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CROWN HOLDINGS INC
Form DEF 14A
March 21, 2003

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [x]
Filed by a Party other than the Registrant []
Check the appropriate box:
 [] Preliminary Proxy Statement
 [] Confidential, for Use of the Commission Only (as permitted by
Rule 14a-6(e) (2))
 [X] Definitive Proxy Statement
 [] Definitive Additional Materials
 [] Soliciting Material under ss. 240.14a-12

CROWN HOLDINGS, INC.
(Name of Registrant as Specified In Its Charter)

N/A
(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
 [X] No fee required
 [] Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
N/A
- (2) Aggregate number of securities to which transaction applies:
N/A
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
N/A
- (4) Proposed maximum aggregate value of transaction:
N/A
- (5) Total fee paid:
N/A

[] Fee paid previously with preliminary materials.
 [] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

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- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

Crown Holdings, Inc.

One Crown Way
Philadelphia, Pennsylvania 19154

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
2003

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of CROWN HOLDINGS, INC. (the "Company") will be held at the Company's Office located at One Crown Way, Philadelphia, Pennsylvania on the 24th day of April 2003 at 9:30 a.m. to elect Directors and to transact such other business as may properly come before the Meeting.

The stock transfer books of the Company will not be closed prior to the Meeting. Only Shareholders of Common Stock of record as of the close of business on March 11, 2003 will be entitled to vote.

By Order of the Board of Directors

WILLIAM T. GALLAGHER
Senior Vice President, Secretary &
General Counsel

Philadelphia, Pennsylvania 19154
March 21, 2003

WE CORDIALLY INVITE YOU AND HOPE THAT YOU WILL ATTEND THE MEETING IN PERSON, BUT, IF YOU ARE UNABLE TO ATTEND, THE BOARD OF DIRECTORS REQUESTS THAT YOU SIGN THE PROXY AND RETURN IT, WITHOUT DELAY, IN THE ENCLOSED ENVELOPE.

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Crown Holdings, Inc.
One Crown Way
Philadelphia, Pennsylvania 19154

PROXY STATEMENT - MEETING, April 24, 2003

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To All Shareholders:

The accompanying Proxy is solicited by the Board of Directors of the Company for use at the Annual Meeting of Shareholders to be held on April 24, 2003, and, if properly executed, shares represented thereby will be voted by the named Proxies at such Meeting. The cost of soliciting proxies will be borne by the Company. The Company has engaged D.F. King & Co., Inc. ("King") to assist in the solicitation of proxies for a fee of \$7,500 plus reimbursement for out-of-pocket expenses and certain additional fees for services rendered by King in connection with such solicitation. Certain Officers and employees of the Company may also solicit proxies by mail, telephone, facsimile or in person without any extra compensation. Any Shareholder giving a Proxy has the power to revoke it at any time before it is voted by giving written notice of revocation to the Secretary of the Company, by executing and delivering a later-dated Proxy, or by voting in person at the Meeting.

The persons named as Proxies were selected by the Board of Directors of the Company, and all are Officers of the Company.

The Annual Report for the year ended December 31, 2002, containing audited financial statements, is being mailed to Shareholders contemporaneously with this Proxy Statement, i.e., on or about March 21, 2003.

On February 28, 2003, there were 164,882,835 outstanding shares of Common Stock, par value \$5.00 per share ("Common Stock").

Shareholders of Common Stock of record as of March 11, 2003 are entitled to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote. The presence, in person or by proxy, of Shareholders entitled to cast a majority of votes will be necessary to constitute a quorum for the transaction of business. Proxies solicited herein will be voted, and, if the person solicited specifies by means of the ballot provided in the Proxy a choice with respect to matters to be acted upon, the shares will be voted in accordance with such specification. Votes withheld from Director nominees, abstentions and broker non-votes will be counted in determining the presence of a quorum. Under Pennsylvania law and the Company's By-Laws, votes withheld from Director nominees, abstentions and broker non-votes are not considered to be "votes" and, therefore, will not be given effect either as affirmative or negative votes. Directors are elected by plurality vote. Other matters are determined by a majority of the votes cast.

Other than as listed below, the Company has, to its knowledge, no other beneficial owner of more than 5 percent of the Common Stock outstanding as of February 28, 2003.

