIABILITIES PURSUANT TO EMPLOYEE BENEFIT PLANS	71,779	74,574
OTHER LONG-TERM LIABILITIES.....	5,492	5,432
Total liabilities	789,375	796,988
REDEEMABLE PREFERRED STOCK, 200,000 shares authorized, 106,667 shares issued & outstanding.....	146,954	133,133
STOCKHOLDERS' EQUITY:		
Common stock, \$10.00 par value, 100,000 shares authorized, 53,333 shares issued & outstanding.....	533	533
Additional paid-in-capital.....	52,800	52,800
Accumulated other comprehensive loss	(28,124)	(51,373)
Accumulated deficit.....	(387,120)	(351,968)
Total stockholders' equity / (deficit)	(361,911)	(350,008)
Total liabilities and stockholders' equity	\$574,418	\$580,113

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

U.S. CAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(000's omitted)

	Common Stock	Paid-in- Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Comprehensive Income (Loss)
BALANCE AT					
DECEMBER 31, 2000	\$ 533	\$52,800	\$ (19,674)	\$(207,982)	
Net loss	—	—	—	(40,416)	\$ (40,416)
Settlement of shareholder litigation in connection with the recapitalization	—	—	—	(2,063)	—
Unrealized loss on cash flow hedge	—	—	(3,862)	—	(3,862)
Preferred stock dividends	—	—	—	(11,345)	—
Equity adjustment to reflect minimum pension liability	—	—	(288)	—	(288)
Currency translation adjustment	—	—	(14,827)	—	(14,827)
Comprehensive loss					<u>\$ (59,393)</u>
BALANCE AT					
DECEMBER 31, 2001	533	52,800	(38,651)	(261,806)	
2002 Activity as Restated (See Note (3)):					
Net loss	—	—	—	(77,641)	\$ (77,641)
Unrealized gain on cash flow hedge	—	—	176	—	176
Preferred stock dividends	—	—	—	(12,521)	—
Equity adjustment to reflect minimum pension liability	—	—	(22,058)	—	(22,058)
Currency translation adjustment	—	—	9,160	—	9,160
Comprehensive loss					<u>\$ (90,363)</u>
RESTATE BALANCE AT					
DECEMBER 31, 2002	533	52,800	(51,373)	(351,968)	
2003 Activity as Restated (See Note (3)):					
Net loss	—	—	—	(21,331)	\$ (21,331)
Unrealized gain on cash flow hedge	—	—	3,686	—	3,686
Preferred stock dividends	—	—	—	(13,821)	—
Equity adjustment to reflect minimum pension liability	—	—	3,565	—	3,565
Currency translation adjustment	—	—	15,998	—	15,998
Comprehensive income					<u>\$ 1,918</u>
RESTATE BALANCE AT					
DECEMBER 31, 2003	<u>\$ 533</u>	<u>\$ 52,800</u>	<u>\$(28,124)</u>	<u>\$(387,120)</u>	

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

U.S. CAN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(000's omitted)

	For the Year Ended December 31,		
	As Restated (See Note (3))		
	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$(21,331)	\$(77,641)	\$(40,416)
Adjustments to reconcile net loss to net cash provided by operating activities –			
Depreciation and amortization.....	38,060	34,425	34,626
Special charges	382	8,921	36,239
Cumulative effect of accounting change, net of tax	–	18,302	–
Deferred income taxes	(534)	34,238	(24,369)
Change in operating assets and liabilities, net of effect of acquired and disposed of businesses:			
Accounts receivable	(631)	12,458	(5,677)
Inventories	17,621	2,828	11,070
Accounts payable	(10,895)	(4,101)	(3,366)
Accrued expenses	(7,494)	(19,592)	(12,838)
Other, net	4,689	(6,021)	(2,261)
Net cash provided by (used in) operating activities	<u>19,867</u>	<u>3,817</u>	<u>(6,992)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures, including restructuring capital	(20,288)	(27,235)	(19,537)
Acquisition of business, net of cash acquired	–	–	(4,198)
Proceeds from sale of property	5,429	5,662	7,208
Investment in Formametal S.A.	–	(133)	(7,891)
Net cash used in investing activities	<u>(14,859)</u>	<u>(21,706)</u>	<u>(24,418)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Settlement of shareholder litigation.....	–	–	(2,063)
Repurchase of 12 3/8% notes	(3,011)	–	–
Issuance of 10 7/8% notes	125,000	–	–
Net borrowings (payments) under the revolving line of credit	(27,600)	13,600	37,600
Payments of Tranche A loan	(27,294)	(8,000)	(6,000)
Payments of Tranche B loan.....	(47,575)	(1,000)	(1,250)
Borrowing of Tranche C loan	–	–	20,000
Borrowing of other long-term debt.....	5,901	12,625	–
Proceeds from accounts receivable factoring	11,195	–	–
Payments of other long-term debt, including capital lease obligations.....	(19,829)	(3,168)	(6,852)
Payment of debt financing costs.....	(6,938)	–	(6,294)
Net cash provided by financing activities	<u>9,849</u>	<u>14,057</u>	<u>35,141</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH.....	<u>(3,583)</u>	<u>779</u>	<u>228</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>11,274</u>	<u>(3,053)</u>	<u>3,959</u>
CASH AND CASH EQUIVALENTS, beginning of year.....	<u>11,690</u>	<u>14,743</u>	<u>10,784</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$22,964</u>	<u>\$11,690</u>	<u>\$14,743</u>

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 DECEMBER 31, 2003, 2002 AND 2001

(1) Basis of Presentation and Operations

The consolidated financial statements include the accounts of U.S. Can Corporation (the "Corporation" or "U.S. Can"), its wholly owned subsidiary, United States Can Company ("United States Can"), and United States Can's subsidiaries (the "Subsidiaries"). All significant intercompany balances and transactions have been eliminated. The consolidated group is referred to herein as "the Company". Certain prior year amounts have been reclassified to conform with the 2003 presentation. The reclassifications had no effect on net loss attributable to common stockholders or total assets.

The Company is a supplier of steel and plastic containers for personal care, household, food, automotive, paint and industrial supplies, and other specialty products. The Company owns or leases 13 plants in the United States and 8 plants located in Europe.

(2) Summary of Significant Accounting Policies

(a) *Cash and Cash Equivalents* - The Company considers all liquid interest-bearing instruments purchased with an original maturity of three months or less to be cash equivalents.

(b) *Accounts Receivable Allowances* - Allowances for accounts receivable are based on the customer relationships, the aging and turns of accounts receivable, credit worthiness of customers, credit concentrations and payment history. Although management monitors collections and credit worthiness, 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. Activity in the accounts receivable allowances accounts was as follows (000's omitted):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Balance at beginning of year	\$ 16,157	\$ 12,243	\$ 10,971
Provision for doubtful accounts	1,387	1,420	621
Change in discounts, allowances and rebates	(975)	3,438	790
Write-offs of doubtful accounts, net of recoveries	(313)	(944)	(139)
Balance at end of year	<u>\$ 16,256</u>	<u>\$ 16,157</u>	<u>\$ 12,243</u>

(c) *Inventories*-- 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. Had the inventories been valued using the first-in, first-out ("FIFO") method, the amount would not have differed materially from the amounts as determined using the LIFO method. Costs for Subsidiaries' inventory have been determined using the first-in, first-out ("FIFO") method. Subsidiaries' inventory was approximately \$42.4 million as of December 31, 2003 and approximately \$47.7 million as of December 31, 2002. The Company estimates reserves for inventory obsolescence and shrinkage based on its judgment of future realization.

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

	<u>2003</u>	<u>2002</u>
Raw materials	\$ 21,872	\$ 24,104
Work in progress	38,635	45,770
Finished goods	34,633	35,321
Total Inventory	<u>\$ 95,140</u>	<u>\$ 105,195</u>

(d) *Property, Plant and Equipment*--Property, plant and equipment is recorded at cost. Major renewals and betterments which extend the useful life of an asset are capitalized; routine maintenance and repairs are expensed as incurred. Maintenance and repairs charged against earnings were approximately \$27.5 million, \$27.4 million and \$28.6 million in 2003, 2002 and 2001, respectively. Upon sale or retirement of these assets, the asset cost and related accumulated depreciation are removed from the accounts and any related gain or loss is reflected in income.

Depreciation for financial reporting purposes is principally provided using the straight-line method over the estimated useful lives of the assets, as follows: buildings-25 to 40 years; machinery and equipment-5 to 20 years. Equipment under capital leases is amortized over the life of the lease. Depreciation expense was \$33.5 million, \$30.4 million and \$29.2 million for 2003, 2002 and 2001, respectively.

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

	<u>2003</u>	<u>2002</u>
Land	\$ 6,410	\$ 5,086
Buildings	63,828	60,364
Machinery and equipment	455,302	409,553
Capital leases	8,395	9,036
Construction in process	17,577	23,347
	<u>551,512</u>	<u>507,386</u>
Accumulated depreciation and amortization	(304,023)	(262,845)
Total Property	<u>\$ 247,489</u>	<u>\$ 244,541</u>

(e) *Goodwill* – Statement of Financial Accounting Standards (“SFAS”) No. 142 “Goodwill and Other Intangible Assets” requires that goodwill and “indefinite-lived” intangibles are not amortized but are tested at least annually for impairment. On an ongoing basis, the Company reviews its operations for indications of potential goodwill impairment and annually tests its goodwill for impairment under SFAS 142 in November of each year. The Company identifies potential impairments of goodwill by comparing an estimated fair value for each applicable business unit to its respective carrying value. Although the values are assessed using a variety of internal and external sources, future events may cause reassessments of these values and related goodwill impairments. The Company ceased the amortization of its goodwill in 2002. For the year ended December 31, 2001, the Company recorded goodwill amortization of \$2.8 million. The Company recorded a non-cash, pre-tax goodwill impairment charge of \$39.1 million (\$18.3 million, net of tax) as the cumulative effect of a change in accounting in the fourth quarter of 2002, effective January 1, 2002. See Note (15) for additional disclosure.

(f) *Bank Financing Fees* – Costs related to the issuance of new debt and bank costs related to the amendment of a debt agreement are included in other non-current assets and are deferred and amortized over the terms (or remaining terms) of the related debt agreements. Third party costs, other than bank costs, related to the amendment of a debt agreement are expensed as incurred. Amortization of financing costs in 2003, 2002, and 2001 were \$4.6 million, \$4.1 million and \$2.6 million, respectively and are included in bank financing fees. During 2003, the Company incurred and expensed \$1.5 million of third party fees to amend the Senior Secured Credit Facility. These fees are also included in bank financing fees. The Company paid \$6.9 million of financing costs in 2003 and \$6.3 million of financing costs in 2001. The Company did not incur any financing costs in 2002.

(g) *Impairment of Long-Lived Assets* – In accordance with SFAS 144, “Accounting for the Impairment or Disposal of Long-Lived Assets”, the Company continually reviews whether events and circumstances subsequent to the acquisition of any long-lived assets have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, the Company uses projections to assess whether future cash flows or operating income (before amortization) on an undiscounted basis related to the tested assets is likely to exceed the recorded carrying amount of those assets, to determine if a write-down is appropriate. Should an impairment be identified, a loss would be reported to the extent that the carrying value of the impaired assets exceeds their fair values as determined by valuation techniques appropriate in the circumstances that could include the use of similar projections on a discounted basis.

(h) *Revenue* – Revenue is recognized when goods are shipped, at which time, title and risk of loss pass 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. As sales occur, a provision for rebates is accrued on the balance sheet and is charged against net sales. In accordance with Emerging Issues Task Force (“EITF”) 00-10, “Accounting for Shipping and Handling Fees and Costs,” the Company records freight billed to its customers as net sales and the related freight costs as a cost of sales.

(i) *Foreign Currency Translation* - The functional currency for all the Company's Subsidiaries is the applicable local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using an average exchange rate prevailing during the period. The gains or losses resulting from such translation are included in accumulated other comprehensive loss. Gains or losses resulting from foreign currency transactions are included in operating income and were not material in 2003, 2002 or 2001.

(j) *Financial Instruments* - To manage interest rate exposure and as required under the Company's Senior Secured Credit Facility, the Company entered into interest rate agreements in 2000. These agreements expired on October 10, 2003. The net interest paid or received on the agreements was recognized as interest income or expense. The interest rate agreements were reported in the consolidated financial statements at fair value using a mark to market valuation. Changes in the fair value of the contracts were recorded each period as a component of other comprehensive income. Gains or losses on interest rate agreements were reclassified as earnings or losses in the period in which earnings were affected by the underlying hedged item. The fair value of the agreements was reported in accrued liabilities at December 31, 2002, therefore the expiration of the agreements had no impact on the Company's reported debt balances. The Company does not use financial instruments for trading or speculative purposes.

(k) *Accumulated Other Comprehensive Loss* - The components of accumulated other comprehensive loss for 2003, 2002 and 2001 are as follows (000's omitted):

	2003	2002	2001
Foreign Currency Translation Adjustment.....	\$(7,479)	\$(25,341)	\$(34,501)
Minimum Pension Liability Adjustment.....	(20,645)	(22,346)	(288)
Unrealized Loss on Cash Flow Hedges	--	(3,686)	(3,862)
Total Accumulated Other Comprehensive Loss	\$(28,124)	\$(51,373)	\$(38,651)

The components of comprehensive loss for 2003, 2002 and 2001 are included in the Statement of Stockholder's Equity. The unrealized loss on cash flow hedge included in comprehensive gain / (loss) is net of reclassifications of losses included in interest expense of \$5.1 million, \$5.8 million and \$2.6 million for the years ended December 31, 2003, 2002 and 2001, respectively. Minimum pension liability adjustment as of December 31, 2003, 2002 and 2001 is net of taxes of \$11.5 million, \$12.6 million and \$0.0 million, respectively. Unrealized loss on cash flow hedges as of December 31, 2002 and 2001 is net of taxes of \$2.3 million and \$2.4 million, respectively.

(l) *Stock-Based Compensation* – The Company periodically issues stock-based compensation under its U.S. Can 2000 Equity Incentive Plan. The Company continues to use the intrinsic fair value method under Accounting Principles Board (“APB”) Opinion No. 25 to account for the its stock-based compensation plan; therefore, no compensation costs are recognized in the Company's financial statements for options granted.

In accordance with SFAS No. 148 “Accounting for Stock-Based Compensation – Transition and Disclosure”, the following table presents (in thousands) what the Company's net loss would have been had the Company determined compensation costs using the fair value-based accounting method for the years ended December 31, 2003, 2002 and 2001.

	For the Years Ended December 31,		
	2003	2002	2001
Net Loss	\$ (21,331)	\$ (77,641)	\$ (40,416)
Stock-Based Compensation Cost, net of tax – fair value method.....	(88)	(151)	(146)
Pro-Forma Net Loss	\$ (21,419)	\$ (77,792)	\$ (40,562)

(m) *Income Taxes* – The Company accounts for income taxes using the asset and liability method under which deferred income tax assets and liabilities are recognized for the tax consequences of “temporary differences” between the financial statement carrying amounts and the tax bases of existing assets and liabilities and operating losses and tax credit carry forwards. On an ongoing basis, the Company evaluates its deferred tax assets to determine whether it is more likely than not that such assets will be realized in the future and records valuation allowances against the deferred tax assets for amounts which are not considered more likely than not to be realized. The estimate of the amount that is more likely than not to be realized requires the use of assumptions concerning the amounts and timing of the Company’s future income by taxing jurisdiction.

(n) *New Accounting Pronouncements* – SFAS No. 145 “Rescission of FASB Statements No. 4, 44, and 46, Amendment of FASB Statement No. 13, and Technical Corrections” was issued in April 2002 and is effective for fiscal years beginning after May 15, 2002. This statement eliminates the current requirement that gains and losses on extinguishment of debt be classified as extraordinary items in the statement of operations. Instead, the statement requires that gains and losses on extinguishment of debt be evaluated against the criteria in APB Opinion 30 to determine whether or not such gains or losses should be classified as an extraordinary item. The statement also contains other corrections to authoritative accounting literature in SFAS 4, 44 and 46. In accordance with the pronouncement, the Company adopted the standard on January 1, 2003. There was no impact to the Company’s 2003 or 2002 financial position and results of operations as a result of the adoption.

The Financial Accounting Standards Board (FASB) issued SFAS No. 146 “Accounting for Costs Associated With Exit or Disposal Activities,” in July 2002. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 supercedes the guidance of EITF Issue No. 94-3 “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity,” which required that liabilities for exit costs be recognized at the date of an entity’s commitment to an exit plan. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The Company recorded restructuring charges in 2003 in accordance with the provisions of SFAS No. 146.

In January 2003, the FASB issued FASB Interpretation No. 46, “Consolidation of Variable Interest Entities” (“FIN 46”), which requires variable interest entities to be consolidated by the primary beneficiary of the entity if certain criteria are met. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 became effective during the fourth quarter of 2003. The Company adopted FIN 46 in January of 2003. There was no impact to the financial position and results of operations of the Company as a result of the adoption.

In May 2003, the FASB issued SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities.” SFAS No. 149 amends and clarifies accounting for derivative instruments including certain derivative instruments embedded in other contracts and hedging activities under SFAS No. 133. It is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of this standard did not impact the Company’s financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, “Accounting For Certain Financial Instruments with Characteristics of Both Liabilities and Equity” which establishes standards for how an issuer of financial instruments classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) if, at inception, the monetary value of the obligation is based solely or predominantly on a fixed monetary amount known at inception, variations in something other than the fair value of the issuer’s equity shares or variations inversely related to changes in the fair value of the issuer’s equity shares.

This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. In accordance with the pronouncement, the Company adopted the standard on June 30, 2003. At December 31, 2003, the Company had \$147.0 million of redeemable preferred stock. However, as the Company's redeemable preferred stock does not contain an unconditional obligation requiring the Company to redeem it by transferring assets at a specified or determinable date, or upon an event certain to occur, the adoption of SFAS No. 150 did not have an impact on the Company's financial position or results of operations.

In December of 2003, the FASB issued a revised SFAS No. 132 "Employers' Disclosures about Pensions and Other Postretirement Benefits". The statement revises employers' disclosures about pension plans and other postretirement benefit plans but it does not change the measurement or recognition of those plans. The revised SFAS No. 132 requires additional disclosures to those in the original SFAS 132 about the assets, obligations, cash flows, and net periodic benefit cost of defined pension plans and other defined benefit postretirement plans. The statement also increases quarterly pension plan and postretirement benefit plan disclosure requirements. Revised SFAS No. 132 domestic plan disclosure requirements are effective for financial statements with fiscal years ending after December 15, 2003. However, disclosure of information about foreign plans required by the Statement is effective for fiscal years ending after June 15, 2004. The Company adopted this statement in December of 2003 and there was no impact to the financial position and results of operations of the Company as a result of the adoption. See Notes (8) and (9) for the disclosures required by this pronouncement.

(o) *Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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: customer rebate accruals included in allowance for doubtful accounts; inventory valuation; restructuring amounts; asset impairments; goodwill impairments; 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. Accounting policies requiring significant management judgments include those related to revenue recognition, inventory valuation, rebate accruals, goodwill impairment, restructuring reserves, tax valuation allowances, pension benefit obligations and interest rate exposure. While actual results could differ from these estimates, management believes that these estimates are reasonable.

