

APTARGROUP INC
Form DEF 14A
March 20, 2009

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

AptarGroup, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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*475 West Terra Cotta Avenue, Suite E Crystal Lake,
Illinois 60014
815-477-0424*

March 20, 2009

Dear Stockholder,

It is my pleasure to invite you to attend our annual meeting of stockholders on May 6, 2009. At the meeting, we will review AptarGroup's performance for fiscal year 2008 and our outlook for the future.

For the first time, we are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders over the Internet. We believe that this e-proxy process expedites stockholders' receipt of proxy materials, while also lowering the costs and reducing the environmental impact of our annual meeting. Today, we mailed to most of our stockholders a Notice containing instructions on how to access our 2009 proxy statement and annual report and vote online. All other stockholders will continue to receive a copy of the proxy statement and annual report by mail unless they elect to receive the annual meeting materials over the Internet. The Notice and proxy statement contain instructions on how you can (i) receive a paper copy of the proxy statement and annual report, if you only received a Notice by mail, or (ii) elect to receive your proxy statement and annual report over the Internet, if you received them by mail this year.

A notice of the annual meeting and proxy statement are attached. You will also find enclosed voting instructions. The vote of each stockholder is important to us. Whether or not you expect to attend the annual meeting, I urge you to vote by the Internet or by telephone, or alternatively, to complete and return a paper proxy card as soon as possible.

I look forward to seeing you on May 6 and addressing your questions and comments.

Sincerely,

Peter Pfeiffer
President and Chief Executive Officer

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*475 West Terra Cotta Avenue, Suite E
Crystal Lake, Illinois 60014
815-477-0424*

March 20, 2009

NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 6, 2009 – the Proxy Statement and the 2008 Annual Report/Form 10-K are available at www.proxyvote.com.

The annual meeting of stockholders of AptarGroup, Inc. will be held on May 6, 2009 at 9:00 a.m., at the offices of Sidley Austin LLP, One South Dearborn Street, Chicago, Illinois, 60603 to consider and take action on the following:

1. To elect the four director nominees named in the proxy statement to terms of office expiring at the annual meeting in 2012;
2. To ratify the appointment of the independent registered public accounting firm; and
3. Transaction of any other business that is properly raised at the meeting.

Your Board of Directors recommends a vote FOR all of the director nominees and FOR proposal 2.

Stockholders owning our common stock as of the close of business on March 12, 2009 are entitled to vote at the annual meeting. Each stockholder has one vote per share.

Whether or not you plan to attend the annual meeting, we urge you to vote your shares by using the Internet (which is the most cost effective means for AptarGroup), toll free telephone number or by completing and mailing a paper proxy card.

By Order of the Board of Directors,

Stephen J. Hagge
Secretary

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475 West Terra Cotta Ave, Suite E
Crystal Lake, Illinois 60014

PROXY STATEMENT

ANNUAL MEETING INFORMATION

This proxy statement contains information related to the annual meeting of stockholders of AptarGroup, Inc. to be held on May 6, 2009 beginning at 9:00 a.m., at the offices of Sidley Austin LLP, One South Dearborn Street, Chicago, Illinois, 60603 and at any postponements or adjournments of the meeting. The proxy statement was prepared under the direction of AptarGroup's Board of Directors to solicit your proxy for use at the annual meeting. In accordance with rules and regulations recently adopted by the Securities and Exchange Commission (the "SEC"), instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner, we are now furnishing proxy materials, which include this proxy statement and the accompanying proxy card, notice of meeting, and Annual Report/Form 10-K, to our stockholders over the Internet. If you received a Notice of Internet Availability of Proxy Materials ("Notice") by mail, you will not receive a printed copy of the proxy materials. Instead, the Notice instructs you as to how you may access and review all of the important information contained in the proxy materials. The Notice also instructs you as to how you may submit your proxy on the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice. The Notice will be mailed to stockholders on or about March 20, 2009.

Who is entitled to vote?

Stockholders owning our common stock at the close of business on March 12, 2009 are entitled to vote at the annual meeting, or any postponement or adjournment of the meeting. Each stockholder has one vote per share on all matters to be voted on at the meeting. On March 12, 2009, there were 67,682,749 shares of common stock outstanding.

What am I voting on?

You are asked to vote on the following proposals:

To elect the four director nominees named in this proxy statement to terms of office expiring at the annual meeting in 2012

To ratify the appointment of the independent registered public accounting firm

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The Board of Directors knows of no other business that will be presented at the meeting. If other matters properly come before the annual meeting, the persons named as proxies will vote on them in accordance with their best judgment.

How does the Board of Directors recommend I vote on the proposals?

The Board has unanimously approved and recommends a vote FOR all of the director nominees and FOR the ratification of the appointment of the independent registered public accounting firm. Unless you give other instructions when voting your proxy, the persons named as proxies will vote in accordance with the recommendation of the Board.

How do I vote?

You can vote your proxy in any of the following ways:

By Internet: AptarGroup encourages stockholders to vote by Internet because it allows the least costly method of tabulating votes. You can vote by Internet by following the instructions on the proxy card or the Notice of Internet Availability of Proxy Materials.

By Telephone: You can vote by touch tone telephone by following the instructions on the proxy card.

By Mail: If you received proxy materials by mail or if you request a paper proxy card, you may elect to vote by mail. To do so, you should sign, date and complete the proxy card you receive and return it in the prepaid envelope which accompanied that proxy card.

When voting to elect directors, you have three options:

Vote for all nominees

Vote for only some of the nominees

Withhold authority to vote for all or some nominees

When voting on all other proposals, you again have three options, but they are different from those pertaining to the election of directors:

Vote FOR a given proposal

Vote AGAINST a given proposal

ABSTAIN from voting on a given proposal

If you return your proxy with no votes marked, your shares will be voted as follows:

FOR the election of all four nominees for director

FOR the ratification of the appointment of the independent registered public accounting firm

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You can revoke your proxy at any time before it is exercised by any of the following methods:

- Entering a new vote by Internet or telephone
- Writing to AptarGroup's Corporate Secretary
- Submitting another signed proxy card with a later date
- Voting in person at the annual meeting

What is a quorum?

A quorum is the presence at the meeting, in person or by proxy, of the holders of a majority of the outstanding shares of AptarGroup's common stock on March 12, 2009. There must be a quorum for the meeting to be held.

How are shares in a 401(k) plan voted?

If you hold shares of AptarGroup through your 401(k) plan, you will be instructing the trustee how to vote your shares by voting by Internet or by telephone, or by completing and returning the proxy card. If you do not vote by Internet or telephone or if you do not return the proxy card, or if you return it with unclear voting instructions, the trustee will not vote the shares in your 401(k) account.

How are shares held in a broker account voted?

If you own shares through a broker, you should be contacted by your broker regarding a proxy card and whether telephone or Internet voting options are available. If you do not instruct your broker on how to vote your shares, your broker, as the registered holder of your shares, may represent your shares at the annual meeting for purposes of determining a quorum. Even without instructions, your broker may exercise discretion in voting for the proposal regarding the election of directors and the ratification of the appointment of the independent registered public accounting firm. Any unvoted shares are called "broker non-votes".

How many votes are required to approve each proposal?

The four persons receiving the greatest number of votes will be elected to serve as directors. As a result, withholding authority to vote for a director nominee and non-votes with respect to the election of directors will not affect the outcome of the election. Approval of the proposal regarding the ratification of the appointment of the independent registered public accounting firm require the affirmative vote of a majority of the shares present at the meeting and entitled to vote on the proposals. Abstaining is the legal equivalent of voting against these proposals.

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Who will count the votes?

Our agent, Broadridge Financial Solutions, Inc., will count the votes cast by proxy or in person at the annual meeting.

How can I reduce the environmental impact of our annual meeting by requesting electronic delivery of annual meeting materials?

We encourage you to choose electronic (e-mail) delivery of future annual meeting materials by visiting www.proxyvote.com. Please follow the Vote By Internet instructions on the proxy card or the Notice of Internet Availability of Proxy Materials and you will be provided with the opportunity to choose electronic delivery for future meeting materials.

Following are the proposals to be voted on at this year's annual meeting.

Table of Contents**PROPOSAL 1 ELECTION OF DIRECTORS**

The Board of Directors is currently comprised of ten members divided into three classes, with one class of directors elected each year for a three-year term. The Board of Directors proposes the following nominees, three of whom are currently serving as directors and one new nominee, to be elected for a new term expiring at the 2012 annual meeting. The Corporate Governance Committee of the Board of Directors engaged the executive search firm Egon Zehnder International for the purpose of indentifying potential director nominee candidates. As a result of this engagement, the new nominee, Mr. Ralf K. Wunderlich, was referred to the Corporate Governance Committee for evaluation and consideration. Mr. Wunderlich has been nominated to replace Mr. Gruska who served on the Board since 1993 and is not standing for election in 2009.

If any of the director nominees is unable or fails to stand for election, the persons named in the proxy intend to vote for a substitute nominee nominated by the Corporate Governance Committee of the Board of Directors. The following sets forth information as to each nominee for election at this meeting and each director continuing in office.

NOMINEES FOR ELECTION AT THIS MEETING TO TERMS EXPIRING IN 2012

<i>Name</i>	<i>Director Since</i>	<i>Age</i>	<i>Principal Occupation and Directorships</i>
Stefan A. Baustert	2006	53	Mr. Baustert is a member of the Managing Board of Singulus Technologies AG (optical storage media) (Singulus) and became the President and Chief Executive Officer of Singulus in 2006. From 2003 to the present, Mr. Baustert has been the Chief Financial Officer (CFO) of Singulus. From 1997 to 2002, he was the CFO and a member of the Managing Board of E-Plus Mobilfunk GmbH & Co. KG (mobile communications equipment and services).
Rodney L. Goldstein	2003	57	Mr. Goldstein has been Chairman of Frontenac Company LLC (private equity investing) since 2003. For more than the past five years, he has been Managing Director of Frontenac. Mr. Goldstein represents Frontenac on the boards of directors of several privately held companies.
Leo A. Guthart	1993	71	Mr. Guthart has been the Managing Member of the General Partner of Topspin Partners L.P. (venture capital investing) since 2000. From 2001 to 2003, he was Executive Vice President of the Home and Building Control Group of Honeywell International Inc.
Ralf K. Wunderlich		42	Mr. Wunderlich has been President and Managing Director of LINPAC Packaging Ltd. (packaging division of LINPAC GROUP Ltd.) since 2008. From 2005 to 2007, he was President of Alcan Packaging, Global Tobacco. From 2002 to 2005 Mr. Wunderlich was President of Alcan Packaging, Asia & Pacific (Alcan is now part of Rio Tinto). Mr. Wunderlich is also a director of LINPAC GROUP.

The Board of Directors recommends a vote FOR each of the nominees for Director.

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<i>Name</i>	<i>Director Since</i>	<i>Age</i>	<i>Principal Occupation and Directorships</i>
Alain Chevassus	2001	64	Mr. Chevassus has been President of COSFIBEL (flexible plastic packaging) since 2000.
Stephen J. Hagge	2001	57	Mr. Hagge is the Executive Vice President, Chief Operating Officer, and Secretary of AptarGroup. He was appointed Chief Operating Officer in 2008 and has been Executive Vice President, and Secretary of AptarGroup since 1993. He served as Chief Financial Officer from 1993 to 2008.
Carl A. Siebel	1993	74	Mr. Siebel is the Chairman of the Supervisory Board of Gütermann SE (a textile company). Mr. Siebel served as President and Chief Executive Officer of AptarGroup from 1996 to 2007.

DIRECTORS WHOSE PRESENT TERMS CONTINUE UNTIL 2011

King W. Harris	1993	65	Mr. Harris has been Chairman of the Board since 1996. Since 2000, he has been Chairman of Harris Holdings, Inc. (investments) and a Senior Executive at Chicago Metropolitan 2020 (civic organization). Mr. Harris is also a director of Alberto-Culver Co. (a health and beauty products company).
Peter H. Pfeiffer	1993	60	Mr. Pfeiffer was appointed President and Chief Executive Officer of AptarGroup in 2008. Prior to this appointment, Mr. Pfeiffer had been Vice Chairman of the Board since 1993.
Dr. Joanne C. Smith	1999	48	Dr. Smith is a physician at the Rehabilitation Institute of Chicago (RIC) and became RIC s President and Chief Executive Officer in 2006. From 2005 until 2006, Dr. Smith was President of RIC s National Division and from 2002 to 2005, she served as RIC s Senior Vice President, Corporate Strategy. Dr. Smith is also a director of Hill-Rom, Inc. (healthcare, medical technology industries).

CORPORATE GOVERNANCE

AptarGroup s corporate governance documents, including our *Corporate Governance Principles, Code of Business Conduct and Ethics, Director Independence Standards*, and Board of Directors Committee Charters, are available through the Corporate Governance link on the Investor Relations page of the AptarGroup web site at the following address: <http://www.aptagroup.com>. Stockholders may obtain copies of these documents, free of charge, by sending a written request to our principal executive office at: 475 West Terra Cotta Avenue, Suite E, Crystal Lake, Illinois 60014.

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Corporate Governance Principles

The Board of Directors (Board) has adopted a set of *Corporate Governance Principles* to provide guidelines for AptarGroup and the Board of Directors to ensure effective corporate governance. The *Corporate Governance Principles* cover topics including, but not limited to, director qualification standards, Board and committee composition, director responsibilities, director compensation, director access to management and independent advisors, director orientation and continuing education, succession planning and the annual evaluations of the Board and its committees. The Corporate Governance Committee is responsible for overseeing and reviewing the *Corporate Governance Principles* and recommending to the Board any changes to the principles.

Code of Business Conduct and Ethics

Ethical business conduct is a shared value of our Board, management and employees. AptarGroup's *Code of Business Conduct and Ethics* applies to our Board as well as our employees and officers, including our principal executive officer and our principal financial and accounting officer.

The *Code of Business Conduct and Ethics* covers all areas of professional conduct, including, but not limited to, conflicts of interest, disclosure obligations, insider trading, confidential information, as well as compliance with all laws, rules and regulations applicable to AptarGroup's business. AptarGroup encourages all employees, officers and directors to promptly report any violations of the Code to the appropriate persons identified in the Code. In the event that an amendment to, or a waiver from, a provision of the *Code of Business Conduct and Ethics* that applies to any of our directors or executive officers is necessary, AptarGroup intends to post such information on its web site. As of the date of the mailing of this proxy statement, there are no such amendments or waivers.

Board Structure

The Board has four committees: the Audit, Compensation, Corporate Governance, and Executive Committees. Each committee is governed by a charter approved by the Board. Each member of the Audit, Compensation, and Corporate Governance Committees has been determined to be independent as discussed below under Independence of Directors . Committees report their actions to the full Board at each next regular meeting. An affirmative vote of at least 70% of the Board is required to change the size, membership or powers of these committees, to fill vacancies in them, or to dissolve them.

Independence of Directors

Our *Corporate Governance Principles* provide that the Board must be composed of a majority of independent directors. No director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with AptarGroup either directly or as a partner, stockholder or officer of an organization that has a relationship with AptarGroup. Our Board has determined that seven out of ten current directors and the new director nominee are independent in accordance with the New York Stock Exchange listing standards. Those individuals determined to be independent are: S. Baustert, A. Chevassus, R. Goldstein, R. Gruska, L. Guthart, K. Harris, J. Smith, and R. Wunderlich. The Board has made this determination based on the following categorical standards, in addition to any

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other relevant facts and circumstances. These standards provide that a director generally will not be independent if:

The director is or has been an employee of the Company within the last three years or has an immediate family member who is or has been an executive officer of the Company within the last three years.

The director has received or an immediate family member has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

The director is, or has an immediate family member who is, a current partner of a firm that is the Company's internal or external auditor (Firm).

The director is a current employee of such Firm.

The director has an immediate family member who is a current employee of such Firm and who the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice.

The director was, or has an immediate family member who was, within the last three years but is no longer a partner or employee of such Firm and personally worked on the Company's audit within that time.

The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee.

The director is a current employee or an immediate family member is a current executive officer of another company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

The director or an immediate family member is, or has been within the last three years, a director or executive officer of another company that is indebted to the Company, or to which the Company is indebted, if the total amount of either company's indebtedness for borrowed money to the other is or was 2% or more of the other company's total consolidated assets.

The director or an immediate family member is, or has been within the last three years, an officer, director or trustee of a charitable organization if the Company's, or any executive officer's, annual charitable contributions to the organization exceeds or exceeded the greater of \$1 million, or 2% of such charitable organization's gross revenue.

