

This report contains 20 pages
(including cover page)

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For The Quarterly Period Ended March 31, 1995

Commission File Number 0-5884

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, PA

19341-0645

(Address of principal executive
offices)

(Zip Code)

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

N/A

Former name, former address and former fiscal year, if changed since last report.

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 twelve months, and (2) has been subject to such filing requirements for the past 90 days. Yes X. No.

March 31, 1995 --16,525,750

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

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Form 10-Q for the
Quarter Ended March 31, 1995

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Part I - Financial Information

Item 1. Financial Statements

The West Company, Incorporated and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

	Quarter Ended March 31, 1995		March 31, 1994	
	-----	-----	-----	-----
Net sales	\$95,200	100 %	\$87,100	100 %
Cost of goods sold	63,100	66	58,200	67

Gross profit	32,100	34	28,900	33
Selling, general and administrative expenses	16,800	18	15,500	18
Other expense, net	-	-	700	1

Operating profit	15,300	16	12,700	14
Interest expense	1,400	2	600	1

Income before income taxes and minority interests	13,900	14	12,100	13
Provision for income taxes	5,100	5	4,700	5
Minority interests	200	-	500	-

Income from consolidated operations	8,600	9 %	6,900	8 %
Equity in net income (loss) of affiliated companies	(400)		100	

Net income	\$ 8,200		\$ 7,000	

Net income per share	\$.50		\$.44	

Average shares outstanding	16,491		15,956	

See accompanying notes to interim financial statements.

The West Company, Incorporated and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS	March 31, 1995	Dec. 31, 1994
	-----	-----
Current assets:		
Cash, including equivalents	\$ 28,900	\$ 27,200
Accounts receivable	59,000	57,800
Inventories	46,200	38,100
Other current assets	13,500	13,600
	-----	-----
Total current assets	147,600	136,700
	-----	-----
Net property, plant and equipment	200,300	192,200
Investments in affiliated companies	21,900	21,900
Intangibles and other assets	51,800	46,600
	-----	-----
Total Assets	\$421,600	\$ 397,400
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 7,800	\$ 19,200
Notes payable	5,000	2,700
Accounts payable	17,000	19,300
Other current liabilities	29,100	45,100
	-----	-----
Total current liabilities	58,900	86,300
	-----	-----
Long-term debt, excluding current portion	72,000	35,900
Deferred income taxes	24,400	24,400
Other long-term liabilities	24,500	21,600
Minority interests	2,300	1,900
Shareholders' equity	239,500	227,300
	-----	-----
Total Liabilities and Shareholders' Equity	\$421,600	\$397,400
	-----	-----

See accompanying notes to interim financial statements.

The West Company Incorporated and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Quarter Ended	
March 31, 1995	March 31, 1994
-----	-----

Cash flows from operating activities:		
Net income, plus net non-cash items	\$ 16,000	\$ 13,100
Changes in assets and liabilities	(9,000)	(6,100)
Net cash provided by operating activities	7,000	7,000
Cash flows from investing activities:		
Property, plant and equipment acquired	(6,900)	(4,400)
Proceeds from sale of assets	100	100
Payment for acquisition, net of cash acquired	(16,500)	(2,900)
Net cash used in investing activities	(23,300)	(7,200)
Cash flows from financing activities:		
New long-term debt	27,800	-
Repayment of long-term debt	(11,200)	(900)
Notes payable, net	1,800	3,600
Dividend payments	(2,000)	(1,800)
Sale of common stock, net	800	900
Net cash provided by financing activities	17,200	1,800
Effect of exchange rates on cash	800	100
Net increase in cash, including equivalents	\$ 1,700	\$ 1,700

See accompanying notes to interim financial statements.

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The West Company, Incorporated and Subsidiaries
Notes to Consolidated Financial Statements

Interim results are based on the Company's accounts without audit. The interim consolidated financial statements for the quarter ended March 31, 1995 should be read in conjunction with the consolidated financial statements and notes thereto of The West Company, Incorporated appearing in the Company's 1994 Annual Report on Form 10-K.

1. Interim Period Accounting Policy

In the opinion of management, the unaudited Condensed Consolidated Balance Sheet as of March 31, 1995 and the related unaudited Consolidated Statement of Income and the unaudited Condensed Consolidated Statement of Cash Flows for the three month period then ended and for the comparative periods in 1994 contain all adjustments, consisting only of normal recurring accruals, necessary to present fairly the financial position as of March 31, 1995 and the results of operations and cash flows for the respective periods. The results of operations for any interim period are not necessarily indicative of results for the full year.

