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SILGAN HOLDINGS INC  
Form 10-Q  
August 11, 2008

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, 2008

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 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.

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

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Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of July 31, 2008, the number of shares outstanding of the Registrant's common stock, \$0.01 par value, was 37,890,211.

### 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, 2008 ----	June 30, 2007 ----	Dec. 31, 2007 ----
	(unaudited)	(unaudited)	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 86,079	\$ 25,272	\$ 95,941
Trade accounts receivable, net	346,156	320,341	219,775
Inventories	576,129	548,289	427,807
Prepaid expenses and other current assets	30,233	32,827	27,670
	-----	-----	-----
Total current assets	1,038,597	926,729	771,193
Property, plant and equipment, net	940,280	913,271	939,627
Goodwill	311,172	298,486	310,692
Other intangible assets, net	61,972	63,011	63,526
Other assets, net	76,212	57,519	54,975
	-----	-----	-----
	\$2,428,233	\$2,259,016	\$2,140,013
	=====	=====	=====
<b>Liabilities and Stockholders' Equity</b>			
<b>Current liabilities</b>			
Revolving loans and current portion of long-term debt	\$ 318,765	\$ 261,688	\$ 112,921
Trade accounts payable	258,907	208,219	272,999
Accrued payroll and related costs	82,483	70,349	70,996
Accrued liabilities	43,962	62,536	34,028
	-----	-----	-----
Total current liabilities	704,117	602,792	490,944
Long-term debt	895,849	942,605	879,581
Other liabilities	271,259	290,024	269,405
<b>Stockholders' equity</b>			
Common stock	432	430	430
Paid-in capital	157,417	149,586	152,629
Retained earnings	433,597	336,733	392,108
Accumulated other comprehensive income (loss)	25,725	(3,109)	15,064

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Treasury stock	(60,163)	(60,045)	(60,148)
	-----	-----	-----
Total stockholders' equity	557,008	423,595	500,083
	-----	-----	-----
	\$2,428,233	\$2,259,016	\$2,140,013
	=====	=====	=====

See accompanying notes.

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SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
For the three months ended June 30, 2008 and 2007  
(Dollars and shares in thousands, except per share amounts)  
(Unaudited)

	2008	2007
	----	----
Net sales	\$735,283	\$683,526
Cost of goods sold	627,256	584,282
	-----	-----
Gross profit	108,027	99,244
Selling, general and administrative expenses	40,363	38,475
Rationalization charges	2,718	2,305
	-----	-----
Income from operations	64,946	58,464
Interest and other debt expense	14,802	16,909
	-----	-----
Income before income taxes	50,144	41,555
Provision for income taxes	16,834	14,810
	-----	-----
Net income	\$ 33,310	\$ 26,745
	=====	=====
Earnings per share:		
Basic net income per share	\$0.88	\$0.71
	=====	=====
Diluted net income per share	\$0.87	\$0.70
	=====	=====
Dividends per share	\$0.17	\$0.16
	=====	=====
Weighted average number of shares:		
Basic	37,851	37,654
Effect of dilutive securities	418	508
	-----	-----
Diluted	38,269	38,162
	=====	=====

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See accompanying notes.

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SILGAN HOLDINGS INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 For the six months ended June 30, 2008 and 2007  
 (Dollars and shares in thousands, except per share amounts)  
 (Unaudited)

	2008 ----	2007 ----
Net sales	\$1,415,115	\$1,334,351
Cost of goods sold	1,217,022	1,135,040
	-----	-----
Gross profit	198,093	199,311
Selling, general and administrative expenses	75,915	75,375
Rationalization charges	7,393	3,377
	-----	-----
Income from operations	114,785	120,559
Interest and other debt expense	31,115	33,008
	-----	-----
Income before income taxes	83,670	87,551
Provision for income taxes	29,204	32,298
	-----	-----
Net income	\$ 54,466	\$ 55,253
	=====	=====
Earnings per share:		
Basic net income per share	\$1.44	\$1.47
	=====	=====
Diluted net income per share	\$1.42	\$1.45
	=====	=====
Dividends per share	\$0.34	\$0.32
	=====	=====
Weighted average number of shares:		
Basic	37,812	37,634
Effect of dilutive securities	427	500
	-----	-----
Diluted	38,239	38,134
	=====	=====

See accompanying notes.

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SILGAN HOLDINGS INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the six months ended June 30, 2008 and 2007  
 (Dollars in thousands)  
 (Unaudited)

	2008	2007
	----	----
Cash flows provided by (used in) operating activities		
Net income	\$ 54,466	\$ 55,253
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	71,459	66,783
Rationalization charges	7,393	3,377
Excess tax benefit from stock-based compensation	(2,067)	(860)
Other changes that provided (used) cash, net of effects from acquisitions:		
Trade accounts receivable, net	(119,098)	(82,569)
Inventories	(131,389)	(117,290)
Trade accounts payable	65,982	872
Accrued liabilities	6,511	19,522
Other, net	2,725	16,987
	-----	-----
Net cash used in operating activities	(44,018)	(37,925)
	-----	-----
Cash flows provided by (used in) investing activities		
Purchase of businesses, net of cash acquired	(14,542)	(7,846)
Capital expenditures	(55,386)	(75,420)
Proceeds from asset sales	918	2,546
	-----	-----
Net cash used in investing activities	(69,010)	(80,720)
	-----	-----
Cash flows provided by (used in) financing activities		
Borrowings under revolving loans	422,620	500,623
Repayments under revolving loans	(226,269)	(266,632)
Changes in outstanding checks - principally vendors	(88,063)	(96,078)
Proceeds from issuance of debt	7,984	--
Repayments of long-term debt	(3,000)	--
Dividends paid on common stock	(12,977)	(12,138)
Proceeds from stock option exercises	1,201	789
Excess tax benefit from stock-based compensation	2,067	860
Repurchase of treasury shares	(397)	(244)
	-----	-----
Net cash provided by financing activities	103,166	127,180
	-----	-----
Cash and cash equivalents		
Net (decrease) increase	(9,862)	8,535
Balance at beginning of year	95,941	16,737
	-----	-----
Balance at end of period	\$ 86,079	\$ 25,272
	=====	=====

