SILGAN HOLDINGS INC
Form S-4
September 10, 2009
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**As filed with the Securities and Exchange Commission on September 10, 2009**

**Registration No. 333-**

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D.C. 20549**

# FORM S-4

# REGISTRATION STATEMENT

***UNDER***

***THE SECURITIES ACT OF 1933***

# SILGAN HOLDINGS INC.

**(Exact name of registrant as specified in its charter)**

| | | |
|---|---|---|
| **Delaware** | **3411** | **06-1269834** |
| **(State or other jurisdiction** | **(Primary standard industrial** | **(I.R.S. employer** |

| | | |
|---|---|---|
| **of incorporation or organization)** | **classification code number)** | **identification no.)** |

**4 Landmark Square**

**Stamford, Connecticut 06901**

**(203) 975-7110**

**(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)**

**Frank W. Hogan, III, Esq.**

**Senior Vice President, General Counsel and Secretary**

**Silgan Holdings Inc.**

**4 Landmark Square**

**Stamford, Connecticut 06901**

**(203) 975-7110**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

***Copy to:***

**Robert J. Rawn, Esq.**

**Bryan Cave LLP**

**1290 Avenue of the Americas**

**New York, New York 10104**

**(212) 541-2000**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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

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

*If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

| | |
|---|---|
| Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) | ¨ |
| Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) | ¨ |

**CALCULATION OF REGISTRATION FEE**

| **Title of Each Class of Securities to Be Registered** | **Amount to Be Registered** | **Proposed Maximum Offering Price Per Note(1)** | **Proposed Maximum Aggregate Offering Price(1)** | **Amount of Registration Fee** |
|---|---|---|---|---|
| 7 $^{1}/4$% Senior Notes due 2016 | $250,000,000 | 100% | $250,000,000 | $13,950.00 |

(1) Determined solely for the purposes of calculating the registration fee in accordance with Rule 457(f)(2) promulgated under the Securities Act of 1933, as amended.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registration shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED SEPTEMBER 10, 2009**

**PROSPECTUS**

# Offer to Exchange

# All Outstanding $250,000,000 aggregate principal amount of our 7 1/4% Senior Notes due 2016 which have not been registered under the Securities Act of 1933

# for

# $250,000,000 aggregate principal amount of our new 7 1/4% Senior Notes due 2016 which have been registered under the Securities Act of 1933

## Material Terms of the Exchange Offer

We are offering to exchange all of our currently outstanding 7 1/4% Senior Notes due 2016, or the old notes, which have not been registered under the Securities Act of 1933, as amended, or the Securities Act, that are validly tendered and not validly withdrawn for an equal principal amount of newly issued 7 1/4% Senior Notes due 2016, or the new notes, which are registered under the Securities Act. We sometimes refer to the old notes and the new notes in this prospectus, collectively, as the notes.

The terms of the new notes will be substantially identical to those of the old notes except for transfer restrictions and registration rights relating to the old notes.

The new notes, like the old notes, will be unsecured and will rank equally in right of payment with our existing and future unsecured unsubordinated indebtedness and will rank ahead of our existing and future subordinated debt. In addition, the new notes, like the old notes, will be effectively subordinated to all of our secured debt to the extent of the assets securing such debt.

The exchange offer expires at 5:00 p.m., New York City time, on , 2009, unless extended.

You may withdraw tenders of old notes at any time before the exchange offer expires. If you withdraw your tender of old notes, you will continue to hold unregistered, restricted securities, and your ability to transfer them could be adversely affected.

You may tender old notes only in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

There is no existing public market for the old notes and there is currently no public market for the new notes. We do not intend to list the new notes on any national securities exchange.

The exchange of the notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

**For a discussion of certain risks that you should consider before participating in the exchange offer, see Risk Factors beginning on page 15.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is , 2009.

**This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge to you upon request. If you would like a copy of any of this information, please submit your request to Silgan Holdings Inc., 4 Landmark Square, Stamford, CT 06901, Attention: General Counsel (telephone number (203) 975-7110). In addition, to obtain timely delivery of any information you request, you must submit your request no later than , 2009. In the event that we extend the exchange offer, you must submit your request five business days before the date the exchange offer expires, as extended.**

**This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC. You should rely only on the information we have provided or incorporated by reference in this prospectus. We have not authorized anyone to provide you with additional or different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front cover and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.**

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In this prospectus, the terms we, our, us, and the Company mean Silgan Holdings Inc., including, unless the context otherwise requires or as otherwise expressly stated, our subsidiaries.

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## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended, or the Exchange Act. You may read and copy any reports, statements or other information on file at the SEC s public reference facility located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding its public facilities. Our SEC filings, including the complete registration statement of which this prospectus is a part, are available to the public from commercial document retrieval services and also available at the Internet website maintained by the SEC at ***http://www.sec.gov.*** You may also retrieve our SEC filings at our Internet website at ***www.silganholdings.com.*** The information contained on our website is not a part of this prospectus.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We are incorporating by reference information into this prospectus. This means that we are disclosing important information by referring to another document separately filed with the SEC. This information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information in this prospectus. This prospectus incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us.

Annual Report on Form 10-K for the year ended December 31, 2008;

Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2009 and June 30, 2009; and

Current Reports on Form 8-K filed February 27, 2009, March 2, 2009 (both reports filed on such date), April 27, 2009, that portion of the Current Report on Form 8-K filed on May 11, 2009 under Item 1.01, May 13, 2009, May 29, 2009, August 7, 2009 and August 12, 2009.

We also incorporate by reference into this prospectus any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than those made pursuant to Item 2.02 or Item 7.01 of Form 8-K or any other information furnished to the SEC, unless specifically stated otherwise) after the date of this prospectus and until this exchange offer is completed or otherwise terminated.

We encourage you to read our periodic and current reports, as they provide additional information about us that prudent investors find important. You may request a copy of these filings without charge by writing to or by telephoning us at the following address:

Silgan Holdings Inc.

4 Landmark Square

Stamford, Connecticut 06901

Attention: General Counsel

(203) 975-7110

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## FORWARD-LOOKING STATEMENTS

The statements we have made in this prospectus or in documents incorporated by reference herein which are not historical facts are forward-looking statements. These forward-looking statements are made based upon management s expectations and beliefs concerning future events impacting us and therefore involve a number of uncertainties and risks. Therefore, the actual results of our operations or our financial condition could differ materially from those expressed or implied in these forward-looking statements.

The discussion in our Risk Factors and our Management s Discussion and Analysis of Results of Operations and Financial Condition sections in our Annual Report on Form 10-K for the year ended December 31, 2008 and in the other documents incorporated by reference into this prospectus highlight some of the more important risks identified by our management, but should not be assumed to be the only factors that could affect future performance. Other factors that could cause the actual results of our operations or our financial condition to differ from those expressed or implied in these forward-looking statements include, but are not necessarily limited to, our ability to effect cost reduction initiatives and realize benefits from capital investments; our ability to retain sales with our major customers or to satisfy our obligations under our contracts; the impact of customer claims; compliance by our suppliers with the terms of our arrangements with them; changes in consumer preferences for different packaging products; changes in general economic conditions; the adoption of new accounting standards or interpretations; changes in income tax provisions; and other factors described in our filings with the SEC.

Except to the extent required by the federal securities laws, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors should not be construed as exhaustive or as any admission regarding the adequacy of our disclosures. Certain risk factors are detailed from time to time in our various public filings. You are advised, however, to consult any further disclosures we make on related subjects in our filings with the SEC.

You can identify forward-looking statements by the fact that they do not relate strictly to historic or current facts. Forward-looking statements use terms such as anticipates, believes, continues, could, estimates, expects, intends, may, plans, potential, predicts, will, forma or similar expressions in connection with any disclosure of future operating or financial performance. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results of operations, financial condition, levels of activity, performance or achievements to be materially different from any future results of operations, financial condition, levels of activity, performance or achievements expressed or implied by such forward-looking statements. You should not place undue reliance on these forward-looking statements.

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## SUMMARY

*This summary contains basic information about us and this exchange offer. Because it is a summary, it does not contain all of the information that you should consider before you decide to participate in this exchange offer. You should read this entire prospectus carefully, including the section Risk Factors and our financial statements and the notes thereto incorporated by reference herein, before making an investment decision.*

### Our Company

We are a leading manufacturer of metal and plastic consumer goods packaging products. We are the largest manufacturer of metal food containers in North America, with a unit volume market share in the United States in 2008 of approximately half of the market. We are also a leading worldwide manufacturer of metal, composite and plastic vacuum closures for food and beverage products and are a leading manufacturer of plastic containers in North America for a variety of markets, including the personal care, health care, household and industrial chemical and food markets. We had consolidated net sales of approximately $3.12 billion in 2008.

We operate 66 manufacturing plants in North America, Europe, Asia and South America and manufacture products used for a wide variety of end markets including:

- steel and aluminum containers for human and pet food;
- metal, composite and plastic vacuum closures for food and beverage products; and
- custom designed plastic containers, tubes and closures for personal care, health care, pharmaceutical, household and industrial chemical, food, pet care, agricultural chemical, automotive and marine chemical products.

We believe that our leading market positions, long-term customer relationships, leading technology and manufacturing platform, record of quality and service and proven ability to integrate acquisitions have allowed us to grow our net sales and to increase our market share.

### Corporate Information

Our principal executive offices are located at 4 Landmark Square, Stamford, Connecticut 06901 and our telephone number is (203) 975-7110.

### Our Businesses

***Metal Food Containers 57.2 Percent of Our Consolidated Net Sales in 2008***

Our metal food container business is engaged in the manufacture and sale of steel and aluminum containers that are used primarily by processors and packagers for food products, such as soup, vegetables, fruit, meat, tomato based products, coffee, seafood, adult nutritional drinks, pet food and other miscellaneous food products. For 2008, our metal food container business had net sales of $1.79 billion (approximately 57.2 percent of our consolidated net sales) and income from operations of $162.2 million (approximately 58.6 percent of our consolidated income from operations excluding corporate expense). We estimate that approximately 90 percent of our projected metal food container sales in 2009 will be pursuant to multi-year customer supply arrangements. Our largest customers include Campbell Soup Company, or Campbell, ConAgra Foods, Inc., Del Monte Corporation, or Del Monte, General Mills, Inc., Hill s Pet Nutrition, Inc., Hormel Foods Corp., Nestlé Food Company, or Nestlé, Pacific Coast Producers, Pinnacle Foods Group LLC, Seneca Foods L.L.C. and Treehouse Foods, Inc.