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The Board considers the following to be immaterial when making independence determinations:

If a director is an officer, director or trustee of a charitable organization or entity to which the Company has made grants or contributions in the past year of less than \$100,000.

Investments by Messrs. Harris and Siebel in a private equity fund managed by Mr. Guthart which, in the aggregate, are less than 1% of the fund's total net asset value.

Mr. Harris' membership on the Board of Directors of Alberto-Culver Co., a customer of AptarGroup.

Executive Sessions

Non-management directors meet regularly in executive sessions without management. Non-management directors are all those who are not Company officers. Executive sessions are led by a Presiding Director. An executive session is held in conjunction with each regularly scheduled Board meeting and other sessions may be called by the Presiding Director in his or her own discretion or at the request of the Board. Mr. Harris has been designated as the Presiding Director.

Nomination of Directors

It is the policy of the Corporate Governance Committee to consider candidates for director recommended by stockholders. The Board has established a maximum age limit for director nominees. Nominees must be 74 years old or younger at the time of election. In order to recommend a candidate, stockholders must submit the individual's name and qualifications in writing to the Committee (in care of the Secretary at AptarGroup's principal executive office at 475 West Terra Cotta Avenue, Suite E, Crystal Lake, Illinois 60014) and otherwise in accordance with all of the procedures outlined under Other Matters' Stockholder Proposals for a director nomination.

In identifying and evaluating nominees for Director, the Committee takes into account the applicable requirements for directors under the Securities Exchange Act of 1934, as amended, and the listing standards of the New York Stock Exchange. In addition, the Committee may take into consideration such factors and criteria as it deems appropriate, including, but not limited to, the nominee's character, judgment, business experience and acumen. In addition to nominees recommended by stockholders, the Committee also considers candidates recommended by management or other members of the Board. The Committee evaluates candidates recommended for Director by stockholders in the same way that it evaluates any other nominee. The Committee may engage outside advisors to identify potential director nominee candidates from time to time.

Communications with the Board of Directors

The Board has established a process for stockholders and other interested parties to communicate with the Board or an individual director, including the Presiding Director or the non-management directors as a group. A stockholder or other interested party may contact the Board or an individual director by writing to their attention at AptarGroup's principal executive offices at 475 West Terra Cotta

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Avenue, Suite E, Crystal Lake, Illinois 60014. Communications received in writing are distributed to the Board or to individual directors as appropriate in accordance with procedures approved by AptarGroup's independent directors.

Audit Committee

The Board has determined that each member of the Audit Committee (Messrs. Baustert, Goldstein, Guthart and Gruska) is financially literate and independent in accordance with the requirements of the New York Stock Exchange. The Board has also determined that Messrs. Baustert, Goldstein and Guthart qualify as audit committee financial experts as that term is defined in rules of the Securities and Exchange Commission implementing requirements of the Sarbanes-Oxley Act of 2002. In reaching this determination, the Board considered, among other things, the relevant experience of Messrs. Baustert, Goldstein and Guthart as described under Election of Directors. The Audit Committee operates under a written charter that complies with all regulatory requirements.

This committee oversees the financial reporting process, system of internal controls and audit process of AptarGroup and reviews AptarGroup's annual and interim financial statements. In addition, the Audit Committee reviews the qualifications, independence and audit scope of AptarGroup's external auditor and is responsible for the appointment, retention, termination, compensation and oversight of the external auditor. This committee also reviews AptarGroup's process for monitoring compliance with laws, regulations and its *Code of Business Conduct and Ethics*. The Audit Committee also approves or ratifies all related party transactions in excess of \$120,000.

Compensation Committee

The Compensation Committee is comprised solely of independent directors and is appointed by the Board to discharge the Board's responsibilities relating to compensation of the Company's executives. This committee may not delegate its authority. The Compensation Committee reviews and recommends to the Board compensation plans, policies and programs, as well as approves CEO and executive officer compensation, and employment and severance agreements, including change-in-control provisions. In addition, this committee annually reviews the succession plans affecting corporate and other key management positions and approves grants and/or awards of restricted stock, stock options and other forms of equity-based compensation. For further information on this committee's procedures for consideration of executive compensation, see our Compensation Discussion and Analysis .

The Compensation Committee receives recommendations annually from the CEO regarding the compensation levels of our other executive officers, including salary, bonus and equity compensation. In addition, this committee receives compensation market survey information from the Vice President of Human Resources, including information prepared by compensation consulting firms. For a further discussion of compensation information provided to the Compensation Committee by management, see our Compensation Discussion and Analysis .

Under the Compensation Committee charter, this committee has the authority to retain outside advisers as deemed necessary. This committee has retained outside advisers in the past to validate and compare compensation information and recommendations it has received from management, including

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information prepared for management by outside advisers. The Compensation Committee intends to engage outside advisers to perform such work from time to time and at least once every three years.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee of the Board who served on the Compensation Committee in 2008 (Messrs. Chevassus, Gruska, Guthart and Harris) has interlocking relationships as defined by the SEC or had any relationships requiring disclosure by AptarGroup under the SEC's rules requiring disclosure of certain relationships and related party transactions. Mr. Pfeiffer, President and Chief Executive Officer, and Mr. Hagge, Executive Vice President and Chief Operating Officer, participate in all discussions regarding salaries and incentive compensation for all of our executive officers, except during discussions regarding their own salary and incentive compensation. Messrs. Pfeiffer and Hagge may make suggestions or recommendations during these discussions, however all deliberations and determinations regarding the compensation of our executive officers are made solely by the Committee.

Corporate Governance Committee

The Corporate Governance Committee is comprised solely of independent directors. This committee identifies, evaluates and recommends to the Board individuals qualified to stand for election as directors, including nominations received from Board members, stockholders or outside parties. This committee evaluates candidates recommended for director by stockholders in the same way that it evaluates any other nominee. In identifying and evaluating nominees for director, this committee takes into account the applicable requirements for directors under the Securities Exchange Act of 1934, as amended, and the listing standards of the New York Stock Exchange. This committee may also take into consideration such factors and criteria as it deems appropriate, including, but not limited to, the nominee's character, judgment, business experience and acumen.

The Corporate Governance Committee develops and recommends to the Board AptarGroup's corporate governance principles and standards to be applied in determining director independence. This committee reviews and recommends to the Board appropriate compensation for directors, taking into consideration, among other things, director compensation levels of companies with similar annual revenues as AptarGroup. This committee also makes recommendations to the Board regarding changes to the size and composition of the Board or any Board Committee.

Executive Committee

The Executive Committee exercises certain powers of the Board, when the Board is not in session, in the management of the business and affairs of AptarGroup.

Table of Contents**BOARD MEETING ATTENDANCE**

The Board met 7 times in 2008. No director attended fewer than 75% of the aggregate number of meetings of the Board and the committees on which each director served. AptarGroup does not have a formal policy regarding director attendance at the annual meeting of stockholders. Messrs. Harris, Pfeiffer and Hagge attended the 2008 annual meeting.

COMMITTEE MEMBERSHIP AND MEETINGS HELD

Name	Corporate Governance	Audit	Compensation	Executive
S. Baustert (I)		X		
A. Chevassus (I)			X	
R. Goldstein (I)	X	X		
R. Gruska (I)		X	X	
L. Guthart (I)		X*	X*	
S. Hagge				X
K. Harris (I)	X*		X	X*
P. Pfeiffer				X
C. Siebel				X
J. Smith (I)	X			
Number of Meetings in Fiscal 2008	4	9	5	4

X* Chairperson; (I) Independent Director

BOARD COMPENSATION

Employees of AptarGroup do not receive any additional compensation for serving as members of the Board or any of its committees. Compensation of non-employee directors consists of the following:

an annual retainer of \$24,000, payable \$6,000 per quarter

a fee of \$3,500 for each Board meeting attended in person and \$1,000 for any teleconference Board meeting

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a fee of \$1,000 for each committee meeting attended in person, \$1,000 for each phone meeting of the Audit Committee, and \$250 for each phone meeting of a committee other than the Audit Committee

an annual retainer of \$5,000 for the Chairpersons of the Audit and Compensation Committees

an annual fee of \$110,000 is paid to the Chairman of the Board, who is not an executive of AptarGroup, in lieu of the annual retainer and any meeting fees

Each director is reimbursed for out-of-pocket expenses incurred while attending Board and committee meetings.

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Amounts in the following discussion have been adjusted for a 2-for-1 stock split that was made May 9, 2007. Pursuant to the 2004 Director Stock Option Plan, on May 9, 2005, each non-employee director at that time was granted a non-qualified option to purchase 16,000 shares of common stock at an exercise price of \$25.66 per share. On May 8, 2006, Mr. Baustert (who became a non-employee director on May 3, 2006) was granted a non-qualified option to purchase 12,000 shares of common stock at an exercise price of \$27.18 per share. On May 5, 2008, Mr. Siebel (who became a non-employee director on January 1, 2008 following his retirement as President and Chief Executive Officer) was granted a non-qualified option to purchase 4,000 shares of common stock at an exercise price of \$44.16 per share after becoming a non-employee director on January 1, 2008 (the grant date fair value is the amount reflected in the table below). Of the option shares granted to each non-employee director, 4,000 shares became exercisable six months after the date of grant and an additional 4,000 shares became exercisable on the earlier of each anniversary of the date of grant or the day before each annual meeting of stockholders. Under the 2004 Director Stock Option Plan, a non-employee director is only eligible for one grant under the Plan.

DIRECTOR COMPENSATION

Fees Earned or Paid in Cash

Name	(\$)		Total Fees Earned or Paid in Cash (\$)	Option Awards (\$)(1)(2)	Total (\$)
	Annual Retainer (\$)	Board Meeting and Committee Related Fees (\$)			
S. Baustert	24,000	25,000	49,000	21,575	70,575
A. Chevassus	24,000	21,250	45,250	18,555	63,805
R. Goldstein	24,000	30,000	54,000	18,555	72,555
R. Gruska	24,000	30,250	54,250	18,555	72,805
L. Guthart	24,000	39,250	63,250	18,555	81,805
S. Hagge					
K. Harris	110,000		110,000	18,555	128,555
P. Pfeiffer					
C. Siebel	24,000	21,500	45,500	48,318	93,818
J. Smith	24,000	21,000	45,000	18,555	63,555

(1) Option Award amounts represent the expense recorded in AptarGroup's financial statements in 2008 as determined pursuant to Statement of Financial Accounting Standards 123R (FAS 123R). Assumptions used in the calculation of the expense related to stock options granted can be found in Note 15, Stock-Based Compensation to AptarGroup's audited financial statements for the year ended December 31, 2008, included in AptarGroup's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2009 (AptarGroup's Financial Statements). The compensation expense included above has not been reduced by any

assumption of forfeiture.

- (2) The aggregate number of options outstanding as of December 31, 2008 for each non-employee director is as follows: S. Baustert 12,000, A. Chevassus 4,000, R. Goldstein 24,000, R. Gruska 12,000, L. Guthart 32,000, K. Harris 32,000, C. Siebel 1,176,000 (4,000 of which were granted under the 2004 Director Stock Option Plan in 2008), and J. Smith 32,000.

Table of Contents**PROPOSAL 2 RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2009**

AptarGroup is asking stockholders to ratify the Audit Committee's appointment of PricewaterhouseCoopers LLP as AptarGroup's independent registered public accounting firm for the fiscal year ending December 31, 2009.

Independent Registered Public Accounting Firm Fees

PricewaterhouseCoopers LLP has audited AptarGroup's consolidated financial statements annually for over 10 years. Representatives of PricewaterhouseCoopers LLP are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so. It is also expected that those representatives will be available to respond to appropriate questions.

The following table sets forth the aggregate fees charged to AptarGroup by PricewaterhouseCoopers LLP for audit services rendered in connection with the audited consolidated financial statements and reports for the 2008 and 2007 fiscal years and for other services rendered during the 2008 and 2007 fiscal years to AptarGroup and its subsidiaries, as well as all out-of-pocket costs incurred in connection with these services:

Fee Category:	2008	% of Total	2007	% of Total
Audit Fees	\$ 2,807,000	96%	\$ 2,778,000	99%
Audit-Related Fees	105,000	3%	0	
Tax Fees	20,000	1%	20,000	1%
All Other Fees	0		8,000	
Total Fees	\$ 2,932,000	100%	\$ 2,806,000	100%

Audit Fees primarily represent amounts billed for the audit of AptarGroup's annual financial statements, reviews of SEC Forms 10-Q and 10-K, and statutory audit requirements at certain non-U.S. locations, and for work related to the effectiveness of internal controls over financial reporting.

Audit-Related Fees in 2008 include agreed upon procedures for pre-implementation reviews of certain information systems.

Tax Fees primarily represent amounts billed for tax compliance and preparation services including federal, state and international tax compliance, assistance with tax audits and appeals, and tax work related to foreign entity statutory audits.

Other Fees in 2007 represent the cost of reference materials.

The Audit Committee's policies and procedures require pre-approval for all audit and permissible non-audit service to be performed by AptarGroup's independent registered public accounting firm. These services are pre-approved by the entire Audit Committee.

The Board and the Audit Committee recommend votes FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm for 2009.

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EXECUTIVE OFFICER COMPENSATION

Compensation Discussion and Analysis

Introduction

We are a leading global supplier of a broad range of innovative dispensing systems for the personal care, fragrance/cosmetic, pharmaceutical, household and food/beverage markets. We have operations located throughout the world including North America, Europe, Asia and South America. Our senior management team is a diverse group of experienced executives who are based in the United States and in Europe. Accordingly, because certain executive officers reside in Europe, our compensation programs reflect local customary practices in order for us to retain and motivate the best executive talent around the globe. Named executive officers (NEOs) who reside in Europe include Mr. Pfeiffer, our President and Chief Executive Officer (CEO), Mr. de Pous, President of our Beauty & Home segment, and Mr. Fourment, President of our Pharma segment. The salary and bonus amounts for Mr. Pfeiffer are denominated in U.S. dollars while the salary and bonus amounts for Messrs. de Pous and Fourment are denominated in Euros (and translated to U.S. dollars using the average exchange rate for the year for salaries, and for their 2008 bonuses, the spot exchange rate in February 2009 on the day bonuses were determined). Our other three current NEOs are Messrs. Hagge, Ruskoski and Kuhn, each of whom resides in the United States. Mr. Hagge is our Chief Operating Officer (COO) and was our Chief Financial Officer (CFO) and principal financial officer since 1993 until the appointment of Mr. Kuhn to the role of CFO on September 30, 2008. Mr. Ruskoski is the President of our Closures segment.

Our compensation program objectives are, first and foremost, to fairly reward them for growing our business and returning value to stockholders, and secondly, to retain our experienced leaders. The low turnover rate at our senior management level has been a critical factor in the consistency of our performance over the past 15 years. We believe that one of AptarGroup's competitive advantages has been, and will continue to be, the cohesiveness and long-term experience of our executive officer group. AptarGroup's NEOs for 2008 have been employed by the Company, on average, for over 20 years.

The Compensation Committee of our Board of Directors (the Committee) has responsibility for approving the compensation programs for our NEOs and acts pursuant to a charter that has been approved by our Board and is available through the Corporate Governance link on the Investor Relations page of the AptarGroup web site located at: www.aptargroup.com. Under this charter, the Committee has the authority to retain outside advisers as deemed necessary. The Board has determined that each member of the Compensation Committee meets the independence requirements of the New York Stock Exchange.

Following is a discussion and analysis of the compensation program in place for our NEOs for 2008. It includes information regarding how compensation is determined, each element of compensation, and an analysis of these elements.

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Compensation Determination

The Committee takes into account an assortment of factors and reviews a variety of information before setting annual compensation levels. As its starting point, the Committee considers the value in the long-term experience of our senior management team and the importance of retaining them. The Committee also reviews past compensation levels when setting current levels. Although the Committee does not solely rely on benchmarking to determine any element of compensation or overall compensation, the Committee does believe compensation data and surveys are important in order to confirm the competitiveness of the Company's compensation levels. Although the Committee uses its judgment and past experience to determine appropriate compensation for each executive, the Committee has historically intended to create a compensation package for NEOs that generally delivers combined salary, bonus, and long-term incentives, including equity awards, that is between the 50th and 75th percentile of similar amounts delivered to individuals with comparable duties and revenue responsibilities in companies similar in size to AptarGroup.

We manage our business for the long-term benefit of all stakeholders and consequently we believe that it is important that our senior management receive a substantial portion of their compensation in the form of equity awards. By making equity awards a substantial portion of senior management compensation, we are ensuring that AptarGroup's leaders are personally sensitive to and aligned with the long-term interests of our stockholders, and that they are rewarded for increases in stockholder value. Historically, a substantial portion of NEO compensation has been delivered in the form of time-vested stock options and, to a lesser degree, restricted stock units. When determining the appropriate amount of equity compensation to be awarded to executive officers, the Committee considers the value of the equity award in relation to total compensation.