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Interest paid, net	\$ 30,666	\$ 26,953
Income taxes paid, net	23,193	12,757

See accompanying notes.

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SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENTS OF  
STOCKHOLDERS' EQUITY  
For the six months ended June 30, 2008 and 2007  
(Dollars and shares in thousands)  
(Unaudited)

	Common Stock		Paid-in	Retained	Accumulated	
	Shares	Par	Capital	Earnings	Other	Tr
	Outstanding	Value	Capital	Earnings	Income (Loss)	
	-----	-----	-----	-----	-----	-----
Balance at December 31, 2006	37,588	\$429	\$146,332	\$295,433	\$ (15,564)	\$ (
Comprehensive income:						
Net income	--	--	--	55,253	--	
Amortization of net prior service credit and net actuarial losses, net of tax provision of \$373	--	--	--	--	609	
Change in fair value of derivatives, net of tax provision of \$2,956	--	--	--	--	4,920	
Foreign currency translation, net of tax benefit of \$2,569	--	--	--	--	6,926	
Comprehensive income						
Adjustment to initially apply FIN 48	--	--	--	(1,815)	--	
Dividends declared on common stock	--	--	--	(12,138)	--	
Stock compensation expense	--	--	1,618	--	--	
Stock option exercises, including tax benefit of \$1,033	64	1	1,821	--	--	
Net issuance of treasury stock for vested restricted stock units, including tax benefit of \$104	17	--	(185)	--	--	
	-----	-----	-----	-----	-----	-----

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Balance at June 30, 2007	37,669	\$430	\$149,586	\$336,733	\$ (3,109)	\$ (
	=====	=====	=====	=====	=====	=====
Balance at December 31, 2007	37,740	\$430	\$152,629	\$392,108	\$ 15,064	\$ (
Comprehensive income:						
Net income	--	--	--	54,466	--	
Amortization of net prior service credit and net actuarial losses, net of tax provision of \$115	--	--	--	--	161	
Change in fair value of derivatives, 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	\$ (
	=====	=====	=====	=====	=====	=====

See accompanying notes.

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at June 30, 2008 and 2007 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 Holdings, have been prepared in accordance with U.S. generally accepted accounting principles 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 U.S. generally accepted accounting principles 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.



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The Condensed Consolidated Balance Sheet at December 31, 2007 has been derived from our audited consolidated financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

Certain prior years' amounts have been reclassified to conform with the current year's presentation.

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, 2007.

**Recently Adopted Accounting Pronouncements.** In September 2006, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards, or 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. In February 2008, the FASB issued FASB Staff Position, or FSP, No. 157-2, "Effective Date of FASB Statement No. 157." FSP No. 157-2 delays the effective date of our adoption of SFAS No. 157, as it relates to applying fair value measurements to nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed on a recurring basis (at least annually), to January 1, 2009. We adopted SFAS No. 157, as it relates to financial assets and financial liabilities, on January 1, 2008. The adoption of SFAS No. 157 did not have a significant effect on our financial position, results of operations or cash flows. We are currently evaluating the impact that SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities, will have on our consolidated financial statements. See Note 7 for further information.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to elect to measure eligible financial instruments and certain other items at fair value that are not currently required to be measured at fair value. We adopted SFAS No. 159 on January 1, 2008. We have elected not to measure eligible items at fair value, and therefore our adoption of SFAS No. 159 did not have an effect on our financial position, results of operations or cash flows.

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at June 30, 2008 and 2007 and for the  
three and six months then ended is unaudited)

Note 1. Significant Accounting Policies (continued)

**Recent Accounting Pronouncements.** 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 for an acquirer to 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

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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 the effective date of adoption will be recognized as adjustments to income tax expense. We are currently evaluating the impact that SFAS No. 141(R) will have on our consolidated financial statements.

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 financial-statement users 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 is effective for us on January 1, 2009. We are currently evaluating the impact, if any, that SFAS No. 161 will have on our consolidated financial statements.

### Note 2. Acquisitions

In February 2008, we acquired substantially all of the assets of the metal vacuum closures operations of Grup Vemsa 1857, S.L., or Vem, which had manufacturing operations in Spain and China, for an aggregate purchase price of \$10.2 million. The acquisition of Vem was accounted for using the purchase method of accounting.

In April 2008, we acquired the White Cap closures operation in Brazil for an aggregate purchase price of \$4.3 million, net of cash acquired, thereby concluding our acquisition of the White Cap closures operations from Amcor Limited. This acquisition was accounted for using the purchase method of accounting.

