SILGAN HOLDINGS INC
Form 10-Q
November 10, 2008

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

FORM 10-Q

(Mark One)
[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 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 [X] 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[X] 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 [X]

As of October 31, 2008, the number of shares outstanding of the Registrant's common stock, $0.01 par value, was 37,963,110.

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, 2008	Sept. 30, 2007	Dec 2
	(unaudited)	(unaudited)	
Assets			
Current assets			
Cash and cash equivalents	$ 290,377	$ 26,792	$
Trade accounts receivable, net	487,344	456,289	2
Inventories	415,090	412,706	4
Prepaid expenses and other current assets	28,417	27,341	
Total current assets	1,221,228	923,128	7
Property, plant and equipment, net	920,747	926,462	9
Goodwill	302,282	304,495	3
Other intangible assets, net	59,981	63,709	
Other assets, net	67,937	51,466	
	$2,572,175	$2,269,260	$2,1
Liabilities and Stockholders' Equity			
Current liabilities			
Revolving loans and current portion of long-term debt	$ 436,546	$ 210,828	$ 1
Trade accounts payable	252,570	208,988	2
Accrued payroll and related costs	75,983	75,073	
Accrued liabilities	68,540	60,821	
Total current liabilities	833,639	555,710	4
Long-term debt	866,544	962,846	8
Other liabilities	279,388	282,141	2
Stockholders' equity			
Common stock	432	430	
Paid-in capital	160,264	151,667	1
Retained earnings	479,889	378,282	3
Accumulated other comprehensive income (loss)	12,276	(1,712)	
Treasury stock	(60,257)	(60,104)	(
Total stockholders' equity	592,604	468,563	5
	$2,572,175	$2,269,260	$2,1

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See accompanying notes.

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

	2008	2007
Net sales	$964,299	$904,837
Cost of goods sold	822,984	774,536
Gross profit	141,315	130,301
Selling, general and administrative expenses	39,270	37,026
Rationalization charges	2,408	670
Income from operations	99,637	92,605
Interest and other debt expense	15,100	17,282
Income before income taxes	84,537	75,323
Provision for income taxes	31,730	27,705
Net income	$ 52,807	$ 47,618
Earnings per share:		
Basic net income per share	$1.39	$1.26
Diluted net income per share	$1.38	$1.25
Dividends per share	$0.17	$0.16
Weighted average number of shares:		
Basic	37,932	37,690
Effect of dilutive securities	389	490
Diluted	38,321	38,180

See accompanying notes.

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

	2008	2007
Net sales	$2,379,413	$2,239,188
Cost of goods sold	2,040,005	1,909,576
Gross profit	339,408	329,612
Selling, general and administrative expenses	115,185	112,403
Rationalization charges	9,801	4,048
Income from operations	214,422	213,161
Interest and other debt expense	46,215	50,290
Income before income taxes	168,207	162,871
Provision for income taxes	60,934	60,000
Net income	$ 107,273	$ 102,871
Earnings per share:		
Basic net income per share	$2.83	$2.73
Diluted net income per share	$2.80	$2.70
Dividends per share	$0.51	$0.48
Weighted average number of shares:		
Basic	37,853	37,653
Effect of dilutive securities	414	496
Diluted	38,267	38,149

See accompanying notes.

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

	2008	2007
Cash flows provided by (used in) operating activities		
Net income	$ 107,273	$ 102,871
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	108,330	101,455
Rationalization charges	9,801	4,048
Excess tax benefit from stock-based compensation	(2,737)	(1,578)
Other changes that provided (used) cash, net of effects from acquisitions:		
Trade accounts receivable, net	(269,393)	(214,115)
Inventories	15,810	23,359
Trade accounts payable	70,103	(1,758)
Accrued liabilities	25,192	20,297
Other, net	13,614	22,643
Net cash provided by operating activities	77,993	57,222
Cash flows provided by (used in) investing activities		
Purchase of businesses, net of cash acquired	(14,542)	(7,846)
Capital expenditures	(87,655)	(112,612)
Proceeds from asset sales	1,088	2,855
Net cash used in investing activities	(101,109)	(117,603)
Cash flows provided by (used in) financing activities		
Borrowings under revolving loans	703,536	713,033
Repayments under revolving loans	(384,114)	(531,059)
Changes in outstanding checks - principally vendors	(91,557)	(95,874)
Proceeds from issuance of debt	7,984	--
Repayments of long-term debt	(3,000)	--
Dividends paid on common stock	(19,492)	(18,207)
Proceeds from stock option exercises	2,236	1,530
Excess tax benefit from stock-based compensation	2,737	1,578
Repurchase of treasury shares	(778)	(565)
Net cash provided by financing activities	217,552	70,436
Cash and cash equivalents		
Net increase	194,436	10,055
Balance at beginning of year	95,941	16,737
Balance at end of period	$ 290,377	$ 26,792
Interest paid, net	$ 42,646	$ 41,523
Income taxes paid, net	27,036	43,681

See accompanying notes.

