

SILGAN HOLDINGS INC  
Form 10-Q  
November 05, 2010

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 September 30, 2010

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).

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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  (Do not check if a smaller reporting company)

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 October 29, 2010, the number of shares outstanding of the Registrant's common stock, \$0.01 par value, was 76,786,941.

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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)

	Sept. 30, 2010 (unaudited)	Sept. 30, 2009 (unaudited)	Dec. 31, 2009
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$393,132	\$66,727	\$305,754
Trade accounts receivable, net	473,727	517,124	196,573
Inventories	427,641	374,747	387,214
Prepaid expenses and other current assets	15,305	23,963	24,685
<b>Total current assets</b>	<b>1,309,805</b>	<b>982,561</b>	<b>914,226</b>
Property, plant and equipment, net	847,577	889,610	882,310
Goodwill	299,097	304,585	303,695
Other intangible assets, net	53,678	56,530	56,152
Other assets, net	63,943	57,765	57,971
	<b>\$2,574,100</b>	<b>\$2,291,051</b>	<b>\$2,214,354</b>
<b>Liabilities and Stockholders' Equity</b>			
Current liabilities:			
Revolving loans and current portion of long-term debt	\$213,158	\$56,529	\$26,067
Trade accounts payable	255,437	207,373	277,809
Accrued payroll and related costs	71,115	76,251	65,142
Accrued liabilities	71,395	97,023	55,318
<b>Total current liabilities</b>	<b>611,105</b>	<b>437,176</b>	<b>424,336</b>
Long-term debt	892,346	868,328	773,347
Other liabilities	275,303	328,449	330,909
Stockholders' equity:			
Common stock	871	434	435
Paid-in capital	178,575	169,839	173,176
Retained earnings	731,987	611,659	628,234
Accumulated other comprehensive loss	(55,256 )	(64,386 )	(55,601 )
Treasury stock	(60,831 )	(60,448 )	(60,482 )
<b>Total stockholders' equity</b>	<b>795,346</b>	<b>657,098</b>	<b>685,762</b>
	<b>\$2,574,100</b>	<b>\$2,291,051</b>	<b>\$2,214,354</b>

See accompanying notes.

SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
For the three months ended September 30, 2010 and 2009  
(Dollars and shares in thousands, except per share amounts)  
(Unaudited)

	2010	2009
Net sales	\$1,002,056	\$1,016,537
Cost of goods sold	839,651	849,476
Gross profit	162,405	167,061
Selling, general and administrative expenses	40,480	38,612
Rationalization charges	971	113
Income from operations	120,954	128,336
Interest and other debt expense before loss on early extinguishment of debt	15,940	13,724
Loss on early extinguishment of debt	4,537	-
Interest and other debt expense	20,477	13,724
Income before income taxes	100,477	114,612
Provision for income taxes	35,246	40,825
Net income	\$65,231	\$73,787
Earnings per share: (a)		
Basic net income per share	\$0.85	\$0.97
Diluted net income per share	\$0.84	\$0.96
Dividends per share (a)	\$0.11	\$0.10
Weighted average number of shares: (a)		
Basic	76,767	76,404
Effect of dilutive securities	608	605
Diluted	77,375	77,009

(a) Per share and share amounts for 2009 have been retroactively adjusted for the two-for-one stock split discussed in Note 1.

See accompanying notes.



SILGAN HOLDINGS INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 For the nine months ended September 30, 2010 and 2009  
 (Dollars and shares in thousands, except per share amounts)  
 (Unaudited)

	2010	2009
Net sales	\$2,359,940	\$2,361,475
Cost of goods sold	1,985,636	1,992,521
Gross profit	374,304	368,954
Selling, general and administrative expenses	125,853	119,952
Rationalization charges	3,733	1,491
Income from operations	244,718	247,511
Interest and other debt expense before loss on early extinguishment of debt	40,446	36,389
Loss on early extinguishment of debt	4,537	661
Interest and other debt expense	44,983	37,050
Income before income taxes	199,735	210,461
Provision for income taxes	71,469	74,976
Net income	\$128,266	\$135,485
Earnings per share: (a)		
Basic net income per share	\$1.67	\$1.78
Diluted net income per share	\$1.66	\$1.76
Dividends per share (a)	\$0.32	\$0.29
Weighted average number of shares: (a)		
Basic	76,699	76,291
Effect of dilutive securities	605	621
Diluted	77,304	76,912

(a) Per share and share amounts for 2009 have been retroactively adjusted for the two-for-one stock split discussed in Note 1.