***Closures 21.9 Percent of Our Consolidated Net Sales in 2008***

Our closures business provides customers with an extensive variety of proprietary metal, composite and plastic vacuum closures that ensure closure quality and safety, as well as state-of-the-art capping/sealing equipment and detection systems to complement our closure product offering. We manufacture metal, composite and plastic vacuum closures for hot-filled food and beverage products, such as juices and juice drinks, ready-to-drink teas, sports and energy drinks, ketchup, salsa, pickles, tomato sauce, soup, cooking sauces, gravies, fruits, vegetables, preserves, baby food, baby juices, infant formula and dairy products. We have 14 manufacturing facilities located in North America, Europe, Asia and South America, from which we serve over 70 countries throughout the world. In addition, we license our technology to six other manufacturers for various markets we do not serve. For 2008, our closures business had net sales of $682.8 million (approximately 21.9 percent of our consolidated net sales) and income from operations of $59.8 million (approximately 21.6 percent of our consolidated income from operations excluding corporate expense). Our largest customers include Campbell, The Coca-Cola Company, Dr Pepper Snapple Group, Inc., Heinz Group, Hipp GmbH & CoKG, Nestlé Group, PepsiCo Inc., Schwartau Group, Treehouse Foods, Inc. and Unilever N.V.

***Plastic Containers 20.9 Percent of Our Consolidated Net Sales in 2008***

We manufacture custom designed and stock high density polyethylene containers for personal care and health care products, including containers for shampoos, conditioners, lotions, cosmetics and toiletries; household and industrial chemical products, including containers for scouring cleaners, cleaning agents and lawn, garden and agricultural chemicals; and pharmaceutical products, including containers for tablets, antacids and eye cleaning solutions. We also manufacture plastic containers, closures and caps for food, household and pet care products, including salad dressings, peanut butter, spices, liquid margarine, powdered drink mixes and arts and crafts supplies, as well as thermoformed plastic tubs for personal care and household products, including soft fabric wipes, and our innovative Omni plastic container (a multi-layer microwaveable and retortable plastic bowl) for food products. For 2008, our plastic container business had net sales of $651.9 million (approximately 20.9 percent of our consolidated net sales) and income from operations of $54.8 million (approximately 19.8 percent of our consolidated income from operations excluding corporate expense). Since 1987, we have improved our market position for our plastic container business, with net sales increasing sevenfold. Our largest customers include Alberto Culver USA, Inc., Avon Products Inc., Campbell, The Clorox Company, Kraft Foods, Inc., L Oréal, Johnson & Johnson, The Procter & Gamble Company, Treehouse Foods, Inc., Unilever Home and Personal Care North America and Best Foods (units of Unilever, N.V.) and Vi-Jon, Inc.

## Our Strengths

*Leading Market Positions.* We are the largest manufacturer of metal food containers in North America, with a unit volume market share in the United States in 2008 of approximately half of the market. We are also a leading worldwide manufacturer of metal, composite and plastic vacuum closures for food and beverage products. Additionally, we are a leading manufacturer of plastic containers in North America for a variety of markets, including the personal care, health care, household and industrial chemical and food markets.

*Consistent Growth and Stable Cash Flow Generation.* Through our leading market positions, long-term customer relationships, leading technology and manufacturing platform, record of quality and service and proven ability to integrate acquisitions, we have been able to achieve consolidated net sales at compound annual growth rates, or CAGRs, of 5.8 percent from 1998 through 2008. Our business is generally recession resistant which, along with our long-term customer arrangements, allows us to generate stable and predictable cash flow.

*Long-Term Customer Relationships with Multi-Year Supply Arrangements*. We have entered into multi-year supply arrangements with many of our customers, including Nestlé, Campbell and other food producers. We estimate that in 2009 approximately 90 percent of our projected metal food container sales, a majority of our projected closures sales in the United States and a majority of our projected plastic container sales will be under multi-year arrangements. Historically, we have been successful in continuing these multi-year customer supply arrangements.

*Disciplined and Proven Acquisition Strategy.* Since our inception in 1987, we have acquired twenty-three businesses. Many of these businesses were the self-manufacturing operations of our current customers, such as Nestlé, Del Monte and Campbell. In these instances, we acquired the manufacturing operations and retained the companies as long-term customers. As a result of the benefits of acquisitions and organic growth, we have increased our overall share of the United States metal food container market from approximately 10 percent in 1987 to approximately half of the market in 2008. While the market for metal food containers in the United States has experienced little or no growth over the last ten years, we have continued to increase our market share. With our acquisition of the Amcor White Cap closures operations, or White Cap, we have become a leading worldwide manufacturer of vacuum closures for food and beverage products, with net sales of $682.8 million in 2008. We have also grown our market position in the plastic container business since 1987, with net sales increasing more than sevenfold to $651.9 million in 2008. We have historically been focused and disciplined in our acquisition strategy, using reasonable leverage supported by our stable cash flow.

*Ability to Pass Through Raw Material Cost Changes.* We have historically been able to generally pass through changes in raw material costs to our customers. Our metal food container supply agreements provide for the pass through of changes in our metal costs. Supply arrangements in our domestic closures operations have generally provided for a pass through of metal and resin raw material costs in accordance with such arrangements. Our plastic container business has passed along to our customers changes in the prices of our resin raw materials in accordance with customer supply arrangements. For our non-contract customers in each business, we have historically been able to increase prices in order to pass through increases in our raw material costs.

*Leading Technology and Manufacturing Support.* Through our metal food container facilities, we believe that we provide the most comprehensive manufacturing capabilities in the industry throughout North America. Through our closures business, we manufacture an extensive variety of metal, composite and plastic vacuum closures for the food and beverage industry throughout the world utilizing state-of-the-art technology and equipment, and we provide our customers with state-of-the-art capping/sealing equipment and detection systems. Through our plastic container facilities, we have the capacity to manufacture customized products across the entire spectrum of resin materials, decorating techniques and molding processes required by our customers. Over the last few years, we have made and are continuing to make, significant capital investments to enhance our business and offer our customers value-added features, such as our family of Quick Top® easy-open ends, shaped metal food containers and alternative color offerings for metal food containers. In 2008, 61 percent of our metal food containers sold had a Quick Top® easy-open end, representing an increase in unit sales of this value-added feature of 39 percent since 2002. We intend to leverage our manufacturing, design and engineering capabilities to continue to create cost-effective manufacturing systems that will drive our improvements in product quality, operating efficiency and customer support.

**Our Strategy**

We intend to enhance our position as a leading manufacturer of consumer goods packaging products by continuing to pursue a strategy designed to achieve future growth and increase shareholder value by focusing on the following key elements:

*Supply Best Value Packaging Products with High Levels of Quality, Service and Technological Support.* Since our inception, we have been, and intend to continue to be, devoted to consistently supplying our products with the combination of quality, price and service that our customers consider to be best value. In our metal food container business, we focus on providing high quality and high levels of service and utilizing our low cost producer position. We have made and are continuing to make significant capital investments to offer our customers value-added features such as our family of Quick Top® easy-open ends for our metal food containers, shaped metal food containers and alternative color offerings for metal food containers. In our closures business, we emphasize high levels of quality, service and technological support. We believe our closures business is the premier innovative closures solutions provider to the food and beverage industry by offering customers an extensive variety of metal, composite and plastic vacuum closures as well as proprietary equipment solutions such as cap feeders, cappers and detection systems to ensure high quality package safety. In our plastic container business, we provide high levels of quality and service and focus on value-added, custom designed plastic containers to meet changing product and packaging demands of our customers. We believe that we are one of the few plastic packaging businesses that can custom design, manufacture and decorate a wide variety of plastic containers and plastic tubes, providing the customer with the ability to satisfy more of its plastic packaging needs through one supplier. We will continue to supply customized products that can be delivered quickly to our customers with superior levels of design, development and technological support.

*Maintain Low-Cost Producer Position.* We will continue pursuing opportunities to strengthen our low cost position in our business by:

- maintaining a flat, efficient organizational structure, resulting in low selling, general and administrative expenses as a percentage of consolidated net sales;
- achieving and maintaining economies of scale;
- prudently investing in new technologies to increase manufacturing and production efficiency;
- rationalizing our existing plant structure; and
- serving our customers from our strategically located plants.

*Maintain an Optimal Capital Structure to Support Growth and Increase Shareholder Value.* Our financial strategy is to use reasonable leverage to support our growth and increase shareholder returns. Our stable and predictable cash flow, generated largely as a result of our long-term customer relationships and generally recession resistant business, supports our financial strategy. We intend to continue using reasonable leverage, supported by our stable cash flows, to make value enhancing acquisitions. In determining reasonable leverage, we evaluate our cost of capital and manage our level of debt to maintain an optimal cost of capital based on current market conditions. Since 2007 in light of the ongoing volatility in the general credit markets, we have maintained a significant amount of cash and cash equivalents to ensure our access to liquidity in this tumultuous credit environment. At June 30, 2009, we had $79.6 million of cash and cash equivalents. We will continue to evaluate our level of cash and cash equivalents based on our assessment of the condition of the credit markets.

*Expand Through Acquisitions and Internal Growth*. We intend to continue to expand our business through acquisitions and internal growth. We use a disciplined approach to make acquisitions that generate attractive cash returns. As a result, we expect to continue to expand and diversify our customer base, geographic presence and product lines. This strategy has enabled us to increase our net sales and income from operations over the last ten years.

*Enhance Profitability Through Productivity Improvements and Cost Reductions*. We intend to continue to enhance profitability through productivity and cost reduction opportunities. The additional sales and production capacity provided through acquisitions have enabled us to rationalize plant operations and decrease overhead costs through plant closings and downsizings. From 2006, we have closed three metal food container manufacturing facilities, one closures manufacturing facility and two plastic container manufacturing facilities in connection with our continuing efforts to streamline our plant operations, reduce operating costs and better match supply with geographic demand. These plant closings began to generate positive cash-on-cash returns for us beginning in 2007 and continuing into 2009.

