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SILGAN HOLDINGS INC
Form 10-Q
August 10, 2009

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended June 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-22117

SILGAN HOLDINGS INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

06-1269834
(I.R.S. Employer
Identification No.)

4 Landmark Square
Stamford, Connecticut
(Address of principal executive offices)

06901
(Zip Code)

(203)975-7110
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last
report)

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 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 whether the Registrant has submitted electronically and
posted on its corporate Web site, if any, every Interactive Data File required
to be submitted and posted pursuant to Rule 405 of Regulation S-T during the
preceding 12 months (or for such shorter period that the Registrant was required
to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an
accelerated filer, a non-accelerated filer, or a smaller reporting company. See
definitions of "large accelerated filer," "accelerated filer" and "smaller
reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2009, the number of shares outstanding of the Registrant's common stock, \$0.01 par value, was 38,191,697.

SILGAN HOLDINGS INC.

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Part I. Financial Information
Item 1. Financial Statements

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30, 2009 ----- (unaudited)	June 30, 2008 ----- (unaudited)	Dec. 31, 2008 -----
Assets			
Current assets			
Cash and cash equivalents	\$ 79,638	\$ 86,079	\$ 163,006
Trade accounts receivable, net	289,309	346,156	266,880
Inventories	555,704	576,129	392,335
Prepaid expenses and other current assets	28,531	30,233	31,093
	-----	-----	-----
Total current assets	953,182	1,038,597	853,314
Property, plant and equipment, net	877,004	940,280	902,230
Goodwill	300,315	311,172	300,448
Other intangible assets, net	56,242	61,972	57,112
Other assets, net	52,400	76,212	50,475
	-----	-----	-----
	\$2,239,143	\$2,428,233	\$2,163,579
	=====	=====	=====
Liabilities and Stockholders' Equity			
Current liabilities			
Revolving loans and current portion of long-term debt	\$ 127,938	\$ 318,765	\$ 158,877
Trade accounts payable	218,626	258,907	298,611
Accrued payroll and related costs	72,157	82,483	72,337
Accrued liabilities	60,353	43,962	41,046
	-----	-----	-----
Total current liabilities	479,074	704,117	570,871

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Long-term debt	856,669	895,849	726,036
Other liabilities	326,754	271,259	342,094
Stockholders' equity			
Common stock	434	432	433
Paid-in capital	166,878	157,417	162,568
Retained earnings	544,451	433,597	497,732
Accumulated other comprehensive (loss) income	(74,740)	25,725	(75,861)
Treasury stock	(60,377)	(60,163)	(60,294)
	-----	-----	-----
Total stockholders' equity	576,646	557,008	524,578
	-----	-----	-----
	\$2,239,143	\$2,428,233	\$2,163,579
	=====	=====	=====

See accompanying notes.

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SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the three months ended June 30, 2009 and 2008
(Dollars and shares in thousands, except per share amounts)
(Unaudited)

	2009	2008
	----	----
Net sales	\$689,542	\$735,283
Cost of goods sold	584,516	627,256
	-----	-----
Gross profit	105,026	108,027
Selling, general and administrative expenses	40,087	40,363
Rationalization (credit) charges	(77)	2,718
	-----	-----
Income from operations	65,016	64,946
Interest and other debt expense before loss on early extinguishment of debt	12,208	14,802
Loss on early extinguishment of debt	661	--
	-----	-----
Interest and other debt expense	12,869	14,802
Income before income taxes	52,147	50,144
Provision for income taxes	18,461	16,834
	-----	-----
Net income	\$ 33,686	\$ 33,310
	=====	=====

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Earnings per share:		
Basic net income per share	\$0.88	\$0.88
	=====	=====
Diluted net income per share	\$0.88	\$0.87
	=====	=====
Dividends per share		
	\$0.19	\$0.17
	=====	=====
Weighted average number of shares:		
Basic	38,146	37,851
Effect of dilutive securities	298	418
	-----	-----
Diluted	38,444	38,269
	=====	=====

See accompanying notes.

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SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the six months ended June 30, 2009 and 2008
(Dollars and shares in thousands, except per share amounts)
(Unaudited)

	2009	2008
	----	----
Net sales	\$1,344,938	\$1,415,115
Cost of goods sold	1,143,598	1,217,022
	-----	-----
Gross profit	201,340	198,093
Selling, general and administrative expenses	81,339	75,915
Rationalization charges	1,378	7,393
	-----	-----
Income from operations	118,623	114,785
Interest and other debt expense before loss on early extinguishment of debt	22,665	31,115
Loss on early extinguishment of debt	661	--
	-----	-----
Interest and other debt expense	23,326	31,115
Income before income taxes	95,297	83,670
Provision for income taxes	33,936	29,204
	-----	-----
Net income	\$ 61,361	\$ 54,466
	=====	=====

Earnings per share:

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Basic net income per share	\$1.61	\$1.44
	=====	=====
Diluted net income per share	\$1.60	\$1.42
	=====	=====
Dividends per share	\$0.38	\$0.34
	=====	=====
Weighted average number of shares:		
Basic	38,117	37,812
Effect of dilutive securities	314	427
	-----	-----
Diluted	38,431	38,239
	=====	=====

See accompanying notes.

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SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2009 and 2008
(Dollars in thousands)
(Unaudited)

	2009	2008
	----	----
Cash flows provided by (used in) operating activities		
Net income	\$ 61,361	\$ 54,466
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	73,186	71,459
Rationalization charges	1,378	7,393
Loss on early extinguishment of debt	661	--
Excess tax benefit from stock-based compensation	(1,173)	(2,067)
Other changes that provided (used) cash, net of effects from acquisitions:		
Trade accounts receivable, net	(23,197)	(119,098)
Inventories	(163,579)	(131,389)
Trade accounts payable	(28,937)	65,982
Accrued liabilities	12,617	6,511
Other, net	(3,880)	2,725
	-----	-----
Net cash used in operating activities	(71,563)	(44,018)
	-----	-----
Cash flows provided by (used in) investing activities		
Purchase of businesses, net of cash acquired	--	(14,542)
Capital expenditures	(48,776)	(55,386)
Proceeds from asset sales	2,456	918
	-----	-----
Net cash used in investing activities	(46,320)	(69,010)

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Cash flows provided by (used in) financing activities		
Borrowings under revolving loans	190,620	422,620
Repayments under revolving loans	(93,039)	(226,269)
Proceeds from issuance of long-term debt	243,200	7,984
Repayments of long-term debt	(237,924)	(3,000)
Debt issuance costs	(5,325)	--
Changes in outstanding checks - principally vendors	(49,996)	(88,063)
Dividends paid on common stock	(14,642)	(12,977)
Proceeds from stock option exercises	1,102	1,201
Excess tax benefit from stock-based compensation	1,173	2,067
Repurchase of treasury shares	(654)	(397)
	-----	-----
Net cash provided by financing activities	34,515	103,166
	-----	-----
Cash and cash equivalents		
Net decrease	(83,368)	(9,862)
Balance at beginning of year	163,006	95,941
	-----	-----
Balance at end of period	\$ 79,638	\$ 86,079
	=====	=====
Interest paid, net	\$ 19,905	\$ 30,666
Income taxes paid, net	27,444	23,193

See accompanying notes.