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at June 30, 2008 and 2007 and for the  
three and six months then ended is unaudited)

### Note 3. 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, 2007 is summarized as follows:

Employee Severance and Benefits	Plant Exit Costs	Non-Cash Asset Write-Down
---------------------------------------	------------------------	---------------------------------

(Dollars in thousands)

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Balance at December 31, 2007			
-----			
2001 Fairfield Rationalization Plan	\$ --	\$ 290	\$ --
2006 Rationalization Plans	5,104	--	--
	-----	-----	-----
Balance at December 31, 2007	5,104	290	--
Activity for the Six Months Ended June 30, 2008			
-----			
2001 Fairfield Rationalization Plan	--	(61)	--
2006 Rationalization Plan Reserves Established	--	1,344	296
2006 Rationalization Plan Reserves Utilized	(798)	(1,344)	(296)
2008 Rationalization Plan Reserves Established	3,636	205	1,912
2008 Rationalization Plan Reserves Utilized	(1,527)	(51)	(1,912)
	-----	-----	-----
Total Activity	1,311	93	--
Balance at June 30, 2008			
-----			
2001 Fairfield Rationalization Plan	--	229	--
2006 Rationalization Plans	4,306	--	--
2008 Rationalization Plans	2,109	154	--
	-----	-----	-----
Balance at June 30, 2008	\$ 6,415	\$ 383	\$ --
	=====	=====	=====

2008 Rationalization Plans

-----

In the first quarter of 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 and our plastic container manufacturing facility in Richmond, Virginia and to streamline certain operations and consolidate various administrative positions within our European closures operations.

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at June 30, 2008 and 2007 and for the  
three and six months then ended is unaudited)

Note 3. Rationalization Charges (continued)

2008 Rationalization Plans (continued)

-----

Our plan to cease operations at our Tarrant facility in the third quarter of 2008 includes the termination of approximately 35 employees and other related plant exit costs. We estimate that the total costs for the rationalization of

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this facility will be \$2.8 million. These costs include \$0.6 million for employee severance and benefits, \$1.5 million for plant exit costs and \$1.1 million for the acceleration of depreciation to write-down equipment for abandonment upon the exit of the facility, offset by \$0.4 million for a non-cash curtailment gain for other postretirement benefits. Rationalization charges recognized during the first six months of 2008 for this action were \$1.6 million, of which \$1.1 million was incurred for the accelerated depreciation of equipment and \$0.5 million was incurred for employee severance and benefits. Additional charges of \$1.2 million are expected through 2009. Remaining cash payments of \$1.8 million are expected through 2009.

Our plan to cease operations at our Richmond facility in the third quarter of 2008 includes the termination of approximately 15 employees and other related plant exit costs. We estimate that the total costs for the rationalization of this facility will be \$1.6 million. These costs include \$0.2 million for employee severance and benefits, \$0.6 million for plant exit costs and \$0.8 million for the non-cash write-down in carrying value of assets. Rationalization charges recognized during the first six months of 2008 for this action were \$0.8 million for the non-cash write-down in carrying value of assets. Additional charges and related payments of \$0.8 million are expected primarily in 2008.

Our plans to consolidate various administrative positions and streamline operations at certain of our closure manufacturing facilities in Europe include the termination of approximately 90 employees and the relocation of certain operations into existing facilities. These decisions resulted in a total charge to earnings in the first six months of 2008 of \$3.3 million, which consisted of \$3.1 million for employee severance and benefits and \$0.2 million for plant exit costs. Additional charges of \$0.5 million for employee severance and benefits are expected during the remainder of 2008. Remaining cash payments of \$2.5 million are expected primarily in 2008.

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at June 30, 2008 and 2007 and for the  
three and six months then ended is unaudited)

Note 3. Rationalization Charges (continued)

2006 Rationalization Plans  
-----

In June 2006, in an effort to streamline operations and reduce costs, we approved a plan to exit our St. Paul, Minnesota metal food container manufacturing facility. The plan includes the termination of approximately 60 employees, the consolidation of certain operations into existing facilities and the elimination of the remaining operations and the exit of the facility. We estimate that the total costs for the rationalization of the facility will be \$14.2 million. As of December 31, 2007, total charges of \$12.5 million recognized to date included \$5.8 million of non-cash pension and postretirement curtailment expense, \$2.6 million for employee severance and special termination

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benefits, \$1.1 million for plant exit costs and \$3.0 million for the non-cash write-down and accelerated depreciation of the building and equipment. Rationalization charges recognized during the first six months of 2008 were \$1.6 million, of which \$1.3 million was for plant exit costs and \$0.3 million was for the non-cash write down in carrying value of assets. We have ceased operations at this facility. Additional charges of \$0.1 million for plant exit costs are expected through 2008. Remaining cash payments of \$1.0 million are expected primarily in 2008.

In October 2006, we approved and announced to employees a plan to exit our Stockton, California metal food container manufacturing facility. The plan includes the termination or relocation of approximately 110 employees and other related plant exit costs. We estimate total rationalization charges for the plan will be \$5.5 million. As of December 31, 2007, we recognized rationalization charges of \$4.1 million for employee severance and benefits, \$0.4 million for the non-cash write down in carrying value of assets and \$0.6 million for plant exit costs. Rationalization charges recognized during the first six months of 2008 were \$0.1 million for plant exit costs. We have ceased operations at this facility. Additional charges of \$0.3 million for plant exit costs are expected through 2008. Remaining cash payments of \$3.7 million are expected through 2009.