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**The Exchange Offer**

On May 12, 2009, we completed an offering of $250,000,000 aggregate principal amount of 7 1/4% Senior Notes due 2016, the outstanding notes to which the exchange offer applies, to a group of initial purchasers in reliance on exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable securities laws. In connection with the sale of the outstanding notes to the initial purchasers, we entered into a registration rights agreement pursuant to which we agreed, among other things, to deliver this prospectus to you, to commence this exchange offer and to use our best efforts to consummate the exchange offer within six months after May 12, 2009. The summary below describes the principal terms and conditions of the exchange offer. It may not contain all of the information that is important to you. For a more complete description of the exchange offer, see The Exchange Offer and Description of the Notes.

| | |
|---|---|
| Old Notes | 7 1/4% Senior Notes due 2016, which were issued on May 12, 2009. |
| New Notes | 7 1/4% Senior Notes due 2016. The terms of the new notes are substantially identical to the terms of the old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes. |
| Resale of the New Notes | Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties not related to us, we believe that the new notes issued pursuant to the exchange offer in exchange for old notes may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:<br><br>you acquired the new notes in the ordinary course of business;<br><br>you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of such new notes; and<br><br>you are not our affiliate within the meaning of Rule 405 under the Securities Act.<br><br>The SEC has not considered this exchange offer in the context of a no-action letter, and we cannot assure you that the SEC would make a similar determination with respect to this exchange offer. If any of these conditions are not satisfied, or if our belief is not accurate, and you transfer any new notes issued to you in the exchange offer without delivering a resale prospectus meeting the requirements of the Securities Act or without an exemption from registration of your new notes from those requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.<br><br>Each broker-dealer that receives new notes for its own account in exchange for old notes, or where the old notes were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such new notes as further described under Plan of Distribution. |

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| Expiration Date | This exchange offer will expire at 5:00 pm, New York City time, on , 2009 unless extended, in which case the expiration date shall mean the latest date and time to which we extend the exchange offer. |
| Conditions to the Exchange Offer | The exchange offer is subject to customary conditions that may be waived by us. The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange. See The Exchange Offer Conditions for more information regarding conditions to the exchange offer. |
| Procedures for Tendering Old Notes | Unless you comply with the procedures described under The Exchange Offer Guaranteed Delivery Procedures, you must do one of the following on or prior to the expiration date of the exchange offer to participate in the exchange offer: |

- tender your old notes by sending the certificates for your old notes, in proper form for transfer, a properly completed and duly executed letter of transmittal, which accompanies this prospectus, or a facsimile of the letter of transmittal, with any required signature guarantees, together with any other required documents, to U.S. Bank National Association, as registrar and exchange agent, at the address listed under The Exchange Offer Exchange Agent ; or

- tender your old notes by using the book-entry transfer procedures described below and transmitting a properly completed and duly executed letter of transmittal, with any required signature guarantees, or an agent s message instead of the letter of transmittal to the exchange agent. In order for a book-entry transfer to constitute a valid tender of your old notes in the exchange offer, U.S. Bank National Association, as registrar and exchange agent, must receive a confirmation of book-entry transfer of your old notes into the exchange agent s account at The Depository Trust Company prior to the expiration of the exchange offer. For more information regarding the use of book-entry transfer procedures, including a description of the required agent s message, please read the discussion under The Exchange Offer Procedures for Tendering.

By accepting the letter of transmittal, you will make the representations to us described under The Exchange Offer Procedures for Tendering.

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| Special Procedures for Beneficial Owners | If you are a beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender your old notes on your behalf. |

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| | If you wish to tender old notes on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your old notes, either:<br><br>make appropriate arrangements to register ownership of the old notes in your name; or<br><br>obtain a properly completed assignment from the registered holder. |
| Guaranteed Delivery Procedures | If you wish to tender your old notes and your old notes are not immediately available or you cannot deliver your old notes, the letter of transmittal or any other documentation required by the letter of transmittal to the exchange agent before the expiration date, or you cannot complete the procedures for book-entry transfer on a timely basis, you must tender your old notes according to the guaranteed delivery procedures set forth in The Exchange Offer Guaranteed Delivery Procedures. |
| Acceptance of the Old Notes and Delivery of the New Notes | Subject to the satisfaction or waiver of the conditions to the exchange offer, we will accept for exchange any and all old notes that are properly tendered in the exchange offer before the expiration date. The new notes issued under the exchange offer will be delivered on the earliest practicable date following the expiration date, as described below under The Exchange Offer Terms of the Exchange Offer. |
| Withdrawal Rights; Non-Acceptance | You may withdraw any old notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on the expiration date. If we decide for any reason not to accept any old notes tendered for exchange, the old notes will be returned to the registered holder at our expense promptly after the expiration or termination of the exchange offer. In the case of old notes tendered by book-entry transfer into the exchange agent s account at The Depository Trust Company, any withdrawn or unaccepted old notes will be credited to the tendering holder s account at The Depository Trust Company. For further information regarding the withdrawal of tendered old notes, please read The Exchange Offer Withdrawal of Tenders. |
| Certain U.S. Federal Tax Considerations | The exchange of old notes for new notes pursuant to the exchange offer will not be a taxable event for U.S. federal income tax purposes, as described below under Certain U.S. Federal Tax Considerations. |
| Exchange Agent | U.S. Bank National Association, the trustee under the indenture governing the old notes and the new notes, is serving as the exchange agent for the exchange offer. |

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| Consequences of Failure to Exchange Old Notes | If you do not exchange your old notes for new notes, you will continue to be subject to the restrictions on transfer provided in the old notes and in the indenture governing the notes. In general, the old notes may not be offered or sold, unless registered pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently plan to register the old notes under the Securities Act. |
| | Because we anticipate that most holders of old notes will elect to exchange their old notes, we expect that the liquidity of the market, if any, for the old notes remaining outstanding after the completion of the exchange offer will be substantially limited. For more information regarding the consequences of not tendering your old notes, see Risk Factors Risks Relating to the Exchange Offer and The Exchange Offer Consequences of Failure to Exchange. |

We explain the exchange offer in greater detail beginning on page 25.

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## The New Notes

The form and terms of the new notes are substantially identical to the form and terms of the old notes, except that the new notes will be registered under the Securities Act and, therefore, the new notes will not have the transfer restrictions or registration rights applicable to the old notes. The new notes will evidence the same debt as the old notes, and both the old notes and the new notes are governed by the same indenture.

| | |
|---|---|
| Issuer | Silgan Holdings Inc. |
| New Notes Offered | $250,000,000 aggregate principal amount of our 7 1/4% Senior Notes due 2016. |
| Maturity | August 15, 2016. |
| Interest | Interest on the new notes is payable semiannually in cash in arrears on February 15 and August 15 of each year, commencing February 15, 2010. |
| Sinking Fund | None. |
| Optional Redemption | We may redeem the new notes, in whole or in part, at any time on or after August 15, 2013 initially at 103.625% of their principal amount, plus accrued interest, declining ratably to 100% of their principal amount, plus accrued interest, on or after August 15, 2015. |
| | At any time before August 15, 2013, we may redeem the new notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus a make-whole premium described in Description of the Notes Optional Redemption, together with accrued and unpaid interest to the redemption date. |
| | In addition, before August 15, 2012, we may redeem up to 35% of the aggregate principal amount of outstanding notes with the proceeds from sales of certain kinds of our capital stock at a redemption price equal to 107.250% of their principal amount, plus accrued interest to the redemption date. We may make such redemption only if, after any such redemption, at least 65% of the aggregate principal amount of notes originally issued under the indenture (including any additional notes) remains outstanding. |
| Change of Control | In the event of a change of control under the terms of the indenture, each holder of the new notes will have the right to require us to purchase such holder s new notes at a price of 101% of their principal amount plus accrued interest, if any, to the date of purchase. |
| Ranking | The new notes will be general senior unsecured obligations. Accordingly, they will rank: |

behind all of our existing and future secured indebtedness, including indebtedness under our senior secured credit facility, or the Credit Agreement, to the extent of the value of the assets securing such indebtedness;

behind all of the existing and future obligations, including trade payables, of our subsidiaries;

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- equally with all of our existing and future unsubordinated indebtedness; and
- senior to all of our existing and future subordinated indebtedness.

As of June 30, 2009, we and our subsidiaries had approximately $984.6 million of indebtedness outstanding, $512.4 million of which was secured indebtedness under the Credit Agreement, $28.9 million of which were other foreign bank revolving and term loans, $200.0 million of which was subordinated indebtedness and $243.3 million, net of unamortized discount, of which was general senior unsecured indebtedness evidenced by the old notes. See Capitalization and Description of Certain Indebtedness.

None of our subsidiaries will initially guarantee the new notes. At June 30, 2009, our subsidiaries had other liabilities, including trade payables and accrued expenses, of approximately $348.8 million on a combined basis, excluding indebtedness under the Credit Agreement. See Risk Factors Risks Relating to Our Indebtedness and the Notes and Capitalization.

Certain Covenants

The indenture contains certain covenants which, among other things, restrict our ability and the ability of our restricted subsidiaries to:

- incur or guarantee additional indebtedness;
- make certain dividends, investments and other restricted payments;
- create restrictions on the ability of restricted subsidiaries to make certain payments;
- issue or sell stock of restricted subsidiaries;
- enter into transactions with stockholders or affiliates;
- engage in sale-leaseback transactions;
- create liens;
- sell assets; and
- with respect to us, consolidate, merge or sell all or substantially all of our assets. See Description of the Notes Covenants.

| | |
|---|---|
| Original Issue Discount | The old notes were issued with original issue discount, or OID, for United States federal income tax purposes, and the new notes will be treated as having been issued with OID. U.S. Holders (as defined in Certain U.S. Federal Tax Considerations ) of the notes will be required to include OID in gross income on a constant yield basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable. See Certain U.S. Federal Tax Considerations Other U.S. Federal Income Tax Consequences for U.S. Holders Original Issue Discount. |
| Use of Proceeds | We will not receive any cash proceeds in the exchange offer. |

We explain the new notes in greater detail beginning on page 36.

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**Risk Factors**

You should carefully consider all of the information in this prospectus, or incorporated by reference herein, including the discussion under Risk Factors beginning on page 15, before participating in the exchange offer.

