This report contains pages
including the cover page

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

FORM 10-K/A1

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

For the fiscal year ended December 31, 1994

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, PA	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.

As of March 17, 1995, the Registrant had 16,508,400 shares of its Common Stock outstanding. The market value of Common Stock held by non-affiliates of the Registrant as of that date was $416,837,100.

Exhibit Index appears on page 50.

DOCUMENTS INCORPORATED BY REFERENCE

None.

PART I

Item l. Business

The Company

The West Company, Incorporated is engaged in one industry segment - the design, development, manufacture and marketing of stoppers, closures, containers, medical device components and assemblies made from elastomers, metal, glass and plastic that meet the unique filling, sealing, dispensing and delivery needs of the health care and consumer products markets. The Company also manufactures related packaging machinery. The Company's products include pharmaceutical - packaging components (stoppers, seals, caps, containers and dropper bulbs), 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 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 formulae 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. The Company also makes a wide variety of seals lined with its specially formulated rubber discs or other materials. 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 designs, manufactures and sells capping machines for use with Company-designed metal caps and seals and other packaging equipment.

The majority of pharmaceutical-packaging components currently manufactured by the Company are used in packaging injectable drugs. Included in this category of products are 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 CapR products. These devices are plastic child resistant caps that advance, or count, every time 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.

In January 1992, the Company entered into a partnership with Schott Corporation to continue the glass vial, ampoule and cartridge manufacturing operations formerly carried on by the Company at its Cleona, Pennsylvania site. The partnership, Schott West Pharmaceutical Glass Company, is owned 60% by Schott Corporation and 40% by the Company.

In January 1994, the Company acquired Senetics, Inc., a Boulder Colorado company specializing in the development of innovative closure and delivery systems for the oral and inhalation drug delivery markets. The purchase price of the acquisition was $3 million, with additional payments to the former shareholders of up to $750,000, contingent upon achievement of specified technical milestones. Additional amounts are due based on license fees or royalty income and/or direct sales of the product until January 5, 1999.

In May 1994, the Company's German holding company The West Company GmbH acquired a 51% interest in Schubert Seals A/S, a Danish manufacturer of rubber components and metal seals servicing the European pharmaceutical industry, for a purchase price of $4.8 million. At closing the parties entered into a shareholders agreement which contains limitations on the transfer of shares and provisions relating to voting on key corporate actions.

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 such products as 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 proprietary plastic closures, some of which are tamper evident, for distillers and food and beverage processors.

Order Backlog

Orders on hand at December 31, 1994 were approximately $99 million, compared with approximately $90 million at the end of 1993. 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.

Raw Materials

The Company uses four basic raw materials in the manufacture of its products: rubber, aluminum, plastic and glass. Approximately 25% of the total rubber used by the Company is natural rubber, substantially all of which is imported from Sri Lanka and Malaysia. Plastics 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 which 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, the cost and availability of which are dependent on the supply of petroleum feedstocks. 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 reduce 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.

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 $12,000,000 in 1994, $11,400,000 in 1993 and $11,100,000 in 1992. Approximately 140 professional employees were engaged full time in such activity in 1994.

Employees

As of December 31, 1994, the Company and its subsidiaries had 3,680 full-time employees.

Patents and Licenses

The patents owned by the Company 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 business or its earnings to be materially dependent upon any single patent or patent right.

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 sells to many of the leading manufacturers of personal-care products. The Company distributes its products primarily through its own sales force and also through 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 their 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 28% of the Company's consolidated net sales in 1994, and no one of these customers accounted for more than 6% of 1994 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 health care 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, rubber and glass components.

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 contained in item 8 and incorporated by reference herein.

International

The Note "Affiliated Companies" and the Note "Industry Segment and Operations by Geographic Area" of Notes to Consolidated Financial Statements contained in item 8 are incorporated herein by reference.

The Company believes that its international business does not involve a substantially greater business risk than its domestic business. However, economic and competitive factors vary in the countries in which the Company's international subsidiaries and affiliates do business. The future growth and performance of the Company's international subsidiaries and affiliates are dependent on these factors and the political stability of the countries where they do 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, incorporated herein by reference). 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, incorporated herein by reference.

Item 4 (a) Executive Officers of the Registrant

The executive officers of the Company at March 28, 1995 were as follows:

Name	Age	Business Experience During Past Five Years
George R. Bennyhoff 1	51	Senior Vice President, Human Resources and Public Affairs since March 1986.
Wendy Dixon	39	Group Vice President, The Americas, since March 1995; previously Executive Vice President and General Manager of International Operations for Osteotech, Inc., a processor of medical implant products, from May 1993 to February 1995; and prior thereto held the following positions with Centocor, Inc., a biotechnology pharmaceutical company: Vice President, Business Development from August 1992 to April 1993, Vice President, European Marketing & Sales from October 1990 to August 1992, Vice President, European Marketing & Business Development from June 1989 to October 1990.
Jerry E. Dorsey 1	50	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 thereto President and Chief Executive Officer of Foster Medical, a medical supply company, from 1990 to May 1992.
Steven A. Ellers 1	44	Vice President, Operations since June 1994; previously Vice President Asia/Pacific and Managing Director, Singapore for the Company from May 1990 to May 1994.

John R. Gailey III 1	40	General Counsel and Secretary since May 1994; previously Corporate Counsel and Secretary of the Company from December 1991 to April 1994 and; prior thereto an Associate with the law firm of Dechert Price & Rhoads.
Stephen M. Heumann 1	53	Vice President and Treasurer since May 1994; previously Treasurer from December 1990 to April 1994 and Assistant Treasurer from May 1990 through November 1990 for the Company.
Raymond J. Land 1	50	Senior Vice President, Finance and Administration from October 1991; previously General Manager - Premium Meals for Campbell Soup Company.
William G. Little 1	52	Director, President and Chief Executive Officer from May 1991; previously Division President, Kendall, Inc., a medical device company, from 1990 to May 1991.
Anna Mae Papso 1	51	Vice President since March 1991 and Corporate Controller since May 1989.
Ulf C. Tychsen 1	50	Group Vice President, Europe and Asia/Pacific, since January 1995; previously President, Sales & Marketing from June 1994 to December 1994 and President, Europe Division from July 1992 to June 1994 for the Company; and prior thereto Managing Director, Marketing and Sales for Schulke & Mayr Gmbh, a manufacturer of disinfectants and conservation products.
Victor E. Ziegler 1	64	Executive Vice President since January 1992; previously Division President from July 1991 to January 1992 and Group President for the Company.