(p) *Accrued Current Liabilities* – Included in accrued expenses as of December 31, 2003 and 2002 were accrued payroll and other employee benefits of \$12.2 million and \$15.0 million, respectively, and accrued interest of \$14.7 million and \$8.5 million, respectively.

(3) Restatements

These financial statements have been restated to reflect adjustments to the Company's financial information previously reported on Form 10-K for the years ended December 31, 2003 and 2002, as shown below. The restatements also impacted each of the quarterly periods in the years ended December 31, 2003 and 2002. The restated amounts for these quarters are presented in Note (18) Quarterly Financial Data (Unaudited).

In August 2004, and subsequent to the issuance of its consolidated financial statements for the year ended December 31, 2003, the Company became aware of issues relating to its Laon, France manufacturing facility following the departure of the facility's financial controller. Following this discovery, management informed its Board of Directors and its Audit Committee. The Audit Committee, with the assistance of outside legal advisors and accounting consultants, conducted a review of the operations and financial condition of the Company's facility in Laon, France. That review and work performed by the Company identified certain accounting and financial reporting improprieties and related material errors in the Company's financial statements, all related to the Laon, France facility. The effects of the restatement are set forth below:

	<u>For the year ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Net Loss, as previously reported	\$(13,520)	\$(71,776)
Understatements of product costs and expenses	(5,972)	(7,895)
Reductions in asset values to net realizable values	(980)	(938)
Underaccruals of liabilities	(1,814)	(872)
Errors relating to Property, Plant and Equipment	(101)	2,634
Other	-	(281)
Income Tax Impacts	<u>1,056</u>	<u>1,487</u>
Net Loss, as restated	<u>\$(21,331)</u>	<u>\$77,641</u>

Understatements of product costs and expenses – Cost of Sales was understated by underreporting expenses incurred and manufacturing variances, and by miscalculations of the cost of products sold. The errors were reflected primarily by underreporting of accounts payable and current maturities of long-term debt and overreporting of cash and accounts receivable in the consolidated balance sheets.

Reductions in asset values to net realizable values – Assets (primarily accounts receivable and inventories) that should have been written off or should have been reported at reduced amounts were not adjusted in the requisite accounting periods in accordance with US GAAP.

Underaccruals of liabilities – Amounts accrued for taxes other than income taxes, vacation and other employee related liabilities were understated in all periods.

Errors relating to Property, Plant and Equipment – Property, Plant and Equipment was understated due to errors in the recording of depreciation expense and failure to capitalize assets in accordance with US GAAP.

Income Tax Impacts – For 2002, the deferred income tax liability was reduced based on the revised results of operations and the related balance sheet impacts. After evaluation of the deferred income tax asset calculated as a result of the restated 2003 results of operations, the Company determined that it could not conclude that it was “more likely than not” that the deferred tax asset would be realized, and accordingly, recorded a valuation allowance equal to the deferred tax asset. The Company also recorded a receivable related to overpayments of income taxes in 2003.

The following table presents the impact of the restatement adjustments discussed above on the Consolidated Statement of Operations for the years ended December 31, 2003 and 2002:

For the Years Ended December 31,				
2003		2002		
	AS RESTATED	AS PREVIOUSLY REPORTED	AS RESTATED	AS PREVIOUSLY REPORTED
Net Sales	\$ 823,442	\$ 822,896	\$ 796,557	\$ 796,500
Cost of Sales	745,827	735,472	717,022	710,395
Gross profit	77,615	87,424	79,535	86,105
Selling, General and Administrative Expenses	35,986	36,665	38,474	37,853
Special Charges	382	612	8,921	8,705
Operating income	41,247	50,147	32,140	39,547
Interest Expense	54,411	54,444	51,278	51,333
Bank Financing Fees	6,118	6,118	4,051	4,051
Loss before income taxes	(19,282)	(10,415)	(23,189)	(15,837)
Provision for Income Taxes	2,049	3,105	36,150	37,637
Loss from operations before cumulative effect of accounting change	(21,331)	(13,520)	(59,339)	(53,474)
Cumulative Effect of Change in Accounting Principle	-	-	(18,302)	(18,302)
Net Loss	(21,331)	(13,520)	(77,641)	(71,776)
Preferred Stock Dividend Requirement	(13,821)	(13,821)	(12,521)	(12,521)
Net Loss Available for Common Stockholders	<u>\$ (35,152)</u>	<u>\$ (27,341)</u>	<u>\$ (90,162)</u>	<u>\$ (84,297)</u>

The following table presents the impact of the restatement adjustments discussed above on the Consolidated Balance Sheet on a condensed basis for the years ended December 31, 2003 and 2002:

		As of December 31,			
ASSETS		2003		2002	
		AS RESTATED	AS PREVIOUSLY REPORTED	AS RESTATED	AS PREVIOUSLY REPORTED
CURRENT ASSETS:					
Cash and cash equivalents	\$	22,964	\$ 23,540	\$ 11,690	\$ 11,790
Accounts receivables, net of allowances		81,393	87,609	89,320	89,986
Inventories		95,140	95,545	105,195	105,635
Other current assets		14,713	14,402	21,807	22,196
Total current assets		214,210	221,096	228,012	229,607
PROPERTY, PLANT AND EQUIPMENT, less accumulated depreciation and amortization					
		247,489	243,373	244,541	241,674
OTHER NON-CURRENT ASSETS					
		112,719	112,719	107,560	107,545
Total assets	\$	574,418	\$ 577,188	\$ 580,113	\$ 578,826
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Current maturities of long-term debt and capital lease obligations	\$	23,457	\$ 19,499	\$ 28,450	\$ 26,153
Accounts payable		98,411	90,851	100,225	94,537
Accrued expenses		50,695	46,485	52,466	51,446
Other current liabilities		3,774	4,671	12,312	12,948
Total current liabilities		176,337	161,506	193,453	185,084
LONG TERM DEBT					
		535,767	535,767	523,529	523,529
OTHER LONG-TERM LIABILITIES					
		77,271	78,865	80,006	80,926
Total liabilities		789,375	776,138	796,988	789,539
PREFERRED STOCK					
		146,954	146,954	133,133	133,133
STOCKHOLDERS' EQUITY (a)					
		(361,911)	(345,904)	(350,008)	(343,846)
Total liabilities and stockholders' equity	\$	574,418	\$ 577,188	\$ 580,113	\$ 578,826

- (a) "As Restated" amounts include the cumulative impact due to the restatement of the net loss and the impact of the changes in the consolidated balance sheet on the foreign currency translation adjustment.

(4) Special Charges

The Company initiated several restructuring programs in 2001, consisting of a voluntary termination program offered to all corporate office salaried employees, the closure of six manufacturing facilities and the consolidation of two Georgia plastics facilities into a new plastics plant in Atlanta, Georgia. 2002 included a restructuring charge related to the sale of the Daegling, Germany facility, and during both 2002 and 2003, net restructuring charges were recorded related to employee separation costs and reassessments of previously established reserves. The activity is further explained below.

2003

During 2003, the Company recorded a net charge of \$0.4 million related to restructuring. The net charge of \$0.4 million consists of new restructuring reserves of \$2.2 million less reversals of \$1.8 million due to the reassessment of restructuring reserves established in 2001. The 2003 net charge included employee separation costs in the U.S. and Europe, and an early termination program in one European facility. In addition, previously established reserves were reassessed, resulting in a charge related to increased severance costs for a previously terminated employee at May Verpackungen, offset by a reserve reversal primarily in connection with the Burns Harbor 2002 facility closing. While the majority of the restructuring initiatives have been completed in 2002, certain portions of the programs were not completed until 2003. Certain long-term liabilities (approximately \$4.5 million as of December 31, 2003), consisting primarily of employee termination costs and future ongoing facility carrying costs will be paid over many years.

Total cash payments in the twelve months ended December 31, 2003 were \$8.8 million and the Company anticipates spending another \$7.9 million over the next several years. The remainder of the reserve consisted primarily of employee termination benefits paid over time for approximately 18 salaried and 42 hourly employees (approximately 600 positions were originally identified for elimination), and other ongoing facility carrying costs.

The table below presents the reserve categories and related activity as of December 31, 2003:

(in millions)	January 1, 2003 Balance	Net Additions(c)	Cash Deductions	Other (b)	December 31, 2003 Balance
Employee Separation	\$9.4	\$0.5	(\$6.0)	\$0.4	\$4.3
Facility Closing Costs	6.5	(0.1)	(2.8)	-	3.6
Total	<u>\$15.9</u>	<u>\$0.4</u>	<u>(\$8.8)</u>	<u>\$0.4</u>	<u>\$7.9 (a)</u>

(a) Includes \$4.5 million classified as other long-term liabilities as of December 31, 2003.

(b) Non-cash foreign currency translation impact

(c) Includes reversals of \$1.8 million due to the re-assessment of reserves

2002

During 2002, the Company recorded a net charge of \$8.9 million related to restructuring. The net charge of \$8.9 million consists of new restructuring reserves of \$12.1 million less reversals of \$3.2 million due to the reassessment of previously established reserves. The 2002 net charge included a reassessment of the restructuring reserves established in 2001, position elimination costs and the loss on the sale of the Daegeling, Germany facility. While the majority of the restructuring initiatives were completed in 2002, certain portions of the programs were not completed until 2003, and the Company did not expect to realize the full earnings benefits until 2004. Certain long-term liabilities (approximately \$3.7 million as of December 31, 2002), consisting primarily of employee termination costs and future ongoing facility carrying costs will be paid over many years.

Total cash payments in the twelve months ended December 31, 2002 were \$20.8 million and the Company anticipated spending another \$15.9 million over the next several years. The remainder of the reserve consisted primarily of employee termination benefits paid over time for approximately 52 salaried and 67 hourly employees (approximately 600 positions were originally identified for elimination), and other ongoing facility carrying costs.

The table below presents the reserve categories and related activity as of December 31, 2002:

(in millions)	January 1, 2002 Balance	Net Additions(d)	Deductions(c)	Other (b)	December 31, 2002 Balance
Employee Separation	\$21.2	\$5.1	(\$17.6)	\$0.7	\$9.4
Facility Closing Costs	10.7	3.8	(9.6)	1.6	6.5
Total	<u>\$31.9</u>	<u>\$8.9</u>	<u>(\$27.2)</u>	<u>\$2.3</u>	<u>\$15.9 (a)</u>

- (a) Includes \$3.7 million classified as other long-term liabilities as of December 31, 2002.
(b) Non-cash foreign currency translation impact and the reversal of \$1.5 million of asset write-offs previously expensed in the 2001 restructuring.
(c) Includes cash payments of \$20.8 million. The remaining non-cash deductions represent increased pension and post-retiree benefits transferred to Other Long-Term Liabilities (see Notes 8 & 9) and the non-cash loss recorded on the sale of the Daegeling facility.
(d) Includes reversals of \$3.2 million due to the re-assessment of reserves.

2001

The Company initiated several restructuring programs in 2001, consisting of a voluntary termination program offered to all corporate office salaried employees, the closure of six manufacturing facilities and the consolidation of two Georgia plastics facilities into a new plastics plant in Atlanta, Georgia.

During 2001, the Company closed a paint can manufacturing facility and a warehouse in Baltimore, Maryland and ceased operations in Dallas, Texas. Also in connection with the restructuring programs established in 2001, during 2002 the Company closed a Custom & Specialty plant located in the Baltimore, Maryland area, closed the Southall, England manufacturing facility and closed the Burns Harbor, Indiana lithography facility. The Company has also closed two plastics facilities in Georgia and transferred production to a new facility in Atlanta, Georgia. The closure of the Burns Harbor, Indiana lithography facility, in the fourth quarter of 2002 substantially completed the restructuring program established in 2001, as originally planned.

(5) Acquisitions

On February 20, 2001, certain assets of Olive Can Company, a Custom & Specialty manufacturer, were acquired for net cash consideration of \$4.2 million. The Olive acquisition is not material to the Company's operations or financial position.

In March 1998, a European Subsidiary acquired a 36.5% equity interest in Formametal S.A. ("Formametal"), an aerosol can manufacturer located in Argentina, for \$4.6 million. Including the initial investment, the Company has made advances to and investments in Formametal totaling \$19.8 million. The Company has also provided a \$7.5 million loan to Formametal, payable in installments through March 31, 2007.

In January 2002, Argentina enacted legislation which, among other things, repealed the one to one U.S. dollar to Argentinean peso exchange rate. The Company has determined that the Argentinean peso denominated portion of the investment in Formametal will not be settled in the foreseeable future and therefore has reduced the investment balance by \$15.7 million with an offsetting charge to accumulated other comprehensive loss, representing the impact of the devaluation.

(6) Debt Obligations

Long-term debt obligations of the Company at December 31, 2003 and 2002 consisted of the following (000's omitted):

	<u>2003</u>	<u>2002</u>
Senior debt -		
Revolving line of credit at adjustable interest rate, based on market rates, due January 4, 2006	\$ 42,100	\$ 69,700
Tranche A term loan at adjustable interest rate, based on market rates, due January 4, 2006	38,706	66,000
Tranche B term loan at adjustable interest rate, based on market rates, due January 4, 2006	130,175	177,750
Tranche C term loan at adjustable interest rate, based on market rates, due January 4, 2006	20,000	20,000
Senior Secured Series B Notes at 10 7/8% interest rate, due July 15, 2010	125,000	-
Secured term loan at (a) adjustable interest rate, based on LIBOR rates, at December 31, 2003 and (b) at fixed rate of 8.5% at December 31, 2002, due May 2004	16,529	18,220
Revolving lines of credit, bank overdrafts and other short term borrowings, at adjustable interest rates, based on market rates	4,548	18,588
Industrial revenue bonds at adjustable interest rate, based on market rates, due February 1, 2015	4,000	4,000
Capital lease obligations	788	1,867
Secured term loan at adjustable interest rate, based on market rates, due serially to February 1, 2009	4,814	-
Senior Subordinated Series B Notes at 12 3/8% interest rate, due October 1, 2010	171,710	175,000
Senior Subordinated Series B Notes at 10 1/8% interest rate, due October 15, 2006	854	854
Total Debt	559,224	551,979
Less--Current maturities	(23,457)	(28,450)
Total long-term debt	<u>\$ 535,767</u>	<u>\$ 523,529</u>

In connection with a recapitalization of the Company in 2000, United States Can Company, as Borrower, entered into a Credit Agreement among United States Can, U.S. Can Corporation and Domestic Subsidiaries of U.S. Can Corporation as Domestic Guarantors, and certain lenders including Bank of America, N.A., Citicorp North America, Inc., and Bank One NA as of October 4, 2000 (the "Senior Secured Credit Facility"). The Senior Secured Credit Facility provides for Tranche A, Tranche B and Tranche C term loans and a \$110.0 million revolving credit facility.

On July 22, 2003, United States Can Company completed an offering of \$125 million of 10 7/8% Senior Secured Notes due 2010 ("Second Priority Senior Secured Notes"). The Notes are secured, on a second priority basis, by substantially all of the collateral that currently secures the Company's Senior Secured Credit Facility. The Company used the \$125 million in proceeds generated from the offering to prepay \$23.3 million of its Tranche A term loan, \$46.7 million of its Tranche B term loan and to reduce its borrowings under its revolving credit facility by \$55.0 million. The repayments under the revolving credit facility did not reduce the \$110.0 million amount available for borrowings under the facility. The prepayments under the Tranche A term loan were applied in direct order of maturity and eliminated quarterly principal payments through December 2004.

The Company also amended its Senior Secured Credit Facility to permit the offering of the Second Priority Senior Secured Notes and adjust certain financial covenants, among other things. These amendments also permit, from time to time and subject to certain conditions, the Company to make borrowings under its revolving credit facility for repurchases of a portion of its outstanding 12 3/8% senior subordinated notes. The Company has paid approximately \$6.9 million of fees and expenses related to the offering and senior secured credit facility amendment through December 31, 2003. These fees (net of the \$1.5 million that has been expensed as discussed below) will be amortized over the life of the applicable borrowings.

Bank financing fees include the amortization of deferred financing fees and, in 2003, \$1.5 million of fees related to the amendment of the Senior Secured Credit Facility that were paid and expensed by the Company.

Amounts outstanding under the Senior Secured Credit Facility bear interest at a rate per annum equal to either: (1) the base rate (as defined in the Senior Secured Credit Facility) or (2) the LIBOR rate (as defined in the Senior Secured Credit Facility), in each case, plus an applicable margin. The applicable margins were increased in connection with the 2001 amendments and are subject to future reductions based on the achievement of certain leverage ratio targets and on the credit rating of the Senior Secured Credit Facility. The 2003 average interest rate on borrowings under the Senior Secured Credit Facility was 5.2%.

Borrowings under the Tranche A term loan are due and payable in quarterly installments, beginning in the first quarter 2005. The payments in the first three quarters of 2005 will be approximately \$3.5 million per quarter, and \$7.1 million will be paid in the fourth quarter of 2005. Borrowings under the Tranche B term loan are due and payable in quarterly installments of nominal amounts. The balance under the Tranche A and Tranche B term loans is due in January 2006. No payments are due on borrowings under the Tranche C term loan prior to its final maturity. The revolving credit facility is available until January 4, 2006. Additionally, the Senior Secured Credit Facility requires a prepayment in the event that excess cash flow (as defined) exists and following certain other events, including asset sales and issuances of debt and equity.

The Senior Secured Credit Facility is secured by a first priority security interest in all existing and after-acquired assets of the Company and its direct and indirect domestic subsidiaries' existing and after-acquired assets, including, without limitation, real property and all of the capital stock of its direct and indirect domestic subsidiaries (including certain capital stock of their direct foreign subsidiaries only to the extent permitted by applicable law). In addition, if loans are made to foreign subsidiaries, they will be secured by the existing and after-acquired assets of certain of our foreign subsidiaries.

At December 31, 2003, \$42.1 million had been borrowed under the \$110.0 million revolving loan portion of the Senior Secured Credit Facility. Letters of Credit of \$13.3 million were also outstanding securing the Company's obligations under various insurance programs and other contractual agreements.

United States Can has outstanding \$125.0 million aggregate principal amount of 10 7/8% Senior Secured Notes due July 15, 2010. The 10 7/8% Senior Secured Notes are secured obligations, on a second priority basis behind the lenders under the Company's Senior Secured Credit Facility, of United States Can and are senior in right of payment to all of United States Can's unsubordinated indebtedness. The 10 7/8% Senior Secured Notes are guaranteed on a senior secured basis by U.S. Can and all of United States Can's domestic restricted subsidiaries.

United States Can also has \$171.7 million aggregate principal amount of 12 3/8% Senior Subordinated Notes due October 1, 2010 ("Notes"). The Notes are unsecured obligations of United States Can and are subordinated in right of payment to all of United States Can's senior indebtedness. The Notes are guaranteed by U.S. Can and all of United States Can's domestic restricted subsidiaries. During December 2003, in accordance with the amended Senior Secured Credit Facility, the Company repurchased \$3.3 million face value 12 3/8% Senior Subordinated Notes at a discount, plus accrued interest. A gain of \$0.2 million from the early extinguishment of the 12 3/8% Senior Subordinated Notes, related to the discount and net of related deferred financing costs, was recorded in operating income.

