SILGAN HOLDINGS INC
Form 10-Q
May 12, 2008

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

FORM 10-Q

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

For the quarterly period ended March 31, 2008

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number 000-22117

SILGAN HOLDINGS INC.
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	06-1269834 (I.R.S. Employer Identification No.)
4 Landmark Square Stamford, Connecticut (Address of principal executive offices)	06901 (Zip Code)

(203)975-7110
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer[X]	Accelerated filer[ ]
Non-accelerated filer[ ] (Do not check if a smaller reporting company)	Smaller reporting company[ ]

Indicate by check mark whether the Registrant is a shell company (as defined in

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

As of April 30, 2008, the number of shares outstanding of the Registrant's common stock, $0.01 par value, was 37,799,554.

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)

	March 31, 2008 (unaudited)	March 31, 2007 (unaudited)	Dec 2
Assets			
Current assets			
Cash and cash equivalents	$ 169,144	$ 22,882	$
Trade accounts receivable, net	282,126	274,654	2
Inventories	517,683	495,223	4
Prepaid expenses and other current assets	29,525	37,094	
Total current assets	998,478	829,853	7
Property, plant and equipment, net	937,293	904,877	9
Goodwill	316,363	296,218	3
Other intangible assets, net	62,650	62,741	
Other assets, net	60,273	50,363	
	$2,375,057	$2,144,052	$2,1
Liabilities and Stockholders' Equity			
Current liabilities			
Revolving loans and current portion of long-term debt	$ 330,438	$ 201,069	$ 1
Trade accounts payable	234,439	211,786	2
Accrued payroll and related costs	80,618	69,673	
Accrued liabilities	51,050	49,506	
Total current liabilities	696,545	532,034	4
Long-term debt	895,324	934,274	8
Other liabilities	266,386	284,586	2
Stockholders' equity			
Common stock	431	430	
Paid-in capital	154,231	147,871	1
Retained earnings	406,778	316,060	3
Accumulated other comprehensive income (loss)	15,536	(11,089)	
Treasury stock	(60,174)	(60,114)	(
Total stockholders' equity	516,802	393,158	5
	$2,375,057	$2,144,052	$2,1

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the three months ended March 31, 2008 and 2007
(Dollars and shares in thousands, except per share amounts)
(Unaudited)

	2008	2007
Net sales	$679,832	$650,826
Cost of goods sold	589,766	550,759
Gross profit	90,066	100,067
Selling, general and administrative expenses	35,554	36,901
Rationalization charges	4,677	1,072
Income from operations	49,835	62,094
Interest and other debt expense	16,313	16,099
Income before income taxes	33,522	45,995
Provision for income taxes	12,370	17,487
Net income	$ 21,152	$ 28,508
Earnings per share:		
Basic net income per share	$0.56	$0.76
Diluted net income per share	$0.55	$0.75
Dividends per share	$0.17	$0.16
Weighted average number of shares:		
Basic	37,754	37,613
Effect of dilutive securities	435	492
Diluted	38,189	38,105

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2008 and 2007
(Dollars in thousands)
(Unaudited)

	2008	2007
Cash flows provided by (used in) operating activities		
Net income	$ 21,152	$ 28,508
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	35,959	32,536
Rationalization charges	4,677	1,072
Excess tax benefit from stock-based compensation	(568)	(432)
Other changes that provided (used) cash, net of effects from acquisitions:		
Trade accounts receivable, net	(52,695)	(39,543)
Inventories	(73,334)	(66,271)
Trade accounts payable	41,597	4,755
Accrued liabilities	21,864	9,191
Other, net	(13,292)	7,890
Net cash used in operating activities	(14,640)	(22,294)
Cash flows provided by (used in) investing activities		
Purchase of businesses, net of cash acquired	(10,525)	(7,846)
Capital expenditures	(23,833)	(37,543)
Proceeds from asset sales	250	19
Net cash used in investing activities	(34,108)	(45,370)
Cash flows provided by (used in) financing activities		
Borrowings under revolving loans	259,338	288,523
Repayments under revolving loans	(53,700)	(114,723)
Proceeds from issuance of debt	7,984	--
Proceeds from stock option exercises	429	442
Changes in outstanding checks - principally vendors	(85,789)	(94,556)
Dividends paid on common stock	(6,482)	(6,066)
Excess tax benefit from stock-based compensation	568	432
Repurchase of treasury shares	(397)	(243)
Net cash provided by financing activities	121,951	73,809
Cash and cash equivalents		
Net increase	73,203	6,145
Balance at beginning of year	95,941	16,737
Balance at end of period	$169,144	$ 22,882