**Summary Financial Data**

The following summary historical consolidated financial data of Silgan Holdings Inc. for each of the fiscal years in the three year period ended December 31, 2008 have been derived from our audited consolidated financial statements. The following summary historical condensed consolidated financial data for each of the six month periods ended June 30, 2009 and 2008 have been derived from our unaudited condensed consolidated financial statements and are not necessarily indicative of the results for the remainder of the fiscal year or any future period. We believe that the unaudited condensed consolidated financial data reflects all normal and recurring adjustments necessary for a fair presentation of the results for the interim periods presented. This information is only a summary and should be read in conjunction with our financial statements and the notes thereto and the Management s Discussion and Analysis section contained in our annual report on Form 10-K for the year ended December 31, 2008 and quarterly report on Form 10-Q for the quarter ended June 30, 2009, each of which is incorporated by reference into this prospectus. See Incorporation of Certain Documents by Reference.

| | Fiscal Year Ended December 31, | | | Six Months Ended | |
|---|---|---|---|---|---|
| | | | | June 30, 2008 | June 30, 2009 |
| | 2006 | 2007 | 2008 | (unaudited) | (unaudited) |
| | (in millions of U.S. dollars) | | | | |
| **Operating Data:** | | | | | |
| Net sales | $ 2,667.5 | $ 2,923.0 | $ 3,121.0 | $ 1,415.1 | $ 1,344.9 |
| Cost of goods sold | 2,305.1 | 2,509.3 | 2,683.5 | 1,217.0 | 1,143.6 |
| Gross profit | 362.4 | 413.7 | 437.5 | 198.1 | 201.3 |
| Selling, general and administrative expenses | 131.4 | 148.8 | 160.6 | 75.9 | 81.3 |
| Rationalization charges | 16.4 | 5.7 | 12.2 | 7.4 | 1.4 |

| | | |
|---|---|---|
| Interest Income | 1,811 | 5,402 |
| TOTAL OTHER INCOME | 1,811 | 5,402 |
| Interest on Mortgage Notes Payable | 371,843 | 465,915 |
| Interest on Notes Payable to Banks | 8,852 | 1,094 |
| Interest on Other Notes Payable | 16,302 | 18,088 |
| TOTAL INTEREST EXPENSE | 396,997 | 485,097 |
| CONSOLIDATED NET INCOME (LOSS) | 72,644 | (252,324 ) |
| LESS: NET INCOME (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTEREST | 303,693 | (30,547 ) |
| NET LOSS ATTRIBUTABLE TO CONTROLLING INTERESTS | $(231,049 ) | $ (221,777 ) |
| NET LOSS PER SHARE – BASIC AND DILUTED | $(0.03 ) | $ (0.03 ) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED | 8,381,868 | 8,429,911 |

See accompanying notes to unaudited

condensed consolidated financial statements

INNSUITES HOSPITALITY TRUST AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| | **FOR THE THREE MONTHS ENDED** | |
|---|---|---|
| | July 31, | |
| | **2013** | **2012** |
| REVENUE | | |
| Room | $3,121,138 | $3,030,877 |
| Food and Beverage | 205,596 | 243,681 |
| Other | 57,885 | 42,776 |
| Management and Trademark Fees | 42,393 | 54,168 |
| TOTAL REVENUE | 3,427,012 | 3,371,502 |
| | | |
| OPERATING EXPENSES | | |
| Room | 954,550 | 962,446 |
| Food and Beverage | 200,885 | 258,663 |
| Telecommunications | 8,895 | 19,256 |
| General and Administrative | 946,692 | 817,924 |
| Sales and Marketing | 246,041 | 313,404 |
| Repairs and Maintenance | 314,019 | 371,223 |
| Hospitality | 212,061 | 215,197 |
| Utilities | 343,012 | 344,326 |
| Hotel Property Depreciation | 444,850 | 433,530 |
| Real Estate and Personal Property Taxes, Insurance and Ground Rent | 256,371 | 257,857 |
| Other | 2,032 | 2,645 |
| TOTAL OPERATING EXPENSES | 3,929,408 | 3,996,471 |
| | | |
| OPERATING LOSS | (502,396) | (624,969) |
| Interest Income | 1,803 | 5,294 |
| TOTAL OTHER INCOME | 1,803 | 5,294 |
| Interest on Mortgage Notes Payable | 190,686 | 267,946 |
| Interest on Notes Payable to Banks | 8,852 | 890 |
| Interest on Other Notes Payable | 10,440 | 8,635 |
| TOTAL INTEREST EXPENSE | 209,978 | 277,471 |
| CONSOLIDATED NET LOSS | (710,571) | (897,146) |
| LESS: NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST | (43,514) | (213,281) |
| NET LOSS ATTRIBUTABLE TO CONTROLLING INTERESTS | $(667,057) | $(683,865) |
| NET LOSS PER SHARE-BASIC AND DILUTED | $(0.08) | $(0.08) |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING-BASIC AND DILUTED | 8,376,472 | 8,417,899 |

See accompanying notes to unaudited

condensed consolidated financial statements

INNSUITES HOSPITALITY TRUST AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JULY 31, 2013

| | Shares of Beneficial Interest | | Treasury Stock | | Trust | Non- | |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shareholder Equity | Controlling Interest | Amount |
| Balance, January 31, 2013 | 8,375,207 | $14,940,048 | 8,429,539 | $(11,877,886) | $3,062,162 | $164,123 | $3,226,285 |
| Net Income (Loss) | - | (231,049) | - | - | (231,049) | 303,693 | 72,644 |
| Purchase of Treasury Stock | (21,219) | - | 21,219 | (40,404) | (40,404) | - | (40,404) |
| Shares of Beneficial Interest Issues for Services Rendered | 18,000 | 15,480 | - | - | 15,480 | - | 15,480 |
| Sale of Ownership Interests in Subsidiary | - | 40,062 | - | - | 40,062 | (25,062) | 15,000 |
| Repurchase of Ownership Interests in Subsidiary | - | (20,000) | - | - | (20,000) | - | (20,000) |
| Distribution to Non-Controlling Interests | - | 16,038 | - | - | 16,038 | (220,347) | (204,309) |
| Reallocation of Non-Controlling Interests | - | 81 | - | - | 81 | (81) | - |
| Balance, July 31, 2013 | 8,371,988 | $14,760,660 | 8,450,758 | $(11,918,290) | $2,842,370 | $222,326 | $3,064,696 |

See accompanying notes to unaudited

condensed consolidated financial statements

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INNSUITES HOSPITALITY TRUST AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | **FOR THE SIX MONTHS ENDED** | |
|---|---|---|
| | July 31, | |
| | **2013** | **2012** |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Consolidated Net Income (Loss) | $72,644 | $(252,324) |
| Adjustments to Reconcile Consolidated Net Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Provision for Uncollectible Receivables | (366) | (21,075) |
| Stock-Based Compensation | 15,480 | 19,800 |
| Hotel Property Depreciation | 899,481 | 867,187 |
| Amortization of Deferred Loan Fees | 27,381 | 36,256 |
| Loss on Disposal of Hotel Property | 6,533 | - |
| Changes in Assets and Liabilities: | | |
| Accounts Receivable | 175,619 | (179,644) |
| Prepaid Expenses and Other Assets | (33,034) | (246,178) |
| Accounts Payable and Accrued Expenses | (278,185) | (158,628) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 885,553 | 65,394 |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments Received on Notes Receivable from Related Party | - | 454,577 |
| Loans Made on Notes Receivable to Related Party | - | (699,150) |
| Change in Restricted Cash | (28,172) | 44,241 |
| Improvements and Additions to Hotel Properties | (250,046) | (657,895) |
| NET CASH USED IN INVESTING ACTIVITIES | (278,218) | (858,227) |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal Payments on Mortgage Notes Payable | (602,750) | (1,507,785) |
| Payments on Notes Payable to Banks | (1,277,909) | (805,027) |
| Borrowings on Notes Payable to Banks | 1,427,909 | 1,160,972 |
| Purchase of Treasury Stock | (29,544) | (128,762) |
| Purchase of Partnership Units | - | (525) |
| Purchase of Subsidiary Equity | (20,000) | - |
| Proceeds from Sale of Non-Controlling Ownership Interests in Subsidiaries | 15,000 | 1,604,068 |
| Distributions to Non-Controlling Interest | (204,309) | (205,256) |
| Payments on Other Notes Payable | (102,058) | (111,943) |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | (793,661) | 5,742 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (186,326) | (787,091) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 493,953 | 983,424 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | $307,627 | $196,333 |

See Supplemental Disclosures at Note 9.

See accompanying notes to unaudited

condensed consolidated financial statements

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INNSUITES HOSPITALITY TRUST AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JULY 31 AND JANUARY 31, 2013

AND FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2013 AND 2012

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

As of July 31, 2013, InnSuites Hospitality Trust (the “Trust”, “we” or “our”) owns directly and through a partnership interest, five hotels with an aggregate of 843 suites in Arizona, southern California and New Mexico (the “Hotels”). The Hotels operate under the trade name “InnSuites Hotels.”

The Trust is the sole general partner of RRF Limited Partnership, a Delaware limited partnership (the “Partnership”), and owned 72.04% of the Partnership as of July 31, 2013 and January 31, 2013. The Trust’s weighted average ownership for the six month periods ended July 31, 2013 and 2012 was 72.04% and 72.03%, respectively. As of July 31, 2013, the Partnership owned 100% of one InnSuites® hotel located in Tucson, Arizona and together with the Trust owned a 58.11% interest in another InnSuites® hotel located in Tucson, Arizona and a 61.60% interest in an InnSuites® hotel located in Ontario, California. The Trust owns and operates a Yuma, Arizona hotel property directly, which it acquired from the Partnership on January 31, 2005, and owns a direct 50.63% interest in an InnSuites® hotel located in Albuquerque, New Mexico.

The Trust directly manages the Hotels through the Trust’s wholly-owned subsidiary, InnSuites Hotels. Under the management agreements, InnSuites Hotels manages the daily operations of the Hotels and three hotels owned by affiliates of Mr. Wirth, the Company’s Chief Executive Officer. All Trust managed Hotel expenses, revenues and reimbursements among the Trust, InnSuites Hotels and the Partnership have been eliminated in consolidation. The management fees for the Hotels are set at 2.5% of room revenue and a monthly accounting fee of $2,000 per hotel. The management fees for the three hotels owned by affiliates of Mr. Wirth were set at 2.5% of room revenue and an annual accounting fee of $27,000, payable $1,000 per month with an additional payment of $15,000 due at year-end for annual accounting closing activities. The additional year-end annual accounting closing fee of $15,000 was discontinued with no material effect on the financial operating results of the Trust at the end of fiscal year 2013. These agreements have no expiration date and may be cancelled by either party with 90-days written notice or 30-days written notice in the event the property changes ownership.