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

	Common Stock				Accumulated	
	Shares Outstanding	Par Value	Paid-in Capital	Retained Earnings	Other Comprehensive Income (Loss)	Tr
Balance at December 31, 2006	37,588	$429	$146,332	$295,433	$(15,564)	$(
Comprehensive income:						
Net income	--	--	--	102,871	--	
Amortization of net prior service credit and net actuarial losses, net of tax provision of $577	--	--	--	--	919	
Change in fair value of derivatives, net of tax provision of $979	--	--	--	--	1,696	
Foreign currency translation, net of tax benefit of $8,041	--	--	--	--	11,237	
Comprehensive income						
Adjustment to initially apply FIN 48	--	--	--	(1,815)	--	
Dividends declared on common stock	--	--	--	(18,207)	--	
Stock compensation expense	--	--	2,443	--	--	
Stock option exercises, including tax benefit of $1,648	109	1	3,177	--	--	
Net issuance of treasury stock for vested restricted stock units, including tax benefit of $266	30	--	(285)	--	--	
Balance at September 30, 2007	37,727	$430	$151,667	$378,282	$ (1,712)	$(
Balance at December 31, 2007	37,740	$430	$152,629	$392,108	$ 15,064	$(

Comprehensive income:						
Net income	--	--	--	107,273	--	
Amortization of net prior service credit and net actuarial losses, net of tax provision of $15	--	--	--	--	21	
Change in fair value of derivatives, net of tax provision of $30	--	--	--	--	42	
Foreign currency translation, net of tax provision of $3,507	--	--	--	--	(2,851)	
Comprehensive income						
Dividends declared on common stock	--	--	--	(19,492)	--	
Stock compensation expense	--	--	2,772	--	--	
Stock option exercises, including tax benefit of $3,021	188	2	5,255	--	--	
Net issuance of treasury stock for vested restricted stock units, including tax benefit of $277	35	--	(392)	--	--	
Balance at September 30, 2008	37,963	$432	$160,264	$479,889	$ 12,276	$(

See accompanying notes.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at September 30, 2008 and 2007 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 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.

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.

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 third quarter 2008 assessment.

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 do not expect that the adoption of SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities, will have a significant effect on our financial position, results of operations or cash flows. See Note 7 for further information.

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

Note 1. Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements (continued)

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.

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 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.

Note 2. Acquisitions (continued)

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.

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	Plant Exit	Non-Cash Asset

	and Benefits	Costs	Write-Down
		(Dollars in thousands)	
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 Nine Months Ended Sept. 30, 2008			
2001 Fairfield Rationalization Plan	--	(92)	--
2006 Rationalization Plan Reserves Established	--	1,410	296
2006 Rationalization Plan Reserves Utilized	(1,060)	(1,410)	(296)
2008 Rationalization Plan Reserves Established	4,261	997	2,837
2008 Rationalization Plan Reserves Utilized	(3,185)	(324)	(2,837)
Total Activity	16	581	--
Balance at September 30, 2008			
2001 Fairfield Rationalization Plan	--	198	--
2006 Rationalization Plans	4,044	--	--
2008 Rationalization Plans	1,076	673	--
Balance at September 30, 2008	$ 5,120	$ 871	$ --

2008 Rationalization Plans

In 2008, as part of our ongoing effort to streamline operations and reduce costs, we approved plans to close our metal food container manufacturing facility in Tarrant, Alabama, our plastic container manufacturing facility in Richmond, Virginia and our closures manufacturing facility in Turkey and to consolidate various administrative positions within our European closures operations.

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

Note 3. Rationalization Charges (continued)

2008 Rationalization Plans (continued)

In February 2008, we approved and announced to employees a plan to exit our Tarrant, Alabama metal food container facility. Our plan 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 $2.4 million. These costs include $0.6 million for employee severance and benefits, $1.4 million for plant exit costs and $0.8 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 nine months of 2008 for this action were $1.1 million, which consisted of $0.8 million for the accelerated depreciation of equipment, $0.1 million for plant exit costs and $0.6 million for employee severance and benefits, offset by $0.4 million for a non-cash curtailment gain for other postretirement benefits. We have ceased operations at this facility and expect to sell the building for estimated proceeds at or in excess of its net book value. Additional charges of $1.3 million are expected through 2009. Remaining cash payments of $1.4 million are expected through 2009.

