SILGAN HOLDINGS INC
Form 10-Q
November 09, 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 September 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-accelerated filer. See definition of "accelerated 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 October 31, 2007, the number of shares outstanding of the Registrant's common stock, $0.01 par value, was 37,726,515.

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, 2007 (unaudited)	Sept. 30, 2006 (unaudited)	Dec. 31, 2006
Assets			
Current assets			
Cash and cash equivalents	$ 26,792	$ 27,767	$ 16,737
Trade accounts receivable, net	456,289	444,732	232,429
Inventories	412,706	383,561	426,591
Prepaid expenses and other current assets	27,341	20,676	41,995
Total current assets	923,128	876,736	717,752
Property, plant and equipment, net	926,462	874,003	894,647
Goodwill	304,495	235,476	304,393
Other intangible assets, net	63,709	100,143	47,833
Other assets, net	51,466	39,134	43,754
	$2,269,260	$2,125,492	$2,008,379
Liabilities and Stockholders' Equity			
Current liabilities			
Revolving loans and current portion of long-term debt	$ 210,828	$ 201,992	$ 26,417
Trade accounts payable	208,988	208,845	299,938
Accrued payroll and related costs	75,073	74,565	72,205
Accrued liabilities	60,821	64,745	34,404
Total current liabilities	555,710	550,147	432,964
Long-term debt	962,846	955,427	929,221
Other liabilities	282,141	277,270	279,654
Stockholders' equity			
Common stock	430	428	429
Paid-in capital	151,667	141,957	146,332
Retained earnings	378,282	279,184	295,433
Accumulated other comprehensive loss	(1,712)	(18,812)	(15,564
Treasury stock	(60,104)	(60,109)	(60,090
Total stockholders' equity	468,563	342,648	366,540
	$2,269,260	$2,125,492	$2,008,379

See accompanying notes.

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

	2007	2006
Net sales	$904,837	$856,426
Cost of goods sold	774,536	731,168
Gross profit	130,301	125,258
Selling, general and administrative expenses	37,026	36,587
Rationalization charges	670	1,740
Income from operations	92,605	86,931
Interest and other debt expense	17,282	17,920
Income before income taxes	75,323	69,011
Provision for income taxes	27,705	19,323
Net income	$ 47,618	$ 49,688
Earnings per share:		
Basic net income per share	$1.26	$1.33
Diluted net income per share	$1.25	$1.31
Dividends per share:	$0.16	$0.12
Weighted average number of shares:		
Basic	37,690	37,411
Effect of dilutive securities	490	515
Diluted	38,180	37,926

See accompanying notes.

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

	2007	2006
Net sales	$2,239,188	$2,023,489
Cost of goods sold	1,909,576	1,751,735
Gross profit	329,612	271,754
Selling, general and administrative expenses	112,403	95,266
Rationalization charges	4,048	10,090
Income from operations	213,161	166,398
Interest and other debt expense	50,290	43,369
Income before income taxes	162,871	123,029
Provision for income taxes	60,000	39,796
Net income	$ 102,871	$ 83,233
Earnings per share:		
Basic net income per share	$2.73	$2.23
Diluted net income per share	$2.70	$2.20
Dividends per share:	$0.48	$0.36
Weighted average number of shares:		
Basic	37,653	37,346
Effect of dilutive securities	496	532
Diluted	38,149	37,878

See accompanying notes.

