

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 26, 1995

THE WEST COMPANY, INCORPORATED
(Exact name of registrant as specified in its charter)

| | | |
|---|---------------------------------------|--|
| Pennsylvania (State or other jurisdiction of incorporation) | 0-5884 (Commission File Number) | 23-1210010 (IRS Employer Identification No.) |
|---|---------------------------------------|--|

| | |
|---|--------------------------|
| P.O. Box 645, 101 Gordon Drive, Lionville, Pennsylvania (Address of principal executive offices) | 19341-0645 (Zip Code) |
|---|--------------------------|

| | |
|--|--------------|
| Registrant's telephone number, including, area code: | 610-594-2900 |
|--|--------------|

Not Applicable
(Former name or former address, if changed from last report)

Item 2. Acquisition or Disposition Of Assets.

On March 24, 1995, The West Company, Incorporated, a Pennsylvania corporation (the "Company"), Paco Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company ("Purchaser") and Paco Pharmaceutical Services, Inc., a Delaware corporation ("Paco"), executed an Agreement and Plan of Merger (the "Merger Agreement").

Pursuant to the Merger Agreement, on April 26, 1995, Purchaser purchased 3,951,595 shares of common stock, par value \$.01 per share (the "Shares"), of Paco, at \$12.25 per Share, pursuant to a tender offer commenced on March 30, 1995 (the "Offer"). As a result of consummation of the Offer, Purchaser acquired majority control of Paco as the first step in the acquisition of the entire equity interest in Paco.

On April 27, 1995, Paco's stockholders voted to approve and adopt the Merger Agreement and on April 27, 1995 (the "Effective Time"), Purchaser was merged with and into Paco (the "Merger"), with Paco continuing as the

surviving corporation. As a result of the Merger, on April 27, 1995 Paco became a wholly-owned subsidiary of the Company. On April 27, 1995, the Company issued a press release relating to consummation of the Merger, a copy of which is attached hereto as Exhibit 99.2 and incorporated by reference herein.

In the Merger, each then outstanding share (other than Shares held by the Company, Purchaser or any other subsidiary of the Company, Shares held in the treasury of Paco or those shares with respect to which dissenters' rights have been exercised pursuant to the Delaware General Corporation Law), constituting an aggregate of 4,372,000. Shares on a fully-diluted basis, was converted into the right to receive \$12.25 net in cash, for an aggregate amount of approximately \$53.6 million (the "Merger Consideration").

The total amount of funds required by Purchaser to acquire all outstanding Shares pursuant to the Offer and the Merger, consummate the transactions contemplated by the Merger Agreement and to pay related fees and expenses is estimated to be approximately \$55 million. The Company has provided these funds to Purchaser by contributing equity and advancing funds.

The, Company obtained such funds (i) from its general corporate funds, (ii) from general corporate funds of wholly-owned subsidiaries and (iii) by borrowing under two separate revolving credit agreements, (each a "Credit Agreement" and collectively, the Credit Agreements", with CoreStates Bank, N.A. ("CoreStates"). The first Credit Agreement, dated October 21, 1994 between the Company and CoreStates provides for revolving credit advances up to \$30 million. Each advance made under the Credit Agreement bears interest at the applicable LIBOR rate, as adjusted; plus the applicable premium thereon calculated with reference to certain leverage ratios. The Credit Agreement provides for maturity of all loans made thereunder no later than October 20, 1995, but

is renewable at CoreStates' option, for an additional period of 364 days. The second Credit Agreement between a wholly-owned subsidiary and CoreStates, dated November 18, 1994, provides for revolving credit advances up to DM35 million. Each advance under the Credit Agreement bears interest at the applicable LIBOR rate plus .40% per annum, unless the fixed rate offered is accepted. The Credit Agreement provides for maturity of all loans made thereunder no later than November 17, 1995, but is renewable for two additional one year periods, at the subsidiary's option. Drawdowns were made by the subsidiary to repay an intercompany loan from the Company. Additionally, the Credit agreements contain customary affirmative and negative covenants. The consummation of the transactions contemplated by the Offer does not constitute a violation under the Credit Agreements.

The Company intends to refinance on a more permanent basis, all or part of the funds to be used in connection with the Offer and to be borrowed under the Credit Agreements. The Company, however, has not currently concluded a plan or entered into arrangements to complete this refinancing.