Interest paid, net	$ 12,858	$ 12,572
Income taxes paid, net	3,757	5,386

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY
For the three months ended March 31, 2008 and 2007
(Dollars and shares in thousands)
(Unaudited)

	Common Stock				Accumulated Other	Tr
	Shares Outstanding	Par Value	Paid-in Capital	Retained Earnings	Comprehensive Income(Loss)	S
Balance at December 31, 2006	37,588	$429	$146,332	$295,433	$(15,564)	$(
Comprehensive income:						
Net income	--	--	--	28,508	--	
Amortization of net prior service credit and net actuarial losses, net of tax provision of $172	--	--	--	--	276	
Change in fair value of derivatives, net of tax provision of $591	--	--	--	--	965	
Foreign currency translation, net of tax benefit of $1,794	--	--	--	--	3,234	
Comprehensive income						
Adjustment to initially apply FIN 48	--	--	--	(1,815)	--	
Dividends declared on common stock	--	--	--	(6,066)	--	
Stock compensation expense	--	--	826	--	--	
Stock option exercises, including tax benefit of $425	31	1	866	--	--	
Net issuance of treasury stock for vested restricted stock units, including tax benefit of $66	11	--	(153)	--	--	

Balance at March 31, 2007	37,630	$430	$147,871	$316,060	$(11,089)	$(
Balance at December 31, 2007	37,740	$430	$152,629	$392,108	$ 15,064	$(
Comprehensive income:						
Net income	--	--	--	21,152	--	
Amortization of net prior service credit and net actuarial losses, net of tax provision of $67	--	--	--	--	94	
Change in fair value of derivatives, net of tax benefit of $2,945	--	--	--	--	(4,159)	
Foreign currency translation, net of tax benefit of $8,746	--	--	--	--	4,537	
Comprehensive income						
Dividends declared on common stock	--	--	--	(6,482)	--	
Stock compensation expense	--	--	862	--	--	
Stock option exercises, including tax benefit of $609	40	1	1,037	--	--	
Net issuance of treasury stock for vested restricted stock units, including tax benefit of $74	20	--	(297)	--	--	
Balance at March 31, 2008	37,800	$431	$154,231	$406,778	$ 15,536	$(

See accompanying notes.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at March 31, 2008 and 2007 and for the three months then ended is unaudited)

Note 1. Significant Accounting Policies

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

interim period are not necessarily indicative of the results of operations for the full year.

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

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

You should read the accompanying condensed consolidated financial statements in conjunction with our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007.

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

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

Note 1. Significant Accounting Policies (continued)

Recent Accounting Pronouncements. In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) retains the fundamental requirements in SFAS No. 141 that the purchase method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. SFAS No. 141(R) establishes principles and requirements for the

reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed and any non-controlling interest at their fair values at the acquisition date. SFAS No. 141(R) also requires that acquisition-related costs be recognized separately from the acquisition. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009. We are currently evaluating the impact that SFAS No. 141(R) will have on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." SFAS No. 161 requires companies with derivative instruments to disclose information that should enable financial-statement users to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and how derivative instruments and related hedged items affect a company's financial position, financial performance and cash flows. SFAS No. 161 is effective for us on January 1, 2009. We are currently evaluating the impact, if any, that SFAS No. 161 will have on our consolidated financial statements.

Note 2. Acquisition

In February 2008, we acquired substantially all of the assets of the metal vacuum closures operations of Grup Vemsa 1857, S.L., or Vem, which had manufacturing operations in Spain and China, for an aggregate purchase price of $10.5 million. The acquisition of Vem was accounted for using the purchase method of accounting.

Note 3. Rationalization Charges

As part of our plans to rationalize certain facilities, we have established reserves for employee severance and benefits and plant exit costs. Activity in our rationalization reserves since December 31, 2007 is summarized as follows:

	Employee Severance and Benefits	Plant Exit Costs	Non-C Asse Write-
		(Dollars in thousan	
Balance at December 31, 2007			
2001 Fairfield Rationalization Plan	$ --	$ 290	$ --
2006 Rationalization Plans	5,104	--	--