See accompanying notes.



SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the nine months ended September 30, 2010 and 2009  
(Dollars in thousands)  
(Unaudited)

	2010	2009
Cash flows provided by (used in) operating activities:		
Net income	\$ 128,266	\$ 135,485
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	108,899	109,577
Rationalization charges	3,733	1,491
Loss on early extinguishment of debt	4,537	661
Excess tax benefit from stock-based compensation	(1,065 )	(1,970 )
Other changes that provided (used) cash:		
Trade accounts receivable, net	(280,075 )	(247,207 )
Inventories	(43,276 )	5,586
Trade accounts payable	68,986	(40,620 )
Accrued liabilities	23,326	52,773
Contributions to pension benefit plans	(92,287 )	(23,423 )
Other, net	51,373	26,365
Net cash (used in) provided by operating activities	(27,583 )	18,718
Cash flows provided by (used in) investing activities:		
Capital expenditures	(76,017 )	(72,105 )
Proceeds from asset sales	676	2,877
Net cash used in investing activities	(75,341 )	(69,228 )
Cash flows provided by (used in) financing activities:		
Borrowings under revolving loans	248,412	302,734
Repayments under revolving loans	(248,768 )	(277,555 )
Proceeds from issuance of long-term debt	634,386	243,200
Repayments of long-term debt	(318,475 )	(237,924 )
Debt issuance costs	(11,673 )	(5,345 )
Changes in outstanding checks - principally vendors	(89,782 )	(51,790 )
Dividends paid on common stock	(24,513 )	(22,003 )
Proceeds from stock option exercises	1,055	1,969
Excess tax benefit from stock-based compensation	1,065	1,970
Repurchase of treasury shares	(1,405 )	(1,025 )
Net cash provided by (used in) financing activities	190,302	(45,769 )
Cash and cash equivalents:		
Net increase (decrease)	87,378	(96,279 )
Balance at beginning of year	305,754	163,006
Balance at end of period	\$ 393,132	\$ 66,727

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Interest paid, net	\$ 39,346	\$30,215
Income taxes paid, net	24,612	42,039

See accompanying notes.

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SILGAN HOLDINGS INC.  
CONDENSED CONSOLIDATED STATEMENTS OF  
STOCKHOLDERS' EQUITY  
For the nine months ended September 30, 2010 and 2009  
(Dollars and shares in thousands)  
(Unaudited)

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other		Total Stockholders' Equity
	Shares Outstanding	Par Value			Comprehensive (Loss) Income	Treasury Stock	
Balance at December 31, 2008	38,026	\$433	\$162,568	\$498,177	\$(75,861)	\$(60,294)	\$525,023
Comprehensive income:							
Net income	-	-	-	135,485	-	-	135,485
Changes in net prior service credit and actuarial losses, net of tax provision of \$2,758	-	-	-	-	4,191	-	4,191
Change in fair value of derivatives, net of tax benefit of \$1,841	-	-	-	-	(2,401)	-	(2,401)
Foreign currency translation, net of tax benefit of \$113	-	-	-	-	9,685	-	9,685
Comprehensive income							146,960
Dividends declared on common stock	-	-	-	(22,003)	-	-	(22,003)
Stock compensation expense	-	-	3,680	-	-	-	3,680
Stock option exercises, including tax benefit of \$2,233	142	1	4,201	-	-	-	4,202
Net issuance of treasury stock for vested restricted stock units,							

