APTARGROUP INC
Form 10-Q
August 04, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010

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 1-11846

Aptargroup, Inc.

DELAWARE	**36-3853103**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

475 WEST TERRA COTTA AVENUE, SUITE E, CRYSTAL LAKE, ILLINOIS 60014

815-477-0424

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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	Outstanding at July 27, 2010
Common Stock, $.01 par value per share	67,457,118 shares

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Quarter Ended June 30, 2010

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Aptargroup, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

In thousands, except per share amounts

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Net Sales	**$ 522,923**	$ 440,508	**$ 1,028,392**	$ 872,324
Operating Expenses:				
Cost of sales (exclusive of depreciation shown below)	**345,175**	288,826	**676,331**	578,547
Selling, research & development and administrative	**71,213**	69,163	**149,909**	140,601
Depreciation and amortization	**32,483**	31,435	**66,474**	61,536
Facilities consolidation and severance		3,095		3,095
	448,871	392,519	**892,714**	783,779
Operating Income	**74,052**	47,989	**135,678**	88,545
Other Income (Expense):				
Interest expense	**(3,631)**	(5,157)	**(7,103)**	(8,604)
Interest income	**508**	711	**1,274**	1,986
Miscellaneous, net	**(1,139)**	(1,110)	**(2,141)**	(1,229)
	(4,262)	(5,556)	**(7,970)**	(7,847)
Income before Income Taxes	**69,790**	42,433	**127,708**	80,698
Provision for Income Taxes	**23,031**	13,961	**41,854**	25,632
Net Income	**$ 46,759**	$ 28,472	**$ 85,854**	$ 55,066
Net (Income)/Loss Attributable to Noncontrolling Interests	**$ (64)**	**$ (12)**	**$ (137)**	**$ 59**
Net Income Attributable to Aptargroup, Inc.	**$ 46,695**	**$ 28,460**	**$ 85,717**	**$ 55,125**
Net Income Attributable to Aptargroup, Inc. per Common Share:				
Basic	**$ 0.69**	$ 0.42	**$ 1,27**	$ 0.81
Diluted	**$ 0.67**	$ 0.41	**$ 1.22**	$ 0.79
Average Number of Shares Outstanding:				
Basic	**67,630**	67,705	**67,603**	67,691

Diluted		**69,682**		69,293		**70,070**		69,660
Dividends per Common Share	**$**	**0.15**	$	0.15	**$**	**0.30**	$	0.30

See accompanying unaudited notes to condensed consolidated financial statements.

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Aptargroup, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

In thousands, except per share amounts

		June 30, 2010		**December 31, 2009**
Assets				
Current Assets:				
Cash and equivalents	**$**	**247,268**	$	332,964
Accounts and notes receivable, less allowance for doubtful accounts of $8,615 in 2010 and $9,923 in 2009		**354,187**		319,787
Inventories, net		**237,343**		230,807
Prepayments and other		**65,211**		59,933
		904,009		943,491
Property, Plant and Equipment:				
Buildings and improvements		**292,459**		322,498
Machinery and equipment		**1,498,693**		1,612,945
		1,791,152		1,935,443
Less: Accumulated depreciation		**(1,125,123)**		(1,190,576)
		666,029		744,867
Land		**17,195**		19,201
		683,224		764,068
Other Assets:				
Investments in affiliates		**767**		898
Goodwill		**215,580**		230,578
Intangible assets, net		**6,153**		9,088
Miscellaneous		**9,534**		8,070
		232,034		248,634
Total Assets	**$**	**1,819,267**	$	1,956,193

See accompanying unaudited notes to condensed consolidated financial statements.

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Aptargroup, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

In thousands, except per share amounts

	June 30, 2010	December 31, 2009
Liabilities and Equity		
Current Liabilities:		
Notes payable	**$ 83,350**	$ 103,240
Current maturities of long-term obligations	**49,991**	25,115
Accounts payable and accrued liabilities	**308,467**	288,960
	441,808	417,315
Long-Term Obligations	**159,050**	209,616
Deferred Liabilities and Other:		
Deferred income taxes	**15,989**	20,992
Retirement and deferred compensation plans	**33,919**	40,462
Deferred and other non-current liabilities	**13,860**	14,172
Commitments and contingencies		
	63,768	75,626
Stockholders Equity:		
Aptargroup, Inc. stockholders equity		
Preferred stock, $.01 par value, 1 million shares authorized, none outstanding		
Common stock, $.01 par value, 199 million shares authorized, and 81.3 and 80.6 million issued at June 30, 2010 and December 31, 2009, respectively	**814**	806
Capital in excess of par value	**300,598**	272,471
Retained earnings	**1,215,446**	1,150,017
Accumulated other comprehensive income	**26,361**	186,099
Less treasury stock at cost, 13.9 and 13.3 million shares as of June 30, 2010 and December 31, 2009, respectively	**(389,510)**	(356,548)
Total Aptargroup, Inc. Stockholders Equity	**1,153,709**	1,252,845
Noncontrolling interests in subsidiaries	**932**	791
Total Equity	**1,154,641**	1,253,636
Total Liabilities and Stockholders Equity	**$ 1,819,267**	$ 1,956,193

