SILGAN HOLDINGS INC
Form 10-Q
August 09, 2005

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

FORM 10-Q

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

For the quarterly period ended June 30, 2005

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	06-1269834
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
4 Landmark Square Stamford, Connecticut	06901
(Address of Principal Executive Offices)	(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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

As of July 29, 2005, the number of shares outstanding of the Registrant's common stock, $0.01 par value, was 18,568,416.

SILGAN HOLDINGS INC.

TABLE OF CONTENTS

		Page No.
Part I. Financial Information		3
Item 1.	Financial Statements	3
	Condensed Consolidated Balance Sheets at June 30, 2005 and 2004 and December 31, 2004	3
	Condensed Consolidated Statements of Income for the three months ended June 30, 2005 and 2004	4
	Condensed Consolidated Statements of Income for the six months ended June 30, 2005 and 2004	5
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2005 and 2004	6
	Condensed Consolidated Statements of Stockholders' Equity for the six months ended June 30, 2005 and 2004	7
	Notes to Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	26
Item 4.	Controls and Procedures	27
Part II. Other Information		27
Item 4.	Submission of Matters to a Vote of Security Holders	27
Item 6.	Exhibits	28
Signatures		29
Exhibit Index		30

Part I. Financial Information
Item 1. Financial Statements

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(Unaudited, see Note 1)

	June 30, 2005	June 30, 2004
Assets		
Current assets		
Cash and cash equivalents	$ 82,333	$ 23,908
Trade accounts receivable, net	249,531	258,753
Inventories	445,127	439,270
Prepaid expenses and other current assets	42,521	44,491
Total current assets	819,512	766,422
Property, plant and equipment, net	776,143	802,671
Goodwill, net	198,283	204,512
Other assets, net	40,311	59,885
	$1,834,249	$1,833,490
Liabilities and Stockholders' Equity		
Current liabilities		
Bank revolving loans	$ 351,600	$ 226,900
Current portion of long-term debt	1,250	23,670
Trade accounts payable	175,533	168,363
Accrued payroll and related costs	58,235	69,145
Accrued liabilities	44,382	42,360
Total current liabilities	631,000	530,438
Long-term debt	751,750	953,910
Other liabilities	218,048	194,933
Stockholders' equity		
Common stock	213	211
Paid-in capital	137,608	128,455
Retained earnings	157,702	87,473
Accumulated other comprehensive income (loss)	485	(1,433)
Unamortized stock compensation	(2,164)	(104)
Treasury stock	(60,393)	(60,393)
Total stockholders' equity	233,451	154,209
	$1,834,249	$1,833,490

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the three months ended June 30, 2005 and 2004
(Dollars and shares in thousands, except per share amounts)
(Unaudited)

	2005	2004
Net sales	$581,158	$551,311
Cost of goods sold	503,389	479,556
Gross profit	77,769	71,755
Selling, general and administrative expenses	28,093	26,314
Rationalization charges	181	211
Income from operations	49,495	45,230
Interest and other debt expense before loss on early extinguishment of debt	13,633	15,083
Loss on early extinguishment of debt	11,035	--
Interest and other debt expense	24,668	15,083
Income before income taxes	24,827	30,147
Provision for income taxes	9,409	11,908
Net income	$ 15,418	$ 18,239
Earnings per share:		
Basic net income per share	$0.83	$0.99
Diluted net income per share	$0.82	$0.98
Dividends per share:	$0.20	$0.15

Weighted average number of shares:		
Basic	18,540	18,362
Effect of dilutive securities	246	227
Diluted	18,786	18,589

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the six months ended June 30, 2005 and 2004
(Dollars and shares in thousands, except per share amounts)
(Unaudited)

	2005	2004
Net sales	$1,111,202	$1,069,641
Cost of goods sold	971,249	935,726
Gross profit	139,953	133,915
Selling, general and administrative expenses	56,378	53,940
Rationalization charges	464	1,201
Income from operations	83,111	78,774
Interest and other debt expense before loss on early extinguishment of debt	25,915	30,305
Loss on early extinguishment of debt	11,035	--
Interest and other debt expense	36,950	30,305
Income before income taxes	46,161	48,469
Provision for income taxes	17,815	19,145
Net income	$ 28,346	$ 29,324

Earnings per share:		
Basic net income per share	$1.53	$1.60
Diluted net income per share	$1.51	$1.58
Dividends per share:	$0.40	$0.15
Weighted average number of shares:		
Basic	18,501	18,335
Effect of dilutive securities	267	243
Diluted	18,768	18,578

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2005 and 2004
(Dollars in thousands)
(Unaudited)

	2005	
Cash flows provided by (used in) operating activities		
Net income	$ 28,346	$
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	61,660	
Rationalization charges	464	
Loss on early extinguishment of debt	11,035	
Other changes that provided (used) cash:		
Trade accounts receivable, net	(101,458)	(
Inventories	(126,462)	(1
Trade accounts payable	11,234	
Accrued liabilities	23,637	
Other, net	7,569	
Net cash used in operating activities	(83,975)	(

Cash flows provided by (used in) investing activities		
Capital expenditures	(44,199)	(
Proceeds from asset sales	188	
Net cash used in investing activities	(44,011)	(
Cash flows provided by (used in) financing activities		
Borrowings under revolving loans	779,225	5
Repayments under revolving loans	(427,625)	(3
Proceeds from stock option exercises	2,675	
Changes in outstanding checks - principally vendors	(79,817)	(
Proceeds from issuance of long-term debt	550,000	
Repayments of long-term debt	(638,668)	
Dividends paid on common stock	(7,412)	
Debt issuance costs	(3,475)	
Net cash provided by financing activities	174,903	1
Cash and cash equivalents		
Net increase	46,917	
Balance at beginning of year	35,416	
Balance at end of period	$ 82,333	$
Interest paid	$ 25,615	$
Income taxes (refunded) paid, net	(476)	