The Trust also provides the use of the “InnSuites” trademark to the Hotels and the three hotels owned by affiliates of Mr. Wirth through the Trust’s wholly-owned subsidiary, InnSuites Hotels. All such fees among InnSuites Hotels, the Trust and the Partnership have been eliminated in consolidation. From January 1, 2012 through December 31, 2012, the fees received by InnSuites Hotels were equal to $10 per month per room for the first 100 rooms, and $2 per month per room for the number of rooms exceeding 100. As of January 1, 2013, these trademark fees were discontinued. In their place, the per reservation fee is increased to a flat 10% of the value of the reservations received.

PARTNERSHIP AGREEMENT

The Partnership Agreement of the Partnership provides for the issuance of two classes of Limited Partnership units, Class A and Class B. Class A and Class B Partnership units are identical in all respects, except that each Class A Partnership unit is convertible into one newly-issued Share of Beneficial Interest of the Trust at any time at the option of the particular limited partner. The Class B Partnership units may only become convertible, each into one newly-issued Share of Beneficial Interest of the Trust, with the approval of the Board of Trustees, in its sole discretion. As of July 31 and January 31, 2013, 286,034 Class A Partnership units were issued and outstanding representing 2.17% of the total Partnership units. Additionally, as of July 31 and January 31, 2013, 3,407,938 Class B Partnership units were outstanding to James Wirth, the Trust's Chairman and Chief Executive Officer, and Mr. Wirth's affiliates. If all of the Class A and B Partnership units were converted on July 31, 2013, the limited partners in the Partnership would receive 3,693,972 Shares of Beneficial Interest of the Trust. As of July 31 and January 31, 2013, the Trust owns 9,517,545 general partner units in the Partnership, representing 72.04% of the total Partnership units.

BASIS OF PRESENTATION

The financial statements of the Partnership, InnSuites Hotels and Yuma Hospitality LP, are consolidated with the Trust, and all significant intercompany transactions and balances have been eliminated.

These condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period and the three-month period ended July 31, 2013 are not necessarily indicative of the results that may be expected for the Trust's fiscal year ending January 31, 2014. For further information, refer to the consolidated financial statements and footnotes thereto included in the Trust's Annual Report on Form 10-K as of and for the year ended January 31, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Trust's operations are affected by numerous factors, including the economy, competition in the hotel industry and the effect of the economy on the travel and hospitality industries. The Trust cannot predict if any of the above items will have a significant impact in the future, nor can it predict what impact, if any, the occurrence of these or other events might have on the Trust's operations and cash flows. Significant estimates and assumptions made by management include, but are not limited to, the estimated useful lives of long-lived assets and estimates of future cash flows used to test a long-lived asset for recoverability and the fair values of the long-lived assets.

LIQUIDITY

Our principal source of cash to meet our cash requirements, including distributions to our shareholders, is our share of the Partnership's cash flow, quarterly distributions from Albuquerque, New Mexico property, and through the Partnership and our direct ownership of the Yuma, Arizona property. The Partnership's principal source of revenue is hotel operations for the one hotel property it owns and quarterly distributions from the Tucson, Arizona and Ontario, California properties. Our liquidity, including our ability to make distributions to our shareholders, will depend upon our ability and the Partnership's ability to generate sufficient cash flow from hotel operations and to service our debt.

Hotel operations are significantly affected by occupancy and room rates. Occupancy increased from the first six months of fiscal year 2013 to the six months of fiscal year 2014, while rates decreased. Results are also significantly impacted by overall economic conditions and, specifically, conditions in the travel industry. Unfavorable changes in these factors could negatively impact hotel room demand and pricing, which would reduce the Trust's profit margins on rented studio suites.

During fiscal year 2014, capital improvements are expected to be reduced by approximately $800,000 from the prior year and we expect increased cash flow from the reduction of principal and interest payments on the Ontario property. Additionally, we have a $600,000 bank line of credit which matures on June 23, 2014. As of July 31, 2013, the Trust had $600,000 drawn on this line of credit.

With the anticipated improved operations income, the expected decrease in capital improvements, and the increased cash flow from the reduction of principal and interest payments on the Ontario property, management believes that it will have enough cash on hand to meet all of our financial obligations as they become due for at least the next year. In addition, our management is analyzing other strategic options available to us, including the refinancing of another property or raising additional funds through additional non-controlling interest sales; however, such transactions may not be available or available on terms that are favorable to the Trust.

We anticipate a moderate improvement in the weak overall economic situation that negatively affected results in fiscal years 2012 and 2013, which could result in higher revenues and operating margins.  Challenges in fiscal year 2014 are expected to continue to include continued competition for all types of business in the markets in which we operate and our ability to maintain room rates while maintaining market share.

REVENUE RECOGNITION

Room, food and beverage, management and licensing fees, and other revenue are recognized as earned as services are provided and items are sold.  Sales taxes collected are excluded from gross revenue.

INCOME PER SHARE

Basic and diluted income per Share of Beneficial Interest is computed based on the weighted-average number of Shares of Beneficial Interest and potentially dilutive securities outstanding during the period. Dilutive securities are limited to the Class A and Class B units of the Partnership, which are convertible into 3,693,972 shares of the Beneficial Interest, as discussed in Note 1.

For the six month periods ended July 31, 2013 and 2012, there were Class A and Class B Partnership units outstanding, which are convertible into Shares of Beneficial Interest of the Trust. At the beginning of each period, the aggregate weighted-average of these Shares of Beneficial Interest would have been 3,693,972 and 3,694,894 for the quarters ended July 31, 2013 and 2012, respectively. Due to the net losses attributable to controlling interest, these Shares of Beneficial Interest issuable upon conversion of the Class A and Class B Partnership units were anti-dilutive during both six month periods ended July 31, 2013 and 2012. Therefore no reconciliation of basic and diluted income per share is presented.

3. STOCK-BASED COMPENSATION

For the six months ended July 31, 2013, the Trust recognized expenses of $15,480 related to stock-based compensation. The Trust issued 18,000 restricted shares with a total market value of $30,960 in February 2013 as compensation to its three outside Trustees for fiscal year 2014. On a monthly basis, each outside Trustee vests 500 shares.

The following table summarizes restricted share activity during the six months ended July 31, 2013:

| | Restricted Shares | |
|---|---|---|
| | Shares | Weighted-Average Per Share Grant Date Fair Value |
| Balance at January 31, 2013 | — | — |
| Granted | 18,000 | $ 1.72 |
| Vested | (9,000 ) | $ 1.72 |
| Forfeited | — | — |
| Balance of unvested awards at July 31, 2013 | 9,000 | $ 1.72 |

4. RELATED PARTY TRANSACTIONS

As of July 31, 2013 and 2012, the Trust had notes receivable agreements with Rare Earth Financial, an affiliate of Mr. Wirth. The notes bear interest at 7.0% per annum and are interest only quarterly payments. On July 31, 2013 and 2012, the balance of the notes was $25,000 and $244,573, respectively.

As of July 31, 2013 and 2012, Mr. Wirth and his affiliates held 3,407,938 Class B limited partnership units in the Partnership. As of July 31, 2013 and 2012, Mr. Wirth and his affiliates held 5,573,624 Shares of Beneficial Interest of the Trust.

See Note 6 – “Sale of Membership Interests in Albuquerque Suite Hospitality, LLC”, Note 7 – “Sale of Partnership Interests in Tucson Hospitality Properties, LP” and Note 8 – “Sale of Partnership Interests in Ontario Hospitality Properties, LP” for additional information on related party transactions.

5. NOTE PAYABLE TO BANK

As of July 31, 2013, the Trust has a revolving bank line of credit agreement, with a credit limit of $600,000. The line of credit bears interest at the prime rate plus 1.00% per annum with a 6.0% rate floor, has no financial covenants and matures on June 23, 2014. The line is secured by a junior security interest in the Yuma, Arizona property and the Trust’s trade receivables. Mr. Wirth is a guarantor on the line of credit. The Trust had drawn funds of $600,000 on this line of credit as of July 31, 2013.

6. SALE OF MEMBERSHIP INTERESTS IN ALBUQUERQUE SUITE HOSPITALITY, LLC

As of July 31, 2013, the Trust holds a 50.63% ownership interest, Mr. Wirth and his affiliates hold a 0.12% interest, and other parties hold a 49.25% interest. The Albuquerque entity has minimum preference payments to unrelated unit holders of $137,900, to the Trust of $141,750 and to Rare Earth of $350 per year payable quarterly for calendar years 2014 and 2015.

7. SALE OF PARTNERSHIP INTERESTS IN TUCSON HOSPITALITY PROPERTIES, LP

At July 31, 2013, the Partnership had sold 259 units to unrelated parties at $10,000 per unit totaling $2,590,000. As of July 31, 2013, the Partnership holds a 56.42% ownership interest in the Tucson entity, the Trust holds a 1.70% ownership interest, Mr. Wirth and his affiliates hold a 1.85% interest, and other parties hold a 40.03% interest. The Tucson entity has minimum preference payments to unrelated unit holders of $181,300, to the Trust of $7,700, to the Partnership of $255,500 and to Rare Earth of $8,400 per year payable quarterly for calendar years 2014 and 2015.

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8. SALE OF PARTNERSHIP INTERESTS IN ONTARIO HOSPITALITY PROPERTIES, LP

At July 31, 2013, the Partnership had sold 235 units to unrelated parties at $10,000 per unit totaling $2,350,000. As of July 31, 2013, the Partnership holds a 61.55% ownership interest in the Ontario entity, the Trust holds a 0.05% ownership interest, Mr. Wirth and his affiliates hold a 1.57% interest, and other parties hold a 36.83% interest. The Ontario entity has minimum preference payments to unrelated unit holders of $164,500, to the Trust of $210, to the Partnership of $274,890 and to Rare Earth of $7,000 per year payable quarterly for calendar years 2013 and 2014.

9. STATEMENTS OF CASH FLOWS, SUPPLEMENTAL DISCLOSURES

The Trust paid $396,997 and $485,097 in cash for interest for the six months ended July 31, 2013 and 2012, respectively.

During the second quarter of fiscal year 2014, the Trust issued a promissory note for $10,500 to an unrelated third party for the purchase of 5,656 Shares of Beneficial Interest of the Trust shares. The note is due in 24 monthly principal and interest installments of $470 and matures on July 9, 2015 with a down payment of $360.