Balance at December 31, 2007	5,104	290	--
Activity for the Three Months Ended March 31, 2008			
2001 Fairfield Rationalization Plan	--	(31)	--
2006 Rationalization Plan Reserves Established	--	751	--
2006 Rationalization Plan Reserves Utilized	(564)	(751)	--
2008 Rationalization Plan Reserves Established	2,739	155	1,0
2008 Rationalization Plan Reserves Utilized	(666)	--	(1,0
Total Activity	1,509	124	--
Balance at March 31, 2008			
2001 Fairfield Rationalization Plan	--	259	--
2006 Rationalization Plans	4,540	--	--
2008 Rationalization Plans	2,073	155	--
Balance at March 31, 2008	$6,613	$ 414	$ --

2008 Rationalization Plans

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

Our plan to cease operations at our Tarrant facility in the third quarter of 2008 includes the termination of approximately 35 employees and other related plant exit costs. We estimate that the total costs for the rationalization of this facility will be $2.9 million. These costs include $0.7 million for employee severance and benefits, $1.5 million for plant exit costs and $1.1 million for the acceleration of depreciation to write-down equipment for abandonment upon the exit of the facility, offset by $0.4 million for a non-cash curtailment gain for other postretirement benefits. Rationalization charges recognized in the first quarter of 2008 for this action were $0.5 million, of which $0.3 million was incurred for the accelerated depreciation of equipment and $0.2 million was incurred for employee severance and benefits. Additional charges of $2.4 million are expected through 2009. Cash payments of $2.2 million are expected through 2009.

Note 3. Rationalization Charges (continued)

2008 Rationalization Plans (continued)

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

Our plans to consolidate administrative functions and streamline operations at certain of our closure manufacturing facilities in Europe include the termination of approximately 90 employees and the relocation of certain operations into existing facilities. These decisions resulted in a total charge to earnings in the first quarter of 2008 of $2.6 million, which consisted of $2.5 million for employee severance and benefits and $0.1 million for plant exit costs. Additional charges of $0.8 million for employee severance and benefits are expected during the remainder of 2008. Remaining cash payments of $2.7 million are expected primarily in 2008.

2006 Rationalization Plans

In June 2006, in an effort to streamline operations and reduce costs, we approved a plan to exit our St. Paul, Minnesota metal food container manufacturing facility. The plan includes the termination of approximately 60 employees, the consolidation of certain operations into existing facilities and the elimination of the remaining operations and the exit of the facility. We estimate that the total costs for the rationalization of the facility will be $13.7 million. As of December 31, 2007, total charges of $12.5 million recognized to date included $5.8 million of non-cash pension and postretirement curtailment expense, $2.6 million for employee severance and special termination benefits, $1.1 million for plant exit costs and $3.0 million for the non-cash write-down and accelerated depreciation of the building and equipment. Rationalization charges recognized during the first quarter of 2008 were $0.8 million for plant exit costs. We have ceased operations at this facility. Additional charges of $0.4 million for plant exit costs are expected through 2008. Remaining cash payments of $1.5 million are expected primarily in 2008.

Note 3. Rationalization Charges (continued)

2006 Rationalization Plans (continued)

In October 2006, we approved and announced to employees a plan to exit our Stockton, California metal food container manufacturing facility. The plan includes the termination or relocation of approximately 110 employees and other related plant exit costs. We estimate total rationalization charges for the plan will be $5.5 million. As of December 31, 2007, we recognized rationalization charges of $4.1 million for employee severance and benefits, $0.4 million for the non-cash write down in carrying value of assets and $0.6 million for plant exit costs. There were no charges recognized in the first quarter of 2008. We have ceased operations at this facility. Additional charges of $0.4 million for plant exit costs are expected through 2008. Remaining cash payments of $3.7 million are expected through 2009.

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

	March 31, 2008	March 31, 2007	Dec. 31, 2007
	(Dollars in thousands)		
Accrued liabilities	$3,683	$1,724	$2,050
Other liabilities	3,344	3,371	3,344
	$7,027	$5,095	$5,394

Note 4. Accumulated Other Comprehensive Income (Loss)

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

	March 31, 2008	March 31, 2007	Dec. 31, 2007
	(Dollars in thousands)		
Foreign currency translation	$ 37,153	$ 16,142	$ 32,616
Change in fair value of derivatives	(2,320)	2,461	1,839
Unrecognized net periodic pension and other postretirement benefit costs:			
Net prior service credit	4,470	4,616	4,464
Net actuarial loss	(23,767)	(34,308)	(23,855)
Accumulated other comprehensive income (loss)	$ 15,536	$(11,089)	$ 15,064

Note 5. Inventories

Inventories consisted of the following:

	March 31, 2008	March 31, 2007	D
	(Dollars in thousands)		
Raw materials	$ 86,079	$ 70,703	$
Work-in-process	88,111	78,697	
Finished goods	362,229	355,682	
Spare parts and other	31,823	27,102	
	568,242	532,184	
Adjustment to value domestic inventory at cost on the LIFO method	(50,559)	(36,961)	
	$517,683	$495,223	$

Note 6. Long-Term Debt

Long-term debt consisted of the following:

	March 31, 2008	March 31, 2007	D
	(Dollars in thousands)		
Bank debt			
Bank revolving loans	$ 204,717	$ 174,700	$
Bank A term loans	345,000	345,000	
Bank B term loans	41,477	41,904	
Canadian term loans	88,344	77,778	
Euro term loans	315,580	267,020	
Other foreign bank revolving and term loans	27,644	25,941	
Total bank debt	1,022,762	932,343	
Subordinated debt			
6 3/4% Senior Subordinated Notes	200,000	200,000	
Other	3,000	3,000	
Total subordinated debt	203,000	203,000	
Total debt	1,225,762	1,135,343	
Less current portion	330,438	201,069	
	$ 895,324	$ 934,274	$

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at March 31, 2008 and 2007 and for the three months then ended is unaudited)

Note 6. Long-Term Debt (continued)

At March 31, 2008, amounts expected to be repaid within one year consisted of $204.7 million of bank revolving loans related primarily to seasonal working capital needs and $95.1 million of bank term loans under our senior secured credit facility, or the Credit Agreement, $27.6 million of foreign bank revolving and term loans and $3.0 million of other subordinated debt.

At March 31, 2008, the aggregate notional principal amount of outstanding interest rate swap agreements was $352 million, of which $39 million matures in 2008 (non-U.S. dollar agreements have been translated into U.S. dollars at exchange rates in effect at the balance sheet date).

Note 7. Fair Value Measurements

We adopted SFAS No. 157 as it relates to financial assets and financial liabilities as of January 1, 2008. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). SFAS No. 157 classifies the inputs used to measure fair value into a hierarchy consisting of three levels. Level 1 inputs represent unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs represent unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability. Level 3 inputs represent unobservable inputs for the asset or liability. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities that are measured on a recurring basis at March 31, 2008 consist of our interest rate swap agreements. We measured the fair value of the interest rate swap agreements using the income approach. The fair value of these agreements reflects the estimated amounts that we would pay based on the present value of the expected cash flows derived from market interest rates. As such, these derivative instruments are classified within Level 2.

At March 31, 2008, our interest rate swap agreements were valued at a net liability of $4.0 million. There were no significant unrealized gains or losses related to our interest rate swap agreements recognized in the first quarter of 2008.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at March 31, 2008 and 2007 and for the three months then ended is unaudited)

Note 8. Retirement Benefits

The components of the net periodic benefit cost for the three months ended March 31 are as follows:

	Pension Benefits		Oth Postretireme
	2008	2007	2008
	(Dollars in thousands)		
Service cost	$ 3,413	$ 3,662	$ 225
Interest cost	6,756	6,160	845
Expected return on plan assets	(7,603)	(7,678)	--
Amortization of prior service cost (credit)	560	577	(549)
Amortization of actuarial losses	80	173	70
Net periodic benefit cost	$ 3,206	$ 2,894	$ 591

As previously disclosed in our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007, based on current tax law, there are no material minimum required contributions to our pension plans in 2008. However, this is subject to change based on a number of factors, including in the event that asset performance is significantly below the assumed long-term rate of return on plan assets. During the first three months of 2008, we made no contributions to fund our pension plans.

Note 9. Income Taxes

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

Note 10. Dividends

On March 25, 2008, we paid a quarterly cash dividend on our common stock of $0.17 per share, as approved by our Board of Directors. The cash payment related to this dividend totaled $6.5 million.

On May 7, 2008, our Board of Directors declared a quarterly cash dividend on our common stock of $0.17 per share, payable on June 13, 2008 to holders of record of our common stock on May 30, 2008. The cash payment related to this dividend is expected to be approximately $6.5 million.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at March 31, 2008 and 2007 and for the
three months then ended is unaudited)

Note 11. Treasury Stock

In the first quarter of 2008, we issued 28,020 treasury shares which had an average cost of $13.25 per share for restricted stock units that vested during the period. In accordance with the Silgan Holdings Inc. 2004 Stock Incentive Plan, we repurchased 8,399 shares of our common stock at an average cost of $47.27 to satisfy employee withholding tax requirements resulting from certain restricted stock units becoming vested. We account for the treasury shares using the first-in, first-out (FIFO) cost method. As of March 31, 2008, 5,282,214 shares were held in treasury.