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Security Ownership of Certain Beneficial Owners
Amount and Percentage of Common Stock of the Company
Owned Beneficially, Directly or Indirectly (1)

| Name and Address of Beneficial Owner | Common Shares | % |
|--|------------------|-------|
| AXA Financial, Inc. and certain of its affiliates(2) | 8,852,883 | 5.37% |

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- (1) Based on information filed with the Securities and Exchange Commission. Percentages are derived using the outstanding shares of Common Stock as of February 28, 2003.
- (2) AXA Conseil Vie Assurance Mutuelle, AXA Assurances I.A.R.D. Mutuelle and AXA Assurances Vie Mutuelle, all located at 370, rue Saint Honore, 75001 Paris, France, and AXA Courtage Assurance Mutuelle, located at 26, rue Louis le Grand, 75002 Paris, France, as a group act as parent holding company of AXA, located at 25, avenue Matignon, 75008 Paris, France. AXA is the parent holding company of AXA Financial, Inc., located at 1290 Avenue of the Americas, New York, NY 10104, which in turn is the parent holding company of Alliance Capital Management L.P., an investment adviser registered under Section 203 of the Investment Advisers Act of 1940. The parent holding companies named above report that they may be deemed to be the beneficial owners of the 8,852,883 shares of Common Stock for which Alliance Capital Management L.P. has sole dispositive power, including 4,769,286 shares of Common Stock for which Alliance Capital Management L.P. has sole voting power and 480,378 shares of Common Stock for which Alliance Capital Management L.P. has shared voting power.

ELECTION OF DIRECTORS

The persons named in the Proxy shall vote the shares for the nominees listed below, all of whom are now Directors of the Company, to serve as Directors for the ensuing year or until their successors shall be elected. None of the persons named as a nominee for Director has indicated that he or she will be unable or will decline to serve. In the event that any of the nominees are unable or decline to serve, which the Nominating Committee of the Board of Directors does not believe will happen, the persons named in the Proxy will vote for the remaining nominees and others who may be selected by the Nominating Committee.

The By-Laws of the Company provide for a variable number of Directors from 10 to 18. The Board of Directors has currently fixed the number of Directors at 10. It is intended that the Proxies will be voted for the election of the 10 nominees named below as Directors. None of the nominees, during the last five years, was involved as a defendant in any legal proceedings that could adversely affect his or her capacity to serve as a member of the Board of Directors. The principal occupations stated below are the occupations which the nominees have had during the last five years.

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The Board of Directors recommends that Shareholders vote FOR election of each of the nominees named below. The names of the nominees and information concerning them and their associations as of February 28, 2003, as furnished by the nominees, follow. We regretfully inform the Shareholders that Mr. James L. Pate, a member of the Board of Directors since 1999, died on January 18, 2003.

| Name | Age | Principal Occupation |
|------|-----|----------------------|
| ---- | --- | ----- |

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| | | |
|-------------------------------------|----|---|
| Jenne K. Britell (b) | 60 | Chairman and Chief Executive Officer of Structured Ventures; former Executive Officer of several General Electric financial services companies; also a Director of Lincoln National Corporation, Ames Financial Corporation and U.S.-Russia Investment Fund |
| John W. Conway (a) | 57 | Chairman of the Board, President and Chief Executive Officer; also a Director of Constar International, West Pharmaceutical Services and PPL Corporation |
| Arnold W. Donald (c) | 48 | Chairman and Chief Executive Officer of Merisant Company; former Senior Vice President of Monsanto Company; also a Director of Oil-Dri Corporation of America, Belden, Carnival Corporation, The Scotts Company and The Laclede Group |
| Marie L. Garibaldi (b) | 68 | Former Associate Justice of the Supreme Court of New Jersey |
| Hans J. Loliger (c), (d) | 60 | Vice Chairman of Winter Group; former Chief Executive Officer of SP Group; also a Director of AMTICO International, Fritz Meyer Holding, Cronat Holding and List Holding |
| John B. Neff (b), (d) | 71 | Former Portfolio Manager of Wellington Management Company; also a Director of Greenwich Associates and Amkor Technology; also on the Executive Board of Invemed Catalyst Fund |
| Thomas A. Ralph | 62 | Partner, Dechert LLP |
| Hugues du Rouret | 64 | Chairman of Beaulieu Patrimoine; former Chairman and Chief Executive Officer of Shell France; also a Director of Gras Savoye and Banque Saint-Olive |
| Alan W. Rutherford (a) | 59 | Vice Chairman of the Board, Executive Vice President and Chief Financial Officer; also a Director of Constar International |
| Harold A. Sorgenti (a), (c), (d) | 68 | Managing Partner of Sorgenti Investment Partners; Chairman and Chief Executive Officer of SpecChem International Holdings; former Chief Executive Officer of Arco Chemical and former Chairman of Freedom Chemical |

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COMMON STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

| Name | Amount of Securities of the Company Owned Beneficially, Directly or Indirectly | Out |
|------------------------|---|-----|
| William R. Apted (1) | 205,876 | |
| Jenne K. Britell | 47,636 | |
| John W. Conway (2) (3) | 6,927,388 | |
| Arnold W. Donald | 46,443 | |
| Marie L. Garibaldi | 28,443 | |
| Hans J. Loliger | 25,917 | |
| Frank J. Mechura (4) | 217,031 | |
| John B. Neff | 131,443 | |
| Thomas A. Ralph | 27,143 | |

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| | |
|--|-----------|
| Hugues du Rouret | 15,420 |
| Alan W. Rutherford (3) (5) | 6,706,762 |
| Harold A. Sorgenti | 38,728 |
| William H. Voss (6) | 288,219 |
| Directors and Executive Officers as a Group of 15 (7) | 9,199,162 |

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The Directors and Executive Officers of the Company have sole voting and investment power in respect to the securities of the Company listed in the table above, except as to the shares held in the aforementioned trust, with respect to which the trustees have shared voting and investment power, and except as otherwise noted.