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

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

FINANCIAL REVIEW

The Company operates in one industry segment: manufacturing and marketing specialized products that satisfy the unique filling, sealing, dispensing and delivery needs of the health care and consumer products industries. Over 85% of the Company's revenues are generated by the health care market. The Company's products include stoppers, closures, containers, medical device components and assemblies made from elastomers, metal, plastic and glass. The Company also manufacturers related packaging machinery.

The following is management's discussion and analysis of the Company's operating results for the three years ended December 31, 1994 and its financial position as of year-end 1994. 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 1994 net income was $27.3 million, or $1.70 per share, compared with net income of $23.5 million, or $1.48 per share, in 1993 and $19.7 million, or $1.26 per share, in 1992. In 1993, the Company standardized December 31 as the reporting year end for all consolidated subsidiaries. This change required all international subsidiaries to report December 1993 results in the reporting year 1993, resulting in the inclusion of 13 months of operating results in 1993 for these subsidiaries. Also in 1993 the Company lengthened the life of certain production equipment, which reduced depreciation expense. The depreciable life of this equipment now corresponds to its historical pattern of use and more closely matches industry practice. These two changes added approximately $.07 per share to 1993 earnings compared with 1992 and about $.01 per share to 1993 earnings compared with 1994. In 1993, the Company also adopted Statement of Financial Accounting Standards (SFAS) No. 109, which changed the Company's accounting for income taxes to the liability method. The cumulative impact of this method of income tax accounting was to reduce deferred tax liabilities recorded as of January 1, 1993, adding $.06 per share to 1993 net income.

NET SALES

Net sales were $365.1 million in 1994, an increase of 5% compared with reported sales in 1993, which included $8.8 million of international subsidiaries' sales attributable to December 1992 operations. Adjusting for that extra month would improve the annual sales increase to 7%. This improvement reflects increased sales to international health care markets, including the acquisition of a subsidiary in Europe, and increased domestic consumer product demand.

Increased health care market sales were generated by continued market penetration in the Asia/Pacific region, acquisitions and volume increases in European and domestic health care markets. The volume increases were the result of new product offerings by customers and increased demand. Acquisitions during 1994 included Senetics, Inc., a domestic company specializing in innovative closure systems for oral and inhalation drug delivery, and a 51%

interest in Schubert Seals A/S, a Danish manufacturer of metal seals for the European pharmaceutical industry. The acquired companies added $8.4 million to 1994 sales. Sales in domestic and European markets have been negatively impacted by price reductions on certain products due to government and consumer pressure to reduce health care costs and by competition. The weaker U.S. dollar compared with European and Asia/Pacific currencies added $2.3 million to reported 1994 sales amounts. Demand in Brazil for health care products increased during the later part of year as a result of that country's economic plan, which has stabilized the currency, but sales in South American health care markets were lower for the year. Measured at consistent currency exchange rates, health care sales increased by 5% over the comparable 12 months of 1993.

Domestic consumer products sales rose 18% in 1994. This increase reflects primarily the increased demand for Spout-Pak(R) for gable carton juice containers manufactured by International Paper Company and for the SAFETY SQUEASE TM product manufactured for The Procter & Gamble Company's Scope(R) and Aleve(R) products. Also machinery sales increased by $2.4 million, returning to 1992 levels, following 1993 delays in customers' capital spending programs.

In 1993, net sales increased by 3%, or $10.5 million, over 1992 levels. Compared with 1992, this reported sales increase was reduced by $10.6 million because of translation rate differences caused by the stronger U.S. dollar, but increased by $8.1 million due to the inclusion of December 1993 operating results of international subsidiaries. The inclusion of that additional month's results in 1993 standardized the reporting year end for all consolidated entities. Taking these two factors into account shows that worldwide health care market sales grew at more than 5% in 1993. The growth was evident in all markets served and came mainly from additional value-added products and services. Especially notable was market penetration in the Asia/Pacific region. Sales to consumer products markets declined by 8% compared with 1992, reflecting the combined impact of elimination of small-volume customers and less profitable product lines, and delays in customers' new product market introductions. Sales of machinery declined in 1993 by $3 million as health care reform proposals caused customers to delay their capital spending programs.

GROSS PROFIT
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The consolidated gross margin improved in 1994 to 31.8%, and gross profit grew to $116.1 million, an 11% increase over 1993. This 1.8 percentage point improvement in the gross margin compared with 1993 was the result, in part, of higher sales volume. A significant portion of the increase reflects the use of Total Quality Management ("TQM") techniques and implementation of Manufacturing, Resource Planning systems ("MRP") and new technologies. Under TQM, employees work in multi-disciplined teams to resolve business and process problems. MRP is a software information management system that integrates data related to sales forecasts, production scheduling, purchasing, inventory control and capacity requirements planning. These programs and technologies combined to improve productivity, yields and logistics, and contributed to an 8% increase in the gross profit earned on sales to the health care markets. Higher contributions were generated from sales to all market regions served. Margin increases in domestic and South American operations improved significantly, while Asia/Pacific and European markets generated margins comparable to 1993.

Gross profit on consumer products market sales more than doubled in 1994 compared with 1993. This reflects the significant increase in volume, the higher value-added product sales made possible through the product rationalization programs begun several years ago and the productivity improvements generated through the programs discussed above. Gross profit related to machinery operations increased primarily due to the volume of orders and higher sales in the year.

The Company began installing Manufacturing Resource Planning systems in 1993. In addition, more than 90% of the Company's employees have been trained in Total Quality Management principles during 1993 and 1994. The remaining employees, most of whom are located at international manufacturing facilities, will be trained in 1995. The intent of these initiatives is to make the Company more responsive to customer requirements and to improve shareholder value. The continued benefits of these programs are expected to be evident in greater efficiencies and customer satisfaction.