10. COMMITMENTS AND CONTINGENCIES

Two of the Hotels are subject to non-cancelable ground leases expiring in 2033 and 2050. Total expense associated with the non-cancelable ground leases for the six months ended July 31, 2013 was $144,508, including a variable component based on gross revenues of each property that totaled approximately $47,791

During fiscal year 2010, the Trust entered into a five-year office lease for its corporate headquarters. The Trust recorded $21,470 and $17,237 of general and administrative expense related to the lease during the six-month period ended July 31, 2013 and 2012, respectively. The lease includes a base rent charge of $24,000 for the first lease year with annual increases to a final year base rent of $39,600. Currently our rent is $3,694 per month. The Trust has the option to cancel the lease after each lease year for penalties of four months rent after the first year with the penalty decreasing by one month’s rent each successive lease year. It is the Trust’s intention to remain in the office for the duration of the five-year lease period.

Future minimum lease payments under the non-cancelable ground leases and office lease are as follows:

| Fiscal Year Ending | |
|---|---|
| Remainder of 2014 | $127,660 |
| 2015 | 233,721 |
| 2016 | 212,121 |
| 2017 | 212,121 |
| 2018 | 212,121 |
| Thereafter | 5,014,895 |
| Total | $6,012,639 |

The Trust is obligated under loan agreements relating to three of its Hotels to deposit 4% of the individual Hotel's room revenue into an escrow account to be used for capital expenditures. The escrow funds applicable to the three Hotel properties for which a mortgage lender escrow exists are reported on the Trust's Condensed Consolidated Balance Sheet as "Restricted Cash."

The nature of the operations of the Hotels exposes them to risks of claims and litigation in the normal course of their business. Although the outcome of these matters cannot be determined, management does not expect that the ultimate resolution of these matters will have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Trust.

The Trust is involved from time to time in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Trust's consolidated financial position, results of operations or liquidity.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto appearing elsewhere in this Form 10-Q.

We own the sole general partner's interest in the Partnership. Our principal source of cash to meet our cash requirements, including distributions to our shareholders, is our share of the Partnership's cash flow, quarterly distributions from the Albuquerque, New Mexico property and through the Partnership and our direct ownership of the Yuma, Arizona property.  The Partnership's principal source of revenue is hotel operations for the one hotel property it owns and quarterly distributions from the Tucson, Arizona and Ontario, California properties.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In our Annual Report on Form 10-K for the year ended January 31, 2013, we identified the critical accounting policies that affect our more significant estimates and assumptions used in preparing our consolidated financial statements. We believe that the policies we follow for the valuation of our Hotel properties, which constitute the majority of our assets, are our most critical policies. Those policies include methods used to recognize and measure any identified impairment of our Hotel property assets. There have been no material changes to our critical accounting policies since January 31, 2013.

HOTEL PROPERTIES LISTED FOR SALE

Our long-term strategic plan is to obtain the full benefit of our real estate equity and to migrate our focus from a hotel owner to a hospitality service company by expanding our trademark license, management, reservation, and marketing services. This plan is similar to strategies followed by internationally diversified hotel industry leaders, which over the last several years have reduced real estate holdings and concentrated on hospitality services. We began our long-term corporate strategy when we relinquished our REIT income tax status in January 2004, which had previously prevented us from providing management services to hotels. In June 2004, we acquired our trademark license and management agreements and began providing management, trademark and reservations services to our Hotels.

We expect to use proceeds from the sale of the Hotels, if any, as needed to support hospitality service operations as cash flow from current operations, primarily the sale of hotel rooms, declines with the sale of the Hotels.

The table below lists the Hotel properties, their respective carrying and mortgage value and the listed asking price for the hotel properties.

Hotel Property Asset Values as of July 31, 2013

| Hotel Property | Book Value | Mortgage Balance | Listed Asking Price |
|---|---|---|---|
| Albuquerque | $1,280,638 | $1,178,336 | $5,900,000 |
| Ontario | 5,763,036 | 6,149,692 | 15,900,000 |
| Tucson Oracle | 4,077,523 | 1,478,330 | 12,500,000 |
| Tucson City Center | 7,615,414 | 5,133,961 | 9,995,000 |
| Yuma | 5,307,913 | 5,411,855 | 14,000,000 |
| | $24,044,524 | $19,352,174 | $58,295,000 |

The listed asking price is the amount at which we would sell each of the Hotels and is based on the original listed selling price adjusted to reflect recent hotel sales in the areas of operation of the Hotels and current earnings of each of the Hotels. The listed asking price is not based on appraisals of the properties.

There is no assurance that the listed sales price for the individual Hotel properties will be realized.  However, our management believes that these values are reasonable based on local market conditions and comparable sales. Changes in market conditions have in part resulted, and may in the future result, in our changing one or all of the listed asking prices.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of cash to meet our cash requirements, including distributions to our shareholders, is our share of the Partnership’s cash flow, quarterly distributions from the Albuquerque, New Mexico property, and through the Partnership and our direct ownership of the Yuma, Arizona property.  The Partnership’s principal source of revenue is hotel operations for the one hotel property it owns and quarterly distributions from the Tucson, Arizona and Ontario, California properties.  Our liquidity, including our ability to make distributions to our shareholders, will depend upon our ability, and the Partnership’s ability, to generate sufficient cash flow from hotel operations and to service our debt.

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Hotel operations are significantly affected by occupancy and room rates at the Hotels. Occupancy increased from the first six months of fiscal year 2013 to the first six months of fiscal year 2014, while rates decreased. We anticipate this trend to continue throughout fiscal year 2014. Results are also significantly impacted by overall economic conditions and, specifically, conditions in the travel industry. Unfavorable changes in these factors could negatively impact hotel room demand and pricing, which would reduce the Trust's profit margins on rented suites.

We have minimum debt payments of approximately $1.23 million remaining over the last six months of fiscal year 2014 and the first six months of fiscal year 2015. We have a revolving bank line of credit, with a credit limit of $600,000. The line of credit bears interest at the prime rate plus 1.0% per annum, with a 6.0% rate floor, and has no financial covenants. On June 11, 2013, we renewed the line of credit until June 23, 2014. All other terms and conditions remain the same. The line is secured by a junior security interest in the Yuma, Arizona property and our trade receivables. Mr. Wirth is a guarantor on the line of credit. On July 31, 2013, the Trust had drawn $600,000 under the line of credit. The largest outstanding balance on the line of credit during the quarter ended July 31, 2013 was $600,000.

During fiscal year 2014, capital improvements are expected to be reduced by approximately $800,000 from the prior year and we expect increased cash flow from the reduction of principal and interest payments on the Ontario property.

With the expected decrease in capital improvements and increased cash flow from the reduction of principal and interest payments on the Ontario property, management believes that it will have enough cash on hand to meet all of our financial obligations as they become due for the next 12 months. In addition, our management is analyzing other strategic options available to us, including the refinancing of another property or raising additional funds through additional non-controlling interest sales. However, such transactions may not be available on terms that are favorable to us.

We anticipate a moderate improvement in the weak overall economic situation that negatively affected results in fiscal year 2012 and 2013, which could result in higher revenues and operating margins. Challenges in fiscal year 2014 are expected to continue to include continued competition for all types of business in the markets in which we operate and our ability to maintain room rates while maintaining market share.

Net cash provided by operating activities totaled $885,000 and $65,000 for the six months ended July 31, 2013 and 2012, respectively. Partially offset by changes in Accounts Payable, the increase of net cash provided by operating activities during the first six months of fiscal year 2014 compared to the first six months of fiscal year 2013 was due to (a) the improvement in the consolidated net income; (b) the decrease in accounts receivable; and (c) the decrease in prepaid expenses and other assets offset by the increase in accounts payable and accrued expenses. We closely watched our expenses in the first six months of fiscal year 2014 resulting in an improvement in our consolidated net income.

Net cash used in investing activities totaled $278,000 and $858,000 for the six months ended July 31, 2013 and 2012, respectively. The decrease in net cash used in investing activities during the first six months of fiscal year 2014 compared to the first six months of fiscal year 2013 was due to the net decrease in loans made on notes receivables to related parties and the decreased capital refurbishment projects.

Net cash used in financing activities totaled $794,000 for the six months ended July 31, 2013, compared to net cash provided by financing activities of $6,000 for the six months ended July 31, 2012. The net cash used in financing activities for the first six months of fiscal year 2014 as compared the net cash provided in financing activities for the first sixth months of fiscal year 2013 was due to (a) $905,000 decrease in fiscal year 2014 of principal payments of mortgage notes payable; $473,000 increase in payments on notes payable to banks; (c) a $267,000 increase in borrowings on notes payable to banks; (d) a $99,000 decrease in purchase of treasury stock; and (e) a $1,589,000 decrease in proceeds from sale of non-controlling ownership interests in subsidiaries.

As of July 31, 2013, we had no commitments for capital expenditures beyond a 4% reserve for refurbishment and replacements that is set aside annually.

We continue to contribute to a Capital Expenditures Fund (the "Fund") an amount equal to 4% of the InnSuites Hotels' revenues from operation of the Hotels. The Fund is restricted by the mortgage lender for four of our properties. As of July 31, 2013, $41,955 was held in these accounts and is reported on our Condensed Consolidated Balance Sheet as "Restricted Cash." The Fund is intended to be used for capital improvements to the Hotels and refurbishment and replacement of furniture, fixtures and equipment. During the six months ended July 31, 2013 and 2012, the Hotels spent approximately $250,000 and $658,000, respectively, for capital expenditures. We consider the majority of these improvements to be revenue producing. Therefore, these amounts are capitalized and depreciated over their estimated useful lives. The Hotels also spent approximately $606,240 and $767,220 during the six months ended July 31, 2013 and 2012 on repairs and maintenance and these amounts have been charged to expense as incurred.

As of July 31, 2013, we had mortgage notes payable of $19.35 million outstanding with respect to the Hotels, $261,000 in secured promissory notes outstanding to unrelated third parties arising from the Shares of Beneficial Interest and Partnership unit repurchases, $600,000 outstanding under our bank line of credit, and no principal due and payable under notes and advances payable to Mr. Wirth and his affiliates.

We may seek to negotiate additional credit facilities or issue debt instruments. Any debt incurred or issued by us may be secured or unsecured, long-term, medium-term or short-term, bear interest at a fixed or variable rate and be subject to such other terms as we consider prudent.