The Senior Secured Credit Facility, the 10 7/8% Senior Secured Notes and the 12 3/8% Senior Subordinated Notes contain a number of financial and restrictive covenants. 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. The restrictive covenants limit the Company's ability to incur debt, pay dividends or make distributions, sell assets or consolidate or merge with other companies. As of December 31, 2003, the Company reported that it was in compliance with its covenants under the aforementioned facilities. On a restated basis, the Company was not in compliance with certain of its financial ratios under the Senior Secured Credit Facility; however, subsequent to December 31, 2003, the Company refinanced its senior debt and was in compliance with the financial covenants of its new senior debt facility for all relevant periods.

On November 13, 2003, May finalized the terms of a two-year accounts receivable factoring arrangement. Under the terms of the agreement, May factors its customer accounts receivable, subject to a maximum of €12 million of receivables. May pays a nominal factoring fee and an interest charge for amounts advanced to May that have not been paid by the customer to the factor. May received its initial draw under the factoring agreement in December 2003 and used a portion of this draw to repay all of its borrowings under two bank facilities. In addition, one of May's lenders agreed to

extend the existing facility for borrowings up to €1.3 million through June 30, 2004. Borrowings under the extended facility are secured by one manufacturing plant.

In addition, in December 2003, the Company financed capital equipment under a \$4.8 million term loan, due serially to February 1, 2009.

Under existing agreements, contractual maturities of long-term debt as of December 31, 2003 (including capital lease obligations), are as follows (000's omitted):

2004	\$ 23,457
2005	19,233
2006	213,772
2007	1,002
2008	1,050
Thereafter	<u>300,710</u>
	<u>\$ 559,224</u>

See Note (10) for further information on obligations under capital leases. Other debt not previously described above, consisting of various governmental loans, foreign debt and secured equipment notes bearing interest at rates between 1.2% and 5.1% mature at various times through 2015, and were used to finance the expansion of several manufacturing facilities.

As required under the Company's Senior Secured Credit Facility, in 2000, a portion of the Company's interest rate risks were hedged by entering into swap and collar agreements. The agreements expired on October 10, 2003. The interest rate swaps and collars were entered into when interest rates were higher than current rates. Accordingly, these contracts were "out-of-the-money" and the Company paid \$5.8 million in 2002 and \$5.1 million in 2003 through the October 10, 2003 expiration date of the agreements.

In an effort to limit foreign exchange risks, and as required by the Credit Agreement, the Company had entered into several forward hedge contracts. The payments due on the secured term loan used to finance the acquisition of the Merthyr Tydfil facility were hedged by a series of British Pound/Dollar forward contracts. Pursuant to the agreement under which the contracts had been issued, the counterparty elected to terminate the contracts in January 2003. In connection with the termination, the Company paid \$1.0 million to the counterparty, which is reflected in 2003 interest expense in accordance with the original contract terms.

Based upon borrowing rates currently available to the Company for borrowings with similar terms and maturities, the fair value of the Company's total debt was approximately \$546.2 million and \$455.5 million as of December 31, 2003 and 2002, respectively. No quoted market value is available (except on the 12 3/8% Notes and 10 7/8% Notes). These amounts, because they do not include certain costs such as prepayment penalties, do not represent the amount the Company would have to pay to reacquire and retire all of its outstanding debt in a current transaction.

The Company paid interest on borrowings of \$48.5 million, \$56.1 million and \$55.2 million in 2003, 2002 and 2001, respectively. Accrued interest payable of \$14.7 million, \$8.5 million and \$11.9 million as of December 31, 2003, 2002 and 2001 respectively, is included in accrued expenses on the consolidated balance sheet.

(7) Income Taxes

The provision (benefit) for income taxes before extraordinary items and the cumulative effect of a change in accounting principle consisted of the following (000's omitted):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Current			
U.S.	\$ 241	\$ --	\$ --
Foreign	1,519	1,148	1,335
Deferred			
U.S.	(1,059)	490	(19,789)
Foreign	(14,876)	(10,206)	(4,580)
Valuation Allowance	16,224	44,718	--
Total	<u>\$ 2,049</u>	<u>\$ 36,150</u>	<u>\$ (23,034)</u>

Due to a history of operating losses in certain countries coupled with the deferred tax assets that arose in connection with the restructuring programs and goodwill impairment charges, the Company has determined that it cannot conclude that it is "more likely than not" that all of the deferred tax assets of certain of its foreign operations will be realized in the foreseeable future. Accordingly, starting in the fourth quarter of 2002, the Company began establishing valuation allowances to provide for the estimated unrealizable amount of its net deferred tax assets related to certain foreign operations. The Company will continue to assess the valuation allowance and, to the extent it is determined that such allowance is no longer required, these deferred tax assets will be recognized in the future. The provision for income taxes above excludes the tax impact of the goodwill impairment charge recorded in 2002 of \$20.8 million (see Note 15).

The Company received refunds of \$0.1 million, \$4.9 million and \$0.3 million in 2003, 2002 and 2001 respectively.

The components of income (loss) before income taxes for the three years ended December 31, 2003, 2002 and 2001 were as follows (000's omitted):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
U.S.	\$ 3,625	\$ (1,726)	\$ (44,839)
Foreign	(22,907)	(21,463)	(18,611)
Income (loss) before income taxes	<u>\$ (19,282)</u>	<u>\$ (23,189)</u>	<u>\$ (63,450)</u>

A reconciliation of the difference between taxes on pre-tax income from continuing operations before the cumulative effect of a change in accounting principle and computed at the Federal statutory rate and the actual provision (benefit) for such income taxes for the years presented were as follows (000's omitted):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Tax provision (benefit) computed at the statutory rates	\$ (6,558)	\$ (7,885)	\$ (21,573)
Permanent differences	(3,277)	214	398
Reassessment of reserves for liabilities	(2,474)	-	-
Incremental foreign taxes	(1,835)	-	-
State and local taxes, net of Federal tax effect	264	(880)	(1,601)
Valuation allowance	16,224	44,718	--
Other, net	(296)	(17)	(258)
Provision (benefit) for income taxes	<u>\$ 2,048</u>	<u>\$ 36,150</u>	<u>\$ (23,034)</u>

Deferred income taxes are determined based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities given the provisions of the enacted tax laws. Significant temporary differences representing deferred income tax benefits and obligations consisted of the following (including \$1.0 and \$1.7 million of deferred tax liabilities included in Other Long-Term Liabilities as of December 31, 2003 and 2002, respectively) (000's omitted):

	<u>December 31, 2003</u>			<u>December 31, 2002</u>	
	<u>Benefits</u>	<u>Obligations</u>		<u>Benefits</u>	<u>Obligations</u>
Restructuring reserves.....	\$ 2,638	--	\$	5,560	--
Goodwill.....		15,083	--		15,305
--					
Retirement and post-employment benefits.....	22,956	--		26,534	--
Accrued liabilities	5,831	--		8,528	--
Tax credit carry-forwards	5,997	--		6,112	--
Capitalized leases	307	--		--	(930)
Property and equipment	--	(30,543)		--	(24,528)
Inventory valuation reserves.....	--	(6,466)		--	(6,054)
U.S. Federal net operating losses.....	33,022	--		26,564	--
U.S. State net operating losses.....	4,681	--		4,177	--
Foreign net operating losses	46,499	--		19,093	--
Other.....	<u>2,526</u>	<u>(4,540)</u>		<u>2,445</u>	<u>(2,718)</u>
Total deferred income tax benefits (obligations)	139,540	(41,549)		114,318	(34,230)
Valuation allowance.....	<u>(67,394)</u>	<u>--</u>		<u>(44,718)</u>	<u>--</u>
Total	<u>\$ 72,146</u>	<u>\$ (41,549)</u>		<u>\$ 69,600</u>	<u>\$ (34,230)</u>

The majority of the Company's tax credit carry-forwards (\$5.2 million) have no expiration and the remaining carry-forwards expire at various times between 2004 and 2010. The Company's U.S. net operating losses expire as follows: \$0.4 million in 2019, \$25.7 million in 2020, \$29.7 million in 2021, \$36.4 million in 2022 and \$20.7 million in 2023 and management believes it is more likely than not that the tax benefit of the net deferred tax assets will be realized prior to expiration. The Company has foreign net operating loss carryforwards in Germany and the United Kingdom, which have no expiration date. The Company also has net operating loss carryforwards in France that expire through 2008. However, the Company has recorded a valuation reserve against the full amount of its foreign net operating loss carryforwards.

The Company does not provide for U.S. income taxes which would be payable if undistributed earnings of the European Subsidiaries were remitted to the U.S. because the Company either considers these earnings to be invested for an indefinite period or anticipates that if such earnings were distributed, the U.S. income taxes payable would be substantially offset by foreign tax credits. There were no unremitted earnings at December 31, 2003 or 2002.

(8) Employee Benefit Plans

The Company maintains separate noncontributory defined benefit and defined contribution pension plans covering most domestic hourly employees and all domestic salaried personnel, respectively. It is the Company's policy to fund accrued pension and defined contribution plan costs in compliance with ERISA or the applicable foreign requirements.

The following tables present the changes in the projected benefit obligations for the plan years ended December 31, 2003 and 2002 (000's omitted):

U.S.

	<u>2003</u>	<u>2002</u>
Projected benefit obligation at the beginning of the year	\$ 39,910	\$ 33,304
Net increase (decrease) during the year attributed to:		
Service cost	910	860
Interest cost	2,510	2,387
Actuarial losses	791	3,028
Benefits paid	(2,037)	(2,055)
Plan amendments	--	286
Plan curtailment (a)	--	959
Special termination benefit (a)	--	1,141
Net increase during the year	<u>2,174</u>	<u>6,606</u>
Projected benefit obligation at the end of the year	<u>\$ 42,084</u>	<u>\$ 39,910</u>

(a) The plan curtailment benefit and special termination benefit in 2002 are associated with the closure of the Burns Harbor lithography facility.

Non-U.S.

	<u>2003</u>	<u>2002</u>
Projected benefit obligation at the beginning of the year	\$ 68,628	\$ 56,790
Net increase during the year attributed to:		
Service cost	359	635
Interest cost	4,269	3,224
Actuarial losses	2,750	5,259
Benefits paid	(4,468)	(2,679)
Plan amendments	32	119
Plan curtailment (a)	--	(1,003)
Foreign currency translation impact	8,165	6,283
Net increase during the year	<u>11,107</u>	<u>11,838</u>
Projected benefit obligation at the end of the year	<u>\$ 79,735</u>	<u>\$ 68,628</u>

(a) The plan curtailment in 2002 is associated with the closure of the Southall, U.K. facility.

The following tables present the changes in the fair value of net assets available for plan benefits for the plan years ended December 31, 2003 and 2002 (000's omitted):

U.S.

	<u>2003</u>	<u>2002</u>
Fair value of plan assets at the beginning of the year	\$ 27,544	\$ 32,104
Increase (decrease) during the year:		
Return on plan assets	5,827	(2,505)
Sponsor contributions	1,116	--
Benefits paid	(2,037)	(2,055)
Net increase (decrease) during the year	<u>4,906</u>	<u>(4,560)</u>
Fair value of plan assets at the end of the year	<u>\$ 32,450</u>	<u>\$ 27,544</u>

Non-U.S.

	<u>2003</u>	<u>2002</u>
Fair value of plan assets at the beginning of the year	\$ 38,826	\$ 43,431
Increase (decrease) during the year:		
Return on plan assets	7,254	(7,474)
Sponsor contributions	3,262	845
Participant contributions	32	119
Benefits paid	(4,468)	(2,679)
Foreign currency translation impact	4,251	4,584
Net increase (decrease) during the year	<u>10,331</u>	<u>(4,605)</u>
Fair value of plan assets at the end of the year	<u>\$ 49,157</u>	<u>\$ 38,826</u>

The following tables set forth the funded status of the Company's defined benefit pension plans, at December 31, 2003 and 2002 (000's omitted):

U.S.

	<u>2003</u>	<u>2002</u>
Actuarial present value of benefit obligation --		
Vested benefits	\$ (39,071)	\$ (34,921)
Nonvested benefits	<u>(3,013)</u>	<u>(4,989)</u>
Accumulated benefit obligation	(42,084)	(39,910)
Fair value of plan assets	<u>32,450</u>	<u>27,544</u>
Fair value of plan assets in excess of accumulated benefit obligation	(9,634)	(12,366)
Unrecognized net loss	5,433	8,464
Unrecognized prior-service costs	<u>2,553</u>	<u>2,929</u>
Net amount recognized	<u>\$ (1,648)</u>	<u>\$ (973)</u>
Amounts recognized in the consolidated balance sheet consist of:		
Accrued benefit liability	\$ (9,634)	\$ (12,366)
Intangible asset	2,553	2,930
Deferred tax asset	2,119	3,395
Accumulated other comprehensive income	<u>3,314</u>	<u>5,068</u>
Net amount recognized	<u>\$ (1,648)</u>	<u>\$ (973)</u>

Non-U.S.

	<u>2003</u>	<u>2002</u>
Actuarial present value of benefit obligation --		
Vested benefits	\$ (79,418)	\$ (68,569)
Nonvested benefits	<u>(221)</u>	<u>(6)</u>
Accumulated benefit obligation	(79,639)	(68,575)
Additional amounts related to projected increases in compensation levels	<u>(96)</u>	<u>(53)</u>
Projected benefit obligation	(79,735)	(68,628)
Fair value of plan assets	<u>49,157</u>	<u>38,826</u>
Fair value of plan assets in excess of projected benefit obligation	(30,578)	(29,802)
Unrecognized net loss	<u>26,658</u>	<u>26,354</u>
Net amount recognized	<u>\$ (3,920)</u>	<u>\$ (3,448)</u>
Amounts recognized in the consolidated balance sheet consist of:		
Accrued benefit liability	\$ (30,221)	\$ (29,654)
Deferred tax asset (a)	9,206	9,172
Accumulated other comprehensive income	<u>17,095</u>	<u>17,034</u>
Net amount recognized	<u>\$ (3,920)</u>	<u>\$ (3,448)</u>

(a) Prior to recognition of valuation allowance.

The net periodic pension cost was as follows (000's omitted):

U.S.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Service cost.....	\$ 910	\$ 860	\$ 886
Interest cost.....	2,510	2,387	2,399
Return on assets.....	(2,276)	(2,644)	(2,981)
Amortization of unrecognized transition obligation.....	--	--	2
Recognized loss.....	272	--	250
Recognized prior service cost	376	392	372
Curtailment loss and special termination benefits (a).....	--	2,247	--
Net periodic pension cost.....	<u>\$ 1,792</u>	<u>\$ 3,242</u>	<u>\$ 928</u>

(a) The curtailment loss and special termination benefits in 2002 include a plan curtailment benefit of \$1.0 million, special termination benefit of \$1.1 million, and recognition of prior service cost of \$0.1 million, associated with the closure of the Burns Harbor lithography facility.

Non-U.S.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Service cost.....	\$ 359	\$ 635	\$ 717
Interest cost.....	4,269	3,224	2,786
Return on assets.....	(2,974)	(3,301)	(3,358)
Recognized loss.....	895	235	--
Net periodic pension cost.....	<u>\$ 2,549</u>	<u>\$ 793</u>	<u>\$ 145</u>

The projected benefit obligation as of December 31, 2003, 2002 and 2001 was determined using the following assumed discount rates and expected long-term rate of return on plan assets:

U.S.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Discount Rate	6.25%	6.75%	7.25%
Long-Term Rate of Return on Plan Assets.....	8.50%	8.50%	8.50%

Non-U.S.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Discount Rate	5.00 – 5.75%	5.00 – 5.75%	5.00 – 6.00%
Long-Term Rate of Return on Plan Assets.....	7.00%	7.00%	7.00%
Rate of Compensation Increase.....	2.50 – 4.00%	2.50 – 4.00%	2.50 – 4.00%

The U.S. based plan has a non-pay related dollar multiplier benefit formula; accordingly, the effect of projected future compensation levels is zero.

For the U.S. based plan, the expected long-term rate of return on plan assets is 8.5%. For the Non-U.S. based plans (only one of which is funded), the expected long-term rate of return on plan assets is 7.0%. In setting these rates, the Company considered the historical returns of the plans' funds, anticipated future market conditions, including inflation, and the target asset allocation of the plans' portfolios.

The plans' assets consist primarily of shares of equity and bond funds, corporate bonds and cash and cash equivalents. The measurement date for all U.S. and non-U.S. plans is December 31. The following table sets forth the percentage of the total fair value of plan assets held as of the measurement date for each major category of plan assets for the past three years:

U.S.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Equity	72%	71%	71%
Bond.....	8%	10%	20%
Collateralized Debt Obligations	9%	11%	4%
Cash & Cash Equivalents.....	6%	3%	5%
Hedge Fund.....	5%	5%	0%

Non-U.S.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Equity	85%	80%	79%
Bond.....	12%	15%	12%
Property	2%	2%	3%
Cash & Cash Equivalents.....	1%	3%	6%

The U.S. based plan's investment portfolio seeks to preserve the capital value of the assets in real terms. The portfolio's expected annualized total rate of return, given the asset guidelines outlined below, should be either 8.5%, or 4% above the rate of inflation ("CPI"), whichever is greater, over a three- to five-year time horizon. No single company exposure whether equity or fixed income shall constitute more than 5% at cost or 10% of market value of the total Pension Plan portfolio.

Cash Equivalent Guidelines

The cash equivalent portion of the portfolio may be invested in United States Treasury and federal agency obligations, certificates of deposit (secured), repurchase agreements (secured), commercial paper and other money market instruments rated A-1/P-1 by Moody's or S&P, respectively. No issue shall constitute more than 5% at cost or 10% of market value of the total value of the plan's portfolio, except United States Treasury and federal agency obligations.

Fixed Income Guidelines (Bond)

Corporate bonds shall be limited to public issues rated investment grade by both Moody's and S&P. No single industry group, as defined by S&P, shall constitute more than 20% of the fixed income portfolio except obligations of the United States Government. No single company exposure shall constitute more than 2½% at cost or 5% of market value of the plan's fixed income portfolio except obligations of the United States Government.

Equity Guidelines

No single industry group, as defined by S&P, shall constitute more than 25% of the total plan's equity portfolio. No single company exposure shall constitute more than 5% at cost or 10% of market value of the total plan's equity portfolio.

Alternative Investment Guidelines (Hedge Fund)

Only Hedge Fund-of-Funds will be considered with a minimum of seven underlying fund managers. Hedge Fund-of-Funds investments must be offered by professional investment managers with proven records of superior performance over time.

The Non-U.S. based plan's assets are invested with Threadneedle Asset Management in their Mixed Fund. The fund invests in a diversified portfolio of assets that includes United Kingdom and overseas equities and bonds, property and cash. The fund is benchmarked against the Combined Actuarial Performance Services (CAPS) Balanced Fund Universe and has a performance target of outperforming the benchmark median on a rolling three-year basis with a goal of being in the upper quartile on a rolling five-year basis. Threadneedle sets the asset allocation in the Mixed Fund. However, the risk parameters set for the fund make it unlikely that the asset allocation will deviate dramatically from the average fund in the CAPS Balanced Fund Universe.