When determining the compensation of executive officers other than the CEO, the Committee reviews recommendations furnished by the CEO, including salary and option grant level recommendations. In addition, the Committee reviews compensation survey information prepared for the Company by Towers Perrin, a compensation consulting firm, each year for the CEO, COO and CFO positions, and, every two years for executive officer positions other than those previously mentioned. The compensation elements evaluated by Towers Perrin are base salary, annual cash incentive compensation (bonus) and long-term incentive compensation. The Committee also refers to compensation survey information provided by other firms from time to time, but considers the survey information provided by Towers Perrin to be the most significant survey information when deliberating compensation levels.

For the U.S.-based executives, salary and bonus information provided by Towers Perrin is based on its U.S. Executive Compensation Database, a survey of over 800 companies from all industries. Data are adjusted to AptarGroup's revenue size using regression analysis (based on AptarGroup's revenue and the respective position's responsibilities, as summarized below). Long-term incentive compensation information is derived from Towers Perrin's U.S. Long-term Incentive Plan Report, using data for companies with revenues between \$1 billion and \$3 billion (approximately 80 companies).

For the French-based executives, both U.S. and French Market data are reviewed. The U.S. Towers Perrin data relies on the same sources and adjustments as mentioned above. All French Towers Perrin data is based on Towers Perrin's French Top Executive Survey, which includes approximately

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60 companies. French market data are adjusted to reflect the revenue size of AptarGroup's French operations.

For both the U.S. and French market data, given the adjustments made to the data to reflect AptarGroup's business and revenue size, the Committee does not consider the specific identities of the companies included in the surveys to be material for purposes of its compensation deliberations and, accordingly, the specific identities of the companies included within each survey sample are not disclosed to the Committee.

The information related to base salary and annual cash incentive compensation that was provided by Towers Perrin in 2008 was regressed based on the following annual revenue responsibilities, which are representative of AptarGroup's approximate size:

CEO, COO and CFO: corporate revenues of approximately \$2.3 billion,

President of the Beauty & Home segment: group/segment revenues of approximately \$1 billion,

President of the Closures segment: group/segment revenues of approximately \$500 million, and

President of the Pharma segment: group/segment revenues of approximately \$400 million.

Our Vice President of Human Resources, annually provides the Committee with the following information relating to the positions of CEO, COO and CFO:

Individual compensation data for the current and past 2 years.

Competitive market survey data compiled by Towers Perrin as described above, showing the 50th and 75th percentiles for base salary, annual cash incentive, and long-term incentive compensation including equity awards.

Exhibits from the Survey Report on Top Management Compensation prepared by Watson Wyatt, a compensation-consulting firm. The exhibits used include average base salary, bonus and long-term incentive compensation information of approximately 350 U.S. non-durable manufacturing companies. The exhibits also indicate the 25th and 75th percentiles of each compensation element.

A copy of Pay Increase Trends (%) from the Global Compensation Planning Report, prepared annually by Mercer Human Resource Consulting. This section of the report includes information on actual and projected global salary trends by country.

Compensation information for comparable positions disclosed in the proxy statements of the following publicly traded packaging companies: Bemis Co., Inc., Silgan Holdings, Inc., and West Pharmaceutical Services, Inc. These companies were selected because they operate in industries similar to AptarGroup's and because of their proximity in size to AptarGroup when considering annual revenue and market capitalization.

Periodically, the Committee retains outside advisers to validate and compare compensation information and recommendations it has received from management. In 2007, the Committee engaged the

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Hay Group, a compensation consulting firm, in order to confirm the Towers Perrin compensation survey data. The review was completed in 2008 and included, among other things, interview sessions with executive officers and the determination of a point value for each position based on its relative value to our organization. The Hay Group point system is a proprietary methodology that includes the evaluation of specific job responsibilities and duties including know-how, problem solving and accountability, and the relative size of our organization. The relative point values assigned to each position are then compared to information derived from Hay Group's Executive Compensation Report - General Market, a survey of over 600 companies from all industries. The results of the Hay Group's review satisfied the objective of confirming the relevant compensation ranges provided by Towers Perrin. The Committee intends to engage outside advisers to perform similar work from time to time but at least once every three years.

Elements of Our Compensation Programs

Cash Compensation:

Salary

Annual Bonus (including non-equity incentive compensation)

Equity-based Compensation:

Stock options

Restricted Stock Units (RSUs)

Other:

Post-termination compensation (including severance, pension plans, profit sharing and savings plans)

Perquisites

Salary. We believe that competitive salaries play an integral part in attracting and retaining executive talent.

Annual Bonus. We believe that the bonus plans accomplish the important objective of rewarding short-term performance. Additional information on the Company's bonus plans can be found under the heading Analysis of Our Compensation Programs. To encourage executive officer share ownership, executive officers may elect to receive up to 50% of their annual cash bonus in the form of RSUs. If an executive elects to receive a portion of his or her bonus in RSUs, the executive will also receive an additional 20% of the elected amount in the form of RSUs. The value of each RSU is determined by the closing share price on the New York Stock Exchange on the date of grant.

Equity-based Compensation. Equity awards granted to our NEOs are made pursuant to our Stock Awards Plans (the SAP) which have been approved by stockholders. While the SAP provides for awards in the form of stock options, restricted stock, RSUs, and other awards, NEOs have traditionally only been awarded stock options and, to a small degree, restricted stock units, issued to NEOs at their

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election in lieu of a portion of their cash bonus as described above. We believe that stock options and RSUs issued under our SAP are an effective form of equity compensation. Both of these forms of equity compensation have strong retentive value because they vest ratably over a three-year period.

Stock options granted under the SAP vest over a three-year period, with one third becoming exercisable on each anniversary of the grant date, and have a ten-year term. All options are granted with an exercise price equal to the fair market value of our common stock on the date of grant, and option re-pricing is expressly prohibited by the SAP's terms. Fair market value is defined as the closing market price of a share of our common stock on the date of grant.

All option awards made to NEOs or any other employee are authorized by the Committee. The Committee has generally followed a practice of making all option grants to executive officers, including the NEOs, on a single date each year. For 11 out of the last 12 years, the Committee has granted these annual awards at its regularly scheduled meeting in January. The one exception relates to the Committee's decision to delay the granting of options in 2004 until stockholders approved the 2004 Stock Awards Plan, in which case the Committee granted options in June of that year. The January meeting date has historically occurred approximately three to four weeks prior to the issuance of the press release reporting our earnings for the previous fiscal year. The Committee believes that it is appropriate that annual awards be made on a consistent basis and therefore has maintained this approach over the past decade.

While NEO option awards have historically been made pursuant to our annual grant program, the Committee retains the discretion to make additional awards to NEOs or other employees at other times, generally in connection with the initial hiring of a new executive officer or key employee.

RSUs convert into shares of our common stock if the recipient is still employed by us or is an AptarGroup retiree on the date that RSUs vest. RSUs granted under the SAP vest over a three-year period, with one third vesting on each of the first three anniversaries of the grant date. Recipients of RSUs may not vote the units in stockholder votes and they do not earn or receive any dividend payments on the units.

Post-termination compensation. The employment agreements of Messrs. Pfeiffer, Hagge, and Ruskoski provide for guaranteed minimum salary levels, death benefits, non-competition clauses and post-termination commitments. The post-termination commitments do not significantly affect the Committee's decisions concerning other compensation elements. The employment agreements of Messrs. de Pous and Fourment provide for guaranteed minimum salary levels, non-competition clauses, and customary benefits under the French Collective Bargaining Agreement of the Plastics Industry. The Company does not have an employment agreement with Mr. Kuhn; however, it does have a change in control severance agreement with him and he is entitled to certain benefits that are customary to senior executives. We believe the post-termination commitments included in the NEOs' agreements are not substantially different from what is typically seen at other companies with revenues similar to those of AptarGroup.

We also offer pension, profit sharing and savings plans to our employees. We believe that the pension plans and retirement agreements are an important part of our NEO compensation program. These plans serve a critically important role in the retention of our senior executives, as plan benefits increase for each year that these executives remain employed by us. The plans thereby encourage our most senior executives to remain employed by us and continue to work on behalf of our stockholders. The increase in

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the present value of Mr. Pfeiffer's accumulated pension benefit in 2008 is the result of the increase in his annual salary upon becoming CEO effective January 1, 2008.

Additional information regarding our pension plans is found under *Pension Benefits* and information about the employment agreements, including a definition of key terms and a quantification of benefits that would have been received by our NEOs had termination occurred on December 31, 2008, is found under *Potential Payments Upon Termination of Employment*.

We maintain profit sharing and savings plans for our employees, including our NEOs, because we wish to encourage our employees to save some percentage of their cash compensation for their eventual retirement. These plans permit employees to make such savings in a manner that is relatively tax efficient.

U.S. Employees

We have a tax-qualified retirement savings plan (*U.S. Savings Plan*) that is available to our employees, including Messrs. Hage, Ruskoski and Kuhn. Employees may contribute a percentage of their pre-tax earnings (limited by anti-discriminatory rules and regulations) to the *U.S. Savings Plan* and we will make a matching contribution equal to \$0.50 for each \$1 contributed by our employees, up to a maximum matching contribution of 3% of the employee's earnings. Annual contributions are in accordance with IRS regulations and limits. Amounts held in the *U.S. Savings Plan* accounts may not be withdrawn prior to the employee's termination of employment, or such earlier time as the employee reaches the age of 59 1/2, subject to certain exceptions set forth in the regulations of the IRS.

Non-U.S. Employees

Certain employees, including Messrs. de Pous and Fourment, participate in local profit sharing and savings plans depending on the country of residence.

We do not have deferred compensation plans.

Perquisites. Perquisites have historically been insignificant in comparison to total NEO compensation and therefore generally do not affect the decisions of the Committee when determining other elements of compensation. These perquisites can include a company-provided automobile, memberships in social and professional clubs, financial advisory services, and supplemental life insurance, among others. The Committee believes it is necessary to provide NEOs with a limited range of perquisites similar to those provided by other companies in order to recruit and retain the best executive talent. The Committee reviews the perquisites provided to its NEOs on a regular basis.

Analysis of Our Compensation Programs

AptarGroup's compensation programs for our NEOs are designed to support our overall objectives of growing our business, increasing stockholder value and retaining our long-term, experienced senior management team. In order to achieve these objectives, the Committee aims to achieve a balance between short-term and long-term rewards using a combination of cash and equity-based compensation, while

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establishing a competitive overall compensation package that includes a competitive base salary. The use of time vested equity awards also allows the Committee to align the interests of NEOs with those of stockholders while providing compensation with retentive qualities.

The program's specific objectives are as follows:

A Substantial Portion of NEO Compensation Should Be Performance-Based. Our compensation program is designed to reward AptarGroup's short-term and long-term performance. In addition to base salary, the two largest components of total NEO compensation are annual performance bonus amounts and stock option grants. Annual bonus amounts, which are paid in cash or, at the election of the executive officer, paid in cash and RSUs, are meant to reward our NEOs for current year results. Annual bonuses of the NEOs, are based on formulas described under Bonus Plans below. Stock option awards, which vest ratably over a three-year period and have a ten-year expiration life, and RSUs which are awarded in lieu of annual bonus amounts and that vest ratably over a three-year period, are meant to reward our NEOs for the long-term success and growth of our company. Accordingly, such equity awards are considered performance-based compensation.

When reviewing the portion of compensation that is performance-based as described above in relation to total compensation, the Committee does not include in total compensation any changes in the actuarial valuation of accrued pension benefits because these values can change dramatically if actuarial assumptions change. In addition, when determining the appropriate amount of equity based compensation to be awarded to executive officers, the Committee considers the value of the equity award in relation to total compensation. AptarGroup is required to record expense related to equity awards according to specific rules contained in the Financial Accounting Standard 123R (FAS 123R). According to those rules, the expense related to equity awards granted to our retirement eligible employees (as defined in our Stock Awards Plan that has been approved by stockholders) must be recorded in full in the year of grant, while expense related to equity awards granted to employees not yet retirement eligible, is recorded over the vesting period of three years. Therefore the amount of equity award compensation included in the Summary Compensation Table included in this proxy statement, will depend on the retirement eligibility of each NEO. Current NEOs other than Messrs. Fourment and Kuhn are all retirement eligible.

Taken together, the combined annual bonus amount (cash bonus only), and stock award (including any RSUs awarded in lieu of cash bonus) and option values (representing the annual compensation expense recorded on AptarGroup's financial statements as determined under FAS 123R), represented the following percentages of total compensation (excluding changes in pension benefit valuations) for 2008: 74% for Mr. Pfeiffer, 70% for Mr. Hagge, 60% for Mr. de Pous, 59% for Mr. Ruskoski, 60% for Mr. Fourment, and 46% for Mr. Kuhn.

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The graphs below illustrate the amount of performance-based compensation (bonus and equity awards, each shown separately) in relation to salary and other compensation. Amounts are represented as percentages of total compensation (excluding changes in pension benefit valuations).

Pfeiffer	Hagge
de Pous	Ruskoski
Fourment	Kuhn

A Substantial Portion of NEO Compensation Should Be Delivered in the Form of Equity Awards. Awarded stock option and RSU values (representing the annual compensation expense recorded on AptarGroup's financial statements as determined under FAS 123R) represented the following percentages of total compensation (excluding changes in pension benefit valuations) for 2008: 48% for Mr. Pfeiffer, 43% for Mr. Hagge (includes 3% related to RSUs granted in lieu of cash bonus at the election of the officer and 40% related to stock options), 44% for Mr. de Pous, 49% for Mr. Ruskoski (includes 5% related to RSUs granted in lieu of cash bonus and 44% related to stock options), 33% for Mr. Fourment, and 17% for Mr. Kuhn.

When including stock options that are exercisable within 60 days of March 12, 2009 (date of record for voting at the annual meeting), AptarGroup's executive officers and directors, as a group, own approximately 7% of the outstanding shares of our common stock.

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Cash Compensation

Base Salary. We believe that it is appropriate to provide a certain portion of NEO compensation that is fixed. The salary levels of the CEO, COO and CFO are established by the Committee each January after evaluating individual performances and discussing the information provided by the Vice President of Human Resources and the recommendations of the CEO as discussed earlier. The salary levels of other NEOs, are also set each January after evaluating and discussing the recommendations of our CEO, and reviewing any relevant market survey information for the other NEO positions. For executive officers with employment agreements, a minimum level of salary is sometimes specified in the agreement. In January 2009, the Committee determined that the salaries of Messrs. Pfeiffer and Hagge would not increase from the prior year levels of \$800,000 and \$600,000, respectively, and established the 2009 salary levels for the other NEOs as follows with the respective increases over the prior year noted in parentheses: Mr. de Pous \$365,750 (3.8%), Mr. Ruskoski - \$390,000 (1.3%) , Mr. Fourment \$365,750 (3.8%), and Mr. Kuhn \$330,000 (10%). The salaries for Messrs. de Pous and Fourment are denominated in Euro and converted at the exchange rate on January 16, 2009, which was the date the Committee made the determination. The increases noted in parentheses for Messrs. de Pous and Fourment are the local currency salary increases.

Bonus Plans.

The Committee has determined that the minimum annual cash bonus amount that can be awarded to each NEO is zero. The Committee believes that the annual cash bonus amounts should reflect AptarGroup's financial performance, and accordingly, if AptarGroup's results declined significantly, it should be possible that no annual cash bonus be awarded to the NEOs. The Committee has determined that the maximum annual cash bonus amount that can be awarded to each NEO is limited to 200% of base salary and in no circumstance greater than \$2 million. The Committee believes that this maximum limit would allow the NEOs to be sufficiently rewarded for outstanding financial performance while considering the overall tax deductibility of such bonus awards.

The 2008 bonuses of Messrs. Pfeiffer and Hagge, and a portion of Mr. Kuhn's 2008 bonus were based on a two-part bonus formula that includes the following elements:

AptarGroup's earnings per share, and

AptarGroup's return on equity

The Committee believes the bonus elements for the CEO, COO and CFO should be closely aligned with stockholders interests and accordingly, selected the above two elements which are each integral drivers of stockholder value.