Note 12. Stock-Based Compensation

We currently have one stock-based compensation plan in effect, under which we have issued options and restricted stock units to our officers, other key employees and outside directors. During the first three months of 2008, we granted 82,900 restricted stock units to certain of our officers and key employees. The fair value of these restricted stock units at the date of grant was $3.9 million, which is being amortized ratably over the five-year vesting period from the date of grant.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at March 31, 2008 and 2007 and for the
three months then ended is unaudited)

Note 13. Business Segment Information

Reportable business segment information for the three months ended March 31 is as follows:

	Metal Food Containers(1)	Plastic Containers(2)	Closures(3)	Corporate
		(Dollars in thousands)		
2008				
Net sales	$351,231	$172,157	$156,444	$ --
Depreciation and amortization(4)	16,161	11,406	7,630	421
Segment income from operations	25,086	12,580	14,523	(2,354)
2007				
Net sales	$345,628	$162,410	$142,788	$ --
Depreciation and amortization(4)	14,769	10,309	6,707	421
Segment income from operations	28,767	19,816	15,823	(2,312)

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(1) Segment income from operations includes rationalization charges of $1.3 million and $1.1 million for the three months ended March 31, 2008 and 2007, respectively.
(2) Segment income from operations includes a rationalization charge of $0.8 million for the three months ended March 31, 2008.
(3) Segment income from operations includes rationalization charges of $2.6 million for the three months ended March 31, 2008.
(4) Depreciation and amortization excludes amortization of debt issuance costs of $0.3 million for each of the three months ended March 31, 2008 and 2007.

Total segment income from operations is reconciled to income before income taxes for the three months ended March 31 as follows:

	2008	2007
	(Dollars in thousands)	
Total segment income from operations	$49,835	$62,094
Interest and other debt expense	16,313	16,099
Income before income taxes	$33,522	$45,995

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q which are not historical facts are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and Securities Exchange Act of 1934. Such forward-looking statements are made based upon management's expectations and beliefs concerning future events impacting us and therefore involve a number of uncertainties and risks, including, but not limited to, those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and our other filings with the Securities and Exchange Commission. As a result, the actual results of our operations or our financial condition could differ materially from those expressed or implied in these forward-looking statements.

General

We are a leading manufacturer of metal and plastic consumer goods packaging products. We produce steel and aluminum containers for human and pet food; custom designed plastic containers, tubes and closures for personal care, health care, pharmaceutical, household and industrial chemical, food, pet care, agricultural chemical, automotive and marine chemical products; and metal, composite and plastic vacuum closures for food and beverage products. We are the largest manufacturer of metal food containers in North America, a leading manufacturer of plastic containers in North America for a variety of markets, including the personal care, health care, household and industrial chemical and pet care markets, and a leading worldwide manufacturer of metal, composite and plastic vacuum closures for food and beverage products.

Our objective is to increase shareholder value by efficiently deploying capital and management resources to grow our business, reduce operating costs, build sustainable competitive positions, or franchises, and to complete acquisitions that generate attractive cash returns. We have grown our net sales and income from operations over the years, largely through acquisitions but also through internal growth, and we continue to evaluate acquisition opportunities in the consumer goods packaging market. If acquisition opportunities are not identified over a longer period of time, we may use our cash flow to repay debt, repurchase shares of our common stock or increase dividends to our stockholders or for other permitted purposes.

In February 2008, we acquired substantially all of the assets of Vem, a manufacturer of metal closures in Spain and China, for an aggregate purchase price of $10.5 million. In April 2008, we acquired the White Cap closures operation in Brazil, thereby concluding our acquisition of the White Cap closures operations from Amcor Limited.

RESULTS OF OPERATIONS

The following table sets forth certain unaudited income statement data expressed as a percentage of net sales for the three months ended March 31:

	2008	2007
Net sales		
Metal food containers	51.7%	53.1%

Plastic containers	25.3	25.0
Closures	23.0	21.9
Consolidated	100.0	100.0
Cost of goods sold	86.8	84.6
Gross profit	13.2	15.4
Selling, general and administrative expenses	5.2	5.7
Rationalization charges	0.7	0.2
Income from operations	7.3	9.5
Interest and other debt expense	2.4	2.4
Income before income taxes	4.9	7.1
Provision for income taxes	1.8	2.7
Net income	3.1%	4.4%

Summary unaudited results of operations for the three months ended March 31 are provided below.