The Company estimates that in 2004 contributions to its U.S. based plan will total approximately \$1.5 million and contributions to its non-U.S. based plans will total approximately \$1.4 million.

In addition, hourly employees at four plants are covered by union-sponsored collectively bargained, multi-employer pension plans. The Company contributed to these plans and charged to expense approximately \$1.2 million, \$1.1 million and \$1.1 million in 2003, 2002 and 2001, respectively. The contributions are generally determined in accordance with the provisions of the negotiated labor contracts and are generally based on a per employee, per week amount. The Company's withdrawal liability, if any, is not presently determinable and therefore no amount has been recorded for any contingent unfunded liability.

The Company provides a 401(k) defined contribution plan to eligible employees. Company matching contributions for employees and related administration costs associated with the plan were \$1.8 million, \$2.4 million and \$2.5 million for 2003, 2002 and 2001, respectively.

(9) Postretirement Benefit Plans

The Company provides health and life insurance benefits for certain domestic retired employees in connection with collective bargaining agreements.

The following presents the changes in the accumulated postretirement benefit obligations for the plan years ended December 31, 2003 and 2002 (000's omitted):

	<u>2003</u>	<u>2002</u>
Accumulated postretirement benefit obligations at the beginning of the year	\$ 32,225	\$ 26,833
Net increase (decrease) during the year attributable to:		
Service cost.....	262	408
Interest cost.....	1,487	1,734
Actuarial (gain) / loss	(1,972)	8,497
Benefits paid.....	(1,884)	(1,947)
Plan amendments.....	(6,167)	(4,506)
Plan curtailment (a)	--	479
Special termination benefit (a).....	--	727
Net increase / (decrease) for the year	<u>(8,274)</u>	<u>5,392</u>
Accumulated postretirement benefit obligations at the end of the year.....	<u>\$ 23,951</u>	<u>\$ 32,225</u>

(a) The plan curtailment benefit and special termination benefit in 2002 are associated with the closure of the Burns Harbor lithography facility.

Effective January 1, 2003 and 2002 the Company amended the postretiree health care plan. The 2003 amendment provided for contributions to be paid by plan participants who retired prior to the term of any collective bargaining agreement currently in effect. The amendment resulted in a reduction in the accumulated postretirement benefit obligation of \$6.2 million. The 2002 amendment resulted in a reduction in the accumulated postretirement benefit obligation of \$4.5 million by capping the Company's contribution toward retiree medical costs at 150% of the expected 2003 medical costs.

The Company's postretirement benefit plans are not funded. The status of the plans at December 31, 2003 and 2002, is as follows (000's omitted):

	<u>2003</u>	<u>2002</u>
Accumulated postretirement benefit obligations:		
Active employees	\$ 7,844	\$ 9,812
Retirees	<u>16,107</u>	<u>22,413</u>
Total accumulated postretirement benefit obligations	23,951	32,225
Unrecognized net loss	(4,843)	(6,953)
Unrecognized prior-service cost benefit	<u>9,387</u>	<u>4,125</u>
Net liability recognized	<u>\$ 28,495</u>	<u>\$ 29,397</u>

Net periodic postretirement benefit costs for the Company's U.S. postretirement benefit plans for the years ended December 31, 2003, 2002 and 2001, included the following components (000's omitted):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Service cost	\$ 262	\$ 407	\$ 225
Interest cost	1,487	1,734	1,871
Recognized loss	138	--	--
Recognized prior-service cost	(904)	(382)	--
Curtailment and Special termination benefit	<u>--</u>	<u>1,206</u>	<u>--</u>
Net periodic postretirement benefit cost	<u>\$ 983</u>	<u>\$ 2,965</u>	<u>\$ 2,096</u>

The accumulated postretirement benefit obligation as of December 31, 2003, 2002 and 2001 was determined using the following assumed discount rates and health care cost trend rates:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Discount Rate	6.25%	6.75%	7.25%
Health Care Cost Trend Rate	8.00–4.00%	9.00–4.00%	7.00%

The 2003 health care assumption was based upon emerging health care trends, and begins at an 8% increase in 2004, reducing by 1% each year thereafter, until 2008. A one percentage point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation as of December 31, 2003 and 2002, by approximately \$1.5 million and \$3.6 million, respectively, and the total of the service and interest cost components of net postretirement benefit cost for each year then ended by approximately \$0.2 million, \$0.3 million and \$0.3 million in 2003, 2002 and 2001, respectively. A one percentage point decrease in the assumed health care cost trend rate for each year would decrease the accumulated postretirement benefit obligation as of December 31, 2003 and 2002, by approximately \$1.4 million and \$3.2 million, respectively, and the total of the service and interest cost components of net postretirement benefit cost for each year then ended by approximately \$0.1 million, \$0.3 million and \$0.2 million in 2003, 2002 and 2001, respectively.

The Company estimates that in 2004 the Company's payments under its postretirement benefit plan will be approximately \$1.6 million.

As of December 31, 2003 and 2002, the Company has recorded a liability of \$2.8 million and \$3.0 million, respectively, for benefit obligations for which a former executive was fully eligible to receive on a periodic payment basis beginning August 1, 1998. The Company recorded after-tax charges of \$87,000 and \$149,000 to accumulated other comprehensive loss in conjunction with the benefit obligations in 2003 and 2002, respectively. The charges are included in the "equity adjustment to reflect minimum pension liability" on the Company's Consolidated Statement of Stockholder's Equity. The principal source of funding for this obligation is an insurance policy on the executive's life.

(10) Commitments and Contingencies

Environmental

United States Can has been named as a potentially responsible party for costs incurred in the clean-up of the San Leandro Plume, a regional groundwater plume partially extending underneath United States Can's former site in San Leandro, California. When the Company acquired the San Leandro facility, it assumed certain liabilities subject to indemnification by the former owner / operator for claims made on or before December 1986. The former owner / operator tendered its obligations under the remedial action order to the Company. The Company accepted the tender with reservation of any legal rights it may have to seek contribution or reimbursement. The Company is a party to an indemnity agreement related to this matter with the current owner of the property, who purchased the property from the Company. In its 1994 agreement with the current owner, the Company agreed to defend and indemnify the current owner and their successors and assigns for any claims, including investigative or remedial action, required by any governmental agency that regulates hazardous substances. Neither the agreement with the former owner or the operator contains any caps or limits. Extensive soil and groundwater investigative work has been performed on the San Leandro Plume, including at the San Leandro site. Currently, the State of California is overseeing remediation at an offsite source of contamination of the San Leandro Plume. Periodically, the State of California conducts regional sampling to monitor the efficacy of the remediation. The Company, along with other PRPs, participated in a coordinated sampling event in 1999. In November 2002, as part of a larger sampling scheme, the State of California requested that we sample existing monitoring wells at the San Leandro property. The Company completed a round of sampling in December 2002. The 2002 sampling results generally show that the concentration of contamination is declining, which we view as a positive development. While the State has not yet commented on either the 1999 or the 2002 sampling results, we believe that the source of contamination is unrelated to our past operations. The Company receives quarterly invoices from the State of California for its oversight work and for the regional sampling. At this time, the Company is unable to estimate reasonably possible losses related to the San Leandro site or to the San Leandro Plume, but believes the sampling supports its position that the groundwater contamination in the San Leandro Plume is unrelated to its past operation. To date, the Company has not been required to implement any remedial action at the San Leandro site.

Legal

The Company is involved in litigation from time to time in the ordinary course of our business. In our opinion, the litigation is not material to our financial condition or results of operations.

Leases

The Company has entered into agreements to lease certain property under terms which qualify as capital leases. Capital leases consist primarily of various production machinery and equipment. Most capital leases contain renewal options and some contain purchase options. As of December 31, 2003 and 2002, capital lease assets were \$0.6 million and \$1.4 million, net of accumulated amortization of \$7.8 million and \$7.6 million, respectively.

The Company also maintains operating leases on various plant and office facilities, vehicles and office equipment. Rent expense under operating leases for the years ended December 31, 2003, 2002 and 2001, was \$7.4 million, \$7.0 million and \$8.3 million, respectively.

At December 31, 2003, minimum payments due under these leases were as follows (000's omitted):

	<u>Capital Leases</u>	<u>Operating Leases</u>
2004	\$ 764	\$ 6,327
2005	41	5,720
2006	--	4,264
2007	--	3,764
2008	--	3,450
Thereafter.....	--	12,284
Total minimum lease payments.....	805	<u>\$ 35,809</u>
Amount representing interest	(17)	
Present value of net minimum capital lease payments	<u>\$ 788</u>	

(11) Equity Incentive Plans

In 2000, the Board of Directors and stockholders of U.S. Can Corporation approved the U.S. Can 2000 Equity Incentive Plan. The Board of Directors administers the plan and may, from time to time, grant option awards to directors of U.S. Can Corporation, including directors who are not employees of U.S. Can Corporation, all executive officers of U.S. Can Corporation and its subsidiaries, and other employees, consultants, and advisers who, in the opinion of the Board, are in a position to make a significant contribution to the success of U.S. Can and its subsidiaries. The Board of Directors may grant options that are time-vested and options that vest based on the attainment of performance goals specified by the Board of Directors. All previous plans were terminated in 2000 in connection with the recapitalization.

A summary of the status of the Company's stock option plans (as adjusted for the reverse stock split) at December 31, 2003, 2002 and 2001, and changes during the years then ended, are presented in the tables below:

	<u>Options Outstanding</u>		<u>Exercisable Options</u>	
	<u>Shares (in 000s)</u>	<u>Wtd. Avg. Exercise Price</u>	<u>Shares (in 000s)</u>	<u>Wtd. Avg. Exercise Price</u>
December 31, 2000	2,476.542	1,000	--	\$ --
Granted	154.000	1,000		
Exercised.....	--	--		
Canceled	<u>(387.622)</u>	<u>1,000</u>		
December 31, 2001	2,242.920	1,000	325.547	\$ 1,000
Granted	25.000	1,000		
Exercised.....	--	--		
Canceled	<u>(461.186)</u>	<u>1,000</u>		
December 31, 2002	1,806.734	1,000	551.744	\$ 1,000
Granted	600.000	1,000		
Exercised.....	--	--		
Canceled	<u>(223.055)</u>	<u>1,000</u>		
December 31, 2003	2,183.679	1,000	654.107	\$ 1,000

		<u>Options Outstanding at December 31, 2003</u>		<u>Exercisable Options at December 31, 2003</u>	
<u>Exercise Price</u>	<u>Shares</u>	<u>Remaining Contractual Life (Years)</u>	<u>Wtd. Avg. Exercise Price</u>	<u>Shares</u>	<u>Wtd. Avg. Exercise Price</u>
\$1,000.00.....	<u>2,183.679</u>	<u>7.60</u>	<u>\$1,000.00</u>	<u>654.107</u>	<u>\$1,000.00</u>

The weighted-average estimated fair value of options granted during 2003, 2002, and 2001 was \$355.46, \$341.10, and \$388.42, respectively. The fair value of each option grant is determined on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for options granted in 2003, 2002, and 2001, respectively: risk-free interest rate of 4.49%, 4.26%, and 5.04%; expected lives of 10 years in all cases; expected volatility of 0% in all cases; and no dividends for any year.

(12) Redeemable Preferred Stock

As part of the recapitalization, U.S. Can Corporation issued shares of preferred stock having an aggregate value of \$106.7 million to Berkshire Partners and its affiliates and the rollover stockholders. Dividends accrue on the preferred stock at an annual rate of 10%, are cumulative from the date of issuance and compounded quarterly, on March 31, June 30, September 30 and December 31 of each year and are payable in cash when and as declared by our Board of Directors, so long as sufficient cash is available to make the dividend payment and has been obtained in a manner permitted under the terms of our Senior Secured Credit Facility and the indenture. As of December 31, 2003, 2002 and 2001, dividends of approximately \$40.3 million, \$26.5 million and \$13.9 million, respectively, have been accrued. Holders of the preferred stock have no voting rights, except as otherwise required by law. The preferred stock has a liquidation preference equal to the purchase price per share, plus all accrued and unpaid dividends. The preferred stock ranks senior to all classes of U.S. Can Corporation common stock and is not convertible into common stock.

The Company is required to redeem the preferred stock, at the option of the holders, including accrued and unpaid dividends, upon the occurrence of any of the following events and so long as sufficient cash is available to the Company or available from dividend payments permitted under the terms of the Company's debt agreement:

- the bankruptcy of the Company
- the acceleration of debt under any major loan agreement to which the Company or any of its subsidiaries is a party; or
- public offerings of shares of capital stock of the Company

The Company's certificate of incorporation expressly states that any redemption rights of holders of preferred stock shall be subordinate or otherwise subject to prior rights of the lenders under the Company's Senior Secured Credit Facility, the holders of the 10 7/8% Senior Secured Notes and the holders of the 12 3/8% Senior Subordinated Notes.

At this time, the Company's Senior Secured Credit Facility prohibits the Company's ability to redeem the preferred stock and the debt agreement restricts the Company's ability to obtain funds that may be necessary to redeem the preferred stock.

(13) Related Parties

Berkshire Partners is the majority shareholder (77.3%) of the Company and receives a management fee of \$750,000 per year.

Under the provisions of the second amendment to the Senior Secured Credit Facility, Berkshire Partners may be required to cash collateralize and ultimately repurchase the Tranche C term loan facility. In consideration for Berkshire's agreement to purchase a participation in the Tranche C term loan, the Company has agreed to accrue for and pay to Berkshire an annual fee of 2.75% of the amount of the Tranche C term loan then outstanding, which was \$550,000 for 2003 and 2002. The cumulative amount of \$1.1 million is included in accrued liabilities in the accompanying balance sheet. This fee is payable in advance, is non-refundable and may not be paid in cash (without the requisite senior lenders' consent) so long as the Company's current senior bank debt is outstanding. If Berkshire were required to purchase a Tranche C term loan participation in the future, the Company would be required to pay Berkshire the amount of such Tranche C term loan, plus accrued interest, to the extent of Berkshire's participation. The Company also agreed to reimburse Berkshire's out-of-pocket costs and expenses incurred in connection with the purchase agreement and the second amendment to the credit agreement.

Citigroup Inc. (formerly Salomon Smith Barney) currently beneficially owns 4.90% of the Company's common stock. Citigroup Inc. was paid \$2.9 million in fees in 2003 for financial advisory services provided in connection with the Company's 10 7/8% Senior Secured Note offering.

On December 11, 2003, George Bayly was appointed Co-Chairman of the Company's Board of Directors. Mr. Bayly also consults with the Company for which he is compensated \$300,000 per year, excluding board fees. Also, in conjunction with his consulting arrangement, Mr. Bayly was awarded an additional 400 options with a strike price of \$1,000. These options vest ratably over a three-year period so long as Mr. Bayly remains Co-Chairman of the Board of Directors and devotes 50% of his time consulting on behalf of the Company. In April 2004, Mr. Bayly was appointed Chief Executive Officer and his consulting contract was cancelled.

(14) Reverse Stock Split

On December 5, 2002, the board of directors authorized (i) a reverse stock split in which each issued share of the Company's common stock and Series A preferred stock, \$0.01 par value per share, would be reclassified as and converted into 1/1000th of a share of common stock and preferred stock, \$10.00 par value per share, subject to approval of the Company's shareholders and (ii) a corresponding reduction in the number of its authorized shares of common stock from 100,000,000 shares to 100,000 shares and in the number of its authorized shares of preferred stock from 200,000,000 shares to 200,000 shares. During December, the Company obtained the necessary shareholder consents and on December 20, 2002, U.S. Can Corporation, upon filing with the Secretary of State of the State of Delaware, amended its certificate of incorporation to effect the reverse stock split. The reverse stock split did not affect the relative percentages of ownership for any shareholders. The reverse stock split did not affect the annual rate at which dividends on preferred stock accrue, their cumulation or quarterly compounding. Dividends remain payable in cash when and as declared by our Board of Directors, so long as sufficient cash is available to make the dividend payment and such payment would not violate the terms of the Senior Secured Credit Facility and the 10 7/8% Senior Secured and 12 3/8% Senior Subordinated Notes. All share and per share amounts in these Consolidated Financial Statements have been retroactively adjusted to reflect the stock split.

(15) Accounting Change

The Company adopted SFAS No. 142 "Goodwill and Other Intangible Assets" on January 1, 2002. This standard provides accounting and disclosure guidance for acquired intangibles. Under this standard, goodwill and "indefinite-lived" intangibles are no longer amortized, but are tested at least annually for impairment. Effective January 1, 2002, the Company ceased the amortization of goodwill. The Company recorded goodwill amortization of \$2.8 million for the year ended December 31, 2001. SFAS No. 142 requires impairment testing to be performed initially upon adoption, annually and whenever events and changes in circumstances indicate there may be a potential impairment. The first step of goodwill impairment testing is to identify potential goodwill impairment by comparing an estimated fair value for each applicable reporting unit to its respective carrying value. If the fair value exceeds the carrying value, goodwill is not impaired and no further testing is performed. For the reporting units where the carrying value exceeds the fair value, a second step is performed to measure the amount of the goodwill impairment.

During 2002, the Company completed the initial transitional goodwill impairment test and reported that a non-cash impairment charge was required in the Custom & Specialty and International segments. During the fourth quarter of 2002, the Company determined the amount of the goodwill impairment and recorded a pre-tax goodwill impairment charge of \$39.1 million (\$18.3 million, net of tax) relating to the Custom & Specialty and International segments. The charge was presented as a cumulative effect of a change in accounting principle effective as of January 1, 2002 and was primarily due to competitive pressures in the Custom & Specialty and International segment marketplaces. To determine the amount of goodwill impairment, the Company measured the impairment loss as the excess of the carrying amount of goodwill over the implied fair value of goodwill. The impairment charge had no impact on covenant compliance under the Senior Secured Credit Agreement.

During 2003, the Company completed its annual impairment test as of November 23, 2003 and determined that no additional impairment of goodwill existed. However, future goodwill impairment tests could result in an impairment and a charge to earnings. The Company will continue to evaluate goodwill on an annual basis as of the end of fiscal November and whenever events and changes in circumstances indicate that there may be a potential impairment.

There were no changes in the carrying amount of goodwill by segment for the year ended December 31, 2003. The carrying value of the goodwill by segment is as follows (in 000's):

	<u>Goodwill</u>
	<u>Carrying Value</u>
Aerosol	\$ 7,255
Paint, Plastic & General Line	20,129
Balance, December 31, 2003	<u>\$ 27,384</u>

Pursuant to SFAS No. 142, the results for 2001 have not been restated. A reconciliation of net loss as if SFAS 142 had been adopted is presented below for the year ended December 31, 2001.