In March 2008, we approved and announced to employees a plan to exit our Richmond, Virginia plastic container manufacturing facility. Our plan 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 $1.1 million. These costs include $0.1 million for employee severance and benefits, $0.7 million for plant exit costs and $0.3 million for the non-cash write-down in carrying value of assets. Rationalization charges recognized during the first nine months of 2008 for this action were $0.9 million, which consisted of $0.3 million for the non-cash write-down in carrying value of assets, $0.1 million for employee severance and benefits and $0.5 million for plant exit costs. We have ceased operations at this facility. Additional charges of $0.2 million are expected through 2009. Remaining cash payments of $0.5 million are expected through 2009.

During 2008, we approved and announced to employees in our closures business plans to consolidate various administrative positions and streamline operations in Europe and exit our closures manufacturing facility in Turkey. Our plans include the termination of approximately 150 employees, the relocation of certain operations into existing facilities and other related plant exit costs. We plan to exit the facility in Turkey in the fourth quarter of 2008. We estimate that the total costs for the rationalization will be $6.8 million. These costs include $1.7 million for the non-cash write-down in carrying value of assets, $4.5 million for employee severance and benefits and $0.6 million for plant exit costs. Rationalization charges recognized during the first nine months of 2008 for this action were $6.1 million, which consisted of $1.7 million for the non-cash write-down in carrying value of assets, $4.0 million for employee severance and benefits and $0.4 million for plant exit costs. Additional charges of $0.7 million are expected during the remainder of 2008. Remaining cash payments of $2.0 million are expected primarily in 2008.

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 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 nine months of 2008 were $1.6 million, which consisted of $1.3 million for plant exit costs and $0.3 million for the non-cash write down in carrying value of assets. We have ceased operations at this facility and expect to sell the building for estimated proceeds at or in excess of its net book value. Additional charges of $0.1 million for plant exit costs are expected through 2008. Remaining cash payments of $0.8 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 $5.4 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 nine months of 2008 were $0.1 million for plant exit costs. We have ceased operations at this facility and expect to sell the building for estimated proceeds at or in excess of its net book value. Additional charges of $0.2 million for plant exit costs are expected through 2008. Remaining cash payments of $3.6 million are expected through 2009.

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

	Sept. 30, 2008	Sept. 30, 2007	Dec. 31, 2007
	(Dollars in thousands)		
Accrued liabilities	$2,826	$1,863	$2,050
Other liabilities	3,165	3,660	3,344
	$5,991	$5,523	$5,394

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at September 30, 2008 and 2007 and for the three and nine 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:

	Sept. 30, 2008	Sept. 30, 2007	Dec. 31, 2007
		(Dollars in thousands)	
Foreign currency translation	$ 29,765	$ 24,145	$ 32,616
Change in fair value of derivatives	1,881	3,192	1,839
Unrecognized net periodic pension and other postretirement benefit costs:			
Net prior service credit	4,147	4,791	4,464
Net actuarial loss	(23,517)	(33,840)	(23,855)
Accumulated other comprehensive income (loss)	$ 12,276	$ (1,712)	$ 15,064

Note 5. Inventories

Inventories consisted of the following:

	Sept. 30, 2008	Sept. 30, 2007	Dec. 31, 2007
		(Dollars in thousands)	
Raw materials	$ 87,717	$ 79,518	$ 91,988
Work-in-process	72,058	68,666	73,863
Finished goods	278,577	275,185	282,665
Spare parts and other	31,159	28,534	29,566
	469,511	451,903	478,082
Adjustment to value domestic inventory at cost on the LIFO method	(54,421)	(39,197)	(50,275)
	$415,090	$412,706	$427,807

Note 6. Long-Term Debt

Long-term debt consisted of the following:

	Sept. 30, 2008	Sept. 30, 2007	Dec. 31, 2007
	(Dollars in thousands)		
Bank debt			
Bank revolving loans	$ 315,149	$ 189,872	$ --
Bank A term loans	345,000	345,000	345,000
Bank B term loans	41,477	41,904	41,477
Canadian term loans	86,112	89,910	91,674
Euro term loans	286,020	283,460	294,480
Other foreign bank revolving and term loans	29,332	20,528	16,871
Total bank debt	1,103,090	970,674	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	1,303,090	1,173,674	992,502
Less current portion	436,546	210,828	112,921
	$ 866,544	$ 962,846	$879,581