The gross margin in 1993 was 30%, and gross profit was $104.6 million, an 8% increase over 1992. The gross margin was 1.4 percentage points higher than in 1992. The reduction in depreciation expense caused by the extension of the useful life of certain production equipment was responsible for a .5 percentage point increase in the 1993 margin. The remaining improvement reflected the higher sales of value-added products, the benefits of restructuring activities and the Total Quality Management and Manufacturing Resource Planning initiatives begun in 1993. Gross profit on health care industry sales increased 7%, reflecting these factors. Margins improved in all regions served except Europe. European operations were adversely impacted by turbulent foreign exchange markets, recession in Germany, and the closing of a low-cost manufacturing facility in Serbia due to the United Nations embargo. Consumer products markets generated a lower gross profit in 1993 due to a volume decline, although mitigated by cost-savings programs. Consumer products operations continued to focus on leading consumer products manufacturers, such as Procter & Gamble and International Paper, and their need for innovative packaging systems that result in value-added products. New product introduction delays by such companies impacted 1993 negatively. Machinery operations achieved a higher gross margin on 1993 sales, although gross profit was down 15% due to lower volume.

EXPENSES
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Selling, general and administrative expenses have absorbed a higher percentage of the sales dollar in each of the past three years. These expenses, as a percentage of sales, were 18.9% in 1994, 18.2% in 1993 and 16.9% in 1992. Selling, general and administrative expenses increased by $5.5 million in 1994, or 9%, over 1993 levels. The increase is attributable in part to $2.8 million of higher severance costs related to a global management reorganization and to productivity improvements. The global reorganization established worldwide functional responsibilities that had previously been carried out on a regional basis, thereby increasing management efficiencies and improving service to the Company's multi-national customers. The organization was restructured in anticipation of the year-end 1994 buyout of the minority owners of five European subsidiaries. The increase also reflects $1.1 million of rent and other expenses related to the Company's new headquarters facility, which became occupied in

September 1993, consolidation of $1.7 million of expenses of acquired companies as well as higher costs related to self-insured claims and outside service costs and exchange rate differences. Training and systems development will continue to improve productivity and reduce costs.

The increase in 1993 selling, general and administrative expenses was 11%, amounting to a $6.4 million increase over 1992. Outside service costs, including training and systems development, and the move to the new corporate headquarters facility were the primary causes of the increase.

Other expenses, net, in 1994 totaled $1.7 million compared with $.5 million in 1993 and $.9 million in 1992. Included in this item are foreign currency losses totaling $2.3 million, $5.4 million and $5.1 million, respectively. These translation losses are driven by the high inflation in Brazil, which has been significantly reduced since mid-1994 as a result of Brazil's economic plan designed to reduce inflation and stabilize the currency. Also included are foreign currency transaction losses of $.5 million in 1994, $.2 million in 1993 and $.5 million in 1992. The higher transaction losses in 1994 and 1992 were due primarily to the realignment of European currencies. Foreign exchange losses are offset in part by interest income totaling $1.2 million, $2.3 million, and $2.9 million in 1994, 1993, and 1992, respectively. Interest income was generated mainly in Brazil and has been reduced in 1994 due to the economic program that reduced interest rates and in 1993 due to reduced cash balances. Increased cash balances in other geographic areas have produced interest income, which partially offset the Brazilian reduction in 1994. In 1994, losses on real estate totaled $.5 million compared with $1.4 million of gains in 1993 from the Company's sale of its former headquarters and research center facilities and its ownership interest in Tri/West Systems, Inc.

INTEREST
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Interest costs totaled $3.5 million in 1994, $3.4 million in 1993 and $4.1 million in 1992. Interest capitalized as a part of capital asset acquisitions was approximately the same in each of the three years. Interest expense attributable to the consolidation of companies acquired in 1994, mainly attributable to capitalized leases, masked the further reduction in 1994 interest expense. This reduction was attributable to lower average domestic debt levels and lower average interest rates on European debt. In 1993, the lower interest costs resulted from an approximate $13 million decline in average debt levels during the year. Average interest rates were also lower in 1993 compared with 1992; however, the net cost of interest rate swaps increased.

INCOME TAXES
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The Company adopted the liability method of income tax accounting beginning in 1993 as mandated by SFAS No. 109 requirements. The effective tax rate in 1994 was 31.8% versus 38.2% in 1993. The unusually low 1994 tax rate 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. Finally, the 1994 effective income tax rate declined due to lower state income tax liabilities and due to the higher proportion of earnings being generated in lower-tax jurisdictions.

The 1993 effective tax rate of 38.2% represented a 2.9 percentage point drop in the effective tax rate compared with 1992. The decline in the effective tax rate resulted from the favorable settlement of a foreign tax audit issue, the larger proportion of earnings generated in low-tax countries and a significant reduction in the effective tax rate in Brazil. The 1993 decrease in the statutory tax rate in Germany and lower state taxes offset the impact of the increase in the U.S. federal tax rate. Because these tax rate changes largely offset each other, the adoption of SFAS No. 109 did not have a material impact on the 1993 tax provision.

The tax provision in 1992 was determined using previously accepted income tax accounting principles, and deferred taxes were provided on the differences in income for financial reporting and tax return purposes. At 41.1%, the 1992 effective tax rate reflected the mix of earnings, with higher-taxed European and Latin American earnings offset in part by lower-taxed operations in Singapore and Puerto Rico. The resulting effective rate was 3.2 percentage points above the rate on domestic operations.

MINORITY INTERESTS AND EQUITY IN AFFILIATES

Minority interests increased to $1.9 million in 1994 compared with $1.7 million in 1993 and 1992. The increase primarily reflects the acquisition of a majority interest in Schubert Seals A/S in mid-1994. The increase was offset in part by the November 30, 1994 acquisition of the remaining minority ownership in five European subsidiaries. The terms of this transaction are incorporated herein by reference to the Note "Acquisitions and Investments" to the Consolidated Financial Statements.

Income from affiliates decreased in 1994 to half of the 1993 level. The reduction reflects the translation loss on net monetary assets of the Company's affiliates in Mexico due to the devaluation of the Mexican peso in late December. Offsetting these losses in part was continued improvement in the glass manufacturing operations of Schott West Pharmaceutical Glass Company in which the Company holds a 40% interest. After losses in 1992, this joint venture produced near breakeven results in 1993, and in 1994 has produced profits. The turnaround resulted from the technical expertise of the Company's joint venture partner, which improved product quality and increased productivity. Sales increased in each of the past three years. Operating results of the Company's affiliates in Japan and Mexico were lower in both 1994 and 1993 due to lower margins and sales.