	<u>Year Ended</u>
	<u>December 31, 2001</u>
	(in thousands)
Reported Net Loss Attributable to Common Stockholders	\$ (51,761)
Add back: Goodwill amortization (net of tax)	1,858
Adjusted Net Loss Attributable to Common Stockholders	<u>\$ (49,903)</u>

(16) Business Segments

Management monitors and evaluates 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 in the U.S. for personal care, household, automotive, paint and industrial products. The International segment produces aerosol cans in the 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 in the U.S. for paint and coatings, oblong cans for items such 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 in the U.S. The Company notes that financial information used to produce its financial statements is not recorded or reconciled on a product line basis, therefore it is not practicable for the Company to disclose revenues by product line.

The accounting policies of the segments are the same as those described in Note (2) to the Consolidated Financial Statements. No single customer accounted for more than 10% of the Company's total net sales during 2003, 2002 or 2001.

Financial information relating to the Company's operations by geographic area was as follows (000's omitted):

	<u>United</u>	<u>Europe</u>	<u>Consolidated</u>
	<u>States</u>		
2003			
Net sales	\$536,088	\$ 287,354	\$ 823,442
Long-lived assets	193,887	118,517	312,404
2002			
Net sales	\$555,303	\$ 241,254	\$ 796,557
Long-lived assets	196,784	109,884	306,668
2001			
Net sales	\$542,722	\$ 229,466	\$ 772,188
Long-lived assets	222,099	123,252	345,351

The following is a summary of revenues from external customers, loss from operations, capital spending, depreciation and amortization and identifiable assets for each segment as of December 31, 2003, 2002 and 2001 (000's omitted):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues from external customers:			
Aerosol.....	\$ 359,246	\$ 364,133	\$ 334,716
International.....	287,354	241,254	229,466
Paint, Plastic, & General Line.....	118,909	119,952	130,412
Custom & Specialty.....	<u>57,933</u>	<u>71,218</u>	<u>77,594</u>
Total revenues.....	<u>\$ 823,442</u>	<u>\$ 796,557</u>	<u>\$ 772,188</u>
Income (loss) from operations:			
Aerosol.....	\$ 61,802	\$ 59,545	\$ 47,299
International.....	(12,304)	(6,449)	(267)
Paint, Plastic, & General Line.....	13,070	11,378	12,544
Custom & Specialty.....	<u>3,320</u>	<u>734</u>	<u>(998)</u>
Total Segment Income From Operations.....	65,888	65,208	58,578
Unallocated Selling, General & Administrative Expenses (a)	(24,259)	(24,147)	(28,485)
Special Charges (b).....	(382)	(8,921)	(36,239)
Interest Expense.....	(54,411)	(51,278)	(54,668)
Bank Financing Fees	<u>(6,118)</u>	<u>(4,051)</u>	<u>(2,636)</u>
Total loss before income taxes	<u>\$ (19,282)</u>	<u>\$ (23,189)</u>	<u>\$ (63,450)</u>
Capital spending:			
Aerosol.....	\$ 10,912	\$ 6,879	\$ 3,514
International.....	2,766	11,996	4,556
Paint, Plastic, & General Line.....	3,843	3,770	6,536
Custom & Specialty.....	1,778	3,002	1,043
Corporate	<u>989</u>	<u>1,588</u>	<u>3,888</u>
Total capital spending.....	<u>\$ 20,288</u>	<u>\$ 27,235</u>	<u>\$ 19,537</u>
Depreciation and amortization:			
Aerosol.....	\$ 12,227	\$ 12,014	\$ 11,856
International.....	11,990	8,521	9,355
Paint, Plastic, & General Line.....	5,856	5,561	5,462
Custom & Specialty.....	1,810	1,942	2,165
Corporate	<u>6,177</u>	<u>6,387</u>	<u>5,788</u>
Total depreciation and amortization.....	<u>\$ 38,060</u>	<u>\$ 34,425</u>	<u>\$ 34,626</u>
Identifiable assets:			
Aerosol.....	\$ 166,645	\$ 166,136	\$ 168,214
International.....	212,126	220,376	239,200
Paint, Plastic, & General Line.....	77,073	80,566	82,627
Custom & Specialty.....	24,679	27,087	45,125
Corporate	<u>93,895</u>	<u>85,948</u>	<u>99,184</u>
Total identifiable assets	<u>\$ 574,418</u>	<u>\$ 580,113</u>	<u>\$ 634,350</u>

(a) Represents United States Selling, General & Administrative expenses. The Company does not allocate these costs to its domestic segments.

(b) Management does not evaluate segment performance including such charges. See Note (4) for further information on the Company's special charges.

(17) 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 December 31, 2003 and 2002 and for the years ended December 31, 2003, 2002 and 2001. Certain information as of December 31, 2003 and 2002, and for the years then ended has been restated (see Note (3)). 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 10 7/8% Senior Secured Notes and 12 3/8% Senior Subordinated Notes.

The 10 7/8% Senior Secured Notes and 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 10 7/8% Senior Secured Notes and 12 3/8% Senior Subordinated Notes.

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

RESTATED FOR THE YEAR ENDED DECEMBER 31, 2003
(000's omitted)

	Restated U.S. Can Corporation (Parent)	Restated United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidiary Guarantor)	Restated USC Europe/ May Verpackungen GmbH (Non- Guarantor Subsidiaries)	Restated Eliminations	Restated U.S. Can Corporation Consolidated
NET SALES	\$ —	\$ 536,088	\$ —	\$ 287,354	\$ —	\$ 823,442
COST OF SALES	—	457,896	(374)	288,305	—	745,827
Gross profit	—	78,192	374	(951)	—	77,615
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	—	24,259	—	11,727	—	35,986
SPECIAL CHARGES	—	(580)	—	962	—	382
Operating income (loss)	—	54,513	374	(13,640)	—	41,247
INTEREST EXPENSE	—	44,799	6,384	3,228	—	54,411
BANK FINANCING FEES	—	6,090	—	28	—	6,118
EQUITY EARNINGS (LOSS) FROM SUBSIDIARY	(21,331)	(25,773)	(7,375)	—	54,479	—
Loss before income taxes	(21,331)	(22,149)	(13,385)	(16,896)	54,479	(19,282)
PROVISION (BENEFIT) FOR INCOME TAXES	—	(818)	2,931	(64)	—	2,049
NET LOSS	(21,331)	(21,331)	(16,316)	(16,832)	54,479	(21,331)
PREFERRED STOCK DIVIDENDS	(13,821)	—	—	—	—	(13,821)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>\$ (35,152)</u>	<u>\$ (21,331)</u>	<u>\$ (16,316)</u>	<u>\$ (16,832)</u>	<u>\$ 54,479</u>	<u>\$ (35,152)</u>

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

RESTATED FOR THE YEAR ENDED DECEMBER 31, 2002
(000's omitted)

	Restated U.S. Can Corporation (Parent)	Restated United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidiary Guarantor)	Restated USC Europe/ May Verpackungen GmbH (Non- Guarantor Subsidiaries)	Restated Eliminations	Restated U.S. Can Corporation Consolidated
NET SALES	\$ —	\$ 555,303	\$ —	\$ 241,254	\$ —	\$ 796,557
COST OF SALES	—	483,647	(406)	233,781	—	717,022
Gross profit	—	71,656	406	7,473	—	79,535
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	—	24,146	—	14,328	—	38,474
SPECIAL CHARGES	—	3,080	—	5,841	—	8,921
Operating income (loss)	—	44,430	406	(12,696)	—	32,140
INTEREST EXPENSE	—	42,105	6,465	2,708	—	51,278
BANK FINANCING FEES	—	4,051	—	—	—	4,051
EQUITY EARNINGS (LOSS) FROM SUBSIDIARY	(77,641)	(65,736)	(19,837)	—	163,214	—
Loss before income taxes	(77,641)	(67,462)	(25,896)	(15,404)	163,214	(23,189)
PROVISION FOR INCOME TAXES	—	2,005	22,197	11,948	—	36,150
NET LOSS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE AND PREFERRED STOCK DIVIDENDS	(77,641)	(69,467)	(48,093)	(27,352)	163,214	(59,339)
CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET OF TAX	—	(8,174)	4,717	(14,845)	—	(18,302)
NET LOSS	(77,641)	(77,641)	(43,376)	(42,197)	163,214	(77,641)
PREFERRED STOCK DIVIDENDS	(12,521)	—	—	—	—	(12,521)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (90,162)	\$ (77,641)	\$ (43,376)	\$ (42,197)	\$ 163,214	\$ (90,162)

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

FOR THE YEAR ENDED DECEMBER 31, 2001
(000's omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidiary Guarantor)	USC Europe/ May Verpackungen GmbH (Non- Guarantor Subsidiaries)	Eliminations	U.S. Can Corporation Consolidated
NET SALES	\$ —	\$ 542,722	\$ —	\$ 229,466	\$ —	\$ 772,188
COST OF SALES	—	483,878	—	211,636	—	695,514
Gross profit	—	58,844	—	17,830	—	76,674
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	—	28,484	1,423	16,674	—	46,581
SPECIAL CHARGES	—	27,063	—	9,176	—	36,239
Operating income (loss)	—	3,297	(1,423)	(8,020)	—	(6,146)
INTEREST EXPENSE	—	45,500	6,500	2,668	—	54,668
BANK FINANCING FEES	—	2,636	—	—	—	2,636
EQUITY EARNINGS (LOSS) FROM SUBSIDIARY	(40,416)	(13,010)	(1,198)	—	54,624	—
Loss before income taxes	(40,416)	(57,849)	(9,121)	(10,688)	54,624	(63,450)
BENEFIT FOR INCOME TAXES	—	(17,433)	(3,506)	(2,095)	—	(23,034)
NET LOSS	(40,416)	(40,416)	(5,615)	(8,593)	54,624	(40,416)
PREFERRED STOCK DIVIDENDS	(11,345)	—	—	—	—	(11,345)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>\$ (51,761)</u>	<u>\$ (40,416)</u>	<u>\$ (5,615)</u>	<u>\$ (8,593)</u>	<u>\$ 54,624</u>	<u>\$ (51,761)</u>

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

CONDENSED CONSOLIDATING BALANCE SHEET

Restated As of December 31, 2003

(000's omitted)

	Restated U.S. Can Corporation (Parent)	Restated United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidiary Guarantor)	Restated USC Europe/ May Verpackungen GmbH (Non- Guarantor Subsidiaries)	Restated Eliminations	Restated U.S. Can Corporation Consolidated
CURRENT ASSETS:						
Cash and cash equivalents.....	\$ —	\$ 16,854	\$ —	\$ 6,110	\$ —	\$ 22,964
Accounts receivable	—	44,157	—	37,236	—	81,393
Inventories.....	—	52,739	—	42,401	—	95,140
Deferred income taxes.....	—	666	—	130	—	796
Other current assets.....	—	6,460	—	7,457	—	13,917
Total current assets.....	—	120,876	—	93,334	—	214,210
NET PROPERTY, PLANT AND EQUIPMENT.....	—	143,777	—	103,712	—	247,489
GOODWILL	—	27,384	—	—	—	27,384
DEFERRED INCOME TAXES..	—	30,685	—	131	—	30,816
OTHER NON-CURRENT ASSETS.....	—	39,570	—	14,949	—	54,519
INTERCOMPANY ADVANCES.....	—	260,962	—	—	(260,962)	—
INVESTMENT IN SUBSIDIARIES.....	—	—	61,961	—	(61,961)	—
Total assets.....	\$ —	\$ 623,254	\$ 61,961	\$ 212,126	\$ (322,923)	\$ 574,418
CURRENT LIABILITIES						
Current maturities of						
long-term debt.....	\$ —	\$ 2,379	\$ —	\$ 21,078	\$ —	\$ 23,457
Accounts payable	—	42,237	—	56,174	—	98,411
Restructuring reserves.....	—	2,831	—	581	—	3,412
Income taxes payable.....	—	—	—	362	—	362
Other current liabilities	—	35,683	—	15,012	—	50,695
Total current liabilities.....	—	83,130	—	93,207	—	176,337
TOTAL LONG TERM DEBT	854	534,913	—	—	—	535,767
LONG-TERM LIABILITIES PURSUANT TO EMPLOYEE BENEFIT PLANS	—	41,069	930	29,780	—	71,779
OTHER LONG-TERM LIABILITIES.....	—	2,594	—	2,898	—	5,492
PREFERRED STOCK	146,954	—	—	—	—	146,954
INTERCOMPANY LOANS	112,056	—	121,595	27,311	(260,962)	—
INVESTMENT IN SUBSIDIARIES.....	102,047	63,595	—	—	(165,642)	—
STOCKHOLDERS' EQUITY	(361,911)	(102,047)	(60,564)	58,930	103,681	(361,911)
Total liabilities and stockholders' equity.....	\$ —	\$ 623,254	\$ 61,961	\$ 212,126	\$ (322,923)	\$ 574,418

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

CONDENSED CONSOLIDATING BALANCE SHEET

Restated As of December 31, 2002

(000's omitted)

	Restated U.S. Can Corporation (Parent)	Restated United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidiary Guarantor)	Restated USC Europe/ May Verpackungen GmbH (Non- Guarantor Subsidiaries)	Restated Eliminations	Restated U.S. Can Corporation Consolidated
CURRENT ASSETS:						
Cash and cash equivalents.....	\$ —	\$ 5,707	\$ —	\$ 5,983	\$ —	\$ 11,690
Accounts receivable	—	43,623	—	45,697	—	89,320
Inventories.....	—	57,500	(600)	48,295	—	105,195
Deferred income taxes.....	—	5,535	1,977	218	—	7,730
Other current assets.....	—	6,184	—	7,893	—	14,077
Total current assets.....	—	118,549	1,377	108,086	—	228,012
NET PROPERTY, PLANT AND EQUIPMENT.....	—	147,588	—	96,953	—	244,541
GOODWILL	—	27,384	—	—	—	27,384
DEFERRED INCOME TAXES..	—	28,312	606	422	—	29,340
OTHER NON-CURRENT ASSETS.....	—	37,904	—	12,932	—	50,836
INTERCOMPANY ADVANCES.....	—	249,649	—	—	(249,649)	—
INVESTMENT IN SUBSIDIARIES.....	—	—	61,360	—	(61,360)	—
Total assets.....	\$ —	\$ 609,386	\$ 63,343	\$ 218,393	\$ (311,009)	\$ 580,113
CURRENT LIABILITIES						
Current maturities of						
long-term debt.....	\$ —	\$ 11,078	\$ —	\$ 17,372	\$ —	\$ 28,450
Accounts payable	—	47,901	—	52,324	—	100,225
Other current liabilities	—	48,389	31	16,358	—	64,778
Total current liabilities	—	107,368	31	86,054	—	193,453
TOTAL LONG TERM DEBT	854	503,238	—	19,437	—	523,529
LONG-TERM LIABILITIES						
PURSUANT TO EMPLOYEE BENEFIT PLANS	—	44,603	672	29,299	—	74,574
OTHER LONG-TERM LIABILITIES.....	—	3,714	—	1,718	—	5,432
PREFERRED STOCK.....	133,133	—	—	—	—	133,133
INTERCOMPANY LOANS.....	118,219	—	114,864	22,728	(255,811)	—
INVESTMENT IN SUBSIDIARIES.....	97,802	54,427	—	—	(152,229)	—
STOCKHOLDERS' EQUITY	(350,008)	(103,964)	(52,224)	59,157	97,031	(350,008)
Total liabilities and stockholders' equity.....	\$ —	\$ 609,386	\$ 63,343	\$ 218,393	\$ (311,009)	\$ 580,113

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

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
RESTATED FOR THE YEAR ENDED DECEMBER 31, 2003
(000's omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidiary- Guarantor)	Restated USC Europe / May Verpackungen (Non- Guarantor Subsidiaries)	Restated U.S. Can Corporation Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES	\$ —	\$ 23,409	\$ (14,101)	\$ 10,559	\$ 19,867
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	—	(17,523)	—	(2,765)	(20,288)
Proceeds on the sale of property	—	256	—	5,173	5,429
Net cash used in investing activities	—	(17,267)	—	2,408	(14,859)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Changes in intercompany advances	—	(11,312)	14,101	(2,789)	—
Issuance of 10 7/8% senior secured notes	—	125,000	—	—	125,000
Repurchase of 12 3/8% senior subordinated notes	—	(3,011)	—	—	(3,011)
Net payments under the revolving line of credit	—	(27,600)	—	—	(27,600)
Payment of Tranche A loan	—	(27,294)	—	—	(27,294)
Payment of Tranche B loan	—	(47,575)	—	—	(47,575)
Borrowings of other debt	—	4,814	—	1,087	5,901
Proceeds from accounts receivable factoring	—	—	—	11,195	11,195
Payments of other long-term debt	—	(1,079)	—	(18,750)	(19,829)
Payments of debt financing costs	—	(6,938)	—	—	(6,938)
Net cash (used in) provided by financing activities	—	5,005	14,101	(9,257)	9,849
EFFECT OF EXCHANGE RATE CHANGES ON CASH	—	—	—	(3,583)	(3,583)
INCREASE IN CASH AND CASH EQUIVALENTS	—	11,147	—	127	11,274
CASH AND CASH EQUIVALENTS, beginning of year	—	5,707	—	5,983	11,690
CASH AND CASH EQUIVALENTS, end of period	\$ —	\$ 16,854	\$ —	\$ 6,110	\$ 22,964

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

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
RESTATED FOR THE YEAR ENDED DECEMBER 31, 2002
(000's omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidiary- Guarantor)	Restated USC Europe / May Verpackungen (Non- Guarantor Subsidiaries)	Restated U.S. Can Corporation Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES	\$ —	\$ 19,114	\$ (41,410)	\$ 26,113	\$ 3,817
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	—	(15,239)	—	(11,996)	(27,235)
Proceeds on the sale of property	—	817	—	4,845	5,662
Investment in Formametal S.A.	—	(133)	—	—	(133)
Net cash used in investing activities	—	(14,555)	—	(7,151)	(21,706)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Changes in intercompany advances	—	(10,195)	41,410	(31,215)	—
Net borrowings under the revolving line of credit	—	13,600	—	—	13,600
Borrowing of long-term debt	—	—	—	12,625	12,625
Payments of long-term debt, including capital lease obligations	—	(10,506)	—	(1,662)	(12,168)
Net cash (used in) provided by financing activities	—	(7,101)	41,410	(20,252)	14,057
EFFECT OF EXCHANGE RATE CHANGES ON CASH	—	—	—	779	779
DECREASE IN CASH AND					
CASH EQUIVALENTS	—	(2,542)	—	(511)	(3,053)
CASH AND CASH EQUIVALENTS, beginning of year	—	8,249	—	6,494	14,743
CASH AND CASH EQUIVALENTS, end of period	\$ —	\$ 5,707	\$ —	\$ 5,983	\$ 11,690

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

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001
(000s omitted)

	U.S. Can Corporation (Parent)	United States Can Company (Issuer)	USC May Verpackungen Holding (Subsidiary- Guarantor)	USC Europe / May Verpackungen (Non- Guarantor Subsidiaries)	U.S. Can Corporation Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES	\$ —	\$ 3,658	\$ (10,186)	\$ (464)	\$ (6,992)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures.....	—	(14,981)	—	(4,556)	(19,537)
Acquisition of business, net of cash acquired.....	—	(4,198)	—	—	(4,198)
Proceeds on the sale of property.....	—	—	—	7,208	7,208
Investment in Formametal S.A.....	—	(7,891)	—	—	(7,891)
Net cash used in investing activities.....	—	(27,070)	—	2,652	(24,418)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Changes in intercompany advances.....	—	(10,289)	10,186	103	—
Settlement of shareholder litigation.....	—	(2,063)	—	—	(2,063)
Net borrowings under the revolving line of credit.....	—	37,600	—	—	37,600
Borrowing of Term C loan	—	20,000	—	—	20,000
Payments of long-term debt, including capital lease obligations	—	(9,569)	—	(4,533)	(14,102)
Payment of debt financing costs.....	—	(6,294)	—	—	(6,294)
Net cash (used in) provided by financing activities.....	—	29,385	10,186	(4,430)	35,141
EFFECT OF EXCHANGE RATE CHANGES ON CASH	—	—	—	228	228
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	—	5,973	—	(2,014)	3,959
CASH AND CASH EQUIVALENTS, beginning of year.....	—	2,276	—	8,508	10,784
CASH AND CASH EQUIVALENTS, end of period.....	\$ —	\$ 8,249	\$ —	\$ 6,494	\$ 14,743

(18) Quarterly Financial Data (Unaudited)

The following is a summary of the unaudited interim results of operations for each of the quarters in 2003 (000's omitted). See Note (3) for a discussion of the Restatement.

