TEXAS PACIFIC LAND TRUST
Form SC 13G
February 17, 2010

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934

TEXAS PACIFIC LAND TRUST

Units of beneficial Interests in Texas Pacific Land Trust

882610108

December 31, 2009

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

X Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

NOTE:The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

CUSIP No. 882610108

1. Names of Reporting Persons.

FIRST DALLAS HOLDINGS, INC.

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Texas

5. Sole Voting Power: 0

6. Shared Voting Power: 454,900

7. Sole Dispositive Power: 0

8. Shared Dispositive Power: 579,658

9. Aggregate Amount Beneficially Owned by Each Reporting Person: 579,658

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares

11. Percent of Class Represented by Amount in Row (9): 5.8%

12. Type of Reporting Person: HC

CUSIP No. 882610108

1. Names of Reporting Persons.

DONALD W. HODGES

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

MR. HODGES IS A UNITED STATES CITIZEN

5. Sole Voting Power: 0

6. Shared Voting Power: 454,900

7. Sole Dispositive Power: 0

8. Shared Dispositive Power: 579,658

9. Aggregate Amount Beneficially Owned by Each Reporting Person: 579,658

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares

11. Percent of Class Represented by Amount in Row (9): 5.8%

12. Type of Reporting Person (See Instructions): IN

CUSIP No. 882610108

1. Names of Reporting Persons.

First Dallas Securities, Inc.

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Texas

5. Sole Voting Power: 0

6. Shared Voting Power: 0

7. Sole Dispositive Power: 0

8. Shared Dispositive Power: 31,765

9. Aggregate Amount Beneficially Owned by Each Reporting Person: 31,765

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares

11. Percent of Class Represented by Amount in Row (9): 0.3%

12. Type of Reporting Person (See Instructions): IA, BD

CUSIP No. 882610108

1. Names of Reporting Persons.

Hodges Capital Management, Inc.

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Texas

5. Sole Voting Power: 0

6. Shared Voting Power: 452,900

7. Sole Dispositive Power: 0

8. Shared Dispositive Power: 545,893

9. Aggregate Amount Beneficially Owned by Each Reporting Person: 545,893

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares

11. Percent of Class Represented by Amount in Row (9): 5.5%

12. Type of Reporting Person (See Instructions): IA

CUSIP No. 882610108

1.Names of Reporting Persons.

Hodges Fund, A Series of professionally Managed Portfolios

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Massachusetts

5. Sole Voting Power: 0

6. Shared Voting Power: 408,000

7. Sole Dispositive Power: 0

8. Shared Dispositive Power: 408,000

9. Aggregate Amount Beneficially Owned by Each Reporting Person: 408,000

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares

11. Percent of Class Represented by Amount in Row (9): 4.1%

12. Type of Reporting Person (See Instructions): IV

CUSIP No. 882610108

1.Names of Reporting Persons.

Hodges Small Cap Fund, A Series of professionally Managed Portfolios

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Massachusetts

5. Sole Voting Power: 0

6. Shared Voting Power: 35,000

7. Sole Dispositive Power: 0

8. Shared Dispositive Power: 35,000

9. Aggregate Amount Beneficially Owned by Each Reporting Person: 35,000

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares

11. Percent of Class Represented by Amount in Row (9): 0.4%

12. Type of Reporting Person (See Instructions): IV

CUSIP No. 882610108
1. Names of Reporting Persons.

Hodges Blue Chip 25 Fund, A Series of professionally Managed Portfolios

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Massachusetts

5. Sole Voting Power: 0

6. Shared Voting Power: 3,800

7. Sole Dispositive Power: 0

8. Shared Dispositive Power: 3,800

9. Aggregate Amount Beneficially Owned by Each Reporting Person: 3,800

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares

11. Percent of Class Represented by Amount in Row 9: <0.1%

12. Type of Reporting Person : IV

CUSIP No. 882610108
1. Names of Reporting Persons.

Hodges Pure Contrarian Fund, A Series of professionally Managed Portfolios

2. Check the Appropriate Box if a Member of a Group

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Massachusetts

5. Sole Voting Power: 0

6. Shared Voting Power: 3,000

7. Sole Dispositive Power: 0

8. Shared Dispositive Power: 3,000

9. Aggregate Amount Beneficially Owned by Each Reporting Person: 3,000

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares

11. Percent of Class Represented by Amount in Row 9: <0.1%

12. Type of Reporting Person : IV

Item 1.

(a) Name of Issuer:
Texas Pacific Land Trust
(b) Address of Issuer's Principal Executive Offices:
1700 Pacific Avenue
Suite 2770
Dallas, TX 75201
Item 2.

(a) Name of Person Filing:

First Dallas Holdings, Inc.("FDHI")
Donald W. Hodges
First Dallas Securities, Inc.("FDSI")
Hodges Capital Management, Inc.("HCM")
Hodges Fund
Hodges Small Cap Fund
Hodges Pure Conrtrarian Fund
Hodges Blue Chip 25 Fund

(b) Address of Principal Business Office or, if none, Residence:
2905 Maple Ave.
Dallas, Texas 75201

(b) Citizenship:
First Dallas Holdings, Inc. is a Texas corporation.
Donald W. Hodges is a citizen of the United States.
First Dallas Securities, Inc. is a Texas corporation.
Hodges Capital Management is a Texas corporation.
Hodges Fund is a series of a Massachusetts business trust.
Hodges Small Cap Fund is a series of a Massachusetts business trust.
Hodges Blue Chip 25 Fund is a series of a Massachusetts business trust.
Hodges Pure Contrarian Fund is a series of a Massachusetts business trust.

(d) Title of Class of Securities:
Units of beneficial Interests in Texas Pacific Land Trust

(e) CUSIP Number:
882610108

Item 3. If this statement is filed pursuant to SS240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

(g) X A parent holding company or control person in accordance with S 240.13d-1(b)(1)(ii)(G).

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

First Dallas Holdings, Inc.	579,658
Donald W. Hodges	579,658
First Dallas Securities, Inc.	31,765
Hodges Capital Management, Inc.	545,893
Hodges Fund	408,000
Hodges Small Cap Fund	35,000
Hodges Blue Chip 25 Fund	3,800
Hodges Pure Contrarian Fund	3,000

(b) Percent of class:

First Dallas Holdings, Inc.	5.8%
Donald W. Hodges	5.8%
First Dallas Securities, Inc.	0.3%
Hodges Capital Management, Inc.	5.5%
Hodges Fund	4.1%
Hodges Small Cap Fund	0.4%
Hodges Blue Chip 25 Fund	0.1%
Hodges Pure Contrarian Fund	0.1%

The calculation of the percentage of beneficial ownership of the Company's units of beneficial interest is based upon 9,978,587 shares outstanding on September 30, 2009, as disclosed by the Company in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote:

First Dallas Holdings, Inc	0
Donald W. Hodges	0
First Dallas Securities, Inc.	0
Hodges Capital Management, Inc.	0
Hodges Fund	0
Hodges Small Cap Fund	0
Hodges Blue Chip 25 Fund	0
Hodges Pure Contrarian Fund	0

(ii) Shared power to vote or to direct the vote:

First Dallas Holdings, Inc.	454,900
Donald W. Hodges	454,900
First Dallas Securities, Inc.	0
Hodges Capital Management, Inc.	452,900
Hodges Fund	408,000
Hodges Small Cap Fund	35,000
Hodges Blue Chip 25 Fund	3,800
Hodges Pure Contrarian Fund	3,000

(iii) Sole power to dispose or to direct the disposition of:

First Dallas Holdings, Inc	0
Donald W. Hodges	0
First Dallas Securities, Inc.	0
Hodges Capital Management, Inc.	0
Hodges Fund	0
Hodges Small Cap Fund	0
Hodges Blue Chip 25 Fund	0
Hodges Pure Contrarian Fund	0

(iv) Shared power to dispose or to direct the disposition of:

First Dallas Holdings, Inc.	579,658
Donald W. Hodges	579,658
First Dallas Securities, Inc.	31,765
Hodges Capital Management, Inc.	545,893
Hodges Fund	408,000
Hodges Small Cap Fund	35,000
Hodges Blue Chip 25 Fund	3,800
Hodges Pure Contrarian Fund	3,000

The reported are shares of beneficial Interests.