The bonus programs for the other NEOs, each of whom is a president of one of AptarGroup's three business segments, are based on a four-part bonus formula that includes the following elements:

AptarGroup's earnings per share,

AptarGroup's return on equity,

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Business segment earnings before interest and taxes (EBIT), and

Ratio of business segment EBIT to capital

The Committee believes that it is important to award bonuses to our segment presidents that are based on a combination of elements that are closely aligned with stockholder interests and segment-specific performance elements. The Committee believes that AptarGroup's earnings per share and return on equity elements accomplish the objective of aligning a portion of the segment presidents' bonuses with the interests of stockholders. The Committee also believes that each segment president should be rewarded for increasing the profits of their respective segment and, consequently, segment EBIT is one of the bonus elements. Further, because our business is capital intensive and efficient use of capital resources is critical to our success, the bonus program for segment presidents includes an element for the respective segment's EBIT to capital ratio.

Rather than setting thresholds with automatic awards, the bonus formulas are designed to be flexible and will provide for awards of 0% to 200% of base salary depending on the outcome of the individual elements in the aggregate. Each element has a baseline, or starting point, from which a percentage of salary is determined. These baseline percentages are then increased or decreased depending on our actual results as described below.

Analysis of bonus elements for the CEO and COO:

AptarGroup's earnings per share (EPS): If EPS equals the average of the highest EPS of three out of the past four years (Baseline EPS), a baseline bonus of 30% of salary is determined. This baseline bonus percentage is then increased or decreased by a factor for each 1% increase/decrease above or below the Baseline EPS. For example, if EPS were at or below the Baseline EPS, this bonus element percentage would be between 0% and 30% of salary. If EPS were at or moderately above the Baseline EPS, this bonus element percentage would be expected to be between 30% and 60% of salary. If EPS were significantly above the Baseline EPS, this bonus element percentage would be expected to be between 60% and 90% of salary. Given the strong performance of AptarGroup in 2008 when earnings per share reached an all-time high of \$2.18, this bonus element percentage for 2008 was approximately 79% of salary.

AptarGroup's return on equity(ROE): For this element, a 10% ROE is the Baseline Ratio and would result in a baseline bonus of 15% of salary. This baseline bonus percentage is then increased by a factor for each 1% increase above the Baseline Ratio or eliminated if the actual ratio is less than the Baseline Ratio. For example if the ROE ratio falls below 10%, no bonus percentage is awarded for this element. If the ratio is moderately above the Baseline Ratio, this bonus element percentage would be expected to be between 15% and 30% of salary. If this ratio was significantly above the Baseline Ratio, this bonus element percentage would be expected to be between 30% and 35% of salary. Given the improved performance of AptarGroup in 2008, this bonus element percentage for 2008 was approximately 24% of salary.

Analysis of bonus elements for the CFO:

AptarGroup's EPS and AptarGroup's ROE: For the CFO, these elements are 75% of the same elements as described above for the CEO and COO. Also, because Mr. Kuhn was appointed CFO on

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September 30, 2008, one fourth of his total 2008 bonus was based on the above elements in relation to his salary after September 30, 2008, which was \$300,000 on an annualized basis. The remaining three fourths of Mr. Kuhn's 2008 bonus were based on a combination of corporate and Beauty & Home segment elements according to his duties and responsibilities. This portion of his 2008 bonus was based upon his salary before his appointment as CFO which was \$220,000 on an annualized basis.

Analysis of bonus elements for the business segment presidents:

AptarGroup EPS: If EPS equals the average of the highest EPS of three out of the past four years (Baseline EPS), a baseline bonus of 5% of salary is determined. This baseline bonus percentage is then increased or decreased by a factor for each 1% increase/decrease above or below the Baseline EPS. For example, if EPS were at or below the Baseline EPS, this bonus element percentage would be between 0% and 5% of salary. If EPS were at or moderately above the Baseline EPS, this bonus element percentage would be expected to be between 5% and 15% of salary. If EPS were significantly above the Baseline EPS, this bonus element percentage would be expected to be between 15% and 25% of salary. Given the performance of AptarGroup in 2008 when earnings per share reached an all-time high of \$2.18, this bonus element percentage for 2008 was approximately 21% of salary.

AptarGroup's ROE : For this element, a 10% ROE is the Baseline Ratio and would result in a baseline bonus of 5% of salary. This baseline bonus percentage is then increased by a factor for each 1% increase above the Baseline Ratio or eliminated if the actual ratio is less than the Baseline Ratio. For example if the ROE ratio falls below 10%, no bonus percentage is awarded for this element. If the ratio is moderately above the Baseline Ratio, this bonus element percentage would be expected to be between 5% and 10% of salary. If this ratio was significantly above the Baseline Ratio, this bonus element percentage would be expected to be between 10% and 15% of salary. Given the performance of AptarGroup in 2008, this bonus element percentage for 2008 was approximately 8% of salary.

Business segment EBIT: If segment income equals the average of the highest three out of the past four years (Baseline Average), a baseline bonus of 6% of salary is determined. This baseline bonus percentage is then increased or decreased by a factor for each 1% increase/decrease above or below the Baseline Average. For example, if segment income were at or below the Baseline Average, this bonus element percentage would be between 0% and 6% of salary. If segment income were at or moderately above the Baseline Average, this bonus element percentage would be expected to be between 6% and 25% of salary. If segment income were significantly above the Baseline Average, this bonus element percentage would be expected to be between 25% and 45% of salary. The economic downturn in the second half of 2008 affected both our Beauty & Home and Closures segments. However, the 2008 EBIT level of our Beauty & Home segment was moderately above the Baseline Average and, consequently, the bonus element percentage for 2008 was 18% of salary. Our Closures segment's EBIT level was below the Baseline Average and consequently, the bonus element percentages was 5% of salary. The 2008 results of our Pharma segment were significantly above the Baseline Average and, consequently, the bonus element percentage for 2008 was 40% of salary.

Segment EBIT to capital ratio: For our Beauty & Home and Closures segments, if the segment EBIT to capital ratio equals the highest ratio of the past two years (Baseline Ratio), the following baseline bonus of percentages are awarded to the respective segment's president: Beauty & Home

Table of Contents

6.625% 10/01/14

605,000

581,556

Insight Midwest LP

9.750% 10/01/09

275,000

279,813

(c) 06/15/14
(11.500% 12/15/08) (a)

368,000

316,480

4,170,461

Multimedia 1.3%

15.000% 10/15/11

310,000

323,175

Lamar Media Corp.

6.625% 08/15/15

310,000

290,625

Quebecor Media, Inc.

7.750% 03/15/16

330,000

326,700

940,500

Publishing-Periodicals 2.8%

9.875% 08/15/13

739,000

793,501

Dex Media, Inc.

(c) 11/15/13
(9.000% 11/15/08)

250,000

208,125

PriMedia, Inc.

8.000% 05/15/13

500,000

446,250

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

COMMUNICATIONS (continued)

Media (continued)



Publishing-Periodicals (continued)

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RH Donnelley Corp.	8.875% 01/15/16	290,000	285,650
WDAC Subsidiary Corp.	8.375% 12/01/14(a)	370,000	371,850
			2,105,376

Radio 0.4%

CMP Susquehanna Corp.			
	9.875% 05/15/14(a)	325,000	303,063
Television	0.8%		303,063

LIN Television Corp.			
	6.500%	05/15/13	
			320,000
			295,200
Sinclair Broadcast Group, Inc.			
	8.750%	12/15/11	
			255,000
			266,156
			561,356
Media Total			8,539,181
Telecommunication Services	16.2%		

Cellular Telecommunications 6.4%

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Digicel Ltd.			
	9.250% 09/01/12(a)	640,000	667,200
Dobson Cellular Systems, Inc.			
	8.375% 11/01/11	400,000	414,000
	9.875% 11/01/12	510,000	544,425
Horizon PCS, Inc.			
	11.375% 07/15/12	190,000	214,225
iPCS Escrow Co.			
	11.500% 05/01/12	170,000	191,250
Nextel Communications, Inc.			
	7.375% 08/01/15	315,000	324,116
Nextel Partners, Inc.			
	8.125% 07/01/11	390,000	409,500
Rogers Cantel, Inc.			
	9.750% 06/01/16	385,000	463,925
Rogers Wireless, Inc.			
	8.000% 12/15/12	255,000	266,475
Rural Cellular Corp.			
	8.250% 03/15/12	320,000	328,000
	9.750% 01/15/10	65,000	64,675

Par (\$)

Value (\$)

Corporate Fixed-Income Bonds & Notes (continued)

COMMUNICATIONS (continued)

Telecommunication Services (continued)



Cellular Telecommunications (continued)

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	11.239% 11/01/12(b)	285,000	293,550
US Unwired, Inc.			
	10.000% 06/15/12	500,000	550,000
			4,731,341

Satellite Telecommunications 2.5%

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Hughes Network Systems LLC/HNS Finance Corp.			
	9.500% 04/15/14(a)	130,000	131,950
Inmarsat Finance II PLC			
	(c) 11/15/12		
	(10.375% 11/15/08)	460,000	401,350
Intelsat Bermuda, Ltd.			
	11.250% 06/15/16(a)	485,000	502,581
Intelsat Subsidiary Holding Co., Ltd.			
	8.250% 01/15/13	400,000	399,000
PanAmSat Corp.			
	9.000% 08/15/14	226,000	229,955
Zeus Special Subsidiary Ltd.			
	(c) 02/01/15		
	(9.250% 02/01/10) (a)	330,000	226,050
			1,890,886

Telecommunication Equipment 0.5%

Lucent Technologies, Inc.

6.450% 03/15/29

475,000

404,938

404,938

Telecommunication Services 2.0%

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Embarq Corp.			
	7.082% 06/01/16	165,000	168,356
	7.995% 06/01/36	165,000	172,451
Nordic Telephone Co. Holdings ApS			
	8.250% 05/01/16	240,000	324,771
	8.875% 05/01/16(a)	150,000	156,000
Syniverse Technologies, Inc.			
	7.750% 08/15/13	260,000	252,850
Time Warner Telecom Holdings, Inc.			
	9.250% 02/15/14	380,000	395,200
			1,469,628

Telephone-Integrated 4.3%

Cincinnati Bell, Inc.

7.000% 02/15/15

370,000

360,750

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

COMMUNICATIONS (continued)

Telecommunication Services (continued)



Telephone-Integrated (continued)

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Citizens Communications Co.			
	9.000% 08/15/31	545,000	574,975
Qwest Communications International, Inc.			
	7.500% 02/15/14	250,000	247,813
Qwest Corp.			
	7.500% 10/01/14(a)	145,000	147,538
	7.500% 06/15/23	575,000	560,625
	8.875% 03/15/12	525,000	568,312
US LEC Corp.			
	13.620% 10/01/09(b)	225,000	237,656
Windstream Corp.			
	8.625% 08/01/16(a)	455,000	481,162
			3,178,831
Wireless Equipment	0.5%		

American Towers, Inc.			
	7.250% 12/01/11	335,000	344,213
			344,213
Telecommunication Services Total			12,019,837
COMMUNICATIONS TOTAL			20,559,018

CONSUMER CYCLICAL 22.3%

Airlines 0.6%



Airlines 0.6%

Continental Airlines, Inc.			
	7.568% 12/01/06	475,000	474,249
			474,249
Airlines Total			474,249
Apparel 1.7%			



Apparel Manufacturers 1.7%

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Broder Brothers Co.			
	11.250%	10/15/10	235,000
			221,488
Levi Strauss & Co.			
	9.750%	01/15/15	550,000
			569,250
Phillips-Van Heusen Corp.			
	7.250%	02/15/11	400,000
	8.125%	05/01/13	60,000
			1,251,388
Apparel Total			1,251,388

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

CONSUMER CYCLICAL (continued)

Auto Manufacturers 0.4%



Auto-Cars/Light Trucks 0.4%

General Motors Corp.			
	8.375% 07/15/33	350,000	293,125
			293,125
Auto Manufacturers Total			293,125
Auto Parts & Equipment	1.8%		

Auto/Truck Parts & Equipment-Original 0.5%

TRW Automotive, Inc.			
	9.375% 02/15/13	340,000	362,950
Auto/Truck Parts & Equipment-Replacement			362,950
0.4%			

Commercial Vehicle Group				
	8.000%	07/01/13	310,000	295,275
Rubber-Tires	0.9%			295,275

Goodyear Tire & Rubber Co.			
	9.000% 07/01/15	695,000	696,738
			696,738
Auto Parts & Equipment Total			1,354,963
Distribution/Wholesale 0.3%			

Distribution/Wholesale 0.3%

Buhrmann US, Inc.			
	7.875% 03/01/15	230,000	223,100
			223,100
Distribution/Wholesale Total			223,100
Entertainment 2.0%			

Gambling (Non-Hotel) 0.5%

Global Cash Access LLC			
	8.750% 03/15/12	332,000	347,355
			347,355
Music	1.0%		

Steinway Musical Instruments, Inc.			
	7.000% 03/01/14(a)	345,000	332,925
Warner Music Group			
	7.375% 04/15/14	410,000	394,625
			727,550

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

CONSUMER CYCLICAL (continued)

Entertainment (continued)



Resorts/Theme Parks 0.5%


Six Flags, Inc.			
	9.625% 06/01/14	435,000	388,237
			388,237
Entertainment Total			1,463,142
Home Builders 0.8%			

Building-Residential/Commercial 0.8%

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K. Hovnanian Enterprises, Inc.				
	6.375%	12/15/14	235,000	208,563
	8.875%	04/01/12	170,000	164,050
KB Home				
	5.875%	01/15/15	290,000	256,461
Home Builders Total				629,074
Home Furnishings 0.5%				629,074

Home Furnishings 0.5%



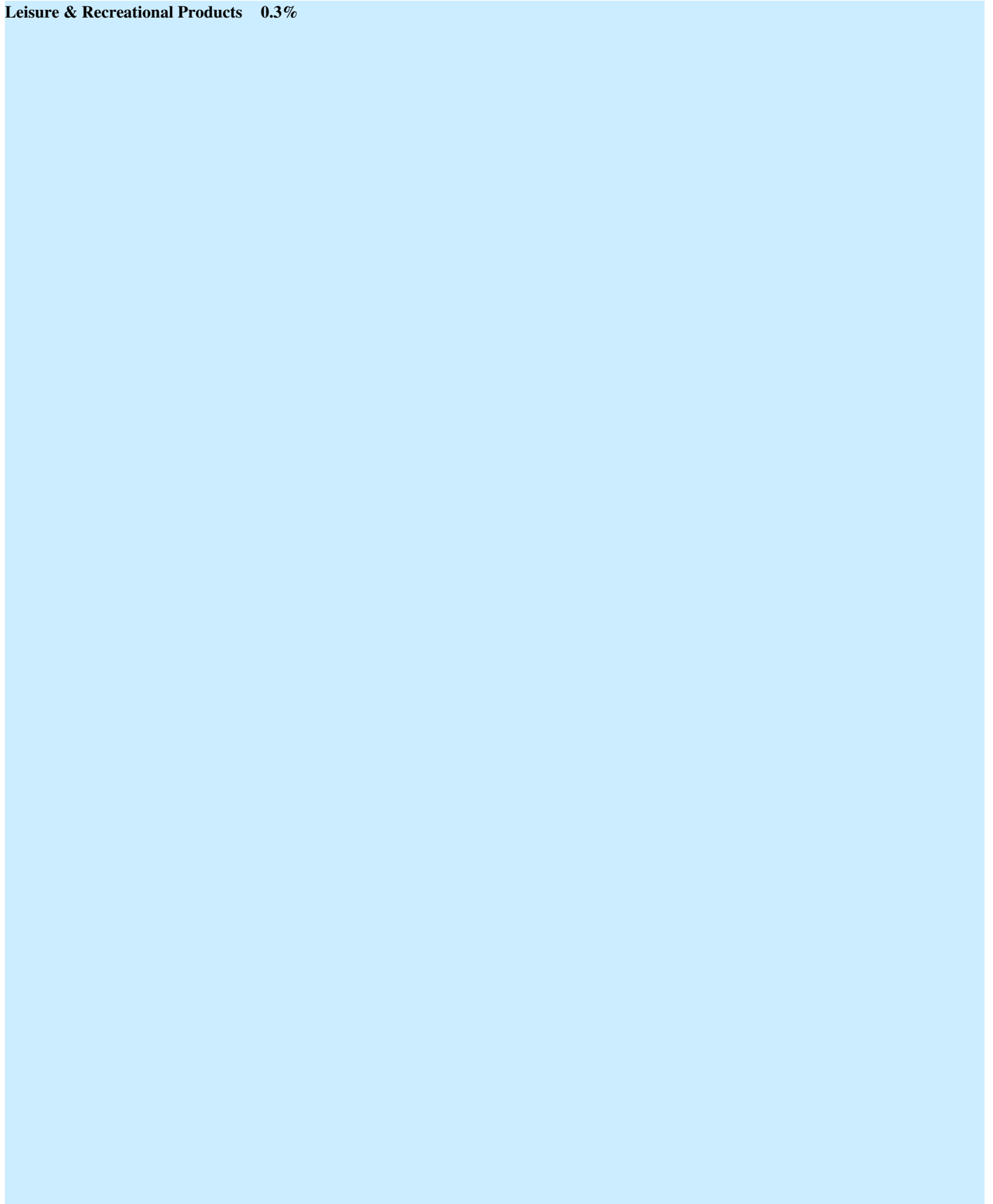
Sealy Mattress Co.			
	8.250% 06/15/14	330,000	333,300
			333,300
Home Furnishings Total			333,300
Leisure Time	1.4%		

Cruise Lines 0.8%



Royal Caribbean Cruises Ltd.	7.000% 06/15/13	535,000	537,176
			537,176

Leisure & Recreational Products 0.3%



K2, Inc.

