SILGAN HOLDINGS INC
Form 10-Q
August 08, 2007

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 June 30, 2007

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, or a non-acelerated filer. See definition of "acclereated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large Accelerated filer[X] Accelerated filer[ ] Non-accelerated filer[ ]

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 July 31, 2007, the number of shares outstanding of the Registrant's common stock, $0.01 par value, was 37,672,997.

SILGAN HOLDINGS INC.

TABLE OF CONTENTS

Part I. Financial Information
Item 1. Financial Statements

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

	June 30, 2007 (unaudited)	June 30, 2006 (unaudited)	Dec. 31, 2006
Assets			
Current assets			
Cash and cash equivalents	$ 25,272	$ 23,900	$ 16,737
Trade accounts receivable, net	320,341	301,718	232,429
Inventories	548,289	494,799	426,591
Prepaid expenses and other current assets	32,827	28,705	41,995
Total current assets	926,729	849,122	717,752
Property, plant and equipment, net	913,271	865,641	894,647
Goodwill	298,486	236,660	304,393
Other intangible assets, net	63,011	98,398	47,833
Other assets, net	57,519	41,000	43,754
	$2,259,016	$2,090,821	$2,008,379
Liabilities and Stockholders' Equity			
Current liabilities			
Revolving loans and current portion of long-term debt	$ 261,688	$ 217,169	$ 26,417
Trade accounts payable	208,219	219,448	299,938
Accrued payroll and related costs	70,349	67,434	72,205
Accrued liabilities	62,536	39,204	34,404
Total current liabilities	602,792	543,255	432,964
Long-term debt	942,605	953,692	929,221
Other liabilities	290,024	294,634	279,654
Stockholders' equity			
Common stock	430	427	429
Paid-in capital	149,586	141,245	146,332
Retained earnings	336,733	234,009	295,433
Accumulated other comprehensive loss	(3,109)	(16,306)	(15,564)
Treasury stock	(60,045)	(60,135)	(60,090)
Total stockholders' equity	423,595	299,240	366,540

	$2,259,016	$2,090,821	$2,008,379

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the three months ended June 30, 2007 and 2006
(Dollars and shares in thousands, except per share amounts)
(Unaudited)

	2007	2006
Net sales	$683,526	$597,212
Cost of goods sold	584,282	521,914
Gross profit	99,244	75,298
Selling, general and administrative expenses	38,475	29,230
Rationalization charges	2,305	6,197
Income from operations	58,464	39,871
Interest and other debt expense	16,909	14,199
Income before income taxes	41,555	25,672
Provision for income taxes	14,810	9,305
Net income	$ 26,745	$ 16,367
Earnings per share:		
Basic net income per share	$0.71	$0.44
Diluted net income per share	$0.70	$0.43
Dividends per share:	$0.16	$0.12
Weighted average number of shares:		
Basic	37,654	37,354
Effect of dilutive securities	508	524
Diluted	38,162	37,878

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the six months ended June 30, 2007 and 2006
(Dollars and shares in thousands, except per share amounts)
(Unaudited)

	2007	2006
Net sales	$1,334,351	$1,167,063
Cost of goods sold	1,135,040	1,020,567
Gross profit	199,311	146,496
Selling, general and administrative expenses	75,375	58,679
Rationalization charges	3,377	8,350
Income from operations	120,559	79,467
Interest and other debt expense	33,008	25,449
Income before income taxes	87,551	54,018
Provision for income taxes	32,298	20,473
Net income	$ 55,253	$ 33,545
Earnings per share:		
Basic net income per share	$1.47	$0.90
Diluted net income per share	$1.45	$0.89
Dividends per share:	$0.32	$0.24
Weighted average number of shares:		
Basic	37,634	37,313
Effect of dilutive securities	500	540

Diluted	38,134	37,853

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2007 and 2006
(Dollars in thousands)
(Unaudited)

	2007	2006
Cash flows provided by (used in) operating activities		
Net income	$ 55,253	$ 33,545
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	66,783	62,087
Rationalization charges	3,377	8,350
Other changes that provided (used) cash, net of effects from acquisitions:		
Trade accounts receivable, net	(82,569)	(99,262)
Inventories	(117,290)	(116,860)
Trade accounts payable	872	43,465
Accrued liabilities	19,522	23,083
Other, net	15,883	(2,897)
Net cash used in operating activities	(38,169)	(48,489)
Cash flows provided by (used in) investing activities		
Purchases of businesses, net of cash acquired	(7,846)	(257,845)
Capital expenditures	(75,420)	(58,728)
Proceeds from asset sales	2,546	389
Net cash used in investing activities	(80,720)	(316,184)
Cash flows provided by (used in) financing activities		
Borrowings under revolving loans	500,623	569,773
Repayments under revolving loans	(266,632)	(353,450)
Proceeds from stock option exercises	789	1,533
Changes in outstanding checks - principally vendors	(96,078)	(96,989)
Proceeds from issuance of long-term debt	--	257,600