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SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY
For the six months ended June 30, 2009 and 2008
(Dollars and shares in thousands)
(Unaudited)

	Common Stock				Accumulated
	Shares	Par	Paid-in	Retained	Other
	Outstanding	Value	Capital	Earnings	Comprehensiv
	-----	-----	-----	-----	(Loss) Incom
Balance at December 31, 2007	37,740	\$430	\$152,629	\$392,108	\$ 15,064
Comprehensive income:					
Net income	--	--	--	54,466	--
Changes in net prior service credit and actuarial losses, net of tax provision of \$115	--	--	--	--	161
Change in fair value of derivatives,					

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net of tax provision of \$1,972	--	--	--	--	2,786
Foreign currency translation, net of tax benefit of \$8,705	--	--	--	--	7,714
Comprehensive income					
Dividends declared on common stock	--	--	--	(12,977)	--
Stock compensation expense	--	--	1,768	--	--
Stock option exercises, including tax benefit of \$2,131	130	2	3,330	--	--
Net issuance of treasury stock for vested restricted stock units, including tax benefit of \$72	20	--	(310)	--	--
	-----	-----	-----	-----	-----
Balance at June 30, 2008	37,890	\$432	\$157,417	\$433,597	\$ 25,725
	=====	=====	=====	=====	=====
Balance at December 31, 2008	38,026	\$433	\$162,568	\$497,732	\$(75,861)
Comprehensive income:					
Net income	--	--	--	61,361	--
Changes in net prior service credit and actuarial losses, net of tax provision of \$1,884	--	--	--	--	2,873
Change in fair value of derivatives, net of tax benefit of \$1,237	--	--	--	--	(1,600)
Foreign currency translation, net of tax provision of \$2,838	--	--	--	--	(152)
Comprehensive income					
Dividends declared on common stock	--	--	--	(14,642)	--
Stock compensation expense	--	--	2,312	--	--
Stock option exercises, including tax benefit of \$1,389	86	1	2,490	--	--
Net issuance of treasury stock for vested restricted stock units, including tax benefit of \$79	30	--	(492)	--	--
	-----	-----	-----	-----	-----
Balance at June 30, 2009	38,142	\$434	\$166,878	\$544,451	\$(74,740)
	=====	=====	=====	=====	=====

See accompanying notes.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 1. Significant Accounting Policies

Basis of Presentation. The accompanying unaudited condensed consolidated financial statements of Silgan Holdings Inc., or Silgan, have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the accompanying financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation. The results of operations for any interim period are not necessarily indicative of the results of operations for the full year.

We have evaluated events subsequent to June 30, 2009 for recognition under Statement of Financial Accounting Standards, or SFAS, No. 165, "Subsequent Events," through August 10, 2009, the issuance date of the accompanying condensed consolidated financial statements.

The Condensed Consolidated Balance Sheet at December 31, 2008 has been derived from our audited consolidated financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

You should read the accompanying condensed consolidated financial statements in conjunction with our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008.

Recently Adopted Accounting Pronouncements. In September 2006, the Financial Accounting Standards Board, or FASB, issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 establishes a single authoritative definition for fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. As of January 1, 2009, we completed the adoption of SFAS No. 157. The adoption of SFAS No. 157 did not have a significant effect on our financial position, results of operations or cash flows. See Note 6 for further information.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) retains the fundamental requirements in SFAS No. 141 that the purchase method of accounting be used for all business combinations and an acquirer be identified for each business combination. SFAS No. 141(R) establishes principles and requirements for the reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed and any non-controlling interest at their fair values at the acquisition date. SFAS No. 141(R) also requires that acquisition-related costs be recognized separately from the acquisition. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009. In addition, SFAS No. 141(R) requires that any changes in an acquired deferred tax account or related valuation allowance that occur after January 1, 2009 will be recognized as adjustments to income tax expense. The initial adoption of SFAS No. 141(R) did not have an effect on our financial position, results of

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operations or cash flows. However, our unrecognized tax benefit positions will impact our effective tax rate if recognition of such positions is required in future periods.

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SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 1. Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements. (continued)

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." SFAS No. 161 requires companies with derivative instruments to disclose information that should enable readers of financial statements to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and how derivative instruments and related hedged items affect a company's financial position, financial performance and cash flows. SFAS No. 161 was effective for us on January 1, 2009. The adoption of SFAS No. 161 did not have an effect on our financial position, results of operations or cash flows. See Note 6 for additional disclosures required under SFAS No. 161.

In April 2009, the FASB issued FASB Staff Position, or FSP, No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments," which requires disclosures about the fair value of financial instruments for interim reporting periods. This FSP was effective for us beginning with our quarter ending June 30, 2009. The adoption of this FSP did not have an effect on our financial position, results of operations or cash flows. See Note 6 for additional disclosures required under this FSP.

Recently Issued Accounting Pronouncements. In December 2008, the FASB issued FSP No. FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets," which requires enhanced disclosures about plan assets in an employer's defined benefit pension or other postretirement plans. These disclosures are intended to provide users of financial statements with a greater understanding of how investment allocation decisions are made, the major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets and significant concentrations of risk within plan assets. FSP No. FAS 132(R)-1 will apply to our plan asset disclosures for the fiscal year ending December 31, 2009. We are currently evaluating the disclosure implications of this FSP, however the adoption of it will not have an effect on our financial position, results of operations or cash flows.

In June 2009, the FASB confirmed that the FASB Accounting Standards Codification, or the Codification, will become the single official source of authoritative GAAP, other than guidance issued by the Securities and Exchange Commission. The Codification, which changes the referencing of financial accounting standards, supersedes current authoritative guidance and is effective for interim and annual financial periods ending after September 15, 2009. The Codification is not intended to change existing GAAP. We will conform our financial statements and related notes to the Codification beginning with the quarter ending September 30, 2009.

SILGAN HOLDINGS INC.
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Information at June 30, 2009 and 2008 and for the
 three and six months then ended is unaudited)

Note 2. Rationalization Charges

As part of our plans to rationalize certain facilities, we have established reserves for employee severance and benefits and plant exit costs. Activity in our rationalization reserves since December 31, 2008 is summarized as follows:

	Employee Severance and Benefits -----	Plant Exit Costs -----	
			(Dollars in thousands)
Balance at December 31, 2008			

2001 Fairfield Rationalization Plan	\$ --	\$ 168	\$
2006 Rationalization Plans	3,661	--	
2008 Rationalization Plans	949	875	
	-----	-----	
Balance at December 31, 2008	4,610	1,043	
Activity for the Six Months Ended June 30, 2009			

2001 Fairfield Rationalization Plan Reserves Utilized	--	(62)	
2006 Rationalization Plan Reserves Utilized	(54)	--	
2008 Rationalization Plan Reserves Established	42	94	
2008 Rationalization Plan Reserves Utilized	(692)	(384)	
2009 Rationalization Plan Reserves Established	1,242	--	
2009 Rationalization Plan Reserves Utilized	(80)	--	
	-----	-----	
Total Activity	458	(352)	
Balance at June 30, 2009			

2001 Fairfield Rationalization Plan	--	106	
2006 Rationalization Plans	3,607	--	
2008 Rationalization Plans	299	585	
2009 Rationalization Plan	1,162	--	
	-----	-----	
Balance at June 30, 2009	\$5,068	\$ 691	\$
	=====	=====	==

2009 Rationalization Plan

In March 2009, we approved a plan to reduce costs at our Hannover, Germany closures manufacturing facility, which plan included the termination of 14 employees. Total estimated charges related to this plan of \$1.3 million for

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employee severance and benefit costs were recognized through June 2009. Cash payments of \$0.1 million were paid as of June 30, 2009. Cash payments of \$1.2 million are expected to be paid during the remainder of 2009.

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SILGAN HOLDINGS INC.
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Information at June 30, 2009 and 2008 and for the
 three and six months then ended is unaudited)

Note 2. Rationalization Charges (continued)

2008 Rationalization Plans

In 2008, as part of our ongoing effort to streamline operations and reduce costs, we approved plans to close our metal food container manufacturing facility in Tarrant, Alabama, our plastic container manufacturing facility in Richmond, Virginia and our closures manufacturing facility in Turkey and to consolidate various administrative positions within our European closures operations. Through December 31, 2008, we recognized an aggregate \$10.7 million of rationalization costs under these plans and terminated 200 employees. As of December 31, 2008, these plans were substantially completed. During the six months ended June 30, 2009, we recognized \$0.1 million of rationalization costs and made cash payments of \$1.1 million related to these plans. We have ceased operations at these three facilities and expect to sell the owned facilities for proceeds at or in excess of their respective net book values. We expect to recognize additional charges under these plans of \$0.2 million during 2009. Remaining aggregate cash payments of \$1.1 million are expected during the remainder of 2009.

2006 Rationalization Plans

In 2006, we announced plans to exit our St. Paul, Minnesota and Stockton, California metal food container manufacturing facilities. These plans have been fully implemented and substantially all costs have been recognized. We have ceased operations at these facilities. We expect to sell both buildings for estimated proceeds at or in excess of their net book value. Remaining cash payments of \$3.6 million are expected in 2009 and thereafter.