SILGAN HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2007 and 2006
(Dollars in thousands)
(Unaudited)

	2007	2006
Cash flows provided by (used in) operating activities		
Net income	$ 102,871	$ 83,233
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	101,455	93,991
Rationalization charges	4,048	10,090
Other changes that provided (used) cash, net of effects from acquisitions:		
Trade accounts receivable, net	(214,115)	(237,779)
Inventories	23,359	(1,335)
Trade accounts payable	(1,758)	32,435
Accrued liabilities	20,297	52,803
Other, net	21,065	(6,871)
Net cash provided by operating activities	57,222	26,567
Cash flows provided by (used in) investing activities		
Purchases of businesses, net of cash acquired	(7,846)	(261,778)
Capital expenditures	(112,612)	(87,206)
Proceeds from asset sales	2,855	1,226
Net cash used in investing activities	(117,603)	(347,758)
Cash flows provided by (used in) financing activities		
Borrowings under revolving loans	713,033	797,273
Repayments under revolving loans	(531,059)	(614,724)
Changes in outstanding checks - principally vendors	(95,874)	(98,134)
Proceeds from issuance of long-term debt	--	257,600
Dividends paid on common stock	(18,207)	(13,508)
Proceeds from stock option exercises	1,530	1,629
Excess tax benefit from stock-based compensation	1,578	921
Repurchase of treasury shares	(565)	(217)
Debt issuance costs	--	(2,343)
Net cash provided by financing activities	70,436	328,497
Cash and cash equivalents		
Net increase	10,055	7,306
Balance at beginning of year	16,737	20,461
Balance at end of period	$ 26,792	$ 27,767
Interest paid, net	$ 41,523	$ 39,793
Income taxes paid, net	43,681	12,221

See accompanying notes.

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

	Common Stock Shares Outstanding	Common Stock Par Value	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income
Balance at December 31, 2005	37,266	$426	$139,475	$209,459	$(13,888)
Comprehensive income:					
Net income	--	--	--	83,233	--
Change in fair value of derivatives, net of tax benefit of $2,926	--	--	--	--	(4,652)
Foreign currency translation, net of tax provision of $1,351	--	--	--	--	(272)
Comprehensive income					
Dividends declared on common stock	--	--	--	(13,508)	--
Reversal of unamortized stock compensation	--	--	(1,893)	--	--
Stock compensation expense	--	--	1,589	--	--
Stock option exercises, including tax benefit of $1,371	133	2	2,998	--	--
Net issuance of treasury stock for vested restricted stock units, including tax benefit of $97	18	--	(212)	--	--
Balance at September 30, 2006	37,417	$428	$141,957	$279,184	$(18,812)
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 cost and 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)

See accompanying notes.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at September 30, 2007 and 2006 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, 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.

Goodwill and Other Intangible Assets. We review goodwill and other indefinite-lived intangible assets for impairment as of July 1 of 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 2007 assessment.

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 related to operations acquired in the fourth quarter of 2006 and first quarter of 2007 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. We completed the valuation of intangible assets in 2007 and as a result reallocated $17.7 million from goodwill to other intangible assets, which assets were primarily customer relationships with an estimated useful life of 19 years. 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.

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

Note 3. Rationalization Charges

As part of our plans to rationalize certain facilities, we have established reserves for employee severance and benefits and plant exit costs. Activity in our rationalization reserves since December 31, 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 Nine Months Ended Sept. 30, 2007			
2001 Rationalization Plan Reserve Adjustment	--	218	--
2001 Rationalization Plan Reserve Utilized	--	(137)	--
2006 Rationalization Plan Reserves Established	2,408	235	1,187
2006 Rationalization Plan Reserves Utilized	(1,874)	(235)	(1,187)
Total Activity	534	81	--
Balance at September 30, 2007			
2001 Rationalization Plan	--	313	--
2006 Rationalization Plans	5,210	--	--
Balance at September 30, 2007	$ 5,210	$ 313	$ --

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 $13.7 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, $2.4 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 $1.8 million for employee severance and benefits which included $1.1 million of non-cash pension curtailment expense, $0.1 million for plant exit costs and $0.9 million for the non-cash write-down and accelerated depreciation of the building and equipment. Additional charges of $2.3 million for plant exit costs are expected through 2008. Cash expenditures of $4.0 million are expected through 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, $0.1 million for plant exit costs and $0.3 million for the non-cash write-down in carrying value of assets. Additional charges of $0.9 million are expected through 2008 for plant exit costs. Cash expenditures of $4.4 million are expected through 2008. 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:

	Sept. 30, 2007	Sept. 30, 2006	Dec. 31, 2006
	(Dollars in thousands)		
Accrued liabilities	$1,863	$1,023	$1,537
Other liabilities	3,660	240	3,371
	$5,523	$1,263	$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:

	Sept. 30, 2007	Sept. 30, 2006	Dec. 3 2006
	(Dollars in thousands)		
Foreign currency translation	$ 24,145	$ 11,287	$ 12,9
Change in fair value of derivatives	3,192	(539)	1,4
Unrecognized net periodic pension and other postretirement benefit costs:			
Net prior service credit	4,791	--	4,5
Net actuarial loss	(33,840)	--	(34,5
Minimum pension liability	--	(29,560)	--
Accumulated other comprehensive loss	$ (1,712)	$(18,812)	$(15,5

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

Note 5. Inventories

Inventories consisted of the following:

	Sept. 30, 2007	Sept. 30, 2006	Dec. 31 2006
	(Dollars in thousands)		
Raw materials	$ 79,518	$ 70,649	$ 90,96
Work-in-process	68,666	73,086	68,24
Finished goods	275,185	246,543	276,87
Spare parts and other	28,534	24,461	26,71
	451,903	414,739	462,79
Adjustment to value domestic inventory at cost on the LIFO method	(39,197)	(31,178)	(36,20
	$412,706	$383,561	$426,59

Note 6. Long-Term Debt

Long-term debt consisted of the following:

	Sept. 30, 2007	Sept. 30, 2006	Dec. 31 2006
	(Dollars in thousands)		
Bank debt			
Bank revolving loans	$ 189,872	$ 187,900	$ --
Bank A term loans	345,000	375,000	345,000
Bank B term loans	41,904	83,750	41,904
Canadian term loans	89,910	40,491	77,445
Euro term loans	283,460	254,032	262,300
Other foreign bank revolving loans	20,528	13,246	25,989
Total bank debt	970,674	954,419	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	1,173,674	1,157,419	955,638
Less current portion	210,828	201,992	26,417
	$ 962,846	$ 955,427	$929,221

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

Note 6. Long-Term Debt (continued)

At September 30, 2007, amounts expected to be repaid within one year consisted of $189.9 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. In September 2007, we entered into an interest rate swap agreement for a notional principal amount of $50 million to fix interest on variable rate debt at 4.66 percent. This interest rate swap matures in September 2010. These swaps are accounted for as cash flow hedges and are with a financial institution which is expected to fully perform under the terms thereof.

At September 30, 2007, the aggregate notional principal amount of outstanding interest rate swap agreements was $555 million, of which $128 million matures in the fourth quarter of 2007 (non-U.S. dollar agreements have been translated into U.S. dollars at exchange rates in effect at September 30, 2007).

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

Note 7. Retirement Benefits

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

	Three Months Ended		Nine Mon
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007
	(Dollars in thousands)		
Service cost	$ 3,522	$ 3,688	$ 10,649
Interest cost	6,401	6,008	18,650
Expected return on plan assets	(7,670)	(6,849)	(23,080)
Amortization of prior service cost	723	636	1,877
Amortization of actuarial losses	287	769	717
Curtailment expense	--	--	1,158
Termination benefits	--	26	--
Net periodic benefit cost	$ 3,263	$ 4,278	$ 9,971

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

	Three Months Ended		Nine Mon
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007
	(Dollars in thousands)		
Service cost	$ 231	$ 183	$ 700
Interest cost	808	974	2,681
Amortization of prior service credit	(569)	(210)	(1,454)
Amortization of actuarial losses	74	79	356
Net curtailment gain	--	(2,237)	--

Net periodic benefit cost	$ 544	$(1,211)	$ 2,283

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. The curtailment expense for postretirement benefits included an adjustment to reduce the expense by $0.3 million in September 2006 to reflect the total 2006 expense of $0.9 million.

