This report contains pages
including the cover page

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1996

Commission File Number 1-8036

THE WEST COMPANY, INCORPORATED

(Exact name of registrant as specified in its charter)

Pennsylvania	23-1210010
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

101 Gordon Drive, PO Box 645, Lionville,	19341-0645
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.25 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein,

and will not be contained, to the best of registrant's knowledge, in definitive

proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

As of March 18, 1997, the Registrant had 16,425,183 shares of its Common Stock outstanding. The market value of Common Stock held by non-affiliates of the Registrant as of that date was $445,533,089.

Exhibit Index appears on pages F-1, F-2, F-3, and F-4.

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference: 1) portions of the Registrant's Annual Report to Shareholders for the Company's 1996 fiscal year (the "1996 Annual Report to Shareholders") are incorporated by reference in Parts I and II; and (2) portions of the Registrant's definitive Proxy Statement (the "Proxy Statement") are incorporated by reference in Part III.

PART I

Item 1. Business

The Company

The West Company, Incorporated is engaged in one industry segment - products and services for packaging and delivery of healthcare and consumer products. The Company's products include pharmaceutical packaging components (stoppers, seals, caps, containers and dropper bulbs) and components for medical devices (parts for syringes and components for blood sampling and analysis devices and for intravenous administration sets) and packaging components for consumer products. The Company also provides contract packaging and contract manufacturing services for the pharmaceutical and consumer products markets in the United States and Puerto Rico.

The Company was incorporated in 1923. The executive offices of the Company are located at 101 Gordon Drive, PO Box 645, Lionville, Pennsylvania 19341-0645, approximately 35 miles from Philadelphia. The telephone number at the Company's executive offices is 610-594-2900. As used herein, the term "Company" includes The West Company, Incorporated and its consolidated subsidiaries, unless the context otherwise indicates.

Principal Products -Pharmaceutical Packaging Components

The Company manufactures a broad line of pharmaceutical stoppers from natural rubber and a variety of synthetic elastomers. Several hundred proprietary formulations of these substances are molded into a range of stopper sizes used in packaging serums, vaccines, antibiotics, anesthetics, intravenous solutions and other drugs. Most stopper formulations are specially designed to be compatible with drugs so that the drugs will remain effective and unchanged during storage. The Company's rubber laboratories not only develop formulations, but also conduct preliminary compatibility tests on customers' new drugs, and in the United States, file formulation information with the Food and Drug Administration to assist its customers' new drug applications.

A broad line of aluminum seals which securely hold the stoppers on glass or plastic containers is manufactured by the Company. Aluminum seals include closures with tamper-evident tabs or plastic FlipOffR buttons which must be removed before the drug can be withdrawn. The Company also makes a wide variety of seals lined with its specially formulated elastomeric discs.

The majority of the pharmaceutical-packaging components currently manufactured by the Company are used in packaging injectable drugs, including syringe parts used by pharmaceutical manufacturers to package their drugs in pre-filled unit-dose disposable syringes.

Products used in the packaging of non-injectable drugs include rubber dropper bulbs, plastic contraceptive drug packages and child-resistant and tamper-evident plastic closures. The Company also manufactures and markets a range of Counter Cap products. These devices are child resistant plastic caps that advance, or count, everytime a bottle of oral medication is opened or closed, thereby promoting compliance with medication instructions. In addition, the Company manufactures injection blow-molded plastic bottles and containers for the pharmaceutical industry and consumer products industry.

In January 1994, the Company acquired Senetics, Inc., a Boulder Colorado company specializing in development of innovative closure and delivery systems for the oral and inhalation drug delivery markets. The purchase price of the acquisition was $3 million. Additional amounts are due based on license fees or royalty income and/or direct sales of the product until January 5, 1999.

The Company's German holding company, The West Company GmbH, acquired Schubert Seals A/S, a Danish manufacturer of rubber components and metal seals servicing the European pharmaceutical industry. A 51% ownership interest was acquired in May 1994 and the remaining 49% in December 1995. The company's name was changed in 1996 to The West Company Danmark A/S. The purchase price totaled DK 71 million ($12 million at exchange rates at the dates of the acquisitions).

Principal Products - Components for Medical Devices

The Company manufactures rubber and plastic components for empty disposable syringes. Typical components include plungers, hubs and needle covers which are assembled into finished empty disposable syringes by the Company's customers.

Blood-sampling system components manufactured by the Company include vacuum tube stoppers and needle valves. The Company also makes a number of specialized rubber and plastic components for blood analyzing systems.

Also included in this category are Company-manufactured and Company-purchased components assembled into drug-transfer devices.

The Company also manufactures and sells disposable infant nursers and individual nurser components to infant formula manufacturers.

Principal Products
Packaging Components for the Consumer Products Industries

The Company manufactures a wide range of plastic threaded closures for the personal-care industry, mainly for cosmetics and toiletries. The Company offers many different standard threaded closure designs in a wide range of sizes and colors, in addition to closures designed for specific customers and specialty packaging. The Company also manufactures custom and stock plastic containers for personal-care products.

The Company manufactures a variety of custom-designed and/or proprietary plastic closures, some of which are tamper evident, for food and beverage processors.

Principal Services
Contract Packaging and Contract Manufacturing

In April 1995, the Company purchased Paco Pharmaceutical Services, Inc. ("Paco") for $52.4 million. Paco, with facilities in Lakewood, New Jersey and Canovanas, Puerto Rico, provides contract manufacturing and contract packaging services to pharmaceutical and personal-care consumer companies.

Paco's contract-manufacturing services capabilities cover liquids, creams, ointments, powders and semi-solids. These manufacturing capabilities are offered to pharmaceutical, personal health care and consumer products companies which supply the product formula and specifications and the majority of the necessary raw materials. Typical products manufactured by Paco are headache and cold medications, hair care products, lotions, oral hygiene products and deodorants. These manufactured products are packaged by Paco in bottles, pouches or tubes depending on the nature of the product and customer requirements.

Paco also manufactures sterile ophthalmic products for major ophthalmic companies and contract manufactures metaproterenol and albuterol, products used for inhalation therapy.

Paco's contract-packaging services include the design, assembly and filling of a broad variety of packages, including blister packages (a plastic bubble with a foil backing), bottles, tubes, laminated and other flexible pouches or strip packages, aluminum and plastic liquid cup containers, paperboard specialty packages and innovative tamper-evident and child-resistant packages. The type of package depends on the requirements of the customer. Blister packaging or bottles typically are used for tablets and capsules while aluminum or plastic cups, pouches, bottles and tubes are used for liquids, creams, ointments and powder. The products to be inserted in the package are supplied by the customer in bulk. They are inserted in the package of choice, labeled, boxed and shipped back to the customer.

Principal Services
Development of Novel Drug Delivery Systems

In 1993, the Company began pursuing a strategy to develop drug-delivery systems for bio-pharmaceuticals and other drugs that are difficult to administer effectively through traditional intravenous or oral routes. Improving the therapeutic performance of these drugs in an economical fashion calls for sophisticated technical solutions. To advance the Company's efforts in this area, the Company has acquired 30% of DanBioSyst UK Ltd. (DBS), with an option to acquire the remaining ownership interests within the next few years. DBS is a research company located in Nottingham, England, specializing in delivery systems for such drugs. In partnership with biopharmaceutical and other drug companies, DBS works to link its delivery system technology to improve or manage the absorption rate of hard-to-deliver drugs or to assist in delivering these drugs to a specific site in the body.

The Company also has an internal group focused on novel drug delivery systems. The Company's efforts are currently focused on the Ocufit SR system, a cylindrical rod molded from a variety of silicone elastomer polymers and small enough to fit into the fold between the eye and the eyelid. The Ocufit can be designed to release a number of different drugs in predefined quantities over time periods ranging from two weeks to several months without physical intervention. The Ocufit SR is being jointly developed with Escalon Medical Corporation, which owns the basic technology. The Company is also developing other delivery systems based on DBS patented technology.

Order Backlog

Product orders on hand at December 31, 1996 were approximately $94 million, compared with approximately $108 million at the end of 1995. Orders on hand include those placed by customers for manufacture over a period of time according to a customer's schedule or upon confirmation by the customer. Orders are generally considered firm when goods are manufactured or orders are confirmed. The Company also has contractual arrangements with a number of its customers, and products covered by these contracts are included in the Company's backlog only as orders are received from those customers.

Paco's twelve-month backlog of unfilled customer orders was approximately $24 million at December 31, 1996 compared with $20 million at December 31, 1995. Backlog is defined at Paco as orders written and included in production schedules during the next 12 months. Such orders generally may be cancelled by the customer without penalty.

Raw Materials

The Company uses three basic raw materials in the manufacture of its products: rubber; aluminum; and plastic. Approximately 50% of the total rubber used by the Company is natural rubber from Sri Lanka, Cameroon, Vietnam, and Malaysia. Plastic resins and aluminum are purchased as needed from several sources. The Company has been receiving adequate supplies of raw materials to meet its production needs, and it foresees no significant availability problems in the near future. However, the political stability and seasonal weather conditions of countries that supply natural rubber may be significant factors in the continuing supply of this commodity. Synthetic elastomers and plastics currently purchased by the Company are made from petroleum derivatives. A significant portion of the world supply of petroleum feedstocks is concentrated in specific geographic areas, and the availability and cost of these feedstocks are dependent on the political stability of these areas. Also, the Company is dependent on sole sources of supply with respect to certain other raw material ingredients in older product formulations. In the event the supplier discontinues production, the Company may be required to stockpile these materials until new formulations are qualified with customers.

The Company is pursuing a supply chain management strategy of aligning with vertically integrated suppliers that control their own feed stocks. This will result in reducing the number of raw materials suppliers. In some cases, the Company will purchase raw materials from a single source. This strategy is expected to assure quality, secure supply and lower costs. However, it could result in risks to the Company's supply lines in the event of a supplier production problem. These risks will be managed by selecting suppliers with backup plans and fail-safe mechanisms as part of their operating standards.

Paco's customers supply the bulk of raw materials as part of their contractual agreements. Items that Paco purchases for the accounts of customers include preformed plastic tubes and bottles and other packaging materials. Paco uses a variety of vendors and is not dependent on any single source of supply.

Laboratory, Research and Engineering

Pharmaceutical packaging components must meet the rigid specifications set by the pharmaceutical industry relating to the function of the package, material compatibility and freedom from chemical and physical contamination. Rubber formulations that involve contact with injectable pharmaceutical products are required to pass shelf-life tests extending from six months to three years. New rubber compounds must be tested to show that they do not cause precipitation in the customer's product or affect its potency, sterility, effectiveness, color or clarity.

In addition, in the United States the Food and Drug Administration may review and inspect certain of the Company's facilities for adequacy of methods and procedures and qualifications of technical personnel.

The Company maintains its own laboratories for testing raw materials and finished goods to assure adherence to customer specifications and to safeguard the quality of its products. The Company also uses its laboratory facilities for research and development of new rubber and thermoplastic compounds and for testing and evaluating new products and materials.

The Company maintains engineering staffs responsible for product and tooling design and testing and for the design and construction of processing equipment. In addition, a corporate product research department develops new packaging and device concepts for identified market needs.

Research, development and engineering expenditures for the creation and application of new and improved products and processes were approximately $11.2 million in 1996 and $12 million in each of the years 1995 and 1994, net of cost reimbursements by customers. Approximately 120 professional employees were engaged full time in such activity in 1996.

Employees

As of December 31, 1996, the Company and its subsidiaries had 5,040 full-time equivalent employees.

Patents and Licenses

The patents owned by the Company and its subsidiaries have been valuable in establishing the Company's market share and in the growth of the Company's business and may continue to be of value in the future, especially in view of the Company's continuing development of its own proprietary products. Nevertheless, the Company does not consider its current business or its earnings to be materially dependent upon any single patent or patent right.

Although not material at this time, the Company believes its investment in DBS and its own novel drug delivery development capabilities will play an increasingly important role in the future. DBS has a growing portfolio of patented technology, which is critical to its success because future income will derive from licensing this technology to its customers.

Major Customers

The Company serves major pharmaceutical and hospital supply/medical device companies, many of which have several divisions with separate purchasing responsibilities. The Company also provides contract packaging and contract manufacturing services for many of the leading manufacturers of personal-care products. The Company distributes its products primarily through its own sales force but also uses regional distributors in the

United States and Asia/Pacific.

Becton Dickinson and Company ("B-D") accounted for approximately 11% of the Company's consolidated net sales during the Company's

last fiscal year. The principal products sold to B-D are components made of rubber, metal and plastic used in B-D's disposable syringes and blood sampling and analysis devices. B-D has manufactured a portion of its own rubber components for a number of years. The Company expects to continue as a major B-D supplier.

Excluding B-D, the next ten largest customers accounted for approximately 25% of the Company's consolidated net sales in 1996, but no one of these customers accounted for more than 5% of 1996 consolidated net sales.

Competition

The Company competes with several companies, some of which are larger than the Company, across its major pharmaceutical-packaging component and medical-device component product lines. In addition, many companies worldwide compete with the Company for business related to specific product lines. However, although there are no industry statistics available, the Company believes that it supplies a major portion of the domestic industry requirements for pharmaceutical rubber and metal packaging components, and has a significant share of the European market for these components. Because of the special nature of these products, competition is based primarily on product design and performance, although total cost is becoming more important as healthcare markets worldwide face increasing government controls and pressure to control overall costs.

The Company is one of the leading domestic producers of threaded plastic closures, although there are numerous competitors in the field of plastics.

In addition, some of the Company's customers also manufacture a portion of their own plastic and rubber packaging components.

The contract packaging and manufacturing service industry is highly competitive. The Company believes that its contract packaging services subsidiary, Paco, competes with three significant companies, only one of which is larger than Paco. For contract manufacturing services, Paco competes with four major competitors and several smaller regional companies; several of these competitors are larger than Paco. In addition most domestic pharmaceutical companies maintain in-house manufacturing and packaging capabilities and at times will offer their excess capability to manufacture or package other companies' products on a contract basis. However, most large pharmaceutical and personal healthcare companies have traditionally made extensive use of contract packagers and manufacturers during times of peak demand, during the introduction of a new product and for production of samples and special product promotions.