At September 30, 2008, amounts expected to be repaid within one year consisted of $315.1 million of bank revolving loans and $92.1 million of bank term loans under our senior secured credit facility, or the Credit Agreement, and $29.3 million of foreign bank revolving and term loans. Bank revolving loans borrowed under our Credit Agreement were utilized primarily for current seasonal working capital requirements and to ensure access to liquidity in light of the current credit market turmoil. Our cash and cash equivalents balance at September 30, 2008 was $290.4 million. Cash equivalents are primarily invested in U.S. Treasury instruments and U.S. government backed securities.

At September 30, 2008, the aggregate notional principal amount of outstanding interest rate swap agreements was $328 million, of which $36 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).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at September 30, 2008 and 2007 and for the
three and nine 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 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 September 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 September 30, 2008, our interest rate swap agreements were valued as a net asset of $3.2 million. There were no significant unrealized gains or losses related to our interest rate swap agreements recognized during the first nine months of 2008.

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

Note 8. Retirement Benefits

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

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 3 2007

	(Dollars in thousands)			
Service cost	$ 2,665	$ 3,522	$ 9,450	$ 10,64
Interest cost	6,758	6,401	20,324	18,65
Expected return on plan assets	(7,873)	(7,670)	(23,049)	(23,08
Amortization of prior service cost	604	723	1,725	1,87
Amortization of actuarial losses	155	287	315	71
Curtailment expense	83	--	83	1,15
Net periodic benefit cost	$ 2,392	$ 3,263	$ 8,848	$ 9,97

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

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 3 2007
	(Dollars in thousands)			
Service cost	$ 170	$ 231	$ 630	$ 70
Interest cost	797	808	2,446	2,68
Amortization of prior service credit	(659)	(569)	(1,808)	(1,45
Amortization of actuarial losses	70	74	214	35
Curtailment gain	(455)	--	(455)	--
Net periodic benefit (credit) cost	$ (77)	$ 544	$ 1,027	$ 2,28

In the third quarter of 2008, we recognized curtailment expense related to our pension benefits and a curtailment gain related to our other postretirement benefits in connection with the planned exit of our Tarrant, Alabama metal food container manufacturing facility. We recognized curtailment expense in 2007 for our pension benefits related to the planned exit of our St. Paul, Minnesota metal food container manufacturing facility.

As previously disclosed in our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007, based on current tax law, there are no material minimum required contributions to our pension plans in 2008. However, this is subject to change based on a number of factors, including asset performance that is significantly below the assumed long-term rate of return on plan assets. In order to reduce our unfunded pension liability, we have historically made certain voluntary contributions in excess of the ERISA minimum requirements to the extent these contributions are tax deductible. We may continue to make such voluntary contributions at our discretion. During the first nine months of 2008, we made contributions of $9.8 million to fund our pension plans.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at September 30, 2008 and 2007 and for the

three and nine months then ended is unaudited)

Note 9. Income Taxes

On October 3, 2008, the Emergency Economic Stabilization Act of 2008 reinstated the research and development tax credit for both 2008 and 2009. We will record the benefit of this credit for the full year 2008 in the fourth quarter. This benefit is not expected to be material to our consolidated financial statements for the fourth quarter and year ended December 31, 2008.

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

Note 10. Dividends

In March, June and September of 2008, we paid quarterly cash dividends on our common stock of $0.17 per share, as approved by our Board of Directors. The cash payments related to these dividends totaled $19.5 million.

Note 11. Treasury Stock

During the first nine months of 2008, we issued 50,477 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 15,600 shares of our common stock at an average cost of $49.87 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 September 30, 2008, 5,266,958 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 nine months of 2008, we granted 92,900 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 $4.4 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.