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

	June 30, 2008 ----	June 30, 2007 ----	Dec. 31, 2007 ----
	(Dollars in thousands)		
Accrued liabilities	\$3,633	\$1,797	\$2,050
Other liabilities	3,165	3,660	3,344
	-----	-----	-----
	\$6,798	\$5,457	\$5,394
	=====	=====	=====

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at June 30, 2008 and 2007 and for the  
three and six months then ended is unaudited)

Note 4. Accumulated Other Comprehensive Income (Loss)

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

	June 30, 2008	June 30, 2007	Dec. 31, 2007
--	------------------	------------------	------------------

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	----	----	----
	(Dollars in thousands)		
Foreign currency translation	\$ 40,330	\$ 19,834	\$ 32,616
Change in fair value of derivatives	4,625	6,416	1,839
Unrecognized net periodic pension and other postretirement benefit costs:			
Net prior service credit	4,446	4,700	4,464
Net actuarial loss	(23,676)	(34,059)	(23,855)
	-----	-----	-----
Accumulated other comprehensive income (loss)	\$ 25,725	\$ (3,109)	\$ 15,064
	=====	=====	=====

Note 5. Inventories

Inventories consisted of the following:

	June 30, 2008 ----	June 30, 2007 ----	Dec. 31, 2007 ----
	(Dollars in thousands)		
Raw materials	\$ 94,564	\$ 79,969	\$ 91,988
Work-in-process	81,247	80,085	73,863
Finished goods	420,233	399,116	282,665
Spare parts and other	32,760	27,703	29,566
	-----	-----	-----
	628,804	586,873	478,082
Adjustment to value domestic inventory at cost on the LIFO method	(52,675)	(38,584)	(50,275)
	-----	-----	-----
	\$576,129	\$548,289	\$427,807
	=====	=====	=====

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at June 30, 2008 and 2007 and for the  
three and six months then ended is unaudited)

Note 6. Long-Term Debt

Long-term debt consisted of the following:

June 30, 2008 ----	June 30, 2007 ----	Dec. 31, 2007 ----
--------------------------	--------------------------	--------------------------

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(Dollars in thousands)

Bank debt			
Bank revolving loans	\$ 193,232	\$ 240,800	\$ --
Bank A term loans	345,000	345,000	345,000
Bank B term loans	41,477	41,904	41,477
Canadian term loans	88,974	84,069	91,674
Euro term loans	315,480	269,060	294,480
Other foreign bank revolving and term loans	30,451	20,460	16,871
	-----	-----	-----
Total bank debt	1,014,614	1,001,293	789,502
	-----	-----	-----
Subordinated debt			
6 3/4% Senior Subordinated Notes	200,000	200,000	200,000
Other	--	3,000	3,000
	-----	-----	-----
Total subordinated debt	200,000	203,000	203,000
	-----	-----	-----
Total debt	1,214,614	1,204,293	992,502
Less current portion	318,765	261,688	112,921
	-----	-----	-----
	\$ 895,849	\$ 942,605	\$879,581
	=====	=====	=====

At June 30, 2008, amounts expected to be repaid within one year consisted of \$193.2 million of bank revolving loans related primarily to seasonal working capital needs and \$95.1 million of bank term loans under our senior secured credit facility, or the Credit Agreement, and \$30.5 million of foreign bank revolving and term loans.

At June 30, 2008, the aggregate notional principal amount of outstanding interest rate swap agreements was \$352 million, of which \$39 million matures in 2008 (non-U.S. dollar agreements have been translated into U.S. dollars at exchange rates in effect at the balance sheet date).

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SILGAN HOLDINGS INC.  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 (Information at June 30, 2008 and 2007 and for the  
 three and six months then ended is unaudited)

Note 7. Fair Value Measurements

We adopted SFAS No. 157 as it relates to financial assets and financial liabilities as of January 1, 2008. 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. Level 1 inputs represent unadjusted quoted

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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, 2008 consist of our interest rate swap agreements. We measured the fair value of the interest rate swap agreements using the income approach. The fair value of these agreements reflects the estimated amounts that we would receive based on the present value of the expected cash flows derived from market interest rates. As such, these derivative instruments are classified within Level 2.

At June 30, 2008, our interest rate swap agreements were valued as a net asset of \$7.9 million. There were no significant unrealized gains or losses related to our interest rate swap agreements recognized during the first six months of 2008.

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SILGAN HOLDINGS INC.  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 (Information at June 30, 2008 and 2007 and for the  
 three and six months then ended is unaudited)

Note 8. Retirement Benefits

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

	Three Months Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	----	----	----	----
	(Dollars in thousands)			
Service cost	\$ 3,373	\$ 3,466	\$ 6,786	\$ 7,122
Interest cost	6,810	6,089	13,566	12,241
Expected return on plan assets	(7,573)	(7,732)	(15,176)	(15,411)
Amortization of prior service cost	561	577	1,121	1,151
Amortization of actuarial losses	80	258	160	431
Curtailment expense	--	1,158	--	1,151
	-----	-----	-----	-----
Net periodic benefit cost	\$ 3,251	\$ 3,816	\$ 6,457	\$ 6,711
	=====	=====	=====	=====

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





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our common stock of \$0.17 per share, payable on September 15, 2008 to holders of record of our common stock on August 29, 2008. The cash payment related to this dividend is expected to be approximately \$6.5 million.

### Note 11. Treasury Stock

During the first six months of 2008, we issued 28,877 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 8,399 shares of our common stock at an average cost of \$47.27 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, 2008, 5,281,357 shares were held in treasury.

### Note 12. 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 2008, we granted 82,900 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 \$3.9 million, which is being amortized ratably over the five-year vesting period from the date of grant. In June 2008, we granted 5,262 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.