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including tax benefit of \$261	45	-	(610)	-	(154)	(764)	
Balance at September 30, 2009	38,213	\$434	\$169,839	\$611,659	\$(64,386)	\$(60,448)	\$657,098
Balance at December 31, 2009	38,284	\$435	\$173,176	\$628,234	\$(55,601)	\$(60,482)	\$685,762
Comprehensive income:							
Net income	-	-	-	128,266	-	-	128,266
Changes in net prior service credit and actuarial losses, net of tax provision of \$2,407	-	-	-	-	3,730	-	3,730
Change in fair value of derivatives, net of tax benefit of \$724	-	-	-	-	(1,056)	-	(1,056)
Foreign currency translation, net of tax provision of \$4,448	-	-	-	-	(2,329)	-	(2,329)
Comprehensive income							128,611
Dividends declared on common stock	-	-	-	(24,513)	-	-	(24,513)
Stock compensation expense	-	-	4,510	-	-	-	4,510
Stock option exercises, including tax benefit of \$918	106	1	1,972	-	-	-	1,973
Net issuance of treasury stock for vested restricted stock units, including tax benefit of \$408	65	-	(648)	-	-	(349)	(997)
Two-for-one stock split, net of treasury shares of 5,171	38,332	435	(435)	-	-	-	-

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Balance at September 30, 2010	76,787	\$871	\$178,575	\$731,987	\$(55,256)	\$(60,831)	\$795,346
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See accompanying notes.

SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at September 30, 2010 and 2009 and for the  
three and nine 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.

The Condensed Consolidated Balance Sheet at December 31, 2009 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, 2009.

**Goodwill and Other Intangible Assets.** We review goodwill and other indefinite-lived intangible assets for impairment as of July 1 each year and more frequently if circumstances indicate a possible impairment. We determined that our goodwill and other indefinite-lived intangible assets were not impaired in our annual 2010 assessment performed during the third quarter.

**Stock Split.** On March 29, 2010, our Board of Directors declared a two-for-one stock split of our issued common stock. The stock split was effected on May 3, 2010 in the form of a stock dividend. Stockholders of record at the close of business on April 20, 2010 were issued one additional share of common stock for each share of common stock owned on that date. Information pertaining to the number of shares outstanding, per share amounts and stock compensation has been retroactively adjusted in the accompanying financial statements and related footnotes to reflect this stock split for all periods presented, except for the Condensed Consolidated Balance Sheets and Statements of Stockholders' Equity. Stockholders' equity reflects the stock split by reclassifying from paid-in capital to common stock an amount equal to the par value of the additional shares issued as a result of the stock split.



SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at September 30, 2010 and 2009 and for the  
three and nine 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, 2009 is summarized as follows:

	Employee Severance and Benefits	Plant Exit Costs	Non-Cash Asset Write-Down	Total
(Dollars in thousands)				
Balance at December 31, 2009				
Prior Years' Rationalization Plans	\$ 3,328	\$ 217	\$ -	\$ 3,545
Activity for the Nine Months Ended September 30, 2010				
Prior Years' Rationalization Plan Reserves Established	694	-	-	694
Prior Years' Rationalization Plan Reserves Utilized	(3,696 )	-	-	(3,696 )
2010 Rationalization Plan Reserves Established	1,255	311	1,473	3,039
2010 Rationalization Plan Reserves Utilized	(402 )	(311 )	(1,473 )	(2,186 )
Total Activity	(2,149 )	-	-	(2,149 )
Balance at September 30, 2010				
Prior Years' Rationalization Plans	326	217	-	543
2010 Rationalization Plan	853	-	-	853
Balance at September 30, 2010	\$ 1,179	\$ 217	\$ -	\$ 1,396

2010 Rationalization Plan

In February 2010, we announced a plan to exit our Port Clinton, Ohio plastic container manufacturing facility. Our plan included the termination of approximately 150 employees and other related plant exit costs. The total estimated costs for the rationalization of this facility of \$4.6 million consist of \$1.4 million for employee severance and benefits, \$1.7 million for plant exit costs and \$1.5 million for the non-cash write-down in carrying value of assets. Through September 30, 2010, we have recognized a total of \$3.0 million of costs, which consisted of \$1.2 million of employee severance and benefits, \$0.3 million of plant exit costs and \$1.5 million for the non-cash write-down in carrying value of assets. Remaining expenses and cash expenditures of \$1.6 million and \$2.4 million, respectively, are expected primarily in 2010.



SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at September 30, 2010 and 2009 and for the  
three and nine months then ended is unaudited)

Note 2. Rationalization Charges (continued)

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

	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
(Dollars in thousands)			
Accrued liabilities	\$ 1,396	\$ 2,357	\$ 867
Other liabilities	-	2,877	2,678
	\$ 1,396	\$ 5,234	\$ 3,545

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, net of tax, consisted of the following:

	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
(Dollars in thousands)			
Foreign currency translation	\$ 19,763	\$ 21,881	\$ 22,092
Change in fair value of derivatives	(8,951 )	(9,561 )	(7,895 )
Unrecognized net periodic pension and other postretirement benefit costs:			
Net prior service credit	6,573	6,699	6,797
Net actuarial loss	(72,641)	(83,405)	(76,595)
Accumulated other comprehensive loss	\$ (55,256)	\$ (64,386)	\$ (55,601)

SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at September 30, 2010 and 2009 and for the  
three and nine months then ended is unaudited)

## Note 4. Inventories

Inventories consisted of the following:

	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
(Dollars in thousands)			
Raw materials	\$ 108,355	\$ 85,715	\$ 100,578
Work-in-process	84,068	76,450	82,402
Finished goods	301,051	254,094	268,804
Other	13,071	15,900	14,334
	506,545	432,159	466,118
Adjustment to value inventory at cost on the LIFO method	(78,904 )	(57,412 )	(78,904 )
	\$ 427,641	\$ 374,747	\$ 387,214

## Note 5. Long-Term Debt

Long-term debt consisted of the following:

	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
(Dollars in thousands)			
<b>Bank debt</b>			
Bank revolving loans	\$ -	\$ 27,000	\$ -
Bank A term loans	400,000	121,765	81,765
Bank B term loans	-	40,621	-
Canadian term loans	78,505	76,648	77,404
Euro term loans	169,625	185,828	182,530
Other foreign bank revolving and term loans	13,158	29,529	14,067
Total bank debt	661,288	481,391	355,766
7¼% Senior Notes, net of unamortized discount	244,216	243,466	243,648
6¾% Senior Subordinated Notes	200,000	200,000	200,000
Total debt	1,105,504	924,857	799,414
Less current portion	213,158	56,529	26,067
	\$ 892,346	\$ 868,328	\$ 773,347

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At September 30, 2010, amounts expected to be repaid within one year consisted of \$200.0 million of our 6¾% Senior Subordinated Notes and \$13.2 million of foreign bank revolving and term loans.

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SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at September 30, 2010 and 2009 and for the  
three and nine months then ended is unaudited)

Note 5. Long-Term Debt (continued)

Bank Credit Agreement

On July 7, 2010, we completed the refinancing of our previous senior secured credit facility by entering into a new \$1.4 billion senior secured credit facility, or the Credit Agreement. The Credit Agreement provides us with term loans and revolving loans. The term loans, or the Term Loans, consist of \$400 million of U.S. term loans, €125 million of Euro term loans and Cdn \$81 million of Canadian term loans. The revolving loans, or the Revolving Loans, consist of a \$790 million multicurrency revolving loan facility and a Cdn \$10 million Canadian revolving loan facility. The Credit Agreement also provides us with an uncommitted multicurrency incremental loan facility for up to an additional U.S. \$450 million, which may be used to finance acquisitions and for other permitted purposes.

We may use Revolving Loans under the Credit Agreement for working capital and other general corporate purposes, including acquisitions, dividends, stock repurchases and refinancing of other debt. Revolving Loans may be borrowed, repaid and re-borrowed until their final maturity on July 7, 2015. The Term Loans mature on July 7, 2016 and are each payable in installments as follows (amounts in thousands):

Year	U.S. Term Loans	Euro Term Loans	Canadian Term Loans
			Cdn
2012	\$60,000	€18,750	\$12,150
			Cdn
2013	\$60,000	€18,750	\$12,150
			Cdn
2014	\$80,000	€25,000	\$16,200
			Cdn
2015	\$80,000	€25,000	\$16,200
			Cdn
2016	\$120,000	€37,500	\$24,300