Dividends paid on common stock	(12,138)	(8,995)
Excess tax benefit from stock-based compensation	860	918
Debt issuance costs	--	(2,278)
Net cash provided by financing activities	127,424	368,112
Cash and cash equivalents		
Net increase	8,535	3,439
Balance at beginning of year	16,737	20,461
Balance at end of period	$ 25,272	$ 23,900
Interest paid, net	$ 26,953	$ 24,945
Income taxes paid, net	12,757	4,110

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY
For the six months ended June 30, 2007 and 2006
(Dollars and shares in thousands)
(Unaudited)

	Common Stock		Paid-		Accumulated	U
	Shares Outstanding	Par Value	in Capital	Retained Earnings	Other Comprehensive (Loss) Income	C
Balance at December 31, 2005	37,266	$426	$139,475	$209,459	$(13,888)	
Comprehensive income:						
Net income	--	--	--	33,545	--	
Change in fair value of derivatives, net of tax benefit of $595	--	--	--	--	(833)	
Foreign currency translation, net of tax provision of $1,850	--	--	--	--	(1,585)	
Comprehensive income						
Dividends declared on common stock	--	--	--	(8,995)	--	
Reversal of unamortized stock						

compensation	--	--	(1,893)	--	--
Stock compensation expense	--	--	952	--	--
Stock option exercises, including tax benefit of $1,281	124	1	2,813	--	--
Net issuance of treasury stock for vested restricted stock units, including tax benefit of $35	9	--	(102)	--	--
Balance at June 30, 2006	37,399	$427	$141,245	$234,009	$(16,306)
Balance at December 31, 2006	37,588	$429	$146,332	$295,433	$(15,564)
Comprehensive income:					
Net income	--	--	--	55,253	--
Amortization of prior service cost and actuarial losses, net of tax provision of $373	--	--	--	--	609
Change in fair value of derivatives, net of tax provision of $2,956	--	--	--	--	4,920
Foreign currency translation, net of tax benefit of $2,569	--	--	--	--	6,926
Comprehensive income					
Adjustment to initially apply FIN 48	--	--	--	(1,815)	--
Dividends declared on common stock	--	--	--	(12,138)	--
Stock compensation expense	--	--	1,618	--	--
Stock option exercises, including tax benefit of $1,033	64	1	1,821	--	--
Net issuance of treasury stock for vested restricted stock units, including tax benefit of $104	17	--	(185)	--	--
Balance at June 30, 2007	37,669	$430	$149,586	$336,733	$ (3,109)

See accompanying notes.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2007 and 2006 and for the three and six months then ended is unaudited)

Note 1. Significant Accounting Policies

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

The Condensed Consolidated Balance Sheet at December 31, 2006 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, 2006.

Recently Adopted Accounting Pronouncement. In June 2006, the Financial Accounting Standards Board, or FASB, issued FASB Interpretation No., or FIN, 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109." FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. We adopted FIN 48 on January 1, 2007. As a result, we recognized a reduction to opening retained earnings at January 1, 2007 of $1.8 million to recognize additional long-term tax liabilities. See Note 8 for further information.

Recent Accounting Pronouncement. In September 2006, the 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. SFAS No. 157 is effective for us on January 1, 2008. We are currently evaluating the impact SFAS No. 157 will have on our consolidated financial statements.

Note 2. Acquisitions

White Cap

During 2006, we acquired the White Cap closures operations in Europe, Turkey, China and the Philippines from Amcor Limited, or Amcor. The majority of this acquisition was completed in June 2006. In January 2007, we acquired the majority share of the White Cap closures operations in Venezuela from Amcor. The acquisition of the remaining White Cap closures operations in Brazil is subject to the satisfaction of specified conditions as provided in the purchase agreement with Amcor. White Cap is a leading supplier of an extensive range of vacuum closures to consumer goods packaging companies in the food and beverage industries in the markets it serves. White Cap has been recombined with our previously acquired White Cap closures operations in the United States to create a global leader in vacuum closures for hot filled and retortable food and beverage products.

The White Cap acquisition was accounted for using the purchase method of accounting. Accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair values at the respective dates of acquisition, and the results of operations have been included in our consolidated financial statements as of the respective dates of acquisition. We have completed the valuation of certain assets and liabilities including property, plant and equipment, intangible assets and pension obligations. The valuation of certain other assets and liabilities is still in process, and therefore the actual fair value may vary from these preliminary estimates. Adjustments to the acquired net assets resulting from final valuations are not expected to be significant.

Cousins-Currie Limited

In December 2006, we acquired substantially all of the assets of Cousins-Currie Limited, or Cousins-Currie, a leading manufacturer in Canada of larger-size custom designed plastic containers.

The acquisition of Cousins-Currie was accounted for using the purchase method of accounting. Accordingly, the purchase price has been preliminarily allocated to the assets acquired and liabilities assumed based on their estimated fair value at the acquisition date. In the second quarter of 2007, we completed the valuation of intangible assets and as a result reallocated Cdn $17.7 million ($16.5 million translated into U.S. dollars at the exchange rate in effect at June 30, 2007) from goodwill to other intangible assets, which assets were primarily customer relationships with an estimated useful life of 19 years. The valuation of certain assets and liabilities is still in process, and therefore the actual fair values may vary from preliminary estimates. Adjustments to the acquired net assets resulting from final valuations are not expected to be significant.