Item 7. Financial Statements and Exhibits. Page

The following financial statements and exhibits are filed herewith unless otherwise indicated:

- (a) Financial Statements of Businesses Acquired

Consolidated balance sheets of PACO and subsidiaries as of March 31, 1994 and 1993 and related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for the years ended March 31, 1994, 1993 and 1992 (incorporated by reference to PACO's Annual Report on Form 10-K for the fiscal year ended March 31, 1994).

Consolidated balance sheet of PACO and subsidiaries as of December 31, 1994 and related consolidated statements of income and cash flows for the nine months ended December 31, 1994 (incorporated by reference to PACO's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 1994).

(b) Pro Forma Financial Information

Pro forma condensed consolidated balance sheet at December 31, 1994. 4

Pro forma condensed consolidated statement of income, for the year ended December 31, 1994. 7

(c) Exhibits:

99.1 Agreement and Plan of Merger, dated March 24, 1995, among the Company, Purchaser and Paco (incorporated by reference to Exhibit (c)(1) of the Company's Tender Offer Statement on Schedule 14D-1 filed with the Securities and Exchange Commission on March 30, 1995 (the "Schedule 14D-1")).

99.2 Text of Press Release, dated April 27, 1995, issued by the Company. 9

99.3 Credit Agreement dated October 21, 1994 by and between the Company and CoreStates, as amended (incorporated by reference to Exhibit (b)(1) of the Schedule 14D-1).

The West Company, Inc. and subsidiaries
Pro Forma Financial Information
(U.S. dollars in thousands, except share and per share data)

The following proforma condensed consolidated balance sheet of The West Company, Inc. and subsidiaries consolidates on a purchase basis the net assets of Paco Pharmaceutical Services, Inc. and subsidiaries as if 100% of Paco had been acquired on December 31, 1994. The actual purchase occurred on April 26, 1995, when The West Company, Inc. purchased 3,951,595 shares of the common stock of Paco Pharmaceutical Services for cash equal to \$12.25 per share. On April 27, 1995, Paco's stockholders voted to approve and adopt the Merger Agreement and as a result the Company acquired the remaining shares and Paco became a wholly owned subsidiary of the West Company, Inc. on that date. The following financial information should be read in conjunction with

the Company's Annual Report on Form 10-K for the year ended December 31, 1994 and Paco's Annual Report on Form 10-K for the year ended March 31, 1994 and Paco's Quarterly report on Form 10-Q for the period ended December 31, 1994 incorporated herein by reference. The proforma balance sheet reflects the acquisition of 100% of Paco's outstanding common stock after giving effect to the exercise of all options to purchase Paco common stock, related expenses, and certain purchase accounting adjustments as described in notes hereto:

Condensed Consolidated Balance Sheet:
As of December 31, 1994

| | West | Paco | Adjustments E. | Reference | Pro Forma |
|---------------------------------------|---------|----------|-------------------|-----------|--------------|
| Assets: | | | 2,500 } | A. | |
| Cash and equivalents | 27,200 | 2,500 | (21,000) } | F. | 11,200 |
| Marketable securities | 0 | 5,200 | | | 5,200 |
| Accounts receivable | 57,800 | 8,500 | | | 66,300 |
| Inventories | 38,100 | 5,200 | | | 43,300 |
| Other current assets | 13,600 | 1,800 | | | 15,400 |
| | ----- | ----- | ----- | | ----- |
| Total current assets | 136,700 | 23,200 | (18,500) | | 141,400 |
| | ----- | ----- | ----- | | ----- |
| Net property, plant & equipment | 192,200 | 29,700 | | | 221,900 |
| Investments | 21,900 | 0 | | | 21,900 |
| Intangible assets, including goodwill | 33,900 | 6,000 | (6,000) } | D. | 49,700 |
| | | | 14,300 } | F. | |
| | | | 1,500 } | G. | |
| Other assets and deferred charges | 12,700 | 100 | | | 12,800 |
| | ----- | ----- | ----- | | ----- |
| Total assets | 397,400 | 59,000 | (8,700) | | 447,700 |
| | ----- | ----- | ----- | | ----- |
| Liabilities and Equity: | | | | | |
| Notes payable | 2,700 | | | | 2,700 |
| Long-term debt, current maturities | 19,200 | | | | 19,200 |
| Accounts payable | 19,300 | 3,200 | | | 22,500 |
| Other current liabilities | 45,100 | 2,100 | 1,500 | G. | 48,700 |
| | ----- | ----- | ----- | | ----- |
| Total current liabilities | 86,300 | 5,300 | 1,500 | | 93,100 |
| | ----- | ----- | ----- | | ----- |
| Long-term debt | 35,900 | 3,100 | 32,600 } | F. | 72,800 |
| Deferred income taxes | 24,400 | 6,500 | 1,200 } | B.C. | 30,000 |
| Other noncurrent liabilities | 21,600 | 0 | (900) | C. | 22,600 |
| | | | 1,000 | | |
| Minority interests | 1,900 | 0 | | | 1,900 |
| Shareholders' Equity: | | | | | |
| Common stock | 4,200 | 100 | (100) | F. | 4,200 |
| | | | 2,500 } | A. | |
| Capital in excess of par value | 23,200 | 57,600 | (60,100) } | F. | 23,200 |
| Cumulative translation adjustments | 17,100 | 0 | 0 | | 17,100 |
| Retained earnings | 189,800 | (13,600) | (700) } | B. | 189,800 |
| | | | (600) } | C. | |
| | | | (6,000) } | D. | |
| | | | 20,900 } | F. | |
| | ----- | ----- | ----- | | ----- |
| Treasury Stock | 234,300 | 44,100 | (44,100) | | 234,300 |
| | 7,000 | 0 | 0 | | 7,000 |
| | ----- | ----- | ----- | | ----- |
| Total shareholders' equity | 227,300 | 44,100 | (44,100) | | 227,300 |
| | ----- | ----- | ----- | | ----- |
| Total liabilities & equity | 397,400 | 59,000 | (8,700) | | 447,700 |
| | ----- | ----- | ----- | | ----- |