The Company and its subsidiaries utilized the services of Dechert LLP during 2002. Thomas A. Ralph, a Director of the Company, is a partner in that law firm.

BOARD MEETINGS AND COMMITTEES

In 2002, there were seven meetings of the Board of Directors and one meeting of the Executive Committee. Each incumbent Director of the Company attended at least 75% of the aggregate meetings held by the Board of Directors and by the Committees on which he or she served.

Directors who are not employees of the Company are paid \$77,000 annually as base Director's fees (of which \$50,000 is paid in Company Common Stock valued at market price when paid) and \$1,000 per meeting attended. In addition, a non-employee Director who is Chairperson of a Committee is paid \$10,000 annually, while non-employee Director Committee members are paid \$7,000 annually, with an attendance fee of \$1,000 per meeting. In addition, each non-employee Director first elected to the Board of Directors on or before April 26, 2001 has been granted 3,000 shares of Company Common Stock subject to certain restrictions which lapse as to one-fifth of such shares each year over a five-year period. The Company discontinued the Pension Plan for Outside Directors as to future Directors elected after July 24, 1997. Non-employee Directors first elected to the Board of Directors on or before July 24, 1997 continue to participate in the Company's Pension Plan for Outside Directors which provides monthly retirement benefits equal to 1/12 of the sum of (x) 50% of the base annual Director's fees paid to non-employee Directors and (y) 10% of the base annual Director's fees for each full year of service in excess of five, up to an annual maximum benefit of 100% of the base annual Director's fee. Non-employee Directors may also participate in the Company's Deferred Compensation Plan for Directors which permits Directors to defer receipt of all, or any part, of their Director's fees, which deferred fees accrue interest at a rate equal to the current interest rate on the Company's commercial paper.

In 2002, the Audit Committee had eight meetings. The Audit Committee provides assistance to the Board of Directors in discharging its responsibilities in connection with the oversight of the financial accounting practices of the Company and the internal controls related thereto and represents the Board of Directors in connection with the services rendered by the Company's independent accountants. The Board of Directors has determined in

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its business judgment that the Directors who serve on the Audit Committee are all "Independent" as defined in the listing standards of the New York Stock Exchange. The Board of Directors has adopted a written Audit Committee Charter.

The Audit Committee reviewed the fees of PricewaterhouseCoopers LLP, the Company's independent accountants, for the fiscal years ended December 31, 2002 and December 31, 2001. (1) Audit Fees totaled \$6,243,000 and \$4,347,000 for the years 2002 and 2001, respectively. These fees represent professional services rendered for the audits of the consolidated financial statements of the Company, statutory and subsidiary audits, issuance of comfort letters, consents and assistance with

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review of documents filed with the Securities and Exchange Commission. (2) Audit Related Fees totaled \$458,000 and \$1,216,000 for the years 2002 and 2001, respectively. These fees were for assurance and related services for employee benefit plan audits, accounting consultations and audits in connection with business divestitures. (3) Tax Fees totaled \$1,233,000 and \$766,000 for the years 2002 and 2001, respectively. These fees were for tax compliance, including the preparation of tax returns and claims for refunds; tax planning and advice, including assistance with and representation in tax audits and appeals; and advice related to divestitures. (4) All Other Fees totaled \$158,000 and \$161,000 for the years 2002 and 2001, respectively, and were for services rendered for internal audit advice and systems security assessments. There were no fees associated with financial information systems design and implementation for either of the years 2002 or 2001. The Audit Committee has considered whether the non-audit fees paid to PricewaterhouseCoopers LLP are compatible with maintaining their independence as accountants.

In 2002, the Executive Compensation Committee met two times. The Executive Compensation Committee is responsible for the review of the executive compensation program.

There were no meetings of the Nominating Committee in 2002. The Nominating Committee is responsible for recruiting and recommending for membership on the Board of Directors candidates to fill vacancies that may occur. In recommending candidates to the Board of Directors, the Nominating Committee seeks persons of proven judgment and experience. Shareholders who wish to suggest qualified candidates may write, via Certified Mail-Return Receipt Requested, to the Office of the Secretary, Crown Holdings, Inc., One Crown Way, Philadelphia, PA 19154, stating in detail the qualifications of the persons they recommend. Shareholders must include a letter from each nominee affirming that he or she will agree to serve as a director of the Company if elected by Shareholders. However, through its own resources, the Committee expects to be able to identify an ample number of qualified candidates. See "Proposals of Shareholders" for information on bringing nominations for the Board of Directors at the 2004 Annual Meeting.