CHANGES IN ACCOUNTING METHODS

The Company adopted SFAS No. 109 beginning in 1993. Prior financial statements were not restated, and the cumulative impact to January 1, 1993 of applying SFAS No. 109 principles was a $1.1 million reduction in the deferred tax liabilities reported at December 31, 1992. This cumulative impact was reported separately in the 1993 income statement, net of minority interest.

The Company also adopted SFAS No. 112, Employer's Accounting for Postemployment Benefits. This accounting standard covers all types of benefit plans provided to former or inactive employees and requires recognition of a liability under certain circumstances during employees' active service or when an employee is terminated. This accounting change did not have any significant impact on 1993 operating results.

FINANCIAL POSITION

The Company's financial position continues to be strong. Working capital totaled $50.4 million at December 31, 1994, with a ratio of current assets to current liabilities of 1.6:1. That year-end level was reduced significantly by the liability to the former minority owners of five European subsidiaries for the final installment of the acquisition price, which was paid in early 1995. Receivable balances were higher at year-end 1994 as a function of a much stronger December sales period. Inventory levels, excluding inventories of companies acquired in 1994, were close to year end 1993 positions. Better production planning systems have aided the control of inventories while assuring customer needs can be met. Implementation of these systems at additional manufacturing sites is expected to further reduce inventory requirements.

Cash from operating activities totaled $49.8 million in 1994. In addition, the Company sold three former manufacturing properties, generating additional cash of $3.4 million. These available funds more than covered cash requirements in 1994 including $27.1 million of capital expenditures, $7.2 million of dividends to shareholders ($.45 per share) and $13.9 million of cash payments for 1994 acquisitions. Cash from exercise of employee stock options totaled $3.4 million. New debt increased the debt to invested capital (total debt, minority interests and shareholders' equity) ratio to 20.1%. Debt stood at $57.8 million at year-end 1994 compared with $32.3 million at year-end 1993. Cash balances also increased $22 million from December 31, 1993, and totaled $27.2 million at December 31, 1994. The increase in assets noted above decreased the asset turnover ratio to 1.04. Return on shareholders' equity was 13.2% equal to 1993.

1995 REQUIREMENTS

On January 2, 1995, the remaining 25.5 million deutsche marks due for the acquisition of the minority owners' interests in five European subsidiaries was paid using available cash and new debt facilities. Cash requirements for capital projects in 1995 are estimated at $44 million. These projects focus on new product tooling, cost reduction and quality improvements through technological upgrades. Acquisition and implementation of new information management systems will continue as will maintenance and improvements to the existing production capacity.

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 "Fair Value of Financial Instruments" note to the Consolidated Financial Statements, incorporated herein by reference, explains the impact of such hedges on the Company's results of operations and financial position. In 1986, the Company entered into a currency and interest rate swap agreement in connection with the acquisition of the majority interest in certain European companies. The agreement expired early in 1995 and the Company repaid DM20 million ($13.1 million at expiration) and received $7.2 million. The excess liability was funded with available cash and new debt facilities. Cash requirements for remedial activity related to environmental cleanup are not expected to exceed $1 million in 1995. In 1994, payments related to environmental cleanup totaled $.8 million. Included in these payments are amounts paid by the Company to perform testing and remedial work in Puerto Rico. These payments complete the Company's obligation under a settlement agreement with other potentially responsible parties signed in 1993 related to this site. The Company has been indemnified by other financially responsible parties against future government claims relating to groundwater contamination at the site. All of the payments made in 1994 were covered by the estimated liability recorded in prior years.

In 1995, in addition to cash flow from operations, the Company expects proceeds from sale of stock arising from the exercise expiring employee stock options to generate proceeds of $3.1 million. Management believes that this cash, available credit facilities ($30 million short-term and DM35 million long-term at year-end 1994) and the Company's current capitalization provide sufficient flexibility to meet cash flow requirements in the future.

Item 8. Financial Statements and Supplementary Data.

Subsequent Event

On March 24, 1995, the Company announced that it had entered into a definitive merger agreement with Paco Pharmaceutical Services, Inc. pursuant to which the Company will acquire all of Paco's common stock at $12.25 per share in cash. The purchase price of approximately $54 million is being funded from cash balances and existing bank facilities. Material terms and conditions of the merger agreement are contained in Section 13, "The Merger Agreement" of the Offer to Purchase by Paco Acquisition Corp., which is incorporated by reference herein.

Paco is a provider of contract packaging and contract manufacturing services for pharmaceutical and personal health care companies. The following table presents selected financial information on Paco's financial results for its fiscal year ended March 31, 1994 and for the nine months ended December 31, 1994 and its financial position as of March 31, 1994 and December 31, 1994.

	For the Year Ended March 31, 1994	For the Nine Months Ended December 31, 1994 (unaudited)
Income Statement:		
Net Sales	$ 68,000	$ 48,400
Gross Profit	10,600	6,500
Income before taxes	2,900	2,300
Income before accounting change	2,300	1,700
Net Income	1,900	1,700
Balance Sheet:	March 31, 1994	December 31, 1994
Currents assets	$ 24,300	$ 23,200
Noncurrent assets	35,900	35,800
	$ 60,200	$ 59,000
Current liabilities	$ 6,800	$ 5,300
Noncurrent liabilities	9,800	9,600
Shareholders' equity	43,600	44,100
	$ 60,200	$ 59,000

CONSOLIDATED STATEMENTS OF INCOME
THE WEST COMPANY, INCORPORATED AND SUBSIDIARIES FOR THE YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

(in thousands, except per share data)	1994		1993		1992	
Net sales	$365,100	100%	$348,700	100%	$338,200	100%
Cost of goods sold	249,000	68	244,100	70	241,500	71
Gross profit	116,100	32	104,600	30	96,700	29
Selling, general and administrative expenses	69,000	19	63,500	18	57,100	17
Other expense, net	1,700	1	500	--	900	1
Operating profit	45,400	12	40,600	12	38,700	11
Interest expense	3,300	1	3,100	1	3,900	1
Income before income taxes and minority interests	42,100	11	37,500	11	34,800	10
Provision for income taxes	13,400	3	14,300	4	14,300	4
Minority interests	1,900	1	1,700	1	1,700	1
Income from consolidated operations	26,800	7%	21,500	6%	18,800	5%
Equity in net income of affiliated companies	500		1,000		900	
Income before cumulative effect of change in accounting method	27,300		22,500		19,700	
Cumulative effect to January 1, 1993 of the change in accounting for income taxes	--		1,000		--	
Net income	$ 27,300		$ 23,500		$ 19,700	
Net income per share:						
Income before cumulative effect of change in accounting method	$ 1.70		$ 1.42		$ 1.26	
Cumulative effect of change in accounting method	--		.06		--	
	$ 1.70		$ 1.48		$ 1.26	
Average shares outstanding	16,054		15,838		15,641	