Notes:

Adjustments to Paco:

A) Record exercise of options to acquire 371,000 of Paco common shares by Paco's employees and directors for an aggregate exercise price of \$2,500.

This increases the Paco common shares outstanding to 4,372,000.

B) Restate Paco's long-term debt (convertible subordinated debentures) to fair market value, based on current interest rate of 6 1/2%. This results in an estimated value equal to the subordinated debentures' par value of \$4,300. Deferred taxes applicable to the difference in basis are recorded.

C) Accrue liability for the excess of the projected benefit obligation over the net assets of Paco's noncontributory pension plan covering all nonunion employees. This amounts to \$1,000 based on the latest information available. Deferred taxes applicable to the difference in basis are recorded.

D) Eliminate goodwill previously recorded by Paco.

E) Except as noted above all assets and liabilities are included at Paco's historical value in the accompanying proforma balance sheet. The Company is undertaking studies, including appraisals as appropriate, to establish the fair market value of the individual assets and liabilities of Paco. Final results of these studies, not expected to be available for several months, will be used to establish the opening balance sheet carrying values for Paco's net assets.

Record Acquisition:

F) Record the Company's purchase of all Paco common shares outstanding at \$12.25 per share, for a total consideration of \$53,600. Such amount was financed using available cash of approximately \$21,000 and available long-term credit facilities of \$32,600.

G) Record liability for fees and expenses related to the acquisition and merger totalling approximately \$1,500.

The West Company, Inc. and subsidiaries
 Pro Forma Financial Information
 (U.S. dollars in thousands, except share and per share data)

The following proforma condensed consolidated income statement for the year ended December 31, 1994 presents the results of operations of The West Company, Inc. and subsidiaries after giving effect to the acquisition of 100% of Paco Pharmaceutical Services, Inc. and subsidiaries as if such acquisition had occurred on January 1, 1994. The adjustments required are described in the notes following the proforma statement. The financial information should be read in conjunction with Company's Annual Report on Form 10-K for the year ended December 31, 1994 and Paco's Annual Report on Form 10-K for the year ended March 31, 1994 and Paco's Quarterly report on Form 10-Q for the period ended December 31, 1994 incorporated herein by reference.