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EXECUTIVE COMPENSATION

The following table sets forth certain information regarding compensation earned during each of the Company's last three fiscal years by the Company's five Executive Officers who were the highest paid during 2002:

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Summary Compensation Table

| Name & Principal Position | Year | Annual Compensation | | | Long Term Compensation | |
|--|------|---------------------|---------------|--|---|-----------------------------|
| | | Salary (\$) | Bonus (\$ 00) | Other Annual Compensation (1) (2) (\$) | Shares of Common Stock Underlying Options (#) | Restricted Stock Awards (#) |
| John W. Conway - Chairman of the Board, President and Chief Executive Officer | 2002 | 765,000 | 826,200 | -- | 350,000 | -- |
| | 2001 | 737,500 | 590,000 | -- | 690,000 | -- |
| | 2000 | 600,000 | -- | -- | 229,500 | 20,000 |
| Alan W. Rutherford - Vice Chairman of the Board, Executive Vice President and Chief Financial Officer | 2002 | 455,000 | 368,550 | -- | 300,000 | -- |
| | 2001 | 455,000 | 273,000 | -- | 540,000 | -- |
| | 2000 | 455,000 | -- | -- | 139,000 | 20,000 |
| William R. Apted - President - European Division | 2002 | 325,000 | 175,500 | 141,451 | 150,000 | -- |
| | 2001 | 325,000 | 130,000 | 99,860 | 120,000 | -- |
| | 2000 | 248,000 | -- | 61,292 | 35,188 | -- |
| Frank J. Mechura - President - Americas Division | 2002 | 325,000 | 164,125 | -- | 150,000 | -- |
| | 2001 | 325,000 | 122,996 | -- | 120,000 | -- |
| | 2000 | 257,500 | 16,097 | -- | -- | -- |
| William H. Voss - President - Asia-Pacific Division | 2002 | 275,000 | 148,500 | 209,579 | 100,000 | -- |
| | 2001 | 275,000 | 110,000 | 207,438 | 100,000 | -- |
| | 2000 | 275,000 | -- | 211,132 | -- | -- |

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Effective January 3, 2000, the Company entered into employment agreements with John W. Conway and Alan W. Rutherford (the "Executives") which provided for them to serve in their positions at their annual base salaries in effect in 2000. In each case, the base salary is reviewed and may be increased in accordance with the Company's regular compensation review policy. The agreements are for a continuous five-year period with automatic one-year extensions each year and will terminate at age 65. Each of the Executives shall have the opportunity to receive an annual bonus under the Company's Management Incentive Plan and awards under the Company's Stock-Based Incentive Compensation Plans commensurate with each Executive's position with the Company. The agreements also entitle each of the Executives to participate in the Company's qualified retirement plans, Senior Executive Retirement Plan and other employee benefit plans and programs in accordance with the terms of those plans and programs.

Each of the Executives agreed that, during his employment and for two years thereafter, he shall not compete with the Company or solicit Company employees to terminate employment with the Company. The Company may waive the

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Executive's non-competition restriction if the Executive gives up his right to certain payments payable upon the termination of his employment under the employment agreement.

Under the agreements, if an Executive's employment is terminated because of death or disability, the Company shall pay the Executive (or his estate, if applicable), his base salary through the date of termination, continued base salary through the calendar year in which the termination occurs, and any vested retirement, incentive or other benefits. If an Executive's employment terminates because of his retirement, the Company shall pay to the Executive his base salary through his date of retirement and any vested retirement, incentive or other benefits. If an Executive's employment with the Company is terminated for "Cause" (as defined in the employment agreements), the Company shall pay to the Executive only the base salary owed through his date of termination and his vested retirement, incentive or other benefits. If an Executive's employment is terminated by the Company without Cause or by the Executive for "Good Reason" prior to a "Change in Control" (as defined in the employment agreements), in addition to the Executive's base salary through the date of termination, the Company shall pay to the Executive a lump sum payment equal to the sum of (i) his expected annual bonus payment, (ii) any previously earned bonus payment and (iii) an amount equal to three times the sum of the Executive's base salary and his average bonus over the prior three years. The Company shall also pay to the Executive any vested retirement, incentive or other benefits and shall continue to provide the Executive with health benefits. If an Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason during the one year period following a Change in Control, the Executive will be entitled to the same payments and benefits described in the two preceding sentences, and all stock options granted to such Executive by the Company will become fully vested and immediately exercisable. If an Executive voluntarily terminates his employment without Good Reason, the Company shall pay to the Executive his base salary through his date of termination, a pro-rated annual bonus for the year of termination, and any vested retirement, incentive or other benefits.