7.375% 07/01/14

245,000

237,650

237,650

Recreational Centers 0.3%



Town Sports International, Inc.			
	(c) 02/01/14		
	(11.000% 02/01/09)	286,000	231,660
Leisure Time Total			231,660
Lodging 8.8%			1,006,486

Casino Hotels 7.7%



CCM Merger, Inc.

8.000% 08/01/13(a)

480,000

459,600

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

CONSUMER CYCLICAL (continued)

Lodging (continued)



Casino Hotels (continued)

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Chukchansi Economic Development Authority	8.780% 11/15/12(a)(b)	275,000	283,250
Circus & Eldorado/Silver Legacy Capital Corp.			
	10.125% 03/01/12	300,000	315,000
Galaxy Entertainment Finance Co., Ltd.			
	9.875% 12/15/12(a)	325,000	340,437
Greektown Holdings LLC			
	10.750% 12/01/13(a)	385,000	405,212
Hard Rock Hotel, Inc.			
	8.875% 06/01/13	520,000	558,350
Jacobs Entertainment, Inc.			
	9.750% 06/15/14(a)	210,000	209,738
Kerzner International Ltd.			
	6.750% 10/01/15	475,000	508,250
MGM Mirage			
	6.000% 10/01/09	270,000	263,925
	6.750% 09/01/12	480,000	466,800
	8.500% 09/15/10	115,000	121,038
Mohegan Tribal Gaming Authority			
	6.125% 02/15/13	210,000	200,288
Pinnacle Entertainment, Inc.			
	8.250% 03/15/12	575,000	577,875
Pokagon Gaming Authority			
	10.375% 06/15/14(a)	200,000	211,500
Station Casinos, Inc.			
	6.000% 04/01/12	390,000	372,937
Wynn Las Vegas LLC			
	6.625% 12/01/14	450,000	429,750
			5,723,950
Hotels & Motels 1.1%			

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Hilton Hotels Corp.	7.500% 12/15/17	290,000	304,966
ITT Corp.	7.375% 11/15/15	480,000	511,200
			816,166
Lodging Total			6,540,116

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

CONSUMER CYCLICAL (continued)

Retail 3.6%



Retail-Automobiles 0.8%

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Asbury Automotive Group, Inc.			
	8.000% 03/15/14	360,000	351,000
AutoNation, Inc.			
	7.000% 04/15/14(a)	140,000	138,075
	7.507% 04/15/13(a)(b)	85,000	85,425
			574,500

Retail-Drug Stores 0.5%



Rite Aid Corp.

7.500% 01/15/15

350,000

334,250

334,250

Retail-Home Furnishings 0.5%

Tempur-Pedic, Inc.

10.250% 08/15/10

382,000

400,145

400,145

Retail-Propane Distributors 1.1%



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AmeriGas Partners LP	7.125% 05/20/16	295,000	286,887
Ferrellgas Partners LP	8.750% 06/15/12	300,000	310,500
Inergy LP/Inergy Finance Corp.	8.250% 03/01/16	240,000	246,600
			843,987

Retail-Restaurants 0.7%

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Dave & Buster s, Inc.	11.250% 03/15/14(a)	230,000	213,900
Landry s Restaurants, Inc.	7.500% 12/15/14	305,000	288,225
			502,125
Retail Total			2,655,007

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

CONSUMER CYCLICAL (continued)

Textiles 0.4%



Textile-Products 0.4%

INVISTA

	9.250% 05/01/12(a)	270,000	283,500
Textiles Total			283,500
CONSUMER CYCLICAL TOTAL			16,507,450

CONSUMER NON-CYCLICAL 19.4%
Agriculture 0.7%

Tobacco 0.7%



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Alliance One International, Inc.			
	11.000% 05/15/12	240,000	240,000
Reynolds American, Inc.			
	7.625% 06/01/16(a)	290,000	302,573
Agriculture Total			542,573
Beverages 1.1%			542,573

Beverages-Non-Alcoholic 0.4%



Cott Beverages, Inc.

8.000% 12/15/11

270,000

273,375

273,375

Beverages-Wine/Spirits 0.7%



Constellation Brands, Inc.			
	7.250% 09/01/16	295,000	296,475
	8.125% 01/15/12	245,000	254,188
			550,663
Beverages Total			824,038

Biotechnology 0.5%

Medical-Biomedical/Gen 0.5%

Bio-Rad Laboratories, Inc.			
	7.500% 08/15/13	375,000	380,625
			380,625
Biotechnology Total			380,625
Commercial Services	5.4%		



Commercial Services 0.5%

Iron Mountain, Inc.			
	7.750% 01/15/15	350,000	346,500
			346,500

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

CONSUMER NON-CYCLICAL (continued)

Commercial Services (continued)

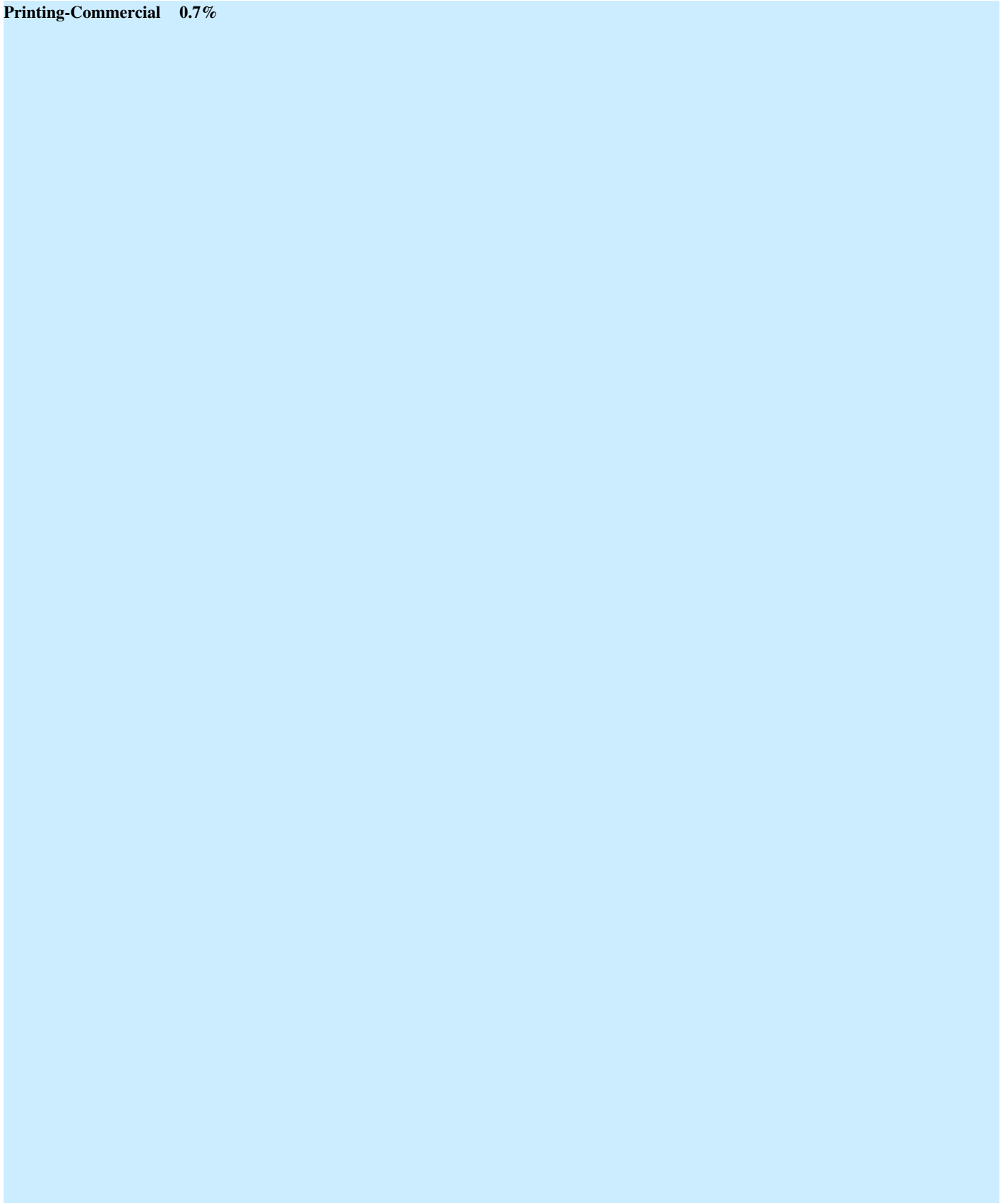


Commercial Services-Finance 0.2%

Dollar Financial Group, Inc.			
	9.750% 11/15/11	141,000	151,575
			151,575
Funeral Services & Related Items	0.6%		

Service Corp. International			
	6.750% 04/01/16	230,000	218,500
	7.700% 04/15/09	240,000	245,400
			463,900

Printing-Commercial 0.7%



Quebecor World Capital Corp.	8.750% 03/15/16(a)	330,000	310,200
Sheridan Group	10.250% 08/15/11	210,000	211,575
			521,775

Private Corrections 0.9%

Corrections Corp. of America	6.250% 03/15/13	360,000	347,850
GEO Group, Inc.	8.250% 07/15/13	355,000	353,225
			701,075

Rental Auto/Equipment 2.5%



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Ashtead Capital, Inc.			
	9.000% 08/15/16(a)	230,000	234,600
Ashtead Holdings PLC			
	8.625% 08/01/15(a)	350,000	350,000
Avis Budget Car Rental LLC			
	7.625% 05/15/14(a)	235,000	223,250
	7.750% 05/15/16(a)	160,000	151,296
Hertz Corp.			
	8.875% 01/01/14(a)	390,000	404,625
United Rentals North America, Inc.			
	6.500% 02/15/12	295,000	279,512
	7.750% 11/15/13	210,000	201,075
			1,844,358
Commercial Services Total			4,029,183

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)



CONSUMER NON-CYCLICAL (continued)
Cosmetics/Personal Care 0.9%



Cosmetics & Toiletries 0.9%

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DEL Laboratories, Inc.			
	8.000% 02/01/12	355,000	301,750
Elizabeth Arden, Inc.			
	7.750% 01/15/14	360,000	346,500
			648,250
Cosmetics/Personal Care Total			648,250
Food	2.0%		

Food-Confectionery 0.2%



Merisant Co.

9.500% 07/15/13

215,000

139,750

139,750

Food-Dairy Products 0.4%



Dean Foods Co.

7.000% 06/01/16

320,000

316,800

316,800

Food-Miscellaneous/Diversified 1.4%

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Dole Food Co., Inc.			
	8.625% 05/01/09	352,000	346,720
Pinnacle Foods Holding Corp.			
	8.250% 12/01/13	470,000	461,775
Reddy Ice Holdings, Inc.			
	(c) 11/01/12		
	(10.500% 11/01/08)	230,000	197,800
			1,006,295
Food Total			1,462,845
Healthcare Services	3.1%		

Dialysis Centers 0.4%



DaVita, Inc.

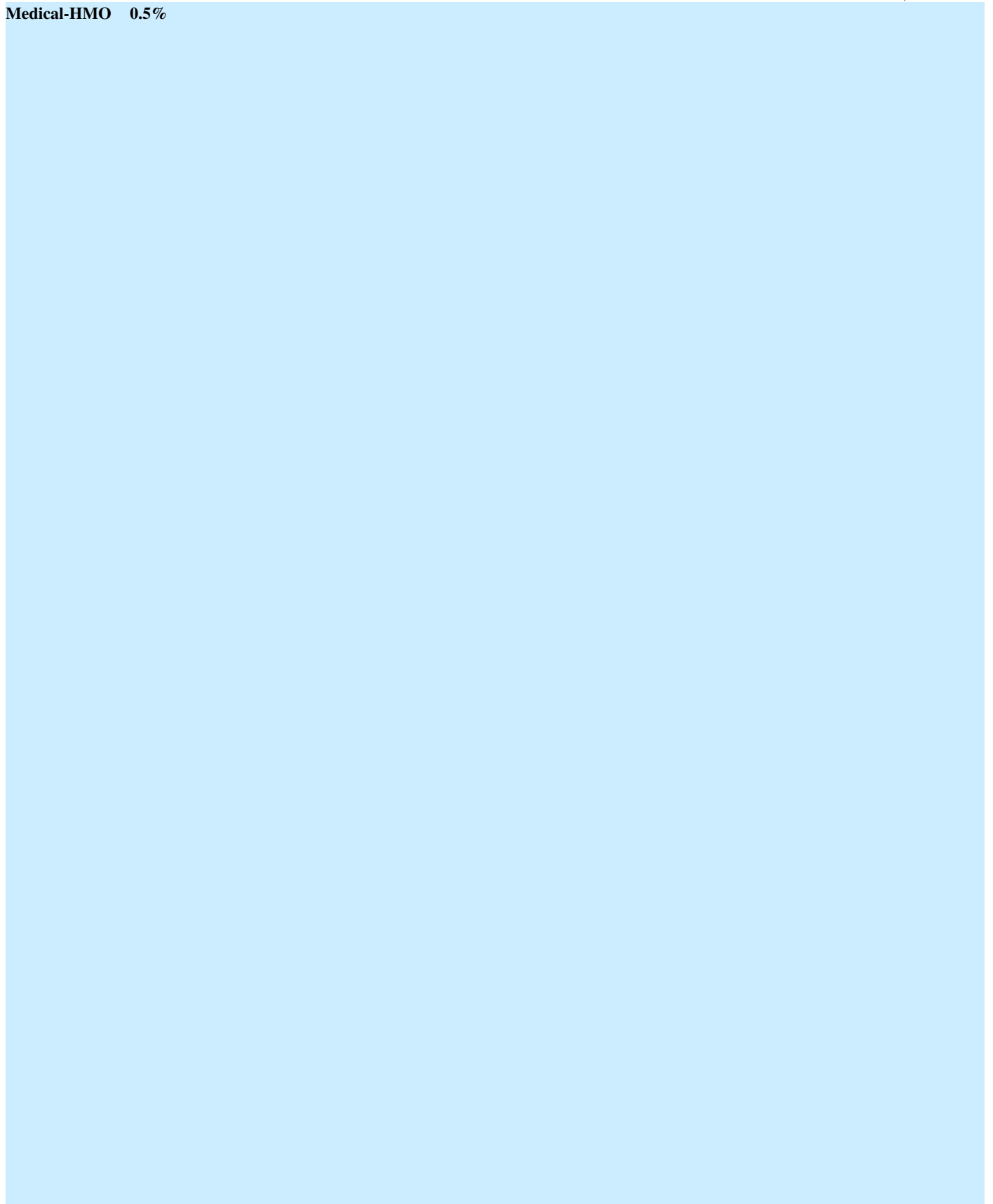
7.250% 03/15/15

325,000

318,500

318,500

Medical-HMO 0.5%



Coventry Health Care, Inc.

8.125% 02/15/12

340,000

354,450

354,450

Medical-Hospitals 0.8%



Tenet Healthcare Corp.