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at June 30, 2008 and 2007 and for the  
three and six months then ended is unaudited)

### Note 13. Business Segment Information

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

	Metal Food Containers(1)	Plastic Containers(2)	Closures(3)	Corporate
	-----	-----	-----	-----
	(Dollars in thousands)			
Three Months Ended June 30, 2008				
-----				
Net sales	\$377,462	\$166,893	\$190,928	\$ --
Depreciation and amortization(4)	15,869	11,408	7,461	421
Segment income from operations	33,085	13,598	21,754	(3,491)

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Three Months Ended June 30, 2007  
-----

Net sales	\$364,972	\$157,184	\$161,370	\$ --
Depreciation and amortization(4)	15,442	11,201	6,847	421
Segment income from operations	27,705	12,417	20,781	(2,439)

Six Months Ended June 30, 2008  
-----

Net sales	\$728,693	\$339,050	\$347,372	\$ --
Depreciation and amortization(4)	32,030	22,814	15,090	842
Segment income from operations	58,171	26,179	36,278	(5,843)

Six Months Ended June 30, 2007  
-----

Net sales	\$710,600	\$319,593	\$304,158	\$ --
Depreciation and amortization(4)	30,211	21,509	13,555	842
Segment income from operations	56,472	32,233	36,604	(4,750)

-----

- (1) Segment income from operations includes rationalization charges of \$2.0 million and \$2.1 million for the three months ended June 30, 2008 and 2007, respectively, and \$3.3 million and \$3.2 million for the six months ended June 30, 2008 and 2007, respectively.
- (2) Segment income from operations includes rationalization charges of \$0.1 million and \$0.2 million for the three months ended June 30, 2008 and 2007, respectively, and \$0.8 million and \$0.2 million for the six months ended June 30, 2008 and 2007, respectively.
- (3) Segment income from operations includes rationalization charges of \$0.6 million and \$3.3 million for the three and six months ended June 30, 2008, respectively.
- (4) Depreciation and amortization excludes amortization of debt issuance costs of \$0.3 million for each of the three months ended June 30, 2008 and 2007 and \$0.7 million for each of the six months ended June 30, 2008 and 2007.

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at June 30, 2008 and 2007 and for the  
three and six months then ended is unaudited)

Note 13. Business Segment Information (continued)

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

Three Months Ended		Six Months Ended	
-----		-----	
June 30,	June 30,	June 30,	June 30,
2008	2007	2008	2007

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	----	----	----	----
		(Dollars in thousands)		
Total segment income from operations	\$64,946	\$58,464	\$114,785	\$120,559
Interest and other debt expense	14,802	16,909	31,115	33,008
	-----	-----	-----	-----
Income before income taxes	\$50,144	\$41,555	\$ 83,670	\$ 87,551
	=====	=====	=====	=====

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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, 2007 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; 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; and metal, composite and plastic vacuum closures for food and beverage products. We are the largest manufacturer of metal food containers in North America, 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 pet care markets, and a leading worldwide manufacturer of metal, composite and plastic vacuum closures for food and beverage products.

Our objective is to increase shareholder value by efficiently deploying capital and management resources to grow our business, reduce operating costs, 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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Plastic containers	166.9	157.2	339.0	31
Closures	190.9	161.4	347.4	30
	-----	-----	-----	-----
Consolidated	\$735.3	\$683.6	\$1,415.1	\$1,33
	=====	=====	=====	=====
Income from operations				
Metal food containers (1)	\$ 33.1	\$ 27.7	\$ 58.2	\$ 5
Plastic containers (2)	13.6	12.4	26.2	3
Closures (3)	21.8	20.8	36.3	3
Corporate	(3.6)	(2.4)	(5.9)	(
	-----	-----	-----	-----
Consolidated	\$ 64.9	\$ 58.5	\$ 114.8	\$12
	=====	=====	=====	=====

- 
- (1) Includes rationalization charges of \$2.0 million and \$2.1 million for the three months ended June 30, 2008 and 2007, respectively, and \$3.3 million and \$3.2 million for the six months ended June 30, 2008 and 2007, respectively.
  - (2) Includes rationalization charges of \$0.1 million and \$0.2 million for the three months ended June 30, 2008 and 2007, respectively, and \$0.8 million and \$0.2 million for the six months ended June 30, 2008 and 2007, respectively.
  - (3) Includes rationalization charges of \$0.6 million and \$3.3 million for the three and six months ended June 30, 2008, respectively.

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Three Months Ended June 30, 2008 Compared with Three Months Ended June 30, 2007

Overview. Consolidated net sales were \$735.3 million in the second quarter of 2008, representing a 7.6 percent increase as compared to the second quarter of 2007 primarily as a result of higher average selling prices across all businesses largely attributable to the pass through of higher raw material and other manufacturing costs and favorable foreign currency translation, partially offset by lower unit volumes in the metal food and plastic container businesses. Income from operations for the second quarter of 2008 of \$64.9 million increased by \$6.4 million, or 10.9 percent, as compared to the same period in 2007 due to manufacturing efficiencies and cost control across all businesses, a favorable mix of products sold in the plastic container business and higher unit volumes in the closures business, partially offset by inflation in manufacturing and other costs and lower unit volumes in the metal food and plastic container businesses. Results for 2008 included rationalization charges of \$2.7 million. Results for 2007 included rationalization charges of \$2.3 million. Net income for the second quarter of 2008 was \$33.3 million, or \$0.87 per diluted share, as compared to \$26.8 million, or \$0.70 per diluted share, for the same period in 2007.