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, 2006 is summarized as follows:

	Employee Severance and Benefits	Plant Exit Costs	Non-Cash Asset Write-Down	
		(Dollars in thousands)		
Balance at December 31, 2006				
2001 Rationalization Plan	$ --	$232	$ --	$
2006 Rationalization Plans	4,676	--	--	
Balance at December 31, 2006	4,676	232	--	
Activity for the Six Months Ended June 30, 2007				
2001 Rationalization Plan Reserve Adjustment	--	218	--	
2001 Rationalization Plan Reserve Utilized	--	(101)	--	
2006 Rationalization Plan Reserves Established	2,183	11	965	
2006 Rationalization Plan Reserves Utilized	(1,751)	(11)	(965)	
Total Activity	432	117	--	
Balance at June 30, 2007				
2001 Rationalization Plan	--	349	--	
2006 Rationalization Plans	5,108	--	--	
Balance at June 30, 2007	$ 5,108	$349	$ --	$

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2007 and 2006 and for the three and six months then ended is unaudited)

Note 3. Rationalization Charges (continued)

2006 Rationalization Plans

In June 2006, in an effort to streamline operations and reduce costs, we approved a plan to exit our St. Paul, Minnesota metal food container manufacturing facility. We expect to cease operations at this facility in the fourth quarter of 2007. 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 $13.9 million. These costs include $5.7 million of non-cash pension and postretirement curtailment expense, $2.6 million of employee severance and special termination benefits, $2.6 million for plant exit costs, $2.6 million for the acceleration of depreciation to write-down the building for sale and equipment for abandonment upon the exit of the facility and $0.4 million for the non-cash write-down in carrying value of assets. As of December 31, 2006, total charges recognized to date included $4.6 million of non-cash pension and postretirement curtailment expense, $1.9 million of employee severance and special termination benefits and $2.1 million for the non-cash write-down and accelerated depreciation of the building and equipment. Rationalization charges recognized during 2007 were $1.6 million for employee severance and benefits and $0.7 million for the non-cash write-down and accelerated depreciation of the building and equipment. Additional charges of $3.0 million are expected through 2008. Cash expenditures of $4.4 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. We have ceased operations at this facility. The plan includes the termination or relocation of approximately 110 employees and other related plant exit costs. We estimate that the total costs for the rationalization of the facility will be $5.4 million. These costs include $4.0 million for employee severance and benefits, $1.0 million for plant exit costs and $0.4 million for the non-cash write-down in carrying value of assets. As of December 31, 2006, we recognized $3.4 million for employee severance and benefits and $0.1 million for the non-cash write down in carrying value of assets. Rationalization charges recognized during 2007 were $0.6 million for employee severance and benefits and $0.3 million for the non-cash write-down in carrying value of assets. Additional charges of $1.0 million are expected through 2007. Cash expenditures of $4.6 million are expected through 2008, primarily for plant exit costs. In addition, we expect to sell the Stockton building in 2008 for estimated proceeds in excess of the net book value of the facility.

Note 3. Rationalization Charges (continued)

2001 Rationalization Plan

In 2007, the rationalization reserve for the plan to exit our Fairfield, Ohio plastic container manufacturing facility was adjusted to recognize additional charges for the change in expected sublease income. The lease expires in 2009.

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

	June 30, 2007	June 30, 2006	Dec. 31, 2006
	(Dollars in thousands)		
Accrued liabilities	$1,797	$319	$1,537
Other liabilities	3,660	240	3,371
	$5,457	$559	$4,908

Note 4. Accumulated Other Comprehensive Loss

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

	June 30, 2007	June 30, 2006	Dec. 31, 2006
	(Dollars in thousands)		
Foreign currency translation	$ 19,834	$ 9,974	$ 12,908
Change in fair value of derivatives	6,416	3,280	1,496
Unrecognized net periodic pension and other postretirement benefit costs:			
Net service credit	4,700	--	4,532
Net actuarial loss	(34,059)	--	(34,500)
Minimum pension liability	--	(29,560)	--
Accumulated other comprehensive loss	$ (3,109)	$(16,306)	$(15,564)

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2007 and 2006 and for the three and six months then ended is unaudited)

Note 5. Inventories

Inventories consisted of the following:

	June 30, 2007	June 30, 2006	Dec. 31, 2006
	(Dollars in thousands)		
Raw materials	$ 79,969	$ 82,148	$ 90,969
Work-in-process	80,085	71,831	68,249
Finished goods	399,116	354,080	276,870
Spare parts and other	27,703	16,572	26,711
	586,873	524,631	462,799
Adjustment to value domestic inventory at cost on the LIFO method	(38,584)	(29,832)	(36,208)
	$548,289	$494,799	$426,591

Note 6. Long-Term Debt

Long-term debt consisted of the following:

	June 30, 2007	June 30, 2006	Dec. 31, 2006
	(Dollars in thousands)		
Bank debt			
Bank revolving loans	$ 240,800	$ 216,323	$ --
Bank A term loans	345,000	375,000	345,000
Bank B term loans	41,904	83,750	41,904
Canadian term loans	84,069	40,068	77,445
Euro term loans	269,060	252,720	262,300
Other foreign bank revolving loans	20,460	--	25,989
Total bank debt	1,001,293	967,861	752,638
Subordinated debt			
6 3/4% Senior Subordinated Notes	200,000	200,000	200,000
Other	3,000	3,000	3,000
Total subordinated debt	203,000	203,000	203,000
Total debt	1,204,293	1,170,861	955,638
Less current portion	261,688	217,169	26,417

	$ 942,605	$ 953,692	$929,221

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2007 and 2006 and for the three and six months then ended is unaudited)

Note 6. Long-Term Debt (continued)

At June 30, 2007, amounts expected to be repaid within one year consisted of $240.8 million of bank revolving loans related primarily to seasonal working capital needs and $0.4 million of bank term loans under our senior secured credit facility, or the Credit Agreement, and $20.5 million of foreign bank revolving loans.

In March 2007, we entered into two interest rate swap agreements for notional principal amounts of $25 million and Cdn $25 million, respectively, to fix interest on variable rate debt at 4.90 percent and 4.20 percent, respectively. These interest rate swaps mature in March 2010, are accounted for as cash flow hedges and are with a financial institution which is expected to fully perform under the terms thereof.

At June 30, 2007, the aggregate notional principal amount of outstanding interest rate swap agreements was $491 million, of which $127 million matures in 2007 (non-U.S. dollar agreements have been translated into U.S. dollars at exchange rates in effect at June 30, 2007).

Note 7. Retirement Benefits

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

	Three Months Ended		Six Month
	June 30, 2007	June 30, 2006	June 30, 2007
	(Dollars in thousands)		
Service cost	$ 3,466	$ 3,339	$ 7,128
Interest cost	6,089	5,412	12,249
Expected return on plan assets	(7,732)	(6,883)	(15,410)
Amortization of prior service cost	577	784	1,154
Amortization of actuarial losses	258	750	431
Curtailment expense	1,158	3,708	1,158
Termination benefits	--	549	--
Net periodic benefit cost	$ 3,816	$ 7,659	$ 6,710

======= ======= ========

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

	Three Months Ended		Six Month
	June 30, 2007	June 30, 2006	June 30, 2007
		(Dollars in thousands)	
Service cost	$ 225	$ 293	$ 469
Interest cost	928	909	1,873
Amortization of prior service cost	(442)	(557)	(884)
Amortization of actuarial losses	141	208	281
Curtailment expense	--	1,185	--
Net periodic benefit cost	$ 852	$2,038	$1,739

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2007 and 2006 and for the three and six months then ended is unaudited)

Note 7. Retirement Benefits (continued)

We recognized curtailment expense in 2007 and 2006 for our pension benefits and in 2006 for our postretirement 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, 2006, based on current tax law, there are no minimum required contributions to our pension plans in 2007. However, this is subject to change based on a number of factors, including in the event that asset performance is significantly below the assumed long-term rate of return on plan assets. During the first six months of 2007, we made no contributions to fund our pension plans.

Note 8. Income Taxes

We adopted the provisions of FIN 48 on January 1, 2007. As a result, we recognized an increase in the liability for unrecognized tax benefits of $1.8 million, which was accounted for as an adjustment to the opening balance of retained earnings at January 1, 2007. The total amount of unrecognized tax benefits as of January 1, 2007, including the cumulative effect of the adoption of FIN 48, was $30.9 million, of which $15.8 million represented liabilities that if recognized would impact the effective tax rate.

Holdings and its subsidiaries file U.S. Federal income tax returns, as well as income tax returns in various states and foreign jurisdictions. With limited exceptions and due to the impact of net operating loss and other credit carryforwards, we may be effectively subject to U.S. Federal income tax examinations for periods after 1990. We are subject to examination by state and local tax authorities generally for the period mandated by statute, with the exception of states where waivers of the statute of limitations have been executed. These states and the earliest open period include Wisconsin (1995), Texas (2001), New York (2001) and Indiana (2002). Our foreign subsidiaries are generally not subject to examination by tax authorities for periods before 2001, and we have contractual indemnities with third parties with respect to open periods that predate our ownership of certain foreign subsidiaries. Subsequent periods may be examined by the relevant tax authorities. The Internal Revenue Service, or IRS, commenced an examination in the fourth quarter of 2006 of Holdings' income tax return for the period ended December 31, 2004 which it expects to complete in 2008. To date, we do not believe this examination will have a material impact on our consolidated financial statements.

We recognize accrued interest and penalties related to unrecognized taxes as additional tax expense. At December 31, 2006, we had $1.1 million accrued for potential interest and penalties.

Note 9. Dividends

On August 7, 2007, our Board of Directors declared a quarterly cash dividend on our common stock of $0.16 per share, payable on September 14, 2007 to holders of record of our common stock on August 31, 2007. The cash payment for this dividend is expected to be approximately $6.1 million.