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

CONSOLIDATED BALANCE SHEETS
THE WEST COMPANY, INCORPORATED AND SUBSIDIARIES AT DECEMBER 31, 1994 AND 1993

(in thousands, except per share data)

ASSETS	1994	1993
Current assets:		
Cash, including equivalents (1994--$15,900; 1993--$1,700)	$ 27,200	$ 5,200
Accounts receivable, less allowance (1994--$1,000; 1993--$1,100)	57,800	43,300
Inventories	38,100	34,500
Other current assets	13,600	12,000
Total current assets	136,700	95,000
Property, plant and equipment	366,800	322,800
Less accumulated depreciation and amortization	174,600	150,000
	192,200	172,800
Investments in affiliated companies	21,900	17,800
Goodwill	33,900	12,700
Assets held for disposition	1,400	5,200
Deferred charges and other assets	11,300	5,700
	$397,400	$309,200
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 19,200	$ 5,400
Notes payable	2,700	2,300
Accounts payable	19,300	14,100
Accrued expenses:		
Salaries, wages and benefits	11,700	10,000
Deferred revenue and deposits	3,700	3,700
Other	29,700	13,100
Total current liabilities	86,300	48,600
Long-term debt, excluding current portion	35,900	24,600
Deferred income taxes	24,400	18,400
Other long-term liabilities	21,600	18,600
Minority interests	1,900	10,900
Shareholders' equity:		
Preferred Stock, shares authorized: 3,000 shares; issued: 0		
Common Stock, par value $.25 per share; shares authorized: 50,000 shares issued: 1994--16,845; 1993--16,845 shares outstanding: 1994--16,464; 1993--15,915	4,200	4,200
Capital in excess of par value	23,200	20,000
Cumulative foreign currency translation adjustments	17,100	11,000
Retained earnings	189,800	169,900
	234,300	205,100
Less Treasury Stock (1994--381 shares; 1993--930 shares)	7,000	17,000
Total shareholders' equity	227,300	188,100
	$397,400	$309,200

Certain items have been reclassified for 1993 to conform with 1994 classifications. 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, 1994, 1993 AND 1992

(in thousands, except per share)	Common Stock	Capital in excess of par value	Cumulative foreign currency translation adjustments	Retained earnings	Treasury Stock	Total
Balance, January 1, 1992	$ 4,100	$ 14,000	$ 11,900	$139,700	$(17,100)	$152,600
Net income				19,700		19,700
Shares issued under stock option plans	100	5,300			200	5,600
Cash dividends declared ($.40 per share)				(6,300)		(6,300)
Translation adjustments			300			300
Repurchase of Common Stock					(3,300)	(3,300)
Balance, December 31, 1992	4,200	19,300	12,200	153,100	(20,200)	168,600
Net income				23,500		23,500
Shares issued under stock plans		700			3,200	3,900
Cash dividends declared ($.42 per share)				(6,700)		(6,700)
Translation adjustments			(1,200)			(1,200)
Balance, December 31, 1993	4,200	20,000	11,000	169,900	(17,000)	188,100
Net income				27,300		27,300
Shares issued under stock plans		300			3,400	3,700
Shares issued for acquisition		2,900			6,600	9,500
Cash dividends declared ($.46 per share)				(7,400)		(7,400)
Translation adjustments			6,100			6,100
Balance, December 31, 1994	$ 4,200	$ 23,200	$ 17,100	$189,800	$ (7,000)	$227,300

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, 1994, 1993 AND 1992

(in thousands)	1994	1993	1992
Cash flows from operating activities:			
Net income	$ 27,300	$ 23,500	$ 19,700
Adjustments to reconcile income before accounting change to net cash from operating activities:			
Depreciation and amortization	23,100	22,000	23,600
Loss (gain) on sales of real estate and investments	500	(1,400)	--
Deferred income taxes	(2,700)	1,400	500
Minority interests	1,900	1,800	1,700
Equity in undistributed earnings of affiliated companies, net	(200)	(500)	(100)
(Increase) in accounts receivable	(8,900)	(4,900)	(600)
(Increase) decrease in inventories	(700)	2,700	(4,400)
(Increase) decrease in other current assets	2,500	3,000	(4,800)
Increase (decrease) in other current liabilities	3,000	(7,100)	(2,900)
Other operating items	4,000	(2,000)	1,300
Net cash provided by operating activities	49,800	38,500	34,000
Cash flows from investing activities:			
Property, plant and equipment acquired	(27,100)	(33,500)	(22,400)
Proceeds from sales of assets	3,700	8,000	7,500
Payments for acquisitions, net of cash acquired	(13,900)	--	--
Net cash used in investing activities	(37,300)	(25,500)	(14,900)
Cash flows from financing activities:			
New long-term debt	18,100	1,600	5,500
Repayment of long-term debt	(3,000)	(6,500)	(26,700)
Notes payable, net	(3,000)	(2,700)	5,900
Issuance of Common Stock, net	3,400	3,900	5,600
Repurchase of Treasury Stock	--	--	(3,300)
Capital contribution by minority owner	400	--	500
Dividend payments	(7,200)	(7,000)	(6,300)
Net cash provided by (used in) financing activities	8,700	(10,700)	(18,800)
Effect of exchange rates on cash	800	(100)	--
Net increase in cash and cash equivalents	22,000	2,200	300
Cash and cash equivalents at beginning of year	5,200	3,000	2,700
Cash and cash equivalents at end of year	$ 27,200	$ 5,200	$ 3,000
Supplemental cash flow information:			
Interest paid (net of amounts capitalized)	$ 3,000	$ 3,000	$ 4,600
Income taxes paid	$ 13,700	$ 11,900	$ 10,300

Certain items have been reclassified for 1993 to conform with 1994 classifications. 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

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of the Company and all significant majority-owned subsidiaries. For years ending prior to 1993, international subsidiaries are included in consolidated financial statements based on fiscal years ending November 30. In 1993, international subsidiaries are included in consolidated financial statements based on the 13 months ended December 31. The inclusion of the additional month in 1993 added $8,100 to revenues, $2,100 to gross profit and net income per share of approximately $.01. Material intercompany transactions and accounts are eliminated in consolidation. An affiliated company reports on the basis of the 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; 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 of firm commitments, primarily raw material purchases including local needs in foreign subsidiaries, are deferred and recognized as part of the underlying transaction.