Net Sales. The \$51.7 million increase in consolidated net sales in the second quarter of 2008 as compared to the second quarter of 2007 was the result of higher net sales across all businesses.

Net sales for the metal food container business increased \$12.5 million, or 3.4 percent, in the second quarter of 2008 as compared to the same period in 2007. This increase was primarily attributable to higher average selling prices as a result of the pass through of inflation in raw material and other manufacturing

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costs, partially offset by lower unit volumes.

Net sales for the plastic container business in the second quarter of 2008 increased \$9.7 million, or 6.2 percent, as compared to the same period in 2007. This increase was primarily due to higher average selling prices as a result of the pass through of higher raw material costs, a more favorable mix of products sold and the impact of favorable foreign currency translation of approximately \$3.1 million, partially offset by lower unit volumes attributable to generally soft market demand.

Net sales for the closures business increased \$29.5 million, or 18.3 percent, in the second quarter of 2008 as compared to the same period in 2007. This increase was primarily the result of favorable foreign currency translation of approximately \$12.5 million, higher average selling prices due to the pass through of higher raw material costs and an increase in unit volumes, including from the recently acquired Vem and White Cap Brazil operations.

Gross Profit. Gross profit margin increased 0.2 percentage points to 14.7 percent in the second quarter of 2008 as compared to the same period in 2007 for the reasons discussed below in "Income from Operations."

Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percentage of consolidated net sales decreased 0.1 percentage points to 5.5 percent for the second quarter of 2008 as compared to 5.6 percent for the same period in 2007, due primarily to cost control measures across all businesses.

Income from Operations. Income from operations for the second quarter of 2008 increased by \$6.4 million, or 10.9 percent, as compared to the second quarter of 2007, and operating margin increased to 8.8 percent from 8.6 percent over the same periods.

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Income from operations of the metal food container business for the second quarter of 2008 increased \$5.4 million, or 19.5 percent, as compared to the same period in 2007, and operating margin increased to 8.8 percent from 7.6 percent over the same periods. These increases were primarily a result of cost control and manufacturing efficiencies, including the benefits from the closing of the St. Paul, Minnesota and Stockton, California manufacturing facilities, slightly offset by lower unit volumes. The second quarter of 2008 included total rationalization charges of \$2.0 million primarily related to ongoing costs to exit the St. Paul manufacturing facility as well as costs incurred for the shutdown of the Tarrant, Alabama manufacturing facility. The second quarter of 2007 included rationalization charges of \$2.1 million related to costs to exit the St. Paul and Stockton manufacturing facilities.

Income from operations of the plastic container business for the second quarter of 2008 increased \$1.2 million, or 9.7 percent, as compared to the same period in 2007, and operating margin increased to 8.1 percent from 7.9 percent over the same periods. These increases were primarily a result of a favorable mix of products sold, improved manufacturing efficiencies and cost control, partially offset by inflation in manufacturing and other costs and a decrease in unit volumes attributable to generally soft market demand.

Income from operations of the closures business for the second quarter of 2008 increased \$1.0 million, or 4.8 percent, as compared to the same period in 2007, while operating margin decreased to 11.4 percent from 12.9 percent over the same

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periods. The increase in income from operations was due primarily to unit volume increases, partially offset by inflation in manufacturing and other costs and rationalization charges of \$0.6 million recognized in the second quarter of 2008 related to the streamlining of certain operations and consolidation of various administrative positions in Europe. Operating margin was also negatively impacted as a result of the inventory write-up for purchase accounting in the recently acquired Vem and White Cap Brazil operations.

Interest and Other Debt Expense. Interest and other debt expense for the second quarter of 2008 decreased \$2.1 million to \$14.8 million as compared to the same period in 2007. This decrease was primarily due to lower market interest rates and higher interest income attributable to the cash on hand during the quarter.

Provision for Income Taxes. The effective tax rate for the second quarter of 2008 was 33.6 percent as compared to 35.6 percent in the same period of 2007. 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.

Six Months Ended June 30, 2008 Compared with Six Months Ended June 30, 2007

Overview. Consolidated net sales were \$1.42 billion in the first six months of 2008, representing a 6.0 percent increase as compared to the first six months of 2007 primarily due to higher average selling prices resulting from the pass through of inflation in raw material and other manufacturing costs, favorable foreign currency translation and an increase in unit volumes in the closures business, slightly offset by lower unit volumes in the metal food and plastic container businesses. Income from operations for the first six months of 2008 decreased by \$5.8 million, or 4.8 percent, as compared to the same period in 2007. The decrease in income from operations was a result of \$4.0 million of higher rationalization charges incurred in 2008, benefits realized in the first quarter of 2007 due to the lagged pass through of declines in resin costs in the plastic container business, higher depreciation expense, inflation in manufacturing and other costs and lower unit volumes in the metal food and plastic container businesses. The results for the first six months of 2008 and 2007 included rationalization charges of \$7.4 million and \$3.4 million, respectively. Net income for the first six months of 2008 was \$54.5 million, or \$1.42 per diluted share, as compared to \$55.3 million, or \$1.45 per diluted share, for the same period in 2007.

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Net Sales. The \$80.7 million increase in consolidated net sales in the first six months of 2008 as compared to the first six months of 2007 was due to higher net sales across all of our businesses.

Net sales for the metal food container business increased \$18.1 million, or 2.5 percent, in the first six months of 2008 as compared to the same period in 2007. 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 lower unit volumes.