Government Regulations and Environmental Matters

The Company does not believe that it will have any material expenditures relating to environmental matters other than those discussed in the Note "Commitments and Contingencies" of Notes to

Consolidated Financial Statements of the 1996 Annual Report to Shareholders, incorporated by reference herein, as contained in Exhibit 13.

Paco's contract packaging and manufacturing processes and services are subject to the Good Manufacturing Practice standards applicable to the pharmaceutical industry. The Company's packaging and manufacturing services are subject to the Federal, Food, Drug and Cosmetic Act, the Comprehensive Drug Abuse Prevention and Control Act of 1970 and various rules and regulations of the Bureau of Alcohol, Tobacco and Firearms of the United States Department of Treasury, the Bureau of Narcotics of the United States Department of Justice, the Drug Enforcement Agency and state narcotic regulatory agencies. Paco is regularly subjected to testing and inspection of its products and facilities by representatives of various Federal agencies.

In addition, the Company comes under the regulation of various state and municipal health agencies in jurisdictions where the Company has facilities.

International

The Note "Affiliated Companies" and the Note "Industry Segment and Operations by Geographic Area" of Notes to Consolidated Financial Statements of the 1996 Annual Report to Shareholders are incorporated herein by reference, as contained in Exhibit 13.

The Company believes that its international business does not involve a substantially greater business risk than its domestic business.

The Company's financial condition and results are impacted by fluctuations in exchange rate markets (See Notes "Summary of Significant Accounting Policies - "Foreign Currency" and "Other Income (Expense)" of Notes to Consolidated Financial Statements of the 1996 Annual Report to Shareholders, incorporated herein by reference, as contained in Exhibit 13). Hedging by the Company of these exposures is discussed in the Note "Debt" and in the Note "Fair Value of Financial Instruments" of Notes to Consolidated Financial Statements of the 1996 Annual Report to Shareholders, incorporated herein by reference, as contained in Exhibit 13.

Item 2. Properties

The Company maintains twelve manufacturing plants and two mold and die production facilities in the United States, two manufacturing plant in Puerto Rico, and a total of eight manufacturing plants and one mold and die production facility in Germany, England, France, Denmark, Brazil and Singapore.

The Company's executive offices, U.S. research and development center and pilot plant are located in a leased facility at Lionville, Pennsylvania, about 35 miles from Philadelphia. All other Company facilities are used for manufacturing and distribution, and facilities in Eschweiler, Germany are also used for research and development activities.

The manufacturing facilities of the Company are well-maintained, are operating generally on a two or three-shift basis and are adequate for the Company's present needs.

The principal facilities in the United States and Puerto Rico are as follows:

- Approximately 839,000 square feet of owned and 996,000 square feet of leased space in Pennsylvania, New Jersey, Florida, Nebraska, North Carolina and Puerto Rico.

The principal international facilities are as follows:

- Approximately 481,000 square feet of owned space and 15,000 square feet of leased space in Germany, England, Denmark and France.

- Approximately 69,000 square feet of owned space in Brazil.

- Approximately 92,000 square feet of owned space in Singapore.

Of the aforementioned currently owned facilities, approximately 277,000 square feet are subject to mortgages to secure the Company's real estate mortgage notes. See the Note "Debt" of Notes to Consolidated Financial Statements of the 1996 Annual Report to Shareholders, which information is incorporated herein by reference, as contained in Exhibit 13.

Sales office facilities in separate locations are leased under short-term arrangements.

The Company also holds for sale former manufacturing facility space in the United States - totaling 106,000 square feet; and in Germany and Argentina totaling 46,000 square feet.

Item 3. Legal Proceedings.

On March 30, 1992, OCAP Acquisition Corp. ("OCAP") commenced an action in the Supreme Court of the State of New York, County of New York, against Paco Pharmaceutical Services, Inc. ("Paco"), certain of its subsidiaries and R. P. Scherer Corporation ("Scherer"), Paco's former parent company, (collectively, the "defendants"), arising out of the termination of an Asset Purchase Agreement dated February 21, 1992 (the "Purchase Agreement") between OCAP and the defendants providing for the purchase of substantially all the assets of Paco. On May 15, 1992, OCAP served an amended verified complaint (the "Amended Complaint"), asserting causes of action for breach of contract and breach of the implied covenant of good faith and fair dealing, arising out of defendants' March 25, 1992 termination of the Purchase Agreement, as well as two additional causes of action that were subsequently dismissed by order of the court. The Amended Complaint sought $75 million in actual damages, $100 million in punitive damages, as well as OCAP's attorney fees and other litigation expenses, costs and disbursements incurred in bringing this action. Scherer asserted a counterclaim against OCAP for breach of contract and breach of the covenant of good faith and fair dealing arising out of the termination of the Purchase Agreement.

This matter went to trial in late March, 1996, and on April 10, 1996, at the close of trial, the court dismissed all of the plaintiff's claims and all of defendants' counterclaims, with each side to bear its own costs. Plaintiff has filed a notice of appeal, and the defendants have filed a cross-appeal.

Scherer has agreed to indemnify Paco against any liabilities (including fees and expenses incurred after March 31, 1992) it may have as a result of this litigation matter. In the opinion of management, the ultimate outcome of this litigation will not have a material adverse effect on the Company's business or financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 4 (a) Executive Officers of the Registrant

The executive officers of the Company at March 31, 1997 were as follows:

Name	Age	Business Experience During Past Five Years
George R. Bennyhoff1	53	Senior Vice President, Human Resources and Public Affairs.
Jerry E. Dorsey1	52	Executive Vice President and Chief Operating Officer since June 1994; previously Group President from August 1993 to June 1994; President, Health Care Division from May 1992 to July 1993 for the Company; and prior to joining the Company President and Chief Executive Officer of Foster Medical, a medical supply company.
Steven A. Ellers1	46	Corporate Vice President, Sales since April 1996, previously Vice President, Operations from June 1994 to March 1996; Vice President Asia/Pacific and Managing Director, Singapore for the Company from May 1990 to May 1994.
John R. Gailey III1	42	Vice President since December 1995, General Counsel since May 1994 and Secretary since December 1991; previously Corporate Counsel for the Company from December 1991 to May 1994.
Stephen M. Heumann1	55	Vice President since May 1994; and Treasurer since December 1990.
Larry P. Higgins	57	Corporate Vice President, Operations since May 1996 and prior to joining the Company an international business consultant from 1994 to 1996 and Senior Vice President International Operations for Revlon, Inc., a cosmetics company, from 1992 to 1994.

1 Holds position as corporate officer elected by the Board of Directors for one year term.

Name	Age	Business Experience During Past Five Years
William G. Little1	54	Chairman of the Board since May 1995 and Director, President and Chief Executive Officer since May 1991 for

		the Company.
Donald E. Morel, Jr.[1]	39	Corporate Vice President, Scientific Services since May 1995; previously Vice President, Research & Development from August 1993 to May 1995 and prior thereto Director Research & Development, Health Care Products Division from May 1993 to August 1993 for the Company; and prior to joining the Company Director Research & Development for Applied Research International, a provider of contract research in materials science.
Anna Mae Papso[1]	53	Corporate Vice President, Accounting Services since April 1996; previously Vice President and Corporate Controller.
John A. Vigna[1]	46	Senior Vice President, Finance and Administration since March 1997; and prior to joining the Company Executive Vice President and Chief Operating Officer for Tseng Labs Inc., supplier of graphics accelerators and video products for personal computer systems, from 1995 to December 1996; Senior Vice President Operations and Chief Financial Officer for Polygram Group Distribution, an audio-video manufacturing and marketing group, from 1993 to 1995; and Senior Vice President, U.S. Services for Unisys Corporation, a computer company, from 1990 to 1992.

1 Holds position as corporate officer elected by the Board of Directors for one year term.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common stock is listed on the New York Stock Exchange and the high and low prices for the stock for each calendar quarter in 1996 and 1995 were as follows:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year	
	High	Low	High	Low	High	Low	High	Low	High	Low
1996	24 7/8	22 1/8	30	22 1/4	29 1/4	23 1/2	29 1/4	25 7/8	30	22 1/8

1995	27 1/2	24 3/4	29	25 1/2	30 5/8	28	28	22 5/8	30 5/8	22 5/8

As of December 31, 1996, the Company had 1,172 shareholders of record. There were also 2,900 holders of shares registered in nominee names. The Company's Common Stock paid a quarterly dividend of $.12 per share in each of the first three quarters of 1995; $.13 per share in the fourth quarter of 1995 and each of the first three quarters of 1996; and $.14 per share in the fourth quarter of 1996.

Item 6. Selected Financial Data.

Information with respect to the Company's net sales, income (loss) from consolidated operations, income (loss) before change in accounting method, income (loss) before change in accounting method per share and dividends paid per share is incorporated by reference to the line items corresponding to those categories under the heading "Ten-Year Summary - Summary of Operations" of the 1996 Annual Report to Shareholders, as contained in Exhibit 13. Information with respect to total assets and total debt is incorporated by reference to the line items corresponding to those categories under the heading "Ten-Year Summary - Year End Financial Position" of the 1996 Annual Report to Shareholders, as contained in Exhibit 13.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information called for by this Item is incorporated by reference to the text appearing in the "Financial Review" section of the 1996 Annual Report to Shareholders, as contained in Exhibit 13.

Item 8. Financial Statements and Supplementary Data.

The information called for by this Item is incorporated by reference to "Consolidated Financial Statements", "Notes to the Consolidated Financial Statements", and "Quarterly Operating and

Per Share Data (Unaudited)" of the 1996 Annual Report to Shareholders, as contained in Exhibit 13.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Information called for by this Item is incorporated by reference to "ELECTION OF DIRECTORS" in the Proxy Statement.

Information about executive officers of the Company is set forth in Item 4 (a) of this report.

Item 11. Executive Compensation.

Information called for by this Item is incorporated by reference to "ELECTION OF DIRECTORS - BOARD OF DIRECTORS; Compensation of Directors; Board Compensation Committee Report on Executive Compensation; Compensation of Named Executive Officers" contained in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Information called for by this Item is incorporated by reference to "STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS" and "ELECTION OF DIRECTORS - Stock Ownership of Directors and Executive Officers" contained in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

None

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) 1. The following report and consolidated financial statements, included in the 1996 Annual Report to Shareholders, have been incorporated herein by reference, as contained in Exhibit 13:

Consolidated Statements of Income for the years ended December 31, 1996, 1995 and 1994

Consolidated Balance Sheets at December 31, 1996 and 1995

Consolidated Statements of Shareholders' Equity for the years ended December 31, 1996, 1995 and 1994

Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994

Notes to Consolidated Financial Statements

Report of Independent Accountants

(a) 2. Supplementary Financial Information

Schedules are omitted because they are either not applicable, not required or because the information required is contained in the consolidated financial statements or notes thereto.

(a) 3. See Index to Exhibits on pages F-1, F-2, F-3 and F-4 of this Report.

(b) There were no reports on Form 8-K filed by the Company in the fourth quarter of 1996.

(c) The exhibits are listed in the Index to Exhibits on pages F-1, F-2, F-3 and F-4 of this Report.

(d) Financial Statements of affiliates are omitted because they do not meet the tests of a significant subsidiary at the 20% level.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, The West Company, Incorporated has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE WEST COMPANY, INCORPORATED
(Registrant)

By /s/ John Vigna

John Vigna
Senior Vice President,
Finance and Administration

March 31, 1997

Date

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

Signature	Title	Date
William G. Little --------------------------------- William G. Little* (Principal Executive Officer)	Chairman, Director, President,and Chief Executive Officer	March 31, 1997
Tenley E. Albright ----------------------------------- Tenley E. Albright *	Director	March 31, 1997
George W. Ebright ------------------------------------ George W. Ebright*	Director	March 31, 1997
George J. Hauptfuhrer ------------------------------------ George J. Hauptfuhrer*	Director	March 31, 1997
L. Robert Johnson ------------------------------------ L. Robert Johnson*	Director	March 31, 1997
William H. Longfield -------------------------------------- William H. Longfield*	Director	March 31, 1997
John P. Neafsey -------------------------------------- John P. Neafsey*	Director	March 31, 1997

Signature	Title	Date
Anna Mae Papso -------------------------------------- Anna Mae Papso (Principal Accounting Officer)	Corporate Vice President Accounting Services	March 31, 1997
Monroe E. Trout -------------------------------------- Monroe E. Trout*	Director	March 31, 1997
John A. Vigna -------------------------------------- John A. Vigna	Senior Vice President, Finance and Administration	March 31, 1997
Anthony Welters -------------------------------------- Anthony Welters*	Director	March 31, 1997
William S. West -------------------------------------- William S. West*	Director	March 31, 1997
J. Roffe Wike, II -------------------------------------- J. Roffe Wike, II*	Director	March 31, 1997
Geoffrey F. Worden -------------------------------------- Geoffrey F. Worden*	Director	March 31, 1997

* By John A. Vigna pursuant to a power of attorney.

INDEX TO EXHIBITS

Exhibit Number		Page Number
(3) (a)	Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit (4) to the Company's Registration Statement on Form S-8 (Registration No. 33-37825).	
(3) (b)	Bylaws of the Company, as amended and restated December 13, 1994, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-8036).	
(4) (a)	Form of stock certificate for common stock incorporated by reference to Exhibit (3) (b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-8036).	
(4) (b)	Flip-In Rights Agreement between the Company and American Stock Transfer & Trust Company, as Rights Agent, dated as of January 16, 1990, incorporated by reference to Exhibit 1 to the Company's Form 8-A Registration Statement (File No.	

1-8036).

(4) (c) Flip-Over Rights Agreement between the Company and American Stock Transfer & Trust Company, as Rights Agent, dated as of January 16, 1990, incorporated by reference to Exhibit 2 to the Company's Form 8-A Registration Statement (File No. 1-8036).

(9) None.