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To the extent an Executive would be subject to the excise tax under Section 4999 of the Internal Revenue Code on the amounts or benefits to be received from the Company and required to be included in the calculation of parachute payments for purposes of Sections 280G and 4999 of the Internal Revenue Code, the Company will pay to the Executive an additional amount so that the Executive will receive the full amount owed to him under his employment agreement, without regard to the excise tax or any other taxes imposed on the additional payment.

Frank J. Mechura borrowed \$50,000 on June 19, 1997 and \$65,000 on June 3, 2002 from the Company in connection with relocation and housing. The loans are payable on demand and accrue interest at the prime rate. Principal and accrued interest totaled \$138,574 as of February 28, 2003.

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Option Grants In Last Fiscal Year

The Company's 1997 Stock-Based Incentive Compensation Plan and 2001 Stock-Based Incentive Compensation Plan are administered by the Executive Compensation Committee of the Board of Directors. The following table provides information related to Stock Options granted under these plans in the last fiscal year to the five Named Executive Officers.

| | Number of Securities Underlying Options Granted | | % of Total Option Shares Granted to Employees in Fiscal Year | Exercise Price Per Share (C) | Expiration Date |
|--------------------|---|-----|--|------------------------------|-----------------|
| | (A) | (B) | | | |
| John W. Conway | 350,000 | | 19.23% | \$5.30 | 02/21/12 |
| Alan W. Rutherford | 300,000 | | 16.48% | 5.30 | 02/21/12 |
| William R. Apted | 150,000 | | 8.24% | 5.30 | 02/21/12 |
| Frank J. Mechura | 150,000 | | 8.24% | 5.30 | 02/21/12 |
| William H. Voss | 100,000 | | 5.49% | 5.30 | 02/21/12 |

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Aggregated Option Exercises in the Last Fiscal Year and Fiscal Year-End Options

| | Number of Shares Acquired Upon Exercise | Value Realized (1) (\$) | Number of Securities Underlying Unexercised Options at 12/31/02 | |
|--------------------|---|-------------------------|---|---------------|
| | | | Exercisable | Unexercisable |
| John W. Conway | 1990 Plan | 0 | 10,000 | 0 |
| | 1994 Plan | 0 | 87,000 | 0 |
| | 1997 Plan | 0 | 514,250 | 152,250 |
| | 2001 Plan | 0 | 317,500 | 492,500 |
| Alan W. Rutherford | 1990 Plan | 0 | 28,500 | 0 |
| | 1994 Plan | 0 | 110,000 | 0 |
| | 1997 Plan | 0 | 348,000 | 115,000 |
| | 2001 Plan | 0 | 255,000 | 405,000 |
| William R. Apted | 1990 Plan | 0 | 11,250 | 3,750 |
| | 1994 Plan | 0 | 7,688 | 0 |
| | 1997 Plan | 0 | 96,188 | 167,188 |
| | 2001 Plan | 0 | 25,000 | 25,000 |
| Frank J. Mechura | 1990 Plan | 0 | 15,000 | 5,000 |
| | 1994 Plan | 0 | 24,000 | 0 |
| | 1997 Plan | 0 | 67,100 | 135,625 |
| | 2001 Plan | 0 | 40,000 | 40,000 |
| William H. Voss | 1990 Plan | 0 | 56,625 | 17,875 |

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| | | | |
|-------------|---|-----------|---------|
| 1994 Plan 0 | 0 | 41,000 / | 0 |
| 1997 Plan 0 | 0 | 108,000 / | 110,000 |
| 2001 Plan 0 | 0 | 25,000 / | 25,000 |

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Retirement Program

The Company maintains a Salaried Pension Plan ("Pension Plan") for certain eligible employees in the United States meeting minimum eligibility requirements in which four Named Executive Officers (Messrs. Conway, Rutherford, Mechura and Voss) participate. The Pension Plan is designed and administered to qualify under Section 401(a) of the Internal Revenue Code of 1986, as amended. The Pension Plan provides normal retirement benefits at age 65 based on the average of the five highest consecutive years of earnings in the last ten years. For purposes of the Pension Plan, earnings consist of salary excluding any bonus. These average earnings are multiplied by 1.25%. This result is then multiplied by years of service, which yields the annual Company-funded pension benefit. Under federal law for 2003, benefits from a qualified retirement plan are limited to \$160,000 per year and may be based only on the first \$200,000 of an employee's annual earnings. The benefits payable under the Pension Plan are generally not subject to reduction for Social Security or other offset amounts.