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the six months ended June 30, 2005 and 2004
(Dollars and shares in thousands)
(Unaudited)

	Common Stock		Paid-		Accumulated	
	Shares	Par Value	in Capital	Retained Earnings	Other Comprehensive Income (Loss)	Un Co
Balance at December 31, 2003	18,273	$210	$125,758	$ 60,905	$(5,675)	
Comprehensive income:						

Net income	--	--	--	29,324	--
Change in fair value of derivatives, net of tax provision of $3,629	--	--	--	--	5,555
Foreign currency translation	--	--	--	--	(1,313)
Comprehensive income					
Dividends declared on common stock	--	--	--	(2,756)	--
Issuance of restricted stock units	--	--	127	--	--
Amortization of stock compensation	--	--	--	--	--
Stock option exercises, including tax benefit of $1,043	98	1	2,570	--	--
Balance at June 30, 2004	18,371	$211	$128,455	$ 87,473	$(1,433)
Balance at December 31, 2004	18,423	$211	$131,685	$136,768	$ 859
Comprehensive income:					
Net income	--	--	--	28,346	--
Change in fair value of derivatives, net of tax provision of $274	--	--	--	--	653
Foreign currency translation	--	--	--	--	(1,027)
Comprehensive income					
Dividends declared on common stock	--	--	--	(7,412)	--
Issuance of restricted stock units	--	--	706	--	--
Amortization of stock compensation	--	--	--	--	--
Stock option exercises, including tax benefit of $2,544	145	2	5,217	--	--
Balance at June 30, 2005	18,568	$213	$137,608	$157,702	$ 485

See accompanying notes.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2005 and 2004 and for the
three and six months then ended is unaudited)

Note 1. Significant Accounting Policies

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

The Condensed Consolidated Balance Sheet at December 31, 2004 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.

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, 2004.

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

Cash and Cash Equivalents. Cash equivalents represent short-term, highly liquid investments which are readily convertible to cash and have maturities of three months or less at the time of purchase. As a result of our cash management system, checks issued for payment may create negative book balances. Checks outstanding in excess of related book balances of approximately $25.7 million, $22.8 million and $105.5 million at June 30, 2005 and 2004 and December 31, 2004, respectively, are included in trade accounts payable in our Condensed Consolidated Balance Sheets. For the six months ended June 30, 2005 and 2004, we reclassified the changes in outstanding checks from operating activities to financing activities in our Condensed Consolidated Statements of Cash Flows to treat them as, in substance, cash advances.

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 Accounting Principles Board, or APB, Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for stock awards. Accordingly, no compensation expense for employee stock options is recognized, as all options granted had an exercise price that was equal to or greater than the market value of the underlying stock on the date of the grant. Restricted stock units issued are accounted for as fixed grants and, accordingly, the fair value at the grant date has been charged to stockholders' equity as unamortized stock compensation and is being amortized ratably over the respective vesting period.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2005 and 2004 and for the three and six months then ended is unaudited)

Note 1. Significant Accounting Policies (continued)

Stock-Based Compensation (continued). In the first half of 2005, we granted 8,000 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 $0.5 million. Additionally, in May 2005, we granted 3,564 restricted stock units to the independent 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 $0.2 million. Unvested restricted stock units may not be disposed of or transferred during the vesting period.

If we had applied the fair value recognition provisions of Statement of Financial Accounting Standards, or SFAS, No. 123, "Accounting for Stock-Based Compensation," net income and basic and diluted earnings per share would have been as follows:

	Three Months Ended	
	June 30, 2005	June 30, 2004
	(Dollars in thousands, e	
Net income, as reported	$15,418	$18,239
Add: Stock-based compensation expense included in reported net income, net of income taxes	80	14
Deduct: Total stock-based compensation expense determined under fair value method for all awards, net of income taxes	(346)	(401)
Pro forma net income	$15,152	$17,852
Earnings per share:		
Basic net income per share - as reported	$0.83	$0.99
Basic net income per share - pro forma	0.82	0.97
Diluted net income per share - as reported	$0.82	$0.98
Diluted net income per share - pro forma	0.81	0.96

Recently Issued Accounting Pronouncements. In November 2004, the Financial Accounting Standards Board, or the FASB, issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4." SFAS No. 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs and wasted materials should be recognized as current period charges in all circumstances. SFAS No. 151 will be effective for us beginning January 1, 2006. We do not expect the adoption of SFAS No. 151 to have a material effect on our financial position, results of operations or cash flows.

Note 1. Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements (continued). In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment." SFAS No. 123(R) requires that public companies recognize compensation expense in an amount equal to the fair value of the share-based payment. We will adopt SFAS No. 123(R) beginning January 1, 2006. SFAS No. 123(R) permits companies to adopt its requirements using one of two methods:

1. A "modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS No. 123(R) for all share-based payments granted after the effective date and (b) based on the requirements of SFAS No. 123 for all awards granted to employees prior to the effective date of SFAS No. 123(R) that remain unvested on the effective date.

2. A "modified retrospective" method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under SFAS No. 123 for purposes of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

We are still assessing which transition method to utilize.