Rationalization reserves are included in the Condensed Consolidated Balance Sheets as follows:

	June 30, 2009 ----	June 30, 2008 ----	Dec. 31, 2008 ----
	(Dollars in thousands)		
Accrued liabilities	\$2,777	\$3,633	\$2,671
Other liabilities	2,982	3,165	2,982
	-----	-----	-----
	\$5,759	\$6,798	\$5,653

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SILGAN HOLDINGS INC.
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Information at June 30, 2009 and 2008 and for the
 three and six months then ended is unaudited)

Note 3. Accumulated Other Comprehensive (Loss) Income

Accumulated other comprehensive (loss) income is reported in the Condensed Consolidated Statements of Stockholders' Equity. Amounts included in accumulated other comprehensive (loss) income consisted of the following:

	June 30, 2009 ----	June 30, 2008 ----	Dec. 31, 2008 ----
	(Dollars in thousands)		
Foreign currency translation	\$ 12,044	\$ 40,330	\$ 12,196
Change in fair value of derivatives	(8,760)	4,625	(7,160)
Unrecognized net periodic pension and other postretirement benefit costs:			
Net prior service credit	6,730	4,446	6,845
Net actuarial loss	(84,754)	(23,676)	(87,742)
	-----	-----	-----
Accumulated other comprehensive (loss) income	\$ (74,740) =====	\$ 25,725 =====	\$ (75,861) =====

Note 4. Inventories

Inventories consisted of the following:

	June 30, 2009 ----	June 30, 2008 ----	Dec. 31, 2008 ----
	(Dollars in thousands)		
Raw materials	\$ 96,281	\$ 94,564	\$110,480
Work-in-process	78,303	81,247	72,078
Finished goods	409,431	420,233	237,080
Spare parts and other	30,387	32,760	30,841
	-----	-----	-----

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	614,402	628,804	450,479
Adjustment to value domestic inventory at cost on the LIFO method	(58,698)	(52,675)	(58,144)
	-----	-----	-----
	\$555,704	\$576,129	\$392,335
	=====	=====	=====

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SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 5. Long-Term Debt

Long-term debt consisted of the following:

	June 30, 2009 ----	June 30, 2008 ----	
			(Dollars in thousands)
Bank debt			
Bank revolving loans	\$ 99,000	\$ 193,232	\$
Bank A term loans	121,765	345,000	
Bank B term loans	40,621	41,477	
Canadian term loans	72,194	88,974	
Euro term loans	178,801	315,480	
Other foreign bank revolving and term loans	28,938	30,451	
	-----	-----	
Total bank debt	541,319	1,014,614	
	-----	-----	
7 1/4% Senior Notes, net of unamortized discount	243,288	--	
6 3/4% Senior Subordinated Notes	200,000	200,000	
	-----	-----	
Total other debt	443,288	200,000	
	-----	-----	
Total debt	984,607	1,214,614	
Less current portion	127,938	318,765	
	-----	-----	
	\$856,669	\$ 895,849	\$
	=====	=====	

The aggregate annual principal maturities of our term loans under our senior secured credit facility, or the Credit Agreement, 7 1/4% Senior Notes and 6 3/4% Senior Subordinated Notes are as follows (dollars in thousands, non-U.S. dollar debt has been translated into U.S. dollars at exchange rates in effect at the

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balance sheet date):

2010	\$ 13,979
2011	213,698
2012	185,704
2013	200,000
Thereafter	250,000

	\$863,381
	=====

At June 30, 2009, amounts expected to be repaid within one year consisted of \$99.0 million of bank revolving loans related primarily to seasonal working capital needs and \$28.9 million of foreign bank revolving and term loans.

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SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 5. Long-Term Debt (continued)

7 1/4% Senior Notes

On May 12, 2009, we issued \$250 million aggregate principal amount of 7 1/4% Senior Notes, or the 7 1/4% Notes. The issue price for the 7 1/4% Notes was 97.28 percent of their principal amount. The 7 1/4% Notes are general unsecured obligations of Silgan, ranking equal in right of payment with Silgan's unsecured unsubordinated indebtedness and ahead of Silgan's subordinated debt. The 7 1/4% Notes are effectively subordinated to Silgan's secured debt to the extent of the assets securing such debt and effectively subordinated to all obligations of the subsidiaries of Silgan. Interest on the 7 1/4% Notes is payable semi-annually in cash on August 15 and February 15 of each year and the 7 1/4% Notes mature on August 15, 2016. Net proceeds from the issuance of the 7 1/4% Notes of \$237.9 million were used to prepay all of the 2009 term loan installment payments and substantially all of the 2010 term loan installment payments due under the Credit Agreement. As a result of these term loan prepayments, we incurred a \$0.7 million loss on early extinguishment of debt for the write off of debt issuance costs.

The 7 1/4% Notes are redeemable, at the option of Silgan, in whole or in part, at any time after August 15, 2013 at the following redemption prices (expressed in percentages of principal amount) plus accrued and unpaid interest thereon to the redemption date if redeemed during the twelve month period commencing August 15, of the years set forth below:

Year	Redemption Price
----	-----
2013	103.625%

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2014	101.813%
2015 and thereafter	100.000%

In addition, prior to August 15, 2012, we may redeem up to 35 percent of the aggregate principal amount of the 7 1/4% Notes from the proceeds of certain equity offerings. We may also redeem the 7 1/4% Notes, in whole or in part, at a redemption price equal to 100 percent of their principal amount plus a make-whole premium as provided in the indenture for the 7 1/4% Notes.

Upon the occurrence of a change of control, as defined in the indenture for the 7 1/4% Notes, Silgan is required to make an offer to purchase the 7 1/4% Notes at a purchase price equal to 101 percent of their principal amount, plus accrued interest to the date of purchase.

The indenture for the 7 1/4% Notes contains covenants which are generally less restrictive than those under the Credit Agreement.

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SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 6. Financial Instruments

The financial instruments recorded in our Condensed Consolidated Balance Sheets include cash and cash equivalents (primarily invested in U.S. Treasury instruments), trade accounts receivable, trade accounts payable, debt obligations and swap agreements. Due to their short-term maturity, the carrying amounts of cash and cash equivalents, trade accounts receivable and trade accounts payable approximate their fair market values. The following table summarizes the carrying amounts and estimated fair values of our other financial instruments at June 30, 2009:

	Carrying Amount -----	Fair Value -----
(Dollars in thousands)		
Bank debt	\$541,319	\$541,319
7 1/4% Notes	243,288	240,625
6 3/4% Senior Subordinated Notes	200,000	190,500
Interest rate swap agreements	13,575	13,575
Natural gas swap agreements	1,204	1,204

Fair Value Measurements

Financial Instruments Measured at Fair Value

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). SFAS No. 157 classifies the inputs used to measure fair value into a hierarchy consisting of three levels.

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Level 1 inputs represent unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs represent unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs represent unobservable inputs for the asset or liability. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities that are measured on a recurring basis at June 30, 2009 consist of our interest rate and natural gas swap agreements. We measured the fair value of these swap agreements using the income approach. The fair value of these agreements reflects the estimated amounts that we would pay based on the present value of the expected cash flows derived from market interest rates and prices. As such, these derivative instruments are classified within Level 2.

Financial Instruments Not Measured at Fair Value

Our bank debt, 7 1/4% Notes and 6 3/4% Senior Subordinated Notes are recorded at historical amounts in our Condensed Consolidated Balance Sheets as we have not elected to measure them at fair value. The carrying amounts of our variable rate bank debt approximate their fair values. Fair values of our 7 1/4% Notes and 6 3/4% Senior Subordinated Notes are estimated based on quoted market prices.

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SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 6. Financial Instruments (continued)

Derivative Instruments and Hedging Activities

Effective January 1, 2009, we adopted SFAS No. 161 which expands the disclosure requirements about our derivative instruments and hedging activities. We account for derivative financial instruments under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and interpreted, which requires all derivatives to be recorded in the Condensed Consolidated Balance Sheets at their fair values. Changes in fair values of derivatives are recorded in each period in earnings or comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction.