All 579,658 of the reported shares collectively, the ("reported Shares") may be deemed as beneficially owned by FDHI, which is the owner of FDSI and HCM, and Donald W. Hodges, who is the controlling shareholder of FDHI.

31,765 of the Reported Shares are held in seperate accounts managed by FDSI, each of which, individually, owns less than 1% of the common stock of the Issuer(each a "Separate Account"). FDSI is a registered broker-dealer and an investment adviser registered with the SEC. 96,093 of the Reported Shares are held in Separate Accounts managed by HCM, which is also an investment adviser registered with the SEC.

408,000 of the Reported Shares are held by the Hodges Fund, 35,000 of the Reported Shares are held by the Hodges Small Cap Fund, 3,800 of the Reported Shares are held by the Hodges Blue Chip 25 Fund and 3,000 of the Reported Shares are held by the Hodges Pure Contrarian Fund all of which are series of Professionally Managed Portfolios, an investment company registered under the Investment Company Act of 1940. The investment adviser to all of these funds is HCM, which may be deemed to be a beneficial owner of the funds' Reported Shares.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person

First Dallas Securities, Inc. is wholly-owned by First Dallas Holdings, Inc., and is a registered investment adviser in accordance with
S 240.13d-1(b)(1)(ii)(E)

Hodges Capital Management, Inc. is wholly-owned by First Dallas Holdings, Inc., and is a registered investment adviser in accordance with
S 240.13d-1(b)(1)(ii)(E)

Item 8. Identification and Classification of Members of the Group

Not Applicable.

Item 9. Notice of Dissolution of Group

Not Applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Exhibits

Exhibit 1:
Joint Filing Agreement dated February 15,2010, among FDHI, Donald W. Hodges, FDSI, HCM, Hodges Fund, Hodges Small Cap Fund, Hodges Blue Chip 25 Fund and Hodges Pure Contrarian Fund.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 15, 2010

Donald W. Hodges
Chairman

35 -- (392) -- -- (109) (501) ------ ---- -------- -------- -------- -------- -------- Balance at September 30, 2008 37,963 $432 $160,264 $479,889 $ 12,276 $(60,257) $592,604 ====== ==== ======== ======== ======== ======== ======== See accompanying notes. -7- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 1. Significant Accounting Policies Basis of Presentation. The accompanying unaudited condensed consolidated financial statements of Silgan Holdings Inc., or Holdings, have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying financial statements include all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation. The results of operations for any interim period are not necessarily indicative of the results of operations for the full year. The Condensed Consolidated Balance Sheet at December 31, 2007 has been derived from our audited consolidated financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. Certain prior years' amounts have been reclassified to conform with the current year's presentation. You should read the accompanying condensed consolidated financial statements in conjunction with our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007. Goodwill and Other Intangible Assets. We review goodwill and other indefinite-lived intangible assets for impairment as of July 1 each year and more frequently if circumstances indicate a possible impairment. We determined that our goodwill and other indefinite-lived intangible assets were not impaired in our third quarter 2008 assessment. Recently Adopted Accounting Pronouncements. In September 2006, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards, or SFAS, No. 157, "Fair Value Measurements." SFAS No. 157 establishes a single authoritative definition for fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. In February 2008, the FASB issued FASB Staff Position, or FSP, No. 157-2, "Effective Date of FASB Statement No. 157." FSP No. 157-2 delays the effective date of our adoption of SFAS No. 157, as it relates to applying fair value measurements to nonfinancial assets and nonfinancial

liabilities that are not recognized or disclosed on a recurring basis (at least annually), to January 1, 2009. We adopted SFAS No. 157, as it relates to financial assets and financial liabilities, on January 1, 2008. The adoption of SFAS No. 157 did not have a significant effect on our financial position, results of operations or cash flows. We do not expect that the adoption of SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities, will have a significant effect on our financial position, results of operations or cash flows. See Note 7 for further information. -8- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 1. Significant Accounting Policies (continued) Recently Adopted Accounting Pronouncements (continued) In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to elect to measure eligible financial instruments and certain other items at fair value that are not currently required to be measured at fair value. We adopted SFAS No. 159 on January 1, 2008. We have elected not to measure eligible items at fair value, and therefore our adoption of SFAS No. 159 did not have an effect on our financial position, results of operations or cash flows. Recent Accounting Pronouncements. In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) retains the fundamental requirements in SFAS No. 141 that the purchase method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. SFAS No. 141(R) establishes principles and requirements for the reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed and any non-controlling interest at their fair values at the acquisition date. SFAS No. 141(R) also requires that acquisition-related costs be recognized separately from the acquisition. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009. In addition, SFAS No. 141(R) requires that any changes in an acquired deferred tax account or related valuation allowance that occur after the effective date of adoption will be recognized as adjustments to income tax expense. We are currently evaluating the impact that SFAS No. 141(R) will have on our consolidated financial statements. In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." SFAS No. 161 requires companies with derivative instruments to disclose information that should enable financial-statement users to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and how derivative instruments and related hedged items affect a company's financial position, financial performance and cash flows. SFAS No. 161 is effective for us on January 1, 2009. We are currently evaluating the impact, if any, that SFAS No. 161 will have on our consolidated financial statements. Note 2. Acquisitions In February 2008, we acquired substantially all of the assets of the metal vacuum closures operations of Grup Vemsa 1857, S.L., or Vem, which had manufacturing operations in Spain and China, for an aggregate purchase price of $10.2 million. The acquisition of Vem was accounted for using the purchase method of accounting. -9- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 2. Acquisitions (continued) In April 2008, we acquired the White Cap closures operation in Brazil for an aggregate purchase price of $4.3 million, net of cash acquired, thereby concluding our acquisition of the White Cap closures operations from Amcor Limited. This acquisition was accounted for using the purchase method of accounting. Note 3. Rationalization Charges As part of our plans to rationalize certain facilities, we have established reserves for employee severance and benefits and plant exit costs. Activity in our rationalization reserves since December 31, 2007 is summarized as follows: Employee Plant Non-Cash Severance Exit Asset and Benefits Costs Write-Down Total ----------- ----- --------- ----- (Dollars in thousands) Balance at December 31, 2007 --------------------------- 2001 Fairfield Rationalization Plan $ -- $ 290 $ -- $ 290 2006 Rationalization Plans 5,104 -- -- 5,104 ------- ------- ------- ------- Balance at December 31, 2007 5,104 290 -- 5,394 Activity for the Nine Months Ended Sept. 30, 2008 --- 2001 Fairfield Rationalization Plan -- (92) -- (92) 2006 Rationalization Plan Reserves Established -- 1,410 296 1,706 2006 Rationalization Plan Reserves Utilized (1,060) (1,410) (296) (2,766) 2008 Rationalization Plan Reserves Established 4,261 997 2,837 8,095 2008 Rationalization Plan Reserves Utilized (3,185) (324) (2,837) (6,346) ------- ------- ------- ------- Total Activity 16 581 -- 597 Balance at September 30, 2008 ---------------------------- 2001 Fairfield Rationalization Plan -- 198 -- 198 2006 Rationalization Plans 4,044 -- -- 4,044 2008 Rationalization Plans 1,076 673 -- 1,749 ------- ------- ------- ------- Balance at September 30, 2008 $ 5,120 $ 871 $ -- $ 5,991 ======= =======