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

Note 13. Business Segment Information

Reportable business segment information for the three and nine months ended September 30 is as follows:

	Metal Food Containers(1)	Plastic Containers(2)	Closures(3)	Corporate
	(Dollars in thousands)			
Three Months Ended September 30, 2008				
Net sales	$ 617,369	$162,601	$184,329	$ --
Depreciation and amortization(4)	16,569	11,586	7,954	420
Segment income from operations	76,639	9,066	17,110	(3,178)
Three Months Ended September 30, 2007				
Net sales	$ 585,071	$153,122	$166,644	$ --
Depreciation and amortization(4)	15,847	11,134	6,932	421
Segment income from operations	62,729	10,275	21,828	(2,227)
Nine Months Ended September 30, 2008				
Net sales	$1,346,062	$501,650	$531,701	$ --
Depreciation and amortization(4)	48,599	34,400	23,044	1,263
Segment income from operations	134,811	35,244	53,388	(9,021)
Nine Months Ended September 30, 2007				
Net sales	$1,295,671	$472,715	$470,802	$ --
Depreciation and amortization(4)	46,058	32,643	20,486	1,262
Segment income from operations	119,199	42,508	58,432	(6,978)

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(1) Segment income from operations includes a rationalization credit of $0.5 million and rationalization charges of $0.7 million for the three months ended September 30, 2008 and 2007, respectively, and rationalization charges of $2.8 million and $3.8 million for the nine months ended September 30, 2008 and 2007, respectively.
(2) Segment income from operations includes rationalization charges of $0.1 million for the three months ended September 30, 2008 and $0.9 million and $0.2 million for the nine months ended September 30, 2008 and 2007, respectively.
(3) Segment income from operations includes rationalization charges of $2.8 million and $6.1 million for the three and nine months ended September 30, 2008, respectively.
(4) Depreciation and amortization excludes amortization of debt issuance costs

of $0.3 million for each of the three months ended September 30, 2008 and 2007 and $1.0 million for each of the nine months ended September 30, 2008 and 2007.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at September 30, 2008 and 2007 and for the three and nine 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		Nine Months Ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
	(Dollars in thousands)			
Total segment income from operations	$99,637	$92,605	$214,422	$213,161
Interest and other debt expense	15,100	17,282	46,215	50,290
Income before income taxes	$84,537	$75,323	$168,207	$162,871

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.

In February 2008, we acquired substantially all of the assets of Vem, a manufacturer of metal closures in Spain and China, for an aggregate purchase price of $10.2 million. 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.

RESULTS OF OPERATIONS

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

	Three Months Ended		Nine Months
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008
Net sales			
Metal food containers	64.0%	64.7%	56.6%
Plastic containers	16.9	16.9	21.1
Closures	19.1	18.4	22.3

Consolidated	100.0	100.0	100.0
Cost of goods sold	85.3	85.6	85.7
Gross profit	14.7	14.4	14.3
Selling, general and administrative expenses	4.1	4.1	4.9
Rationalization charges	0.3	0.1	0.4
Income from operations	10.3	10.2	9.0
Interest and other debt expense	1.5	1.9	1.9
Income before income taxes	8.8	8.3	7.1
Provision for income taxes	3.3	3.0	2.6
Net income	5.5%	5.3%	4.5%

Summary unaudited results of operations for the three and nine months ended September 30, 2008 and 2007 are provided below.

	Three Months Ended		Nine Months	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	S
	(Dollars in millions)			
Net sales				
Metal food containers	$617.4	$585.1	$1,346.1	$
Plastic containers	162.6	153.1	501.6	
Closures	184.3	166.6	531.7	
Consolidated	$964.3	$904.8	$2,379.4	$
Income from operations				
Metal food containers (1)	$ 76.6	$ 62.7	$ 134.8	$
Plastic containers (2)	9.1	10.3	35.2	
Closures (3)	17.1	21.8	53.4	
Corporate	(3.2)	(2.2)	(9.0)	
Consolidated	$ 99.6	$ 92.6	$ 214.4	$

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(1) Includes a rationalization credit of $0.5 million and rationalization charges of $0.7 million for the three months ended September 30, 2008 and 2007, respectively, and rationalization charges of $2.8 million and $3.8 million for the nine months ended September 30, 2008 and 2007, respectively.

(2) Includes rationalization charges of $0.1 million for the three months ended September 30, 2008 and $0.9 million and $0.2 million for the nine months ended September 30, 2008 and 2007, respectively.

(3) Includes rationalization charges of $2.8 million and $6.1 million for the three and nine months ended September 30, 2008, respectively.

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

Overview. Consolidated net sales were $964.3 million in the third quarter of 2008, representing a 6.6 percent increase as compared to the third 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, sales attributed to the international closures operations acquired during the first half of 2008 and favorable foreign currency translation, partially offset by slightly lower unit volumes in the plastic container and closures businesses. Income from operations for the third quarter of 2008 of $99.6 million increased by $7.0 million, or 7.6 percent, as compared to the same period in 2007 due to significantly increased income from operations in the metal food container business, partially offset by modest declines in the plastic container and closures businesses. Results for 2008 included rationalization charges of $2.4 million. Results for 2007 included rationalization charges of $0.7 million. Net income for the third quarter of 2008 was $52.8 million, or $1.38 per diluted share, as compared to $47.6 million, or $1.25 per diluted share, for the same period in 2007.