Note 10. Treasury Stock

During the six months ended June 30, 2007, we issued 21,812 treasury shares at 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 5,057 shares of our common stock at an average cost of $48.19 to satisfy employee withholding tax requirements resulting from certain restricted stock units becoming vested. We account for the treasury shares using the first-in, first-out (FIFO) cost method. As of June 30, 2007, 5,319,311 shares were held in treasury.

Note 11. Stock-Based Compensation

We currently have one stock-based compensation plan in effect, under which we have issued options and restricted stock units to our officers, other key employees and outside directors. We apply the recognition and measurement principles of SFAS No. 123(R), "Share-Based Payment," which requires recognition of compensation expense in an amount equal to the fair value of the share-based payment.

During the first six months of 2007, we granted 56,800 restricted stock units to certain of our officers and key employees. These restricted stock units vest ratably over a five-year period from the date of grant. The fair value of these units at the date of grant was $2.8 million. In June 2007, we granted 5,142 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 units at the date of grant was $0.3 million.

Note 12. Business Segment Information

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

	Metal Food Containers(1)	Plastic Containers(2)	Closures	Corpor
			(Dollars in thousands)	
Three Months Ended June 30, 2007				
Net sales	$364,972	$157,184	$161,370	$ -
Depreciation and amortization(3)	15,442	11,201	6,847	4
Segment income from operations	27,705	12,417	20,781	(2,4
Three Months Ended June 30, 2006				
Net sales	$349,999	$145,039	$102,174	$ -
Depreciation and amortization(3)	16,739	11,142	3,769	1
Segment income from operations	18,892	11,817	10,645	(1,4
Six Months Ended June 30, 2007				
Net sales	$710,600	$319,593	$304,158	$ -

Depreciation and amortization(3)	30,211	21,509	13,555	8
Segment income from operations	56,472	32,233	36,604	(4,7
Six Months Ended June 30, 2006				
Net sales	$684,759	$308,217	$174,087	$ -
Depreciation and amortization(3)	33,402	21,686	6,310	1
Segment income from operations	37,104	25,596	21,231	(4,4

----

(1) Segment income from operations includes rationalization charges of $2.1 million and $3.2 million for the three and six months ended June 30, 2007, respectively, and $5.8 million for the three and six months ended June 30, 2006.

(2) Segment income from operations includes rationalization charges of $0.2 million for the three and six months ended June 30, 2007 and $0.4 million and $2.5 million for the three and six months ended June 30, 2006, respectively.

(3) Depreciation and amortization excludes amortization of debt issuance costs of $0.3 million for each of the three months ended June 30, 2007 and 2006 and $0.7 million and $0.5 million for the six months ended June 30, 2007 and 2006, respectively.

Note 12. Business Segment Information (continued)

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

	Three Months Ended		Six Months En	
	June 30, 2007	June 30, 2006	June 30, 2007	J
	(Dollars in thousands)			
Total segment income from operations	$58,464	$39,871	$120,559	$
Interest and other debt expense	16,909	14,199	33,008	
Income before income taxes	$41,555	$25,672	$ 87,551	$

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, 2006 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. However, in the absence of such acquisition opportunities, we expect to use our cash flow to repay debt. If acquisition opportunities are not identified over a longer period of time, we would consider other permitted uses of our cash flow, such as repurchases of shares of our common stock or increased dividends to our stockholders.

During 2006, we acquired the White Cap closures operations in Europe, Turkey, China and the Philippines from Amcor. The majority of this acquisition was completed in June 2006. In January 2007, we acquired the majority share of the White Cap closures operations in Venezuela from Amcor. The acquisition of the remaining White Cap closures operations in Brazil is subject to the satisfaction of specified conditions as provided in the purchase agreement with Amcor. White Cap is a leading supplier of an extensive range of vacuum closures to consumer goods packaging companies in the food and beverage industries in the markets it serves. White Cap has been recombined with our previously acquired White Cap closures operations in the United States to create a global leader in vacuum closures for hot filled and retortable food and beverage products.

In December 2006, we acquired substantially all of the assets of Cousins-Currie, a leading manufacturer in Canada of larger-size custom designed plastic containers.

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	
	June 30, 2007	June 30, 2006
Net sales		
Metal food containers	53.4%	58.6%
Plastic containers	23.0	24.3
Closures	23.6	17.1
Consolidated	100.0	100.0
Cost of goods sold	85.5	87.4
Gross profit	14.5	12.6
Selling, general and administrative expenses	5.6	4.9
Rationalization charges	0.3	1.0
Income from operations	8.6	6.7
Interest and other debt expense	2.5	2.4
Income before income taxes	6.1	4.3
Provision for income taxes	2.2	1.6
Net income	3.9%	2.7%

Summary unaudited results of operations for the three and six months ended June 30, 2007 and 2006 are provided below.