For illustration purposes, the following table shows estimated maximum annual Company-funded retirement benefits payable from the Pension Plan to employees who retire at age 65, assuming the employees receive their benefit as a single life annuity, without survivor benefits:

| Final Average Earnings | Years of Service | | | |
|------------------------------|------------------|----------|----------|-----------|
| | 25 | 30 | 35 | 40 |
| \$50,000 | \$15,625 | \$18,750 | \$21,875 | \$ 25,000 |
| 100,000 | 31,250 | 37,500 | 43,750 | 50,000 |
| 150,000 | 46,875 | 56,250 | 65,625 | 75,000 |
| 200,000 and above | 62,500 | 75,000 | 87,500 | 100,000 |

The Company also maintains the Senior Executive Retirement Plan ("SERP") in which nine key executives, including the five above-Named Executive Officers, participate. In general, the annual benefit for executives eligible to participate in the SERP is based upon a formula equal to (i) 2.25% of the average of the five highest consecutive years of earnings times years of service up to twenty years plus (ii) 1.67% of such earnings for the next fifteen years plus (iii) 1% of such earnings for years of service beyond thirty-five less (iv) Social Security old-age benefits and the Company-funded portion of the executive's Pension Plan benefits and 401(k) Retirement Savings Plan benefits.

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Based upon the above, the annual benefit, estimated as of December 31, 2002, under the SERP at retirement at age 65, assuming annual salary increases of 5%, would be \$1,412,401 for Mr. Conway, \$689,444 for Mr. Rutherford, \$391,509 for Mr. Apted, \$487,606 for Mr. Mechura and \$309,646 for Mr. Voss.

Participants in the SERP may elect to take all or part of their annual retirement benefit in a lump sum at retirement, the amount of which is determined by present valuing the actuarially determined future annual payments. The SERP also provides a lump-sum death benefit of five times the annual retirement benefit and subsidized survivor benefits.

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SERP participants vest in their benefits at the earliest of five years of participation, specified retirement dates, total disability or employment termination (other than for cause) after a change in control of the Company. A "change in control" under the SERP occurs if: 1) a person (other than a Company employee benefit plan) becomes the beneficial owner of 25% or more of the voting power of the Company; 2) over a two year period Directors at the beginning of the period and new Directors approved by such Directors cease to constitute a majority of the Board; or 3) the Shareholders approve certain mergers or consolidations, a sale of substantially all of the Company's assets or a complete liquidation of the Company.

Years of service credited under the Pension Plan and the SERP for the above-Named Executive Officers are: Mr. Conway - 28 years, Mr. Rutherford - 29 years, Mr. Apted - 6 years, Mr. Mechura - 35 years and Mr. Voss - 33 years.

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COMPARATIVE STOCK PERFORMANCE

Comparison of Five-Year Cumulative Total Return (a)
Crown Holdings, S&P 500 Index, Dow Jones "Containers & Packaging" Index (b)

Five Year Comparison

(The Performance Graph appears here. See the table below for plot points.)

| Fiscal Year Ended December 31, | | | | | |
|--------------------------------|------|------|------|------|------|
| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |

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| | | | | | | |
|--|-----|-----|-----|-----|-----|----|
| Crown Cork & Seal | 100 | 63 | 48 | 18 | 6 | 19 |
| S&P 500 Index | 100 | 129 | 156 | 141 | 125 | 97 |
| Dow Jones "Containers & Packaging" Index | 100 | 90 | 86 | 56 | 70 | 75 |

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EXECUTIVE COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Executive Compensation Committee of the Board of Directors is composed entirely of independent directors and is responsible for establishing and administering the executive compensation program at Crown Holdings, Inc. We submit this report to Shareholders describing both the principles under which the program is administered and the decisions that directly impacted the Chief Executive Officer during 2002.

Principles

Our guiding principle is to provide a program that enables the Company to retain and motivate a team of high quality executives who will create long-term value for the Shareholders. We do this by:

- o developing an ownership-oriented program that rewards for long-term improvement in total Shareholder return;
- o integrating all facets of the executive compensation program with the Company's short and long-term objectives and strategies;
- o regularly commissioning studies of competitive pay practices within the container industry and other manufacturing companies to ensure pay opportunities are generally within competitive norms; and
- o working with independent management consultants to monitor the effectiveness of the entire program.

In order to improve the Company's performance and shareholder value, we must continue to motivate existing management as well as attract and retain experienced managers at all levels in the Company. We believe our program is closely aligned with sustained improvement in Company performance and increased Shareholder value in all economic conditions. The specific components of the program are described below.

Base Salaries - In order to attract and retain high quality executives, we endeavor to maintain senior executive salaries within the competitive market rates as defined by the container and manufacturing industries. The competitive market includes, but is not limited to, companies of Crown Holdings' size in the container, non-durable manufacturing and general industry segments.