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.

DEPRECIATION AND AMORTIZATION: For financial reporting purposes, depreciation is computed principally on the straight-line method over the estimated useful lives of the assets. For income tax purposes, depreciation is computed using accelerated methods. Goodwill is being amortized on the straight-line method over periods ranging from 30 to 40 years. The Company continually evaluates the appropriateness the remaining estimated useful life and the carrying value of goodwill and other intangible assets. Carrying values in excess of expected undiscounted associated cash flows are expensed when such determination is made.

RESEARCH AND DEVELOPMENT: Research, development and engineering expenditures for the creation and application of new or improved products and processes, which amounted to $12,000, $11,400 and $11,100 in 1994, 1993 and 1992, respectively, are expensed as incurred.

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, clean-up 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: Beginning in 1993, the Company adopted Statement of Financial Accounting Standards (SEAS) No. 109, Accounting for Income Taxes, which provides that income taxes be accounted for under the liability method. Under the liability method, 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. Prior-year financial statements have not been restated. The cumulative effect of adopting SEAS No. 109 is reported in the 1993 Consolidated Statement of Income net of applicable minority interests. In 1992, the provision for deferred income taxes is applicable to timing differences between taxable income and income for financial reporting purposes.

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.

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:

	1994	1993	1992
Interest income	$ 1,200	$ 2,300	$ 2,900
Foreign exchange losses	(2,800)	(5,600)	(5,600)
Gain (loss) on sales of real estate and investments	(500)	1,400	--
Other	400	1,400	1,800
	$(1,700)	$ (500)	$ (900)

ACQUISITIONS AND INVESTMENTS

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 ($28.7 million at November 30, 1994). The cash portion of the purchase price totaled DM30,000 ($19.1 million) of which DM4,500 ($2.9 million) was paid at closing and DM25,500 ($16.2 million) on January 2, 1995; the balance of the consideration, DM15,000 ($9.5 million), was paid through delivery of 363,214 shares of the Company's Common Stock at closing.

On May, 20, 1994, the Company acquired a 51% ownership interest in Schubert Seals A/S, a Danish manufacturer of metal seals and related products mainly for the pharmaceutical industry. The total purchase was 31,000 kroner ($4.8 million at May 20, 1994). The cash portion of the purchase price for these acquisitions was financed principally using new debt facilities.

The acquisitions are being accounted for as purchases, and Schubert Seals A/S has been consolidated from June 1, 1994. The excess of the purchase price over the net assets acquired and minority interests acquired approximates $20,000 and is being amortized over 40 years. The following table presents selected financial information for the years ended December 31, 1994 and 1993 on a pro forma (unaudited) basis assuming the acquisitions noted above had occurred on January 1, 1994 and 1993:

	1994	1993
Net sales	$369,300	$359,900
Income before taxes	40,100	35,700
Income from consolidated operations	27,200	21,800
Net income	27,700	23,800
Net income per share	$ 1.72	$ 1.50

In 1994, the Company acquired Senetics, Inc., a company specializing in the development of innovative delivery technologies for oral and inhalation drug delivery markets and a 10% ownership interest in DANBIOSYST UK LIMITED, a company specializing in noninvasive drug delivery methods. The total consideration for these acquisitions was $5,600, all of which was paid in cash. The acquisition of Senetics is being accounted for as a purchase, and the company has been consolidated since the beginning of the year. Additional consideration may be due depending on the sales of Senetics' products and other conditions during the period from acquisition to January 5, 1999. Such additional consideration would be accounted for as goodwill. Pro forma results of the Senetics acquisition, assuming it had been made at beginning of 1993, would not be materially different from the results reported.

INCOME TAXES

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

	1994	1993	1992
Domestic operations	$26,500	$ 24,100	$22,100
International operations	15,600	13,400	12,700
	$42,100	$37,500	$34,800

The related provision for income taxes consists of:

	1994	1993	1992
Currently payable:			
Federal	$ 9,500	$ 7,100	$ 7,100
State	600	2,000	2,000
International	6,000	2,700	4,700
	16,100	11,800	13,800
Deferred:			
Federal	(300)	300	300
State	--	100	--
International	(2,400)	2,100	200
	(2,700)	2,500	500
	$ 13,400	$ 14,300	$ 14,300

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:

	1994	1993	1992
Statutory corporate tax rate	35.0 %	35.0 %	34.0 %
Tax on international operations			

(less than) in excess of United States tax rate	(3.4)	(.3)	2.1
Prior-year international tax adjustment	-	(1.1)	1.2
State income taxes, net of Federal tax benefit	.9	3.7	3.9
Other	(.7)	.9	(.1)
Effective tax rate	31.8 %	38.2 %	41.1 %

The net current and noncurrent components of deferred income taxes recognized in the balance sheet at December 31, 1994 and 1993 are:

	1994	1993
Net current assets	$ 3,100	$ 3,000
Net noncurrent liabilities	24,400	18,400

The 1992 tax provision included deferred taxes related to the following timing differences between income for tax and financial reporting purposes:

	1992
Accelerated depreciation	$ 500
Loss on asset dispositions	400
Severance and deferred compensation	(700)
Capitalized interest	100
Environmental compliance	200
	$ 500

The following is a summary of the significant components of the Company's deferred tax assets and liabilities as of December 31, 1994 and 1993 determined in accordance with the provisions of SFAS No. 109. The adoption of SFAS No. 109 did not have a material impact on the tax provision in 1993.