As permitted by SFAS No. 123, we currently account for share-based payments to employees using APB Opinion No. 25's intrinsic value method and, as such, recognize no compensation expense for employee stock options. Accordingly, the adoption of SFAS No. 123(R)'s fair value method will have an impact on our results of operations, although it will have no impact on our overall financial position. The impact of adoption of SFAS No. 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted SFAS No. 123(R) in prior periods, the impact of that standard would have approximated the impact of SFAS No. 123 as described in the disclosure of pro forma net income and diluted net income per share in Note 1 to our Condensed Consolidated Financial Statements. SFAS No. 123(R) also requires the benefits of tax deductions in excess of recognized compensation expense to be reported as a financing cash flow activity, rather than as an operating cash flow activity as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. While we cannot estimate what those amounts will be in the future (because they depend on, among other things, when

employees exercise stock options), the amounts of operating cash flows recognized in prior periods for such excess tax deductions have not been material to our cash flows.

On October 22, 2004, the American Jobs Creation Act, or the AJCA, was signed into law. The AJCA includes a deduction of 85 percent on certain foreign earnings that are repatriated during the calendar years of 2004 and 2005. We may elect to apply this provision to qualifying earnings repatriated in 2005. The range of possible amounts that we are evaluating for repatriation under this provision is between zero and $48 million. The related potential range of income tax cannot be determined at this time. We expect to complete our evaluation of the repatriation provision under the AJCA in the fourth quarter of 2005.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2005 and 2004 and for the three and six months then ended is unaudited)

Note 2. Rationalization Charges and Acquisition Reserves

As part of our plans to integrate the operations of our various acquired businesses and to rationalize certain facilities, we have established reserves for employee severance and benefits and plant exit costs. Activity in our rationalization and acquisition reserves since December 31, 2004 is summarized as follows:

	Employee Severance and Benefits	Plant Exit Costs	Non-Cas Asset Write D
		(Dollars in thousands	
Balance at December 31, 2004			
Fairfield Rationalization	$--	$ 893	$ --
2003 Acquisition Plans	160	46	--
2003 Rationalization Plans	37	690	--
Balance at December 31, 2004	197	1,629	--
Activity for the Six Months Ended June 30, 2005			
Fairfield Rationalization	--	(181)	--
2003 Acquisition Plan Reserves Utilized	(76)	--	--

2003 Rationalization Plan Reserves Utilized	--	(86)	--
2005 Rationalization Plan Reserves Established	287	48	129
2005 Rationalization Plan Reserves Utilized	(57)	--	(129)
Total Activity	154	(219)	--
Balance at June 30, 2005			
Fairfield Rationalization	--	712	--
2003 Acquisition Plans	84	46	--
2003 Rationalization Plans	37	604	--
2005 Rationalization Plan	230	48	--
Balance at June 30, 2005	$351	$1,410	$ --

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2005 and 2004 and for the
three and six months then ended is unaudited)

Note 2. Rationalization Charges and Acquisition Reserves (continued)

2005 Rationalization Plan

During the first quarter of 2005, we approved and announced to employees a plan to relocate the operations of one of our Mississauga, Ontario plastic container manufacturing facilities to other operating facilities. This decision resulted in a charge to earnings of $0.5 million, which consisted of $0.1 million for the non-cash write-down in carrying value of assets and $0.4 million for employee severance and benefits and plant exit costs. The relocation of operations has been substantially completed. Through June 30, 2005, there were no significant cash payments related to relocating this facility. Cash payments related to these reserves are expected through 2006 for employee severance and benefits costs.

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

	June 30, 2005	June 30, 2004	Dec. 31, 2004
	(Dollars in thousands)		
Accrued liabilities	$ 716	$1,297	$ 877
Other liabilities	1,045	1,587	949
	$1,761	$2,884	$1,826

Note 3. 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:

	June 30, 2005	June 30, 2004	Dec. 31, 2004
	(Dollars in thousands)		
Foreign currency translation	$ 8,610	$ 3,322	$ 9,637
Change in fair value of derivatives	3,578	4,794	2,925
Minimum pension liability	(11,703)	(9,549)	(11,703)
Accumulated other comprehensive income (loss)	$ 485	$(1,433)	$ 859

Note 4. Inventories

Inventories consisted of the following:

	June 30, 2005	June 30, 2004	Dec. 31, 2004
	(Dollars in thousands)		
Raw materials	$ 62,574	$ 45,803	$ 63,225
Work-in-process	65,273	64,798	50,366
Finished goods	311,881	314,410	198,697
Spare parts and other	17,460	19,744	19,324
	457,188	444,755	331,612
Adjustment to value inventory at cost on the LIFO method	(12,061)	(5,485)	(12,947)
	$445,127	$439,270	$318,665

Note 5. Long-Term Debt

Long-term debt consisted of the following:

	June 30, 2005	June 30, 2004	Dec. 31, 2004
	(Dollars in thousands)		
Bank debt			
Bank revolving loans	$ 351,600	$ 226,900	$ --
Bank A term loans	425,000	83,330	63,669
Bank B term loans	125,000	691,250	574,999
Total bank debt	901,600	1,001,480	638,668
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	1,104,600	1,204,480	841,668
Less current portion	352,850	250,570	21,804
	$ 751,750	$ 953,910	$819,864

Note 5. Long-Term Debt (continued)

Bank Credit Agreement

On June 30, 2005, we completed the refinancing of our previous senior secured credit facility by entering into a new $1.0 billion senior secured credit facility, or the Credit Agreement. Our Credit Agreement provided us with $425 million of A term loans and $125 million of B term loans, and provides us with up to $450 million of revolving loans. Pursuant to the Credit Agreement, we also have a $350 million incremental uncommitted loan facility, of which all of it may be borrowed in the form of term loans and up to $150 million may be borrowed in the form of revolving loans under the revolving loan facility.