See accompanying unaudited notes to condensed consolidated financial statements.

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Aptargroup, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

In thousands, except per share amounts

		Aptargroup, Inc. Stockholders Equity						
	Comprehensive Income	**Retained Earnings**	**Accumulated Other Comprehensive Income/(Loss)**	**Common Stock Par Value**	**Treasury Stock**	**Capital in Excess of Par Value**	**Non-Controlling Interest**	**Total Equity**
Balance - December 31, 2008:		**$ 1,065,998**	**$ 139,300**	**$ 801**	**$ (329,285)**	**$ 254,216**	**$ 768**	**$ 1,131,798**
Net income	$ 55,066	55,125					(59)	55,066
Foreign currency translation adjustments, net of tax	13,395		13,347				48	13,395
Changes in unrecognized pension gains/losses and related amortization, net of tax	423		423					423
Changes in treasury locks, net of tax	40		40					40
Net loss on Derivatives, net of tax	(16)		(16)					(16)
Comprehensive income	$ 68,908							
Stock option exercises & restricted stock vestings				3	1,213	10,496		11,712
Cash dividends declared on common stock		(20,305)						(20,305)
Treasury stock purchased					(8,228)			(8,228)
Balance June 30, 2009:		**$ 1,100,818**	**$ 153,094**	**$ 804**	**$ (336,300)**	**$ 264,712**	**$ 757**	**$ 1,183,885**
Balance December 31, 2009:		**$ 1,150,017**	**$ 186,099**	**$ 806**	**$ (356,548)**	**$ 272,471**	**$ 791**	**$ 1,253,636**
Net income	$ 85,854	85,717					137	85,854
Foreign currency translation adjustments, net of tax	(160,171)		(160,175)				4	(160,171)
Changes in unrecognized pension gains/losses and related amortization, net of tax	389		389					389

Changes in treasury locks, net of tax	41		41					41
Net gain on Derivatives, net of tax	7		7					7
Comprehensive loss	$ (73,880)							
Stock option exercises & restricted stock vestings				8		28,127		28,135
Cash dividends declared on common stock		(20,288)						(20,288)
Treasury stock purchased					(32,962)			(32,962)
Balance June 30, 2010:		**$ 1,215,446**	**$ 26,361**	**$ 814**	**$ (389,510)**	**$ 300,598**	**$ 932**	**$ 1,154,641**

See accompanying unaudited notes to condensed consolidated financial statement.

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Aptargroup, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

In thousands, brackets denote cash outflows

Six Months Ended June 30,		**2010**		**2009**
Cash Flows from Operating Activities:				
Net income	**$**	**85,854**	$	55,066
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation		**64,640**		59,468
Amortization		**1,834**		2,068
Stock option based compensation		**8,198**		6,791
Provision for bad debts		**45**		850
Facilities consolidation and severance				3,095
Deferred income taxes		**(5,099)**		(6,352)
Retirement and deferred compensation plan expense		**5,415**		5,438
Changes in balance sheet items, excluding effects from foreign currency adjustments:				
Accounts receivable		**(74,621)**		30,197
Inventories		**(29,196)**		14,635
Prepaid and other current assets		**(5,343)**		3,586
Accounts payable and accrued liabilities		**46,567**		(39,689)
Income taxes payable		**15,784**		7,586
Retirement and deferred compensation plans		**(10,669)**		(14,968)
Other changes, net		**(8,587)**		11,370
Net Cash Provided by Operations		**94,822**		139,141
Cash Flows from Investing Activities:				
Capital expenditures		**(59,824)**		(69,373)
Disposition of property and equipment		**521**		398
Intangible assets acquired		**(76)**		(270)
Acquisition of business net of cash acquired		**(3,014)**		
Collection of notes receivable, net		**(24)**		54
Net Cash Used by Investing Activities		**(62,417)**		(69,191)
Cash Flows from Financing Activities:				
(Repayments)/Proceeds from notes payable		**(19,880)**		24,772
Proceeds from long-term obligations				3,580
Repayments of long-term obligations		**(24,158)**		(22,922)
Dividends paid		**(20,288)**		(20,305)
Proceeds from stock option exercises		**17,366**		3,967
Purchase of treasury stock		**(32,962)**		(8,228)
Excess tax benefit from exercise of stock options		**2,272**		835
Net Cash Used by Financing Activities		**(77,650)**		(18,301)
Effect of Exchange Rate Changes on Cash		**(40,451)**		5,355
Net (Decrease)/Increase in Cash and Equivalents		**(85,696)**		57,004
Cash and Equivalents at Beginning of Period		**332,964**		192,072
Cash and Equivalents at End of Period	**$**	**247,268**	$	249,076