COMPLIANCE WITH CONTINUED LISTING STANDARDS OF NYSE MKT

On January 8, 2013, the Trust received a letter from the NYSE MKT LLC (f/k/a AMEX) (the "NYSE MKT") informing the Trust that the staff of the NYSE MKT’s Corporate Compliance Department has determined that the Trust is not in compliance with Section 1003(a)(ii) of the NYSE MKT Company Guide due to the Trust having stockholders' equity of less than $4.0 million and losses from continuing operations in three of its four most recent fiscal years.

The Trust was afforded the opportunity to submit a plan of compliance to the NYSE MKT and submitted its plan on February 5, 2013. On March 21, 2013, the NYSE MKT notified the Trust that it accepted the Trust’s plan of compliance and granted the Trust an extension until April 30, 2014 to regain compliance with the continued listing standards.

On May 2, 2013, the Trust received another letter from the NYSE MKT informing the Trust that the Trust is not in compliance with an additional continued listing standard of the NYSE MKT, Section 1003(a)(iii) of the NYSE MKT Company Guide, due to the Trust having stockholders’ equity of less than $6.0 million and net losses in five consecutive fiscal years as of January 31, 2013. The plan submitted in response to the first letter received increased stockholders’ equity in excess of $6.0 million before the April 30, 2014 deadline, therefore the Trust was not required to submit an additional plan to regain compliance with the continued listing standards.

The Trust will be subject to periodic review by the NYSE MKT’s staff during this extension period. Failure to make progress consistent with the plan or to regain compliance with continued listing standards by the end of the extension period could result in the Trust being delisted from the NYSE MKT.

RESULTS OF OPERATIONS

Our expenses consist primarily of hotel operating expenses, property taxes, insurance, corporate overhead, interest on mortgage debt, professional fees and depreciation of the Hotels. Our operating performance is principally related to the performance of the Hotels. Therefore, management believes that a review of the historical performance of the operations of the Hotels, particularly with respect to occupancy, calculated as rooms sold divided by the number of rooms available, average daily rate ("ADR"), calculated as total room revenue divided by number of rooms sold, and revenue per available room ("REVPAR"), calculated as total room revenue divided by the number of rooms available, is appropriate for understanding revenue from the Hotels. Occupancy was 74.72% for the six months ended July 31, 2013, an increase of 6.21% from the prior year period. ADR decreased $2.74, or 4.00%, to $66.84. The increased occupancy and decrease in ADR resulted in an increase of $3.20 in REVPAR to $50.87 from $47.67 in the prior year period. The increase in occupancy is due to the moderately improving trend in our economy.

The following table shows occupancy, ADR and REVPAR for the periods indicated:

| | FOR THE SIX MONTHS ENDED JULY 31, | |
|---|---|---|
| | 2013 | 2012 |
| OCCUPANCY | 74.72% | 68.51% |
| AVERAGE DAILY RATE (ADR) | $66.84 | $69.58 |
| REVENUE PER AVAILABLE ROOM (REVPAR) | $50.87 | $47.67 |

No assurance can be given that the trends reflected in this data will be maintained or improve or that occupancy, ADR or REVPAR will not decrease as a result of changes in national or local economic or hospitality industry conditions. We expect the economic conditions to positively affect our business levels for the remainder of this current fiscal year.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JULY 31, 2013 COMPARED TO THE SIX MONTHS ENDED JULY 31, 2012

A summary of the operating results for the six months ended July 31, 2013 and 2012 is:

| | 2013 | 2012 | Change | % Change |
|---|---|---|---|---|
| Total Revenues | $8,223,210 | $8,191,127 | $32,083 | 0.39 % |
| Operating Expenses | $7,755,380 | $7,963,756 | $(208,376) | -2.62 % |
| Operating Income | $467,830 | $227,371 | $240,459 | 105.76 % |
| Interest Income | $1,811 | $5,402 | $(3,591) | -66.48 % |
| Interest Expense | $396,997 | $485,097 | $(88,100) | -18.16 % |
| Consolidated Net Income (Loss) | $72,644 | $(252,324) | $324,968 | 128.79 % |
| Net Loss Attributable to Controlling Interests | $(231,049) | $(221,777) | $(9,272) | -4.18 % |
| Net Loss Per Share – Basic | $(0.03) | $(0.03) | $- | 0.00 % |

For the six months ended July 31, 2013 compared to our six months ended July 31, 2012, our revenues were $8.223 million, an increase of $32,000 or 0.39%. Revenues from hotel operations increased slightly during the first six months of fiscal year 2014 as compared to the same period during fiscal year 2013 due to higher occupancy as a result of moderately improving economic conditions.

Management closely watched its operating expenses as operating expenses decreased $208,000 during the first six months of fiscal year 2014 as compared to the first six months of fiscal year 2013. The net decrease in operating expenses was due to a decrease in room, food and beverage, telecommunications, sales and marketing, and repairs and maintenance operating expenses. We incurred additional general and administrative expenses during the first six months of fiscal year 2014 as compared to the first six months of fiscal year 2013 but expect a decrease in general and administrative expenses for the remainder of fiscal year 2014.

Operating income was $468,000 for the six months ended July 31, 2013 as compared to $227,000 for the six months ended July 31, 2012, an increase of $240,000. This increase was primarily due to flat revenues and a decrease in operating expenses. Management is continuing its evaluation of its sales and rate management program at the Hotels.

Our interest expense was $397,000 for the first six months of fiscal year 2014 as compared to $485,000 for the first six months of fiscal year 2013 primarily due to the successful debt restructure for our Ontario property.

Consolidated net income was $73,000 for the first six months of fiscal year 2014 and consolidated net loss for the first six months of fiscal year 2013 was ($252,000), an increase of $325,000 or 129%. Net loss attributable to controlling interest slightly increased to ($231,000) during the first six months of fiscal year 2014 as compared to the first six months of fiscal year 2013.

Net loss attributable to controlling interests increased by $9,000 for the six month period ended July 31, 2013 to ($231,000), or ($0.03) per basic share, from ($222,000), or ($0.03) per basic share, during the prior year period. The increase is primarily due to increased ownership in the hotels belonging to non-controlling interest, reducing the income allocated to controlling interests.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JULY 31, 2013 COMPARED TO THE THREE MONTHS ENDED JULY 31, 2012

A summary of the operating results for the three months ended July 31, 2013 and 2012 is:

| | 2013 | 2012 | Change | % Change |
|---|---|---|---|---|
| Total Revenues | $3,427,012 | $3,371,502 | $55,510 | 1.65 % |
| Operating Expenses | $3,929,408 | $3,996,471 | $(67,063 ) | -1.68 % |
| Operating Loss | $(502,396 ) | $(624,969 ) | $122,573 | 19.61 % |
| Interest Income | $1,803 | $5,294 | $(3,491 ) | -65.94 % |
| Interest Expense | $209,978 | $277,471 | $(67,493 ) | -24.32 % |
| Consolidated Net Loss | $(710,571 ) | $(897,146 ) | $186,575 | 20.80 % |
| Net Loss Attributable to Controlling Interests | $(667,057 ) | $(683,865 ) | $16,808 | 2.46 % |
| Net Loss Per Share – Basic | $(0.08 ) | $(0.08 ) | $- | 0.00 % |

For the second quarter of fiscal year 2014, our total revenue was $3.427 million, or 1.65% increase from the second quarter of fiscal year 2013. During the second quarter of fiscal year 2014 compared to the second quarter of fiscal year 2013, Room Revenues increased slightly by $90,000, food and beverage revenues decreased by $38,000 and other and management and trademark fees were relatively flat.

Management closely watched its operating expenses as operating expenses decreased $67,000 during the second quarter of fiscal year 2014 as compared to the second quarter of fiscal year 2013. The net decrease in operating expenses was due to a decrease in food and beverage, sales and marketing, and repairs and maintenance operating expenses saving the trust almost $181,000. The Trust incurred additional general and administrative expenses during the second quarter of fiscal year 2014 as compared to the second quarter of fiscal year 2014 but expects a decrease in general and administrative expenses for the remainder of fiscal year 2014.

Operating loss was ($502,000) for the three months ended July 31, 2013 as compared to ($625,000) for the three months ended July 31, 2012, a decrease of operating loss of $123,000. This decrease in operating loss was primarily due to an increase in revenues and a decrease in operating expenses. Management is continuing its evaluation of its sales and rate management program at the Hotels and is continuing to control operating expenses.

Our interest expense decreased by $67,000 for the three months ended July 31, 2013 as compared to the three months ended July 31, 2012 primarily due to the successful debt restructure for our Ontario property.

Net loss attributable to controlling interests increased by $16,000 or 2.46% for the three month period ended July 31, 2013, to ($667,000) or ($0.08) per basic share, from ($684,000), or ($0.08) per basic share, during the prior year period. While consolidated net loss decreased during the second quarter of fiscal year 2014 as compared to the second quarter of fiscal year 2013, the net loss attributable to controlling interests did not decrease to the same level due to the increased ownership in the Hotels belonging to non-controlling interest, reducing the loss allocated to controlling interests.

NON-GAAP FINANCIAL MEASURES

The following non-GAAP presentations of earnings before interest taxes depreciation and amortization (“EBITDA”) and funds from operations (“FFO”) are made to assist our investors in evaluating our operating performance.

Adjusted EBITDA is defined as earnings before minority interest, interest expense, amortization of loan costs, interest income, income taxes, depreciation and amortization, and non-controlling interests in the Trust. We present Adjusted EBITDA because we believe these measurements (a) more accurately reflect the ongoing performance of our hotel assets and other investments, (b) provide more useful information to investors as indicators of our ability to meet our future debt payment and working capital requirements, and (c) provide an overall evaluation of our financial condition. Adjusted EBITDA as calculated by us may not be comparable to Adjusted EBITDA reported by other companies that do not define Adjusted EBITDA exactly as we define the term. Adjusted EBITDA does not represent cash generated from operating activities determined in accordance with GAAP and should not be considered as an alternative to (a) GAAP net income or loss as an indication of our financial performance or (b) GAAP cash flows from operating activities as a measure of our liquidity.