======= ======= 2008 Rationalization Plans ------------------------- In 2008, as part of our ongoing effort to streamline operations and reduce costs, we approved plans to close our metal food container manufacturing facility in Tarrant, Alabama, our plastic container manufacturing facility in Richmond, Virginia and our closures manufacturing facility in Turkey and to consolidate various administrative positions within our European closures operations. -10- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 3. Rationalization Charges (continued) 2008 Rationalization Plans (continued) ------------------------- In February 2008, we approved and announced to employees a plan to exit our Tarrant, Alabama metal food container facility. Our plan includes the termination of approximately 35 employees and other related plant exit costs. We estimate that the total costs for the rationalization of this facility will be $2.4 million. These costs include $0.6 million for employee severance and benefits, $1.4 million for plant exit costs and $0.8 million for the acceleration of depreciation to write-down equipment for abandonment upon the exit of the facility, offset by $0.4 million for a non-cash curtailment gain for other postretirement benefits. Rationalization charges recognized during the first nine months of 2008 for this action were $1.1 million, which consisted of $0.8 million for the accelerated depreciation of equipment, $0.1 million for plant exit costs and $0.6 million for employee severance and benefits, offset by $0.4 million for a non-cash curtailment gain for other postretirement benefits. We have ceased operations at this facility and expect to sell the building for estimated proceeds at or in excess of its net book value. Additional charges of $1.3 million are expected through 2009. Remaining cash payments of $1.4 million are expected through 2009. In March 2008, we approved and announced to employees a plan to exit our Richmond, Virginia plastic container manufacturing facility. Our plan includes the termination of approximately 15 employees and other related plant exit costs. We estimate that the total costs for the rationalization of this facility will be $1.1 million. These costs include $0.1 million for employee severance and benefits, $0.7 million for plant exit costs and $0.3 million for the non-cash write-down in carrying value of assets. Rationalization charges recognized during the first nine months of 2008 for this action were $0.9 million, which consisted of $0.3 million for the non-cash write-down in carrying value of assets, $0.1 million for employee severance and benefits and $0.5 million for plant exit costs. We have ceased operations at this facility. Additional charges of $0.2 million are expected through 2009. Remaining cash payments of $0.5 million are expected through 2009. During 2008, we approved and announced to employees in our closures business plans to consolidate various administrative positions and streamline operations in Europe and exit our closures manufacturing facility in Turkey. Our plans include the termination of approximately 150 employees, the relocation of certain operations into existing facilities and other related plant exit costs. We plan to exit the facility in Turkey in the fourth quarter of 2008. We estimate that the total costs for the rationalization will be $6.8 million. These costs include $1.7 million for the non-cash write-down in carrying value of assets, $4.5 million for employee severance and benefits and $0.6 million for plant exit costs. Rationalization charges recognized during the first nine months of 2008 for this action were $6.1 million, which consisted of $1.7 million for the non-cash write-down in carrying value of assets, $4.0 million for employee severance and benefits and $0.4 million for plant exit costs. Additional charges of $0.7 million are expected during the remainder of 2008. Remaining cash payments of $2.0 million are expected primarily in 2008. -11- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 3. Rationalization Charges (continued) 2006 Rationalization Plans ------------------------- In June 2006, in an effort to streamline operations and reduce costs, we approved a plan to exit our St. Paul, Minnesota metal food container manufacturing facility. The plan includes the termination of approximately 60 employees, the consolidation of certain operations into existing facilities and the elimination of the remaining operations and the exit of the facility. We estimate that the total costs for the rationalization of the facility will be $14.2 million. As of December 31, 2007, total charges of $12.5 million recognized to date included $5.8 million of non-cash pension and postretirement curtailment expense, $2.6 million for employee severance and special termination benefits, $1.1 million for plant exit costs and $3.0 million for the non-cash write-down and accelerated depreciation of the building and equipment. Rationalization charges recognized during the first nine months of 2008 were $1.6 million, which consisted of $1.3 million for plant exit costs and $0.3 million for the non-cash write down in carrying value of assets. We have ceased operations at this facility and expect to sell the building for estimated proceeds at or in excess of its net book value. Additional charges of $0.1 million for plant exit costs are expected through 2008. Remaining cash payments of $0.8 million are expected primarily in 2008. In October 2006, we approved and announced to employees a plan to exit our Stockton, California metal food container manufacturing facility. The plan includes the termination or relocation of approximately 110 employees and other related plant exit costs. We estimate total rationalization charges for the plan will be $5.4 million. As of December 31, 2007, we recognized rationalization charges of $4.1 million for employee severance and benefits, $0.4 million for the non-cash write down in carrying value of assets and $0.6 million for plant exit costs. Rationalization charges recognized during the first nine months of 2008 were $0.1 million for plant exit costs. We have ceased operations at this facility and expect to sell the building for estimated proceeds at or in excess of its net book value. Additional charges of $0.2 million for plant exit costs are expected through 2008. Remaining cash payments of $3.6 million are expected through 2009. Rationalization reserves are included in the Condensed Consolidated Balance Sheets as follows: Sept. 30, Sept. 30, Dec. 31, 2008 2007 2007 ---- ---- ---- (Dollars in thousands) Accrued liabilities $2,826 $1,863 $2,050 Other liabilities 3,165 3,660 3,344 ------ ------ ------ $5,991 $5,523 $5,394 ====== ====== ====== -12- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 4. Accumulated Other Comprehensive Income (Loss) Accumulated other comprehensive income (loss) is reported in the Condensed Consolidated Statements of Stockholders' Equity. Amounts included in accumulated other comprehensive income (loss) consisted of the following: Sept. 30, Sept. 30, Dec. 31, 2008 2007 2007 ---- ---- ---- (Dollars in thousands) Foreign currency translation $ 29,765 $ 24,145 $ 32,616 Change in fair value of derivatives 1,881 3,192 1,839 Unrecognized net periodic pension and other postretirement benefit costs: Net prior service credit 4,147 4,791 4,464 Net actuarial loss (23,517) (33,840) (23,855) -------- -------- -------- Accumulated other comprehensive income (loss) $ 12,276 $ (1,712) $ 15,064 ======== ======== ======== Note 5. Inventories Inventories consisted of the following: Sept. 30, Sept. 30, Dec. 31, 2008 2007 2007 ---- ---- ---- (Dollars in thousands) Raw materials $ 87,717 $ 79,518 $ 91,988 Work-in-process 72,058 68,666 73,863 Finished goods 278,577 275,185 282,665 Spare parts and other 31,159 28,534 29,566 -------- -------- -------- 469,511 451,903 478,082 Adjustment to value domestic inventory at cost on the LIFO method (54,421) (39,197) (50,275) -------- -------- -------- $415,090 $412,706 $427,807 ======== ======== ======== -13- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 6. Long-Term Debt Long-term debt consisted of the following: Sept. 30, Sept. 30, Dec. 31, 2008 2007 2007 ---- ---- ---- (Dollars in thousands) Bank debt Bank revolving loans $ 315,149 $ 189,872 $ -- Bank A term loans 345,000 345,000 345,000 Bank B term loans 41,477 41,904 41,477 Canadian term loans 86,112 89,910 91,674 Euro term loans 286,020 283,460 294,480 Other foreign bank revolving and term loans 29,332 20,528 16,871 ---------- ---------- -------- Total bank debt 1,103,090 970,674 789,502 ---------- ---------- -------- Subordinated debt 6 3/4% Senior Subordinated Notes 200,000 200,000 200,000 Other -- 3,000 3,000 ---------- ---------- -------- Total subordinated debt 200,000 203,000 203,000 ---------- ---------- -------- Total debt 1,303,090 1,173,674 992,502 Less current portion 436,546 210,828 112,921 ---------- ---------- -------- $ 866,544 $ 962,846 $879,581 ========== ========== ======== At September 30, 2008, amounts expected to be repaid within one year consisted of $315.1 million of bank revolving loans and $92.1 million of bank term loans under our senior secured credit facility, or the Credit Agreement, and $29.3 million of foreign bank revolving and term loans. Bank revolving loans borrowed under our Credit Agreement were utilized primarily for current seasonal working capital requirements and to ensure access to liquidity in light of the current credit market turmoil. Our cash and cash equivalents balance at September 30, 2008 was $290.4 million. Cash equivalents are primarily invested in U.S. Treasury instruments and U.S. government backed securities. At September 30, 2008, the aggregate notional principal amount of outstanding interest rate swap agreements was $328 million, of which $36 million matures in 2008 (non-U.S. dollar agreements have been translated into U.S. dollars at exchange rates in effect at the balance sheet date). -14- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 7. Fair Value Measurements We adopted SFAS No. 157 as it relates to financial assets and financial liabilities as of January 1, 2008. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). SFAS No. 157 classifies the inputs used to measure fair value into a hierarchy consisting of three levels. Level 1 inputs represent unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs represent unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 inputs represent unobservable inputs for the asset or liability. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The financial assets and liabilities that are measured on a recurring basis at September 30, 2008 consist of our interest rate swap agreements. We measured the fair value of the interest rate swap agreements using the income approach. The fair value of these agreements reflects the estimated amounts that we would receive based on the present value of the expected cash flows derived from market interest rates. As such, these derivative instruments are classified within Level 2. At September 30, 2008, our interest rate swap agreements were valued as a net asset of $3.2 million. There were no significant unrealized gains or losses related to our interest rate swap agreements recognized during the first nine months of 2008. -15- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 8. Retirement Benefits The components of the net periodic pension benefits costs are as follows: Three Months Ended Nine Months Ended ----------------- ----------------- Sept. 30, Sept. 30, Sept. 30, Sept. 30, 2008 2007 2008 2007 ---- ---- ---- ---- (Dollars in thousands) Service cost $ 2,665 $ 3,522 $ 9,450 $ 10,649 Interest cost 6,758 6,401 20,324 18,650 Expected return on plan assets (7,873) (7,670) (23,049) (23,080) Amortization of prior service cost 604 723 1,725 1,877 Amortization of actuarial losses 155 287 315 717 Curtailment expense 83 -- 83 1,158 ------- ------- -------- -------- Net periodic benefit cost $ 2,392 $ 3,263 $ 8,848 $ 9,971 ======= ======= ======== ======== The components of the net periodic other postretirement benefits costs are as follows: Three Months Ended Nine Months Ended ----------------- ----------------- Sept. 30, Sept. 30, Sept. 30, Sept. 30, 2008 2007 2008 2007 ---- ---- ---- ---- (Dollars in thousands) Service cost $ 170 $ 231 $ 630 $ 700 Interest cost 797 808 2,446 2,681 Amortization of prior service credit (659) (569) (1,808) (1,454) Amortization of actuarial losses 70 74 214 356 Curtailment gain (455) -- (455) -- ------- ------- -------- -------- Net periodic benefit (credit) cost $ (77) $ 544 $ 1,027 $ 2,283 ======= ======= ======== ======== In the third quarter of 2008, we recognized curtailment expense related to our pension benefits and a curtailment gain related to our other postretirement benefits in connection with the planned exit of our Tarrant, Alabama metal food container manufacturing facility. We recognized curtailment expense in 2007 for our pension benefits related to the planned exit of our St. Paul, Minnesota metal food container manufacturing facility. As previously disclosed in our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2007, based on current tax law, there are no material minimum required contributions to our pension plans in 2008. However, this is subject to change based on a number of factors, including asset performance that is significantly below the assumed long-term rate of return on plan assets. In order to reduce our unfunded pension liability, we have historically made certain voluntary contributions in excess of the ERISA minimum requirements to the extent these contributions are tax deductible. We may continue to make such voluntary contributions at our discretion. During the first nine months of 2008, we made contributions of $9.8 million to fund our pension plans. -16- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 9. Income Taxes On October 3, 2008, the Emergency Economic Stabilization Act of 2008 reinstated the research and development tax credit for both 2008 and 2009. We will record the benefit of this credit for the full year 2008 in the fourth quarter. This benefit is not expected to be material to our consolidated financial statements for the fourth quarter and year ended December 31, 2008. Holdings and its subsidiaries file U.S. Federal income tax returns, as well as income tax returns in various states and foreign jurisdictions. The Internal Revenue Service, or IRS, has commenced an examination of Holdings' income tax return for the periods ended December 31, 2004 and December 31, 2005. It is reasonably possible that this IRS audit and IRS audits for prior periods will be concluded within the next twelve months, and that the conclusion of these audits may result in a significant change to our reported unrecognized tax benefits. Due to the ongoing nature of these audits, we are unable to estimate the amount of this potential impact. Note 10. Dividends In March, June and September of 2008, we paid quarterly cash dividends on our common stock of $0.17 per share, as approved by our Board of Directors. The cash payments related to these dividends totaled $19.5 million. Note 11. Treasury Stock During the first nine months of 2008, we issued 50,477 treasury shares which had an average cost of $13.25 per share for restricted stock units that vested during the period. In accordance with the Silgan Holdings Inc. 2004 Stock Incentive Plan, we repurchased 15,600 shares of our common stock at an average cost of $49.87 to satisfy employee withholding tax requirements resulting from certain restricted stock units becoming vested. We account for the treasury shares using the first-in, first-out (FIFO) cost method. As of September 30, 2008, 5,266,958 shares were held in treasury. Note 12.