Revolving loans may be used for working capital needs and other general corporate purposes, including acquisitions. Revolving loans may be borrowed, repaid and reborrowed over the life of the Credit Agreement until their final maturity. The A term loans and revolving loans mature on June 30, 2011, and the B term loans mature on June 30, 2012. Principal on the A term loans and B term loans is required to be repaid in scheduled annual installments during each of the years set forth below and amounts repaid may not be reborrowed (in

thousands):

Year	A Term Loans	B Term Loans
2005	$ --	$ 1,250
2006	--	1,250
2007	63,750	1,250
2008	63,750	1,250
2009	85,000	1,250
2010	85,000	1,250
2011	127,500	1,250
2012	--	116,250
	$425,000	$125,000

The Credit Agreement requires us to prepay the term loans with proceeds received from the incurrence of certain indebtedness, with proceeds received from certain assets sales and, under certain circumstances, with 50 percent of our excess cash flow. Generally, mandatory prepayments of term loans are allocated pro rata to the A term loans and B term loans and applied first to the scheduled amortization payments in the year of such prepayments and, to the extent in excess thereof, pro rata to the remaining installments of the term loans. Voluntary prepayments of term loans may be applied to any tranche of term loans at our discretion and are applied first to the scheduled amortization payments in the year of such prepayment and, to the extent in excess thereof, pro rata to the remaining installments.

The incremental uncommitted term loan facility provides, among other things, that any incremental term loan borrowing shall be denominated in a single currency, either U.S. dollars or certain foreign currencies; have a maturity date no earlier than the maturity date for the B term loans; and be used to finance acquisitions, refinance any indebtedness assumed as part of such acquisitions, to refinance or repurchase subordinated debt as permitted and to repay outstanding revolving loans.

Note 5. Long-Term Debt (continued)

Bank Credit Agreement (continued)

Under the Credit Agreement, the interest rate for all U.S. loans will either be base rate or LIBOR, plus a margin. The base rate is the higher of the prime lending rate of Deutsche Bank AG New York Branch, or Deutsche Bank, or 1/2 of one percent in excess of the overnight federal funds rate. Initially, the interest rate for A term and revolving loans under the Credit Agreement is the base rate plus a margin of 0.125 percent or LIBOR plus a margin of 1.125 percent. After September 30, 2005, the interest rate margin on A term and revolving borrowings will be reset quarterly based upon our Total Leverage Ratio, as defined in the Credit Agreement. The interest rate for B term loans is the base rate plus a margin of 0.25 percent or LIBOR plus a margin of 1.25 percent. The margin for B term loans is fixed through maturity.

The Credit Agreement provides for the payment of a commitment fee ranging from 0.20 percent to 0.50 percent per annum on the daily average unused portion of commitments available under the revolving loan facility. Initially, the commitment fee will be 0.30 percent per annum. After September 30, 2005, the commitment fee will be reset quarterly based on our Total Leverage Ratio.

We may utilize up to a maximum of $75 million of our revolving loan facility under the Credit Agreement for letters of credit as long as the aggregate amount of borrowings of revolving loans and letters of credit do not exceed the amount of the commitment under such revolving loan facility. The Credit Agreement provides for payment to the applicable lenders of a letter of credit fee equal to the applicable margin in effect for revolving loans and to the issuers of the letters of credit of a facing fee of 1/8 of one percent per annum, calculated on the aggregate stated amount of all letters of credit.

The indebtedness under the Credit Agreement is guaranteed by us and certain of our U.S. subsidiaries. The stock of certain of our U.S. subsidiaries has also been pledged as security to the lenders under the Credit Agreement. The Credit Agreement contains certain financial and operating covenants which limit, among other things, our ability and the ability of our subsidiaries to grant liens, sell assets and use the proceeds from certain asset sales, make certain payments (including dividends) on our capital stock, incur indebtedness or provide guarantees, make loans or investments, enter into transactions with affiliates, make certain capital expenditures, engage in any business other than the packaging business, and, with respect to our subsidiaries, issue stock. In addition, we are required to meet specified financial covenants including Interest Coverage and Total Leverage Ratios, each as defined in the Credit Agreement. We are currently in compliance with all covenants under the Credit Agreement.

As a result of this refinancing, we recorded a non-cash, pre-tax charge of $11.0 million for the loss on early extinguishment of debt to write-off unamortized debt issuance costs of the previous credit facility.

In June 2005, an interest rate swap agreement for $100 million notional principal amount with a fixed rate of 1.3%, expired.

Note 5. Long-Term Debt (continued)

At June 30, 2005, amounts expected to be repaid within one year consisted of $351.6 million of bank revolving loans related primarily to seasonal working capital needs and $1.3 million of bank term loans under our Credit Agreement.

Note 6. Retirement Benefits

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

	Three Months Ended		Six Months
	June 30, 2005	June 30, 2004	June 30, 2005
	(Dollars in thousands)		
Service cost	$ 3,249	$ 3,099	$ 6,485
Interest cost	5,201	4,926	10,366
Expected return on plan assets	(6,601)	(5,560)	(13,089)
Amortization of prior service cost	785	793	1,580
Amortization of actuarial losses	354	416	750
Net periodic benefit cost	$ 2,988	$ 3,674	$ 6,092

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

	Three Months Ended		Six Months
	June 30, 2005	June 30, 2004	June 30, 2005
	(Dollars in thousands)		
Service cost	$ 394	$ 770	$ 813
Interest cost	1,373	1,441	2,756
Amortization of prior service cost	--	--	3
Amortization of actuarial losses	100	286	213
Net periodic benefit cost	$1,867	$2,497	$3,785