See accompanying unaudited notes to condensed consolidated financial statements.

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Aptargroup, Inc.

Notes to Condensed Consolidated Financial Statements

(Amounts in Thousands, Except per Share Amounts, or Otherwise Indicated)

(Unaudited)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Aptargroup, Inc. and its subsidiaries. The terms Aptargroup or Company as used herein refer to Aptargroup, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of consolidated financial position, results of operations, changes in equity and cash flows for the interim periods presented. The accompanying unaudited condensed consolidated financial statements have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures made are adequate to make the information presented not misleading. Accordingly, these unaudited condensed consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009. The results of operations of any interim period are not necessarily indicative of the results that may be expected for the year.

ADOPTION OF RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) issued new standards for improving disclosures about fair value measurements. This guidance requires enhanced disclosures regarding transfers in and out of the levels within the fair value hierarchy. Separate disclosures are required for transfers in and out of Level 1 and 2 fair value measurements, and the reasons for the transfers must be disclosed. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009. As this standard is disclosure related, it did not have a material impact on our financial statements.

The Company has also adopted a new accounting standard which provides amendments to previous guidance on the consolidation of variable interest entities. This standard clarifies the characteristics that identify a variable interest entity (VIE) and changes how a reporting entity identifies a primary beneficiary that would consolidate the VIE from a quantitative risk and rewards calculation to a qualitative approach based on which variable interest holder has controlling financial interest and the ability to direct the most significant activities that impact the VIE s economic performance. This statement requires the primary beneficiary assessment to be performed on a continuous basis. The standard is effective for fiscal years beginning after November 15, 2009. The adoption did not have an impact on our financial statements and disclosures.

INCOME TAXES

The Company computes taxes on income in accordance with the tax rules and regulations of the many taxing authorities where the income is earned. The income tax rates imposed by these taxing authorities may vary substantially. Taxable income may differ from pretax income for financial accounting purposes. To the extent that these differences create differences between the tax basis of an asset or liability and its reported amount in the financial statements, an appropriate provision for deferred income taxes is made.

The Company has expressed the intention to reinvest the undistributed earnings of its non-U.S. subsidiaries. In its determination of which foreign earnings are permanently reinvested in foreign operations, the Company considers numerous factors, including the financial requirements of the U.S. parent company and those of its foreign subsidiaries, the U.S. funding needs for dividend payments and stock repurchases, and the tax consequences of remitting earnings to the U.S. From this analysis, current year repatriation decisions are made in an attempt to provide a proper mix of debt and shareholder capital both within the U.S. and for non-U.S. operations. Undistributed earnings will continue to be reinvested indefinitely and could become subject to additional tax if they were remitted as dividends or lent to a U.S. affiliate, or if the Company should sell its stock in the subsidiaries. It is not practicable to estimate the amount of additional tax that might be payable on these undistributed non-U.S. earnings. The Company will continue to evaluate annually if it will repatriate non-U.S. subsidiary current year earnings or a portion thereof. The Company repatriated approximately $80 million of current year earnings in the second quarter of 2010.

The Company provides a liability for the amount of tax benefits realized from uncertain tax positions. This liability is provided whenever the Company determines that a tax benefit will not meet a more-likely-than-not threshold for recognition. See Note 12 for more information.