Net Sales. The $59.5 million increase in consolidated net sales in the third quarter of 2008 as compared to the third quarter of 2007 was the result of higher net sales across all businesses.

Net sales for the metal food container business increased $32.3 million, or 5.5 percent, in the third 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 costs and modestly higher unit volumes.

Net sales for the plastic container business in the third quarter of 2008 increased $9.5 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, partially offset by slight volume declines attributable to generally soft market demand.

Net sales for the closures business increased $17.7 million, or 10.6 percent, in the third quarter of 2008 as compared to the same period in 2007. This increase was primarily the result of sales from operations acquired in 2008 in Brazil, Spain and China, favorable foreign currency translation of approximately $7.8 million and higher average selling prices due to the pass through of higher raw material costs, partially offset by the impact of soft beverage demand on unit volumes.

Gross Profit. Gross profit margin increased 0.3 percentage points to 14.7 percent in the third 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 remained flat at 4.1 percent for the third quarter of 2008 as compared to the same period in 2007.

Income from Operations. Income from operations for the third quarter of 2008 increased by $7.0 million, or 7.6 percent, as compared to the third quarter of 2007, and operating margin increased to 10.3 percent from 10.2 percent over the same periods.

Income from operations of the metal food container business for the third quarter of 2008 increased $13.9 million, or 22.2 percent, as compared to the same period in 2007, and operating margin increased to 12.4 percent from 10.7 percent over the same periods. These increases were primarily the result of cost control and manufacturing efficiencies, the net impact of a larger third quarter 2007 inventory reduction versus the current year quarter and improved unit volumes. The third quarter of 2008 included a rationalization credit of $0.5 million primarily related to a postretirement health care curtailment gain from the shut down of the Tarrant facility. The third quarter of 2007 included rationalization charges of $0.7 million related to costs to exit the St. Paul and Stockton manufacturing facilities.

Income from operations of the plastic container business for the third quarter of 2008 decreased $1.2 million, or 11.7 percent, as compared to the same period in 2007, and operating margin decreased to 5.6 percent from 6.7 percent over the same periods. These decreases were primarily the result of inflation in resin costs not yet passed through to customers, other manufacturing cost inflation and slightly lower unit volumes, partially offset by ongoing benefits from cost controls. In addition, the plastic container business was negatively impacted by costs attributable to the damage and disruption at the Houston, Texas manufacturing facility caused by Hurricane Ike.

Income from operations of the closures business for the third quarter of 2008 decreased $4.7 million, or 21.6 percent, as compared to the same period in 2007, and operating margin decreased to 9.3 percent from 13.1 percent over the same periods. These decreases were primarily due to rationalization charges of $2.8 million recognized in the third quarter of 2008 principally related to the shut down of the Turkey manufacturing facility, inflation in manufacturing and other costs, including delays in passing through resin costs which spiked in the quarter, and a decrease in unit volumes.

Interest and Other Debt Expense. Interest and other debt expense for the third quarter of 2008 decreased $2.2 million to $15.1 million as compared to the same period in 2007. This decrease was primarily due to lower market interest rates.

Provision for Income Taxes. The effective tax rate for the third quarter of 2008 was 37.5 percent as compared to 36.8 percent in the same period of 2007. The effective tax rate was negatively impacted by a $1.2 million valuation allowance against tax positions in Turkey related to our decision to close the operating facility.

Nine Months Ended September 30, 2008 Compared with Nine Months Ended September 30, 2007

Overview. Consolidated net sales were $2.38 billion in the first nine months of 2008, representing a 6.3 percent increase as compared to the first nine 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 nine months of 2008 increased by $1.2 million, or 0.6 percent, as compared to the same period in 2007. The increase in income from operations was primarily a result of significantly increased income from operations in the metal food container business, partially offset by decreases in the plastic container and closures businesses. The results for the first nine months of 2008 and 2007 included rationalization charges of $9.8 million and $4.0 million, respectively. Net income for the first nine months of 2008 was $107.3 million, or $2.80 per

diluted share, as compared to $102.9 million, or $2.70 per diluted share, for the same period in 2007.