We utilize certain derivative financial instruments to manage a portion of our interest rate and natural gas cost exposures. We limit our use of derivative financial instruments to interest rate and natural gas swap agreements. We do not engage in trading or other speculative uses of these financial instruments. For a financial instrument to qualify as a hedge, we must be exposed to interest rate or price risk, and the financial instrument must reduce the exposure and be designated as a hedge. Financial instruments qualifying for hedge accounting must maintain a high correlation between the hedging instrument and the item being hedged, both at inception and throughout the hedged period.

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We utilize certain internal hedging strategies to minimize our foreign currency exchange rate risk. Net investment hedges that qualify for hedge accounting result in the recognition of foreign currency gains or losses, net of tax, in accumulated other comprehensive (loss) income. We generally do not utilize external derivative financial instruments to manage our foreign currency exchange rate risk.

Our interest rate and natural gas swap agreements are accounted for as cash flow hedges. During the first six months of 2009, our hedges were fully effective. The fair value of the outstanding swap agreements in effect at June 30, 2009 was recorded in our Condensed Consolidated Balance Sheet as a liability of \$14.8 million, of which \$9.0 million was included in accrued liabilities and \$5.8 million was included in other liabilities.

The amount reclassified to earnings from the change in fair value of derivatives component of accumulated other comprehensive (loss) income for the six months ended June 30, 2009 was a loss of \$2.3 million, net of income taxes. We estimate that we will reclassify losses of \$4.9 million, net of income taxes, of the change in fair value of derivatives component of accumulated other comprehensive (loss) income to earnings during the next twelve months. The actual amount that will be reclassified to earnings will vary from this amount as a result of changes in market conditions.

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SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 6. Financial Instruments (continued)

Interest Rate Swap Agreements

We have entered into U.S. dollar, Euro and Canadian dollar interest rate swap agreements to manage a portion of our exposure to interest rate fluctuations. At June 30, 2009, the aggregate notional principal amount of outstanding interest rate swap agreements was \$273 million (non-U.S. dollar agreements have been translated into U.S. dollars at exchange rates in effect at the balance sheet date). In connection with the prepayment of certain installments of Euro term loans as discussed in Note 5, we settled EUR 10 million of notional principal amount of outstanding Euribor interest rate swap agreements.

The difference between amounts to be paid or received on interest rate swap agreements is recorded in interest and other debt expense in our Condensed Consolidated Statements of Income. For the six months ended June 30, 2009, net payments under these interest rate swap agreements were \$3.0 million. These agreements are with a financial institution which is expected to fully perform under the terms thereof.

Natural Gas Swap Agreements

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We have entered into natural gas swap agreements with a major financial institution to manage a portion of our exposure to fluctuations in natural gas prices. At June 30, 2009, the aggregate notional principal amount of our natural gas swap agreements was 674,000 MMBtu of natural gas with fixed prices ranging from \$4.340 to \$8.115 per MMBtu, which hedges approximately 26 percent of our estimated twelve month exposure to fluctuations in natural gas prices. For the six months ended June 30, 2009, net payments under our natural gas swap agreements were \$0.9 million. These agreements are with a financial institution which is expected to fully perform under the terms thereof.

Foreign Currency Exchange Rate Risk

In an effort to minimize foreign currency exchange rate risk, we have financed our 2006 acquisitions of the White Cap closures operations and Cousins-Currie Limited with term loans borrowed under our Credit Agreement denominated in Euros and Canadian dollars, respectively. In addition, where available, we have borrowed funds in local currency or implemented certain internal hedging strategies to minimize our foreign currency exchange rate risk related to foreign operations. Foreign currency gains recognized as net investment hedges included in accumulated other comprehensive (loss) income for the six months ended June 30, 2009 were \$6.8 million, net of a deferred tax provision of \$2.8 million.

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SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 7. Retirement Benefits

The components of the net periodic pension benefits costs are as follows:

	Three Months Ended		Six Months
	June 30,	June 30,	June 30,
	2009	2008	2009
	----	----	----
	(Dollars in thousands)		
Service cost	\$ 3,276	\$ 3,373	\$ 6,686
Interest cost	6,993	6,810	13,973
Expected return on plan assets	(6,312)	(7,573)	(12,646)
Amortization of prior service cost	551	561	1,107
Amortization of actuarial losses	2,380	80	4,763
	-----	-----	-----
Net periodic benefit cost	\$ 6,888	\$ 3,251	\$ 13,883
	=====	=====	=====

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The components of the net periodic other postretirement benefits costs are as follows:

	Three Months Ended		Six Months
	June 30, 2009	June 30, 2008	June 30, 2009
	----	----	----
	(Dollars in thousands)		
Service cost	\$ 197	\$ 236	\$ 405
Interest cost	766	804	1,532
Amortization of prior service credit	(641)	(600)	(1,279)
Amortization of actuarial losses	83	74	166
	-----	-----	-----
Net periodic benefit cost	\$ 405	\$ 514	\$ 824
	=====	=====	=====

As previously disclosed in our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008, there are no material minimum required contributions to our pension plans in 2009. However, this is subject to change based on a number of factors, including further governmental interpretations of certain provisions of The Pension Protection Act of 2006. Based on our current funded status, in February 2009 we made voluntary contributions of \$23.1 million to our pension benefit plans. To the extent they are tax deductible, we may make additional voluntary contributions to our pension benefit plans during the remainder of 2009.

Note 8. Income Taxes

Silgan and its subsidiaries file U.S. Federal income tax returns, as well as income tax returns in various states and foreign jurisdictions. The Internal Revenue Service, or IRS, has commenced an examination of Silgan's income tax return for the periods ended December 31, 2004 and December 31, 2005. It is reasonably possible that this IRS audit and IRS audits for prior periods will be concluded within the next twelve months, and that the conclusion of these audits may result in a significant change to our reported unrecognized tax benefits. Due to the ongoing nature of these audits, we are unable to estimate the amount of this potential impact.

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SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
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Note 9. Dividends

In each of March and June of 2009, we paid quarterly cash dividends on our common stock of \$0.19 per share, as approved by our Board of Directors. The cash payments related to these dividends totaled \$14.6 million.

On August 7, 2009, our Board of Directors declared a quarterly cash dividend

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on our common stock of \$0.19 per share, payable on September 15, 2009 to holders of record of our common stock on September 1, 2009. The cash payment related to this dividend is expected to be approximately \$7.3 million.

Note 10. Treasury Stock

During the first six months of 2009, we issued 43,100 treasury shares which had an average cost of \$13.25 per share for restricted stock units that vested during the period. In accordance with the Silgan Holdings Inc. 2004 Stock Incentive Plan, we repurchased 13,476 shares of our common stock at an average cost of \$48.49 to satisfy employee withholding tax requirements resulting from certain restricted stock units becoming vested. We account for the treasury shares using the first-in, first-out (FIFO) cost method. As of June 30, 2009, 5,233,371 shares were held in treasury.

Note 11. Stock-Based Compensation

We currently have one stock-based compensation plan in effect, under which we have issued options and restricted stock units to our officers, other key employees and outside directors. During the first six months of 2009, we granted 121,700 restricted stock units to certain of our officers and key employees. The fair value of these restricted stock units at the date of grant was \$5.9 million, which is being amortized ratably over the five-year vesting period from the date of grant.

In May 2009, we granted 6,702 restricted stock units to non-employee members of our Board of Directors, which vest in full one year from the date of grant. The fair value of these restricted stock units at the date of grant was \$0.3 million.

At our annual meeting of stockholders held on May 26, 2009, our stockholders approved the Second Amendment to the Silgan Holdings Inc. 2004 Stock Incentive Plan, as amended, or the 2004 Stock Incentive Plan, which, among other things, increased the number of shares of our Common Stock available for awards under the 2004 Stock Incentive Plan by an additional 1,500,000 shares. The total number of shares available for issuance under the 2004 Stock Incentive Plan as of June 30, 2009 was 2,012,016.