9.875% 07/01/14

630,000

614,250

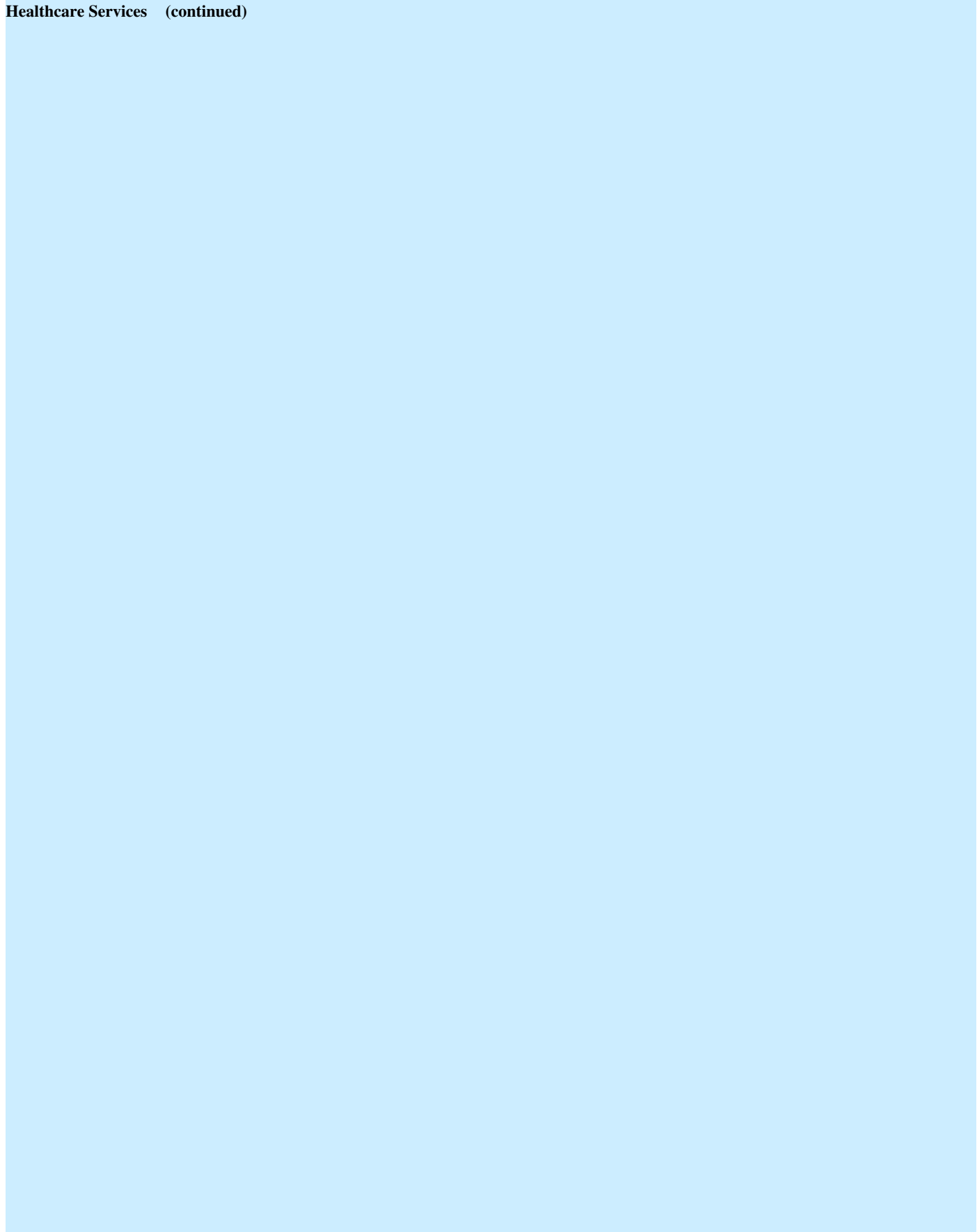
614,250

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

CONSUMER NON-CYCLICAL (continued)

Healthcare Services (continued)



Medical-Outpatient/Home Medical 0.2%

Select Medical Corp.



7.625% 02/01/15

205,000

177,325

177,325

MRI/Medical Diagnostic Imaging 0.2%

MedQuest, Inc.			
	11.875% 08/15/12	145,000	134,125
			134,125
Physical Therapy/Rehab Centers	0.2%		

Healthsouth Corp.			
	10.750% 06/15/16(a)	150,000	153,375
Physician Practice Management	0.8%		153,375

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US Oncology Holdings, Inc.			
	10.675% 03/15/15(b)	145,000	147,175
US Oncology, Inc.			
	9.000% 08/15/12	390,000	403,650
			550,825
Healthcare Services Total			2,302,850
Household Products/Wares 2.1%			

Consumer Products-Miscellaneous 1.8%

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American Greetings Corp.	7.375% 06/01/16	255,000	256,594
Amscan Holdings, Inc.	8.750% 05/01/14	385,000	344,575
Jostens IH Corp.	7.625% 10/01/12	335,000	328,300
Scotts Co.	6.625% 11/15/13	380,000	366,700
			1,296,169
Office Supplies & Forms	0.3%		

ACCO Brands Corp.	7.625% 08/15/15	270,000	255,825
			255,825
Household Products/Wares Total			1,551,994
Pharmaceuticals 3.6%			

Medical-Drugs 1.4%

Elan Finance PLC

7.750% 11/15/11

505,000

484,800

Par (\$)

Value (\$)

Corporate Fixed-Income Bonds & Notes
(continued)



CONSUMER NON-CYCLICAL
(continued)

Pharmaceuticals (continued)



Medical-Drugs (continued)

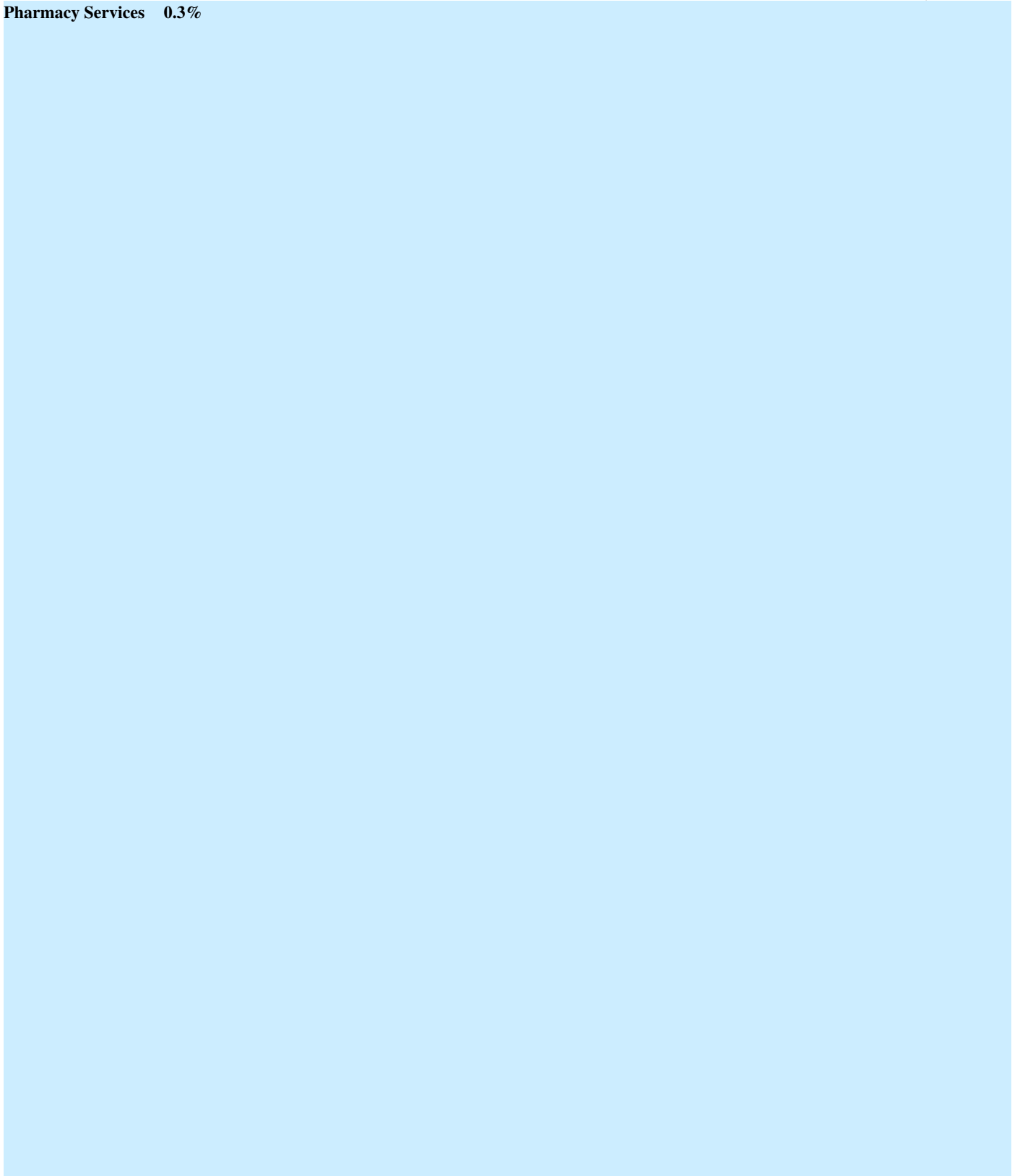
Edgar Filing: APTARGROUP INC - Form DEF 14A

Rotavax LLC	10.520% 10/15/14	250,000	250,000
Warner Chilcott Corp.	8.750% 02/01/15	300,000	300,000
			1,034,800
Medical-Generic Drugs	0.6%		

Mylan Laboratories, Inc.			
	6.375% 08/15/15	445,000	428,869
Medical-Wholesale Drug Distribution	0.9%		428,869

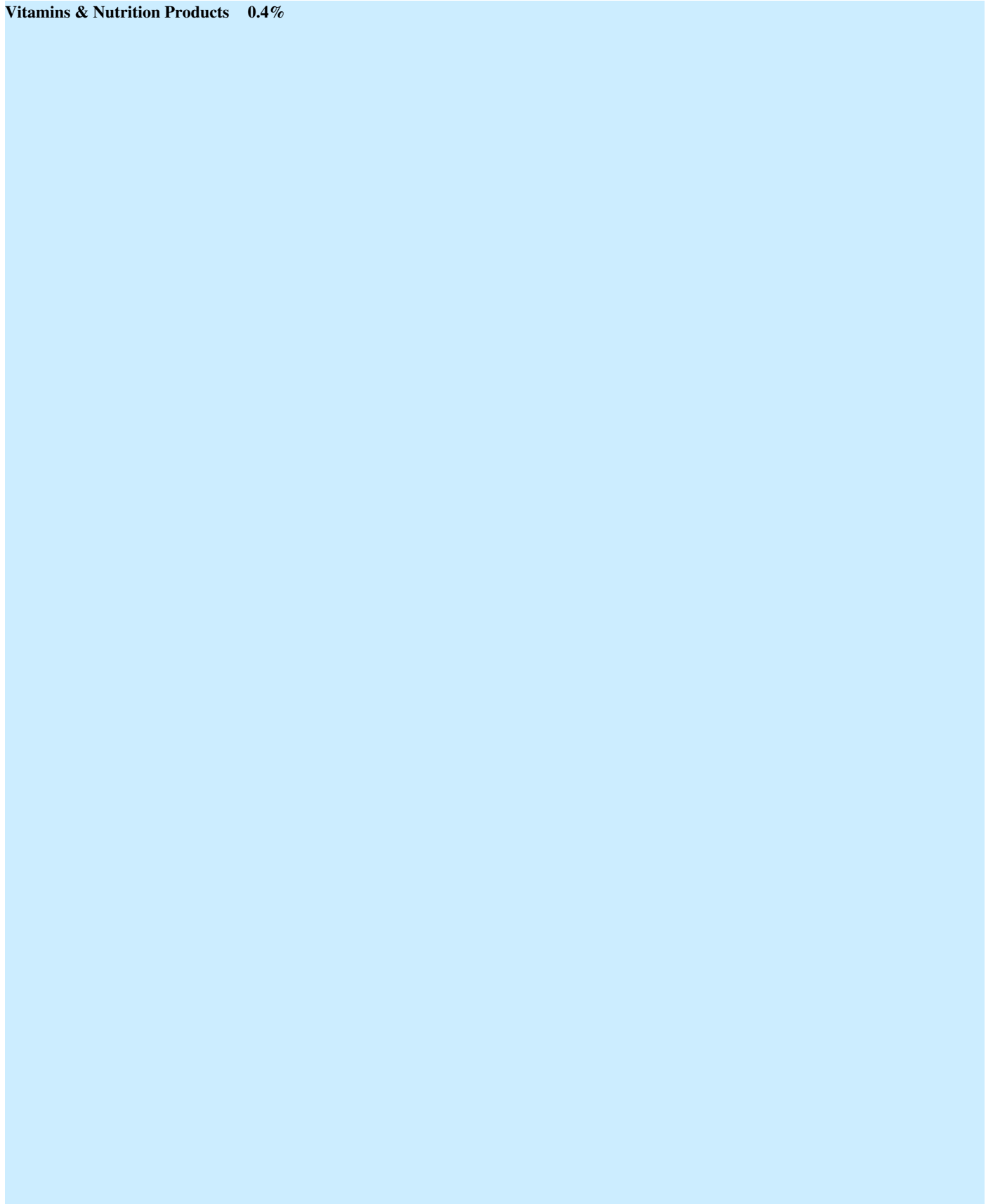
AmerisourceBergen Corp.					
	5.875%	09/15/15		225,000	218,023
Nycomed A/S					
	PIK,				
	11.750%	09/15/13(a)	EUR	341,257	476,549
					694,572

Pharmacy Services 0.3%



Omnicare, Inc.	6.750% 12/15/13	USD	220,000	211,200
				211,200

Vitamins & Nutrition Products 0.4%



NBTY, Inc.			
	7.125% 10/01/15	265,000	251,750
			251,750
Pharmaceuticals Total			2,621,191
CONSUMER NON-CYCLICAL TOTAL			14,363,549

ENERGY 13.0%
Coal 1.2%

Coal 1.2%



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Arch Western Finance LLC			
	6.750% 07/01/13	415,000	400,475
Massey Energy Co.			
	6.875% 12/15/13	535,000	496,212
Coal Total			896,687
Oil & Gas	4.7%		896,687

Oil & Gas Drilling 0.3%

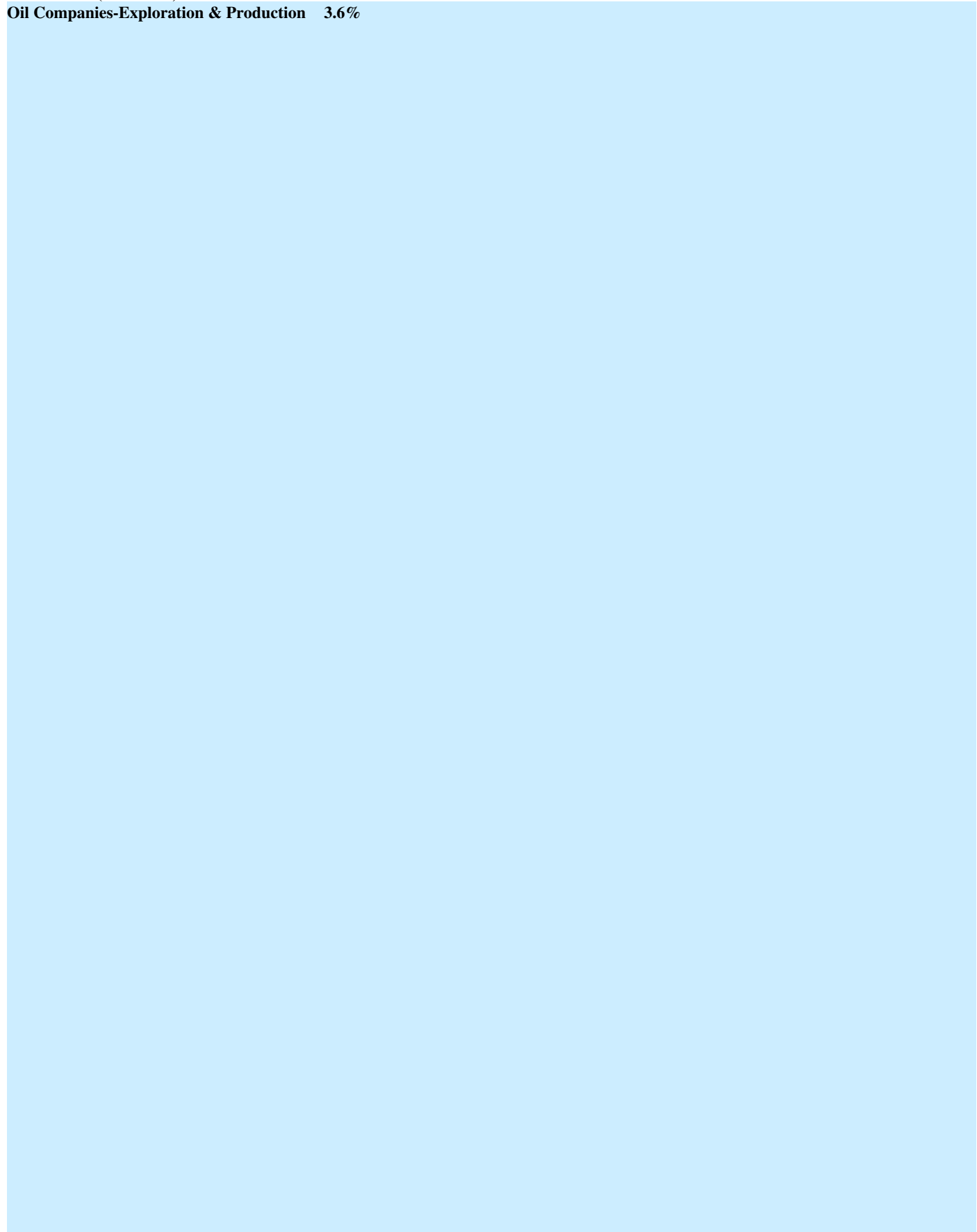
Pride International, Inc.	7.375% 07/15/14	220,000	223,850
			223,850