Stock-Based Compensation We currently have one stock-based compensation plan in effect, under which we have issued options and restricted stock units to our officers, other key employees and outside directors. During the first nine months of 2008, we granted 92,900 restricted stock units to certain of our officers and key employees. The fair value of these restricted stock units at the date of grant was $4.4 million, which is being amortized ratably over the five-year vesting period from the date of grant. In June 2008, we granted 5,262 restricted stock units to non-employee members of our Board of Directors, which vest in full one year from the date of grant. The fair value of these restricted stock units at the date of grant was $0.3 million. -17- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 13. Business Segment Information Reportable business segment information for the three and nine months ended September 30 is as follows: Metal Food Plastic Containers(1) Containers(2) Closures(3) Corporate Total ------------ ------------ ----------- --------- ----- (Dollars in thousands) Three Months Ended September 30, 2008 ---------------------------------- Net sales $ 617,369 $162,601 $184,329 $ -- $ 964,299 Depreciation and amortization(4) 16,569 11,586 7,954 420 36,529 Segment income from operations 76,639 9,066 17,110 (3,178) 99,637 Three Months Ended September 30, 2007 ---------------------------------- Net sales $ 585,071 $153,122 $166,644 $ -- $ 904,837 Depreciation and amortization(4) 15,847 11,134 6,932 421 34,334 Segment income from operations 62,729 10,275 21,828 (2,227) 92,605 Nine Months Ended September 30, 2008 ---------------------------------- Net sales $1,346,062 $501,650 $531,701 $ -- $2,379,413 Depreciation and amortization(4) 48,599 34,400 23,044 1,263 107,306 Segment income from operations 134,811 35,244 53,388 (9,021) 214,422 Nine Months Ended September 30, 2007 ---------------------------------- Net sales $1,295,671 $472,715 $470,802 $ -- $2,239,188 Depreciation and amortization(4) 46,058 32,643 20,486 1,262 100,449 Segment income from operations 119,199 42,508 58,432 (6,978) 213,161 ------------ (1) Segment income from operations includes a rationalization credit of $0.5 million and rationalization charges of $0.7 million for the three months ended September 30, 2008 and 2007, respectively, and rationalization charges of $2.8 million and $3.8 million for the nine months ended September 30, 2008 and 2007, respectively. (2) Segment income from operations includes rationalization charges of $0.1 million for the three months ended September 30, 2008 and $0.9 million and $0.2 million for the nine months ended September 30, 2008 and 2007, respectively. (3) Segment income from operations includes rationalization charges of $2.8 million and $6.1 million for the three and nine months ended September 30, 2008, respectively. (4) Depreciation and amortization excludes amortization of debt issuance costs of $0.3 million for each of the three months ended September 30, 2008 and 2007 and $1.0 million for each of the nine months ended September 30, 2008 and 2007. -18- SILGAN HOLDINGS INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Information at September 30, 2008 and 2007 and for the three and nine months then ended is unaudited) Note 13. Business Segment Information (continued) Total segment income from operations is reconciled to income before income taxes as follows: Three Months Ended Nine Months Ended ---------------- ---------------- Sept. 30, Sept. 30, Sept. 30, Sept. 30, 2008 2007 2008 2007 ---- ---- ---- ---- (Dollars in thousands) Total segment income from operations $99,637 $92,605 $214,422 $213,161 Interest and other debt expense 15,100 17,282 46,215 50,290 ------- ------- -------- -------- Income before income taxes $84,537 $75,323 $168,207 $162,871 ======= ======= ======== ======== -19- Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS -- Statements included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q which are not historical facts are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and Securities Exchange Act of 1934. Such forward-looking statements are made based upon management's expectations and beliefs concerning future events impacting us and therefore involve a number of uncertainties and risks, including, but not limited to, those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and our other filings with the Securities and Exchange Commission. As a result, the actual results of our operations or our financial condition could differ materially from those expressed or implied in these forward-looking statements. General We are a leading manufacturer of metal and plastic consumer goods packaging products. We produce steel and aluminum containers for human and pet food; custom designed plastic containers, tubes and closures for personal care, health care, pharmaceutical, household and industrial chemical, food, pet care, agricultural chemical, automotive and marine chemical products; and metal, composite and plastic vacuum closures for food and beverage products. We are the largest manufacturer of metal food containers in