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, 2004, based on current tax law, there are no minimum required contributions to our pension plans in 2005. However, this estimate is subject to change based on current proposals before Congress, as well as asset performance significantly below the assumed long-term rate of return on plan assets. In order to reduce our unfunded pension liability, it has been our recent practice to make contributions in excess of the ERISA minimum requirements, to the extent they are tax deductible. During the first six months of 2005, we made no contributions to fund our pension plans for 2005.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2005 and 2004 and for the three and six months then ended is unaudited)

Note 7. Business Segment Information

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

	Metal Food Containers(1)	Plastic Containers(2)	Corporate
		(Dollars in thousands)	
Three Months Ended June 30, 2005			
Net sales	$422,470	$158,688	$ --
Depreciation and amortization(3)	19,611	10,458	10
Segment income from operations	38,919	12,872	(2,296)
Three Months Ended June 30, 2004			
Net sales	$407,084	$144,227	$ --
Depreciation and amortization(3)	19,403	9,870	11
Segment income from operations	33,265	14,067	(2,102)
Six Months Ended June 30, 2005			
Net sales	$796,592	$314,610	$ --
Depreciation and amortization(3)	39,059	20,767	19
Segment income from operations	66,155	22,033	(5,077)
Six Months Ended June 30, 2004			
Net sales	$780,019	$289,622	$ --
Depreciation and amortization(3)	37,440	20,450	20
Segment income from operations	54,395	27,933	(3,554)

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(1) Segment income from operations includes rationalization charges of $0.2 million and $0.9 million for the three and six months ended June 30, 2004, respectively.
(2) Segment income from operations includes rationalization charges of $0.2 million for the three months ended June 30, 2005 and $0.5 million and $0.3 million for the six months ended June 30, 2005 and 2004, respectively.
(3) Depreciation and amortization excludes amortization of debt issuance costs of $0.9 million and $1.0 million for the three months ended June 30, 2005 and 2004, respectively, and $1.8 million and $2.0 million for the six months ended June 30, 2005 and 2004, respectively.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at June 30, 2005 and 2004 and for the
three and six months then ended is unaudited)

Note 7. Business Segment Information (continued)

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

	Three Months Ended		Six Months Ende	
	June 30, 2005	June 30, 2004	June 30, 2005	June 20
	(Dollars in thousands)			
Total segment income from operations	$49,495	$45,230	$83,111	$78,
Interest and other debt expense	24,668	15,083	36,950	30,
Income before income taxes	$24,827	$30,147	$46,161	$48,

Note 8. Dividends

On March 15, 2005, we paid a quarterly cash dividend on our common stock of $0.20 per share to the holders of record of our common stock on March 1, 2005. The cash payment for this dividend was $3.7 million.

On June 15, 2005, we paid a quarterly cash dividend on our common stock of $0.20 per share to the holders of record of our common stock on June 1, 2005. The cash payment for this dividend was $3.7 million.

On July 26, 2005, our Board of Directors declared a quarterly cash dividend on our common stock of $0.20 per share, payable on September 15, 2005 to holders of record of our common stock on September 1, 2005. The cash payment for this dividend is expected to be approximately $3.7 million.

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, 2004 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 North American manufacturer of metal and plastic consumer goods packaging products. We produce steel and aluminum containers for human and pet food; metal, composite and plastic vacuum closures for food and beverage products; and 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. 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 manufacturer of metal, composite and plastic vacuum closures in North America for food and beverage products.

Our objective is to increase shareholder value by efficiently deploying capital and management resources to grow our business, reduce operating costs, build sustainable competitive positions, or franchises, and to complete acquisitions that generate attractive cash returns. We have grown our net sales and income from operations over the years, largely through acquisitions but also through internal growth, and we continue to evaluate acquisition opportunities in the consumer goods packaging market. However, in the absence of such acquisition opportunities, we expect to use our cash flow to repay debt or for other permitted purposes.

In 2003, we announced that in the absence of compelling acquisitions we intended to focus on reducing our debt and expected to repay $200 - $300 million of debt over the period from 2004 through 2006. In 2004, we paid down $160.9 million of debt, making significant progress toward this debt reduction goal. In the absence of compelling acquisitions, we anticipate further reducing debt by approximately $125 million in 2005 as compared with our year-end 2004 outstanding debt balance.

-19-

RESULTS OF OPERATIONS

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

	Three Months Ended	
	June 30, 2005	June 30, 2004
Net sales		
Metal food containers	72.7%	73.8%
Plastic containers	27.3	26.2
Consolidated	100.0	100.0
Cost of goods sold	86.6	87.0
Gross profit	13.4	13.0
Selling, general and administrative expenses	4.8	4.8
Rationalization charges	--	--
Income from operations	8.6	8.2
Interest and other debt expense	4.3	2.7
Income before income taxes	4.3	5.5
Provision for income taxes	1.6	2.2
Net income	2.7%	3.3%

Summary unaudited results of operations for the three and six months ended June 30, 2005 and 2004 are provided below.

	Three Months Ended		
	June 30, 2005	June 30, 2004	J
		(Dollars in milli	
Net sales			

Metal food containers	$422.5	$407.1	$
Plastic containers	158.7	144.2	
Consolidated	$581.2	$551.3	$
Income from operations			
Metal food containers(1)	$ 38.9	$ 33.2	$
Plastic containers(2)	12.9	14.1	
Corporate	(2.3)	(2.1)	
Consolidated	$ 49.5	$ 45.2	$

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(1) Includes rationalization charges of $0.2 million and $0.9 million for the three and six months ended June 30, 2004, respectively.

(2) Includes rationalization charges of $0.2 million for the three months ended June 30, 2005 and $0.5 million and $0.3 million for the six months ended June 30, 2005 and 2004, respectively.