	1994	1993
Deferred tax assets:		
Loss on asset dispositions and plant closings	$ 700	$ 1,800
Severance and deferred compensation	7,900	7,200
Net operating loss carryovers	2,600	3,900
Foreign tax credit carryovers	1,900	2,300
Other	1,900	500
Valuation allowance	(4,100)	(5,700)
Total deferred tax assets	$10,900	$10,000
Deferred tax liabilities:		
Accelerated depreciation	$29,600	$25,200
Severance and deferred compensation	600	-
Other	2,000	200
Total deferred tax liabilities	$32,200	25,400

At December 31, 1994, subsidiaries had operating tax loss carryovers of $8,700, which will be available to apply against the future taxable income of such subsidiaries. The carryover periods expire beginning with $500 in 1995 and continue through 1998. A valuation allowance has been recognized to offset the related deferred tax asset to the extent realization is uncertain.

At December 31, 1994, unremitted earnings of international subsidiaries, on which deferred income taxes have not been provided, amounted to $51,000. 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, 1994, the Company had available foreign tax credit carryovers of approximately $1,900 expiring in 1995 through 1999. A valuation allowance has been recognized to offset the related deferred tax asset to the extent realizations is uncertain.

INVENTORIES

Inventories at December 31 include the following:

	1994	1993
Finished goods	$17,200	$14,100
Work in process	4,700	4,700
Raw materials	16,200	15,700
	$38,100	$34,500

Included above are inventories located in the United States that are valued on the LIFO basis, amounting to $16,200 and $14,300 at December 31, 1994 and 1993, respectively, which are approximately $8,000 and $8,500, respectively, lower than replacement value.

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

	Years of Expected Useful Life	1994	1993
Land		$ 4,000	$ 3,400
Buildings and improvements	7 - 50	97,000	87,900
Machinery and equipment	3 - 20	196,400	170,400
Molds and dies	4 - 6	53,600	46,600
Construction in progress		15,800	14,500
		$ 366,800	$ 322,800

Effective January 1, 1993, the Company changed the estimated life of its elastomer molds and dies to six and four years, respectively, from three years. The change allocates this equipment cost to better reflect expectations of production service and is more consistent with industry practice. The effect of the change was to reduce depreciation expense by $1,800 and increase net income by $.06 per share in 1993.

AFFILIATED COMPANIES
At December 31, 1994, the following affiliated companies were accounted for under the equity method:

	Location	Ownership Interest
West Rubber de Mexico S.A.	Mexico	49%
Aluplast S.A. de C.V.	Mexico	49%
Pharma-Tap S.A. de C.V.	Mexico	49%
Schott West Pharmaceutical Glass Company	U.S.A.	40%
Daikyo Seiko, Ltd.	Japan	25%

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

	1994	1993
Balance Sheet:		
Current assets	$ 91,800	$ 72,900
Noncurrent assets	84,800	74,500
Total assets	$176,600	$147,400
Current liabilities	$ 46,400	$ 36,700
Noncurrent liabilities	64,400	49,600
Owners' equity	65,800	61,100
Total liabilities and owners' equity	$176,600	$147,400

	1994	1993	1992
Income Statement:			
Net sales	$89,600	$83,500	$74,600
Gross profit	23,700	21,100	18,000
Net income	1,800	2,700	2,800

Unremitted income of affiliated companies included in consolidated retained earnings amounted to $9,100, $8,900 and $8,400 at December 31, 1994, 1993 and 1992, respectively. Dividends received from affiliated companies in 1994, 1993 and 1992 were $600 in each of the years.

DEBT

SHORT-TERM: At December 31, 1994, the Company had available unused short-term lines of credit amounting to $30,000 and an unused long-term credit line of DM35,000; a fee ranging from 1/12% to 1/8% per annum is payable on the available credit lines. Other notes payable in the amounts of $2,700 and $2,300 at December 31, 1994 and 1993, respectively, are payable within one year and bear interest at weighted average interest rates of 7.4% and 8.2%, respectively.

LONG TERM:

At December 31,	1994	1993
Unsecured:		
Tax-exempt industrial revenue bonds, due 1995 to 2005 (3.67% to 3.97%) (a)	$11,200	$11,600
Other notes, due 1995 to 1997 (6.0% to 10.13%)	27,500	14,500
Collateralized:		
Mortgage notes, due 1995 to 2006 (3.5% to 11%) (b)	16,400	3,900
Total long-term debt	55,100	30,000
Less current portion	19,200	5,400

	$35,900	$24,600

(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 $1,300 is reflected as a reduction of the principal outstanding on the bonds. (b) Real estate, machinery and equipment with a carrying value of $22,000 at December 31, 1994 are pledged as collateral.

Long-term debt maturing in the years following 1995 is: $6,000 in 1996, $11,600 in 1997, $600 in 1998 and $700 in 1999.

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. At December 31, 1994, under the most restrictive debt agreement, retained earnings free of restriction were $67,000.

Interest costs incurred during 1994, 1993 and 1992 were $3,500, $3,400 and $4,100, respectively, of which $200, $300 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% (7 1/8% at December 31, 1994) for DM20,000 ($12.9 million at December 31, 1994) 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 ($2.8 million at March 30, 1994) bearing interest at 6.33%. The net interest expense recognized in connection with these agreements was $600 in 1994, $800 in 1993 and $800 in 1992.

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of estimated fair value of financial instruments as of December 31, 1994 is provided in accordance with the requirements of Statement of Financial Accounting Standards No. 119. The estimated fair values are based on methods appropriate to the circumstances:

	Carrying Value		Estimated Fair Value	
	1994	1993	1994	1993
Cash and cash equivalents	$ 27,200	$5,200	$ 27,200	$5,200
Short- and long-term debt	57,800	32,300	56,200	32,600
Forward exchange contracts			(400)	800

Methods used to estimate the fair market values of the above listed financial instrument 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 Debt

Note) and forward exchange rate contracts are valued at published market prices, market prices of comparable instruments or quotes.

Forward exchange contracts are used only to hedge raw material purchase commitments and foreign-currency-denominated loans. At December 31, 1994, the Company had a total of $14,200 of forward exchange rate contracts. Forward exchange contracts totalling $4,600 relate to raw material purchases mainly in German deutsche marks; these contracts expired monthly through June 1995. Gains/losses on contracts used to hedge raw material purchases are deferred and will adjust the cost of such inventory. A forward contract to cover a deutsche mark denominated loan totalling $9.6 million expired early in 1995 when the loan was paid.

BENEFIT PLANS

PENSION PLANS: The Company and certain 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 one international subsidiary plan consist primarily of common and preferred stocks, investment-grade corporate bonds, guaranteed insurance contracts and United States government obligations; other international subsidiary plans and the plan for directors are not funded.