Operating Expenses

Certain operating expenses have been annualized for interim reporting purposes.

Income Taxes

The tax rate used for interim periods is the estimated annual effective consolidated tax rate, based on current estimates of full year results, except that taxes applicable to operating results in Brazil are recorded on a basis discrete to the period and prior year adjustments, if any, are

recorded as identified.

2. Inventories at March 31, 1995 and December 31, 1994 are summarized as follows:

(in thousands)	1995	Audited 1994
Finished goods	\$ 19,900	\$ 17,000
Work in process	8,600	5,300
Raw materials and supplies	17,700	15,800
	-----	-----
	\$ 46,200	\$ 38,100
	-----	-----
	-----	-----

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The West Company, Incorporated and Subsidiaries
Notes to Consolidated Financial Statements
(Continued)

3. The carrying value of property, plant and equipment is determined as follows:

(in thousands)	1995	Audited 1994
Property, plant and equipment	\$ 385,100	\$ 366,800
Less accumulated depreciation	184,800	174,600
	-----	-----
Net property, plant and equipment	\$ 200,300	\$ 192,200
	-----	-----
	-----	-----

4. Common stock issued at March 31, 1995 was 16,844,735 shares, of which 318,985 shares were held in treasury. Dividends of \$.12 per common share were paid in the first quarter of 1995 and a dividend of \$.12 per share payable to holders of record on April 19, 1995 was declared on March 7, 1995.
5. The Company has accrued the estimated cost of environmental compliance expenses related to current and former manufacturing facilities. The ultimate cost to be incurred by the Company cannot be fully determined; however, based on information currently available, the Company believes the accrued liability is sufficient to cover the future costs of required remedial actions.
6. Subsequent event: On April 27, 1995 the Company announced that it completed its acquisition of PACO Pharmaceutical Services, Inc., a public company traded over-the-counter. The merger follows the completion of a cash tender offer for PACO common stock at \$12.25 per share. PACO will become a wholly-owned subsidiary of the Company, and will be consolidated beginning in the second quarter of 1995.

The following table presents selected financial information for the year ended December 31, 1994 on a proforma basis assuming the acquisition of 100% of PACO Pharmaceuticals Services, Inc. and subsidiaries had occurred on January 1, 1994 and \$1.4 million of savings related to synergies of the companies had been realized.

Net sales	\$429,900
Income before taxes	43,500
Income from consolidated operations	28,100
Net income	28,600
Net income per share	1.78

Item 2.
Management's Discussion and Analysis of Financial Condition and

Results of Operations.

Results of Operations for the Quarter Ended March 31, 1995 Versus

the Quarter ended March 31, 1994.

Net Sales

Net sales for the first quarter of 1995 increased by \$8.1 million, or 9%, compared with the same period in 1994. A weak U.S. dollar and inclusion of sales generated by Schubert Seals A/S, 51% of which was acquired in May 1994, were the primary reasons for the increase. Strong demand for products in international health care markets were offset in part by lower sales in U.S. markets and lower machinery sales. Demand for the Company's Spout-Pak closure system for gable-carton juice containers remained strong.

Gross Profit

Gross margin as a percentage of sales increased to 33.7% in 1995 from 33.2% in the first quarter of 1994. The margin improvement reflects increased sales volume in international health care markets. Margins in the U.S. were lower because of product mix and higher material prices.

Selling, general and administrative (SG&A) expenses increased by \$1.3 million in the first quarter 1995 compared with first quarter 1994. SG&A expenses for Schubert Seals A/S and translation differences due to the weakening U.S. dollar were the primary causes.

Other expense, net in 1995 decreased by \$0.7 million compared with the same period in 1994. In 1995, foreign exchange losses in Europe because of a strong German mark, and in Brazil were offset by higher interest income earned on the large cash balances. In 1994, exchange losses in Brazil were significantly higher than in 1995, and more than offset other income sources resulting in net other expenses of \$0.7 million.