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SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 12. Business Segment Information

Reportable business segment information for the three and six months ended June 30 is as follows:

Metal Food Containers	Closures	Plastic Containers	Corporate
--------------------------	----------	-----------------------	-----------

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(Dollars in thousands)

Three Months Ended June 30, 2009

Net sales	\$405,356	\$154,591	\$129,595	\$ --	\$
Depreciation and amortization (1)	16,788	7,057	11,619	421	
Rationalization (credit) charges	--	(99)	22	--	
Segment income from operations	41,815	22,208	4,258	(3,265)	

Three Months Ended June 30, 2008

Net sales	\$377,462	\$190,928	\$166,893	\$ --	\$
Depreciation and amortization (1)	15,869	7,461	11,408	421	
Rationalization charges	2,023	621	74	--	
Segment income from operations	33,085	21,754	13,598	(3,491)	

Six Months Ended June 30, 2009

Net sales	\$776,972	\$296,927	\$271,039	\$ --	\$1
Depreciation and amortization (1)	34,656	13,961	22,920	841	
Rationalization charges	--	1,326	52	--	
Segment income from operations	68,426	36,547	20,361	(6,711)	

Six Months Ended June 30, 2008

Net sales	\$728,693	\$347,372	\$339,050	\$ --	\$1
Depreciation and amortization (1)	32,030	15,090	22,814	842	
Rationalization charges	3,290	3,269	834	--	
Segment income from operations	58,171	36,278	26,179	(5,843)	

(1) Depreciation and amortization excludes amortization of debt issuance costs of \$0.4 million and \$0.3 million for the three months ended June 30, 2009 and 2008, respectively, and \$0.7 million for each of the six months ended June 30, 2009 and 2008.

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SILGAN HOLDINGS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2009 and 2008 and for the
three and six months then ended is unaudited)

Note 12. Business Segment Information (continued)

Total segment income from operations is reconciled to income before income taxes as follows:

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	Three Months Ended		Six Months Ended	
	June 30, 2009 ----	June 30, 2008 ----	June 30, 2009 ----	June 30, 2008 ----
	(Dollars in thousands)			
Total segment income from operations	\$65,016	\$64,946	\$118,623	\$114,785
Interest and other debt expense	12,869	14,802	23,326	31,115
	-----	-----	-----	-----
Income before income taxes	\$52,147	\$50,144	\$ 95,297	\$ 83,670
	=====	=====	=====	=====

Sales and income from operations of our metal food container business are dependent, in part, upon the vegetable and fruit harvests in the midwest and western regions of the United States. Our closures business is also dependent, in part, upon vegetable and fruit harvests. The size and quality of these harvests varies from year to year, depending in large part upon the weather conditions in applicable regions. Because of the seasonality of the harvests, we have historically experienced higher unit sales volume in the third quarter of our fiscal year and generated a disproportionate amount of our annual income from operations during that quarter.

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Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q which are not historical facts are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and Securities Exchange Act of 1934. Such forward-looking statements are made based upon management's expectations and beliefs concerning future events impacting us and therefore involve a number of uncertainties and risks, including, but not limited to, those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and our other filings with the Securities and Exchange Commission. As a result, the actual results of our operations or our financial condition could differ materially from those expressed or implied in these forward-looking statements.

General

We are a leading manufacturer of metal and plastic consumer goods packaging products. We produce steel and aluminum containers for human and pet food; metal, composite and plastic vacuum closures for food and beverage products; and custom designed plastic containers, tubes and closures for personal care, health care, pharmaceutical, household and industrial chemical, food, pet care, agricultural chemical, automotive and marine chemical products. We are the

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largest manufacturer of metal food containers in North America, a leading worldwide manufacturer of metal, composite and plastic vacuum closures for food and beverage products and a leading manufacturer of plastic containers in North America for a variety of markets, including the personal care, health care, household and industrial chemical and food markets.

Our objective is to increase shareholder value by efficiently deploying capital and management resources to grow our business, reduce operating costs and build sustainable competitive positions, or franchises, and to complete acquisitions that generate attractive cash returns. We have grown our net sales and income from operations over the years, largely through acquisitions but also through internal growth, and we continue to evaluate acquisition opportunities in the consumer goods packaging market. If acquisition opportunities are not identified over a longer period of time, we may use our cash flow to repay debt, repurchase shares of our common stock or increase dividends to our stockholders or for other permitted purposes.

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RESULTS OF OPERATIONS

The following table sets forth certain unaudited income statement data expressed as a percentage of net sales for the periods presented:

	Three Months Ended		Six Months Ended	
	June 30, 2009 ----	June 30, 2008 ----	June 30, 2009 ----	June 30, 2008 ----
Net sales				
Metal food containers	58.8%	51.3%	57.8%	51.5%
Closures	22.4	26.0	22.1	24.5
Plastic containers	18.8	22.7	20.1	24.0
	-----	-----	-----	-----
Consolidated	100.0	100.0	100.0	100.0
Cost of goods sold	84.8	85.3	85.0	86.0
	-----	-----	-----	-----
Gross profit	15.2	14.7	15.0	14.0
Selling, general and administrative expenses	5.8	5.5	6.1	5.4
Rationalization charges	--	0.4	0.1	0.5
	-----	-----	-----	-----
Income from operations	9.4	8.8	8.8	8.1
Interest and other debt expense	1.8	2.0	1.7	2.2
	-----	-----	-----	-----
Income before income taxes	7.6	6.8	7.1	5.9
Provision for income taxes	2.7	2.3	2.5	2.1
	-----	-----	-----	-----
Net income	4.9%	4.5%	4.6%	3.8%
	=====	=====	=====	=====

Summary unaudited results of operations for the three and six months ended June 30, 2009 and 2008 are provided below.

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	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	(Dollars in millions)			
Net sales				
Metal food containers	\$405.3	\$377.5	\$ 777.0	\$ 728.
Closures	154.6	190.9	296.9	347.
Plastic containers	129.6	166.9	271.0	339.
	-----	-----	-----	-----
Consolidated	\$689.5	\$735.3	\$1,344.9	\$1,415.
	=====	=====	=====	=====
Income from operations				
Metal food containers (1)	\$ 41.8	\$ 33.1	\$ 68.4	\$ 58.
Closures (2)	22.2	21.8	36.5	36.
Plastic containers (3)	4.3	13.6	20.4	26.
Corporate	(3.3)	(3.6)	(6.7)	(5.
	-----	-----	-----	-----
Consolidated	\$ 65.0	\$ 64.9	\$ 118.6	\$ 114.
	=====	=====	=====	=====

- (1) Includes rationalization charges of \$2.0 million and \$3.3 million for the three and six months ended June 30, 2008, respectively.
- (2) Includes a rationalization credit of \$0.1 million and rationalization charges of \$0.6 million for the three months ended June 30, 2009 and 2008, respectively, and rationalization charges of \$1.3 million and \$3.3 million for the six months ended June 30, 2009 and 2008, respectively.
- (3) Includes rationalization charges of \$0.1 million for the three months ended June 30, 2008 and \$0.1 million and \$0.8 million for the six months ended June 30, 2009 and 2008, respectively.

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Three Months Ended June 30, 2009 Compared with Three Months Ended June 30, 2008

Overview. Consolidated net sales were \$689.5 million in the second quarter of 2009, representing a 6.2 percent decrease as compared to the second quarter of 2008 primarily as a result of lower average selling prices in the plastic container business largely attributable to the pass through of resin price declines, the impact of unfavorable foreign currency translation and lower volumes in the plastic container and closures businesses, partially offset by higher average selling prices in the metal food container business due to the pass through of higher raw material and other manufacturing costs. Income from operations for the second quarter of 2009 of \$65.0 million increased by \$0.1 million, or 0.2 percent, as compared to the same period in 2008 due to effective cost control and manufacturing efficiencies and lower rationalization charges, principally offset by the impact from lower unit volumes in the plastic container and closures businesses, increased pension expense and higher depreciation expense. Results for 2009 included a loss on early extinguishment of debt of \$0.7 million. Results for 2008 included rationalization charges of

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\$2.7 million. Net income for the second quarter of 2009 was \$33.7 million, or \$0.88 per diluted share, as compared to \$33.3 million, or \$0.87 per diluted share, for the same period in 2008.