(10) (a) Lease dated as of December 31, 1992 between Lion Associates, L.P. and the Company, relating to the lease of the Company's headquarters in Lionville, Pa., incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-8036).

(10) (b) First Addendum to Lease dated as of May 22, 1995 between Lion Associates, L.P. and the Company, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-8036).

(10) (c) Long-Term Incentive Plan, as amended March 2, 1993, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-8036).

(10) (d) Amendments to the Long Term Incentive Plan, dated April 30, 1996, incorporated herein by reference to the Company's Form 10Q for the quarter ended June 30, 1996 (File No. 1-8036).

Exhibit Number		Page Number

(10) (e) Executive Incentive Bonus Plan 1997.

(10) (f) Non-Qualified Stock Option Plan for Non-Employee Directors, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 1-8036).

(10) (g) Amendments to the Non-Qualified Stock Option Plan for Non-Employee Directors, dated April 30, 1996, incorporated herein by reference to the Company's Form 10Q for the quarter ended June 30, 1996.

(10) (h) Form of agreement between the Company and certain of its executive officers, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (File No.1-8036).

(10) (i) Schedule of agreements with executive officers.

(10) (j) Supplemental Employees' Retirement Plan, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-8036).

(10) (k) Amendment No. 1 to Supplemental Employees' Retirement Plan, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1-8036).

(10) (l) Amendment No. 2 to Supplemental Employees' Retirement Plan, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1995 (File

No. 1-8036).

(10) (m) Retirement Plan for Non-Employee Directors of the Company, as amended November 5, 1991, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-8036).

(10) (n) Employment Agreement dated May 20, 1991 between the Company and William G. Little, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-8036).

(10) (o) Non-qualified Deferred Compensation Plan for Designated Executive Officers, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1994 (File No. 1-8036).

Exhibit Number		Page Number
(10) (p)	Amendment No. 1 to Non-Qualified Deferred Compensation Plan for Designated Executive Officers, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-8036).	
(10) (q)	Non-qualified Deferred Compensation Plan for Outside Directors, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-8036).	
10) (r)	Agreement and Plan of Merger dated March 24, 1995 among the Company, Stoudt Acquisition Corp. and Paco Pharmaceutical Services, Inc. incorporated by reference to the Company's Schedule 14 D-1, filed with the Commission on March 30, 1995.	
(10) (s)	Non-qualified Stock Option Agreement dated September 8, 1995 between the Company and William G. Little, incorporated herein by reference to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1995 (File No. 1-8036).	
(10) (t)	Lease Agreement, dated August 31, 1978, between Paco Packaging, Inc. and Nineteenth Lakewood Corp., as amended by Amendment of Lease, dated November 30, 1978, Second Amendment of Lease, dated August 6, 1979, Third Amendment of Lease, dated July 24, 1980 and Fourth Amendment of Lease, dated August 14, 1980, incorporated by reference to the Exhibits to Paco Pharmaceutical Services, Inc's Registration Statement on Form S-1, Registration No. 33-48754, filed with the Commission.	
(10) (u)	Fifth Amendment of Lease, dated May 13, 1994, to the Lease Agreement, dated August 31, 1978, between Paco Packaging, Inc. and Nineteenth Lakewood Corp., incorporated by reference to the Exhibits to Paco Pharmaceutical Services, Inc.'s Annual Report on Form 10-K for the year ended March 31, 1994, Commission file number 0-20324.	
(10) (v)	Lease Agreement, dated December 9, 1977, between Paco Packaging, Inc. and New Oak Street Corp., as amended by the Amendment to Lease Agreement, dated August 31, 1978,	

Second Amendment of Lease, dated April 8, 1979 and Third Amendment of Lease, dated November 16, 1983, incorporated by reference to the Exhibits to Paco Pharmaceutical Services, Inc.'s Registration Statement on Form S-1, Registration No. 33- 48754, filed with the Commission.

Number		Page Number
(10) (w)	Lease Agreement, dated April 7, 1986, between Northlake Realty Co. Inc. and Paco Packaging, Inc., as amended by Amendment to Lease, dated July 1, 1986, Second Amendment of Lease, dated June 15, 1987 between Paco Packaging and C. P. Lakewood, L. P., Agreement, dated December 29, 1987, and Lease Modification Agreement, dated December 13, 1989, incorporated by reference to the Exhibits to Paco Pharmaceutical Services, Inc.'s Registration Statement on Form S-1, Registration No. 33-48754, filed with the Commission.	
(10) (x)	Collective Bargaining Agreement, dated November 30, 1994, by and between Paco Pharmaceutical Services, Inc. and Teamster Local 35 (affiliated with the International Brotherhood of Teamsters), incorporated by reference to the Exhibit to Paco Pharmaceutical Services, Inc.'s Quarterly Report on Form 10-Q for the period ended December 31, 1994, Commission file number 0-20324.	
(10) (y)	Indemnification Agreement, dated June 18, 1992, between Paco Pharmaceutical Services, Inc. and R. P. Scherer Corporation and R. P. Scherer International Corporation, incorporated by reference to the Exhibits to Paco Pharmaceutical Services, Inc.'s Registration Statement on Form S-1, Registration No. 33-48754, filed with the Commission.	
(10) (z)	Severance and Non-Compete Agreement, dated July 8, 1996, between Lawrence P. Higgins and the Company, incorporated herein by reference to the Company's Form 10Q for the quarter ended June 30, 1996 (File No. 1-8036).	
(11)	Not Applicable.	
(12)	Not Applicable.	
(13)	1996 Annual Report to Shareholders.	
(16)	Not applicable.	
(18)	None.	
(21)	Subsidiaries of the Company.	
(22)	None.	
(23)	Consent of Independent Accountants.	
(24)	Powers of Attorney.	
(27)	Financial Data Schedules.	
(99)	None.	

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Exhibit 10 (e)

EXECUTIVE INCENTIVE BONUS PLAN 1997

The Incentive Bonus Plan for 1997 is based on the following concepts:

* Excellent service to our customers will create shareholder value.

* Employees must share in the Company s success.

* Return on Shareholders Equity (ROE) is the measurement of success for the total corporation.

Here's how the plan works:

TARGET BONUS

The target bonus opportunity is a specific percentage of your base salary (as of December 31, 1997) and represents the amount of bonus you will receive if 100% of all performance factors are achieved.

PERFORMANCE FACTORS

There are two performance factors which are used to calculate bonuses:

* 80% of the bonus calculation will depend on our achievement of the Return on Equity (ROE) target committed to in the Company s business plan for 1997.

* 20% of the bonus calculation will be based on achievement of our corporate goals related to the development of new business for The West Company.

BONUS CALCULATION

When the Company s ROE results exceed the target, your bonus will increase as results improve. If the results at least reach the threshold but fall short of the target, your bonus will be something less than your target bonus opportunity. The following scale will be used for calculating bonuses:

% of Goal Achieved		% of Bonus Achieved
125	-maximum-	150
120		135
115		120
110		110
105		105
100	-target-	100
95		95
90		90
85		70

80	50
Below 80	0

Please notice that as the performance of these two factors exceeds 110% of goal, your bonus opportunity accelerates considerably.

BONUS PAYOUTS

Once the year's results are confirmed, your bonus award will be calculated applying appropriate tax deductions. Of the after-tax amount, 75% will be paid in cash (check) and 25% will be converted into shares of common stock of The West Company. These shares will be deposited with an investment firm where accounts are maintained for our Stock Bonus Plan. We encourage you to retain these shares so as to accumulate shares toward your personal stock ownership objective and to take advantage of the Incentive Share opportunities of the Stock Bonus Plan. Here are the highlights of the Stock Bonus Plan and information on your personal stock ownership guideline.

EXAMPLE

An executive earning $120,000, whose target bonus is 30%, would have his/her bonus calculated as follows if the Company reaches 112% of its ROE target and 100% of the new business development goals are achieved.

			Target		Bonus		%Achieved		Bonus %				Bonus $
ROE	80%	x	Bonus	=	Opp.	x	(from scale)	=	Earned	x	Salary	=	Earned
NBD			Target		Bonus				Bonus %				Bonus $
Goals	20%	x	Bonus	=	Opp.	x	% Achieved	=	Earned	x	Salary	=	Earned
ROE	80%	x	30%	=	24%	x	114%	=	27.4%	x	$120,000	=	$32,832
NBD Goals	20%	x	30%	=	6%	x	100%	=	6%	x	$120,000	=	$7,200
	TOTAL BONUS EARNED								33.4%		$40,032		

STOCK BONUS PLAN

25% of your after-tax annual bonus is paid in shares of The West Company common stock.

Participants may elect to commit shares (Bonus Shares) to long-term holding by depositing those shares into an authorized account. Shares will be held in the participant's name.

If a participant commits to long-term holding, a number of restricted shares ("Incentive Shares") equal to 25% of the committed bonus shares will be issued to the participant.

The incentive shares will be legended so that the restrictions lapse at the end of four years from the date of issuance, so long as the bonus shares are continuously held by the participant during that four year period.

If a participant retires under The West Company s Salaried Employees' Retirement Plan, the restrictions will lapse, so long as the bonus shares have been retained continuously. He/she will be entitled to receive a portion of the Incentive Shares according to the following schedule:

25% with at least one but less than two years continuous ownership of the Bonus Shares.

50% with at least two but less than three years continuous ownership of the Bonus Shares.

75% with at least three but less than four years continuous ownership of the Bonus Shares.

Participants will receive dividends from Bonus Shares and restricted shares as they are declared. These dividends will be reinvested in stock of The West Company.

Ownership records will be reviewed annually to verify continuous ownership.

The Plan is authorized under the LONG-TERM INCENTIVE PLAN.

STOCK OWNERSHIP GUIDE

Your personal stock ownership guideline is ____% of your base salary and is expected to be achieved in 5-7 years from the time the Stock Bonus Plan was implemented (1993) or from the year an individual becomes eligible to participate in the Incentive Bonus Plan.

MONITORING OUR PROGRESS

Our progress in achieving the ROE target will be communicated throughout the year, and your manager will review your individual objectives on a quarterly basis.

Use your TQM skills to lead the organization in overachieving our business objectives. You will share in the reward when we succeed.

Exhibit 10 (i)

SCHEDULE OF AGREEMENTS WITH EXECUTIVE OFFICERS

The Company has entered into agreements with the following individuals. Such agreements are substantially identical in all material respects to the form of agreement set forth in Exhibit (10) (h).

George R. Bennyhoff

J. E. Dorsey

John R. Gailey III

Stephen M. Heumann

Anna Mae Papso

FINANCIAL REVIEW

The West Company (the Company) operates in one industry segment: manufacturing and marketing specialized products that satisfy the unique filling, sealing, dispensing and delivery needs of the healthcare and consumer products industries. Over 85% of the Company's revenues are generated by the healthcare markets. The Company's products include stoppers, closures, containers, medical device components and assemblies made from elastomers, metal and plastic. The Company also provides contract packaging and contract manufacturing services.

The following is management's discussion and analysis of the Company's operating results for the three years ended December 31, 1996 and its financial position as of year-end 1996. The information should be read in conjunction with the financial statements and accompanying notes appearing elsewhere in this report.

RESULTS OF OPERATIONS

The Company's 1996 net income was $16.4 million, or $1.00 per share. These results reflect a $15 million net charge to earnings in the first quarter of 1996 related to the Company's restructuring plan. Excluding the restructuring charge, the Company's 1996 net income was $31.3 million, or $1.91 per share, which compares with 1995 net income of $28.7 million, or $1.73 per share, and 1994 net income of $27.3 million, or $1.70 per share.

In May 1995, the Company acquired Paco Pharmaceutical Services, Inc. (Paco), a provider of contract manufacturing and contract packaging services to pharmaceutical and consumer products companies in the United States and Puerto Rico. Paco's operating results have been consolidated since May 1, 1995. In 1994, the Company acquired a 51% ownership interest in Schubert Seals A/S (Schubert), a Danish manufacturer of metal seals for the European pharmaceutical industry, and its operating results have been consolidated since June 1, 1994. In December 1995, the Company purchased the remaining 49% minority interest in Schubert. The terms of these transactions are described in the Note "Acquisitions and Investments" to the Consolidated Financial Statements.

NET SALES

Net sales were $458.8 million in 1996, an increase of $45.9 million, or 11%, compared with net sales of $412.9 million in 1995. The sales increase mainly reflects the 1995 acquisition of Paco and price and volume increases for core healthcare products.

Paco's sales were responsible for the majority of the year-over-year sales increase. The full year ownership combined with strong demand for Paco's services increased reported Paco sales by 84%. The Company expects the strong demand for contract packaging and manufacturing services to continue as a result of the consolidation of pharmaceutical companies and pressure to reduce costs.

Sales of core healthcare products increased 7% (measured at constant exchange rates) in 1996 compared with 1995 due to a combination of price increases and higher demand. Volume increases were especially strong in European markets, although the product mix was less profitable. In North American markets, volume increases were smaller, although the product mix showed a slight improvement. In other international markets served, increased sales mainly reflect higher demand.

Lower demand in certain consumer products markets, especially in the first half of 1996, resulted in a 10% decline in product sales to these markets. However, the Company did experience strong demand for Spout-Pak , its fitment for gable-carton juice containers; Spout-Pak sales volume increased by 10% compared with 1995. Machinery sales were flat compared with 1995, despite the sale of these operations in the third quarter of 1996. Reported consolidated sales were reduced by about $4.4 million due to the stronger U.S. dollar compared with most European currencies.

In 1995, net sales increased by 13%, or $47.8 million, over 1994 sales of $365.1 million. The sales increase reflects the acquisition of Paco and stronger European currencies which increased reported U.S. dollar sales amounts by $10.6 million. Excluding these two items, consolidated net sales were slightly lower compared with 1994.