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NOTE 2 - INVENTORIES

At June 30, 2010 and December 31, 2009, approximately 19% and 21%, respectively, of the total inventories are accounted for by using the LIFO method. Inventories, by component, net of reserves, consisted of:

		June 30, 2010		December 31, 2009
Raw materials	**$**	**92,233**	$	81,452
Work in progress		**61,955**		66,431
Finished goods		**87,335**		86,192
Total		**241,523**		234,075
Less LIFO Reserve		**(4,180)**		(3,268)
Total	**$**	**237,343**	$	230,807

NOTE 3 GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill since the year ended December 31, 2009 are as follows by reporting segment:

		Pharma		Beauty & Home		Closures		Corporate and Other		Total
Goodwill	$	28,424	$	161,816	$	40,338	$	1,615	$	232,193
Accumulated impairment losses								(1,615)		(1,615)
Balance as of December 31, 2009	$	28,424	$	161,816	$	40,338	$		$	230,578
Foreign currency exchange effects		(3,423)		(8,069)		(3,506)				(14,998)
Goodwill	$	25,001	$	153,747	$	36,832	$	1,615	$	217,195
Accumulated impairment losses								(1,615)		(1,615)
Balance as of June 30, 2010	**$**	**25,001**	**$**	**153,747**	**$**	**36,832**	**$**		**$**	**215,580**

The table below shows a summary of intangible assets as of June 30, 2010 and December 31, 2009.

	Weighted Average Amortization Period (Years)	June 30, 2010 Gross Carrying Amount	Accumulated Amortization	Net Value	December 31, 2009 Gross Carrying Amount	Accumulated Amortization	Net Value

Amortized intangible assets:												
Patents	14	**$**	**16,878**	**$**	**(14,190)**	**$**	**2,688**	$	19,368	$	(15,655)	$ 3,713
License agreements and other	6		**22,209**		**(18,744)**		**3,465**		26,261		(20,886)	5,375
Total intangible assets	9	**$**	**39,087**	**$**	**(32,934)**	**$**	**6,153**	$	45,629	$	(36,541)	$ 9,088

Aggregate amortization expense for the intangible assets above for the quarters ended June 30, 2010 and 2009 was $921 and $1,042, respectively. Aggregate amortization expense for the intangible assets above for the six months ended June 30, 2010 and June 30, 2009 was $1,834 and $2,068, respectively.

Future estimated amortization expense for the years ending December 31 is as follows:

2010	$	3,353
2011		1,816
2012		793
2013		648
2014		592

Future amortization expense may fluctuate depending on changes in foreign currency rates. The estimates for amortization expense noted above are based upon foreign exchange rates as of June 30, 2010.

NOTE 4 RETIREMENT AND DEFERRED COMPENSATION PLANS

Components of Net Periodic Benefit Cost:

	Domestic Plans				Foreign Plans			
Three months ended June 30,		**2010**		**2009**		**2010**		**2009**
Service cost	**$**	**1,220**	$	1,091	**$**	**397**	$	428
Interest cost		**1,072**		955		**562**		612
Expected return on plan assets		**(1,054)**		(932)		**(328)**		(240)
Amortization of net loss		**164**		60		**61**		153
Amortization of prior service cost		**1**		1		**85**		92
Net periodic benefit cost	**$**	**1,403**	$	1,175	**$**	**777**	$	1,045

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	Domestic Plans		Foreign Plans	
Six months ended June 30,	**2010**	**2009**	**2010**	**2009**
Service cost	**$ 2,367**	$ 2,182	**$ 830**	$ 836
Interest cost	**2,079**	1,910	**1,174**	1,197
Expected return on plan assets	**(2,044)**	(1,864)	**(685)**	(469)
Amortization of net loss	**318**	120	**127**	299
Amortization of prior service cost	**2**	2	**178**	181
Net periodic benefit cost	**$ 2,722**	$ 2,350	**$ 1,624**	$ 2,044

EMPLOYER CONTRIBUTIONS

In order to meet or exceed minimum funding levels required by U.S. law, the Company has contributed $7.4 million, as of June 30, 2010, to its domestic defined benefit plans. The Company also expects to contribute approximately $6.0 million to its foreign defined benefit plans in 2010, and as of June 30, 2010, has contributed approximately $0.4 million.

NOTE 5 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company maintains a foreign exchange risk management policy designed to establish a framework to protect the value of the Company s non-functional denominated transactions from adverse changes in exchange rates. Sales of the Company s products can be denominated in a currency different from the currency in which the related costs to produce the product are denominated. Changes in exchange rates on such inter-country sales or intercompany loans impact the Company s results of operations. The Company s policy is not to engage in speculative foreign currency hedging activities, but to minimize its net foreign currency transaction exposure defined as firm commitments and transactions recorded and denominated in currencies other than the functional currency. The Company may use foreign currency forward exchange contracts, options and cross currency swaps to economically hedge these risks.