	2008	2007
	(Dollars in millions)	
Net sales		
Metal food containers	$351.2	$345.6
Plastic containers	172.2	162.4
Closures	156.4	142.8
Consolidated	$679.8	$650.8
Income from operations		
Metal food containers (1)	$ 25.1	$ 28.8
Plastic containers (2)	12.6	19.8
Closures (3)	14.5	15.8
Corporate	(2.4)	(2.3)
Consolidated	$ 49.8	$ 62.1

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(1) Includes rationalization charges of $1.3 million and $1.1 million recorded in 2008 and 2007, respectively.
(2) Includes a rationalization charge of $0.8 million recorded in 2008.
(3) Includes rationalization charges of $2.6 million recorded in 2008.

Three Months Ended March 31, 2008 Compared with Three Months Ended March 31, 2007

Overview. Consolidated net sales were $679.8 million in the first quarter of 2008, representing a 4.5 percent increase as compared to the first quarter of 2007 primarily as a result of higher average selling prices across all businesses largely attributable to the pass through of higher raw material and other manufacturing costs and favorable foreign currency translation, partially offset by lower unit volumes in the metal food container business. Income from operations for the first quarter of 2008 of $49.8 million decreased by $12.3 million, or 19.8 percent, as compared to the same period in 2007 due to higher rationalization charges incurred in the first quarter of 2008, benefits impacting the first quarter of 2007 from the provisional inventory build of metal food containers and the benefit in the first quarter of 2007 due to the lagged pass through of declines in resin costs in the plastic container business. Results for 2008 included rationalization charges of $4.7 million. Results for 2007 included rationalization charges of $1.1 million. Net income for the first quarter of 2008 was $21.2 million, or $0.55 per diluted share, as compared to $28.5 million, or $0.75 per diluted share, for the same period in 2007.

Net Sales. The $29.0 million increase in consolidated net sales in the first quarter of 2008 as compared to the first quarter of 2007 was the result of higher net sales across all businesses and favorable foreign currency translation of approximately $14.5 million.

Net sales for the metal food container business increased $5.6 million, or 1.6 percent, in the first quarter of 2008 as compared to the same period in 2007. This increase was primarily attributable to higher average selling prices due to the pass through of higher raw material and other manufacturing costs, partially offset by lower unit volumes.

Net sales for the plastic container business in the first quarter of 2008 increased $9.8 million, or 6.0 percent, as compared to the same period in 2007. This increase was primarily due to higher average selling prices as a result of the pass through of higher raw material costs and the impact of favorable foreign currency translation of approximately $5.2 million.

Net sales for the closures business increased $13.6 million, or 9.5 percent, in the first quarter of 2008 as compared to the same period in 2007. This increase was primarily the result of favorable foreign currency translation of approximately $9.3 million, higher average selling prices due to the pass through of higher raw material costs and an increase in unit volumes in the domestic closure operations, partially offset by a less favorable mix of products sold.

Gross Profit. Gross profit margin decreased 2.2 percentage points to 13.2 percent in the first quarter of 2008 as compared to the same period in 2007 for the reasons discussed below in "Income from Operations."

Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percentage of consolidated net sales decreased 0.5 percentage points to 5.2 percent for the first quarter of 2008 as compared to 5.7 percent for the same period in 2007, due primarily to the recognition in 2008 of management fee income of $2.2 million from the management of the Brazilian White Cap closures operation during the delayed closing period up until it was acquired from Amcor Limited.

Income from Operations. Income from operations for the first quarter of 2008 decreased by $12.3 million as compared to the first quarter of 2007, and operating margin decreased to 7.3 percent from 9.5 percent over the same periods.

Income from operations of the metal food container business for the first quarter of 2008 decreased $3.7 million, or 12.8 percent, as compared to the same period in 2007, and operating margin decreased to 7.1 percent from 8.3 percent over the same periods. These declines were primarily a result of benefits derived in the first quarter of 2007 from a provisional inventory build in anticipation of certain union negotiations which were completed later in 2007, lower unit volumes and higher depreciation expense as a result of higher capital spending in 2007, partly offset by the benefits attributable to the closing of the St. Paul, Minnesota and Stockton, California manufacturing facilities, general cost reductions and improved manufacturing efficiencies. The first quarter of 2008 included total rationalization charges of $1.3 million related to ongoing costs to exit the St. Paul manufacturing facility as well as initial costs incurred for the shutdown of the Tarrant, Alabama manufacturing facility. The first quarter of 2007 included rationalization charges of $1.1 million related to costs to exit the St. Paul and Stockton manufacturing facilities.