The Company's 1995 net sales (measured at constant exchange rates) from products used by the healthcare industry worldwide were slightly lower compared with 1994 sales levels. Government and consumer pressure to cut healthcare costs limited the ability to increase prices and led more customers to purchase alternative lower-priced packaging components. In 1995, product sales to international healthcare markets increased, but net sales to domestic markets declined. The improvement in international healthcare market sales was attributable to the following: inclusion of a full year of Schubert's sales in consolidated results compared with seven months in 1994; an increase in demand and higher prices in European markets; continued market penetration in the Asia/Pacific region; and stronger demand and higher prices in markets in South America in the first half of 1995. Domestic sales suffered, despite volume equal to 1994, due to lower demand for certain high-value packaging components, customer elimination of certain product lines and the more competitive environment.

Paco's contract manufacturing and contract packaging services to both pharmaceutical and consumer companies added $38.9 million to 1995 net sales.

Consumer products sales rose 4% in 1995 attributable to demand for Spout-Pak . Machinery sales declined to almost half 1994 levels.

GROSS PROFIT

The consolidated gross margin in 1996 was 27.5%, and gross profit was $126.1 million. These results compare with a 28.6% gross margin and $118.2 million of gross profit in 1995. The margin decline reflects the impact of the full year consolidation of the lower- margin service operations provided by Paco.

Margins on core health care product sales increased by more than one percentage point due primarily to price increases. Excluding price increase impacts, margins on health care product sales were about equal to 1995. Volume increases and programs to create centers of manufacturing excellence by improving both the cost structure and increase efficiencies offset inflation and the less- favorable product mix.

Continued consumer and government pressure to control and even reduce the cost of healthcare delivery is transforming the healthcare markets. Therefore, future results are difficult to predict as the ability to increase prices will be limited and competitive activity is expected to increase. The Company continues to focus on the long-term needs of our customers, and the restructuring plan announced in 1996 is a part of the program to focus factories and resources on these requirements for quality at a low cost.

Margins on Paco sales declined year-over-year due in part to low-priced contracts that had been negotiated prior to acquisition and to inefficient operations especially in the first half of the year. The Company has improved the management of Paco, is working to attract higher-margin, longer-running sales opportunities, and is upgrading equipment to become more efficient.

Margins on consumer plastic sales increased, despite the lower volume, due to cost saving initiatives, lower U.S. employee fringe benefit costs and product mix. The machinery operation generated a small gross profit in 1996 compared with a loss in 1995.

The gross margin of 28.6% in 1995 represented a significant decline from the 32.1% margin achieved in 1994, and gross profit improved less than 1%. The reduced gross margin, reflected, in part, the lower-margin service operations provided by Paco, which reduced consolidated gross margins more than one percentage point. The remaining margin reduction reflected higher raw material costs, higher wage costs primarily in South America and a lower-margin product mix. In addition, labor and overhead costs at plants prepared to support customers' launches of several new products subsequently cancelled, were only partially recovered from these customers. Finally, the Company incurred higher start-up costs as a result of shifting production to new manufacturing sites to create centers of manufacturing excellence as part of a program to consolidate global manufacturing. These factors were evident in a 4% reduction in gross profit from healthcare product sales. Despite these factors, margins increased on European and Asia/Pacific sales due to volume and price increases, but domestic and South America sales margins declined.

Gross profit on consumer product sales was slightly lower than 1994, due to a lower-margin product mix, increased material costs which were passed through to customers on a prospective basis, and higher equipment repair costs. Low machinery sales volume in 1995 resulted in an operating loss compared with a positive contribution in 1994, when sales were double the 1995 level.

EXPENSES

Selling, general and administrative expenses as a percentage of sales were 15.9% in 1996, 16.9% in 1995 and 19.2% in 1994. To a large extent this improvement reflects price increases and the impact of acquired companies. The improvement also reflects the increase in productivity and headcount reductions resulting from training and better systems which offset inflationary cost increases in wages, supplies and outside services.

Selling, general and administrative expenses totalled $72.8 million in 1996, compared with $69.9 million in 1995 and $70.1 million in 1994. The 4% increase in these expenses in 1996 compared with 1995 were primarily the result of the following three factors: the accrual of 1996 incentive compensation based on the attainment of financial goals, the consolidation of four additional months of operations of Paco, and inflationary cost increases. These increases were offset, in part, by a reduction in headcount related to the 1996 restructuring plan, lower U.S. employee fringe benefit costs, lower claim costs and the impact of a stronger U.S. dollar.

In 1995, selling, general and administrative costs declined .4% despite the addition of expenses of acquired companies (Paco's expenses for the eight months from May 1, 1995, and Schubert's expenses for an additional five months in 1995 versus 1994) and the impact of stronger international currencies. Eliminating these increases, which approximate $5.5 million, would improve the year-over-year reduction in expenses to 8%. This significantly lower level of expenses primarily reflects the absence of incentive bonus compensation (the Company did not meet the 1995 financial goals established for payout) and significantly lower severance costs in 1995. Excluding the impact of bonus and severance cost differences would result in spending that was virtually equal to 1994 (measured at constant exchange rates) for the comparable operating units. Productivity improvements offset the inflationary increases in wages and benefits, other outside service costs and supplies.

In late March 1996, the Company announced a restructuring plan, which provided for the closing or downsizing of six manufacturing facilities, disposition of related excess equipment and properties and an approximate 5% reduction of the workforce. The total estimated charge related to these actions totaled $21.5 million. About one-third of the charge relates to reduction in personnel, including both manufacturing and staff positions. To date approximately $5.3 million has been paid out to terminated employees in severance and benefits. At year-end 1996, the reduction in staff totaled 154 for restructuring activities completed. Facilities in Germany and Argentina have been closed and facilities in Brazil and Pennsylvania have been downsized.

The machinery operation has been sold. Restructuring actions will be completed in the first half of 1997. The restructuring plan is part of an overall strategy that includes enhanced technical capabilities and product offerings for customers. Specifically, the actions are designed to create focused, more efficient factories, and to shift certain production to lower-cost locations so that the Company can meet the demands of the healthcare industry, for high quality, cost effective products.

Transactions included in the other income/expense category netted $.9 million of income in 1996, compared with $1.5 million of income in 1995 and $1.7 million of expense in 1994. Interest income, included therein, totalled $1.3 million in 1996, $2.0 million in 1995 and $1.2 million in 1994. Historically, interest income was generated mainly in Brazil but has been declining since mid-1994 when Brazil adopted an economic plan designed to reduce inflation and stabilize the currency, consequently reducing interest rates. In addition, in 1995 the Company had a high level of advances to customers, related to new product programs, which have been repaid. Also included in this category are foreign currency translation and transaction losses totalling $.1 million, $1.4 million and $2.8 million in 1996, 1995 and 1994, respectively. Translation losses reflect accounting in the higher-inflation countries of South America, mainly Brazil where the economic plan noted earlier has reduced translation losses. Foreign currency transaction gains in 1996 of $.2 million, $.6 million in 1995 and $.5 million in 1994 reflect realignment of European currencies. Net losses on real estate and investments totalled $.2 million in both 1996 and 1995 and $.5 million in 1994. Losses on disposition of equipment were higher in 1996 compared with both 1995 and 1994.

INTEREST

Interest costs totaled $7.3 million in 1996 compared with $7.8 million in 1995 and $3.5 million in 1994, of which $.4 million, $.5 million and $.2 million, respectively, were capitalized as part of the cost of capital asset acquisitions.

The average consolidated debt level decreased in 1996 after having increased significantly in 1995. Debt levels in 1995 reflect the acquisitions described in the Note "Acquisitions and Investments" to the Consolidated Financial Statements. Interest rates also were lower in 1996 compared with 1995 but were higher in the United States in 1995 compared with 1994.

INCOME TAXES

The effective tax rate on consolidated income was 41.8% in 1996, 32.8% in 1995 and 31.8% in 1994. The higher 1996 tax rate reflects the low tax benefit on certain components of the restructuring charge. Excluding the restructuring charge and the applicable tax benefits, the 1996 effective tax rate would be 36.6%.

Two factors were the primary cause of the low tax rate in 1995. First, the Company changed its tax accounting method for Puerto Rico operations in accordance with a U.S. Internal Revenue

Service Procedure released late in 1994. The change related to the calculation of transfer pricing and applied retroactively as well as prospectively. The impact of the tax change resulted in a 3.3 percentage point decline in the effective tax rate. Second, the Company recorded the benefit of tax credits which were assured realization, reducing the tax rate by 1.7 percentage points. These benefits were offset somewhat by an increase in the statutory tax rate in France, requiring adjustment of deferred tax balances and increasing the effective rate by .6 of a percentage point. Excluding the impacts of these adjustments associated mainly with prior year tax accruals, the 1995 effective tax rate would have been approximately 36%.

The low tax rate in 1994 reflects the one-time impact of a net refund of foreign taxes paid by subsidiaries in prior years. The refund was triggered by the payment of dividends. In addition, foreign tax loss carryforwards were assured realization due to the tax consolidation of several operating subsidiaries, thereby reducing the tax asset valuation allowance previously recorded on these potential tax benefits. The transactions were made possible by the acquisition of the minority ownership in these subsidiaries at year-end 1994. Excluding the effects of these adjustments, the effective tax rate would have been approximately 35%.

MINORITY INTERESTS AND EQUITY IN AFFILIATES

Minority interests in net income of subsidiaries declined to $.1 million in 1996 from $.8 million in 1995. Late in 1995, the remaining minority interest in Schubert was purchased leaving only a small minority ownership interest in a subsidiary in Spain. The change in minority interests compared to 1994's $1.9 million reflects the late 1994 acquisition of the minority ownerships in five European subsidiaries.

Income from investments in affiliated companies totalled $1.5 million in 1996, $.9 million in 1995, and $.5 million in 1994. The increases reflect higher sales and improved margins for Daikyo Seiko, Ltd., a Japanese company in which the Company owns a 25% equity stake. These improvements were offset, in part, by lower results for the Schott West Pharmaceutical Glass Company in which the Company held a 40% partnership interest through September 30, 1995, (date of sale) and by a stronger U.S. dollar compared with the Japanese yen in 1996. Results of the Company's investment in affiliates in Mexico improved in 1996 due to lower currency translation losses. In 1995, these affiliates' results were flat compared with 1994 as the impact of a better than 50% devaluation of the Mexican peso and the resulting translation loss on net monetary assets offset operating income improvements.

FINANCIAL POSITION

The Company believes that its financial position and current capitalization indicate an ability to finance substantial future growth. Cash flow from operations totaled $63.4 million in 1996.

Working capital at December 31, 1996, totalled $91.1 million, a ratio of current assets to current liabilities of 2.4 to 1, and

includes a cash balance of $27.3 million. Debt to total invested capital (total debt, minority interests and shareholders' equity) was 28.1%; the outstanding debt balance was $98.4 million at December 31, 1996, compared with $114.3 million at year-end 1995.

The cash flow from operations of $63.4 million was supplemented by $7.2 million of proceeds partly from sales of assets and facilities made redundant by the restructuring plan, and by $1.6 million of repayments by customer of prior year advances related to new product development. These funds were more than adequate to cover $31.7 million of 1996 fixed asset acquisitions, $13.7 million of debt reduction and $8.7 million of cash dividends to shareholders ($.53 per share). The remaining cash flow from operations, in addition to cash from exercise of employee stock options totalling $3.5 million, was used, in part, to purchase Common Stock valued at $10 million from a former member of the Board of Directors and to acquire an additional 10% interest in DanBioSyst UK Ltd.

The Company has two revolving credit facilities. The first facility provides for borrowings up to $30 million and has a term of 364 days, renewable at the lender's option. The second facility provides for borrowings up to $55 million and has a remaining term of approximately four years. At year-end 1996, the Company had $15.8 million outstanding under the 364-day facility and nothing under the long-term facility. In addition, and unused long-term credit facilities totaling $15.1 million at December 31, 1996, were available to subsidiaries.

Asset turnover ratio improved slightly to .96 for 1996. Return on average shareholders' equity was 6.5% for 1996, reduced significantly by the restructuring charge.

1997 REQUIREMENTS

Cash requirements for capital projects in 1997 are estimated at $38 million. These projects focus on cost reduction and quality improvements through technology upgrades and product and process standardization. New product tooling and equipment and facilities to support the development of novel drug delivery systems also is planned. Acquisition and implementation of new information management systems will continue, as will maintenance and improvements to the existing production capacity. In addition the Company plans to exercise its option to acquire an additional 10% interest in DanBioSyst U.K. Ltd. at the contract price of 1.2 million pounds sterling, approximately one-third of which is payable in Common Stock.

In accordance with the Company's foreign exchange management policy, the adverse consequences resulting from foreign currency exposure are mitigated by engaging in certain hedging activities. Foreign exchange forward contracts are used to minimize exposure related to foreign currency transactions and commitments for raw material purchases. The Company has entered into interest rate swap agreements to minimize risk to interest rate increases. The Company also enters into currency swap agreements to minimize risk to currency movements on significant borrowings, although none are outstanding at year end 1996. The Note "Financial

Instruments" to the Consolidated Financial Statements explains the impact of such hedges and interest rate swaps on the Company's results of operations and financial position.

Cash requirements for remedial activity related to environmental cleanup are not expected to exceed $1 million in 1997. In 1996, payments related to environmental cleanup totaled $.7 million. Additional liability totalling $.4 million was accrued in 1996 because of changes in the extent of future cleanup activities and subsequent monitoring required. The Company has been indemnified by other financially responsible parties against future government claims relating to groundwater contamination at a Puerto Rico site, and no additional amounts have been accrued with respect to this site.

In 1997, in addition to cash flow from operations, the Company expects to receive proceeds from employee stock option exercises. Management believes these sources of cash, available credit facilities and the Company's current capitalization provide sufficient flexibility to meet future cash flow requirements.