	<u>First Quarter</u>		<u>Second Quarter</u>		<u>Third Quarter</u>		<u>Fourth Qtr</u>	
	As Previously		As Previously		As Previously		As Previously	
	Restated <u>2003</u>	Reported <u>2003</u>	Restated <u>2003</u>	Reported <u>2003</u>	Restated <u>2003</u>	Reported <u>2003</u>	Restated <u>2003</u>	Reported <u>2003</u>
Net Sales	\$ 199,153	\$ 198,890	\$ 210,623	\$ 210,312	\$ 204,671	\$ 204,508	\$ 208,995	\$ 209,186
Gross Profit.....	20,275	21,344	21,332	24,710	17,719	20,725	18,289	20,645
Special Charges(a).....	758	1,030	592	591	(760)	(791)	(208)	(218)
Loss from Operations Before Accounting Change	(4,432)	(4,037)	(4,055)	(1,002)	(7,101)	(4,296)	(5,744)	(4,185)
Net Loss Attributable to Common Shareholders	<u>\$ (7,678)</u>	<u>\$ (7,283)</u>	<u>\$ (7,455)</u>	<u>\$ (4,402)</u>	<u>\$ (10,586)</u>	<u>\$ (7,781)</u>	<u>\$ (9,434)</u>	<u>\$ (7,875)</u>

(a) See Note (4) to the Consolidated Financial Statements.

The following is a summary of the unaudited interim results of operations for each of the quarters in 2002 (000's omitted). See Note (3) for a discussion of the Restatement.

	<u>First Quarter</u>		<u>Second Quarter</u>		<u>Third Quarter</u>		<u>Fourth Qtr</u>	
	As Previously		As Previously		As Previously		As Previously	
	Restated <u>2002</u>	Reported <u>2002</u>	Restated <u>2002</u>	Reported <u>2002</u>	Restated <u>2002</u>	Reported <u>2002</u>	Restated <u>2002</u>	Reported <u>2002</u>
Net Sales	\$ 186,109	\$ 186,038	\$ 203,802	\$ 203,624	\$ 205,110	\$ 205,474	\$ 201,536	\$ 201,364
Gross Profit.....	19,444	18,968	20,978	22,893	17,766	19,800	21,347	24,444
Special Charges(a).....	--	--	--	--	5,071	5,071	3,850	3,634
Loss from Operations Before Accounting Change	(2,690)	(2,382)	(2,043)	(876)	(6,368)	(5,229)	(48,238)	(44,987)
Net Loss Attributable to Common Shareholders	<u>\$ (23,966)</u>	<u>\$ (23,658)</u>	<u>\$ (5,124)</u>	<u>\$ (3,957)</u>	<u>\$ (9,526)</u>	<u>\$ (8,387)</u>	<u>\$ (51,546)</u>	<u>\$ (48,295)</u>

(a) See Note (4) to the Consolidated Financial Statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

As of December 31, 2003, the Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operations of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded, as of December 31, 2003, that the Company's disclosure controls and procedures were effective for recording, processing, summarizing and reporting the information the Company discloses in the reports that the Company files with the Commission.

During the year ended December 31, 2003, there was no change in the Company's internal controls over financial reporting that materially affected, or was reasonably likely to materially affect, the Company's internal controls over financial reporting.

Subsequent to December 31, 2003, and as a result of inquiries regarding accounting and financial reporting issues at its Laon, France facility, the Company determined that it would restate its financial statements for the years ended December 2002 and 2003, and the quarter ended April 4, 2004 (the "Restatement"). In addition, in connection with the Restatement, the Company's auditors, Deloitte & Touche LLP, delivered a letter to the Company regarding "material weaknesses" in the Company's internal controls concerning oversight of its European operations, in particular its Laon, France facility. For a discussion of the restatement adjustments, see "Item 8. Financial Statements – Note (3) Restatements."

In connection with the Restatement process and the inquiry by the Audit Committee, the Company has carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, including an evaluation of such controls and procedures at a number of its other facilities, and has concluded that the controls and procedures at such other facilities, and at the Company's corporate headquarters, are superior to those that existed at its Laon, France facility. In connection with the restatement process, the Company has initiated the implementation of various measures to strengthen its internal controls and has added more structure to the financial oversight of its European operations, including its facility in France. The Company believes that, in connection with this effort, it has substantially strengthened the organization and personnel of the senior financial and control functions in Europe and adopted more rigorous policies and procedures with respect to its financial reporting.

The Company will continue to evaluate the effectiveness of its controls and procedures on an ongoing basis, including consideration of recommendations identified through the investigation, and will implement further actions as necessary in its continuing efforts to strengthen the control process.

The Company's management is committed to continuing to improve the state of its controls and procedures, corporate governance and financial reporting. Other than as described above, since the evaluation date by the Company's management of its internal controls, there have not been any significant changes in the internal controls or in other factors that could significantly affect the internal controls.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the name, age as of March 15, 2004, and as of the date of this filing, and position of each of our directors, executive officers and other key employees. Each of our directors will hold office until the next annual meeting of shareholders or until his successor has been elected and qualified. Our officers are elected by our Board of Directors and serve at the discretion of the Board of Directors.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Carl Ferenbach	61	Director, Co-Chairman of the Board
George V. Bayly	61	Director, Co-Chairman of the Board and Chief Executive Officer ¹
John L. Workman	52	Director, Chief Executive Officer ¹
Thomas A. Scrimo	55	Executive Vice President and General Manager, Business Units of the Americas
Sarah T. Macdonald	39	Senior Vice President, Sales
Larry S. Morrisson	50	Senior Vice President, Metal Manufacturing and Lithography Operations
Francois J. Vissers	43	Senior Vice President, International and President of European Operations
Sandra K. Vollman	46	Senior Vice President and Chief Financial Officer
Emil P. Obradovich	57	Vice President and Chief Technical Officer
Thomas J. Olander	55	Vice President, Human Resources
Sheleen Quish	55	Chief Information Officer and Vice President, Corporate Marketing
Richard K. Lubin	57	Director
Philip R. Mengel	59	Director
Francisco A. Soler	58	Director
Louis B. Susman	66	Director

¹On April 22, 2004, the Company announced that John Workman had stepped down from his position as Chief Executive Officer and that George Bayly had been named Chief Executive Officer.

Carl Ferenbach. Mr. Ferenbach became Chairman of the Board in October 2002. Mr. Ferenbach, who was one of our founding directors in 1983 and served as a member of our Board of Directors until February 2000, was elected as a Director at the time of the recapitalization. Mr. Ferenbach is also a Managing Director of Berkshire Partners, which he co-founded in 1986. He has been a director of many of Berkshire Partners' manufacturing, transportation and telecommunications investments, serves as a director of Crown Castle International Corporation and is Chairman of English Welsh & Scottish Railway.

George V. Bayly. Mr. Bayly has served as a Director since August 2003, was named Co-Chairman of the Board in December 2003 and was appointed Chief Executive Officer in April 2004. Mr. Bayly has been a principal of Whitehall Investors, LLC, a consulting and venture capital firm, since 2002. From 1991 to 2002, Mr. Bayly served as Chairman, President and Chief Executive Officer of Ivex Packaging Corporation, a container and packaging manufacturer. Mr. Bayly is also a director of General Binding Corporation, Packaging Dynamics Inc. and Huhtamaki Oy.

John L. Workman. Mr. Workman was Chief Executive Officer from February 2003 until April 2004. From October 2002 to February 2003, Mr. Workman served as the Company's Chief Operating Officer. Prior thereto, Mr. Workman had served as the Company's Executive Vice President and Chief Financial Officer since August 1998. Prior to his appointment, Mr. Workman served as Executive Vice President and Chief Restructuring Officer at Montgomery Ward Holding Corporation. Montgomery Ward was one of the nation's largest privately-held retailers.

Thomas A. Scrimo. Mr. Scrimo became Executive Vice President and General Manager for Business Units of the Americas in October 2003. Since February 2003, Mr. Scrimo had served as our Executive Vice President and General Manager for Aerosol, Paint and General Line. From November 2002 to February 2003, Mr. Scrimo served as the Company's Senior Vice President and General Manager of Operations, Americas. Mr. Scrimo served as our Senior Vice President and General Manager, Aerosol

Operations and Business Support since February 2000. From August 1998 to February 2000, Mr. Scrimo served as our Vice President, Business Support Operations. Prior to joining us, he served as Vice President of Operations for Greenfield Industries, Inc., an international tool manufacturer, from January 1997 to August 1998.

Sarah T. Macdonald. Ms. Macdonald was named our Senior Vice President, Sales in October 2003. Previously, Ms. Macdonald had been our Vice President, Global Accounts since May 2001. From August 2000 to May 2001, she served as Vice President, Marketing, Aerosol and Paint, Plastic & General Line and Vice President, Marketing, Paint, Plastic & General Line from December 1999 to August 2000. From October 1998 to December of 1999, Ms. Macdonald was the Sales and Marketing Director of the Company's U.K. operations. Before joining the Company, Ms. Macdonald held a number of different sales and marketing positions with Crown, Cork & Seal and Carnaud Metalbox.

Larry S. Morrison. Mr. Morrison became Senior Vice President for Metal Manufacturing and Lithography in October 2003. Since February 2003, Mr. Morrison had served as Senior Vice President and General Manager for Plastics, Lithography and Specialty Products. From June 2002 to February 2003, Mr. Morrison served as Vice President of Specialty Products and Litho Services. From July 1995 to June 2002, Mr. Morrison held numerous positions within the Company including Vice President, Operational Excellence, Vice President and General Manager, Custom & Specialty Products and Vice President of Manufacturing of Custom & Specialty Products.

Francois Vissers. Mr. Vissers has held the position of Senior Vice President, International and President of European Operations from February 2003 through August 2004. From September 2002 to February 2003, Mr. Vissers served as Vice President Europe and Managing Director May Verpackungen. Prior thereto, Mr. Vissers served as Vice President, Aerosol Division - Europe since May 2001. Before joining the Company, he held various senior management positions with GE Plastics in Europe, including General Manager for the European ABS business from 2000 through May 2001 and European productivity leader from 1999 through 2000.

Sandra K. Vollman. Ms. Vollman was named Senior Vice President and Chief Financial Officer in February 2003. Ms. Vollman had been serving as the Company's Primary Financial Officer since October 2002. From February 2002 to October 2002, Ms. Vollman had served as the Company's Senior Vice President—Finance. She joined the Company in July 1999 as Vice President – Business Development and was named Vice President – Finance in September 2000. From 1997 to 1999, Ms. Vollman was Vice President and Corporate Controller for Montgomery Ward and Co.

Emil P. Obradovich. Mr. Obradovich has served as our Vice President and Chief Technical Officer since February 2000. From 1996 to February 2000, Mr. Obradovich served as our Managing Director of Technical Services.

Thomas J. Olander. Mr. Olander became Vice President, Human Resources in March 2003. Previously, Mr. Olander held the position of Vice President, Organization & Staffing, Compensation & Benefits for U.S. Can since December 1999. Prior to joining the company, Mr. Olander held the position of Vice President, Human Resources for Draper and Kramer, Inc., a Chicago-based real estate firm from 1996 through 1999.

Sheleen Quish. Ms. Quish has been serving as our Chief Information Officer and Vice President, Corporate Marketing since February 2003. From December 2000 to February 2003, Ms. Quish served as our Vice President and Chief Information Officer. Prior to joining U.S. Can, Ms. Quish served as Managing Director of Leapnet, an Internet company from June 2000 to December 2000, and as Senior Vice President of Administration and Systems of Unitrin, an insurance and financial services company, from 1998 through June 2000.

Richard K. Lubin. Mr. Lubin has served as a Director since the recapitalization in 2000. Mr. Lubin is a Managing Director of Berkshire Partners, which he co-founded in 1986. He has been a director of many of Berkshire Partners' manufacturing, retailing and transportation investments and currently serves as a director of The Holmes Group, Inc., English Welsh & Scottish Railway and Fresh Start Bakeries, Inc.

Philip R. Mengel. Mr. Mengel was elected a Director in 2001 and currently serves as an Advisory Director to Berkshire Partners. Mr. Mengel was the Chief Executive Officer of English Welsh & Scottish Railway from January 2000 through December 2003. From 1996 to January 2000, Mr. Mengel was the Chief Executive Officer of Ibstock plc, an international building products company. Mr. Mengel is also a director of The Economist Newspaper Group.

Francisco A. Soler. Mr. Soler has served as a Director since 1983. Since 1985, Mr. Soler has served as the Chairman of International Bancorp of Miami, Inc., the holding company for The International Bank of Miami, N.A. Mr. Soler is also President of Harbour Club Milano Spa and a director of various industrial and commercial companies in the United Kingdom and El Salvador.

Louis B. Susman. Mr. Susman has served as a Director since 1998. Mr. Susman is a Vice Chairman of the Citigroup Global Corporate Investment Bank, Chairman of the Citigroup North American Customer Committee, and a Vice Chairman of Investment Banking and Managing Director of Salomon Smith Barney Inc. Prior to joining Salomon Brothers Inc (one of the predecessors of Salomon Smith Barney) in June 1989, Mr. Susman was a senior partner at the St. Louis-based law firm of Thompson & Mitchell. Mr. Susman is a Director of Drury Inns and has previously served on the boards of the St. Louis National Baseball Club, Inc., Silver Eagle, Inc., Hasco International, PennCorp Financial, Avery, Inc. and other publicly-held corporations.

Audit Committee Financial Expert

Messrs. Soler, Mengel, Ferenbach, Bayly and Lubin constitute the members of our audit committee. At the present time, based on our review of the criteria required to meet the definition of “audit committee financial expert” under the rules adopted by the SEC, no member of the audit committee meets the SEC's definition of an audit committee financial expert. Nevertheless, we believe the experience and education of the members of the audit committee qualifies them to monitor the integrity of our financial statements, legal and regulatory requirements applicable to us, the public accountants' qualifications and independence, the performance of our internal audit function, and our compliance with the Sarbanes-Oxley Act and the rules and regulations thereunder. Moreover, we believe that each of the members of the audit committee has demonstrated that he is capable of (i) understanding generally accepted accounting principles ("GAAP") and financial statements, (ii) assessing the general application of GAAP principles in connection with the accounting for estimates, accruals and reserves, (iii) analyzing and evaluating our financial statements, (iv) understanding internal controls and procedures for financial reporting, and (v) understanding audit committee functions, all of which are attributes of an audit committee financial expert under the rule adopted by the SEC. Given the business experience and acumen of Messrs. Soler, Mengel, Ferenbach, Bayly and Lubin and their longstanding service as members of the our audit committee, the Board of Directors believes that they are qualified to carry out all duties and responsibilities of our audit committee. In addition, the audit committee has the ability on its own to retain independent accountants, financial advisors or other consultants, advisors and experts whenever it deems appropriate. We believe the directors' qualifications and experience, and ability to utilize outside advisors and experts as they consider appropriate, affords them sufficient background and expertise to fulfill their obligations without the necessity of including an audit financial expert at the present time.

Code of Ethics

The Company has adopted a code of business conduct and ethics for officers (including the Company's principal executive officer, principal financial officer and controller) and employees, known as the Corporate Code of Ethics and Conduct. The Corporate Code of Ethics and Conduct is available on the Company's website at <http://www.uscanco.com/code.htm>.

ITEM 11. EXECUTIVE COMPENSATION

The following tables set forth information concerning compensation paid to our Chief Executive Officer and our other four most highly compensated executive officers during fiscal years 2003, 2002 and 2001. Information is also included for one of our former executives, who would have been among the most highly compensated officers but for his resignation in November 2003.

Summary Compensation Table

<i>Name and Principal Position</i>	<i>Year</i>	<u>Annual Compensation</u>			<u>Long Term Compensation</u>	
		<u>Salary</u>	<u>Bonus</u>	<u>Other Annual Compensation</u>	<u>Awards</u> <u>Securities</u> <u>Underlying</u> <u>Options/SARs</u> <u>(#)(c)</u>	<u>Payout</u> <u>All Other Compensation</u>
John L. Workman Chief Executive Officer	2003	\$521,377	\$ --	\$6,194	none	\$ 26,681(a)
	2002	\$424,723	\$45,000	\$7,215	none	\$ 24,148(b)
	2001	\$412,915	\$20,000	\$7,215	none	\$ 46,600(c)
Thomas A. Scrimo Executive Vice President and G.M., Aerosol, Paint & Business Support	2003	\$287,869	\$ --	\$5,506	none	\$ 14,563(a)
	2002	\$252,677	\$35,000	\$5,506	none	\$ 14,478(b)
	2001	\$245,754	\$12,000	\$5,506	none	\$ 22,016(c)
Larry S. Morrison Senior Vice President, Metal Manufacturing & Lithography	2003	\$207,600	\$50,000	\$5,506	none	\$ 8,168(a)
	2002	\$202,615	\$25,000	\$5,506	none	\$ 10,113(b)
	2001	\$195,138	\$20,000	\$5,506	none	\$ 13,184(c)
Francois Vissers (e) Senior Vice President, International and President of European Operations	2003	\$341,037	\$ --	\$7,049	none	\$ -(d)
	2002	\$270,948	\$31,102	\$5,457	none	\$ -(d)
	2001	\$240,085	\$51,739	\$3,291	25.000	\$ -(d)
Sandra K. Vollman Senior Vice President and Chief Financial Officer	2003	\$224,792	\$ --	\$5,506	none	\$ 8,306(a)
	2002	\$203,446	\$20,000	\$5,506	none	\$ 16,219(b)
	2001	\$193,062	\$20,000	\$5,506	none	\$ 13,774(c)
James J. Poehling (e) Senior Vice President, North American Sales and Channel Development	2003	\$244,623	\$ --	\$5,189	none	\$ 50,874(a)
	2002	\$242,292	\$80,000	\$5,506	none	\$ 90,668(b)
	2001	\$71,282	\$35,000	\$2,169	50.000	\$ 9,751(c)

- (a) 2003 amounts shown for Messrs. Workman, Scrimo, Morrison, Ms. Vollman and Mr. Poehling include contributions or payments for their benefit to U.S. Can Corporation's Salaried Employee Savings and Retirement Accumulation Plan ("SRAP") and pursuant to nonqualified retirement plans (\$26,681, \$14,563, \$8,168, \$8,306 and \$14,069 respectively). The 2003 amount shown for Mr. Poehling also includes reimbursement for relocation expenses claimed under his Employment Agreement of \$22,382 and payments made by the Company of \$14,423 in accordance with his Severance Agreement.
- (b) 2002 amounts shown for Messrs. Workman, Scrimo, Morrison, Ms. Vollman and Mr. Poehling include contributions or payments for their benefit to U.S. Can Corporation's Salaried Employee Savings and Retirement Accumulation Plan ("SRAP") and pursuant to nonqualified retirement plans (\$24,148, \$14,478, \$10,113, \$16,219 and \$11,630 respectively). The 2002 amount shown for Mr. Poehling includes reimbursement for relocation expenses claimed under his Employment Agreement of \$79,038.