In September 2006, we recognized income of $1.9 million for the curtailment of postretirement benefits in one of our closures manufacturing facilities.

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 significant 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 nine 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. 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.

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.

In the third quarter of 2006, we recognized a cumulative income tax benefit of $6.9 million, primarily related to the completion of tax initiatives for research and development credits.

Note 9. Dividends

On November 6, 2007, our Board of Directors declared a quarterly cash dividend on our common stock of $0.16 per share, payable on December 14, 2007 to holders of record of our common stock on November 30, 2007. The cash payment for this dividend is expected to be approximately $6.1 million.

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

Note 10. Treasury Stock

During the nine months ended September 30, 2007, we issued 41,612 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 11,499 shares of our common stock at an average cost of $49.11 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, 2007, 5,305,953 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 nine months of 2007, we granted 65,800 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 $3.2 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.

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

Note 12. 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	Corporate
	(Dollars in thousands)			
Three Months Ended September 30, 2007				
Net sales	$ 585,071	$153,122	$166,644	$ --
Depreciation and amortization(3)	15,847	11,134	6,932	421
Segment income from operations	62,729	10,275	21,828	(2,227)
Three Months Ended September 30, 2006				
Net sales	$ 557,898	$144,051	$154,477	$ --
Depreciation and amortization(3)	14,845	10,023	6,309	375
Segment income from operations	63,488	7,156	19,917	(3,630)
Nine Months Ended September 30, 2007				
Net sales	$1,295,671	$472,715	$470,802	$ --
Depreciation and amortization(3)	46,058	32,643	20,486	1,262
Segment income from operations	119,199	42,508	58,432	(6,978)
Nine Months Ended September 30, 2006				
Net sales	$1,242,657	$452,268	$328,564	$ --
Depreciation and amortization(3)	48,247	31,709	12,619	530
Segment income from operations	100,592	32,752	41,148	(8,094)

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(1) Segment income from operations includes rationalization charges of $0.7 million and $1.4 million for the three months ended September 30, 2007 and 2006, respectively, and $3.8 million and $7.2 million for the nine months ended September 30, 2007 and 2006, respectively.
(2) Segment income from operations includes rationalization charges of $0.3 million for the three months ended September 30, 2006 and $0.2 million and

$2.9 million for the nine months ended September 30, 2007 and 2006, respectively.

(3) Depreciation and amortization excludes amortization of debt issuance costs of $0.3 million and $0.4 million for the three months ended September 30, 2007 and 2006, respectively, and $1.0 million and $0.9 million for the nine months ended September 30, 2007 and 2006, respectively.

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

Note 12. Business Segment Information (continued)

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

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
	(Dollars in thousands)			
Total segment income from operations	$92,605	$86,931	$213,161	$166,398
Interest and other debt expense	17,282	17,920	50,290	43,369
Income before income taxes	$75,323	$69,011	$162,871	$123,029

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 may 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 the first half of 2006, we acquired the White Cap closures operations in Europe and Turkey from Amcor. In the fourth quarter of 2006, we acquired the White Cap closures operations in China and the Philippines from Amcor. 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		Nine Months En	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sep 2
Net sales				
Metal food containers	64.7%	65.1%	57.9%	6
Plastic containers	16.9	16.8	21.1	2
Closures	18.4	18.1	21.0	1
Consolidated	100.0	100.0	100.0	10
Cost of goods sold	85.6	85.4	85.3	8
Gross profit	14.4	14.6	14.7	1
Selling, general and administrative expenses	4.1	4.2	5.0	
Rationalization charges	0.1	0.2	0.2	
Income from operations	10.2	10.2	9.5	
Interest and other debt expense	1.9	2.1	2.2	
Income before income taxes	8.3	8.1	7.3	
Provision for income taxes	3.0	2.3	2.7	
Net income	5.3%	5.8%	4.6%	