CONSOLIDATED STATEMENTS OF INCOME
THE WEST COMPANY, INCORPORATED AND SUBSIDIARIES FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994
(in thousands, except per share data)

	1996		1995		1994	
Net sales	$458,800	100 %	$412,900	100%	$365,100	100%
Cost of goods sold	332,700	73	294,700	71	247,900	68
Gross profit	126,100	27	118,200	29	117,200	32
Selling, general and administrative expenses	72,800	16	69,900	17	70,100	19
Restructuring charge	21,500	5	-	-	-	-
Other (income) expense, net	(900)	(1)	(1,500)	-	1,700	1
Operating profit	32,700	7	49,800	12	45,400	12
Interest expense	6,900	1	7,300	2	3,300	1
Income before income taxes and minority interests	25,800	6	42,500	10	42,100	11
Provision for income taxes	10,800	2	13,900	3	13,400	3
Minority interests	100	-	800	-	1,900	1
Income from consolidated operations	14,900	4 %	27,800	7%	26,800	7%
Equity in net income of affiliated companies	1,500		900		500	
Net income	$ 16,400		$ 28,700		$ 27,300	
Net income per share	$ 1.00		$ 1.73		$ 1.70	
Average shares outstanding	16,418		16,557		16,054	

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEETS

THE WEST COMPANY, INCORPORATED AND SUBSIDIARIES
AT DECEMBER 31, 1996 AND 1995

(in thousands, except per share data)

ASSETS	1996	1995
Current assets:		
Cash, including equivalents (1996--$10,400; 1995--$4,400)	$ 27,300	$ 17,400
Accounts receivable, less allowance (1996--$1,900; 1995--$1,900)	69,300	67,900
Inventories	44,000	48,300
Current deferred income tax benefit	10,200	7,400
Other current assets	5,900	7,400
Total current assets	156,700	148,400
Property, plant and equipment	431,600	440,100
Less accumulated depreciation and amortization	221,300	210,800
	210,300	229,300
Investments in affiliated companies	24,100	21,600
Goodwill	58,900	63,000
Deferred charges and other assets	27,400	17,800
	$477,400	$480,100
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 1,000	$ 1,500
Notes payable	1,900	8,300
Accounts payable	23,900	22,500
Accrued expenses:		
Salaries, wages and benefits	13,900	9,700
Income taxes payable	3,100	3,400
Other	21,800	16,400
Total current liabilities	65,600	61,800
Long-term debt, excluding current portion	95,500	104,500

Deferred income taxes	39,700	34,300
Other long-term liabilities	24,300	25,200
Minority interests	300	200
Shareholders' equity:		
Preferred Stock, shares authorized: 3,000; shares issued and outstanding: 1996-0; 1995-0		
Common Stock, par value $.25 per share; shares authorized: 50,000; shares issued: 1996--16,845; 1995--16,845 shares outstanding: 1996--16,383; 1995--16,621	4,200	4,200
Capital in excess of par value	24,000	23,500
Cumulative foreign currency translation adjustments	16,300	20,100
Unrealized holding gains (losses) on securities, net	400	300
Retained earnings	217,700	210,200
	262,600	258,300
Less Treasury Stock (1996--462 shares; 1995--224 shares)	10,600	4,200
Total shareholders' equity	252,000	254,100
	$477,400	$480,100

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
THE WEST COMPANY, INCORPORATED AND SUBSIDIARIES FOR THE YEARS ENDED
DECEMBER 31, 1996, 1995 AND 1994
(in thousands, except per share data)

	Common Stock	Capital in excess of par value	Other	Retained earnings	Treasury Stock	Total
Balance, January 1, 1994	$4,200	$20,000	$11,000	$169,900	$(17,000)	$188,100
Net income				27,300		27,300
Shares issued under stock plans		300			3,400	3,700
Shares issued for acquisition		2,900			6,600	9,500
Cash dividends declared ($.46 per share)				(7,400)		(7,400)
Foreign currency translation adjustments			6,100			6,100
Balance, December 31, 1994	4,200	23,200	17,100	189,800	(7,000)	227,300
Net income				28,700		28,700
Shares issued under stock plans		300			2,800	3,100
Cash dividends declared ($.50 per share)				(8,300)		(8,300)
Foreign currency translation adjustments			3,000			3,000
Unrealized gains (losses) on securities, net			300			300
Balance, December 31, 1995	4,200	23,500	20,400	210,200	(4,200)	254,100
Net income				16,400		16,400
Shares issued under stock plans		400			3,200	3,600
Shares issued for acquisition		100			400	500
Shares repurchased					(10,000)	(10,000)
Cash dividends declared ($.54 per share)				(8,900)		(8,900)
Foreign currency translation adjustments			(3,800)			(3,800)
Unrealized gains (losses) on securities, net			100			100
Balance, December 31, 1996	$4,200	$24,000	$16,700	$217,700	$(10,600)	$252,000

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
THE WEST COMPANY, INCORPORATED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994
(in thousands)

	1996	1995	1994
Cash flows from operating activities:			
Net income	$16,400	$28,700	$27,300
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	30,700	29,600	23,100
Restructuring charge	21,500	-	-

Loss on sales of real estate and investments	200	200	500
Deferred income taxes	(5,700)	2,000	(2,700)
Minority interests	100	800	1,900
Equity in undistributed earnings of affiliated companies, net	(1,100)	(700)	(200)
(Increase) decrease in accounts receivable	(3,400)	1,400	(8,900)
(Increase) in inventories	(2,700)	(4,500)	(700)
(Increase) decrease in other current assets	(300)	500	2,500
Increase (decrease) in other current liabilities	5,900	(13,100)	3,000
Other operating items	1,800	1,200	4,000
Net cash provided by operating activities	63,400	46,100	49,800
Cash flows from investing activities:			
Property, plant and equipment acquired	(31,700)	(31,300)	(27,100)
Proceeds from sales of assets	7,200	4,500	3,700
Payments for acquisitions, net of cash acquired	(1,600)	(72,200)	(13,900)
Customer advances, net of repayments	1,600	(1,600)	-
Net cash used in investing activities	(24,500)	(100,600)	(37,300)
Cash flows from financing activities:			
Borrowings under long-term revolving credit agreements, net	1,500	20,200	-
Proceeds from other long-term debt	-	50,800	18,100

Repayment of long-term debt	(9,000)	(27,300)	(3,000)
Notes payable, net	(6,200)	5,500	(3,000)
Issuance of Common Stock, net	3,500	2,800	3,400
Capital contribution by minority owner	-	-	400
Dividend payments	(8,700)	(8,100)	(7,200)
Purchase of treasury stock	(10,000)	-	-
Net cash (used in) provided by financing activities	(28,900)	43,900	8,700
Effect of exchange rates on cash	(100)	800	800
Net increase (decrease) in cash and cash equivalents	9,900	(9,800)	22,000
Cash and cash equivalents at beginning of year	17,400	27,200	5,200
Cash and cash equivalents at end of year	$27,300	$17,400	$27,200
Supplemental cash flow information:			
Interest paid (net of amounts capitalized)	$ 6,200	$ 6,300	$ 3,000
Income taxes paid	$14,300	$12,800	$13,700

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (in thousands, except share and per share data)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION: The financial statements are prepared in conformity with generally accepted accounting principles in the United States. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses and the disclosure of contingencies in the financial statements. Actual amounts realized may differ from these estimates.

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries. Material intercompany transactions and accounts are eliminated in consolidation. An affiliated company reports on the basis of a fiscal year ending October 31. Investments in affiliated companies in which ownership exceeds 20% are accounted for on the equity method.

STATEMENT OF CASH FLOWS: Cash flows from operating activities are reported under the indirect method; cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

INVENTORIES: Inventories are valued at the lower of cost or market. The cost of inventories located in the United States is determined on the last-in, first-out (LIFO) method, except for the cost of inventories of Paco Pharmaceutical Services, Inc. (Paco), a wholly owned subsidiary, which is determined on the first-in, first-out (FIFO) method. The cost of inventories located outside the United States is determined principally on the average cost method.

FOREIGN CURRENCY TRANSLATION: Foreign currency transaction gains and losses and translation gains and losses of subsidiaries operating in high-inflation economies are recognized in the determination of net income. Foreign currency translation adjustments of other subsidiaries and affiliates operating outside the United States are accumulated as a separate component of shareholders' equity.

FINANCIAL INSTRUMENTS: The Company uses interest rate swaps and forward exchange contracts to minimize the economic exposure related to fluctuating interest and foreign exchange rates. Amounts to be paid or received under interest rate swaps are accrued as interest expense. Gains and losses on hedges of existing assets and liabilities are recognized monthly and offset gains and losses on the underlying transaction. Gains and losses related to firm commitments, primarily raw material purchases including local needs in foreign subsidiaries, are deferred and recognized as part of the underlying transaction.

MARKETABLE SECURITIES: The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 115, Accounting for Certain Investments in Debt and Equity Securities, on January 1, 1995. Under SFAS No. 115, existing debt securities

are classified as held-to-maturity. These debt securities had an aggregate value, measured at amortized cost of $900 at December 31, 1995, and matured within one year of purchase.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment are carried at cost. Maintenance and minor repairs and renewals are charged to expense as incurred. Upon sale or retirement of depreciable assets, costs and related depreciation are eliminated, and gains or losses are recognized in the determination of net income.

The Company has adopted SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, effective January 1, 1996. The Company continually evaluates the appropriateness of the remaining estimated useful life and the carrying value of tangible and intangible assets. Carrying values in excess of undiscounted estimates of related cash flows are expensed when such determination is made.

DEPRECIATION AND AMORTIZATION: For financial reporting purposes, depreciation is computed principally on the straight-line method over the estimated useful lives of the assets, or the remaining term of the lease, if shorter. For income tax purposes, depreciation is computed using accelerated methods. Goodwill is being amortized on the straight-line method over periods ranging from 15 to 40 years.

RESEARCH AND DEVELOPMENT: Research, development and engineering expenditures for the creation and application of new or improved products and processes, which amounted to $11,200 in 1996 and $12,000 in each of the years 1995 and 1994, are expensed as incurred, and are net of customer reimbursements.

ENVIRONMENTAL REMEDIATION AND COMPLIANCE COSTS: Environmental remediation costs are accrued when such costs are probable and reasonable estimates are determinable. Cost estimates are not discounted and include investigation, cleanup and monitoring activities; such estimates are adjusted, if necessary, based on additional findings. In general, environmental compliance costs are expensed. Environmental compliance costs at current operating sites are capitalized, if they increase the value of the property and/or prevent environmental hazards from occurring.

INCOME TAXES: Deferred income taxes are recognized by applying enacted statutory tax rates, applicable to future years, to temporary differences between the tax bases and financial statement carrying values of the Company's assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets to amounts that are more likely than not to be realized. United States income taxes and withholding taxes are accrued on the portion of earnings of international subsidiaries and affiliates (which qualify as joint ventures) intended to be remitted to the parent company.

STOCK-BASED COMPENSATION: The Company has elected to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board opinion No. 25,

Accounting for Stock Issued to Employees, and related Interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

NET INCOME PER SHARE: Net income per share is based on the weighted average number of shares of Common Stock outstanding during each period. Common Stock equivalents are not material.

OTHER INCOME (EXPENSE)
Other income (expense) includes the following:

	1996	1995	1994
Interest income	$ 1,300	$ 2,000	$ 1,200
Foreign exchange losses	(100)	(1,400)	(2,800)
Loss on sales of real estate and investments	(200)	(200)	(500)
Other	(100)	1,100	400
	$ 900	$ 1,500	$(1,700)

RESTRUCTURING CHARGE
On March 29, 1996, the Company approved a major restructuring plan which includes the closing or substantial downsizing of six manufacturing facilities, disposition of related excess equipment and properties and an approximate 5% reduction of the workforce. The total estimated charge related to these planned actions is $15,000, net of $6,500 of income tax benefits, and was accrued in the first quarter of 1996. Approximately one-third of the net charge relates to reduction in personnel, including manufacturing and staff positions, and covers severance pay and other benefits to be provided to terminated employees. At December 31, 1996, 154 employees have been terminated and total payout of severance and benefits was $5,300. The remaining accrued net charge relates to facility close down costs and to the reduction to estimated net realizable value of the carrying value of equipment and facilities made excess by the restructuring plan. Facilities in Germany and Argentina have been closed and facilities in Brazil and Pennsylvania have been downsized. The machinery manufacturing operations have been sold. Restructuring activities will be substantially completed in the first half of 1997.

ACQUISITIONS AND INVESTMENTS
On April 27, 1995, the Company completed its acquisition of Paco, a company providing contract packaging and contract manufacturing services to pharmaceutical and personal-care consumer companies in the United States and Puerto Rico. Paco was a public company traded over-the-counter, and the merger followed the completion of a cash tender offer for Paco common stock at $12.25 per share,

for a total consideration of $52,400. The purchase was financed using available cash of $22,400 and a long-term credit facility of $30,000. The excess of the purchase price over the net assets acquired of $22,900 is being amortized over 30 years. Paco has been consolidated since May 1, 1995.

On December 18, 1995, the Company acquired the remaining minority ownership interest in Schubert Seals A/S (Schubert), a Danish manufacturer of metal seals and related products mainly for the pharmaceutical industry. The initial 51% ownership interest in Schubert was acquired on May 20, 1994. The purchase price for these acquisitions was DK40,000 ($7,200 at December 18, 1995), and DK31,000 ($4,800 at May 20, 1994), respectively, and was financed through new debt facilities. Schubert has been consolidated since June 1, 1994. The excess of the purchase price over the net assets acquired for this subsidiary approximates $8,400 and is being amortized over 40 years.

On November 30, 1994, the Company acquired the remaining minority ownership interests in five European subsidiary companies. The total purchase price for the minority interests in these subsidiaries was DM45,000 ($28,800 at November 30, 1994). The cash portion of the purchase price totalled DM30,000 ($19,300), of which DM4,500 ($2,900) was paid at closing and DM25,500 ($16,400) on January 2, 1995; the balance of the consideration, DM15,000 ($9,500), was paid through delivery of 363,214 shares of the Company's Common Stock at closing. The excess of the purchase price over minority interests acquired approximates

$16,800 and is being amortized over 40 years.