A reconciliation of Adjusted EBITDA to net loss attributable to controlling interests for the six months and three months ended July 31, 2013, and 2012 follows:

| | Six Months Ended July 31, | |
|---|---|---|
| | 2013 | 2012 |
| Net loss attributable to controlling interests | $(231,049) | $(221,777) |
| Add back: | | |
| Depreciation | 899,481 | 867,187 |
| Interest expense | 396,997 | 485,097 |
| Non-controlling interest | 303,693 | (30,547) |
| Less: | | |
| Interest income | 1,811 | 5,402 |
| ADJUSTED EBITDA | $1,367,311 | $1,094,558 |

| | Three Months Ended July 31, | |
|---|---|---|
| | 2013 | 2012 |
| Net loss attributable to controlling interests | $(667,057) | $(683,865) |
| Add back: | | |
| Depreciation | 444,850 | 433,530 |
| Interest expense | 209,978 | 277,471 |
| Non-controlling interest | (43,514) | (213,281) |
| Less: | | |
| Interest income | 1,803 | 5,294 |
| ADJUSTED EBITDA | $(57,546) | $(191,439) |

FFO is calculated on the basis defined by the National Association of Real Estate Investment Trusts (“NAREIT”), which is net income (loss) attributable to common shareholders, computed in accordance with GAAP, excluding gains or losses on sales of properties, asset impairment adjustments, and extraordinary items as defined by GAAP, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated joint ventures and noncontrolling interests in the operating partnership. NAREIT developed FFO as a relative measure of performance of an equity REIT to recognize that income-producing real estate historically has not depreciated on the basis determined by GAAP. The Trust is an unincorporated Ohio real estate investment trust; however, the Trust is not a real estate investment trust for federal taxation purposes. Management uses this measurement to compare itself to REITs with similar depreciable assets. We consider FFO to be an appropriate measure of our ongoing normalized operating performance. We compute FFO in accordance with our interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other companies that either do not define the term in accordance with the current NAREIT definition or interpret the NAREIT definition differently than us. FFO does not represent cash generated from operating activities as determined by GAAP and should not be considered as an alternative to (a) GAAP net income or loss as an indication of our financial performance or (b) GAAP cash flows from operating activities as a measure of our liquidity, nor is it indicative of funds available to satisfy our cash needs, including our ability to make cash distributions. However, to facilitate a clear understanding of our historical operating results, we believe that FFO should be considered along with our net income or loss and cash flows reported in the consolidated financial statements.

A reconciliation of FFO to net loss attributable to controlling interests for the six months and three months ended July 31, 2013 and 2012 follows:

| | Six Months Ended July 31, | |
|---|---|---|
| | 2013 | 2012 |
| Net loss attributable to controlling interest | $(231,049) | $(221,777) |
| Add back: | | |
| Gains/Losses on Sales of Hotel Property | 6,533 | - |
| Asset Impairment adjustments | - | - |
| Extraordinary items | - | - |
| Depreciation | 899,481 | 867,187 |
| Non-controlling interest | 303,693 | (30,547) |
| FFO | $978,658 | $614,863 |

| | Three Months Ending July 31, | |
|---|---|---|
| | 2013 | 2012 |
| Net loss attributable to controlling interest | $(667,057) | $(683,865) |
| Add back: | | |
| Gains/Losses on Sales of Hotel Property | 4,369 | - |
| Asset Impairment adjustments | - | - |
| Extraordinary items | - | - |
| Depreciation | 444,850 | 433,530 |
| Non-controlling interest | (43,514) | (213,281) |
| FFO | $(261,352) | $(463,616) |

OFF-BALANCE SHEET FINANCINGS AND LIABILITIES

Other than lease commitments and legal contingencies incurred in the normal course of business, we do not have any off-balance sheet financing arrangements or liabilities. We do not have any majority-owned subsidiaries that are not included in our condensed consolidated financial statements.

SEASONALITY

The Hotels' operations historically have been seasonal. The three southern Arizona hotels experience their highest occupancy in the first fiscal quarter and, to a lesser extent, the fourth fiscal quarter. The second fiscal quarter tends to be the lowest occupancy period at those three southern Arizona hotels. This seasonality pattern can be expected to cause fluctuations in the Trust's quarterly revenues. The two hotels located in California and New Mexico historically experience their most profitable periods during the second and third fiscal quarters (the summer season), providing some balance to the general seasonality of the Trust's hotel business.

The seasonal nature of the Trust's business increases its vulnerability to risks such as labor force shortages and cash flow issues. Further, if an adverse event such as an actual or threatened terrorist attack, international conflict, data breach, regional economic downturn or poor weather conditions should occur during the first or fourth fiscal quarters, the adverse impact to the Trust's revenues could likely be greater as a result of its southern Arizona seasonal business.

FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-Q, including statements containing the phrases "believes," "intends," "expects," "anticipates," "predicts," "projects," "will be," "should be," "looking ahead," "may" or similar words, constitute "forward-look statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend that such forward-looking statements be subject to the safe harbors created by such Acts. These forward-looking statements include statements regarding our intent, belief or current expectations, those of our Trustees or our officers in respect of (i) the declaration or payment of dividends; (ii) the leasing, management or operation of the Hotels; (iii) the adequacy of reserves for renovation and refurbishment; (iv) our financing plans; (v) our position regarding investments, acquisitions, developments, financings, conflicts of interest and other matters; (vi) our plans and expectations regarding future sales of hotel properties; and (vii) trends affecting our or any Hotel's financial condition or results of operations.

These forward-looking statements reflect our current views in respect of future events and financial performance, but are subject to many uncertainties and factors relating to the operations and business environment of the Hotels that may cause our actual results to differ materially from any future results expressed or implied by such forward-looking statements. Examples of such uncertainties include, but are not limited to:

local, national or international economic and business conditions, including, without limitation, conditions that may, or may continue to, affect public securities markets generally, the hospitality industry or the markets in which we operate or will operate;

fluctuations in hotel occupancy rates;

changes in room rental rates that may be charged by InnSuites Hotels in response to market rental rate changes or otherwise;

seasonality of our business;

our ability to sell any of our Hotels at market value, listed sale price or at all;

interest rate fluctuations;

changes in governmental regulations, including federal income tax laws and regulations;

competition;

any changes in our financial condition or operating results due to acquisitions or dispositions of hotel properties;

insufficient resources to pursue our current strategy;

concentration of our investments in the InnSuites Hotels® brand;

loss of membership contracts;

real estate and hospitality market conditions;

hospitality industry factors;

the Trust’s ability to remain listed on the NYSE MKT;

effectiveness of the Trust’s software program;

availability of credit or other financing;

our ability to meet present and future debt service obligations;

our inability to refinance or extend the maturity of indebtedness at, prior to, or after the time it matures;

terrorist attacks or other acts of war;

outbreaks of communicable diseases;

natural disasters;

data breaches; and

loss of key personnel.

We do not undertake any obligation to update publicly or revise any forward-looking statements whether as a result of new information, future events or otherwise. Pursuant to Section 21E(b)(2)(E) of the Securities Exchange Act of 1934, as amended, the qualifications set forth hereinabove are inapplicable to any forward-looking statements in this Form 10-Q relating to the operations of the Partnership.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

**Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we conducted an evaluation under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of July 31, 2013.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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# PART II

# OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

See Note 10 to the notes to unaudited condensed consolidated financial statements.

## ITEM 1A. RISK FACTORS

Not required for smaller reporting companies.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On January 2, 2001, the Board of Trustees approved a share repurchase program under Rule 10b-18 of the Securities Exchange Act of 1934, as amended, for the purchase of up to 250,000 limited partnership units in the Partnership and/or Shares of Beneficial Interest in open market or privately negotiated transactions. On September 10, 2002, August 18, 2005 and September 10, 2007, the Board of Trustees approved the purchase of up to 350,000 additional limited partnership units in the Partnership and/or Shares of Beneficial Interest in open market or privately negotiated transactions. Additionally, on January 5, 2009, September 15, 2009, January 31, 2010 and September 17, 2012, the Board of Trustees approved the purchase of up to 300,000, 250,000, 350,000 and 250,000 respectively, additional limited partnership units in the Partnership and/or Shares of Beneficial Interest in open market or privately negotiated transactions. Acquired Shares of Beneficial Interest will be held in treasury and will be available for future acquisitions and financings and/or for awards granted under the InnSuites Hospitality Trust 1997 Stock Incentive and Option Plan. During the six months ended July 31, 2013, the Trust acquired 21,219 Shares of Beneficial Interest in open and private market transactions at an average price of $1.90 per share. The average price paid includes brokerage commissions. The Trust intends to continue repurchasing Shares of Beneficial Interest in compliance with applicable legal and NYSE MKT requirements. The Trust remains authorized to repurchase an additional 257,601 limited partnership units and/or Shares of Beneficial Interest pursuant to the publicly announced share repurchase program, which has no expiration date.

Issuer Purchases of Equity Securities

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans | Maximum Number of Shares that May Be Yet Purchased Under the Plan |
|---|---|---|---|---|
| May 1- May 31, 2013 | 1,500 | $ 1.97 | 1,500 | 265,457 |
| June 1 - June 30, 2013 | 5,656 | $ 1.92 | 5,656 | 259,801 |
| July 1- July 31, 2013 | 2,200 | $ 1.77 | 2,200 | 257,601 |

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

| **Exhibit No.** | **Exhibit** |
| --- | --- |
| 10.1 | Changes in Terms Agreement for Bank Line of Credit, dated as of June 11, 201, executed by InnSuites Hospitality Trust, Yuma Hospitality Properties Limited Partnership and RRF Limited Partnership, as Borrowers, and James F. Wirth, as Guarantor, in favor of RepublicBankAZ, N.A., as Lender |
| 31.1 | Section 302 Certification By Chief Executive Officer |
| 31.2 | Section 302 Certification By Chief Financial Officer |
| 32.1 | Section 906 Certification of Principal Executive Officer and Principal Financial Officer |
| 101 | XBRL Exhibits * |
| 101.INS | XBRL Instance Document* |
| 101.SCH | XBRL Schema Document* |
| 101.CAL | XBRL Calculation Linkbase Document* |
| 101.LAB | XBRL Labels Linkbase Document* |
| 101.PRE | XBRL Presentation Linkbase Document* |
| 101.DEF | XBRL Definition Linkbase Document* |

* In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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

| | | |
|---|---|---|
| | | INNSUITES HOSPITALITY TRUST |
| Dated: | September 11, 2013 | /s/ James F. Wirth<br>James F. Wirth<br>Chairman and Chief Executive Officer |
| Dated: | September 11, 2013 | /s/ Adam B. Remis<br>Adam B. Remis<br>Chief Financial Officer |

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