Interest Expense, Minority Interests and Equity in Affiliates

Higher average debt levels related to acquired companies and to the financing of acquisitions in 1994, including the minority interests in five European subsidiaries in the fourth quarter of 1994, and a weaker U.S. dollar compared to European currencies, increased interest expense

Item. 2.
Management Discussion and Analysis of Financial Condition and

Results of Operations. (Continued)

by \$0.8 million in the first quarter 1995 compared with 1994.

Minority interests are lower because of the minority buyout mentioned above.

Equity in net income of affiliates showed a loss of \$0.4 million for the first quarter of 1995 compared with income of \$0.1 million for the same period in 1994.

Further devaluation of the Mexican peso produced significant translation losses on net monetary assets of the Company's affiliate in Mexico, and was responsible for the reported loss.

Taxes

The estimated effective annual tax rate for 1995 is 37%. This is two percentage points lower than the rate estimated in the first quarter of 1994 primarily due to lower state taxes. The effective annual tax rate at the end of 1994 was 31.8%, reflecting the one-time impact of a net refund of foreign taxes paid by subsidiaries in prior years, triggered by the payment of dividends. No similar significant one-time benefits are expected in 1995.

Net Income

Net income for the first quarter 1995 was \$8.2 million, or \$.50 per share, compared with net income for the first quarter 1994 of \$7.0 million, or \$.44 per share.

Financial Position

Working capital at March 31, 1995 was \$88.7 million compared with \$50.4 million at December 31, 1994. Working capital increased because of the long-term financing of the final payment for the acquisition of minority owners' interests in five European subsidiaries, and the settlement of liability on an interest rate swap agreement. U.S. inventory levels were also higher. The working capital ratio at March 31, 1995 was 2.5 to 1.

Cash flow from operations and available cash funded capital expenditures and dividends.

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Total debt as a percentage of total invested capital rose to 25.9% at March 31, 1995 compared to 20.1% at December 31, 1994. At March 31, 1995 the Company had available unused lines of credit totaling \$49.8 million.

On April 27, 1995 the Company completed the acquisition of PACO Pharmaceutical Services, Inc. (see subsequent event in the Notes to Consolidated Financial Statements). The Company intends to finance the acquisition with available cash and drawdown of funds from available lines of credit.

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Part II - Other Information

Item 1. Legal Proceedings.

A. Wayne, New Jersey

The Company is a party to an Administrative Consent Order with the New Jersey Department of Environment Protection (DEP) under which the Company is required to submit and perform a cleanup plan for property formerly owned by the Company in Wayne, New Jersey. The DEP has approved the Company's plan which permits a plastic waste-disposal area to be capped and to remain in place, subject to placing a use restriction on that portion of the property, and subject to the DEP's further determination of the extent to which groundwater monitoring will be required. The present owner of the property has thus far declined to provide the use restriction and the Company has initiated legal action against him to compel him to provide the use restriction. The DEP has not yet taken final action with respect to any further remedial steps such as ground water monitoring which may be required as part of the cleanup plan.

See note number 5 of the Notes to Consolidated Financial Statements beginning on page 6 of this report.

Item 6. Exhibits and Reports on Form 8-K

- (a) See Index to Exhibits on pages F-1, F-2, F-3 and F-4 of this Report.
- (b) No reports on Form 8-K have been filed for the quarter ended March 31, 1995.

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SIGNATURES

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

THE WEST COMPANY, INCORPORATED

(Registrant)

May 15, 1995

Date

R. J. Land

(Signature)

R. J. Land
Sr. Vice President,

Finance and Administration
(Chief Financial Officer)

May 15, 1995

A. M. Papso

Date

(Signature)

A. M. Papso
Vice President and Corporate
Controller
(Chief Accounting Officer)

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 Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended 12/31/94 (File No.0-5884).	
(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. 0-5884).	
(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).	
(10) (a)	Registration Rights Agreement dated March 23, 1993 between the Company and Hans Wimmer, incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 0-5884).	
(10) (b)	Lease dated as of December 31, 1992 between Lion Associates, L.P. and LuMont Keystone/Lionville Trust, relating to the lease of the Company's headquarters in Lionville, Pa., incorporated by reference to	

Exhibit
Number

Page
Number

The Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 0-5884).