Condensed Consolidated Statement of Income
 For the year ended December 31, 1994

| | West | Paco | Adjustment A) 4. | Reference | Pro Forma |
|--------------------|---------|--------|---------------------|-----------|--------------|
| Net sales | 365,100 | 64,800 | | | 429,900 |
| Cost of goods sold | 249,000 | 56,200 | | | 305,200 |
| | ----- | ----- | ----- | | ----- |
| Gross profit | 116,100 | 8,600 | (1,600) | A | 124,700 |

| | | | | | |
|---|--------|-------|---------|----|--------|
| Selling, general and administrative expenses | 69,000 | 5,400 | 400 } | C. | 73,200 |
| Other expense, net | 1,700 | 100 | | | 1,800 |
| | ----- | ----- | ----- | | ----- |
| Operating profit | 45,400 | 3,100 | 1,200 | | 49,700 |
| Interest expense | 3,300 | 200 | 2,700 | B. | 6,200 |
| | ----- | ----- | ----- | | ----- |
| Income before income taxes and minority interests | 42,100 | 2,900 | (1,500) | | 43,500 |
| Provision for income taxes | 13,400 | 600 | (500) | D. | 13,500 |
| Minority interests | 1,900 | 0 | 0 | | 1,900 |
| | ----- | ----- | ----- | | ----- |
| Income from consolidated operations | 26,800 | 2,300 | (1,000) | | 28,100 |
| Equity in net income of affiliated companies | 500 | 0 | | | 500 |
| | ----- | ----- | ----- | | ----- |
| Net income | 27,300 | 2,300 | (1,000) | | 28,600 |
| | ----- | ----- | ----- | | ----- |
| Net income per share: | 1.70 | | | | 1.78 |
| Average shares outstanding (thousands) | 16,054 | | | | 16,054 |

Notes:

A.) Record reduction of Paco selling, general and administrative expense to reflect:

1. Elimination of administrative expenses related to Paco's public reporting obligations estimated at \$800 per annum
2. Synergies of the sales and marketing organizations with an estimated annual saving of \$600.
3. Elimination of amortization of Paco goodwill of \$200
4. Additional synergies are expected to be identified, but no estimate is available.

B.) Record additional interest expense at the rate of LIBOR plus 40 basis points on net cash requirements as follows:
Cash required for the following:

1. Cost of acquiring Paco outstanding common stock at \$12.25 per share, net of proceeds from the option exercise proceeds, totalling \$51,100.
2. Fees and expenses related to the acquisition totalling \$1,500.

3. Interest expense on additional borrowings.

Less average cash savings on the following:

1. Selling, general and administrative expense savings estimated at \$1,400 per annum
2. Paco common dividends of \$.10 per share per quarter.

C.) Record annual amortization of goodwill related to the Paco acquisition based on an estimated 40 year life.

D.) Record income taxes at average domestic tax rate in 1994 of 37.8% on all deductible expenses.

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 hereunto duly authorized.

THE WEST COMPANY, INCORPORATED

By:

Raymond J. Land
Senior Vice President
Finance and Administration

Date: May 11, 1995

EXHIBIT INDEX

Exhibit

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- 99.1 Agreement and Plan of Merger, dated March 24, 1995, among the Company, Purchaser and Paco. (incorporated by reference to Exhibit (c)(1) of the Schedule 14D-1).
 - 99.2 Text of Press Release, dated April 27, 1995, issued by the Company.
 - 99.3 Credit Agreement dated October 21, 1994 by and between the Company and CoreStates, as amended (incorporated by reference to Exhibit (b)(1) of the Schedule 14D-1).

THE WEST COMPANY

NEWS RELEASE

NYSE SYMBOL: WEST

CORPORATE OFFICES

101 Gordon Drive

P. O. Box 645

Lionville, PA 19341-0645

610-594-2900

FAX.- 610-594-3000

FOR RELEASE:

Immediate

CONTACT: Stephen M. Heumann
Vice President and
Treasurer
(610) 594-3346

THE WEST COMPANY, INCORPORATED
COMPLETES PACO SHORT FORM MERGER

LIONVILLE, PA, April 27, 1995 - The West Company, Incorporated (NYSE: WEST)

announced today that it completed its acquisition of Paco Pharmaceutical Services, Inc. via a short-form merger. The merger follows the completion of West's \$12.25 per share cash tender offer for Paco common stock. West purchased in the offer 3,951,595 shares of Paco, approximately 99% of the shares outstanding. As a result of the merger, each remaining share of Paco common stock (other than any dissenting shares) has been converted into the right to receive \$12.25 cash per share, and Paco has become a wholly-owned subsidiary of West.

The West Company is a premier supplier of products that satisfy the unique filling, sealing, dispensing and delivery needs of the health care and consumer products industries. Over 85 percent of West's revenue is generated by the health care markets. Products include stoppers, closures, containers, medical device components and assemblies made from elastomers, metal, plastic and glass. West also manufactures related packaging machinery.

* * * * * END * * * * *