	Three Months Ended	
	June 30, 2007	June 30, 2006
	(Dollars in mil	

Net sales		
Metal food containers	$365.0	$350.0
Plastic containers	157.2	145.0
Closures	161.4	102.2
Consolidated	$683.6	$597.2
Income from operations		
Metal food containers (1)	$ 27.7	$ 18.9
Plastic containers (2)	12.4	11.8
Closures	20.8	10.7
Corporate	(2.4)	(1.5)
Consolidated	$ 58.5	$ 39.9

----

(1) Includes rationalization charges of $2.1 million and $3.2 million for the three and six months ended June 30, 2007, respectively, and $5.8 million for the three and six months ended June 30, 2006.

(2) Includes rationalization charges of $0.2 million for the three and six months ended June 30, 2007 and $0.4 million and $2.5 million for the three and six months ended June 30, 2006, respectively.

Three Months Ended June 30, 2007 Compared with Three Months Ended June 30, 2006

Overview. Consolidated net sales were $683.6 million in the second quarter of 2007, representing a 14.5 percent increase as compared to the second quarter of 2006 due primarily to the inclusion of the acquisitions completed in 2006, higher average selling prices resulting from the pass through of inflation in raw material and other manufacturing costs and improved volumes across all of our businesses. Income from operations for the second quarter of 2007 of $58.5 million increased by $18.6 million, or 46.6 percent, as compared to the same period in 2006 due to higher income from operations in all of our businesses, largely as a result of the acquisitions completed in 2006, higher rationalization charges incurred in 2006, improved volumes in each business and continued benefits from cost reductions, slightly offset by a less favorable mix of products sold in the plastic container business and the effect from the initial reduction of the provisional inventory built in prior quarters in the metal food container business. The results for 2007 included rationalization charges of $2.3 million. The results for 2006 included rationalization charges of $6.2 million. Net income for the second quarter of 2007 was $26.8 million, or $0.70 per diluted share, as compared to $16.4 million, or $0.43 per diluted share, for the same period in 2006.

Net Sales. The $86.4 million increase in consolidated net sales in the second quarter of 2007 as compared to the second quarter of 2006 was the result of higher net sales across all businesses.

Net sales for the metal food container business in the second quarter of 2007 increased $15.0 million, or 4.3 percent, as compared to net sales for the same period in 2006. This increase was the result of an increase in volumes and higher average selling prices due to the pass through of inflation in raw material and other manufacturing costs.

Net sales for the plastic container business in the second quarter of 2007 increased $12.2 million, or 8.4 percent, as compared to the same period in 2006. This increase was primarily a result of the inclusion of sales from Cousins-Currie and increased volumes, partially offset by lower demand levels for the food product line primarily as a result of less customer promotional activity versus the same period a year ago.

Net sales for the closures business increased $59.2 million, or 57.9 percent, in the second quarter of 2007 as compared to the same period in 2006. This increase was primarily a result of the inclusion of the White Cap acquisition for the entire period.

Gross Profit. Gross profit margin increased 1.9 percentage points to 14.5 percent in the second quarter of 2007 as compared to the same period in 2006 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 increased to 5.6 percent for the second quarter of 2007 as compared to 4.9 percent for the same period in 2006, due primarily to the inclusion of the international closures operations which incur such expenses at a higher percentage of its sales as compared to our other operations.

Income from Operations. Income from operations for the second quarter of 2007 increased by $18.6 million as compared to the second quarter of 2006 as a result of higher income from operations across all businesses. Operating margin increased to 8.6 percent from 6.7 percent over the same periods due to increased margins in our metal food container and closures businesses.

Income from operations of the metal food container business for the second quarter of 2007 increased $8.8 million, or 46.6 percent, as compared to the same period in 2006, and operating margin increased to 7.6 percent from 5.4 percent over the same periods. These increases were due primarily to higher rationalization charges incurred in the second quarter of 2006, increased sales volumes, the lagged contractual pass through implemented during 2006 of significant inflation in other manufacturing costs and benefits derived from ongoing cost reduction initiatives. These benefits were slightly offset by the effects from an earlier than anticipated reduction in the provisional inventory built during prior quarters as certain union negotiations were successfully completed during the quarter. We expect to utilize the remaining provisional inventory in the latter half of 2007. The second quarter of 2007 included rationalization charges of $2.1 million for the ongoing costs associated with the plans to close the St. Paul, Minnesota and Stockton, California metal food container facilities. The second quarter of 2006 included rationalization charges of $5.8 million for the costs associated with the plans to close the St. Paul, Minnesota facility.

Income from operations of the plastic container business for the second quarter of 2007 increased $0.6 million, or 5.1 percent, as compared to the same period in 2006, and operating margin decreased slightly to 7.9 percent from 8.1 percent over the same periods. The increase in operating income was primarily as a result of the impact from the Cousins-Currie acquisition and volume growth, offset by a less favorable mix of products sold attributable to lower demand levels for the food product line. The slight decrease in operating margin was due primarily to the less favorable mix of products sold.

Income from operations of the closures business for the second quarter of 2007 increased $10.1 million, or 94.4 percent, to $20.8 million as compared to $10.7 million in the same quarter a year ago. This increase was due primarily to the inclusion of the White Cap acquisition for the entire period. Operating margin for the second quarter of 2007 increased to 12.9 percent from 10.4 percent in the prior year period due primarily to the unfavorable impact of the inventory write-up for the international operations in the second quarter of 2006 as a result of purchase accounting, slightly offset by the incurrence of higher selling, general and administrative costs in the international operations.