North America, a leading manufacturer of plastic containers in North America for a variety of markets, including the personal care, health care, household and industrial chemical and pet care markets, and a leading worldwide manufacturer of metal, composite and plastic vacuum closures for food and beverage products. Our objective is to increase shareholder value by efficiently deploying capital and management resources to grow our business, reduce operating costs, build sustainable competitive positions, or franchises, and to complete acquisitions that generate attractive cash returns. We have grown our net sales and income from operations over the years, largely through acquisitions but also through internal growth, and we continue to evaluate acquisition opportunities in the consumer goods packaging market. If acquisition opportunities are not identified over a longer period of time, we may use our cash flow to repay debt, repurchase shares of our common stock or increase dividends to our stockholders or for other permitted purposes. In February 2008, we acquired substantially all of the assets of Vem, a manufacturer of metal closures in Spain and China, for an aggregate purchase price of $10.2 million. In April 2008, we acquired the White Cap closures operation in Brazil for an aggregate purchase price of $4.3 million, net of cash acquired, thereby concluding our acquisition of the White Cap closures operations from Amcor Limited. -20- RESULTS OF OPERATIONS The following table sets forth certain unaudited income statement data expressed as a percentage of net sales for the periods presented: Three Months Ended Nine Months Ended ----------------- ----------------- Sept. 30, Sept. 30, Sept. 30, Sept. 30, 2008 2007 2008 2007 ---- ---- ---- ---- Net sales Metal food containers 64.0% 64.7% 56.6% 57.9% Plastic containers 16.9 16.9 21.1 21.1 Closures 19.1 18.4 22.3 21.0 ----- ----- ----- ----- Consolidated 100.0 100.0 100.0 100.0 Cost of goods sold 85.3 85.6 85.7 85.3 ----- ----- ----- ----- Gross profit 14.7 14.4 14.3 14.7 Selling, general and administrative expenses 4.1 4.1 4.9 5.0 Rationalization charges 0.3 0.1 0.4 0.2 ----- ----- ----- ----- Income from operations 10.3 10.2 9.0 9.5 Interest and other debt expense 1.5 1.9 1.9 2.2 ----- ----- ----- ----- Income before income taxes 8.8 8.3 7.1 7.3 Provision for income taxes 3.3 3.0 2.6 2.7 ----- ----- ----- ----- Net income 5.5% 5.3% 4.5% 4.6% ===== ===== ===== ===== Summary unaudited results of operations for the three and nine months ended September 30, 2008 and 2007 are provided below. Three Months Ended Nine Months Ended ----------------- ----------------- Sept. 30, Sept. 30, Sept. 30, Sept. 30, 2008 2007 2008 2007 ---- ---- ---- ---- (Dollars in millions) Net sales Metal food containers $617.4 $585.1 $1,346.1 $1,295.7 Plastic containers 162.6 153.1 501.6 472.7 Closures 184.3 166.6 531.7 470.8 ------ ------ -------- -------- Consolidated $964.3 $904.8 $2,379.4 $2,239.2 ====== ====== ======== ======== Income from operations Metal food containers (1) $ 76.6 $ 62.7 $ 134.8 $ 119.2 Plastic containers (2) 9.1 10.3 35.2 42.5 Closures (3) 17.1 21.8 53.4 58.5 Corporate (3.2) (2.2) (9.0) (7.0) ------ ------ -------- -------- Consolidated $ 99.6 $ 92.6 $ 214.4 $ 213.2 ====== ====== ======== ======== ------------- (1) Includes a rationalization credit of $0.5 million and rationalization charges of $0.7 million for the three months ended September 30, 2008 and 2007, respectively, and rationalization charges of $2.8 million and $3.8 million for the nine months ended September 30, 2008 and 2007, respectively. (2) Includes rationalization charges of $0.1 million for the three months ended September 30, 2008 and $0.9 million and $0.2 million for the nine months ended September 30, 2008 and 2007, respectively. (3) Includes rationalization charges of $2.8 million and $6.1 million for the three and nine months ended September 30, 2008, respectively. -21- Three Months Ended September 30, 2008 Compared with Three Months Ended September 30, 2007 Overview. Consolidated net sales were $964.3 million in the third quarter of 2008, representing a 6.6 percent increase as compared to the third quarter of 2007 primarily as a result of higher average selling prices across all businesses largely attributable to the pass through of higher raw material and other manufacturing costs, sales attributed to the international closures operations acquired during the first half of 2008 and favorable foreign currency translation, partially offset by slightly lower unit volumes in the plastic container and closures businesses. Income from operations for the third quarter of 2008 of $99.6 million increased by $7.0 million, or 7.6 percent, as compared to the same period in 2007 due to significantly increased income from operations in the metal food container business, partially offset by modest declines in the plastic container and closures businesses. Results for 2008 included rationalization charges of $2.4 million. Results for 2007 included rationalization charges of $0.7 million. Net income for the third quarter of 2008 was $52.8 million, or $1.38 per diluted share, as compared to $47.6 million, or $1.25 per diluted share, for the same period in 2007. Net Sales. The $59.5 million increase in consolidated net sales in the third quarter of 2008 as compared to the third quarter of 2007 was the result of higher net sales across all businesses. Net sales for the metal food container business increased $32.3 million, or 5.5 percent, in the third quarter of 2008 as compared to the same period in 2007. This increase was primarily attributable to higher average selling prices as a result of the pass through of inflation in raw material and other manufacturing costs and modestly higher unit volumes. Net sales for the plastic container business in the third quarter of 2008 increased $9.5