Three Months Ended June 30, 2005 Compared with Three Months Ended June 30, 2004

Overview. Consolidated net sales were $581.2 million in the second quarter of 2005, representing a 5.4 percent increase as compared to the second quarter of 2004 primarily due to higher average selling prices resulting from the pass through of higher raw material costs in both the metal food container and plastic container businesses. Income from operations for the second quarter of 2005 increased by $4.3 million, or 9.5 percent, as compared to the same period in 2004 due to higher income from operations and improved margins in our metal food container business, partially offset by lower income from operations in the plastic container business. On June 30, 2005, we refinanced our previous senior secured credit facility with a new $1.0 billion senior secured credit facility. In connection with the refinancing, we recorded a non-cash, pre-tax charge of $11.0 million, or $0.36 per diluted share net of income tax, for the loss on early extinguishment of debt. Net income for the second quarter of 2005 was $15.4 million, or $0.82 per diluted share, as compared to $18.2 million, or $0.98 per diluted share, for the same period in 2004.

Net Sales. The $29.9 million increase in consolidated net sales in the second quarter of 2005 as compared to the second quarter of 2004 was primarily attributable to higher average selling prices resulting from the pass through of higher raw material costs in both the metal food container and plastic container businesses.

Net sales for the metal food container business increased $15.4 million, or 3.8 percent, in the second quarter of 2005 as compared to the same period in 2004. This increase was attributable to higher average selling prices due to the pass through of higher raw material costs and an improved product mix, partially offset by a decline in food can unit volume. The decline in food can unit volume was primarily the result of certain low margin business with one customer that

was not retained upon contract renewal last year.

Net sales for the plastic container business in the second quarter of 2005 increased $14.5 million, or 10.1 percent, as compared to the same period in 2004. This increase was primarily the result of higher average selling prices due to the pass through of increased resin costs.

Gross Profit. The increase in gross profit margin for the second quarter of 2005 as compared to the same period in 2004 was principally due to continued benefits from rationalization and integration initiatives in the closures operations of our metal food container business and an improved product mix, partially offset by increases in other manufacturing costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percentage of consolidated net sales for the second quarter of 2005 remained relatively flat at 4.8 percent as compared to the same period in 2004. The $1.8 million increase in selling, general and administrative expenses in the second quarter of 2005 as compared to the same period in 2004 was primarily due to higher employee benefit costs.

Income from Operations. Income from operations for the second quarter of 2005 increased by $4.3 million as compared to the second quarter of 2004 and operating margin increased to 8.6 percent from 8.2 percent over the same periods.

Income from operations of the metal food container business for the second quarter of 2005 increased $5.7 million, or 17.2 percent, as compared to the same period in 2004, and operating margin increased to 9.2 percent from 8.2 percent over the same periods. These increases were principally due to an improved product mix, continued benefits from rationalization and integration activities at our manufacturing facilities, particularly in the metal closures operations, and benefits from relatively higher capital spending over the last several years. These favorable items were partially offset by increases in certain other manufacturing costs.

Income from operations of the plastic container business for the second quarter of 2005 decreased $1.2 million, or 8.5 percent, as compared to the same period in 2004, and operating margin decreased to 8.1 percent from 9.8 percent over the same periods. These decreases were primarily a result of higher employee benefit and other manufacturing costs.

Interest and Other Debt Expense. Interest and other debt expense for the second quarter of 2005 increased $9.6 million to $24.7 million as compared to the same period in 2004. This increase resulted primarily from the inclusion of a non-cash charge of $11.0 million to write-off unamortized debt issuance costs in connection with the refinancing of our senior secured credit facility in June 2005. This charge was partially offset by lower interest expense versus the prior year quarter as a result of lower average borrowings due to our on-going debt reduction program.

Income Taxes. The provision for income taxes for the second quarter of 2005 and 2004 was recorded at an effective annual income tax rate of 37.9 percent and 39.5 percent, respectively. The rate decrease in 2005 was primarily due to the benefits of the manufacturing credit afforded under the American Jobs Creation Act as well as the benefits of a tax initiative that was completed during the

quarter.

Six Months Ended June 30, 2005 Compared with Six Months Ended June 30, 2004

Overview. Consolidated net sales were $1.11 billion in the first six months of 2005, representing a 3.9 percent increase as compared to the first six months of 2004 primarily due to higher average selling prices in both the metal food container and plastic container businesses largely as a result of the pass through of higher raw material costs, partially offset by volume declines in both businesses. Income from operations for the first six months of 2005 increased by $4.3 million, or 5.5 percent, as compared to the same period in 2004 due to higher income from operations in our metal food container business, partially offset by lower income from operations in the plastic container business and higher selling, general and administrative costs. The results for 2005 included a non-cash, pre-tax charge of $11.0 million, or $0.36 per diluted share net of income tax, for the loss on early extinguishment of debt as a result of the refinancing of our senior secured credit facility. Net income for the first six months of 2005 was $28.3 million, or $1.51 per diluted share, compared to $29.3 million, or $1.58 per diluted share, for the same period in 2004.

Net Sales. The $41.6 million increase in consolidated net sales in the first six months of 2005 as compared to the first six months of 2004 was the result of higher net sales in both the metal food and plastic container businesses, partially offset by volume declines in both businesses.

Net sales for the metal food container business increased $16.6 million, or 2.1 percent, in the first six months of 2005 as compared to the same period in 2004. This increase was primarily attributable to higher average selling prices due to the pass through of higher raw material costs and an improved product mix, partially offset by volume declines.

Net sales for the plastic container business in the first six months of 2005 increased $25.0 million, or 8.6 percent, as compared to the same period in 2004. This increase was primarily the result of higher average selling prices due to the pass through of higher resin costs partially offset by volume declines.