Interest and Other Debt Expense. Interest and other debt expense for the second quarter of 2007 increased $2.7 million to $16.9 million as compared to the same period in 2006. This increase resulted primarily from higher average borrowings as a result of the 2006 acquisitions and higher working capital and the effects of higher market interest rates.

Six Months Ended June 30, 2007 Compared with Six Months Ended June 30, 2006

Overview. Consolidated net sales were $1.33 billion in the first six months of 2007, representing a 14.3 percent increase as compared to the first six months of 2006 primarily due to the inclusion of the acquisitions completed in 2006, higher average selling prices resulting from the pass through of inflation in raw material and other manufacturing costs in the metal food container and closures businesses and improved volumes in the metal food and plastic container businesses. Income from operations for the first six months of 2007 increased by $41.1 million, or 51.7 percent, as compared to the same period in 2006. The increase in income from operations was a result of higher income from operations across all businesses, largely due to the acquisitions completed in 2006, higher rationalization charges incurred in 2006, continued benefits from cost reductions and the lagged contractual pass through of inflation in other manufacturing costs. The results for the first six months of 2007 and 2006 included rationalization charges of $3.4 million and $8.3 million, respectively. Net income for the first six months of 2007 was $55.3 million, or $1.45 per diluted share, as compared to $33.5 million, or $0.89 per diluted share, for the same period in 2006.

Net Sales. The $167.3 million increase in consolidated net sales in the first six months of 2007 as compared to the first six months of 2006 was primarily due to higher net sales across all of our businesses.

Net sales for the metal food container business increased $25.8 million, or 3.8 percent, in the first six months of 2007 as compared to the same period in 2006. This increase was primarily attributable to higher average selling prices due to the pass through of inflation in raw material and other manufacturing costs and an increase in volumes.

Net sales for the plastic container business in the first six months of 2007 increased $11.4 million, or 3.7 percent, as compared to the same period in 2006. This increase was primarily the result of the inclusion of sales from Cousins-Currie and improved volumes, partially offset by a less favorable mix of products sold and the impact from the rationalization of the Valencia, California manufacturing facility in the second quarter of 2006.

Net sales for the closures business in the first six months of 2007 increased $130.1 million, or 74.7 percent, as compared to the same period in 2006. This increase was attributable to the White Cap acquisition and higher average selling prices resulting from the pass through of inflation in raw material and other manufacturing costs.

Gross Profit. Gross Profit margin increased 2.3 percentage points to 14.9 percent for the first six months of 2007 as compared to the same period in 2006 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 increased to 5.6 percent for the first six months of 2007 as compared to 5.1 percent for the same period in 2006, due primarily to the inclusion of the international closures operations which incur such expenses at a higher percentage of its sales as compared to our other operations.

Income from Operations. Income from operations for the first six months of 2007 increased by $41.1 million as compared to the first six months of 2006 as a result of higher income from operations across all businesses. Operating margin increased to 9.0 percent from 6.8 percent over the same periods as a result of increased margins in our metal food and plastic container businesses.

Income from operations of the metal food container business for the first six months of 2007 increased $19.4 million, or 52.3 percent, as compared to the same period in 2006, and operating margin increased to 8.0 percent from 5.4 percent over the same periods. These increases were principally due to higher rationalization charges recorded in the first six months of 2006 for the shut down of the St. Paul, Minnesota manufacturing facility, the lagged contractual pass through of inflation in other manufacturing costs, benefits derived from ongoing cost reduction initiatives and increased sales volumes.

Income from operations of the plastic container business for the first six months of 2007 increased $6.6 million, or 25.8 percent, as compared to the same period in 2006, and operating margin increased to 10.1 percent from 8.3 percent over the same periods. The increases in income from operations and operating margin were primarily due to the impact from the Cousins-Currie acquisition, rationalization charges of $2.5 million incurred in 2006 for the shut down of the Valencia, California manufacturing facility, volume growth and continued benefits from cost reductions, slightly offset by a less favorable mix of products sold.

Income from operations of the closures business for the first six months of 2007 increased $15.3 million, or 71.8 percent, as compared to the same periods in 2006 due primarily to the White Cap acquisition. Operating margin for the first six months of 2007 decreased slightly to 12.0 percent from 12.2 percent over the same period primarily as a result of the incurrence of higher selling, general and administrative costs in the international operations.

Interest and Other Debt Expense. Interest and other debt expense for the first six months of 2007 increased $7.5 million to $33.0 million as compared to the same period in 2006. This increase resulted primarily from higher average borrowings as a result of the 2006 acquisitions and the effects of higher market interest rates.

CAPITAL RESOURCES AND LIQUIDITY

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

For the six months ended June 30, 2007, we used net borrowings of revolving loans of $234.0 million and proceeds from stock option exercises of $1.6 million to fund cash used in operations of $38.2 million primarily for our seasonal working capital needs, net capital expenditures of $72.9 million, our acquisition of the White Cap operations in Venezuela of $7.8 million, net of cash acquired, decreases in outstanding checks of $96.1 million and dividends paid on our common stock of $12.1 million and to increase cash balances by $8.5 million.