million, or 6.2 percent, as compared to the same period in 2007. This increase was primarily due to higher average selling prices as a result of the pass through of higher raw material costs, partially offset by slight volume declines attributable to generally soft market demand. Net sales for the closures business increased $17.7 million, or 10.6 percent, in the third quarter of 2008 as compared to the same period in 2007. This increase was primarily the result of sales from operations acquired in 2008 in Brazil, Spain and China, favorable foreign currency translation of approximately $7.8 million and higher average selling prices due to the pass through of higher raw material costs, partially offset by the impact of soft beverage demand on unit volumes. Gross Profit. Gross profit margin increased 0.3 percentage points to 14.7 percent in the third quarter of 2008 as compared to the same period in 2007 for the reasons discussed below in "Income from Operations." Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percentage of consolidated net sales remained flat at 4.1 percent for the third quarter of 2008 as compared to the same period in 2007. Income from Operations. Income from operations for the third quarter of 2008 increased by $7.0 million, or 7.6 percent, as compared to the third quarter of 2007, and operating margin increased to 10.3 percent from 10.2 percent over the same periods. -22- Income from operations of the metal food container business for the third quarter of 2008 increased $13.9 million, or 22.2 percent, as compared to the same period in 2007, and operating margin increased to 12.4 percent from 10.7 percent over the same periods. These increases were primarily the result of cost control and manufacturing efficiencies, the net impact of a larger third quarter 2007 inventory reduction versus the current year quarter and improved unit volumes. The third quarter of 2008 included a rationalization credit of $0.5 million primarily related to a postretirement health care curtailment gain from the shut down of the Tarrant facility. The third quarter of 2007 included rationalization charges of $0.7 million related to costs to exit the St. Paul and Stockton manufacturing facilities. Income from operations of the plastic container business for the third quarter of 2008 decreased $1.2 million, or 11.7 percent, as compared to the same period in 2007, and operating margin decreased to 5.6 percent from 6.7 percent over the same periods. These decreases were primarily the result of inflation in resin costs not yet passed through to customers, other manufacturing cost inflation and slightly lower unit volumes, partially offset by ongoing benefits from cost controls. In addition, the plastic container business was negatively impacted by costs attributable to the damage and disruption at the Houston, Texas manufacturing facility caused by Hurricane Ike. Income from operations of the closures business for the third quarter of 2008 decreased $4.7 million, or 21.6 percent, as compared to the same period in 2007, and operating margin decreased to 9.3 percent from 13.1 percent over the same periods. These decreases were primarily due to rationalization charges of $2.8 million recognized in the third quarter of 2008 principally related to the shut down of the Turkey manufacturing facility, inflation in manufacturing and other costs, including delays in passing through resin costs which spiked in the quarter, and a decrease in unit volumes. Interest and Other Debt Expense. Interest and other debt expense for the third quarter of 2008 decreased $2.2 million to $15.1 million as compared to the same period in 2007. This decrease was primarily due to lower market interest rates. Provision for Income Taxes. The effective tax rate for the third quarter of 2008 was 37.5 percent as compared to 36.8 percent in the same period of 2007. The effective tax rate was negatively impacted by a $1.2 million valuation allowance against tax positions in Turkey related to our decision to close the operating facility. Nine Months Ended September 30, 2008 Compared with Nine Months Ended September 30, 2007 Overview. Consolidated net sales were $2.38 billion in the first nine months of 2008, representing a 6.3 percent increase as compared to the first nine months of 2007 primarily due to higher average selling prices resulting from the pass through of inflation in raw material and other manufacturing costs, favorable foreign currency translation and an increase in unit volumes in the closures business, slightly offset by lower unit volumes in the metal food and plastic container businesses. Income from operations for the first nine months of 2008 increased by $1.2 million, or 0.6 percent, as compared to the same period in 2007. The increase in income from operations was primarily a result of significantly increased income from operations in the metal food container business, partially offset by decreases in the plastic container and closures businesses. The results for the first nine months of 2008 and 2007 included rationalization charges of $9.8 million and $4.0 million, respectively. Net income for the first nine months of 2008 was $107.3 million, or $2.80 per diluted share, as compared to $102.9 million, or $2.70 per diluted share, for the same period in 2007. Net Sales. The $140.2 million increase in consolidated net sales in the first nine months of 2008 as compared to the first nine months of 2007 was due to higher net sales across all of our businesses. -23- Net sales for the metal food container business increased $50.4 million, or 3.9 percent, in the first nine months of 2008 as compared to the same period in 2007. This increase was primarily attributable to higher average selling prices due to the pass through of inflation in raw material and other manufacturing costs, partially offset by lower unit volumes. Net sales for the plastic container business in the first nine months of 2008 increased $28.9 million, or 6.1 percent, as compared to the same period in 2007. This increase was primarily the result of higher average selling prices as a result of the pass through of higher raw material costs and the impact of favorable foreign currency translation of approximately $8.5 million, slightly offset by lower unit volumes attributable to generally soft market demand. Net sales for the closures business in the first nine months of 2008 increased $60.9 million, or 12.9 percent, as compared to the same period in 2007. This increase was the result of favorable foreign currency translation of approximately $29.6 million, higher average selling prices due to the pass through of higher raw material costs and an increase in unit volumes. Gross Profit. Gross Profit margin decreased 0.4 percentage points to 14.3 percent for the first nine months of 2008 as compared to the same period in 2007 for the reasons discussed below in "Income from Operations." Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percentage of consolidated net sales decreased slightly to 4.9 percent for the first nine months of 2008 as compared to 5.0 percent for the same period in 2007, due primarily to the recognition in the first quarter of 2008 of management fee income of approximately $2.0 million from the management of the White Cap Brazil closures operations during the delayed closing period up until it was acquired from Amcor Limited. Income from Operations. Income from operations for the first nine months of 2008 increased by $1.2 million, or 0.6 percent, as compared to the first nine months of 2007, while operating margin decreased to 9.0 percent from 9.5 percent over the same periods. Income from operations of the metal food container business for the first nine months of 2008 increased $15.6 million, or 13.1 percent, as compared to the same period in 2007, and operating margin increased to 10.0 percent from 9.2 percent over the same periods. This increase was principally due to cost control and manufacturing efficiencies, a $1.0 million decrease in rationalization charges and the net impact of a larger year-over-year inventory reduction in 2007 as compared to 2008, partially offset by lower unit volumes and higher depreciation expense. Rationalization charges for the first nine months of 2008 and 2007 were $2.8 million and $3.8 million, respectively. Income from operations of the plastic container business for the first nine months of 2008 decreased $7.3 million, or 17.2 percent, as compared to the same period in 2007, and operating margin decreased to 7.0 percent from 9.0 percent over the same periods. These decreases were primarily the result of the negative effect from the timing of the pass through of increased resin costs to customers particularly in light of escalating resin costs experienced in 2008 as compared to declines in resin costs experienced in the first quarter of 2007, inflation in manufacturing and other costs, a decrease in unit volumes and higher depreciation expense. These decreases were partially offset by a favorable mix of products sold, improved manufacturing efficiencies and cost controls. Rationalization charges for the first nine months of 2008 and 2007 were $0.9 million and $0.2 million, respectively. -24- Income from operations of the closures business for the first nine months of 2008 decreased $5.1 million, or 8.7 percent, as compared to the same period in 2007, and operating margin decreased to 10.0 percent from 12.4 percent over the same periods. These decreases were due primarily to rationalization charges of $6.1 million recognized in 2008 principally related to the shut down of the Turkey manufacturing facility and the consolidation of various administrative positions in Europe, inflation in raw materials and other costs and the benefit recognized in the first quarter of 2007 of $1.4 million from the sale of certain previously leased capping equipment. These decreases were partially offset by 2008 management fee income of approximately $2.0 million from the management of the White Cap Brazil operations prior to its acquisition and an increase in unit volumes. Interest and Other Debt Expense. Interest and other debt expense for the first nine months of 2008 decreased $4.1 million to $46.2 million as compared to the same period in 2007. This decrease resulted primarily from lower market interest rates and higher interest income attributable to the cash on hand during 2008, partially offset by the effects of higher average borrowings. Provision for Income Taxes. The effective tax rate for the first nine months of 2008 was 36.2 percent as compared to 36.8 percent in the same period of 2007. The effective tax rate for the first nine months of 2008 benefited from a $1.7 million tax credit related to certain non-recurring state tax incentives associated with capital investments, partially offset by the $1.2 million valuation allowance in the third quarter related to the shut down of the Turkey operations. CAPITAL RESOURCES AND LIQUIDITY Our principal sources of liquidity have been cash from operations and borrowings under our debt instruments, including our Credit Agreement. Our liquidity requirements arise primarily from our obligations under the indebtedness incurred in connection with our acquisitions and the refinancing of that indebtedness, capital investment in new and existing equipment and the funding of our seasonal working capital needs. For the nine months ended September 30, 2008, we used cash from operations of $78.0 million, net borrowings of revolving loans of $319.4 million, other debt borrowings of $8.0 million, net proceeds from stock-based compensation issuances of $4.2 million to fund net capital expenditures of $86.6 million, our acquisition of Vem and the White Cap Brazil operations for $14.5 million, net of cash acquired, decreases in outstanding checks of $91.6 million, the repayment of debt of $3.0 million and dividends paid on our common stock of $19.5 million and to increase cash and cash equivalents by $194.4 million. At the end of 2007 and through the third quarter of 2008 in light of the on-going credit crisis, we maintained a significant amount of cash and cash equivalents to ensure access to liquidity in this tumultuous environment. Consistent with this objective, in the third quarter of 2008, we borrowed an additional $200.0 million of revolving loans under our Credit Agreement. Our cash and cash equivalents balance at September 30, 2008 was $290.4 million. Cash equivalents are primarily invested in U.S. Treasury instruments and U.S. government backed securities. We will continue to evaluate our level of cash and cash equivalents based on our assessment of the condition of the credit markets. For the nine months ended September 30, 2007, we used cash from operations of $57.2 million, net borrowings of revolving loans of $182.0 million and net proceeds from stock-based compensation issuances of $2.6 million to fund net capital expenditures of $109.8 million, our acquisition of the White Cap operations in Venezuela for $7.8 million, net of cash acquired, decreases in outstanding checks of $95.9 million and dividends paid on our common stock of $18.2 million and to increase cash and cash equivalents by $10.1 million. -25- Because we sell metal containers used in fruit and vegetable pack processing, we have seasonal sales. As is common in the industry, we must utilize working capital to build inventory and then carry accounts receivable for some customers beyond the end of the packing season. Due to our seasonal requirements, we incur short-term indebtedness to finance our working capital requirements. During the third quarter of 2008, for our peak seasonal working capital requirements we utilized $233.2 million of revolving loans under the Credit Agreement and $49.0 million of cash on hand. At September 30, 2008, we had $315.1 million of revolving loans outstanding under the Credit Agreement. After taking into account outstanding letters of credit, the available portion of the revolving loan facility under the Credit Agreement at September 30, 2008 was $90.2 million. We may use the available portion of our revolving loan facility, after taking into account our seasonal needs and outstanding letters of credit, for acquisitions or other permitted purposes. We believe that cash generated from operations and funds from borrowings available under the Credit Agreement will be sufficient to meet our expected operating needs, planned capital expenditures, debt service, tax obligations, share repurchases required under our 2004 Stock Incentive Plan and common stock dividends for the foreseeable future. We continue to evaluate acquisition opportunities in the consumer goods packaging market and may incur additional indebtedness, including indebtedness under the Credit Agreement, to finance any such acquisition. We are in compliance with all financial and operating covenants contained in our financing agreements and believe that we will continue to be in compliance during 2008 with all of these covenants. Rationalization Charges In 2008, as part of our ongoing effort to streamline operations and reduce costs, we approved plans to close our metal food container manufacturing facility in Tarrant, Alabama, our plastic container manufacturing facility in Richmond, Virginia and our closures manufacturing facility in Turkey and to consolidate various administrative positions within our European closures operations. In February 2008, we approved and announced to employees a plan to exit our Tarrant, Alabama metal food container facility. Our plan includes the termination of approximately 35 employees and other related plant exit costs. We estimate that the total costs for the rationalization of this facility will be $2.4 million. These costs include $0.6 million for employee severance and benefits, $1.4 million for plant exit costs and $0.8 million for the acceleration of depreciation to write-down equipment for abandonment upon the exit of the facility, offset by $0.4 million for a non-cash curtailment gain for other postretirement benefits. Rationalization charges recognized during the first nine months of 2008 for this action were $1.1 million, which consisted of $0.8 million for the accelerated depreciation of equipment, $0.1 million for plant exit costs and $0.6 million for employee severance and benefits, offset by $0.4 million for a non-cash curtailment gain for other postretirement benefits. We have ceased operations at this facility and expect to sell the building for estimated proceeds at or in excess of its net book value. Additional charges of $1.3 million are expected through 2009. Remaining cash payments of $1.4 million are expected through 2009. -26- In March 2008, we approved and announced to employees a plan to exit our Richmond, Virginia plastic container manufacturing facility. Our plan includes the termination of approximately 15 employees and other related plant exit costs. We estimate that the total costs for the rationalization of this facility will be $1.1 million. These costs include $0.1 million for employee severance and benefits, $0.7 million for plant exit costs and $0.3 million for the non-cash write-down in carrying value of assets. Rationalization charges recognized during the first nine months of 2008 for this action were $0.9 million, which consisted of $0.3 million for the non-cash write-down in carrying value of assets, $0.1 million for employee severance and benefits and $0.5 million for plant exit costs. We have ceased operations at this facility.