All of these acquisitions were accounted for as purchases. The following table presents selected financial information for the years ended December 31, 1995 and 1994, on a pro forma (unaudited) basis assuming the acquisitions noted above had occurred on January 1, 1995 and 1994:

	1995	1994
Net sales	$433,000	$434,100
Income before taxes	40,000	40,500
Income from consolidated operations	26,600	28,000
Net income	27,500	28,500
Net income per share	$ 1.66	$ 1.78

In 1994, the Company acquired Senetics, Inc. (Senetics), a company specializing in the development of innovative delivery technologies for oral and inhalation drug delivery markets, and acquired in each of the years 1996, 1995 and 1994 a 10% ownership interest in DanBioSyst UK Ltd., a company specializing in noninvasive drug delivery methods. The total consideration for these acquisitions was $1,600 in cash and $500 in Common Stock in

1996, and cash of $2,500 in 1995 and $5,600 in 1994. The acquisition of Senetics was accounted for as a purchase, and the company has been consolidated since January 1, 1994.

Additional consideration may be due depending on sale of Senetics' products through January 5, 1999. Such additional consideration will be accounted for as goodwill.

INCOME TAXES

Income before income taxes and minority interests was derived as follows:

	1996	1995	1994
Domestic operations	$ 11,500	$ 26,700	$ 26,500
International operations	14,300	15,800	15,600
	$ 25,800	$ 42,500	$ 42,100

The related provision for income taxes consists of:

	1996	1995	1994
Currently payable:			
Federal	$ 8,000	$ 5,600	$ 9,500
State	700	600	600

International	7,800	5,700	6,000
	16,500	11,900	16,100
Deferred:			
Federal	(3,600)	1,200	(300)
State	(200)	100	-
International	(1,900)	700	(2,400)
	(5,700)	2,000	(2,700)
	$10,800	$13,900	$13,400

A reconciliation of the United States statutory corporate tax rate to the Company's effective consolidated tax rate on income before income taxes and minority interests is as follows:

	1996	1995	1994
Statutory corporate tax rate	35.0%	35.0%	35.0%
Tax on international operations in excess of (less than) United States tax rate	3.4	1.7	(3.4)
Puerto Rico tax accounting change	-	(1.9)	-
State income taxes, net of Federal tax benefit	1.8	1.0	.9
Other	1.6	(3.0)	(.7)
Effective tax rate	41.8%	32.8%	31.8%

The net current and noncurrent components of deferred income taxes recognized in the balance sheet at December 31 are as follows:

	1996	1995	1994
Net current assets	$10,200	$ 5,600	$ 3,100
Net noncurrent liabilities	29,800	29,700	24,400

The following is a summary of the significant components of the Company's deferred tax assets and liabilities as of December 31:

	1996	1995	1994
Deferred tax assets:			
Loss on asset dispositions and plant closings	$ 2,900	$ 2,900	$ 700
Severance and deferred compensation	9,100	7,800	7,900

Net operating loss carryovers	2,300	3,900	2,600
Foreign tax credit carryovers	900	600	1,900
Restructuring charge	3,500	-	-
Other	3,000	4,000	1,900
Valuation allowance	(2,900)	(2,500)	(4,100)
Total	$18,800	$16,700	$10,900
Deferred tax liabilities:			
Accelerated depreciation	$31,500	$36,000	$29,600
Severance and deferred compensation	1,900	1,300	600
Other	5,000	3,500	2,000
Total	$38,400	$40,800	$32,200

At December 31, 1996, subsidiaries had operating tax loss carryovers of $21,400, which will be available to apply against the future taxable income of such subsidiaries. The carryover periods expire beginning with $100 in 1997 and continue through 2002.

At December 31, 1996, undistributed earnings of international subsidiaries, on which deferred income taxes have not been provided, amounted to $72,300. It is the Company's intention to reinvest undistributed earnings of foreign subsidiaries, and it is not practicable to determine the amount of income or withholding tax that would be payable upon the remittance of those earnings. Such earnings would become taxable upon the sale or liquidation of foreign subsidiaries or upon the remittance of dividends. Tax credits that would become available upon distribution of such earnings could reduce income taxes then payable at the United States statutory rate. As of December 31, 1996, the Company had available foreign tax credit carryovers of approximately $900 expiring in 1997 through 2001.

INVENTORIES
Inventories at December 31 include the following:

	1996	1995
Finished goods	$18,000	$20,400
Work in process	8,500	10,300
Raw materials	17,500	17,600
	$44,000	$48,300

[CAPTION]
Included above are inventories located in the United States that are valued on the LIFO basis, amounting to $11,000 and $14,900 at December 31, 1996 and 1995, respectively, which are approximately $8,600 and $9,400, respectively, lower than replacement value.

The Company uses three basic raw materials in the manufacture of its products: rubber, aluminum and plastic. Approximately 50% of the total rubber used is natural rubber, substantially all of which is imported from Sri Lanka, Cameroon, Vietnam and Malaysia. The political stability and seasonal weather conditions of these countries are significant factors in the continuing supply of this commodity. Synthetic elastomers and plastics are made from petroleum derivatives, the cost and availability of which are dependent on the supply of petroleum feedstocks to the Company's suppliers.

PROPERTY, PLANT AND EQUIPMENT
A summary of property, plant and equipment at December 31 is presented in the following table:

	Years of Expected Useful Life	1996	1995
Land		$ 4,300	$ 4,200
Buildings and improvements	7-50	105,500	108,800
Machinery and equipment	3-20	249,200	247,300
Molds and dies	4-6	55,200	57,000
Construction in progress		17,400	22,800
		$431,600	$440,100

AFFILIATED COMPANIES
At December 31, 1996, the following affiliated companies were accounted for under the equity method:

	Location	Ownership Interest
The West Company de Mexico S.A.	Mexico	49%
Aluplast S.A. de C.V.	Mexico	49%
Pharma-Tap S.A. de C.V.	Mexico	49%
Daikyo Seiko, Ltd.	Japan	25%
DanBioSyst U.K. Ltd.	United Kingdom	30%

The Company sold its 40% partnership interest in Schott West Pharmaceutical Glass Company in 1995.

A summary of the financial information for these companies is presented below:

	1996	1995
Balance Sheet:		
Current assets	$ 82,400	$ 85,700
Noncurrent assets	77,500	70,600
Total assets	$159,900	$156,300
Current liabilities	$ 36,800	$ 43,300
Noncurrent liabilities	65,300	55,400
Owners' equity	57,800	57,600
Total liabilities and owners' equity	$159,900	$156,300

	1996	1995	1994
Income Statement:			
Net sales	$80,800	$80,400	$89,600
Gross profit	25,500	23,600	23,700
Net income	5,900	3,400	1,800

Unremitted income of affiliated companies included in consolidated retained earnings amounted to $11,000, $9,800 and $9,100 at December 31, 1996, 1995 and 1994, respectively. Dividends received from affiliated companies were $400 in 1996, $200 in 1995 and $600 in 1994.

Daikyo Seiko, Ltd. classifies its debt and equity securities in one of two categories, trading or available-for-sale, and carries them at fair value. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as part of shareholders' equity until realized. Cost of securities is determined on the moving average method. The Company's equity in these unrealized gains and losses increased the Company's shareholders' equity by $400 and $300 at December 31, 1996 and 1995, respectively.

DEBT

SHORT-TERM: Short-term debt under a credit line of $15,800 and $20,200 at December 31, 1996 and 1995, respectively, and short-term debt of BPS ($11,900) 6,950 at December 31, 1996 have been classified as long-term because of the Company's intent to renew the borrowings using available long-term credit facilities. Notes payable in the amounts of $1,900 and $8,300 at December 31, 1996 and 1995, respectively, are payable within one year and bear interest at a weighted-average interest rate of 5.7% and 7.4%, respectively.

LONG TERM:

At December 31	1996	1995
Unsecured:		
Revolving credit facility, due 2000 (6.03%)	$ 15,800	$ 20,200
Tax-exempt industrial revenue bonds, due 2005 (4.2% to 5.95%) (a)	11,100	11,100
Subordinated debentures, due 2007 (6.5%)	3,100	3,000
Other notes, due 1998 to 2002 (3.55%-9.5%)	52,300	55,000
Collateralized:		
Mortgage notes, due 1997 to 2016 (3.5% to 13.1%) (b)	14,200	16,700
Total long-term debt	96,500	106,000
Less current portion	1,000	1,500
	$ 95,500	$104,500

(a) The proceeds of industrial revenue bonds that were not required for the respective construction projects have been invested by the Company. Use of these excess funds and earnings thereon is restricted to servicing the debt. The aggregate of unexpended proceeds and earnings thereon of $1,400 is reflected as a reduction of the principal outstanding on the bonds.

(b) Real estate, machinery and equipment with a carrying value of $14,100 at December 31, 1996 are pledged as collateral.

A revolving credit facility provides for borrowings up to $55,000 through August 2000 at a floating rate based on LIBOR. A commitment fee ranging up to 3/20% per annum is payable on the facility. Two subsidiaries have long-term lines of credit providing up to FF 51,400 ($9,900) at a floating rate based on PIBOR plus 2/5% and a commitment fee of 3/10% per annum. At December 31, 1996, FF 41,400, ($8,000) is available under these facilities. In addition, a subsidiary has a long term line of credit providing up to DM 35,000 ($22,700) at floating rates based on DM LIBOR plus 3/10% and a commitment fee of 1/10% per annum. At December 31, 1996 DM 10,900 ($7,100) is available under this facility.
At December 31, 1996, $4,300 at par value of Paco's subordinated debentures were outstanding. The subordinated debentures are reflected in the balance sheet net of discount, which is being amortized through the maturity date of the subordinated debentures, March 1, 2007. The unamortized discount totaled $1,200 and $1,300 at December 31, 1996 and 1995, respectively. The holders have the right to convert such subordinated debentures into cash for an amount approximating 50% of the par value of the subordinated debentures converted. Interest is payable semiannually.

Long-term debt maturing in the years following 1997 is: $800 in 1998, $19,700 in 1999, $50,300 in 2000 and $1,600 in 2001.

Certain of the financing agreements, among other things, require the maintenance of certain working capital, interest coverage and debt-to-capitalization ratios and tangible net worth; restrict the sale of assets; and limit the payment of dividends. Under the most restrictive debt covenant, December 31, retired earnings free of restriction were $64,000.

Interest costs incurred during 1996, 1995 and 1994 were $7,300, $7,800 and $3,500, respectively, of which $400, $500 and $200, respectively, were capitalized as part of the cost of acquiring certain assets.

To finance and hedge a portion of the 1986 purchase of ownership interests in certain European subsidiaries, the Company entered into a currency and interest rate swap agreement which matured early in 1995. Under the agreement, the Company exchanged $7,200 bearing interest at LIBOR plus 1/8% for DM20,000 ($12,900 at maturity) bearing interest at 7.5%. A swap agreement expired in 1994 under which the Company agreed to swap $2,700 bearing interest at LIBOR for DM5,000 ($2,800 at maturity) bearing interest at 6.33%. The net interest expense recognized in connection with these agreements was $100 in 1995 and $600 in 1994.

At December 31, 1996, the Company has entered into three interest rate swaps contracts outstanding, with notional value of $3 million each, to fix the interest rates at 6.51%, 6.54% and 6.775% for a five year period. Under the terms of these agreements, the Company makes periodic interest payments based on these fixed rates of interest on the notional principal amounts to a counterparty that makes payments based on a market interest rate. The net interest expense recognized in connection with these agreements was less than $100 in 1996.

Principal and/or interest amounts due under swap agreements are presented in the financial statements on a net basis.

FINANCIAL INSTRUMENTS

The following disclosure of estimated fair value of financial instruments as of December 31 is provided in accordance with the requirements of SFAS No. 119:

	Carrying Value		Estimated Fair Value	
	1996	1995	1996	1995
Cash and cash equivalents	$27,300	$ 17,400	$27,300	$17,400
Short - and long-term debt	98,400	114,300	98,100	115,100
Interest rate swaps(a)			-	-
Forward exchange contracts			300	100

(a) At December 31, 1996, the estimated fair value of the interest rate swaps is less than $100. There were no interest rate swaps outstanding at December 31, 1995.

Methods used to estimate the fair market values of the above listed financial instruments are as follows: cash and cash equivalents are estimated at carrying values that approximate market, due to the short maturity of cash equivalents; debt is estimated based on current market quotes for instruments of similar maturity; interest rate swaps (see preceding Note "Debt") and forward exchange rate contracts are valued at published market prices, market prices of comparable instruments or quotes.

Notional amounts upon which current interest rate swap contracts are based do not represent amounts exchanged and are not a measure of the Company's exposure. Failure by the contract counterparty to make interests payments under an interest swap contract would result in an accounting loss to the Company only if interest rates exceeded the fixed rate to be paid by the Company. The accounting loss corresponds to the cost to replace the swap contract.

Forward exchange contracts are used only to hedge raw material purchase commitments and foreign-currency-denominated receivables and payables. At December 31, 1996 and 1995, the Company had forward exchange rate contracts that totaled $5,300 and $4,100, respectively. Forward exchange contracts relate to raw material purchases denominated in German marks, French francs and British pounds sterling; generally, these contracts expire monthly through December 31, 1997.

BENEFIT PLANS

PENSION PLANS: The Company and certain domestic and international subsidiaries sponsor defined benefit pension plans. The United States plans cover substantially all domestic employees and members of the Company's Board of Directors. The plans call for benefits to be paid to eligible participants at retirement based on compensation rates near retirement and/or on length of service. Contributions to the United States employee plans reflect investment performance of plan assets, benefits attributed to employees' service to date and service expected in the future. Assets of the United States employee plans and international subsidiary plans consist primarily of common and preferred stocks, investment-grade corporate bonds, and United States government obligations; other international subsidiary plans and the plan for directors are not funded.