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

	Three Months Ended		Nine Months E	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Se
	(Dollars in millions)			
Net sales				
Metal food containers	$585.1	$557.9	$1,295.7	$1
Plastic containers	153.1	144.0	472.7	
Closures	166.6	154.5	470.8	
Consolidated	$904.8	$856.4	$2,239.2	$2
Income from operations				
Metal food containers (1)	$ 62.7	$ 63.5	$ 119.2	$
Plastic containers (2)	10.3	7.2	42.5	
Closures	21.8	19.9	58.5	
Corporate	(2.2)	(3.7)	(7.0)	
Consolidated	$ 92.6	$ 86.9	$ 213.2	$

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(1) Includes rationalization charges of $0.7 million and $1.4 million for the three months ended September 30, 2007 and 2006, respectively, and $3.8 million and $7.2 million for the nine months ended September 30, 2007 and 2006, respectively.

(2) Includes rationalization charges of $0.3 million for the three months ended

September 30, 2006 and $0.2 million and $2.9 million for the nine months ended September 30, 2007 and 2006, respectively.

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

Overview. Consolidated net sales were $904.8 million in the third quarter of 2007, representing a 5.7 percent increase as compared to the third quarter of 2006 due primarily to higher average selling prices resulting from the pass through of inflation in raw material and other manufacturing costs, an improved mix of products sold in the metal food container business, the inclusion of sales from our fourth quarter 2006 and first quarter 2007 acquisitions, the favorable impact of foreign exchange translation on international revenues and improved volumes across all businesses. Income from operations for the third quarter of 2007 of $92.6 million increased by $5.7 million, or 6.6 percent, as compared to the same period in 2006 due to improved volumes, benefits from cost reductions and productivity improvements and a decrease in rationalization charges, partially offset by the impact from the inventory reduction in the metal food container business. The results for 2007 included rationalization charges of $0.7 million, or $0.01 per diluted share, net of tax. The results for 2006 included a benefit of $0.15 per diluted share attributable to tax initiatives implemented in the third quarter, net of fees, reduced by rationalization charges of $1.7 million, or $0.03 per diluted share net of tax. Net income for the third quarter of 2007 was $47.6 million, or $1.25 per diluted share, as compared to $49.7 million, or $1.31 per diluted share, for the same period in 2006.

Net Sales. The $48.4 million increase in consolidated net sales in the third quarter of 2007 as compared to the third quarter of 2006 was the result of higher net sales across all businesses and the favorable impact of foreign exchange translation on international revenues.

Net sales for the metal food container business in the third quarter of 2007 increased $27.2 million, or 4.9 percent, as compared to net sales for the same period in 2006. This increase was the result of higher average selling prices due to an improved mix of products sold and the pass through of inflation in raw material and other manufacturing costs as well as slightly higher unit volumes.

Net sales for the plastic container business in the third quarter of 2007 increased $9.1 million, or 6.3 percent, as compared to the same period in 2006. This increase was primarily a result of higher unit volumes attributable to the acquisition of Cousins-Currie.

Net sales for the closures business increased $12.1 million, or 7.8 percent, in the third quarter of 2007 as compared to the same period in 2006. This increase was primarily a result of the inclusion of sales from the White Cap operations acquired in the fourth quarter of 2006 and the first quarter of 2007, the favorable foreign exchange translation on international revenues of approximately $5.6 million, increased unit volumes and the pass through of higher raw material costs.

Gross Profit. Gross profit margin decreased 0.2 percentage points to 14.4 percent in the third 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 decreased to 4.1 percent for the third quarter of 2007 as compared to 4.2 percent for the same period in 2006, due primarily to additional professional fees incurred in 2006 for the implementation of certain tax initiatives.

Income from Operations. Income from operations for the third quarter of 2007 increased by $5.7 million as compared to the third quarter of 2006 as a result of higher income from operations from our plastic container and closures operations and a decrease in rationalization charges of $1.0 million from the prior period. Operating margin remained constant at 10.2 percent for each of the same periods.