Net Sales. The $140.2 million increase in consolidated net sales in the first nine months of 2008 as compared to the first nine months of 2007 was due to higher net sales across all of our businesses.

Net sales for the metal food container business increased $50.4 million, or 3.9 percent, in the first nine 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 nine months of 2008 increased $28.9 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 $8.5 million, slightly offset by lower unit volumes attributable to generally soft market demand.

Net sales for the closures business in the first nine months of 2008 increased $60.9 million, or 12.9 percent, as compared to the same period in 2007. This increase was the result of favorable foreign currency translation of approximately $29.6 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 0.4 percentage points to 14.3 percent for the first nine 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 slightly to 4.9 percent for the first nine months of 2008 as compared to 5.0 percent for the same period in 2007, due primarily to the recognition in the first quarter of 2008 of management fee income of approximately $2.0 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 nine months of 2008 increased by $1.2 million, or 0.6 percent, as compared to the first nine months of 2007, while operating margin decreased to 9.0 percent from 9.5 percent over the same periods.

Income from operations of the metal food container business for the first nine months of 2008 increased $15.6 million, or 13.1 percent, as compared to the same period in 2007, and operating margin increased to 10.0 percent from 9.2 percent over the same periods. This increase was principally due to cost control and manufacturing efficiencies, a $1.0 million decrease in rationalization charges and the net impact of a larger year-over-year inventory reduction in 2007 as compared to 2008, partially offset by lower unit volumes and higher depreciation expense. Rationalization charges for the first nine months of 2008 and 2007 were $2.8 million and $3.8 million, respectively.

Income from operations of the plastic container business for the first nine months of 2008 decreased $7.3 million, or 17.2 percent, as compared to the same period in 2007, and operating margin decreased to 7.0 percent from 9.0 percent over the same periods. These decreases were primarily the result of the negative

effect from the timing of the pass through of increased 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 controls. Rationalization charges for the first nine months of 2008 and 2007 were $0.9 million and $0.2 million, respectively.

Income from operations of the closures business for the first nine months of 2008 decreased $5.1 million, or 8.7 percent, as compared to the same period in 2007, and operating margin decreased to 10.0 percent from 12.4 percent over the same periods. These decreases were due primarily to rationalization charges of $6.1 million recognized in 2008 principally related to the shut down of the Turkey manufacturing facility and the consolidation of various administrative positions in Europe, inflation in raw 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 2008 management fee income of approximately $2.0 million from the management of the White Cap Brazil operations prior to its acquisition and an increase in unit volumes.

Interest and Other Debt Expense. Interest and other debt expense for the first nine months of 2008 decreased $4.1 million to $46.2 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 nine months of 2008 was 36.2 percent as compared to 36.8 percent in the same period of 2007. The effective tax rate for the first nine months of 2008 benefited from a $1.7 million tax credit related to certain non-recurring state tax incentives associated with capital investments, partially offset by the $1.2 million valuation allowance in the third quarter related to the shut down of the Turkey operations.

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 nine months ended September 30, 2008, we used cash from operations of $78.0 million, net borrowings of revolving loans of $319.4 million, other debt borrowings of $8.0 million, net proceeds from stock-based compensation issuances of $4.2 million to fund net capital expenditures of $86.6 million, our acquisition of Vem and the White Cap Brazil operations for $14.5 million, net of cash acquired, decreases in outstanding checks of $91.6 million, the repayment of debt of $3.0 million and dividends paid on our common stock of $19.5 million and to increase cash and cash equivalents by $194.4 million. At the end of 2007 and through the third quarter of 2008 in light of the on-going credit crisis, we maintained a significant amount of cash and cash equivalents to ensure access to

liquidity in this tumultuous environment. Consistent with this objective, in the third quarter of 2008, we borrowed an additional $200.0 million of revolving loans under our Credit Agreement. Our cash and cash equivalents balance at September 30, 2008 was $290.4 million. Cash equivalents are primarily invested in U.S. Treasury instruments and U.S. government backed securities. We will continue to evaluate our level of cash and cash equivalents based on our assessment of the condition of the credit markets.

For the nine months ended September 30, 2007, we used cash from operations of $57.2 million, net borrowings of revolving loans of $182.0 million and net proceeds from stock-based compensation issuances of $2.6 million to fund net capital expenditures of $109.8 million, our acquisition of the White Cap operations in Venezuela for $7.8 million, net of cash acquired, decreases in outstanding checks of $95.9 million and dividends paid on our common stock of $18.2 million and to increase cash and cash equivalents by $10.1 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. During the third quarter of 2008, for our peak seasonal working capital requirements we utilized $233.2 million of revolving loans under the Credit Agreement and $49.0 million of cash on hand.