The Credit Agreement requires us to prepay the Term Loans with proceeds received from certain assets sales and, under certain circumstances, with 50 percent of our excess cash flow. The mandatory repayment provisions are no more restrictive in the aggregate than under our previous senior secured credit facility. Generally, mandatory repayments of Term Loans are allocated pro rata to each of the Term Loans and applied first to the scheduled amortization payments in the year of such prepayments and, to the extent in excess thereof, pro rata to the remaining installments of the Term Loans. Voluntary prepayments of Term Loans may be applied to any tranche of Term Loans at our discretion and are applied first to the scheduled amortization payments in the year of such prepayment and, to the extent in excess thereof, pro rata to the remaining installments. Amounts repaid under the Term Loans may not be reborrowed.

The uncommitted multicurrency incremental loan facility provides, among other things, that any incremental term loan borrowing shall be denominated in a single currency, either U.S. dollars or certain foreign currencies; have a

maturity date no earlier than the maturity date for the Term Loans; and be used for working capital and general corporate purposes, including to finance acquisitions, to refinance any indebtedness assumed as part of such acquisitions, to pay dividends, to repurchase common stock, to refinance or repurchase debt as permitted and to repay outstanding Revolving Loans.

SILGAN HOLDINGS INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Information at September 30, 2010 and 2009 and for the  
three and nine months then ended is unaudited)

Note 5. Long-Term Debt (continued)

Bank Credit Agreement (continued)

Under the Credit Agreement, the interest rate for U.S. term loans will be either LIBOR or the base rate under the Credit Agreement plus a margin, the interest rate for Euro term loans will be the Euribor rate under the Credit Agreement plus a margin and the interest rate for Canadian term loans will be either the Bankers' Acceptance discount rate or the Canadian prime rate under the Credit Agreement plus a margin. Initially, for Term Loans and Revolving Loans maintained as LIBOR, Euribor or Bankers' Acceptance loans, the margin will be 2.25 percent and for Term Loans and Revolving Loans maintained as base rate or Canadian prime rate loans the margin will be 1.25 percent. The Credit Agreement provides for the payment of a commitment fee ranging from 0.375 percent to 0.50 percent per annum on the daily average unused portion of commitments available under the Revolving Loans. Initially, the commitment fee will be 0.50 percent per annum. The margins for Term Loans, Revolving Loans and the commitment fee are subject to adjustment quarterly based upon our Total Leverage Ratio and our corporate credit rating from certain rating agencies as provided in the Credit Agreement.

We may utilize up to a maximum of \$100 million of our multicurrency revolving loan facility under the Credit Agreement for letters of credit as long as the aggregate amount of borrowings of Revolving Loans and letters of credit under such multicurrency revolving loan facility do not exceed the amount of the commitment under such multicurrency revolving loan facility. The Credit Agreement provides for payment to the applicable lenders of a letter of credit fee equal to the applicable margin in effect for Revolving Loans and to the issuers of the letters of credit of a facing fee of the greater of (x) \$500 per annum and (y) 0.25 percent per annum, calculated on the aggregate stated amount of all letters of credit for their stated duration.

The indebtedness under the Credit Agreement is guaranteed by Silgan and certain of its U.S. and Canadian subsidiaries. The stock of certain of our U.S. subsidiaries has also been pledged as security to the lenders under the Credit Agreement. The Credit Agreement contains certain financial and operating covenants which limit, subject to certain exceptions, among other things, our ability to incur additional indebtedness; create liens; consolidate, merge or sell assets; make certain advances, investments or loans; enter into certain transactions with affiliates; engage in any business other than the packaging business; pay dividends; and repurchase stock. In addition, we are required to meet specified financial covenants including Interest Coverage and Total Leverage Ratios, each as defined in the Credit Agreement. We are currently in compliance with all covenants under the Credit Agreement.

All amounts owing under our previous senior secured credit facility were repaid on July 7, 2010 with proceeds from the Credit Agreement. As a result of the refinancing of our senior se