Income from operations of the metal food container business for the third quarter of 2007 decreased $0.8 million, or 1.3 percent, as compared to the same period in 2006, and operating margin decreased to 10.7 percent from 11.4 percent over the same periods. These decreases were due principally to the impact of approximately $4.7 million of costs primarily associated with the reduction in the provisional inventory built during the fourth quarter of 2006 and first quarter of 2007 in connection with certain union negotiations that were successfully concluded in the second quarter of 2007. These decreases were offset by an improved mix of products sold, increased sales volumes and benefits derived from ongoing cost reduction initiatives. The third quarter of 2007 included rationalization charges of $0.7 million for the ongoing costs associated with the plans to close the St. Paul, Minnesota and Stockton, California metal food container facilities. The third quarter of 2006 included rationalization charges of $1.4 million for the costs associated with the plans to close the St. Paul facility.

Income from operations of the plastic container business for the third quarter of 2007 increased $3.1 million, or 43.1 percent, as compared to the same period in 2006, and operating margin increased to 6.7 percent from 5.0 percent over the same periods. These increases were primarily a result of the impact from the Cousins-Currie acquisition, productivity improvements and cost reductions.

Income from operations of the closures business for the third quarter of 2007 increased $1.9 million, or 9.5 percent, as compared to the same quarter a year ago, and operating margin increased to 13.1 percent from 12.9 percent over the same periods. These increases were primarily the result of the inclusion of international operations acquired in the fourth quarter of 2006 and the first quarter of 2007, increased unit volumes, the benefits of cost reduction initiatives and improved manufacturing efficiencies.

Interest and Other Debt Expense. Interest and other debt expense for the third quarter of 2007 decreased $0.6 million to $17.3 million as compared to the same period in 2006. This decrease resulted primarily from lower market interest rates.

Provision for Income Taxes. The effective tax rate for the third quarter of 2007 was 36.8 percent as compared to 28.0 percent for the same period last year. The 2006 effective tax rate was impacted by the cumulative income tax benefit of $6.9 million, primarily related to the completion in the third quarter of 2006 of tax initiatives for research and development credits.

Nine Months Ended September 30, 2007 Compared with Nine Months Ended September 30, 2006

Overview. Consolidated net sales were $2.24 billion in the first nine months of 2007, representing a 10.7 percent increase as compared to the first nine months of 2006 primarily due to the inclusion of sales from 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, an improved mix of products sold in the metal food container business and improved volumes across all businesses. Income from operations for the first nine months of 2007 increased by $46.8 million, or 28.1 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, increased unit volumes, higher rationalization charges incurred in 2006, continued benefits from cost reductions and the lagged contractual pass through of inflation in other manufacturing costs experienced in 2006. The results for the first nine months of 2007 and 2006 included rationalization charges of $4.0 million and $10.1 million, respectively. Net income for the first nine months of 2007 was $102.9 million, or $2.70 per diluted share, as compared to $83.2 million, or $2.20 per diluted share, for the same period in 2006.

Net Sales. The $215.7 million increase in consolidated net sales in the first nine months of 2007 as compared to the first nine months of 2006 was primarily due to higher net sales across all of our businesses.

Net sales for the metal food container business increased $53.0 million, or 4.3 percent, in the first nine 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, an increase in unit volumes and an improved mix of products sold.

Net sales for the plastic container business in the first nine months of 2007 increased $20.4 million, or 4.5 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 unit volumes, partially offset by 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 nine months of 2007 increased $142.3 million, or 43.3 percent, as compared to the same period in 2006. This increase was attributable to the White Cap acquisition, higher average selling prices resulting from the pass through of inflation in raw material and other manufacturing costs and an increase in unit volumes.