- (c) 2001 amounts shown for Messrs. Workman, Scrimo, Morrison, Ms. Vollman and Mr. Poehling include contributions or payments for their benefit to U.S. Can Corporation's Salaried Employee Savings and Retirement Accumulation Plan ("SRAP") and pursuant to nonqualified retirement plans (\$46,600, \$22,016, \$13,184, \$13,774 and \$987 respectively). The amount for Mr. Poehling represents reimbursements for relocation expenses claimed under his employment agreement of \$8,764, respectively.
- (d) Mr. Vissers is compensated partially in euros and partially in British pounds. The amounts shown for Mr. Vissers have been converted to U.S. dollars at the applicable exchange rate in effect as of the calendar year-end for the year in which payment was made. During 2003, 2002 and 2001 the Company did not make any contributions for the benefit of Mr. Vissers to any type of executive retirement plan or overseas employee benefit trust. All such contributions are made by Mr. Vissers through salary deductions.
- (e) Mr. Vissers joined the Company in May 2001. Mr. Poehling joined the Company in September 2001 and resigned from the Company on November 28, 2003.

Option Grants

There were no option or stock appreciation right ("SAR") grants to our Chief Executive Officer or our four most highly compensated employees in 2003.

Aggregated Option/SAR Exercises in 2003 and 2003-End Option/SAR Values

No shares were acquired as a result of option exercises by the named executive officers during 2003.

<u>Name</u>	<u>Number of Securities Underlying Unexercised Options at 2003-Year End (#) Exercisable/Unexercisable</u>	<u>Value of Unexercised In-The-Money Options at 2003-Year End \$(a) Exercisable/Unexercisable</u>
John L. Workman	42.440/311.23	\$0/\$0
Thomas A. Scrimo	135.809/203.713	\$0/\$0
Francois Vissers	10.000/15.000	\$0/\$0
Larry S. Morrison.....	33.952/22.635	\$0/\$0
Sandra K. Vollman.....	84.881/56.587	\$0/\$0
James J. Poehling (b)	20.000/00.000	\$0/\$0

- (a) There was no established trading market for U.S. Can Corporation's common stock as of December 31, 2003. Management has determined that the fair market value of the common stock underlying these options did not exceed \$1,000.00 (the exercise price of these options) and, accordingly, none of the options were in-the-money.
- (b) Mr. Poehling resigned from the Company on November 28, 2003. In accordance with his separation agreement, his options expired on March 12, 2004

Compensation of Directors

Directors Fees

Each outside Director of U.S. Can receives an annual retainer of \$30,000 and full Board meeting fees of \$1,500 for meetings attended in person and \$500 for meetings attended telephonically. Directors are also reimbursed for reasonable expenses incurred in the course of their service. There are five regularly scheduled full Board meetings each year and at least one regularly scheduled board meeting is held each quarter.

Committee Fees

The Board has standing Audit, Compensation and Nominating Committees. Each outside Director serving on a Committee receives meeting fees of \$1,000 for meetings attended in person and \$500 for meetings attended telephonically. Committee members are also reimbursed for reasonable expenses incurred in the course of their service.

Other Fees

George Bayly is Co-Chairman of the Company's Board of Directors. Mr. Bayly also consults with the Company for which he is compensated \$300,000 per year, excluding board fees. Also, in conjunction with his consulting arrangement, Mr. Bayly was awarded an additional 400 options with a strike price of \$1,000. These option vest ratably over a three-year period so long as Mr. Bayly remains Co-Chairman of the Board of Directors and devotes 50% of his time consulting on behalf of the Company.

Compensation Committee Interlocks and Insider Participation

Mr. Lubin served as Chairman of U.S. Can Corporation's Compensation Committee during 2002. Mr. Lubin and Mr. Ferenbach are managing directors of Berkshire Partners. Mr. Mengel is an Advisory Director to Berkshire Partners. Upon the completion of the recapitalization, Berkshire Partners received a fee of \$2.0 million. In addition, Berkshire Partners receives a management fee of \$750,000 per year.

The second amendment to the Senior Secured Credit Facility includes an additional Tranche C term loan of \$25.0 million. Under certain circumstances, the Company's majority shareholder may be required to cash collateralize and ultimately repurchase the new term loan facility. The Company borrowed \$20.0 million under the Tranche C facility on December 18, 2001. In consideration for Berkshire's agreement to purchase a participation in the Tranche C term loan, the Company has agreed to accrue for and pay to Berkshire an annual fee of 2.75% of the amount of the Tranche C term loan then outstanding, which was \$550,000 for each of 2003 and 2002. This fee is payable in advance, is non-refundable and may not be paid in cash (without the requisite senior lenders' consent) so long as the Company's current senior bank debt is outstanding. If Berkshire were required to purchase a Tranche C term loan participation in the future, the Company would be required to pay Berkshire the amount of such Tranche C term loan, plus accrued interest, to the extent of Berkshire's participation. The Company also agreed to reimburse Berkshire's out-of-pocket costs and expenses incurred in connection with the purchase agreement and the second amendment to the credit agreement.

None of our executive officers serves:

- (1) as a member of the compensation committee of any entity that has one or more executive officers serving as a member of our Compensation Committee;
- (2) as a member of the board of directors of any entity that has one or more executive officers serving as a member of our Compensation Committee; and
- (3) as a member of the compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors.

Transactions with Management

Executive Severance Plan

Several of our executive officers are eligible to participate in our executive severance plan. The executive severance plan provides an executive with a severance payment equal to 12 months (18 months for certain executives) of the executive's base salary in the event the executive is terminated without cause or leaves for good reason. In the cases of Messrs. Scrimo and Workman, the executive severance plan will not provide a severance benefit if these executives are entitled to receive a severance benefit under their change in control agreements (described below).

U.S. Can Corporation 2000 Equity Incentive Plan

In connection with the recapitalization, the Board of Directors and stockholders of U.S. Can Corporation approved the U.S. Can Corporation 2000 Equity Incentive Plan. The Board of Directors administers the plan and may, from time to time, grant option awards to directors of U.S. Can Corporation, including directors who are not employees of U.S. Can Corporation, all executive officers of U.S. Can Corporation and its subsidiaries, and other employees, consultants, and advisers who, in the opinion of the Board, are in a position to make a significant contribution to the success of U.S. Can and its subsidiaries. The Board of Directors may grant options that are time-vested and options that vest based on the attainment of performance goals specified by the Board of Directors.

Change in Control Agreements

Mr. Obradovich is a party to a change in control agreement. The agreement with Mr. Obradovich provides that upon termination by us or constructive termination by Mr. Obradovich within two years of a change in control, he will be entitled to:

- a severance payment equal to one times the greater of his current annual base salary or the annual base salary immediately before the change in control;
- a pro-rated bonus based on the target bonus; and
- continuation of health and welfare benefits for one year following termination.

Employment Agreements with Messrs. Scrimo and Workman

In October of 2003, the Company renewed its existing employment agreements with Messrs. Scrimo and Workman, referred to as the executives, for an additional year. Under the terms of these employment agreements, Messrs. Scrimo and Workman will be paid an annual base salary of at least \$220,000 and \$390,000, respectively, which have been adjusted to \$300,000 and \$544,500, respectively. Each executive's base salary and other compensation will be reviewed annually by that executive's supervisor. Each executive also participates in our management incentive plan with an opportunity to receive a bonus payment equal to 50% of his or her base salary. The Company also agreed to provide each executive with term life insurance coverage with death benefits at least equal to twice his or her base salary, an automobile allowance and employee benefits comparable to those provided to our other senior executives.

In the event of the termination of an executive's employment with us due to his death or permanent disability, we will pay him or his estate:

- (1) an amount equal to one year's base salary reduced by any amounts received from any life or disability insurance provided by us; and
- (2) if the executive is entitled to receive a bonus payment under the management incentive plan, a bonus payment prorated to reflect any partial year of employment.

In the event an executive terminates his employment for good reason or we terminate his employment without cause, we will pay him:

- (1) his base salary and benefits for the earliest to occur of 18 months, his death or the date that he breaches the provisions of his employee agreement (relating to non-competition, confidentiality and inventions); and
- (2) if the executive is entitled to receive a bonus payment under the management incentive plan, a bonus payment prorated to reflect any partial year of employment.

If an executive's employment is terminated for cause or by voluntary resignation, he will receive no further compensation.

Separation Agreement with Mr. Poehling

The Company entered into a severance agreement with Mr. Poehling on October 24, 2003, under which he resigned effective November 28, 2003 (the "Separation Date"). Under the terms of this severance agreement, we agreed to provide to Mr. Poehling severance benefits, including:

- (a) his salary for a period of 39 weeks after the Separation Date;
- (b) an award, if any, to him under our Management Incentive Plan for the performance period in which the Separation Date occurred, subject to a pro rata reduction for the period following the Separation Date; and
- (c) waiving our exercise of the call right of any securities held by him on the Separation Date.

Mr. Poehling also agreed to standard confidentiality, nonsolicitation, nondisparagement and release provisions.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Following the recapitalization on October 4, 2000, United States Can had one class of issued and outstanding common stock, and U.S. Can Corporation owned all of it. On December 20, 2002, U.S. Can Corporation amended its certificate of incorporation to (i) effect a reverse stock split which, upon filing with the Secretary of State of the State of Delaware, reclassified and converted each preexisting share of common stock and Series A preferred stock into 1/1000th of a share of common and preferred stock, respectively, and (ii) a corresponding reduction in the number of its authorized shares of common stock from 100,000,000 shares to 100,000 shares and in the number of its authorized shares of preferred stock from 200,000,000 shares to 200,000 shares. The reverse stock split did not affect the relative percentages of ownership for any shareholders.

The following table sets forth certain information with respect to the ownership of U.S. Can Corporation's common stock as of March 15, 2004. As of March 15, 2004, U.S. Can Corporation had 53,333.333 shares of issued and outstanding common stock.

U.S. Can Corporation's preferred stock, which has no voting rights other than those provided by Delaware law, is owned by Berkshire Partners and its co-investors, Salomon Smith Barney and affiliates of Francisco Soler. See "Certain Relationships and Related Party Transactions—Preferred Stock."

Notwithstanding the beneficial ownership of common stock presented below, the stockholders agreement entered into upon consummation of the transactions governs the stockholders' exercise of their voting rights with respect to the election of directors and other material events. The parties to the stockholders agreement have agreed to vote their shares to elect the Board of Directors as set forth therein. See "Certain Relationships and Related Party Transactions – Stockholders Agreement."

The following table describes the beneficial ownership of each class of issued and outstanding common stock of U.S. Can Corporation by each of our directors and executive officers, our directors and executive officers as a group and each person who beneficially owns more than 5% of the outstanding shares of common stock of U.S. Can Corporation as of March 15, 2004. As used in the table, beneficial ownership has the meaning set forth in Rule 13d-3(d)(1) of the Exchange Act.

<u>Beneficial Owner</u>	<u>Number of Shares</u>	<u>Percent Ownership</u>
Berkshire Partners LLC (1)	41,229.278	77.30%
John L. Workman (2)	1,042.440	1.95
Thomas A. Scrimo (3)	349.143	*
Sandra K. Vollman (4).....	84.881	*
Larry S. Morrison (4).....	33.952	*
Francois Vissers (4)	10.000	*
James J. Poehling	--	*
George V. Bayly	--	*
Carl Ferenbach (5)	41,229.278	77.30
Richard K. Lubin (5).....	41,229.278	77.30
Philip R. Mengel.....	--	*
Francisco A. Soler (6).....	951.485	1.78
Louis B. Susman (7)	2,613.332	4.90
All officers and directors as a group (15 persons) (8)	46,399.904	87.00

* Less than 1%

- (1) Includes 25,847.737 shares of common stock held by Berkshire Fund V Limited Partnership; 2,584.771 shares of common stock held by Berkshire Investors LLC; and 12,796.770 shares of common stock held by Berkshire Fund V Coinvestment Fund, Limited Partnership. The address of Berkshire Partners LLC is One Boston Place, Suite 3300, Boston, Massachusetts 02108.
- (2) Includes 42.440 shares subject to currently exercisable options.
- (3) Includes 135.809 shares subject to currently exercisable options.
- (4) Number of shares represents currently exercisable options.
- (5) Mr. Ferenbach and Mr. Lubin are Managing Directors of Berkshire Partners LLC.
- (6) Mr. Soler beneficially owns 951.485 shares of U.S. Can Corporation common stock as a result of his relationship to (i) Windsor International Corporation, a company of which Mr. Soler is a director and executive officer and which is the record holder of 424.460 shares, (ii) Atlas World Carriers S.A., a company of which Mr. Soler is a director and executive officer and which is the record holder of 250.172 shares, (iii) The World Financial Corporation S.A., a company of which Mr. Soler is a director and executive officer and which is the record holder of 250.172 shares, and (iv) Scarsdale Company N.V., Inc., a company of which Mr. Soler is an executive officer and which is the record holder of 26.681 shares.
- (7) Mr. Susman beneficially owns 2,613.332 shares of common stock as a result of his relationship to Citigroup. Mr. Susman is the Vice Chairman of Investment Banking and Managing Director of Citigroup Global Markets Inc. Citigroup and its affiliates are the record holder of 2,613.332 shares of common stock.
- (8) Includes 392.475 shares subject to currently exercisable options.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company believes that the terms of the transactions described below are at least as favorable to the Company as the Company would expect to negotiate in transactions with unrelated third parties.

Relationship with Berkshire Partners

Berkshire Partners has been actively involved in the Company through Carl Ferenbach, a founding partner of Berkshire Partners. Mr. Ferenbach was one of the Company's founding directors in 1983 and served as a member of the Company's Board of Directors until February 2000. In addition, Mr. Lubin is a managing director of Berkshire Partners and Mr. Mengel serves as an Advisory Director to Berkshire Partners. Upon the completion of the recapitalization, Berkshire Partners received a fee of \$2.0 million. In addition, Berkshire Partners receives a management fee of \$750,000 per year.

The second amendment to the Senior Secured Credit Facility includes an additional Tranche C term loan of \$25.0 million, of which \$20.0 million is presently outstanding. Under certain circumstances, the Berkshire Partners may be required to cash collateralize and ultimately repurchase a participation in the Tranche C term loan facility. In consideration for Berkshire's agreement to purchase a participation in the Tranche C term loan under certain circumstances, the Company has agreed to accrue for and pay to Berkshire an annual fee of 2.75% of the amount of the Tranche C term loan then outstanding, which was \$550,000 in each of 2003 and 2002. This fee is payable in advance, is non-refundable and may not be paid in cash (without the requisite senior lenders' consent) so long as the Company's current senior bank debt is outstanding. If Berkshire were required to purchase a Tranche C term loan participation in the future, the Company would be required to pay Berkshire the amount of such Tranche C term loan, plus accrued interest, to the extent of Berkshire's participation. The Company also agreed to reimburse Berkshire's out-of-pocket costs and expenses incurred in connection with the purchase agreement and the second amendment to the credit agreement.

Relationship with Citigroup

Citigroup Inc. and its affiliates currently beneficially own 4.90% of the common stock of U.S. Can and provide investment banking and financial advisory services to the Company from time to time. Citigroup Global Markets Inc. (formerly known as Salomon Smith Barney Inc.) was paid \$2.0 million in fees for financial advisory services provided in connection with the September 2000 recapitalization and received customary compensation as an initial purchaser of the Company's 12 3/8% Senior Subordinated Notes that were offered in connection with the recapitalization. In addition, Citibank, N.A. was an agent under the Company's Senior Secured Credit Facility, for which it received customary compensation. Mr. Susman is Vice Chairman of Investment Banking and Managing Director of Citigroup Global Markets Inc. Citigroup Inc. was paid \$2.9 million in fees in 2003 for financial advisory services provided in connection with the Company's 10 7/8% Senior Secured Note offering. The Company did not make any payments to Citigroup in 2002 or 2001 and have not agreed to make any payments to them in 2004, other than for customary fees and payments under the Company's Senior Secured Credit Facility and compensation as the initial purchaser in connection with the original offering of the 12 3/8% Senior Subordinated Notes.

Stockholders Agreement

In connection with the recapitalization, the Company entered into a stockholders agreement with stockholders which provides for, among other things, certain restrictions and rights related to the transfer, sale or purchase of common stock and preferred stock. The stockholders agreement has the following provisions:

- Prior to the third anniversary of the closing of the recapitalization, no stockholder may transfer shares of U.S. Can Corporation capital stock (other than limited exceptions including permitted transfers to an affiliate or in connection with estate planning).
- After the third anniversary of the closing of the recapitalization, a stockholder may only transfer shares of U.S. Can Corporation capital stock (other than limited exceptions including permitted transfers to an affiliate or in connection with estate planning) after the transferring stockholder first gives U.S. Can Corporation, and then the other stockholders on a pro rata basis, a right of first refusal to purchase all or a portion of the shares at the same price.