Income from operations of the plastic container business for the first quarter of 2008 decreased $7.2 million, or 36.4 percent, as compared to the same period in 2007, and operating margin decreased to 7.3 percent from 12.2 percent over the same periods. These decreases were primarily a result of the negative effect from the timing of the pass through of resin costs to customers particularly in light of escalating resin costs experienced in the first quarter of 2008 as compared to declines in resin costs experienced in the first quarter of 2007, rationalization charges of $0.8 million related to the shutdown of the Richmond, Virginia manufacturing facility and higher depreciation expense.

Income from operations of the closures business for the first quarter of 2008 decreased $1.3 million, or 8.2 percent, as compared to the same period in 2007, and operating margin decreased to 9.3 percent from 11.1 percent over the same periods. These decreases were due primarily to rationalization charges of $2.6 million recognized in the first quarter of 2008 related to the streamlining of certain operations and consolidation of various administrative positions in Europe as well as the benefit recognized in the first quarter of 2007 of $1.4 million from the sale of certain previously leased capping equipment, partially offset by management fee income of $2.2 million from the pre-acquisition management of the Brazilian White Cap closures operation.

Interest and Other Debt Expense. Interest and other debt expense for the first quarter of 2008 increased $0.2 million to $16.3 million as compared to the same period in 2007. This increase resulted primarily from higher average borrowings, largely offset by lower 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 three months ended March 31, 2008, we used net borrowings of revolving loans of $205.6 million, debt borrowings of $8.0 million and net proceeds from stock-based compensation issuances of $0.6 million to fund cash used in operations of $14.6 million primarily for our seasonal working capital needs, net capital expenditures of $23.6 million, our acquisition of Vem for $10.5 million, decreases in outstanding checks of $85.8 million and dividends paid on

our common stock of $6.5 million and to increase cash balances by $73.2 million. At the end of 2007 and through the first quarter of 2008 in light of the current credit markets, we maintained a significant amount of cash, increasing our cash balances at March 31, 2008 to $169.2 million.

For the three months ended March 31, 2007, we used net borrowings of revolving loans of $173.8 million and net proceeds from stock-based compensation issuances of $0.6 million to fund cash used in operations of $22.3 million primarily for our seasonal working capital needs, net capital expenditures of $37.5 million, our acquisition of the White Cap operations in Venezuela for $7.8 million, net of cash acquired, decreases in outstanding checks of $94.6 million and dividends paid on our common stock of $6.1 million and to increase cash balances by $6.1 million.

Because we sell metal containers used in fruit and vegetable pack processing, we have seasonal sales. As is common in the industry, we must utilize working capital to build inventory and then carry accounts receivable for some customers beyond the end of the packing season. Due to our seasonal requirements, we incur short-term indebtedness to finance our working capital requirements.

At March 31, 2008, we had $204.7 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 March 31, 2008 was $202.3 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 2008, we estimate that we will utilize approximately $300 - $350 million of revolving loans under the Credit Agreement for our peak seasonal working capital requirements.

On May 7, 2008, our Board of Directors declared a quarterly cash dividend on our common stock of $0.17 per share, payable on June 13, 2008 to holders of record of our common stock on May 30, 2008. The cash payment related to this dividend is expected to be approximately $6.5 million.

We believe that cash generated from operations and funds from borrowings available under the Credit Agreement will be sufficient to meet our expected operating needs, planned capital expenditures, debt service, tax obligations, share repurchases required under our 2004 Stock Incentive Plan and common stock dividends for the foreseeable future. We continue to evaluate acquisition opportunities in the consumer goods packaging market and may incur additional indebtedness, including indebtedness under the Credit Agreement, to finance any such acquisition.

We are in compliance with all financial and operating covenants contained in our financing agreements and believe that we will continue to be in compliance during 2008 with all of these covenants.