Net sales for the plastic container business in the first six months of 2008 increased \$19.4 million, or 6.1 percent, as compared to the same period in 2007. This increase was primarily the result of higher average selling prices as a result of the pass through of higher raw material costs and the impact of favorable foreign currency translation of approximately \$8.3 million, slightly offset by lower unit volumes attributable to generally soft market demand.



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Net sales for the closures business in the first six months of 2008 increased \$43.2 million, or 14.2 percent, as compared to the same period in 2007. This increase was the result of favorable foreign currency translation of approximately \$21.8 million, higher average selling prices due to the pass through of higher raw material costs and an increase in unit volumes.

Gross Profit. Gross Profit margin decreased 0.9 percentage points to 14.0 percent for the first six months of 2008 as compared to the same period in 2007 for the reasons discussed below in "Income from Operations."

Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percentage of consolidated net sales decreased to 5.4 percent for the first six months of 2008 as compared to 5.6 percent for the same period in 2007, due primarily 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 during the delayed closing period up until it was acquired from Amcor Limited.

Income from Operations. Income from operations for the first six months of 2008 decreased by \$5.8 million, or 4.8 percent, as compared to the first six months of 2007, and operating margin decreased to 8.1 percent from 9.0 percent over the same periods.

Income from operations of the metal food container business for the first six months of 2008 increased \$1.7 million, or 3.0 percent, as compared to the same period in 2007, while operating margin remained constant at 8.0 percent over the same periods. The increase in income from operations was principally due to cost control and manufacturing efficiencies, including the benefits from closing the St. Paul and Stockton manufacturing facilities. The increase in income from operations was partially offset by benefits derived in the first quarter of 2007 from the provisional inventory build in anticipation of certain union negotiations which were completed in the second quarter of 2007, lower unit volumes and higher depreciation expense. Rationalization charges for the first six months of 2008 and 2007 were \$3.3 million and \$3.2 million, respectively.

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Income from operations of the plastic container business for the first six months of 2008 decreased \$6.0 million, or 18.6 percent, as compared to the same period in 2007, and operating margin decreased to 7.7 percent from 10.1 percent over the same periods. These decreases were primarily the result of the negative effect from the timing of the pass through of resin costs to customers particularly in light of escalating resin costs experienced in 2008 as compared to declines in resin costs experienced in the first quarter of 2007, inflation in manufacturing and other costs, a decrease in unit volumes and higher depreciation expense. These decreases were partially offset by a favorable mix of products sold, improved manufacturing efficiencies and cost control. Rationalization charges for the first six months of 2008 and 2007 were \$0.8 million and \$0.2 million, respectively.

Income from operations of the closures business for the first six months of 2008 decreased \$0.3 million, or 0.8 percent, as compared to the same period in 2007, and operating margin decreased to 10.4 percent from 12.0 percent over the same periods. These decreases were due primarily to rationalization charges of \$3.3 million recognized in 2008 related to the streamlining of certain operations and consolidation of various administrative positions in Europe, inflation in raw

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materials and other costs and the benefit recognized in the first quarter of 2007 of \$1.4 million from the sale of certain previously leased capping equipment. These decreases were partially offset by management fee income of \$2.2 million from the pre-acquisition management of the White Cap Brazil operations and an increase in unit volumes.

**Interest and Other Debt Expense.** Interest and other debt expense for the first six months of 2008 decreased \$1.9 million to \$31.1 million as compared to the same period in 2007. This decrease resulted primarily from lower market interest rates and higher interest income attributable to the cash on hand during 2008, partially offset by the effects of higher average borrowings.

**Provision for Income Taxes.** The effective tax rate for the first six months of 2008 was 34.9 percent as compared to 36.9 percent in the same period of 2007. 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 associated with capital investments.

### CAPITAL RESOURCES AND LIQUIDITY

Our principal sources of liquidity have been cash from operations 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.

For the six months ended June 30, 2008, we used net borrowings of revolving loans of \$196.3 million, other debt borrowings of \$8.0 million, net proceeds from stock-based compensation issuances of \$2.9 million and cash balances of \$9.9 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 acquisition of Vem 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. At the end of 2007 and through the second quarter of 2008 in light of the current credit markets, we maintained a significant amount of cash to reduce our dependency on our revolving credit facility for our seasonal working capital requirements. Our cash balance at June 30, 2008 was \$86.1 million.

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For the six months ended June 30, 2007, we used net borrowings of revolving loans of \$234.0 million and net proceeds from stock-based compensation issuances of \$1.3 million to fund cash used in operations of \$37.9 million primarily for our seasonal working capital needs, net capital expenditures of \$72.9 million, our acquisition of the White Cap operations in Venezuela for \$7.8 million, net of cash acquired, decreases in outstanding checks of \$96.1 million and dividends paid on our common stock of \$12.1 million and to increase cash balances by \$8.5 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 incur short-term indebtedness to finance our working capital requirements.

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At June 30, 2008, we had \$193.2 million of revolving loans outstanding under the Credit Agreement. After taking into account outstanding letters of credit, the available portion of the revolving loan facility under the Credit Agreement at June 30, 2008 was \$215.8 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. During 2008, we estimate that we will utilize approximately \$300 - \$350 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 on hand.

During the first six months of 2008, we paid cash dividends on our common stock totaling \$13.0 million. On August 6, 2008, our Board of Directors declared a quarterly cash dividend on our common stock of \$0.17 per share, payable on September 15, 2008 to holders of record of our common stock on August 29, 2008. The cash payment related to this dividend is expected to be approximately \$6.5 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, share repurchases required under our 2004 Stock Incentive Plan and common stock dividends for the foreseeable future. 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 2008 with all of these covenants.