For the six months ended June 30, 2006, we used net borrowings of revolving loans of $216.3 million, borrowings of long-term debt of $257.6 million and proceeds from stock option exercises of $2.4 million to fund our acquisition of White Cap for $257.8 million, net of cash acquired, cash used in operations of $48.5 million primarily for our seasonal working capital needs, net capital expenditures of $58.3 million, decreases in outstanding checks of $97.0 million, debt issuance costs of $2.3 million incurred in connection with our amendment to the Credit Agreement and dividends paid on our common stock of $9.0 million and to increase cash balances by $3.4 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.

At June 30, 2007, we had $240.8 million of revolving loans outstanding under the Credit Agreement. After taking into account outstanding letters of credit, the available portion of the revolving loan facility under the Credit Agreement at June 30, 2007 was $167.2 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. During 2007, we estimate that we will utilize approximately $250 - $300 million of revolving loans under the Credit Agreement for our peak seasonal working capital requirements.

During the first six months of 2007, we paid cash dividends on our common stock totaling $12.1 million. On August 7, 2007, our Board of Directors declared a quarterly cash dividend on our common stock of $0.16 per share, payable on September 14, 2007 to holders of record of our common stock on August 31, 2007. The cash payment for this dividend is expected to be approximately $6.1 million.

We believe that cash generated from operations and funds from borrowings available under the Credit Agreement will be sufficient to meet our expected operating needs, planned capital expenditures (approximately $150 million in 2007 and between $110 million and $140 million annually thereafter), 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 2007 with all of these covenants.

Rationalization Charges

In 2006, we announced our plans to exit our St. Paul, Minnesota and Stockton, California metal food container manufacturing facilities. We expect to cease operations at our St. Paul facility in the fourth quarter of 2007. We incurred charges of $2.3 million during the first six months of 2007 related to this facility rationalization and expect to incur an additional $3.0 million of charges primarily related to plant exit costs. We have ceased operations at our Stockton facility. We incurred charges of $0.9 million in the first six months of 2007 related to this facility rationalization and expect to incur an additional $1.0 million of charges primarily related to plant exit costs.

Under our rationalization plans, we made cash payments of $0.7 million and $1.2 million for the six months ended June 30, 2007 and 2006, respectively. Total future cash spending of $9.3 million is expected for our outstanding rationalization plans.

You should also read Note 3 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2007 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.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2006, the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109." FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. We adopted FIN 48 on January 1, 2007. Our adoption of FIN 48 did not have a material impact on our consolidated financial statements. You should also read Note 8 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2007 included elsewhere in this Quarterly Report.

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. SFAS No. 157 is effective for us on January 1, 2008. We are currently evaluating the impact SFAS No. 157 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 limited 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, 2006. Since such filing, other than as disclosed in Note 6 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2007 included elsewhere in this Quarterly Report, there has not been a material change to our interest rate risk, foreign currency exchange rate risk or commodity pricing risk or to our policies and procedures to manage our exposure to these risks.

Item 4. CONTROLS AND PROCEDURES

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. We are currently in the process of integrating the internal controls and procedures of certain White Cap operations and Cousins-Currie into our internal controls over financial reporting. As provided under the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations of the Securities and Exchange Commission, we will include the internal controls and procedures of White Cap and Cousins-Currie in our annual assessment of the effectiveness of our internal control over financial reporting for our 2007 fiscal year.

Part II. Other Information

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

Our annual meeting of stockholders, or the Annual Meeting, for which proxies were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, was held on May 31, 2007 for the purposes of (1) electing two directors to serve for a three year term until our annual meeting of stockholders in 2010 and until their successors are duly elected and qualified; and (2) ratifying the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007.

The nominees for director listed in our proxy statement, each of whom was elected at the Annual Meeting, are named below, and each received the number of votes for election as indicated below (with each share of our common stock being entitled to one vote):

	Number of Shares Voted For	Number of Shares Withheld
R. Philip Silver	25,290,109	10,621,335
William C. Jennings	35,063,742	847,702

Our directors whose term of office continued after the Annual Meeting are D. Greg Horrigan and John W. Alden, each of whose term of office as a director continues until our annual meeting of stockholders in 2008, and Anthony J. Allott, Jeffrey C. Crowe and Edward A. Lapekas, each of whose term of office as a director continues until our annual meeting of stockholders in 2009.

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2007 was approved at the Annual Meeting. There were 35,248,487 votes cast ratifying such appointment, 659,057 votes cast against ratification of such appointment and 3,900 votes abstaining.

Item 6. Exhibits

Exhibit Number	Description
12	Ratio of Earnings to Fixed Charges for the three and six months ended June 30, 2007 and 2006.
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: August 8, 2007

/s/Robert B. Lewis

Robert B. Lewis
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

EXHIBIT NO.	EXHIBIT
12	Ratio of Earnings to Fixed Charges for the three and six months ended June 30, 2007 and 2006.
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.