Annual Incentive Bonus Awards - The Management Incentive Plan calls for the achievement of the Company's targets. In 2002, the Plan called for the

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Company to achieve substantially improved free cash flow to reduce debt levels in the Company.

Long Term Incentives - The Committee believes that stock options, and other stock-based incentives, are an important link between the executive and Shareholder interests, and it is for that reason that grants have always been a part of the executive compensation program. The program administered by the Committee offers annual grants that vary in size based on the Company's and the executive's performance. As part of its ongoing review of the competitiveness and effectiveness of the Company's executive compensation programs, the Committee annually evaluates the components of the compensation system as well as the desired mix of compensation among these components. The Committee believes that a substantial portion of the compensation paid to the Company's executives should be at risk contingent on the Company's operating and market performance. Consistent with this philosophy, the Committee will continue to place significant emphasis on stock-based compensation and performance measures, in an effort to more closely align compensation with Shareholder interests and to increase executives' focus on the Company's long-term performance.

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In summary, the Committee believes that its role in administering the executive compensation program is critical to the objective of driving performances to the ultimate benefit of the Shareholders. Base salaries need to be within competitive norms so that executives will be attracted, retained and motivated to fulfill their roles and responsibilities over the long-term. Annual incentive bonus awards deliver the message that competitive pay is received only when earnings and other strategic goals are achieved. In addition, benefits realized from long term incentives, in the form of annual stock option grants, require continuous improvement in value created for the Shareholder.

Specific Decisions Impacting Compensation for the Chairman and Chief Executive Officer

Based on the policies and practices described above, Mr. Conway's base salary was increased to \$765,000 on March 1, 2001 and remained the same during 2002; a bonus of \$826,200 was earned as a part of the 2002 Management Incentive Plan; and options to purchase 350,000 shares of Common Stock were granted during the year.

Mr. Conway continued to implement the plans which were initiated in 2001 and 2002 with great success. Profitability improved in all divisions due to pricing initiatives which became effective during the year. The Company continued with its asset disposal program and completed a successful initial public offering for the Company's plastic-bottle subsidiary Constar International in November 2002. This, along with other divestitures earlier in the year, raised net proceeds of \$661 million which went to reduce debt. The Company continued to reduce working capital during 2002 and improved free cash flow as a result. All these actions resulted in net debt being reduced by \$1.2 billion or almost 25% in the year 2002. In early 2003 the Company was able to successfully return to the financial markets and refinanced its debt giving the Company a stable capital structure with no significant near-term maturities.

Section 162(m) of the Internal Revenue Code generally disallows a deduction for annual compensation to a public company's chief executive officer and any of the four other most highly compensated officers in excess of \$1,000,000, unless such compensation is "performance based" as defined under Section 162(m). A portion of Mr. Conway's 2002 compensation exceeded the threshold. Because the Company's costs in realizing tax benefits under Section 162(m) may outweigh those benefits, the Committee intends to maintain

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flexibility to pay compensation that is not entirely deductible when sound direction of the Company would make that advisable. All stock options granted in 2002 to Crown executive officers are "performance based."

This report is respectfully submitted by the members of the Executive Compensation Committee of the Board of Directors.

Harold A. Sorgenti, Chairman
Arnold W. Donald
Hans J. Loliger

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AUDIT COMMITTEE REPORT

The Audit Committee provides assistance to the Board of Directors by its oversight of the financial accounting practices of the Company and the internal controls related thereto and represents the Board of Directors in connection with the services rendered by the Company's independent accountants.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2002 with the Company's management and its independent accountants. Management is responsible for the financial statements and the reporting process, including the system of internal controls, and has represented to the Committee that such financial statements were prepared in accordance with generally accepted accounting principles. The Company's independent accountants, PricewaterhouseCoopers LLP, are responsible for expressing an opinion as to whether the financial statements fairly present the financial position, results of operations and cash flows of the Company in accordance with generally accepted accounting principles in the United States. PricewaterhouseCoopers LLP has informed the Committee that they have given such an opinion with respect to the audited financial statements for the fiscal year ended December 31, 2002.

The Audit Committee discussed with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended. In addition, the Committee has discussed with the independent accountants the accountants' independence from the Company and its management, including the matters in the written disclosures and letter which were received by the Committee from the independent accountants as required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as amended.

Based on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

This report is respectfully submitted by the members of the Audit Committee of the Board of Directors.

John B. Neff, Chairman
Jenne K. Britell
Marie L. Garibaldi

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors, Executive Officers and persons who own more than 10% of a registered class of the Company's equity securities to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission (the "SEC") and the New York Stock Exchange. Such persons are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the review of the copies of SEC forms received by the Company with respect to fiscal year 2002, or written representations from reporting persons, the Company believes that its Directors and Executive Officers have complied with all applicable filing requirements, except that, because of an administrative error, James L. Pate, a Director of the Company who died on January 18, 2003, was late in filing a Form 4 reporting his sale on December 24, 2002 of 200 shares of Common Stock in connection with the liquidation of two trusts established for his grandchildren. The disposition of these shares was reported on his Form 4 filed on January 3, 2003.