Net Sales. The \$45.8 million decrease in consolidated net sales in the second quarter of 2009 as compared to the second quarter of 2008 was the result of lower net sales in the plastic container and closures businesses, partially offset by higher net sales in the metal food container business.

Net sales for the metal food container business increased \$27.8 million, or 7.4 percent, in the second quarter of 2009 as compared to the same period in 2008. This increase was primarily attributable to higher average selling prices as a result of the pass through of higher net raw material and other manufacturing costs.

Net sales for the closures business decreased \$36.3 million, or 19.0 percent, in the second quarter of 2009 as compared to the same period in 2008. This decrease was primarily the result of unfavorable foreign currency translation of approximately \$10.5 million and moderately lower unit volumes largely attributable to softer demand in the single-serve beverage markets as a result of the current economic environment.

Net sales for the plastic container business in the second quarter of 2009 decreased \$37.3 million, or 22.3 percent, as compared to the same period in 2008. This decrease was principally due to the impact of lower average selling prices as a result of the lagged pass through of lower raw material costs, a decline in unit volumes attributable to the ongoing weakness in demand which was partly impacted by some consumers trading down to products with less value added packaging and the impact of unfavorable foreign currency translation of approximately \$4.1 million.

Gross Profit. Gross profit margin increased 0.5 percentage points to 15.2 percent in the second quarter of 2009 as compared to the same period in 2008 for the reasons discussed below in "Income from Operations."

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased \$0.3 million to \$40.1 million for the second quarter of 2009 as compared to \$40.4 million for the same period in 2008. Selling, general and administrative expenses as a percentage of consolidated net sales increased 0.3 percentage points to 5.8 percent for the second quarter of 2009 as compared to 5.5 percent for the same period in 2008 due primarily to the decrease in consolidated net sales.

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Income from Operations. Income from operations for the second quarter of 2009 increased by \$0.1 million as compared to the second quarter of 2008, and operating margin increased to 9.4 percent from 8.8 percent over the same periods.

Income from operations of the metal food container business for the second quarter of 2009 increased \$8.7 million, or 26.3 percent, as compared to the same period in 2008, and operating margin increased to 10.3 percent from 8.8 percent over the same periods. These increases were primarily the result of ongoing cost controls, improved manufacturing efficiencies including benefits from rebuilding inventory which was reduced late in the fourth quarter of 2008 and lower rationalization charges, partially offset by higher pension expense and

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depreciation expense. The second quarter of 2008 included rationalization charges of \$2.0 million primarily related to ongoing costs to exit the St. Paul, Minnesota manufacturing facility as well as costs incurred for the shutdown of the Tarrant, Alabama manufacturing facility.

Income from operations of the closures business for the second quarter of 2009 increased \$0.4 million, or 1.8 percent, as compared to the same period in 2008, and operating margin increased to 14.4 percent from 11.4 percent over the same periods. These increases were primarily attributable to the benefits of ongoing cost reduction initiatives, improved manufacturing efficiencies and lower rationalization charges, principally offset by moderately lower unit volumes. The second quarter of 2008 included rationalization charges of \$0.6 million related to the streamlining of certain operations and consolidation of various administrative positions in Europe.

Income from operations of the plastic container business for the second quarter of 2009 decreased \$9.3 million, or 68.4 percent, as compared to the same period in 2008, and operating margin decreased to 3.3 percent from 8.1 percent over the same periods. These decreases were primarily attributable to modestly lower unit volumes, a less favorable mix of products sold, the negative cost impact attributable to a reduction in inventory, the unfavorable effect from the lagged pass through of recent resin price increases and higher pension expense, partially offset by improved manufacturing efficiencies and ongoing cost controls. The second quarter of 2008 included rationalization charges of \$0.1 million related to the shutdown of the Richmond, Virginia manufacturing facility.

Interest and Other Debt Expense. Interest and other debt expense before loss on early extinguishment of debt for the second quarter of 2009 decreased \$2.6 million to \$12.2 million as compared to the same period in 2008. This decrease was primarily due to lower average debt balances outstanding in the second quarter of 2009 as compared to the same period in 2008, partially offset by slightly higher interest rates largely as a result of the issuance of the 7 1/4% Notes in May 2009. The net proceeds from this issuance were utilized to prepay all of the 2009 term loan installment payments and substantially all of the 2010 term loan installment payments due under the Credit Agreement. As a result of these prepayments, we incurred a loss on early extinguishment of debt for the write off of debt issuance costs of \$0.7 million.

Provision for Income Taxes. The effective tax rate for the second quarter of 2009 was 35.4 percent as compared to 33.6 percent in the same period of 2008. The effective tax rate for the second quarter of 2008 benefited from a \$1.7 million tax credit related to certain non-recurring state tax incentives associated with capital investments.

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Six Months Ended June 30, 2009 Compared with Six Months Ended June 30, 2008

Overview. Consolidated net sales were \$1.34 billion in the first six months of 2009, representing a 5.0 percent decrease as compared to the first six months of 2008 primarily due to lower unit volumes across all businesses, lower average selling prices in the plastic container business largely attributable to the pass through of resin prices declines and unfavorable foreign currency translation, partially offset by higher average selling prices in the metal food container business due to the pass through of higher raw material and other manufacturing costs. Income from operations for the first six months of 2009

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increased by \$3.8 million, or 3.3 percent, as compared to the same period in 2008 as a result of lower rationalization charges incurred in 2009, improved manufacturing efficiencies and ongoing cost controls across all businesses. These increases were partially offset by lower unit volumes across all businesses, higher pension and depreciation expense and inflation in manufacturing and other costs as well as the impact of management fee income of \$2.2 million recognized in the first quarter of 2008 from the pre-acquisition management of the Brazilian White Cap closures operations. The results for the first six months of 2009 and 2008 included rationalization charges of \$1.4 million and \$7.4 million, respectively. Net income for the first six months of 2009 was \$61.4 million, or \$1.60 per diluted share, as compared to \$54.5 million, or \$1.42 per diluted share, for the same period in 2008.

Net Sales. The \$70.2 million decrease in consolidated net sales in the first six months of 2009 as compared to the first six months of 2008 was due to lower net sales in the plastic container and closures businesses, partially offset by higher net sales in the metal food container business.

Net sales for the metal food container business increased \$48.3 million, or 6.6 percent, in the first six months of 2009 as compared to the same period in 2008. This increase was primarily attributable to higher average selling prices due to the pass through of inflation in raw material and other manufacturing costs, partially offset by slightly lower unit volumes principally due to the customer buy ahead in the fourth quarter of 2008.

Net sales for the closures business in the first six months of 2009 decreased \$50.5 million, or 14.5 percent, as compared to the same period in 2008. This decrease was primarily the result of unfavorable foreign currency translation of approximately \$19.5 million and a moderate decrease in unit volumes largely attributable to softer demand in the single-serve beverage markets as a result of the current economic environment and the customer buy ahead of metal closures in the fourth quarter of 2008.

Net sales for the plastic container business in the first six months of 2009 decreased \$68.0 million, or 20.1 percent, as compared to the same period in 2008. This decrease was primarily the result of lower average selling prices as a result of the lagged pass through of lower raw material costs, a modest decline in unit volumes attributable to the ongoing weakness in demand and the impact of unfavorable foreign currency translation of approximately \$11.0 million.

Gross Profit. Gross Profit margin increased 1.0 percentage point to 15.0 percent for the first six months of 2009 as compared to the same period in 2008 for the reasons discussed below in "Income from Operations."

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased \$5.4 million to \$81.3 million for the six months ended June 30, 2009 as compared to \$75.9 million for the same period in 2008. Selling, general and administrative expenses as a percentage of consolidated net sales increased to 6.1 percent for the first six months of 2009 as compared to 5.4 percent for the same period in 2008. These increases were primarily due to the recognition in the first quarter of 2008 of management fee income of \$2.2 million from the management of the White Cap Brazil closures operations until it was acquired from Amcor Limited in April 2008 and higher pension expense in 2009.

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Income from Operations. Income from operations for the first six months of 2009 increased by \$3.8 million, or 3.3 percent, as compared to the first six months of 2008, and operating margin increased to 8.8 percent from 8.1 percent over the same periods.