Gross Profit. Gross profit margin increased 0.1 percentage points for the first six months of 2005 as compared to the same period in 2004. This increase was principally due to an improved product mix in the metal food container business, partially offset by increases in other manufacturing costs and volume declines in both businesses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percentage of consolidated net sales remained relatively flat at 5.1 percent for the first six months of 2005 as compared to the same period in 2004. The $2.5 million increase in selling, general and administrative expenses for the first six months of 2005 as compared to the same period in 2004 was primarily related to increases in employee benefit costs and costs incurred as a result of the Sarbanes-Oxley Act, partially offset by continued benefits from the rationalization and integration activities at our manufacturing facilities.

Income from Operations. Income from operations for the first six months of 2005 increased by $4.3 million as compared to the first six months of 2004, and operating margin increased to 7.5 percent from 7.3 percent over the same

periods. Results for the first six months of 2005 and 2004 included rationalization charges totaling $0.5 million and $1.2 million, respectively.

Income from operations of the metal food container business for the first six months of 2005 increased $11.8 million, or 21.7 percent, as compared to the same period in 2004, and operating margin increased to 8.3 percent from 7.0 percent over the same periods. These increases were principally due to an improved product mix, continued benefits from rationalization and integration activities at our manufacturing facilities, particularly in the metal closures operations, and benefits from relatively higher capital spending over the last several years. These favorable items were partially offset by the impact of lower volumes and increases in certain other manufacturing costs.

Income from operations of the plastic container business for the first six months of 2005 decreased $5.9 million, or 21.1 percent, as compared to the same period in 2004, and operating margin decreased to 7.0 percent from 9.6 percent over the same periods. Income from operations and operating margins were negatively impacted in 2005 by lower sales volumes, resin inflation and higher employee benefit and other manufacturing costs.

Interest and Other Debt Expense. Interest and other debt expense for the first six months of 2005 increased $6.7 million to $37.0 million as compared to the same period in 2004. This increase resulted primarily from the $11.0 million non-cash charge to write-off unamortized debt issuance costs in connection with the refinancing of our senior secured credit facility in June 2005.

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.

On June 30, 2005, we completed the refinancing of our previous senior secured credit facility by entering into a new $1.0 billion senior secured credit facility. The Credit Agreement provided us with $425 million of A term loans and $125 million of B term loans, and provides us with a revolving loan facility of up to $450 million. Under the Credit Agreement, we may use revolving loans for working capital and other general corporate purposes, including acquisitions. The A term loans and revolving loan facility mature on June 30, 2011, and the B term loans mature on June 30, 2012. The Credit Agreement also provides us with an incremental uncommitted loan facility of up to an additional $350 million, which may be used to finance acquisitions and for other permitted purposes. You should also read Note 5 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2005 included elsewhere in this Quarterly Report.

Under the Credit Agreement, the interest rate for all U.S. loans will either be base rate or LIBOR, plus a margin. The base rate is the higher of the prime lending rate of Deutsche Bank or 1/2 of one percent in excess of the overnight federal funds rate. Initially, for the A term loans and revolving loans the margin will be 1.125 percent for LIBOR rate loans and 0.125 percent for base rate loans. The margin for A term loans and revolving loans is subject to

adjustment quarterly based upon financial ratios. For the B term loans, the margin for LIBOR rate loans is fixed at 1.25 percent and the margin for base rate loans is fixed at 0.25 percent. Prior to the refinancing, the interest rate for A term loans and revolving loans under our previous credit facility was LIBOR plus a margin of 1.50 percent or the prime lending rate of Deutsche Bank plus a margin of 0.50 percent, and for B term loans an additional 0.25 percent, or LIBOR plus 1.75 percent.

For the six months ended June 30, 2005, we used proceeds of $550.0 million from the refinancing of our senior secured credit facility, net borrowings of revolving loans of $351.6 million, proceeds from stock option exercises of $2.7 million and proceeds from asset sales of $0.2 million to fund the repayment of term loans of $638.7 million, cash used in operations of $84.0 million primarily for our seasonal working capital needs, capital expenditures of $44.2 million, decreases in outstanding checks of $79.8 million, dividends paid on our common stock of $7.4 million and debt issuance costs of $3.5 million and to increase cash balances by $46.9 million.

For the six months ended June 30, 2004, we used net borrowings of revolving loans of $201.9 million, proceeds from stock option exercises of $1.5 million and proceeds from asset sales of $2.1 million to fund cash used in operations of $67.6 million primarily for our seasonal working capital needs, capital expenditures of $46.5 million, decreases in outstanding checks of $76.6 million, dividends paid on common stock of $2.8 million and debt issuance costs of $0.2 million and to increase cash balances by $11.8 million.

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

At June 30, 2005, we had $351.6 million of revolving loans outstanding under the Credit Agreement. Amounts borrowed at June 30, 2005 included $207.0 million for seasonal working capital needs, $88.7 million for the repayment of term loans under our previous senior secured credit facility and $55.9 million held as cash and cash equivalents at June 30, 2005 for payments of certain accounts payable in the beginning of July 2005. After taking into account outstanding letters of credit, the available portion of the revolving loan facility under the Credit Agreement at June 30, 2005 was $72.4 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 2005, we estimate that we will utilize approximately $250 - $300 million of revolving loans under the Credit Agreement for our peak seasonal working capital requirements.

-24-

During the first six months of 2005, we paid cash dividends on our common stock totaling $7.4 million. On July 26, 2005, our Board of Directors declared a quarterly cash dividend on our common stock of $0.20 per share, payable on September 15, 2005 to holders of record of our common stock on September 1, 2005. The cash payment for this dividend is expected to be approximately $3.7 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 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. However, in the absence of acquisition opportunities, we expect to use our free cash flow to repay indebtedness or for other permitted purposes.