At September 30, 2008, we had $315.1 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 September 30, 2008 was $90.2 million. We may use the available portion of our revolving loan facility, after taking into account our seasonal needs and outstanding letters of credit, for acquisitions or other permitted purposes.

We 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 2008, as part of our ongoing effort to streamline operations and reduce costs, we approved plans to close our metal food container manufacturing facility in Tarrant, Alabama, our plastic container manufacturing facility in Richmond, Virginia and our closures manufacturing facility in Turkey and to consolidate various administrative positions within our European closures operations.

In February 2008, we approved and announced to employees a plan to exit our

Tarrant, Alabama metal food container facility. Our plan 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 $2.4 million. These costs include $0.6 million for employee severance and benefits, $1.4 million for plant exit costs and $0.8 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 nine months of 2008 for this action were $1.1 million, which consisted of $0.8 million for the accelerated depreciation of equipment, $0.1 million for plant exit costs and $0.6 million for employee severance and benefits, offset by $0.4 million for a non-cash curtailment gain for other postretirement benefits. We have ceased operations at this facility and expect to sell the building for estimated proceeds at or in excess of its net book value. Additional charges of $1.3 million are expected through 2009. Remaining cash payments of $1.4 million are expected through 2009.

In March 2008, we approved and announced to employees a plan to exit our Richmond, Virginia plastic container manufacturing facility. Our plan 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 $1.1 million. These costs include $0.1 million for employee severance and benefits, $0.7 million for plant exit costs and $0.3 million for the non-cash write-down in carrying value of assets. Rationalization charges recognized during the first nine months of 2008 for this action were $0.9 million, which consisted of $0.3 million for the non-cash write-down in carrying value of assets, $0.1 million for employee severance and benefits and $0.5 million for plant exit costs. We have ceased operations at this facility. Additional charges of $0.2 million are expected through 2009. Remaining cash payments of $0.5 million are expected through 2009.

During 2008, we approved and announced to employees in our closures business plans to consolidate various administrative positions and streamline operations in Europe and exit our closures manufacturing facility in Turkey. Our plans include the termination of approximately 150 employees, the relocation of certain operations into existing facilities and other related plant exit costs. We plan to exit the facility in Turkey in the fourth quarter of 2008. We estimate that the total costs for the rationalization will be $6.8 million. These costs include $1.7 million for the non-cash write-down in carrying value of assets, $4.5 million for employee severance and benefits and $0.6 million for plant exit costs. Rationalization charges recognized during the first nine months of 2008 for this action were $6.1 million, which consisted of $1.7 million for the non-cash write-down in carrying value of assets, $4.0 million for employee severance and benefits and $0.4 million for plant exit costs. Additional charges of $0.7 million are expected during the remainder of 2008. Remaining cash payments of $2.0 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 expect to sell the buildings at each of these facilities for proceeds at or in excess of their respective net book values. We incurred charges of $1.7 million in the first nine months of 2008 related to these plans primarily for the St. Paul rationalization. We expect to incur additional charges of $0.3 million for plant exit costs through 2008

related to the St. Paul and Stockton rationalizations.

Under our rationalization plans, we made cash payments of $6.4 million and $1.1 million for the nine months ended September 30, 2008 and 2007, respectively. Total future cash spending of $8.5 million is expected for our outstanding rationalization plans.

You should also read Note 3 to our Condensed Consolidated Financial Statements for the three and nine months ended September 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.

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 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 do not expect that the adoption of SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities, will have a significant effect on our financial position, results of operations or cash flows. You should also read Note 7 to our Condensed Consolidated Financial Statements for the three and nine months ended September 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.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Information regarding our interest rate risk, foreign currency exchange rate risk and commodity pricing risk has been disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 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, other than the impact of additional revolving loans borrowed under our Credit Agreement to ensure access to liquidity, as further discussed in Note 6 to our Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2008 included elsewhere in this Quarterly Report.

Item 4. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934). Based upon that evaluation, as of the end of the period covered by this Quarterly Report

our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be disclosed in this Quarterly Report has been made known to them in a timely fashion.

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

Part II. Other Information

Item 6. Exhibits

Exhibit Number	Description
12	Ratio of Earnings to Fixed Charges for the three and nine months ended September 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.

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: November 10, 2008

/s/ Robert B. Lewis

Robert B. Lewis
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

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