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

ENERGY (continued)

Oil Companies-Exploration & Production 3.6%



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Chesapeake Energy Corp.			
	6.375% 06/15/15	270,000	256,500
	7.500% 06/15/14	370,000	372,775
Compton Petroleum Finance Corp.			
	7.625% 12/01/13	365,000	355,875
Forest Oil Corp.			
	8.000% 12/15/11	220,000	227,150
Magnum Hunter Resources, Inc.			
	9.600% 03/15/12	283,000	299,980
Newfield Exploration Co.			
	6.625% 04/15/16	255,000	247,988
PetroHawk Energy Corp.			
	9.125% 07/15/13(a)	355,000	361,212
Pogo Producing Co.			
	6.625% 03/15/15	295,000	280,988
Quicksilver Resources, Inc.			
	7.125% 04/01/16	290,000	276,950
			2,679,418
Oil Refining & Marketing	0.8%		

Premcor Refining Group, Inc.			
	7.500% 06/15/15	235,000	245,448
Tesoro Corp.			
	6.625% 11/01/15(a)	325,000	313,625
			559,073
Oil & Gas Total			3,462,341
Oil & Gas Services	0.8%		

Oil-Field Services 0.8%

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Hornbeck Offshore Services, Inc.	6.125% 12/01/14	365,000	340,362
Newpark Resources, Inc.	8.625% 12/15/07	270,000	270,000
Oil & Gas Services Total			610,362

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

ENERGY (continued)

Pipelines 6.3%



Pipelines 6.3%

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Atlas Pipeline Partners LP			
	8.125% 12/15/15	255,000	260,100
Colorado Interstate Gas Co.			
	6.800% 11/15/15	460,000	455,890
El Paso Performance-Linked Trust			
	7.750% 07/15/11(a)	210,000	213,938
MarkWest Energy Partners LP			
	6.875% 11/01/14	315,000	295,312
	8.500% 07/15/16(a)	130,000	131,625
Northwest Pipeline Corp.			
	8.125% 03/01/10	130,000	135,200
Pacific Energy Partners LP/Pacific Energy Finance Corp.			
	6.250% 09/15/15	410,000	400,775
Sonat, Inc.			
	7.625% 07/15/11	1,160,000	1,186,100
Southern Natural Gas Co.			
	8.875% 03/15/10	250,000	262,262
Williams Companies, Inc.			
	6.375% 10/01/10(a)	860,000	846,025
	8.125% 03/15/12	215,000	226,825
	8.750% 03/15/32	215,000	231,663
			4,645,715
Pipelines Total			4,645,715
ENERGY TOTAL			9,615,105

FINANCIALS 7.6%

Diversified Financial Services 6.5%

Finance-Auto Loans 4.1%



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Ford Motor Credit Co.			
	7.375% 02/01/11	870,000	836,874
	9.875% 08/10/11	505,000	527,625
General Motors Acceptance Corp.			
	6.875% 09/15/11	770,000	758,357
	8.000% 11/01/31	865,000	874,247
			2,997,103

Finance-Investment Banker/Broker 1.1%



E*Trade Financial Corp.	8.000% 06/15/11	425,000	440,937
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Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

FINANCIALS (continued)

Diversified Financial Services (continued)



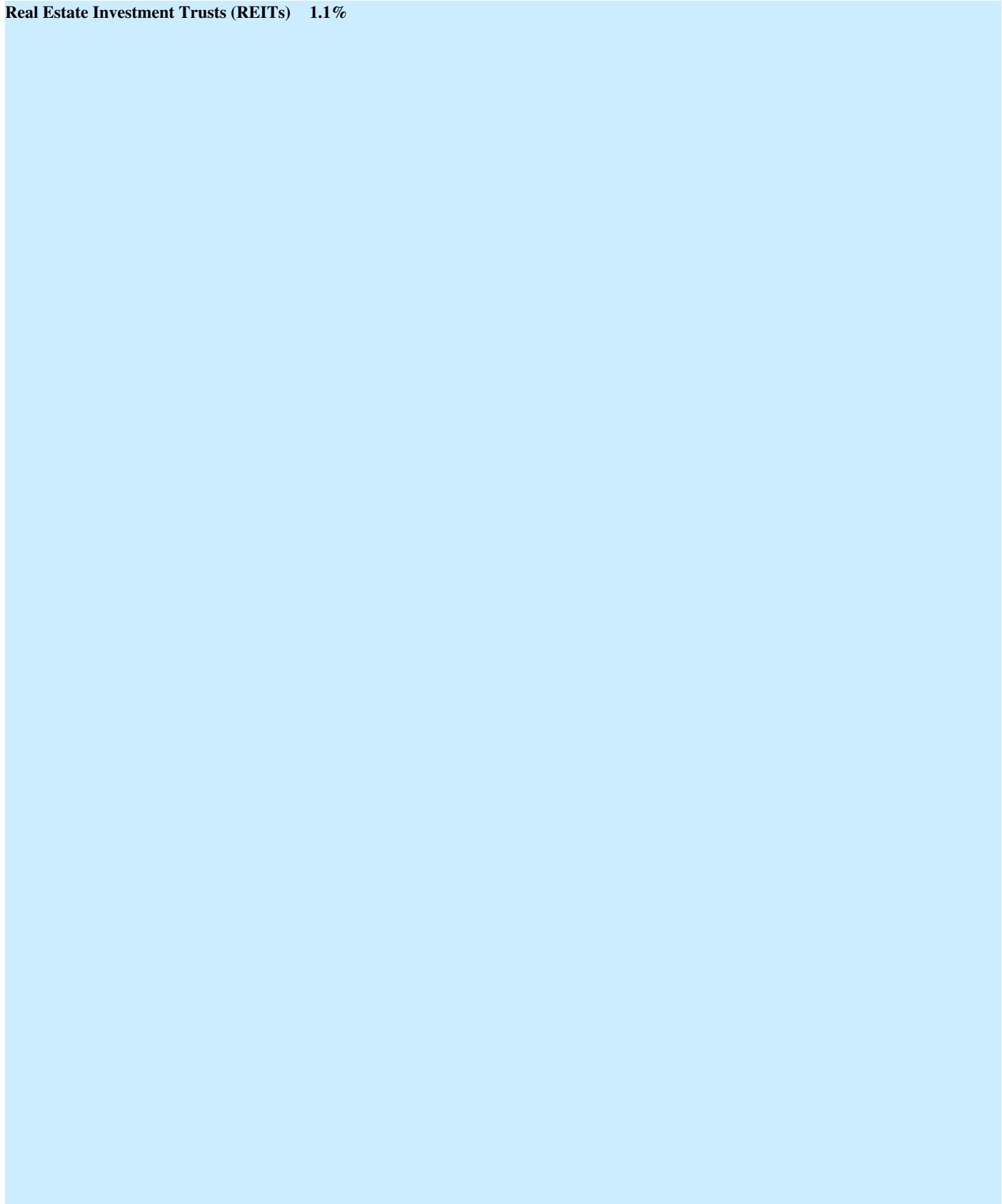
Finance-Investment Banker/Broker (continued)

LaBranche & Co., Inc.



	11.000% 05/15/12	345,000	370,013
Special Purpose Entity	1.3%		810,950

Dow Jones CDX High Yield Index			
	8.750% 12/29/10(a)	970,000	987,557
			987,557
Diversified Financial Services Total			4,795,610
Real Estate Investment Trusts (REITs)	1.1%		



REITS-Hotels 0.6%

Host Marriott LP			
	6.750% 06/01/16	510,000	494,700
			494,700
REITS-Regional Malls	0.5%		

Rouse Co. LP			
	6.750% 05/01/13(a)	350,000	348,462
			348,462
Real Estate Investment Trusts (REITs) Total			843,162
FINANCIALS TOTAL			5,638,772

INDUSTRIALS 15.9%
Aerospace & Defense 1.3%



Aerospace/Defense-Equipment 0.7%

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DRS Technologies, Inc.			
	6.875% 11/01/13	355,000	344,350
Sequa Corp.			
	9.000% 08/01/09	160,000	168,800
			513,150
Electronics-Military	0.6%		

L-3 Communications Corp.			
	5.875% 01/15/15	105,000	99,225
	6.375% 10/15/15	340,000	327,250
			426,475
Total Aerospace & Defense			939,625
Building Materials 1.3%			

Building & Construction Products-Miscellaneous
0.5%



Nortek, Inc.	8.500% 09/01/14	275,000	255,750
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Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

INDUSTRIALS (continued)
Building Materials (continued)



**Building & Construction Products-Miscellaneous
(continued)**

NTK Holdings, Inc.

(c) 03/01/14

(10.750% 09/01/09)

235,000

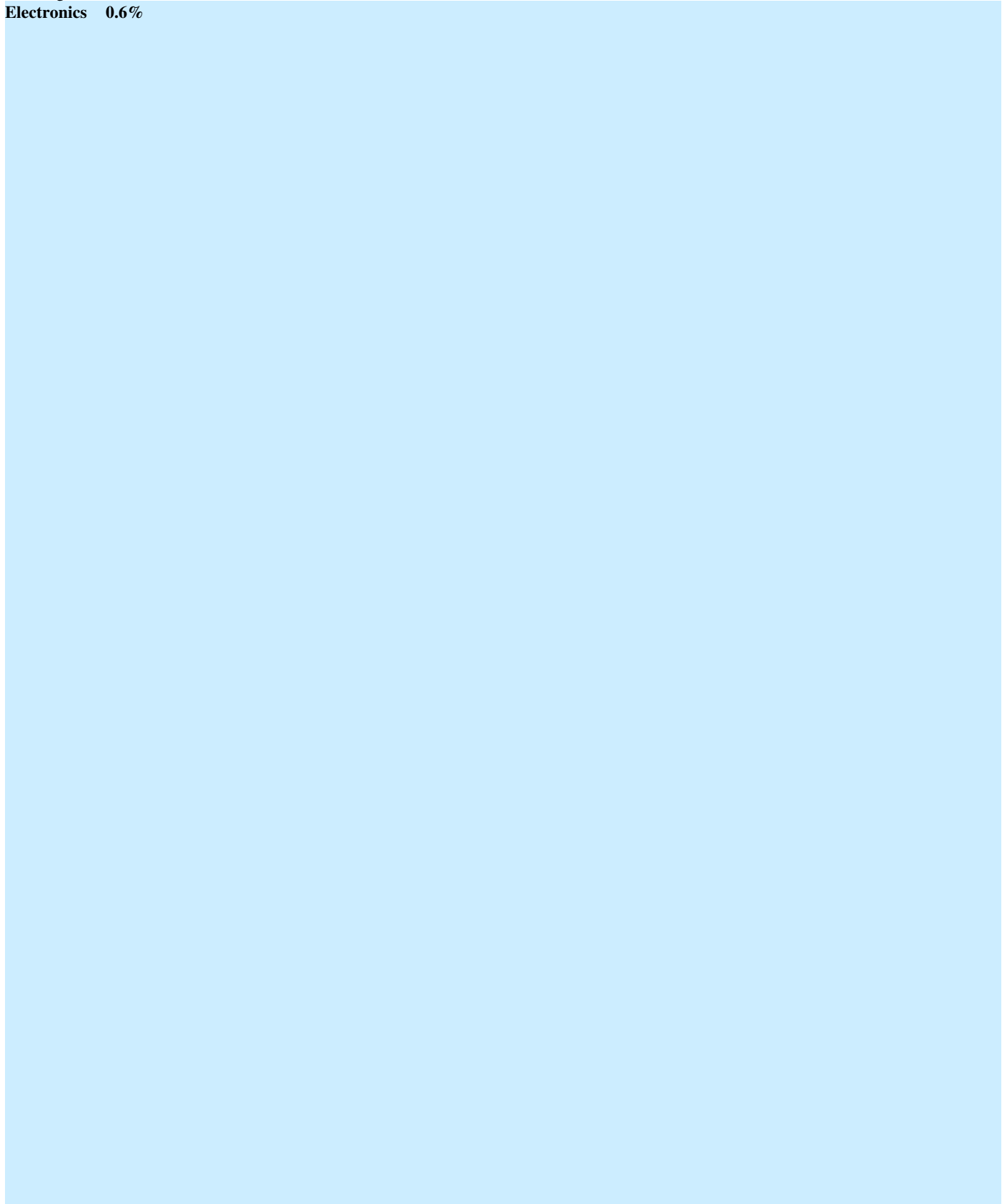
157,450

413,200

Building Products-Air & Heating 0.4%

Goodman Global Holding Co., Inc.			
	7.875% 12/15/12	290,000	271,875
			271,875
Building Products-Cement/Aggregation	0.4%		

RMCC Acquisition Co.			
	9.500% 11/01/12(a)	265,000	276,925
			276,925
Building Materials Total			962,000
Electronics 0.6%			



Electronic Components-Miscellaneous 0.6%


Flextronics International Ltd.			
	6.250% 11/15/14	445,000	425,531
			425,531
Electronics Total			425,531
Environmental Control	1.6%		



Non-Hazardous Waste Disposal 1.6%

Allied Waste North America, Inc.			
	7.125% 05/15/16(a)	585,000	568,912
	7.875% 04/15/13	590,000	597,375
			1,166,287
Environmental Control Total			1,166,287
Machinery-Construction & Mining 0.4%			

Machinery-Construction & Mining 0.4%



Terex Corp.			
	7.375% 01/15/14	330,000	330,000
			330,000
Machinery-Construction & Mining Total			330,000
Machinery-Diversified	0.9%		

Machinery-General Industry 0.5%



Douglas Dynamics LLC

7.750% 01/15/12(a)

240,000

226,800

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

INDUSTRIALS (continued)

Machinery-Diversified (continued)



Machinery-General Industry (continued)

Manitowoc Co., Inc.