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 2005 with all of these covenants.

Rationalization Charges and Acquisition Reserves

During the first quarter of 2005, we approved and announced to employees a plan to relocate the operations of one of our Mississauga, Ontario plastic container manufacturing facilities to other operating facilities. This decision resulted in a charge to earnings of $0.5 million, which consisted of $0.1 million for the non-cash write-down in carrying value of assets and $0.4 million for employee severance and benefits and plant exit costs. The relocation of operations has been substantially completed. Through June 30, 2005, there were no significant cash payments related to relocating this facility. Cash payments related to these reserves are expected through 2006 for employee severance and benefits costs.

Under our rationalization and acquisition plans, we made cash payments of $0.4 million and $5.1 million for the six months ended June 30, 2005 and 2004, respectively. Total future cash spending of $1.8 million is expected under our Fairfield and 2005 and 2003 rationalization plans and our 2003 acquisition plans. Spending under these plans in 2005 is not expected to be material to our cash flows.

You should also read Note 2 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2005 included elsewhere in this Quarterly Report.

We continually evaluate cost reduction opportunities in our business, including rationalizations of our existing facilities through plant closings and downsizings. We use a disciplined approach to identify opportunities that generate attractive cash returns. In line with our ongoing evaluation, we are currently reviewing certain facilities for potential rationalization actions which may result in cash expenditures and charges to our earnings.

NEW ACCOUNTING PRONOUNCEMENTS

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4." SFAS No. 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs and wasted materials should be recognized as current period charges in all circumstances. SFAS No. 151 will be effective for us beginning January 1, 2006. We do not expect the adoption of SFAS No. 151 to have a material effect on our financial position, results of operations or cash flows.

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment." SFAS No. 123(R) requires that public companies recognize compensation expense in an amount equal to the fair value of the share-based payment. Based on a recent deferral of the effective date, we will adopt SFAS No. 123(R) beginning January 1, 2006. SFAS No. 123(R) permits companies to adopt its requirements using either the "modified prospective" method or the "modified retrospective" method.

We are still assessing which transition method to utilize. As permitted by SFAS No. 123, we currently account for share-based payments to employees using APB Opinion No. 25's intrinsic value method and, as such, recognize no compensation expense for employee stock options. Accordingly, the adoption of SFAS No. 123(R)'s fair value method will have an impact on our results of operations, although it will have no impact on our overall financial position. The impact of adoption of SFAS No. 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted SFAS No. 123(R) in prior periods, the impact of that standard would have approximated the impact of SFAS No. 123 as described in the disclosure of pro forma net income and diluted net income per share in Note 1 to our Condensed Consolidated Financial Statements for the three and six months ended June 30, 2005. SFAS No. 123(R) also requires the benefits of tax deductions in excess of recognized compensation expense to be reported as a financing cash flow activity, rather than as an operating cash flow activity as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. While we cannot estimate what those amounts will be in the future (because they depend on, among other things, when employees exercise stock options), the amounts of operating cash flows recognized in prior periods for such excess tax deductions have not been material to our cash flows.

On October 22, 2004, the American Jobs Creation Act was signed into law. The AJCA includes a deduction of 85 percent on certain foreign earnings that are repatriated during the calendar years of 2004 and 2005. We may elect to apply this provision to qualifying earnings repatriated in 2005. The range of possible amounts that we are evaluating for repatriation under this provision is between zero and $48 million. The related potential range of income tax cannot be determined at this time. We expect to complete our evaluation of the repatriation provision under the AJCA in the fourth quarter of 2005.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to our operations result primarily from changes in interest rates. In the normal course of business, we also have limited foreign currency exchange rate risk associated with our operations in Canada and 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, 2004. 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 Co-Chief Executive Officers 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 Co-Chief Executive Officers 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 4. Submission of Matters to a Vote of Security Holders

Our annual meeting of stockholders, or the Annual Meeting, for which proxies were solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, was held on May 23, 2005 for the purposes of (1) electing two directors to serve for a three year term until our annual meeting of stockholders in 2008 and until their successors are duly elected and qualified; (2) approving an amendment to the Silgan Holdings Inc. 2004 Stock Incentive Plan with respect to awards for non-employee directors; and (3) ratifying the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2005.

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

	Number of Shares Voted For	Number of Shares Withheld
D. Greg Horrigan	11,074,738	5,462,453
John W. Alden	16,055,294	481,897

Our directors whose term of office continued after the Annual Meeting are Jeffrey C. Crowe and Edward A. Lapekas, each of whose term of office as a director continues until our annual meeting of stockholders in 2006, and R. Philip Silver and William C. Jennings, each of whose term of office as a director continues until our annual meeting of stockholders in 2007.

The amendment to the Silgan Holdings Inc. 2004 Stock Incentive Plan was approved at the Annual Meeting. There were 15,294,288 votes cast approving such amendment, 578,956 votes cast against such amendment and 1,880 votes abstaining.

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2005 was approved at the Annual Meeting. There were 16,504,271 votes cast ratifying such appointment, 29,635 votes cast against ratification of such appointment and 3,285 votes abstaining.

Item 6. Exhibits

Exhibit Number	Description
12	Ratio of Earnings to Fixed Charges for the three and six months ended June 30, 2005 and 2004.
31.1	Certification by the Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.2	Certification by the Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
31.3	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.
32.1	Certification by the Co-Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.
32.2	Certification by the Co-Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.
32.3	Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.

SIGNATURES

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

SILGAN HOLDINGS INC.

Dated: August 9, 2005

/s/ Robert B. Lewis

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

EXHIBIT INDEX

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