Income from operations of the metal food container business for the first six months of 2009 increased \$10.2 million, or 17.5 percent, as compared to the same period in 2008, and operating margin increased to 8.8 percent from 8.0 percent over the same periods. These increases were primarily the result of ongoing cost controls, improved manufacturing efficiencies including benefits from rebuilding inventory which was reduced late in the fourth quarter of 2008 and lower rationalization charges. These increases were partially offset by the impact of slightly lower unit volumes, higher pension expense and increased depreciation expense. The first six months of 2008 included total rationalization charges of \$3.3 million related to ongoing costs to exit the St. Paul, Minnesota manufacturing facility as well as costs incurred for the shutdown of the Tarrant, Alabama manufacturing facility.

Income from operations of the closures business for the first six months of 2009 increased \$0.2 million, or 0.6 percent, as compared to the same period in 2008, and operating margin increased to 12.3 percent from 10.4 percent over the same periods. These increases were primarily attributable to the benefits of ongoing cost reduction initiatives, improved manufacturing efficiencies and lower rationalization charges, principally offset by moderately lower unit volumes and the year-over-year impact of the management fee income from the Brazilian White Cap closures operation of \$2.2 million recognized in the first quarter of 2008. Rationalization charges of \$1.3 million were recognized in the first six months of 2009 for a reduction in workforce at the operating facility in Germany. The first six months of 2008 included rationalization charges of \$3.3 million related to the streamlining of certain operations and consolidation of various administrative positions in Europe.

Income from operations of the plastic container business for the first six months of 2009 decreased \$5.8 million, or 22.1 percent, as compared to the same period in 2008, and operating margin decreased to 7.5 percent from 7.7 percent over the same periods. These decreases were primarily attributable to modestly lower unit volumes, a less favorable mix of products sold, the negative cost impact attributable to a reduction in inventory and higher pension expense, partially offset by the net positive effect in 2009 from the lagged pass through of resin price decreases in the first quarter of 2009 in excess of the lagged pass through of resin price increases in the second quarter of 2009, ongoing focus on cost reductions, improved manufacturing efficiencies and lower rationalization charges. The first quarter of 2008 included rationalization charges of \$0.8 million related to the shutdown of the Richmond, Virginia manufacturing facility.

Interest and Other Debt Expense. Interest and other debt expense before loss on early extinguishment of debt for the first six months of 2009 decreased \$8.5 million to \$22.7 million as compared to the same period in 2008. This decrease resulted primarily from lower outstanding debt balances and higher interest income attributable to the cash on hand during 2009, partially offset by the impact of slightly higher interest rates largely due to the issuance of the 7 1/4% Notes in May 2009. The net proceeds from this issuance were utilized to prepay all of the 2009 term loan installment payments and substantially all of the 2010 term loan installment payments due under the Credit Agreement. As a result of these prepayments, we incurred a loss on early extinguishment of debt for the write off of debt issuance costs of \$0.7 million.

Provision for Income Taxes. The effective tax rate for the first six months of 2009 was 35.6 percent as compared to 34.9 percent in the same period of 2008. The effective tax rate for the first six months of 2008 benefited from a \$1.7 million tax credit related to certain non-recurring state tax incentives

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associated with capital investments.

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CAPITAL RESOURCES AND LIQUIDITY

Our principal sources of liquidity have been net cash from operating activities and borrowings under our debt instruments, including our Credit Agreement. Our liquidity requirements arise primarily from our obligations under the indebtedness incurred in connection with our acquisitions and the refinancing of that indebtedness, capital investment in new and existing equipment and the funding of our seasonal working capital needs.

On May 12, 2009, we issued \$250 million aggregate principal amount of the 7 1/4% Notes. The issue price for the 7 1/4% Notes was 97.28 percent of their principal amount. Interest on the 7 1/4% Notes is payable semi-annually in cash on August 15 and February 15 of each year and the 7 1/4% Notes mature on August 15, 2016. Net proceeds from the issuance of the 7 1/4% Notes of \$237.9 million were used to prepay all of the 2009 term loan installment payments and substantially all of the 2010 term loan installment payments due under the Credit Agreement. As a result of these term loan prepayments, we incurred a \$0.7 million loss on early extinguishment of debt for the write off of debt issuance costs.

As of June 30, 2009, our contractual obligations as they relate to long-term debt obligations, interest on fixed rate debt and interest on variable rate debt are as follows:

	Payment for the years ending				
	Total	2009	2010 through 2011	2012 through 2013	
	-----	-----	-----	-----	-----
	(Dollars in millions)				
Long-term debt obligations (1)	\$863.4	\$ --	\$227.7	\$385.7	\$250.
Interest on fixed rate debt (2)	197.4	18.2	63.3	61.6	54.
Interest on variable rate debt (3)	60.0	19.2	26.2	14.6	--

(1) These amounts represent expected cash payments of our long-term debt and exclude current debt of \$99.0 million of bank revolving loans related primarily to seasonal working capital needs and \$28.9 million of foreign bank revolving and term loans.

(2) These amounts represent cash payments of interest on our fixed rate long-term debt on an actual basis for the first six months of 2009 and thereafter on an expected basis.

(3) These amounts represent cash payments of interest on our variable rate long-term debt, excluding bank revolving loans and foreign bank revolving and term loans, after taking into consideration our interest rate swap agreements, on an actual basis for the first six months of 2009 and thereafter on an expected basis at prevailing interest rates at June 30, 2009.

You should also read Note 5 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2009 included elsewhere in this Quarterly Report.

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For the six months ended June 30, 2009, we used net borrowings of revolving loans of \$97.5 million, cash and cash equivalents of \$83.4 million, proceeds from the issuance of the 7 1/4% Notes of \$243.2 million and net proceeds from stock-based compensation issuances of \$1.6 million to fund the repayment of term loans of \$237.9 million, cash used in operations of \$71.6 million primarily for our seasonal working capital needs, net capital expenditures of \$46.3 million, decreases in outstanding checks of \$50.0 million, debt issuance costs of \$5.3 million and dividends paid on our common stock of \$14.6 million.

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For the six months ended June 30, 2008, we used net borrowings of revolving loans of \$196.3 million, cash and cash equivalents of \$9.9 million, other debt borrowings of \$8.0 million and net proceeds from stock-based compensation issuances of \$2.9 million to fund cash used in operations of \$44.0 million primarily for our seasonal working capital needs, net capital expenditures of \$54.5 million, our acquisitions of the metal vacuum closures operations of Grup Vemsa 1857, S.L. and the White Cap Brazil operations for \$14.5 million, net of cash acquired, decreases in outstanding checks of \$88.1 million, the repayment of debt of \$3.0 million and dividends paid on our common stock of \$13.0 million.

Because we sell metal containers used in fruit and vegetable pack processing, we have seasonal sales. As is common in the industry, we must utilize working capital to build inventory and then carry accounts receivable for some customers beyond the end of the packing season. Due to our seasonal requirements, we may incur short-term indebtedness to finance our working capital requirements. For the six months ended June 30, 2009, we utilized cash on hand to partially fund our working capital requirements.

At June 30, 2009, we had \$99.0 million of revolving loans outstanding under the Credit Agreement. After taking into account outstanding letters of credit, the available portion of our revolving loan facility under the Credit Agreement at June 30, 2009 was \$322.3 million. We may use the available portion of our revolving loan facility, after taking into account our seasonal needs and outstanding letters of credit, for acquisitions or other permitted purposes. We may also borrow revolving loans to increase our cash and cash equivalents to ensure access to liquidity. During 2009, we estimate that we will utilize approximately \$275 - \$325 million of revolving loans under the Credit Agreement for our peak seasonal working capital requirements, which amount could be lower to the extent we utilize cash and cash equivalents on hand for our seasonal working capital requirements.

During the first six months of 2009, we paid cash dividends on our common stock totaling \$14.6 million. On August 7, 2009, our Board of Directors declared a quarterly cash dividend on our common stock of \$0.19 per share, payable on September 15, 2009 to holders of record of our common stock on September 1, 2009. The cash payment related to this dividend is expected to be approximately \$7.3 million.