Gross Profit. Gross Profit margin increased 1.3 percentage points to 14.7 percent for the first nine 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 5.0 percent for the first nine months of 2007 as compared to 4.7 percent for the same period in 2006, due primarily to the inclusion of the operations from the White Cap acquisition 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 nine months of 2007 increased by $46.8 million as compared to the first nine months of 2006 as a result of higher income from operations across all businesses. Operating margin increased to 9.5 percent from 8.2 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 nine months of 2007 increased $18.6 million, or 18.5 percent, as compared to the same period in 2006, and operating margin increased to 9.2 percent from 8.1 percent over the same periods. These increases were principally due to higher rationalization charges recorded in the first nine 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 experienced in 2006, benefits derived from ongoing cost reduction initiatives and increased sales volumes, slightly offset by the impact from the reduction in the provisional inventory built primarily in the fourth quarter of 2006.

Income from operations of the plastic container business for the first nine months of 2007 increased $9.7 million, or 29.6 percent, as compared to the same period in 2006, and operating margin increased to 9.0 percent from 7.3 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 $2.9 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 nine months of 2007 increased $17.4 million, or 42.3 percent, as compared to the same periods in 2006 due primarily to the White Cap acquisition and improved unit volumes. Operating margin for the first nine months of 2007 decreased slightly to 12.4 percent from 12.5 percent over the same period in 2006 primarily as a result of the incurrence of higher selling, general and administrative costs in the acquired White Cap operations.

Interest and Other Debt Expense. Interest and other debt expense for the first nine months of 2007 increased $6.9 million to $50.3 million as compared to the same period in 2006. This increase resulted primarily from higher average borrowings as a result of the 2006 acquisitions.

Provision for Income Taxes. The effective tax rate for the first nine months of 2007 was 36.8 percent as compared to 32.4 percent in the same period in 2006. The 2006 effective tax rate was impacted by the cumulative income tax benefit of $6.9 million, primarily related to the completion in the third quarter of 2006 of tax initiatives for research and development credits.

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, 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 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 balances by $10.1 million.

For the nine months ended September 30, 2006, we used cash from operations of $26.6 million, net borrowings of revolving loans of $182.5 million, borrowings of long-term debt of $257.6 million and net proceeds from stock-based compensation of $2.3 million to fund our acquisition of White Cap for $261.8 million, net of cash acquired, net capital expenditures of $86.0 million, decreases in outstanding checks of $98.1 million, debt issuance costs of $2.3 million incurred in connection with an amendment to the Credit Agreement and dividends paid on our common stock of $13.5 million and to increase cash balances by $7.3 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 2007, we utilized approximately $281.9 million of revolving loans under the Credit Agreement for our peak seasonal working capital requirements.

At September 30, 2007, we had $189.9 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, 2007 was $221.3 million. We may use the available portion of our revolving loan facility, after taking into account our seasonal needs and outstanding letters of credit, for acquisitions or other permitted purposes.

During the first nine months of 2007, we paid cash dividends on our common stock totaling $18.2 million. On November 6, 2007, our Board of Directors declared a quarterly cash dividend on our common stock of $0.16 per share, payable on December 14, 2007 to holders of record of our common stock on November 30, 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 $2.8 million during the first nine months of 2007 related to this facility rationalization and expect to incur an additional $2.3 million of charges related to plant exit costs. We have ceased operations at our Stockton facility. We incurred charges of $1.0 million in the first nine months of 2007 related to this facility rationalization and expect to incur an additional $0.9 million of charges related to plant exit costs.

Under our rationalization plans, we made cash payments of $1.1 million and $1.5 million for the nine months ended September 30, 2007 and 2006, respectively. Total future cash spending of $8.7 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, 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 nine months ended September 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 nine months ended September 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 6. Exhibits

Exhibit Number	Description
12	Ratio of Earnings to Fixed Charges for the three and nine months ended September 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: November 9, 2007

/s/Robert B. Lewis

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

EXHIBIT INDEX

EXHIBIT NO.	EXHIBIT
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