Total pension (income) expense for 1996, 1995 and 1994 includes the following:

	1996	1995	1994
Service cost	$ 3,900	$ 2,800	$ 2,900
Interest cost	7,700	6,800	6,200
Actual return on assets	(20,100)	(30,000)	(500)
Net amortization and deferral	8,000	20,600	(8,500)
Pension (income) expense	$ (500)	$ 200	$ 100

The following table sets forth the funded status of the employee pension plans and the amounts included in the accompanying balance sheets at December 31:

	United States Plans		International Plans	
	1996	1995	1996	1995
Vested benefit obligations (VBO)	$(81,900)	$ (80,300)	$(6,500)	$(5,500)
Accumulated benefit obligations (ABO)	$(83,300)	$ (82,300)	$(7,300)	$(6,000)
Projected benefit obligations (PBO)	$(99,800)	$(102,300)	$(7,700)	$(6,200)
Plan assets at fair value	140,200	125,000	4,000	2,800
Assets in excess of (less than) PBO	40,400	22,700	(3,700)	(3,400)
Unrecognized net (gain) loss	(31,900)	(15,200)	300	(100)
Unrecognized prior service cost	(400)	(400)	-	-
Unamortized transition asset	(4,900)	(5,600)	-	-
Prepaid pension cost (accrued liability)	$ 3,200	$ 1,500	$(3,400)	$(3,500)

Information with respect to the unfunded pension plan for the Company's non-employee directors is as follows:

	1996	1995
VBO	$ (900)	$ (900)
ABO	$(1,000)	$(1,000)
PBO	$(1,300)	$(1,200)
Unrecognized net gain	(100)	(100)
Unrecognized prior service cost	200	300
Accrued liability	$(1,200)	$(1,000)

	United States Plans		International Plans	
	1996	1995	1996	1995
Assumptions:				
Discount rate	7.5%	7.0%	6.5%	7.5%
Rate of increase in compensation	6.0%	6.0%	3.0%	3.0%
Directors' retainer increase	5.5%	5.5%	-	-
Long-term rate of return on assets	9.0%	9.0%	9.25%	9.5%

OTHER RETIREMENT BENEFITS: The Company provides minimal life insurance benefits for certain United States retirees and pays a portion of healthcare (medical and dental) costs for retired United States salaried employees and their dependents. Benefits for plan participants age 65 and older are coordinated with Medicare. In March 1996, the Company changed the plan to mandate Medicare Risk (HMO) coverage wherever possible and capped the total contribution for non-HMO coverage. In addition, the plan is now available only to active employees who are age 45 or older. These plan changes reduced the accrued obligation and such reduction is being amortized as a component of the benefit cost. Retirees' contributions to the cost of these benefits may be adjusted from time to time. The Company's obligation is unfunded.

Total (income) expense recognized for 1996, 1995 and 1994 with respect to these non-pension retirement benefits includes the following:

	1996	1995	1994
Service cost	$ 500	$ 400	$ 500
Interest cost	600	900	1,000
Net amortization and deferral	(1,200)	(100)	-
Total	$ (100)	$ 1,200	$ 1,500

The following sets forth the accrued obligation included in the accompanying balance sheets at December 31, 1996 and 1995, applicable to each employee group for non-pension retirement benefits:

	1996	1995
Retired employees	$ (3,400)	$ (6,200)
Active employees--fully eligible	(1,400)	(2,000)
Active employees--not fully eligible	(1,800)	(5,800)
Total	(6,600)	(14,000)
Unrecognized net loss (gain)	1,000	(700)
Unrecognized gain from plan changes	(9,000)	(500)
Accrued liability	$(14,600)	$(15,200)

The discount rates used were 7.5% for 1996 and 7% for 1995; the healthcare cost trend used is 9.5%, decreasing to 5.5% by 2007. Increasing the assumed trend rate for healthcare costs by one percentage point would result in an accrued obligation of $7,000 at December 31, 1996, for these retirement benefits and an increase of $100 in the related 1996 expense.

OTHER: The Company provides certain postemployment benefits for terminated and disabled employees, including severance pay, disability-related benefits and healthcare benefits. These costs are accrued over the employee's active service period under certain circumstances or at the date of the event triggering the benefit.

The Company also sponsors a defined contribution savings plan for certain salaried and hourly United States employees. Company contributions are equal to 50% of each participant's contribution up to 6% of their base compensation. Total expense under the plan in 1996, 1995 and 1994 was $900, $900 and $800, respectively.

CAPITAL STOCK

Purchases (sales) of Common Stock held in treasury during the three years ended December 31, 1996 are as follows:

	1996	1995	1994
Shares held at January 1	224,000	381,100	929,700
Purchases, net, at fair market value	507,200	38,600	11,200
Shares issued for acquisition	(19,600)	-	(363,200)
Stock option exercises	(249,400)	(195,700)	(196,600)
Shares held at December 31	462,200	224,000	381,100

On May 9, 1996, the Company purchased, in accordance with an agreement approved by a majority of non-interested members of the Board of Directors, 440,000 shares of its Common Stock owned by a director who retired from the Board of Directors. The aggregate purchase price was $10,000.

The Company's Shareholders Rights Plan entitles a shareholder to purchase 1/1000 of a share of a newly designated series of the Company's Preferred Stock at a price of $75.00 with each Right. A Right becomes exercisable if a person or group (acquiror) acquires 15% or more of the Common Stock or commences a tender offer that would result in the acquiror owning 18% or more of the Common Stock. After the Rights become exercisable, and in the event the Company is involved in a merger or other business combination, sale of 50% or more of its assets or earning power, or if an acquiror purchases 18% or more of the Common Stock or engages in self-dealing transactions, a Right will entitle its holder to purchase common stock of the surviving company having a market value twice the exercise price of the Right. The Rights may be redeemed by the Company at $.001 per Right at any time before certain events occur. Two Rights are attached to each share of Common Stock, and such Rights will not trade separately unless they become exercisable. All Rights expire on January 15, 2000.

In 1992, the Company made an offering under an employee stock purchase plan, which provides for the sale of the Company's Common Stock to substantially all employees at 85% of fair market value. An employee's purchases were limited annually to 10% of base compensation. The offer, which expired on December 31, 1995, has been extended to December 31, 1997. Shares are purchased in the open market, or Treasury shares are used.

STOCK OPTION AND AWARD PLANS

The Company has a long-term incentive plan for officers and key management employees of the Company and its subsidiaries that provides for the grant through March 8, 1998 of stock options, stock appreciation rights, restricted stock awards and

performance awards. A maximum of 2,925,000 shares of Common Stock or stock equivalents are available for issue under this plan, of which 870,300 shares are available as of December 31, 1996, for future grant. A committee of the Board of Directors determines the terms and conditions of grants, except that the exercise price of certain options cannot be less than 100% of the fair market value of the stock on the date of grant, and all stock options and stock appreciation rights must expire no later than 10 years after the date of grant.

Option activity under this plan during the three years ended December 31, 1996, is summarized below:

<OPTION>

	1996	1995	1994
Options outstanding,			
January 1	854,600	726,400	737,600
Granted	209,800	332,400	197,400
Exercised	(249,400)	(191,200)	(193,600)
Forfeited	(64,600)	(13,000)	(15,000)
Options outstanding,			
December 31	750,400	854,600	726,400
Options exercisable,			
December 31	630,400	734,600	696,400

Weighted-Average Exercise Price	1996	1995	1994
Options outstanding, January 1	22.60	19.62	17.95
Granted	22.45	27.44	24.94
Exercised	20.00	19.28	18.43
Forfeited	22.73	18.80	22.72
Options outstanding, December 31	23.42	22.60	19.62
Options exercisable, December 31	22.13	21.37	20.47

The range of exercise prices at December 31, 1996 is $15.13 to $30.13 per share. The weighted-average remaining contractual life at December 31, 1996, is five years.

Under the Company's management incentive plan, participants are paid cash bonuses on the attainment of certain financial goals. Bonus participants are required to use 25% of their cash bonus, after certain adjustments for taxes payable, to purchase Common Stock of the Company at current fair market value. Bonus participants are given a restricted stock award equal to one share for each four shares of Common Stock purchased with bonus awards. These stock awards vest at the end of four years provided that the participant has not made a disqualifying disposition of the stock purchased. Restricted stock awards were granted for 3,300 shares and 3,000 shares in 1995 and 1994, respectively and in 1996, 1995 and 1994, respectively 1,700 shares, 200 shares and 500 shares, were forfeited. Compensation expense is being recognized over the vesting period based on the fair market value of Common Stock on the award date: $25.31 per share in 1995 and $24.94 per share in 1994.

A nonqualified stock option plan for non-employee directors provides for an annual grant to each eligible director of options covering 1,500 shares at an option price equal to 100% of the fair market value of the Company's Common Stock on the date of grant. Common Stock issued pursuant to the plan may not exceed 200,000 shares of which 131,000 shares are available as of December 31, 1996, for future grants. Option activity under this plan during the three years ended December 31, 1996, is summarized below:

<OPTION>

	1996	1995	1994
Options outstanding, January	48,000	36,000	27,000
Granted	13,500	16,500	16,500
Exercised	-	(4,500)	(3,000)
Forfeited	-	-	(4,500)

Options outstanding and exercisable December 31	61,500	48,000	36,000

Weighted-Average Exercise Price	1996	1995	1994
Options outstanding, January 1	$24.60	$22.66	$21.88
Granted	22.69	28.25	23.50
Exercised	-	22.42	20.63
Forfeited	-	-	22.19

Options outstanding and exercisable December 31	24.18	24.60	22.66

The range of exercise prices December 31, 1996 is $20.63 to $28.75 per share. The weighted-average remaining contractual life at December 31, 1996 is 2.4 years.

The Company has elected to continue to measure compensation cost using the intrinsic value method of accounting prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Accordingly, no compensation cost has been recognized related to its stock option and stock purchase plans. If the fair-value based method of accounting for the 1996 and 1995 stock option grants had been applied in accordance with SFAS No. 123, Accounting for Stock-Based Compensation, the Company's net income and net income per share would have been reduced as summarized below:

	1996	1995
Net income as reported	$16,400	$28,700
Net income pro forma	$15,700	$27,600
Net income per share as reported	$1.00	$1.73
Net income per share pro forma	$.96	$1.67

The following assumptions were used in 1996 and 1995 to compute the fair value of the option grants in 1996 and 1995 using the Black-Scholes option-pricing model: a risk-free interest rate of 5.87% and 6.57%, respectively, stock volatility of 25.7% and 19.4%, respectively; dividend yield of 2% in both years; and for both years expected option lives of three years for the long-term plan and two years for the non-employee directors plan.

COMMITMENTS AND CONTINGENCIES

At December 31, 1996, the Company was obligated under various operating lease agreements with terms ranging from one month to 20 years. Rental expense in 1996, 1995 and 1994 was $7,900, $6,600 and $5,000, respectively. Minimum rentals for noncancelable operating leases with initial or remaining terms in excess of one year are: 1997--$7,700; 1998--$7,600; 1999--$7,500; 2000--$6,300; 2001--$6,300 and thereafter $66,100.

At December 31, 1996, outstanding contractual commitments for the purchase of equipment and raw materials amounted to $8,000, all of which is due to be paid in 1997.

The Company has accrued the estimated cost of environmental compliance expenses related to soil or groundwater contamination at current and former manufacturing facilities. The ultimate cost to be incurred by the Company and the timing of such

payments cannot be fully determined. However, based on consultants' estimates of the costs of remediation in accordance with applicable regulatory requirements, the Company believes the accrued liability of $1,200 at December 31, 1996 is sufficient to cover the future costs of these remedial actions, which will be carried out over the next two to three years. The Company has not anticipated any possible recovery from insurance or other sources.

On March 30, 1992, OCAP Acquisition Corp. (OCAP) commenced an action in the Supreme Court of the State of New York, County of New York, against Paco, certain of its subsidiaries and R.P. Scherer Corporation (Scherer) Paco's former parent company, (collectively, the defendants), arising out of the termination of an Asset Purchase Agreement dated February 21, 1992 (the Purchase Agreement) between OCAP and the defendants providing for the purchase of substantially all the assets of Paco. On May 15, 1992, OCAP served an amended verified complaint (the Amended Complaint), asserting causes of action for breach of contract and breach of the implied covenant of good faith and fair dealing, arising out of defendants' March 25, 1992 termination of the Purchase Agreement, as well as two additional causes of action that were subsequently dismissed by order of the court. The Amended Complaint seeks $75,000 in actual damages, $100,000 in punitive damages, as well as OCAP's attorney fees and other litigation expenses, costs and disbursements incurred in bringing this action. Scherer has asserted a counterclaim against OCAP for breach of contract and breach of the covenant of good faith and fair dealing arising out of the termination of the Purchase Agreement. This matter went to trial in late March 1996 and at the close of the trial, the court dismissed all of the plaintiff's claims and the defendants' counter claims, with each side to bear its own costs. Plaintiff has filed a notice of appeal, and the defendants have filed a cross-appeal.

Scherer has agreed to indemnify Paco against any liabilities (including fees and expenses incurred after March 31, 1992) it may have as a result of this litigation matter. In the opinion of management, the ultimate outcome of this litigation will not have a material adverse effect on the Company's business or financial condition.

INDUSTRY SEGMENT AND OPERATIONS BY GEOGRAPHIC AREA

The West Company and its affiliated companies operate in one industry segment. The Company develops, manufactures and markets stoppers, closures, containers, medical device components and assemblies made from elastomers, metal and plastic, and provides contract packaging and contract manufacturing services for the healthcare and consumer products markets. Total sales include sales to one customer of approximately $48,300, $43,700 and $40,200 in 1996, 1995 and 1994, respectively. Operating information and identifiable assets by geographic area of manufacture are shown below:

1996	1995	1994

Net sales:			
United States	$283,900	$247,400	$216,600
Europe	136,200	128,000	114,200
Other	38,700	37,500	34,300
Total	$458,800	$412,900	$365,100
Net income from consolidated operations:			
United States	$ 5,900	$ 19,000	$ 16,400
Europe	6,800	5,000	5,500
Other	2,200	3,800	4,900
Total	$ 14,900	$ 27,800	$ 26,800
Identifiable assets:			
United States	$246,700	$251,900	$179,000
Europe	153,800	158,500	151,000
Other	52,800	48,100	45,500
	$453,300	$458,500	$375,500
Investments in affiliated companies:			
United States	$ 700	$ 700	$ 3,300
Europe	7,300	4,600	2,700
Other	16,100	16,300	15,900
	$ 24,100	$ 21,600	$ 21,900
Total assets	$477,400	$480,100	$397,400

QUARTERLY OPERATING AND PER SHARE DATA (UNAUDITED)
THE WEST COMPANY, INCORPORATED AND SUBSIDIARIES
(in thousands of dollars, except per share data)

	1996 Three Months Ended				1995 Three Months Ended			
	Dec. 31	Sept. 30	June 30	March 31(1)	Dec. 31	Sept.30	June 30	March 31
Net sales	$114,600	$111,300	$119,000	$113,900	$107,600	$101,100	$109,000	$95,200
Gross profit	33,300	29,600	31,900	31,300	29,100	24,700	31,900	32,500
Net (loss)income	9,900	6,600	8,100	(8,200)	7,900	3,900	8,700	8,200
Net income(loss) per share	.60	.40	.50	(.49)	.47	.24	.52	.50

(1) First quarter 1996 results include charges related to restructuring actions described in the Note "Restructuring Charge" on page 23.