	7.125% 11/01/13	165,000	162,525
Machinery-Material Handling	0.4%		389,325

Columbus McKinnon Corp.			
	8.875% 11/01/13	255,000	260,100
			260,100
Machinery-Diversified Total			649,425
Metal Fabricate/Hardware	0.7%		

Metal Processors & Fabrication 0.7%

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Mueller Group, Inc.			
	10.000% 05/01/12	146,000	159,140
Mueller Holdings, Inc.			
	(c) 04/15/14		
	(14.750% 04/15/09)	175,000	154,000
TriMas Corp.			
	9.875% 06/15/12	205,000	194,238
			507,378
Metal Fabricate/Hardware Total			507,378
Miscellaneous Manufacturing 2.4%			

Diversified Manufacturing Operators 2.0%

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Bombardier, Inc.			
	6.300%	05/01/14(a)	640,000
J.B. Poindexter & Co.			569,600
	8.750%	03/15/14	270,000
Koppers Industries, Inc.			224,100
	9.875%	10/15/13	236,000
Trinity Industries, Inc.			255,470
	6.500%	03/15/14	445,000
			1,479,707
Miscellaneous Manufacturing	0.4%		

Nutro Products, Inc.			
	10.750% 04/15/14(a)	305,000	321,775
			321,775
Miscellaneous Manufacturing Total			1,801,482

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)



INDUSTRIALS (continued)
Packaging & Containers 3.7%



Containers-Metal/Glass 2.1%

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Crown Americas LLC & Crown Americas Capital Corp.			
	7.750% 11/15/15	525,000	527,625
Owens-Brockway Glass Container, Inc.			
	8.250% 05/15/13	900,000	911,250
Owens-Illinois, Inc.			
	7.500% 05/15/10	140,000	138,600
			1,577,475
Containers-Paper/Plastic	1.6%		

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Consolidated Container Co., LLC	(c) 06/15/09 (10.750% 06/15/07)	240,000	228,000
Jefferson Smurfit Corp.	8.250% 10/01/12	450,000	426,375
MDP Acquisitions PLC	9.625% 10/01/12	365,000	380,969
Solo Cup Co.	8.500% 02/15/14	130,000	113,100
			1,148,444
Packaging & Containers Total			2,725,919
Transportation 3.0%			

Transportation-Marine 1.3%

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Ship Finance International Ltd.			
	8.500% 12/15/13	440,000	421,300
Stena AB			
	7.500% 11/01/13	555,000	546,675
			967,975
Transportation-Railroad	0.5%		

TFM SA de CV				
	9.375%	05/01/12	375,000	397,031
Transportation-Services	0.9%			397,031

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CHC Helicopter Corp.	7.375% 05/01/14	450,000	423,000
PHI, Inc.	7.125% 04/15/13(a)	260,000	247,650
			670,650

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)



INDUSTRIALS (continued)
Transportation (continued)



Transportation-Trucks 0.3%

QDI LLC			
	9.000% 11/15/10	225,000	215,438
			215,438
Transportation Total			2,251,094
INDUSTRIALS TOTAL			11,758,741

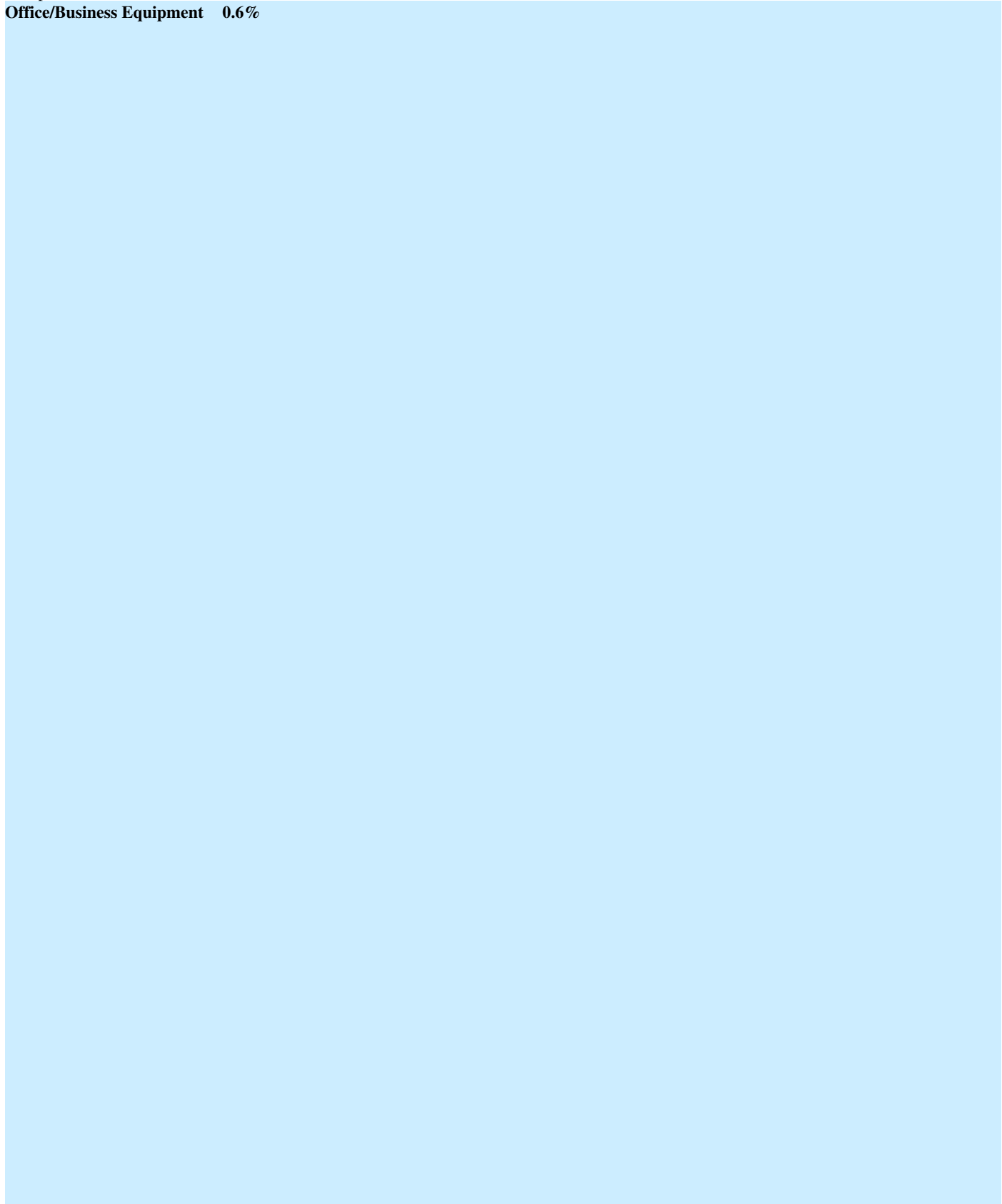
TECHNOLOGY 1.5%

Computers 0.4%



Computer Services 0.4%

Sungard Data Systems, Inc.				
	9.125%	08/15/13	265,000	273,612
				273,612
Computers Total				273,612
Office/Business Equipment	0.6%			



Office Automation & Equipment 0.6%

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Xerox Corp.			
	6.400% 03/15/16	100,000	99,010
	7.125% 06/15/10	370,000	382,025
			481,035
Office/Business Equipment Total			481,035
Semiconductors 0.5%			

Electronic Components-Semiconductors 0.5%



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Amkor Technology, Inc.			
	9.250% 06/01/16	200,000	190,500
Freescale Semiconductor, Inc.			
	6.875% 07/15/11	200,000	204,000
Semiconductors Total			394,500
TECHNOLOGY TOTAL			1,149,147

UTILITIES 5.8%
Electric 5.8%

Electric-Generation 1.7%



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AES Corp.			
	7.750% 03/01/14	430,000	442,900
	9.000% 05/15/15(a)	110,000	118,663
	9.500% 06/01/09	115,000	123,050

Par (\$) **Value (\$)**

Corporate Fixed-Income Bonds & Notes
(continued)

UTILITIES (continued)
Electric (continued)



Electric-Generation (continued)

Edison Mission Energy



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	7.730% 06/15/09	585,000	598,162
Electric-Integrated	1.5%		1,282,775

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CMS Energy Corp.			
	6.875% 12/15/15	200,000	200,500
	8.500% 04/15/11	125,000	134,063
Nevada Power Co.			
	9.000% 08/15/13	120,000	130,809
Sierra Pacific Resources			
	6.750% 08/15/17	355,000	349,574
TECO Energy, Inc.			
	7.000% 05/01/12	255,000	262,331
			1,077,277
Independent Power Producer 2.6%			

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Dynegy Holdings, Inc.			
	6.875% 04/01/11	300,000	288,000
	7.125% 05/15/18	240,000	211,800
Mirant North America LLC			
	7.375% 12/31/13	490,000	485,100
MSW Energy Holdings LLC			
	7.375% 09/01/10	170,000	170,850
	8.500% 09/01/10	305,000	314,150
NRG Energy, Inc.			
	7.250% 02/01/14	225,000	222,188
	7.375% 02/01/16	265,000	261,025
			1,953,113
Electric Total			4,313,165
UTILITIES TOTAL			4,313,165

Total Corporate Fixed-Income Bonds & Notes
(cost of \$91,638,735)

91,139,158

Par (\$) **Value (\$)**

Preferred Stocks 2.7%

COMMUNICATIONS 1.0%

Media 1.0%



Radio 1.0%

Spanish Broadcasting System, Inc.	PIK,		
	10.750%	692	750,820
			750,820
Media Total			750,820
COMMUNICATIONS TOTAL			750,820

FINANCIALS 1.7%

Real Estate Investment Trusts (REITs) 1.7%

REITS-Diversified 1.7%

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iStar Financial, Inc.	7.800%	13,000	328,657
	7.875%	15,007	382,678
Sovereign Real Estate Investment Corp.	12.000% 01/01/00(a)	365,000	503,700
			1,215,035
Real Estate Investment Trusts (REITs) Total			1,215,035
FINANCIALS TOTAL			1,215,035

Total Preferred Stocks
(cost of \$1,966,480)

1,965,855

Shares

Common Stocks 1.1%

CONSUMER DISCRETIONARY 0.1%

Media 0.1%



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	Sinclair Broadcast Group, Inc., Class A	15,000	115,800
Media Total			115,800
CONSUMER DISCRETIONARY TOTAL			115,800

INDUSTRIALS 0.0%

Commercial Services & Supplies 0.0%

Fairlane Management
Corp. (d)(e)(f)(g)

8,000

Commercial Services & Supplies Total
INDUSTRIALS TOTAL

MATERIALS 0.2%

Chemicals 0.2%



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	Lyondell Chemical Co.	5,000	129,900
Chemicals Total			129,900
MATERIALS TOTAL			129,900

TELECOMMUNICATION SERVICES	0.6%
Diversified Telecommunication Services	0.4%

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	Embarq Corp. (g)	2,692	126,927
	NTL, Inc.	7,355	194,834
Diversified Telecommunication Services Total			321,761

Shares **Value (\$)**

Common Stocks (continued)



TELECOMMUNICATION SERVICES

(continued)

Wireless Telecommunication Services 0.2%



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	Sprint Nextel Corp.	7,853	132,873
Wireless Telecommunication Services Total			132,873
TELECOMMUNICATION SERVICES TOTAL			454,634

UTILITIES 0.2%

Independent Power Producers & Energy Traders

0.2%


	Mirant Corp. (g)	4,780	138,477
Independent Power Producers & Energy Traders Total			138,477
UTILITIES TOTAL			138,477

Total Common Stocks
(cost of \$948,949)

838,811

Par (\$)

Municipal Bonds 0.8%



CALIFORNIA 0.8%			
CA Cabazon Band Mission Indians			
	13.000% 10/01/11(b)(f)	575,000	606,430
CALIFORNIA TOTAL			606,430

Total Municipal Bonds
(cost of \$575,000)

606,430

Convertible Bonds 0.6%

COMMUNICATIONS 0.6%

Telecommunication Services 0.6%



Telecommunication Equipment 0.3%

Nortel Networks Corp.				
	4.250%	09/01/08	275,000	260,219
				260,219
Telephone-Integrated	0.3%			

NTL Cable PLC				
	8.750% 04/15/14	EUR	160,000	215,212
				215,212
Telecommunication Services Total				475,431
COMMUNICATIONS TOTAL				475,431


**Total Convertible
Bonds**
(cost of \$468,128)

475,431

Units

Value (\$)

Warrants 0.1%



COMMUNICATIONS 0.0%


Media 0.0%

Broadcast Services/Programs 0.0%

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XM Satellite Radio Holdings, Inc.	Expires 03/15/10(a)(g)	USD	600	3,000
Media Total				3,000
Telecommunication Services	0.0%			3,000

Cellular Telecommunications 0.0%



	UbiquiTel, Inc.	Expires 04/15/10(a)(d)(e)(f)(g)	525
Telecommunication Services	0.0%		

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Jazztel PLC	Expires 07/15/10(d)(e)(f)(g)	EUR	350
Telecommunication Services Total			
COMMUNICATIONS TOTAL			3,000

INDUSTRIALS 0.1%
Transportation 0.1%

Transportation-Trucks 0.1%



QDI LLC	Expires 01/15/07(a)(d)(f)(g)	USD	2,041	40,075
				40,075
Transportation Total				40,075
INDUSTRIALS TOTAL				40,075

Total Warrants
(cost of \$97,125)

43,075

Par (\$)

Short-Term Obligation 8.1%



Repurchase agreement with State Street Bank & Trust Co., dated 08/31/06, due 09/01/06 at 5.160%, collateralized by a U.S. Treasury Bond maturing 08/15/28, market value of \$6,105,461 (repurchase proceeds \$5,982,857) (cost of \$5,982,000)	5,982,000	5,982,000
--	-----------	-----------



Total Short-Term Obligation
(cost of \$5,982,000)

5,982,000

Total Investments	136.4%	101,050,760
(cost of \$101,676,417)(h)(i)		

**Other Assets & Liabilities,
Net** (36.4)%

(26,943,287)

Net Assets 100.0%

74,107,473

Notes to Investment Portfolio:

*

Security Valuation:

Debt securities generally are valued by pricing services approved by the Fund's Board of Trustees, based upon market transactions for normal, institutional-size trading units of similar securities. The services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. Debt securities for which quotations are readily available are valued at an over-the-counter or exchange bid quotation. Certain debt securities, which tend to be more thinly traded and of lesser quality, are priced based on fundamental analysis of the financial condition of the issuer and the estimated value of any collateral. Valuations developed through pricing techniques may vary from the actual amounts realized upon sale of the securities, and the potential variation may be greater for those securities valued using fundamental analysis.

Equity securities, exchange traded funds and securities of certain investment companies are valued at the last sale price on the principal exchange on which they trade, except for securities traded on the NASDAQ, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the closing bid price on such exchanges or over-the-counter markets.

Short-term debt obligations maturing within 60 days are valued at amortized cost, which approximates market value.

Forward currency exchange contracts are valued at the prevailing forward exchange rate of the underlying currencies.

Foreign securities are generally valued at the last sale price on the foreign exchange or market on which they trade. If any foreign share prices are not readily available as a result of limited share activity, the securities are valued at the last sale price of the local shares in the principal market in which such securities are normally traded.

Generally, trading in foreign securities is substantially completed each day at various times prior to the close of the New York Stock Exchange (NYSE). The values of such securities used in computing the net asset value of the Fund's

shares are determined as of such times. Foreign currency exchange rates are generally determined at 4:00 p.m. Eastern (U.S.) time. Events affecting the values of such foreign securities and such exchange rates may occur between the times at which they are determined and the close of the customary trading session of the NYSE, which would not be reflected in the computation of the Fund's net asset value. If events materially affecting the values of such foreign securities occur and it is determined that market quotations are not reliable, then these foreign securities will be valued at their fair value using procedures approved by the Board of Trustees.

Investments for which market quotations are not readily available, or have quotations which management believes are not appropriate, are valued at fair value as determined in good faith under consistently applied procedures established by and under the general supervision of the Board of Trustees. If a security is valued at a fair value, such value is likely to be different from the last quoted market price for the security.

- (a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At August 31, 2006, these securities, which are not illiquid, amounted to \$16,690,572, which represents 22.5% of net assets.

Acquisition

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Security	Date	Par/Units	Cost	Value
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QDI LLC	06/01/02	2,041	\$	40,075
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UbiquiTel, Inc.	04/11/00	525	26,600
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\$ 40,075



- (b) The interest rate shown on floating rate or variable rate securities reflects the rate at August 31, 2006.

- (c) Step bond. This security is currently not paying coupon. Shown parenthetically is the next interest rate to be paid and the date the Fund will begin accruing at this rate.

- (d) Represents fair value as determined in good faith under procedures approved by the Board of Trustees.

(e) Security has no value.

(f) Illiquid security.

(g) Non-income producing security.

(h) Cost for federal income tax purposes is \$101,757,342.

- (i) Unrealized appreciation and depreciation at August 31, 2006 based on cost of investments for federal income tax purposes was:

Unrealized

Unrealized

Net Unrealized

Appreciation

Depreciation

Depreciation

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\$ 1,888,489 \$ (2,595,071) \$ (706,582)

At August 31, 2006, the Trust had entered into the following forward currency exchange contracts:

Forward Currency Contracts to Sell	Value	Aggregate Face Value	Settlement Date	Unrealized Appreciation/ (Depreciation)
EUR	\$ 955,342	\$ 951,745	09/15/06	\$ (3,597)
EUR	278,930	280,296	10/25/06	1,366
				\$ (2,231)

	Acronym	Name

--	--	--	--	--

	PIK	Payment-In-Kind	

	REIT	Real Estate Investment Trust	
--	------	------------------------------	--

	USD	United States Dollar	
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Item 2. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer, based on their evaluation of the registrant's disclosure controls and procedures as of a date within 90 days of the filing of this report, have concluded that such controls and procedures are adequately designed to ensure that information required to be disclosed by the registrant in Form N-Q is accumulated and communicated to the registrant's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) attached hereto as Exhibit 99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(registrant) Colonial Intermediate High Income Fund

By (Signature and Title) /s/ Christopher L. Wilson
Christopher L. Wilson, President

Date October 27, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Christopher L. Wilson
Christopher L. Wilson, President

Date October 27, 2006

By (Signature and Title) /s/ J. Kevin Connaughton
J. Kevin Connaughton, Treasurer

Date October 27, 2006