Additional charges of $0.2 million are expected through 2009. Remaining cash payments of $0.5 million are expected through 2009. During 2008, we approved and announced to employees in our closures business plans to consolidate various administrative positions and streamline operations in Europe and exit our closures manufacturing facility in Turkey. Our plans include the termination of approximately 150 employees, the relocation of certain operations into existing facilities and other related plant exit costs. We plan to exit the facility in Turkey in the fourth quarter of 2008. We estimate that the total costs for the rationalization will be $6.8 million. These costs include $1.7 million for the non-cash write-down in carrying value of assets, $4.5 million for employee severance and benefits and $0.6 million for plant exit costs. Rationalization charges recognized during the first nine months of 2008 for this action were $6.1 million, which consisted of $1.7 million for the non-cash write-down in carrying value of assets, $4.0 million for employee severance and benefits and $0.4 million for plant exit costs. Additional charges of $0.7 million are expected during the remainder of 2008. Remaining cash payments of $2.0 million are expected primarily in 2008. In 2006, we announced our plans to exit our St. Paul, Minnesota and Stockton, California metal food container manufacturing facilities. We have ceased operations at both of these facilities. We expect to sell the buildings at each of these facilities for proceeds at or in excess of their respective net book values. We incurred charges of $1.7 million in the first nine months of 2008 related to these plans primarily for the St. Paul rationalization. We expect to incur additional charges of $0.3 million for plant exit costs through 2008 related to the St. Paul and Stockton rationalizations. Under our rationalization plans, we made cash payments of $6.4 million and $1.1 million for the nine months ended September 30, 2008 and 2007, respectively. Total future cash spending of $8.5 million is expected for our outstanding rationalization plans. You should also read Note 3 to our Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2008 included elsewhere in this Quarterly Report. We continually evaluate cost reduction opportunities in our business, including rationalizations of our existing facilities through plant closings and downsizings. We use a disciplined approach to identify opportunities that generate attractive cash returns. In line with our ongoing evaluation, we are currently reviewing certain facilities for potential rationalization actions which may result in additional cash expenditures and charges to our earnings. -27- RECENT ACCOUNTING PRONOUNCEMENTS In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements." SFAS No. 157 establishes a single authoritative definition for fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurements. In February 2008, the FASB issued FSP No. 157-2, "Effective Date of FASB Statement No. 157." FSP No. 157-2 delays the effective date of our adoption of SFAS No. 157, as it relates to applying fair value measurements to nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed on a recurring basis (at least annually), to January 1, 2009. We adopted SFAS No. 157, as it relates to financial assets and financial liabilities, on January 1, 2008. The adoption of SFAS No. 157 did not have a significant effect on our financial position, results of operations or cash flows. We do not expect that the adoption of SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities, will have a significant effect on our financial position, results of operations or cash flows. You should also read Note 7 to our Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2008 included elsewhere in this Quarterly Report. In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to elect to measure eligible financial instruments and certain other items at fair value that are not currently required to be measured at fair value. We adopted SFAS No. 159 on January 1, 2008. We have elected not to measure eligible items at fair value, and therefore our adoption of SFAS No. 159 did not have an effect on our financial position, results of operations or cash flows. In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) retains the fundamental requirements in SFAS No. 141 that the purchase method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. SFAS No. 141(R) establishes principles and requirements for the reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed and any non-controlling interest at their fair values at the acquisition date. SFAS No. 141(R) also requires that acquisition-related costs be recognized separately from the acquisition. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009. In addition, SFAS No. 141(R) requires that any changes in an acquired deferred tax account or related valuation allowance that occur after the effective date of adoption will be recognized as adjustments to income tax expense. We are currently evaluating the impact that SFAS No. 141(R) will have on our consolidated financial statements. In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative

Instruments and Hedging Activities." SFAS No. 161 requires companies with derivative instruments to disclose information that should enable financial-statement users to understand how and why a company uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and how derivative instruments and related hedged items affect a company's financial position, financial performance and cash flows. SFAS No. 161 is effective for us on January 1, 2009. We are currently evaluating the impact, if any, that SFAS No. 161 will have on our consolidated financial statements. -28- Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK --- Market risks relating to our operations result primarily from changes in interest rates and, with respect to our international closures operations and our Canadian plastic container operations, from foreign currency exchange rates. In the normal course of business, we also have risk related to commodity price changes for items such as natural gas. We employ established policies and procedures to manage our exposure to these risks. Interest rate, foreign currency and commodity pricing transactions are used only to the extent considered necessary to meet our objectives. We do not utilize derivative financial instruments for trading or other speculative purposes. Information regarding our interest rate risk, foreign currency exchange rate risk and commodity pricing risk has been disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. Since such filing there has not been a material change to our interest rate risk, foreign currency exchange rate risk or commodity pricing risk or to our policies and procedures to manage our exposure to these risks, other than the impact of additional revolving loans borrowed under our Credit Agreement to ensure access to liquidity, as further discussed in Note 6 to our Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2008 included elsewhere in this Quarterly Report. Item 4. CONTROLS AND PROCEDURES ---------------------- We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934). Based upon that evaluation, as of the end of the period covered by this Quarterly Report our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be disclosed in this Quarterly Report has been made known to them in a timely fashion. There were no changes in our internal controls over financial reporting during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, these internal controls. -29- Part II. Other Information Item 6. Exhibits Exhibit Number Description ------------- ----------- 12 Ratio of Earnings to Fixed Charges for the three and nine months ended September 30, 2008 and 2007. 31.1 Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act. 31.2 Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act. 32.1 Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act. 32.2 Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act. -30- SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized. SILGAN HOLDINGS INC. Dated: November 10, 2008 /s/ Robert B. Lewis --------------------------- Robert B. Lewis Executive Vice President and Chief Financial Officer -31- EXHIBIT INDEX Exhibit No. EXHIBIT ---------- ------- 12 Ratio of Earnings to Fixed Charges for the three and nine months ended September 30, 2008 and 2007. 31.1 Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act. 31.2 Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act. 32.1 Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act. 32.2 Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act. -32-