### Rationalization Charges

In the first quarter of 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 and our plastic container manufacturing facility in Richmond, Virginia and to streamline certain operations and consolidate various administrative positions within our European closures operations.

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Our plan to cease operations at our Tarrant facility in the third quarter of 2008 includes the termination of approximately 35 employees and other related plant exit costs. We estimate that the total costs for the rationalization of this facility will be \$2.8 million. These costs include \$0.6 million for employee severance and benefits, \$1.5 million for plant exit costs and \$1.1 million for the acceleration of depreciation to write-down equipment for abandonment upon the exit of the facility, offset by \$0.4 million for a non-cash curtailment gain for other postretirement benefits. Rationalization charges recognized during the first six months of 2008 for this action were \$1.6 million, of which \$1.1 million was incurred for the accelerated depreciation of equipment and \$0.5 million was incurred for employee severance and benefits. Additional charges of \$1.2 million are expected through 2009. Remaining cash payments of \$1.8 million are expected through 2009.

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Our plan to cease operations at our Richmond facility in the third quarter of 2008 includes the termination of approximately 15 employees and other related plant exit costs. We estimate that the total costs for the rationalization of this facility will be \$1.6 million. These costs include \$0.2 million for employee severance and benefits, \$0.6 million for plant exit costs and \$0.8 million for the non-cash write-down in carrying value of assets. Rationalization charges recognized during the first six months of 2008 for this action were \$0.8 million for the non-cash write-down in carrying value of assets. Additional charges and related payments of \$0.8 million are expected primarily in 2008.

Our plans to consolidate various administrative positions and streamline operations at certain of our closure manufacturing facilities in Europe include the termination of approximately 90 employees and the relocation of certain operations into existing facilities. These decisions resulted in a total charge to earnings during the first six months of 2008 of \$3.3 million, which consisted of \$3.1 million for employee severance and benefits and \$0.2 million for plant exit costs. Additional charges of \$0.5 million for employee severance and benefits are expected during the remainder of 2008. Remaining cash payments of \$2.5 million are expected primarily in 2008.

In 2006, we announced our plans to exit our St. Paul, Minnesota and Stockton, California metal food container manufacturing facilities. We have ceased operations at both of these facilities. We incurred charges of \$1.7 million in the first six months of 2008 related primarily to the St. Paul rationalization. We expect to incur additional charges of \$0.4 million for plant exit costs through 2008 related to the St. Paul and Stockton rationalizations.

Under our rationalization plans, we made cash payments of \$3.8 million and \$0.7 million for the six months ended June 30, 2008 and 2007, respectively. Total future cash spending of \$10.0 million is expected for our outstanding rationalization plans.

You should also read Note 3 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2008 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. In line with our ongoing evaluation, we are currently reviewing certain facilities for potential rationalization actions which may result in additional cash expenditures and charges to our earnings.

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### RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the 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. In February 2008, the FASB issued FSP No. 157-2, "Effective Date of FASB Statement No. 157." FSP No. 157-2 delays the effective date of our adoption of SFAS No. 157, as it relates to applying fair value measurements to nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed on a recurring basis (at least annually), to January 1, 2009. We adopted SFAS No. 157, as it relates to financial assets and financial

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liabilities, on January 1, 2008. The adoption of SFAS No. 157 did not have a significant effect on our financial position, results of operations or cash flows. We are currently evaluating the impact that SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities, will have on our consolidated financial statements. You should also read Note 7 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2008 included elsewhere in this Quarterly Report.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to elect to measure eligible financial instruments and certain other items at fair value that are not currently required to be measured at fair value. We adopted SFAS No. 159 on January 1, 2008. We have elected not to measure eligible items at fair value, and therefore our adoption of SFAS No. 159 did not have an effect on our financial position, results of operations or cash flows.

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 for an acquirer to 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 the effective date of adoption will be recognized as adjustments to income tax expense. We are currently evaluating the impact that SFAS No. 141(R) will have on our consolidated financial statements.

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 financial-statement users 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 is effective for us on January 1, 2009. We are currently evaluating the impact, if any, that SFAS No. 161 will have on our consolidated financial statements.

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### Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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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

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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, 2007. Since such filing 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.

### Item 4. CONTROLS AND PROCEDURES

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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.

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## Part II. Other Information

### 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 June 4, 2008 for the purposes of (1) electing two directors to serve for a three year term until our annual meeting of stockholders in 2011 and until their successors are duly elected and qualified; and (2) ratifying the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008.

The nominees for director listed in our proxy statement, each of whom was 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 -----
D. Greg Horrigan	23,597,152	11,264,649
John W. Alden	34,088,717	773,084

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Our directors whose term of office continued after the Annual Meeting are Anthony J. Allott, Jeffrey C. Crowe and Edward A. Lapekas, each of whose term of office as a director continues until our annual meeting of stockholders in 2009, and 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.

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2008 was approved at the Annual Meeting. There were 34,656,048 votes cast ratifying such appointment, 204,759 votes cast against ratification of such appointment and 994 votes abstaining.

### Item 6. Exhibits

Exhibit Number -----	Description -----
12	Ratio of Earnings to Fixed Charges for the three and six months ended June 30, 2008 and 2007.
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 11, 2008

/s/ Robert B. Lewis  
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Robert B. Lewis  
Executive Vice President and  
Chief Financial Officer

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EXHIBIT INDEX

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