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF THE WEST COMPANY, INCORPORATED:

We have audited the accompanying consolidated balance sheets of The West Company, Incorporated and Subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The West Company, Incorporated and Subsidiaries as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Coopers and Lybrand L.L.P.

600 Lee Road
Wayne, Pennsylvania
February 21, 1997

REPORT OF MANAGEMENT

The Company's management is responsible for the integrity, reliability and objectivity of publicly reported financial information. Management believes that the financial statements as of the year ended December 31, 1996, have been prepared in conformity with generally accepted accounting principles and that information presented in this Annual Report is consistent with those statements. In preparing the financial statements, management makes informed judgements and estimates where necessary, with appropriate consideration given to materiality.

In meeting its responsibility for preparing financial statements, management maintains a system of internal accounting controls over financial reporting, including the safeguard of its assets against unauthorized acquisition, use or disposition. This system is designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization and recorded properly, allowing for preparation of reliable financial statements. There are inherent limitations in the effectiveness of all internal control systems. The design of the Company's system recognizes that errors or irregularities may occur and that estimates and judgements are required to assess the relative cost and expected benefits of the controls. Management believes that the Company's accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period.

The independent accountants are appointed by the Board of Directors, with the approval of the shareholders. As part of their engagement, the independent accountants audit the Company's financial statements, express their opinion thereon, and review and evaluate selected systems, accounting procedures and internal controls to the extent they consider necessary to support their report.

____
William G. Little
Chairman, President and Chief Executive Officer

TEN YEAR SUMMARY
THE WEST COMPANY, INCORPORATED AND SUBSIDIARIES
(in thousands, except per share data)

	1996	1995	1994

SUMMARY OF OPERATIONS			
Net sales	$458,800	412,900	365,100
Operating profit (loss)	$ 32,700	49,800	45,400
Income (loss) before income taxes and minority interests	$ 25,800	42,500	42,100
Provision for income taxes	$ 10,800	13,900	13,400
Minority interests	$ 100	800	1,900
Income (loss) from consolidated operations	$ 14,900	27,800	26,800
Equity in net income of affiliated companies	$ 1,500	900	500
Income (loss) before change in accounting method	$ 16,400	28,700	27,300
Income (loss) before change in accounting method per share (a)	$ 1.00	1.73	1.70
Average shares outstanding	$ 16,418	16,557	16,054
Dividends paid per common share	$ .53	.49	.45
Research, development and engineering expenses	$ 11,200	12,000	12,000
Capital expenditures	$ 31,700	31,300	27,100
YEAR-END FINANCIAL POSITION			
Working capital	$ 91,100	86,600	50,400
Total assets	$477,400	480,100	397,400
Total invested capital:			
Total debt	$ 98,400	114,300	57,800
Minority interests	$ 300	200	1,900
Shareholders' equity	$252,000	254,100	227,300
Total	$350,700	368,600	287,000
PERFORMANCE MEASUREMENTS			
Gross margin (b)	% 27.5	28.6	32.1
Operating profitability (c)	% 7.1	12.1	12.4
Tax rate	% 41.8	32.8	31.8

Asset turnover ratio (d)	% .96	.94	1.04
Return on average shareholders' equity	% 6.5	11.9	13.2
Total debt as a percentage of total invested capital	% 28.1	31.0	20.1
Shareholders' equity per share	$ 15.39	15.29	13.81
Stock price range	$ 30-22 1/8	30 5/8-22 5/8	29 1/8-21 1/4

(a) Based on average shares outstanding.
(b) Net sales minus cost of goods sold, including applicable depreciation and amortization, divided by net sales.
(c) Operating profit (loss) divided by net sales.
(d) Net sales divided by average total assets; 1993 asset turnover ratio is based on 12 months' sales for international subsidiaries.

1996 includes a restructuring charge that reduced operating results by $.91 per share.
1995 includes for the first time the net operating results of Paco from May 1.
1994 includes for the first time the results of two companies in which majority ownership was acquired in 1994.
1993 includes 13 months of operating results for international subsidiaries.
Beginning in 1992 the Company's ownership interest in glass manufacturing operating results is reported as equity in net income of affiliates. Prior to the 1992 sale of a majority interest in such operation, operating results were fully consolidated.
1991 includes a restructuring charge that reduced operating results by $1.37 per share.
1990 includes a restructuring charge that reduced operating results by $.45 per share, and 1990 included for the first time the results of two companies in which controlling ownership was acquired in 1989.
1988 included for the first time the results of an affiliate in which majority ownership was acquired in 1988.

TEN YEAR SUMMARY
THE WEST COMPANY, INCORPORATED AND SUBSIDIARIES
(in thousands, except per share data)

1993	1992	1991	1990	1989	1988	1987
348,700	337,500	328,900	323,200	308,700	285,400	253,300
40,600	38,700	(1,600)	15,600	38,700	30,100	25,600
37,500	34,800	(7,700)	9,600	34,400	26,100	22,100
14,300	14,300	4,700	6,400	13,200	10,100	9,500
1,700	1,700	(2,400)	300	2,100	1,400	1,000
21,500	18,800	(10,000)	2,900	19,100	14,600	11,600
1,000	900	1,500	1,400	1,600	2,800	2,100
22,500	19,700	(8,500)	4,300	20,700	17,400	13,700
1.42	1.26	(.55)	.27	1.28	1.07	.85
15,838	15,641	15,527	15,793	16,235	16,249	16,195
.41	.40	.40	.40	.31	.29	.27
11,400	11,100	10,800	10,900	11,900	11,300	9,700
33,500	22,400	25,600	33,200	34,300	29,700	43,100
46,400	37,700	26,500	36,500	50,400	53,000	45,200
309,200	304,400	313,200	343,500	313,000	298,900	280,100
32,300	42,000	58,400	78,500	58,100	55,200	60,500
10,900	10,100	8,400	11,700	9,100	10,600	6,200
188,100	168,600	152,600	176,100	179,700	171,400	155,800
231,300	220,700	219,400	266,300	246,900	237,200	222,500
30.2	28.8	25.6	24.4	26.5	25.0	25.3
11.7	11.5	(.5)	4.8	12.5	10.5	10.1
38.2	41.1	61.7	66.5	38.5	38.6	42.9
1.11	1.10	1.00	.98	1.01	.99	.98

13.2	12.3	(8.9)	2.4	11.8	10.6	9.3
14.0	19.1	26.6	29.5	23.5	23.3	27.2
11.82	10.71	9.81	11.37	11.15	10.53	9.61
25 1/4-19 7/8	24 1/8-16 3/4	18 3/4-11 1/8	20-10 1/2	22 5/8-14 7/8	17 1/2-12 1/4	22 1/8-12 1/2

Exhibit 21

SUBSIDIARIES OF THE COMPANY

	State/Jurisdiction Incorporation	Direct Stock Ownership	
The West Company, Incorporated	Pennsylvania	Parent Co.	
Paco Pharmaceutical Services, Inc.	Delaware	100.0	
Paco Packaging, Inc.	Delaware	100.0	
Paco Technologies, Inc.	Delaware	100.0	
Paco Laboratories, Inc.	Delaware	100.0	
Charter Laboratories, Inc.	Delaware	100.0	
Paco Puerto Rico, Inc.	Delaware	100.0	
Citation Plastics Co.	New Jersey	100.0	
The West Company of Puerto Rico, Inc.	Delaware	100.0	
TWC of Florida, Incorporated	Florida	100.0	
Senetics, Inc.	Colorado	100.0	
West International Sales Corporation	U.S. Virgin Islands	100.0	
The West Company of Delaware, Inc.	Delaware	100.0	
The West Company de Colombia, S.A.	Colombia	52.1	(1)
The West Company Holding GmbH	Germany	100.0	
The West Company Deutschland GmbH	Germany	100.0	
Pharma-Gummi Beograd	Yugoslavia	84.7	(2)
The West Company (Custom & Specialty Services) GmbH	Germany	100.0	
The West Company Danmark A/S	Denmark	100.0	
The West Company Italia S.R.L.	Italy	95.0	(3)
The West Company France S.A.	France	99.99	(4)
The West Company (Mauritius) Ltd.	Mauritius	100.0	
The West Company (India) Private Ltd.	India	100.0	
The West Company Group Ltd.	England	100.0	
The West Company (UK) Ltd.	England	100.0	
The West Company Hispania S.A.	Spain	54.7	(5)
The West Company Argentina S.A.	Argentina	100.0	
The West Company Brasil S.A.	Brasil	100.0	
The West Company Venezuela C.A.	Venezuela	100.0	
The West Company Singapore Pty. Ltd.	Singapore	100.0	
The West Company Australia Pte. Ltd.	Australia	100.0	
West Company Korea Ltd.	Korea	100.0	

(1) In addition, 46.16 % is owned directly by The West Company, Incorporated; 1.55% is held in treasury by The West Company de Colombia S.A..
(2) Affilated company accounted for on the cost basis.
(3) In addition, 5 % is owned directly by The West Company, Incorporated;
(4) In addition, .01% is owned directly by 9 Individual Shareholders.
(5) In addition, 27.4% is owned directly by The West Company Holdings GmbH; 17.9% is owned by one shareholder.

Exhibit 23

COOPERS
& LYBRAND

certified public accountants

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this registration statement of The West Company, Incorporated on Form S-8, (Registration Nos. 2-95618, 2-45534, 33-29506, 33-32580, 33-37825, 33-61074, 33-61076, 33-12287 and 33-12289) of our report, dated February 21, 1997 on our audits of the consolidated financial statements of The West Company, Incorporated and subsidiaries as of December 31, 1996 and 1995, and for the years ended December 31, 1996, 1995 and 1994, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND

600 Lee Road
Wayne, Pennsylvania
March 31, 1997

Exhibit 24

POWER OF ATTORNEY

The undersigned hereby authorizes and appoints William G. Little and John A. Vigna, and each of them, as his/her attorneys-in-fact to sign on his/her behalf and in his/her capacity as a director of The West Company, Incorporated, and to file, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and all amendments, exhibits and supplements thereto.

Date: March 7, 1997

/s/ Tenley E. Albright, M.D.

Tenley E. Albright, M.D.

POWER OF ATTORNEY

The undersigned hereby authorizes and appoints William G. Little and John A. Vigna, and each of them, as his/her attorneys-in-fact to sign on his/her behalf and in his/her capacity as a director of The West Company, Incorporated, and to file, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and all amendments, exhibits and supplements thereto.

Date: March 7, 1997 /s/ G. W. Ebright

George W. Ebright

POWER OF ATTORNEY

The undersigned hereby authorizes and appoints William G. Little and John A. Vigna, and each of them, as his/her attorneys-in-fact to sign on his/her behalf and in his/her capacity as a director of The West Company, Incorporated, and to file, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and all amendments, exhibits and supplements thereto.

Date: March 7, 1997 /s/ George J. Hauptfuhrer, Jr.

George J. Hauptfuhrer, Jr.

POWER OF ATTORNEY

The undersigned hereby authorizes and appoints William G. Little and John A. Vigna, and each of them, as his/her attorneys-in-fact to sign on his/her behalf and in his/her capacity as a director of The West Company, Incorporated, and to file, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and all amendments, exhibits and supplements thereto.

Date: March 7, 1997

/s/ L. Robert Johnson
L. Robert Johnson

POWER OF ATTORNEY

The undersigned hereby authorizes and appoints John A. Vigna, as his attorney-in-fact to sign on his behalf and in his capacity as Chief Executive Officer and a director of The West Company, Incorporated, and to file, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and all amendments, exhibits and supplements thereto.

Date: March 7, 1997

/s/ William G. Little
William G. Little

POWER OF ATTORNEY

The undersigned hereby authorizes and appoints William G. Little and John A. Vigna, and each of them, as his/her attorneys-in-fact to sign on his/her behalf and in his/her capacity as a director of The West Company, Incorporated, and to file, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and all amendments, exhibits and supplements thereto.

Date: March 7, 1997 /s/ William H. Longfield

William H. Longfield

POWER OF ATTORNEY

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Date: March 7, 1997 /s/ J. P. Neafsey

John P. Neafsey

POWER OF ATTORNEY

The undersigned hereby authorizes and appoints William G.

Little and John A. Vigna, and each of them, as his/her attorneys-in-fact to sign on his/her behalf and in his/her capacity as a director of The West Company, Incorporated, and to file, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and all amendments, exhibits and supplements thereto.

Date: March 7, 1997 /s/ Monroe E. Trout

Monroe E. Trout, M.D.

POWER OF ATTORNEY

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Date: March 7, 1997 /s/ Anthony Welters

Anthony Welters

POWER OF ATTORNEY

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Date: March 7, 1997 /s/ William S. West

William S. West

POWER OF ATTORNEY

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Date: March 7, 1997 /s/ J. Roffe Wike, II

J. Roffe Wike, II

POWER OF ATTORNEY

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Date: March 7, 1997 /s/ Geoffrey F. Worden

Geoffrey F. Worden

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