- (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. 0-5884).
- (10) (d) 1995 Annual Incentive Bonus Plan, incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1993 (File No. 0-5884).
- (10) (e) 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. 0-5884).
- (10) (f) Pension agreement dated February 17, 1994 between Pharma-Gummi Wimmer West GmbH and Ulf Tychsen, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 0-5884).
- (10) (g) 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. 0-5884).
- (10) (h) Schedule of agreements with executive officers.
- (10) (i) Supplemental Employees' Retirement Plan ("SERP"), incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 0-5884).

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Exhibit
Number

Page
Number

- (10) (j) Amendment No. 1 to the Company's Supplemental Employees' Retirement Plan.
- (10) (k) 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. 0-5884).
- (10) (l) 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. 0-5884).

- (10) (m) Management Contract dated as of March 7, 1986, between Hans Wimmer and Pharma-Gummi Wimmer West GmbH, as amended, incorporated by reference to The Company's Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 0-5884).
- (10) (n) Contract of Employment dated April 2, 1992 between Ulf C. Tychsen and Pharma-Gummi Wimmer West GmbH, and related letter agreement of even date and Addendum No. 1 dated September 26, 1994, incorporated by reference to the Company's Annual Report on form 10-K for the year ended December 31, 1994 (File No. 0-5884).
- (10) (o) Non-qualified Deferred Compensation Plan for Designated Executive Officers ("Officers Deferred Comp Plan") incorporated by reference to Exhibit (10) (s) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 0-5884).
- (10) (p) Amendment No. 1 to the Non-qualified Deferred Compensation Plan for Designated Executive Officers.

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Exhibit
Number

Page
Number

- (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. 0-5884).
- (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 on March 31, 1995.
- (11) Not applicable.
- (15) Not applicable.
- (18) None.
- (22) None.
- (23) Not applicable.
- (24) None.
- (27) Financial Data Schedules.
- (99) None.

Exhibit 10 (h)

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) (g).

George R. Bennyhoff

John R. Gailey III

J. E. Dorsey

Stephen M. Heumann

Raymond J. Land

Anna Mae Papso

Victor E. Ziegler

AMENDMENT NO. 1

THE WEST COMPANY INCORPORATED
SUPPLEMENTAL EMPLOYEES' RETIREMENT PLAN

The West Company, Incorporated hereby amends its Supplemental Employees' Retirement Plan as set forth below:

I. SECTION 3 is hereby deleted and the following substituted therefor:

3. The monthly normal retirement benefit calculated under this Plan at a Participant's attainment of age 65 shall be equal to the benefit that would have been paid under the SERP if the amount of the monthly benefit under the SERP as in effect when the Participant attained age 65 (assuming payment in the form of a single life annuity with no period certain) was calculated (i) by taking into account compensation a Participant elected to defer under The West Company Non-Qualified Plan for Designated Executive Officers for purposes of determining his Average Annual Earnings, and (ii) without taking the Code Limits into account, reduced by the offset provided in paragraph 4.

To record the adoption of this Amendment No. 1 to the Plan, The West Company, Incorporated has caused its authorized officers to affix its name and seal this 1st day of November, 1994.

[CORPORATE SEAL]

THE WEST COMPANY, INCORPORATED

Attest:

By:

John R. Gailey III
Secretary

George R. Bennyhoff
Senior Vice President
Human Resources and Public Affairs

AMENDMENT NO. 1

THE WEST COMPANY, INCORPORATED
NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR
DESIGNATED EXECUTIVE OFFICERS

The West Company, Incorporated hereby amends its Non-Qualified Deferred Compensation Plan for Designated Executive Officers as set forth below:

I. SECTION 3(b) is hereby re-numbered as Section 3(c) and a new Section 3(b) is hereby inserted as follows:

(b) Notwithstanding Section 3(a) above, if an eligible Executive Officer is hired by the Company during a calendar year, the Executive Officer may elect to participate in the Plan by notifying the Company's Secretary in writing before the Executive Officer performs any services for the Company how much of his Compensation shall be deferred. An election so made shall be irrevocable during that calendar year and shall apply to each calendar year thereafter until the Executive Officer changes his election in accordance with the procedure set forth in Section 3(a) above.

To record the adoption of this Amendment No. 1 to the Plan, The West Company, Incorporated has caused its authorized officers to affix its name and seal this 7th day of March, 1995.

[CORPORATE SEAL]

THE WEST COMPANY,
INCORPORATED

Attest:

John R. Gailey III
Secretary

By:

George R. Bennyhoff
Senior Vice President
Human Resources

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