PROPOSALS OF SHAREHOLDERS

In order to be considered for inclusion in the Proxy Statement for the 2004 Annual Meeting of the Company, any Shareholder proposal intended to be presented at the meeting, in addition to meeting the shareholder eligibility and other requirements of the SEC rules governing such proposals, must be received in writing, via Certified Mail - Return Receipt Requested, by the Office of the Secretary, Crown Holdings, Inc., One Crown Way, Philadelphia, Pennsylvania 19154 not later than November 21, 2003. In addition, the Company's By-Laws currently provide that a Shareholder of record at the time that notice of the meeting is given and who is entitled to vote at the meeting may bring business before the meeting or nominate a person for election to the Board of Directors if the Shareholder gives timely notice of such business or nomination. To be timely, and subject to certain exceptions, notice in writing to the Secretary must be delivered or mailed, via Certified Mail-Return Receipt Requested, and received at the above address not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. The notice must describe various matters regarding the nominee or proposed business. Any Shareholder desiring a copy of the Company's By-Laws will be furnished one copy without charge upon written request to the Secretary.

RELATIONSHIP WITH INDEPENDENT ACCOUNTANTS

The firm of PricewaterhouseCoopers LLP is the independent accountant for the most recently completed fiscal year and has been selected by the Audit Committee of the Board of Directors to continue in that capacity for the current year. PricewaterhouseCoopers LLP performs annual audits of the Company's financial statements and assists the Company in the preparation of various tax returns around the world. A representative or representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. Such representatives are also expected to be available to respond to questions raised orally at the Meeting or submitted in writing to the Office of the Secretary of the Company before the Meeting.

OTHER MATTERS

The Board of Directors knows of no other matter that may be presented for Shareholders' action at the Meeting, but if other matters do properly come before the Meeting, or if any of the persons named above to serve as Directors are unable to serve, it is intended that the persons named in the Proxy or their substitutes will vote on such matters and for other nominees in accordance with their best judgment.

The Company will file its 2002 Annual Report on Form 10-K with the Securities and Exchange Commission on or before March 31, 2003. A copy of the Report, including the financial statements and schedules thereto and a list describing all the exhibits not contained therein, may be obtained without charge by any Shareholder after March 31, 2003. Requests for copies of the Report should be sent to: Senior Vice President - Finance, Crown Holdings, Inc., One Crown Way, Philadelphia, Pennsylvania 19154.

WILLIAM T. GALLAGHER
Senior Vice President, Secretary &
General Counsel

Philadelphia, Pennsylvania 19154
March 21, 2003

CROWN HOLDINGS, INC.
One Crown Way, Philadelphia, PA 19154
PROXY FOR ANNUAL MEETING OF
SHAREHOLDERS TO BE HELD ON APRIL 24, 2003

The undersigned hereby appoints John W. Conway, Alan W. Rutherford and William T. Gallagher as Proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side, all the shares of stock of Crown Holdings, Inc. held of record by the undersigned on March 11, 2003 at the Annual Meeting of Shareholders to be held on April 24, 2003 or any adjournments thereof, for the items shown below and in any other matter that may properly come before the Meeting:

P
R
O
X
Y

1. FOR the election of a Board of ten Directors:

Jenne K. Britell, John W. Conway, Arnold W. Donald, Marie L. Garibaldi,
Hans J. Loliger, John B. Neff, Thomas A. Ralph, Hugues du Rouret,

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Alan W. Rutherford and Harold A. Sorgenti.

(change of address/comments)

(If you have written in the above space, please mark the corresponding box on the reverse side.)

You are encouraged to specify your choices by marking the appropriate box (SEE REVERSE SIDE), but you need not mark any box if you wish to vote in accordance with the Board of Directors' recommendations. THE PROXIES CANNOT VOTE YOUR SHARES UNLESS YOU SIGN AND RETURN THIS CARD.

|SEE REVERSE SIDE|

[LOGO] CROWN HOLDINGS, INC.

The 2003 Annual Meeting of Shareholders will be held on
April 24, 2003 at 9:30 a.m. at our offices:

Crown Holdings, Inc.
One Crown Way
Philadelphia, PA 19154-4599
Main Phone: (216) 698-5100

For directions to Annual Meeting, see reverse side.

x Please mark your
votes as in this
example.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.
This proxy, when properly executed, will be voted in the manner directed herein by the Shareholder. If no direction is made, this proxy will be voted "FOR" Proposal 1.