The Company maintains an interest rate risk management strategy to minimize significant, unanticipated earnings fluctuations that may arise from volatility in interest rates.

For derivative instruments designated as hedges, the Company formally documents the nature and relationships between the hedging instruments and the hedged items, as well as the risk management objectives, strategies for undertaking the various hedge transactions, and the method of assessing hedge effectiveness. Additionally, in order to designate any derivative instrument as a hedge of an anticipated transaction, the significant characteristics and expected terms of any anticipated transaction must be specifically identified, and it must be probable that the anticipated transaction will occur.

FAIR VALUE HEDGES

The Company has an interest rate swap to convert a portion of its fixed-rate debt into variable-rate debt. Under the interest rate swap contract, the Company exchanges, at specified intervals, the difference between fixed-rate and floating-rate amounts, which is calculated based on an agreed upon notional amount.

As of June 30, 2010, the Company recorded the fair value of the interest rate swap contract as $290 thousand in miscellaneous other assets with a corresponding increase to debt related to the fixed-to-variable interest rate swap agreement with a notional principal value of $5 million. No gain or loss was recorded in the income statement in 2009 or for the three and six months ended June 30, 2010 as any hedge ineffectiveness for the period was immaterial.

CASH FLOW HEDGES

As of June 30, 2010, the Company had one foreign currency cash flow hedge. A French entity of Aptargroup, Aptargroup Holding SAS, has hedged the risk of variability in Euro equivalent associated with the cash flows of an intercompany loan granted in Brazilian Real. The forward contracts utilized were designated as a hedge of the changes in the cash flows relating to the changes in foreign currency rates relating to the loan and related forecasted interest. The notional amount of the foreign currency forward contracts utilized to hedge cash flow exposure was 2.67 million Brazilian Real ($1.5 million) as of June 30, 2010. The notional amount of the foreign currency forward contracts utilized to hedge cash flow exposure was 4.2 million Brazilian Real ($2.2 million) as of June 30, 2009.

During the six months ended June 30, 2010, the Company did not recognize any net gain (loss) as any hedge ineffectiveness for the period was immaterial, and the Company did not recognize any net gain (loss) related to the portion of the hedging instrument excluded from the assessment of hedge effectiveness. The Company s foreign currency forward contracts hedge forecasted transactions for less than two years (March 2012).

HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

A significant number of the Company s operations are located outside of the United States. Because of this, movements in exchange rates may have a significant impact on the translation of the financial condition and results of operations of the Company s foreign entities. A strengthening U.S. dollar relative to foreign currencies has a dilutive translation effect on the Company s financial condition and results of operations. Conversely, a weakening U.S. dollar has an additive effect. The Company in some cases maintains debt in these subsidiaries to offset the net asset exposure. The Company does not otherwise use derivative financial instruments to manage this risk. In the event the Company plans on a full or partial liquidation of any of its foreign subsidiaries where the Company s net investment is likely to be monetized, the Company will consider hedging the currency exposure associated with such a transaction.

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OTHER

As of June 30, 2010, the Company has recorded the fair value of foreign currency forward exchange contracts of $3.2 million in prepayments and other, $1.1 million in accounts payable and accrued liabilities, and $2.6 million in deferred and other non-current liabilities in the balance sheet. All forward exchange contracts outstanding as of June 30, 2010 had an aggregate contract amount of $85.8 million.

Fair Value of Derivative Instruments in the Statements of Financial Position as of June 30, 2010 and December 31, 2009

Derivative Contracts Designated as Hedging Instruments	Balance Sheet Location	June 30, 2010	December 31, 2009
Derivative Assets			
Interest Rate Contracts	Other Assets Miscellaneous	**$ 290**	$ 574
		290	574
Derivative Liabilities			
Foreign Exchange Contracts	Accounts Payable and Accrued Liabilities	**314**	293
Foreign Exchange Contracts	Deferred and other non-current liabilities	**254**	437
		568	730
Derivative Contracts Not Designated as Hedging Instruments			
Derivative Assets			
Foreign Exchange Contracts	Prepayments & Other	**3,235**	902
		3,235	902
Derivative Liabilities			
Foreign Exchange Contracts	Accounts Payable and Accrued Liabilities	**826**	885
Foreign Exchange Contracts	Deferred and other non-current liabilities	**2,306**	2,020
		$ 3,132	$ 2,905