We believe that cash generated from operations and funds from borrowings available under the Credit Agreement will be sufficient to meet our expected operating needs, planned capital expenditures, debt service, tax obligations, pension benefit plan contributions, share repurchases required under our 2004 Stock Incentive Plan and common stock dividends for the foreseeable future. With cash and cash equivalents on hand and cash generated from operations, we believe

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that we will be able to repay all outstanding term loans under the Credit Agreement as they become due and payable. However, there can be no assurance that we will be able to generate enough cash from operations to repay all such outstanding term loans, in which case we will need to refinance any remaining outstanding term loans. Additionally, we also believe that we will be able to replace our revolving loan facilities under the Credit Agreement before they expire with other loan facilities for our seasonal working capital needs.

There can be no assurance that we will be able to effect any such refinancing, and, if we are able to, we may not be able to do so on the same terms (including interest rates) as under the Credit Agreement. Our ability to effect any such transactions and the terms thereof (including interest rates) will depend on a variety of factors, including the condition of the credit markets, which have experienced substantial disruptions to liquidity and credit availability in recent months; our future performance, which will be subject to prevailing economic conditions and to financial, business and other factors (including the state of the economy and other factors beyond our control) affecting our business and operations; the timing of such transactions; and the amount of debt to be refinanced.

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We continue to evaluate acquisition opportunities in the consumer goods packaging market and may incur additional indebtedness, including indebtedness under the Credit Agreement, to finance any such acquisition.

We are in compliance with all financial and operating covenants contained in our financing agreements and believe that we will continue to be in compliance during 2009 with all of these covenants.

Rationalization Charges

In March 2009, we approved a plan to reduce costs at our Hannover, Germany closures manufacturing facility, which plan included the termination of 14 employees. Total estimated charges related to this plan of \$1.3 million for employee severance and benefit costs were recognized through June 2009.

In 2008, as part of our ongoing effort to streamline operations and reduce costs, we approved plans to close our metal food container manufacturing facility in Tarrant, Alabama, our plastic container manufacturing facility in Richmond, Virginia and our closures manufacturing facility in Turkey and to consolidate various administrative positions within our European closures operations. Through December 31, 2008, we recognized an aggregate of \$10.7 million of rationalization costs under these plans and terminated 200 employees. As of December 31, 2008, these plans were substantially completed. During the six months ended June 30, 2009, we recognized \$0.1 million of rationalization costs and made cash payments of \$1.1 million related to these plans. We have ceased operations at these three facilities and expect to sell the owned facilities for proceeds at or in excess of their respective net book values. We expect to recognize additional charges under these plans of \$0.2 million during 2009.

Under our rationalization plans, we made cash payments of \$1.3 million and \$3.8 million for the six months ended June 30, 2009 and 2008, respectively. Total future cash spending of \$6.0 million is expected for our outstanding rationalization plans.

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You should also read Note 2 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2009 included elsewhere in this Quarterly Report.

We continually evaluate cost reduction opportunities in our business, including rationalizations of our existing facilities through plant closings and downsizings. We use a disciplined approach to identify opportunities that generate attractive cash returns.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) retains the fundamental requirements in SFAS No. 141 that the purchase method of accounting be used for all business combinations and an acquirer be identified for each business combination. SFAS No. 141(R) establishes principles and requirements for the reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed and any non-controlling interest at their fair values at the acquisition date. SFAS No. 141(R) also requires that acquisition-related costs be recognized separately from the acquisition. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009. In addition, SFAS No. 141(R) requires that any changes in an acquired deferred tax account or related valuation allowance that occur after January 1, 2009 will be recognized as adjustments to income tax expense. The initial adoption of SFAS No. 141(R) did not have an effect on our financial position, results of operations or cash flows. However, our unrecognized tax benefit positions will impact our effective tax rate if recognition of such positions is required in future periods.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to our operations result primarily from changes in interest rates and, with respect to our international closures operations and our Canadian plastic container operations, from foreign currency exchange rates. In the normal course of business, we also have risk related to commodity price changes for items such as natural gas. We employ established policies and procedures to manage our exposure to these risks. Interest rate, foreign currency and commodity pricing transactions are used only to the extent considered necessary to meet our objectives. We do not utilize derivative financial instruments for trading or other speculative purposes.

Information regarding our interest rate risk, foreign currency exchange rate risk and commodity pricing risk has been disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008. Since such filing, other than the issuance of the 7 1/4% Notes and the prepayment of \$237.9 million of variable rate term loan installments under our Credit Agreement with the proceeds from such issuance, there has not been a material change to our interest rate risk, foreign currency exchange rate risk or commodity pricing risk or to our policies and procedures to manage our exposure to these risks.

You should also read Notes 5 and 6 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2009 included elsewhere in this Quarterly Report.

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Item 4. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934). Based upon that evaluation, as of the end of the period covered by this Quarterly Report our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be disclosed in this Quarterly Report has been made known to them in a timely fashion.

There were no changes in our internal controls over financial reporting during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, these internal controls.

Part II. Other Information

Item 1. Legal Proceedings

In August 2009, we reached an agreement in principle to enter into a Consent Decree with the U.S. Environmental Protection Agency, or EPA, pursuant to which we will pay a \$365,000 fine and agree to certain plant and operational changes in response to alleged past violations of the federal Clean Air Act at seventeen of our metal food container manufacturing facilities in Alabama, Illinois, Indiana, Michigan, Minnesota, New York, North Carolina, Washington, and Wisconsin. Plant and operational changes to correct alleged past violations have been substantially completed. This agreement completes a voluntary process that we initiated in 1999 for all of our metal food container manufacturing facilities pursuant to EPA's Audit Policy, "Incentives for Self Policing: Discovery, Disclosure, Correction and Prevention of Violations." Most of these alleged past violations stem from activities occurring during the facilities' ownership by prior owners. The Consent Decree will be filed in the United States District Court for the Eastern District of Wisconsin, and the fine will be payable after entry of the Consent Decree.

In addition, refer to our Quarterly Report on Form 10-Q for the period ended March 31, 2009.

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Item 4. Submission of Matters to a Vote of Security Holders

Our annual meeting of stockholders, or the Annual Meeting, for which proxies were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, was held on May 26, 2009 for the purposes of (1) electing three directors to serve for a three year term until our annual meeting of stockholders in 2012 and until their successors are duly elected and qualified; (2) approving an amendment to the Silgan Holdings Inc. 2004 Stock Incentive Plan and the material terms of the performance goals under the Silgan Holdings Inc. 2004 Stock Incentive Plan and (3) ratifying the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009.

The nominees for director listed in our proxy statement, each of whom was

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elected at the Annual Meeting, are named below, and each received the number of votes for election as indicated below (with each share of our common stock being entitled to one vote):

	Number of Shares Voted For -----	Number of Shares Withheld -----
Anthony J. Allott	21,293,429	13,290,802
Jeffrey C. Crowe	31,974,188	2,610,043
Edward A. Lapekas	33,418,819	1,165,412

Our directors whose term of office continued after the Annual Meeting are R. Philip Silver and William C. Jennings, each of whose term of office as a director continues until our annual meeting of stockholders in 2010, and D. Greg Horrigan and John W. Alden, each of whose term of office as a director continues until our annual meeting of stockholders in 2011.

The amendment to the Silgan Holdings Inc. 2004 Stock Incentive Plan and the material terms of the performance goals under the Silgan Holdings Inc. 2004 Stock Incentive Plan were approved at the Annual Meeting. There were 30,963,421 votes cast approving such amendment and material terms of the performance goals, 3,511,348 votes cast against such amendment and material terms of the performance goals and 24,541 votes abstaining.

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009 was approved at the Annual Meeting. There were 33,963,024 votes cast ratifying such appointment, 617,988 votes cast against ratification of such appointment and 3,219 votes abstaining.

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Item 6. Exhibits

Exhibit Number -----	Description -----
12	Ratio of Earnings to Fixed Charges for the three and six months ended June 30, 2009 and 2008.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1	Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.
32.2	Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.

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SIGNATURES

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

SILGAN HOLDINGS INC.

Dated: August 10, 2009

/s/ Robert B. Lewis

Robert B. Lewis
Executive Vice President and
Chief Financial Officer

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EXHIBIT INDEX

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