- U.S. Can Corporation has the right to purchase U.S. Can Corporation equity securities held by a management stockholder (as defined) in the event the management stockholder's employment with U.S. Can Corporation is terminated for any reason.
- If a management stockholder's employment with U.S. Can Corporation is terminated by virtue of death, disability or retirement in accordance with U.S. Can Corporation policy, the management stockholder will have the right to require U.S. Can Corporation to purchase his or her equity securities of U.S. Can Corporation.
- If, at any time, specified stockholders holding 75% of the outstanding common stock equivalents (as defined) (i.e., Berkshire Partners, its affiliates and another stockholder) elect to consummate the sale of 50% or more of the common stock of U.S. Can Corporation to an unaffiliated third party, the remaining stockholders will be obligated to consent to and take all actions necessary to complete the proposed sale of the same proportion of their stock on the same terms.
- After the third anniversary of the closing of the recapitalization, a stockholder (or a group of stockholders together) owning more than 4% of the outstanding shares of U.S. Can Corporation capital stock may only (other than in connection with estate planning transfers) transfer the shares to an unaffiliated third party, so long as other stockholders are given the option to participate in the proposed transfer on the same terms and conditions on a pro rata basis (except in connection with transfers permitted by the stockholders agreement).
- The stockholders have agreed to elect directors of U.S. Can Corporation such that the Board of Directors will consist of two designees of Berkshire and its affiliates so long as the Berkshire stockholders maintain ownership of at least 25% of the U.S. Can Corporation common stock, two designees of management stockholders, Louis Susman, Ricardo Poma, Francisco Soler (or another designee of the Scarsdale Group if Francisco Soler and Ricardo Poma both no longer serve on the Board of Directors so long as the Scarsdale Group owns at least 5% of the U.S. Can Corporation common stock) and up to two other independent directors acceptable to the other directors. Mr. Poma resigned from membership on the Board in April 2001 and chose not to designate a replacement.
- Following an initial public offering of U.S. Can Corporation common stock, specified stockholders will have either one or two demand registration rights. The stockholders will be entitled to "piggy-back" registration rights on all registrations of U.S. Can Corporation common stock by U.S. Can Corporation or any other stockholder, subject to customary underwriter cutback.
- So long as U.S. Can Corporation is not paying default interest under any of its financing arrangements, an 80% vote of the common stockholders will be required to approve and adopt mergers, acquisitions, charter or bylaw amendments, extraordinary borrowings, dividends, stock issuances and other specified matters. An 80% vote will be required at all times for a financial restructuring that treats the management stockholders differently and adversely from the rest of the common stockholders.
- Stockholders have pre-emptive rights to subscribe for newly issued shares on a pro rata basis, subject to certain exclusions.
- Most of the restrictions contained in the stockholders agreements terminate upon consummation of a qualified initial public offering of common stock by U.S. Can Corporation or specified changes in control of U.S. Can Corporation.

Preferred Stock

As part of the recapitalization transactions, U.S. Can Corporation issued and sold in a private placement shares of preferred stock having an aggregate value of \$106.7 million to Berkshire Partners and its affiliates and the rollover stockholders. The principal terms of the preferred stock are summarized below. This summary, however, is not complete and is qualified in its entirety by reference to the provisions of U.S. Can Corporation's certificate of incorporation, as in effect at the time of the closing of the transactions.

Dividends. Dividends accrue on the preferred stock at an annual rate of 10%, are cumulative from the date of issuance and compounded quarterly, on March 31, June 30, September 30 and December 31 of each year and are payable in cash when and as declared by our Board of Directors, so long as sufficient cash is available to make the dividend payment and has been obtained in a manner permitted under the terms of our senior secured credit facility and the indenture.

Voting Rights. Holders of the preferred stock have no voting rights, except as otherwise required by law.

Ranking. The preferred stock has a liquidation preference equal to the purchase price per share, plus all accrued and unpaid dividends. The preferred stock ranks senior to all classes of U.S. Can Corporation common stock and is not convertible into common stock.

Redemption. U.S. Can Corporation is required to redeem the preferred stock, at the option of the holders, at a price equal to its liquidation preference, plus accrued and unpaid dividends, upon the occurrence of any of the following events and so long as sufficient cash is available at U.S. Can or available from dividend payments permitted under the terms of the indenture:

- the bankruptcy of either U.S. Can Corporation or United States Can Company;
- the acceleration of debt under any major loan agreement to which U.S. Can Corporation or any of its subsidiaries is a party; or
- public offerings of shares of capital stock of U.S. Can Corporation.

No holder of preferred stock, however, may require U.S. Can Corporation to redeem the preferred stock if doing so would cause the bankruptcy of U.S. Can Corporation or United States Can Company or a breach of the indenture. In addition, if proceeds from public offerings of U.S. Can Corporation's stock are insufficient to redeem all of the shares of the preferred stock that the holders wish to be redeemed, U.S. Can Corporation is required to redeem the remaining shares at a price equal to its liquidation preference, 366 days after the tenth anniversary of the closing of the transactions or the payment in full of the notes and the debt outstanding under the senior secured credit facility, whichever is earlier.

U.S. Can Corporation's certificate of incorporation expressly states that any redemption rights of holders of preferred stock shall be subordinate or otherwise subject to prior rights of the lenders under our senior secured credit facility and the holders of the exchange notes.

Upon a change of control of U.S. Can Corporation (as defined in the indenture), the shares of preferred stock may be redeemed at the option of either the holders or U.S. Can Corporation, subject to the terms of our senior secured credit facility and after the holders of the notes have been made and completed the requisite offer to repurchase following a change of control under the indenture.

The senior secured credit facility prohibits our ability to redeem the preferred stock, and the indenture restricts U.S. Can Corporation's ability to obtain funds that may be necessary to redeem the preferred stock.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The Company's audit fees for professional services rendered by its principal accountant for the audit of its annual financial statements were approximately \$591,000 and \$511,000 for the years ended December 31, 2003 and 2002, respectively.

Audit-Related Fees

During 2003, the Company paid audit-related fees of approximately \$125,000. The 2003 fees primarily relate to services provided by the Company's principal accountant in conjunction with the Company's 10 7/8% Senior Secured Note offering and a review by the principal accountant of the financial statements of the Company's Argentinean joint-venture. The Company did not pay any audit-related fees in 2002.

Tax Fees

The Company's tax fees for professional services rendered by its principal accountant for the audit of its tax compliance, tax advice and tax planning were approximately \$222,000 and \$194,000 for the years ended December 31, 2003 and 2002, respectively.

All Other Fees

The Company incurred no other fees related to its principal accountant during 2003. Other fees for professional services rendered by the Company's principal accountant for the year ended December 31, 2002 were approximately \$36,000. The 2002 fees paid to the Company's principal accountant primarily relate to audits of the Company's U.S. and non-U.S. employee benefit plans.

The Company's audit committee meets at least twice a year. Annually, the Company's audit committee approves the Company's use of its principal accountant for audit and tax related services. All other services provided by the Company's principal accountant require specific pre-approval by the Company's audit committee before they are performed. During 2003 and 2002, the Company's audit committee approved 100% of the services rendered by the Company's principal accountant.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

- (a) (1) Financial Statements commence on p. 27.

- (2) Financial Statement Schedules

All schedules are omitted as they are inapplicable or not required, or the required information is included in the financial statements or in the notes thereto.

- (3) Exhibits: A list of Exhibits is included in the Exhibit Index, which appears following the signature pages and is incorporated by reference herein.

- (b) Reports on Form 8-K

The Company furnished to the Commission a Current Report on Form 8-K on November 4, 2003 to announce its results of operations for the period ended September 28, 2003. The Company's third quarter 2003 earnings press release was attached to the Current Report. The Company furnished to the Commission a Current Report on Form 8-K on August 1, 2003 to announce its results of operations for the period ended June 29, 2003. The Company's second quarter 2003 earnings press release was attached to that Current Report. The Company furnished to the Commission a Current Report on Form 8-K on May 7, 2003 to announce its results of operations for the period ended March 30, 2003. The Company's first quarter 2003 earnings press release was attached to that Current Report. Subsequent to the filing of those Forms 8-K, the Company restated its financial statements and the disclosures in those Forms and any related releases or other announcements by the Company regarding its operations or financial condition for these periods should no longer be relied upon.

- (c) See Item 15 (a) (3) above.

(d) See Item 15 (a) (2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on November 17, 2004.

U.S. CAN CORPORATION

By: /s/ Sandra K. Vollman

Sandra K. Vollman
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Each of the undersigned officers and directors of U.S. Can Corporation hereby severally constitutes and appoints and each of them singly, his or her true and lawful attorneys with full power to them, and each of them singly, to execute on behalf of the undersigned in the capacities indicated below any and all amendments to this Report on Form 10-K.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report and power of attorney have been signed below by the following persons in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>
<u>/s/ Carl Ferenbach</u> Carl Ferenbach	Director and Co-Chairman of the Board
<u>/s/ George B. Bayly</u> George V. Bayly	Director and Co-Chairman of the Board
<u>/s/ John L. Workman</u> John L. Workman	Director and Chief Executive Officer
<u>/s/ Sandra K. Vollman</u> Sandra K. Vollman	Senior Vice President and Chief Financial Officer
<u>/s/ Richard K. Lubin</u> Richard K. Lubin	Director
<u>/s/ Philip R. Mengel</u> Philip R. Mengel	Director
<u>/s/ Francisco A. Soler</u> Francisco A. Soler	Director
<u>/s/ Louis B. Susman</u> Louis B. Susman	Director

Dated: November 17, 2004

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following exhibits are either filed with this registration statement or incorporated by reference:

Exhibit Number	Exhibit Description
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|------|---|
| 2.1 | Agreement and Plan of Merger (the “Merger Agreement”) dated as of June 1, 2000 between U.S. Can Corporation and Pac Packaging Acquisition Corporation (Exhibit 2 to the current report on Form 8-K, filed on June 15, 2000).(1) |
| 2.2 | First Amendment to Merger Agreement dated as of June 28, 2000 (Exhibit 2.2 to the current report on Form 8-K, filed on June 30, 2000).(1) |
| 2.3 | Second Amendment to Merger Agreement dated as of August 22, 2000 (Exhibit 2.3 to the current report on Form 8-K, filed on August 31, 2000).(1) |
| 3.1 | Restated Certificate of Incorporation of U.S. Can Corporation (Exhibit 3.1 to the registration statement on Form (No. 333-53276), declared effective on March 5, 2001).(1) |
| 3.2 | Amended and Restated By-laws of U.S. Can Corporation (Exhibit 3.2 to the registration statement on Form (No. 333-53276), declared effective on March 5, 2001).(1) |
| 3.3 | Restated Certificate of Incorporation of United States Can Company (Exhibit 3.3 to the registration statement on Form (No. 333-53276), declared effective on March 5, 2001).(1) |
| 3.4 | Amended and Restated By-laws of United States Can Company (Exhibit 3.4 to the registration statement on Form (No. 333-53276), declared effective on March 5, 2001).(1) |
| 3.5 | Certificate of Incorporation of USC May Verpackungen Holding Inc (Exhibit 3.5 to the registration statement on Form (No. 333-53276), declared effective on March 5, 2001).(1) |
| 3.6 | By-Laws of USC May Verpackungen Holding Inc (Exhibit 3.6 to the registration statement on Form (No. 333-53276), declared effective on March 5, 2001).(1) |
| 4.1 | Indenture dated as of October 4, 2000 between the Company and Bank One Trust Company, N.A., as Trustee (Exhibit 4.1 to the current report on Form 8-K, filed on October 18, 2000).(1) |
| 4.2 | Indenture dated as of July 22, 2003 among U.S. Can Corporation, United States Can Company, USC May Verpackungen Holding Inc. and Wells Fargo Bank Minnesota, National Association (Exhibit 4.3 to current report on Form 8-K, filed on July 22, 2003).(1) |
| 10.1 | Credit Agreement dated as of October 4, 2000, among United States Can Company, the guarantors and Bank of America, N.A. and the other financial institutions listed therein, as Lenders (Exhibit 10.1 to the current report on Form 8-K, filed on October 18, 2000).(1) |
| 10.2 | Pledge Agreement dated as of October 4, 2000 among U.S. Can Corporation, United States Can Company, each of the domestic subsidiaries of United States Can Company and Bank of America, N.A (Exhibit 10.2 to the registration statement on Form (No. 333-53276), declared effective on March 5, 2001).(1) |
| 10.3 | Security Agreement dated as of October 4, 2000 among U.S. Can Corporation, United States Can Company, each of the domestic subsidiaries of United States Can Company and Bank of America, N.A (Exhibit 10.3 to the registration statement on Form (No. 333-53276), declared effective on March 5, 2001).(1) |
| 10.4 | Sublease Agreement, dated 2/10/89, relating to the Commerce, CA property (Exhibit 10.10 to the quarterly report on Form 10-Q for the quarter ended April 6, 1997, filed on May 20, 1997).(1) |
| 10.5 | Lease Agreement, dated 1/1/76, as amended, relating to the Weirton, WV property (Exhibit 10.11 to the quarterly report on Form 10-Q, for the quarter ended April 6, 1997, filed on May 20, 1997).(1) |
| 10.6 | First Amendment to Credit Agreement dated as of April 1, 2001 (Exhibit 10.27 to the quarterly report on Form 10-Q for the period ended April 1, 2001, filed on May 15, 2001).(1) |
| 10.7 | Amendment No. 4 to the Lease Agreement, dated 1/1/76, as amended, relating to the Weirton, WV property (Exhibit 10.7 to the registration statement on Form (No. 333-53276), declared effective on March 5, 2001).(1) |
| 10.8 | Lease relating to Dragon Parc Industrial Estate, Merthyr Tydfil, Wales, dated November 27, 1996 (Exhibit 10.24 to the annual report on Form 10-K for the fiscal year ended December 31, 1996, filed on March 26, 1997).(1) |
| 10.9 | Nonqualified Supplemental 401(k) Plan (Exhibit 10.33 to the annual report on Form 10-K for the fiscal year ended December 31, 1995, filed on March 26, 1996).(1) |

**Exhibit
Number**

Exhibit Description

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- 10.10 Nonqualified Benefit Replacement Plan (Exhibit 10.34 to the annual report on Form 10-K for the fiscal year ended December 31, 1995, filed on March 26, 1996).(1)
 - 10.11 Lease Agreement between May Grundbesitz GmbH & Co. KG and May Verpackungen GmbH & Co. KG (Exhibit 10.1 to the quarterly report on Form 10-Q for the quarter ended July 2, 2000, filed on August 15, 2000).(1)
 - 10.12 Amendment No. 3 to the Lease Agreement, dated 1/1/76, as amended, relating to the Weirton, WV property (Exhibit 10.55 to the annual report on Form 10-K for the fiscal year ended December 31, 1995, filed on March 26, 1996).(1)
 - 10.13 Employment Agreement dated October 4, 2000 by and among John L. Workman, United States Can Company and U.S. Can Corporation (Exhibit 10.14 to the registration statement on Form S-4 (No. 333-53276), filed January 5,2001).(1)*
 - 10.14 Lease Agreement dated June 15, 2000, related to Atlanta, GA plastics facility (Exhibit 10.15 to the annual report on Form 10-K for the fiscal year ended December 31, 2001, filed on March 22, 2002). (1)
 - 10.15 Employment Agreement dated October 4, 2000 by and among Thomas A. Scrimo, United States Can Company and U.S. Can Corporation (Exhibit 10.18 to the registration statement on Form S-4 (No. 333-53276), filed January 5,2001).(1)*
 - 10.16 U.S. Can Corporation Executive Deferred Compensation Plan (Exhibit 10.30 to the annual report on Form 10-K for the fiscal year ended December 31, 1998, filed on March 31, 1999).(1)*
 - 10.17 Amendment No. 1 to the U.S. Can Corporation Executive Deferred Compensation Plan, dated as of October 4, 2000 (Exhibit 10.23 to the registration statement on Form S-4 (No. 333-53276), filed January 5,2001).(1)*
 - 10.18 U.S. Can Corporation 2000 Equity Incentive Plan (Exhibit 10.24 to the registration statement on Form S-4 (No. 333-53276), filed January 5,2001).(1)*
 - 10.19 United States Can Company Executive Severance Plan, dated as of October 13, 1999 (Exhibit 10.34 to the annual report on Form 10-K for the fiscal year ended December 31, 1999, filed on March 30, 2000).(1)*
 - 10.20 U.S. Can Corporation Stockholders Agreement, dated as of October 4, 2000 (Exhibit 10.26 to the registration statement on Form S-4 (No. 333-53276), filed January 5,2001).(1)*
 - 10.21 Berkshire Fee Letter dated December 18, 2001 (Exhibit 10.27 to the annual report on Form 10-K for the fiscal year ended December 31, 2001, filed on March 22, 2002). (1)
 - 10.22 Second Amendment to Credit Agreement dated December 18, 2001 (Exhibit 10.28 to the annual report on Form 10-K for the fiscal year ended December 31, 2001, filed on March 22, 2002). (1)
 - 10.23 Sale Agreement of the Scotts Road, Southall, United Kingdom factory premises dated December 18, 2001 (Exhibit 10.29 to the annual report on Form 10-K for the fiscal year ended December 31, 2001, filed on March 22, 2002). (1)
 - 10.24 Compromise Agreement and General Release between the Company and David R. Ford dated June 30, 2002. (Exhibit 10(a) to the quarterly report on Form 10-Q, for the quarter ended September 29, 2002, filed on November 12, 2002).(1)*
 - 10.25 Compromise Agreement and General Release between the Company an J. Michael Kirk dated October 16, 2002 (Exhibit 10(b) to the quarterly report on Form 10-Q, for the quarter ended September 29, 2002, filed on November 12, 2002).(1)*
 - 10.26 Separation Agreement and General Release between the Company and Paul W. Jones dated November 26, 2002 (filed herewith).*
 - 10.27 Amendment No. 1 to the U.S. Can Corporation Nonqualified Supplemental 401(k), dated as of February 25, 2002 (filed herewith).
 - 10.28 Third Amendment to Credit Agreement dated July 22, 2003 (Exhibit 10.5 to the current report on Form 8-K, filed on July 22, 2003). (1)
 - 10.29 Security Agreement dated as of July 22, 2003 among United States Can Company, U.S. Can Corporation, USC May Verpackungen Holding Inc. and Wells Fargo Bank Minnesota, National Association (Exhibit 10.30 to the registration statement on Form S-4 (No. 333-108940), filed December 11, 2003). (1)
 - 10.30 Pledge Agreement dated as of July 22, 2003 among United States Can Company, U.S. Can Corporation, USC May Verpackungen Holding Inc. and Wells Fargo Bank Minnesota, National Association (Exhibit 10.31 to the registration statement on Form S-4 (No. 333-108940), filed December 11, 2003). (1)

Exhibit

Number**Exhibit Description**

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|-------|---|
| 10.31 | Lien Intercreditor Agreement dated as of July 22, 2003 among Wells Fargo Bank Minnesota, National Association, Bank of America, N.A., United States Can Company, U.S. Can Corporation and USC May Verpackungen Holding, Inc. (Exhibit 10.32 to the registration statement on Form S-4 (No. 333-108940), filed December 11, 2003). (1) |
| 10.32 | Separation Agreement and General Release between United States Can Company and James J. Poehling dated October 24, 2003 (Exhibit 10.33 to the registration statement on Form S-4 (No. 333-108940), filed December 11, 2003). (1) |
| 21 | Subsidiaries of the Registrant (filed herewith). |
| 22 | Power of Attorney (included as part of the Signature Pages). |
| 31.1 | Certification of Chief Executive Officer Pursuant to Section 13a-15 of the Securities and Exchange Act of 1934 |
| 31.2 | Certification of Chief Financial Officer Pursuant to Section 13a-15 of the Securities and Exchange Act of 1934 |
| 32.1 | Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350 |
| 32.2 | Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350 |

(1) Incorporated by reference.

(b) Other financial statement schedules are omitted because the information called for is not required or is shown either in the financial statements or the accompanying notes.

* Indicates a management contract or compensatory plan or arrangement.