The Effect of Derivative Instruments on the Statements of Financial Performance

for the Quarters Ended June 30, 2010 and June 30, 2009

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) 2010	2009
Foreign Exchange Contracts	**$ (1)**	$ (36)
	$ (1)	$ (36)

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative 2010	2009
Foreign Exchange Contracts	Other Income (Expense), Miscellaneous, net	**$ 1,244**	$ (4,037)
		$ 1,244	$ (4,037)

The Effect of Derivative Instruments on the Statements of Financial Performance

for the Six Months Ended June 30, 2010 and June 30, 2009

Derivatives in Cash Flow Hedging Relationships	**Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) 2010**	**2009**
Foreign Exchange Contracts	**$ 12**	$ 10
	$ 12	$ 10

Derivatives Not Designated as Hedging Instruments	**Location of Gain or (Loss) Recognized in Income on Derivative**	**Amount of Gain or (Loss) Recognized in Income on Derivative 2010**	**2009**
Foreign Exchange Contracts	Other (Expense), Miscellaneous, net	**$ (1,127)**	$ (2,104)
		$ (1,127)	$ (2,104)

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NOTE 6 COMMITMENTS AND CONTINGENCIES

The Company, in the normal course of business, is subject to a number of lawsuits and claims both actual and potential in nature. Management believes the resolution of these claims and lawsuits will not have a material adverse or positive effect on the Company s financial position, results of operations or cash flow.

Under its Certificate of Incorporation, the Company has agreed to indemnify its officers and directors for certain events or occurrences while the officer or director is, or was serving, at its request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a directors and officers liability insurance policy that covers a portion of its exposure. As a result of its insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. The Company had no liabilities recorded for these agreements as of June 30, 2010.

NOTE 7 STOCK REPURCHASE PROGRAM

During the three and six months ended June 30, 2010, the Company repurchased approximately 602 thousand and 802 thousand shares for aggregate amounts of $25.0 million and $33.0 million, respectively. As of June 30, 2010, the Company has a remaining authorization to repurchase 2.9 million additional shares. The timing of and total amount expended for the share repurchase depends upon market conditions. There is no time limit on the repurchase authorization.

NOTE 8 EARNINGS PER SHARE

Aptargroup s authorized common stock consists of 199 million shares, having a par value of $.01 each. Information related to the calculation of earnings per share is as follows:

	Three months ended			
	June 30, 2010		June 30, 2009	
	Diluted	Basic	Diluted	Basic
Consolidated operations				
Income available to common stockholders	**$ 46,695**	**$ 46,695**	$ 28,460	$ 28,460
Average equivalent shares				
Shares of common stock	**67,630**	**67,630**	67,705	67,705
Effect of dilutive stock based compensation				
Stock options	**2,032**		1,586	
Restricted stock	**20**		2	
Total average equivalent shares	**69,682**	**67,630**	69,293	67,705
Net income per share	**$ 0.67**	**$ 0.69**	$ 0.41	$ 0.42

	Six months ended			
	June 30, 2010		June 30, 2009	
	Diluted	Basic	Diluted	Basic
Consolidated operations				
Income available to common stockholders	**$ 85,717**	**$ 85,717**	$ 55,125	$ 55,125

Average equivalent shares				
Shares of common stock	**67,603**	**67,603**	67,691	67,691
Effect of dilutive stock based compensation				
Stock options	**2,451**		1,966	
Restricted stock	**16**		3	
Total average equivalent shares	**70,070**	**67,603**	69,660	67,691
Net income per share	**$ 1.22**	**$ 1.27**	$ 0.79	$ 0.81

NOTE 9   SEGMENT INFORMATION

The Company operates in the packaging components industry, which includes the development, manufacture and sale of consumer product dispensing systems. The Company is organized into three reporting segments. Operations that sell spray and lotion dispensing systems primarily to the personal care, fragrance/cosmetic and household markets form the Beauty & Home segment. Operations that sell dispensing systems to the pharmaceutical market form the Pharma segment. Operations that sell closures to each market served by Aptargroup form the Closures segment.

The accounting policies of the segments are the same as those described in Note 1, Summary of Significant Accounting Policies in the Company s Annual Report on Form 10-K for the year ended December 31, 2009. The Company evaluates performance of its business segments and allocates resources based upon earnings before interest expense in excess of