Rationalization Charges

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

Our plan to cease operations at our Tarrant facility in the third quarter of 2008 includes the termination of approximately 35 employees and other related plant exit costs. We estimate that the total costs for the rationalization of this facility will be $2.9 million. These costs include $0.7 million for employee severance and benefits, $1.5 million for plant exit costs and $1.1 million for the acceleration of depreciation to write-down equipment for abandonment upon the exit of the facility, offset by $0.4 million for a non-cash curtailment gain for other postretirement benefits. Rationalization charges recognized in the first quarter of 2008 for this action were $0.5 million, of which $0.3 million was incurred for the accelerated depreciation of equipment and $0.2 million was incurred for employee severance and benefits. Additional charges of $2.4 million are expected through 2009. Cash payments of $2.2 million are expected through 2009.

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

Our plans to consolidate administrative functions and streamline operations at certain of our closure manufacturing facilities in Europe include the termination of approximately 90 employees and the relocation of certain operations into existing facilities. These decisions resulted in a total charge to earnings in the first quarter of 2008 of $2.6 million, which consisted of $2.5 million for employee severance and benefits and $0.1 million for plant exit costs. Additional charges of $0.8 million for employee severance and benefits are expected during the remainder of 2008. Remaining cash payments of $2.7 million are expected primarily in 2008.

In 2006, we announced our plans to exit our St. Paul, Minnesota and Stockton, California metal food container manufacturing facilities. We have ceased operations at both of these facilities. We incurred charges of $0.8 million in the first quarter of 2008 related to the St. Paul rationalization. We expect to incur additional charges of $0.8 million for plant exit costs through 2008 related to the St. Paul and Stockton rationalizations.

Under our rationalization plans, we made cash payments of $2.0 million and $0.3 million for the three months ended March 31, 2008 and 2007, respectively. Total future cash spending of $10.9 million is expected for our outstanding rationalization plans.

You should also read Note 3 to our Condensed Consolidated Financial Statements for the three months ended March 31, 2008 included elsewhere in this Quarterly Report.

We continually evaluate cost reduction opportunities in our business, including rationalizations of our existing facilities through plant closings and downsizings. We use a disciplined approach to identify opportunities that

generate attractive cash returns.

RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements." SFAS No. 157 establishes a single authoritative definition for fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. SFAS No. 157 was effective for us on January 1, 2008. In February 2008, the FASB issued FSP No. 157-2, "Effective Date of FASB Statement No. 157." FSP No. 157-2 delays the effective date of our adoption of SFAS No. 157, as it relates to applying fair value measurements to nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed on a recurring basis (at least annually), to January 1, 2009. We adopted SFAS No. 157, as it relates to financial assets and financial liabilities, on January 1, 2008. The adoption of SFAS No. 157 did not have a significant effect on our financial position, results of operations or cash flows. We are currently evaluating the impact that SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities, will have on our consolidated financial statements. You should also read Note 7 to our Condensed Consolidated Financial Statements for the three months ended March 31, 2008 included elsewhere in this Quarterly Report.

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

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) retains the fundamental requirements in SFAS No. 141 that the purchase method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. SFAS No. 141(R) establishes principles and requirements for the reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed and any non-controlling interest at their fair values at the acquisition date. SFAS No. 141(R) also requires that acquisition-related costs be recognized separately from the acquisition. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009. We are currently evaluating the impact that SFAS No. 141(R) will have on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." SFAS No. 161 requires companies with derivative instruments to disclose information that should enable financial-statement users to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and how derivative instruments and related hedged items affect a company's financial position, financial performance and cash flows. SFAS No. 161 is effective for us on January 1, 2009. We are currently evaluating the impact, if any, that SFAS No. 161 will have on our consolidated financial statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Information regarding our interest rate risk, foreign currency exchange rate risk and commodity pricing risk has been disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. Since such filing there has not been a material change to our interest rate risk, foreign currency exchange rate risk or commodity pricing risk or to our policies and procedures to manage our exposure to these risks.

Item 4. CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934). Based upon that evaluation, as of the end of the period covered by this Quarterly Report our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be disclosed in this Quarterly Report has been made known to them in a timely fashion.

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

Part II. Other Information

Item 6. Exhibits

Exhibit Number	Description
10.1	Contract of Employment between Silgan White Cap Deutschland GmbH (formerly Amcor White Cap Deutschland GmbH) and Peter Konieczny, effective from September 1, 2004.

12	Ratio of Earnings to Fixed Charges for the three months ended March 31, 2008 and 2007.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1	Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.
32.2	Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized.

SILGAN HOLDINGS INC.

Dated: May 12, 2008

/s/ Robert B. Lewis

Robert B. Lewis
Executive Vice President and
Chief Financial Officer

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EXHIBIT INDEX

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