Total pension expense for 1994, 1993 and 1992 includes the following:

	1994	1993	1992
Service cost	$ 2,900	$ 2,600	$ 2,400
Interest cost	6,200	5,900	5,500
Actual return on assets	(500)	(12,600)	(6,400)
Net amortization and deferral	(8,500)	4,500	(1,800)
Pension expense (income)	$ 100	$ 400	$ (300)

The following sets forth the funded status of the employee pension plans and the amounts included in the accompanying balance sheets at December 31, 1994 and 1993:

	United States Plans		International Plans	
	1994	1993	1994	1993
Vested benefit obligations (VBO)	$(58,700)	$(66,300)	$(2,900)	$(2,300)
Accumulated benefit obligations (ABO)	$(60,400)	$(68,200)	$(3,200)	$(2,500)
Projected benefit obligations (PBO)	$(72,200)	$(84,200)	$(3,300)	$(2,500)
Plan assets at fair value	92,900	96,500	-	-
Assets in excess of (less				

than) PBO	20,700	12,300	(3,300)	(2,500)
Unrecognized net gain	(11,300)	(5,700)	-	(600)
Unrecognized prior service cost	(300)	1,700	-	600
Unamortized transition asset	(6,400)	(7,200)	-	-
Prepaid pension cost (accrued liability) included in the balance sheet	$ 2,700	$ 1,100	$(3,300)	$(2,500)

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

	1994	1993
VBO	$(700)	$(800)
ABO	$(800)	$(800)
PBO	$(900)	$(900)
Unrecognized net gain	200	-
Unrecognized prior service cost	200	300
Balance sheet liability	$(900)	$(600)

	United States Plans		International Plans	
	1994	1993	1994	1993
Assumptions:				
Discount rate	8.25%	7.0%	7.5%	7.5%
Rate of increase in compensation	6.0%	5.75%	3.0%	3.0%
Directors' retainer increase	5.5%	5.5%	-	-
Long-term rate of return on assets	9.0%	9.0%	-	-

OTHER RETIREMENT BENEFITS: The Company provides minimal life insurance benefits for certain United States retirees and pays a portion of health care (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. Retirees' contributions to the cost of such benefits may be adjusted from time to time. The Company's obligation is unfunded.

Total expense recognized for 1994, 1993 and 1992 with respect to these nonpension retirement benefits includes the following:

	1994	1993	1992
Service Cost	$ 500	$ 500	$ 500
Interest Cost	1,000	1,000	1,000
	$ 1,500	$ 1,500	$ 1,500

The following sets forth the accrued obligation included in the accompanying balance sheets at December 31, 1994 and 1993 applicable to each employee group for nonpension retirement benefits:

	1994	1993
Retired employees	$(4,600)	$ (6,000)
Active employees--fully eligible	(1,700)	(2,100)
Active employees-- not fully eligible	(5,400)	(6,600)
Total	(11,700)	(14,700)

Unrecognized (gain) loss from assumption changes	(2,900)	1,000
Balance sheet liability	$(14,600)	$(13,700)

The discount rates used were 8.25% for 1994 and 7% for 1993; the health care cost trend was 14% in 1994 and 1993, decreasing to 5.5% by 2007. Increasing the assumed trend rate for health care costs by one percentage point would result in an accrued obligation of $12,200 at December 31, 1994 for these retirement benefits and an increase of $100 in the related 1994 expense.

OTHER

The Company provides certain postemployment benefits for terminated and disabled employees, including severance pay, disability-related benefits and health care benefits. Statement of Financial Accounting Standards No. 112, Employer's Accounting for Postemployment Benefits, requires these costs to be accrued over the employee's active service period under certain circumstances or at the date of the event triggering the benefit. The Company adopted this accounting practice in 1993, and the impact was insignificant.

The Company also sponsors a defined contribution savings plan for salaried and certain 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 1994, 1993 and 1992 was $800, $800 and $600, respectively.

CAPITAL STOCK

Through December 31, 1994, the Company has acquired 1,113,900 shares of its Common Stock under a repurchase program covering up to 1,600,000 shares announced in 1989. Purchases (sales) of Common Stock held in treasury during the three years ended December 31, 1994 are as follows:

	1994	1993	1992
Shares held at beginning of year	929,700	1,103,900	950,200
Purchases, net, at fair market value	11,200	9,400	163,700
Shares issued for acquisition	(363,200)	-	-
Stock option exercises	(196,600)	(183,600)	(10,000)
Shares held at end of year	381,100	929,700	1,103,900

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 1990, 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 are limited annually to 10% of base compensation. The original offer expired on December 31, 1991, but was extended to December 31, 1995. 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 2,125,000 shares of Common Stock or stock equivalents are available for issue under this plan of which 568,600 shares are available at December 31, 1994 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, no stock options or stock appreciation rights can be exercised during the six months immediately following the date of grant and all stock options and stock appreciation rights must expire no later than 10 years after the date of grant. All outstanding stock option grants expire five years from date of grant.

Option activity under this plan during the three years ended December 31, 1994 is summarized below:

	1994	1993	1992
Options outstanding, January 1	737,600	735,900	859,600
Granted	197,400	187,900	177,900
Exercised ($13.25 to $24.94 per share)	(193,600)	(181,700)	(290,600)
Forfeited	(15,000)	(4,500)	(11,000)
Options outstanding, December 31	726,400	737,600	735,900
Average option price	$19.62	$17.95	$17.02

Under the Company's management incentive plan, participants are paid cash bonuses on the attainment of certain financial goals. The bonuses awarded totaled $2,100 in 1994, $2,000 in 1993 and $1,800 in 1992. In 1993, bonus participants were offered the opportunity to purchase Common Stock with up to 25% of their cash bonus award. Beginning in 1994, 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 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. In 1994 and 1993, restricted stock awards for 3,000 shares and 1,900 shares, respectively, were granted, and in 1994, 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: $24.94 per share in 1994 and $20.81 per share in 1993.

An executive stock compensation plan, which expired in 1989, provided for the granting to key employees of shares without payment to the Company or incentive stock options. Grants were at the discretion of a committee of the

Board of Directors, subject to certain conditions as to exercise price and time period. Option activity under this plan for the year ended December 31, 1992 is summarized below:

	1992
Options outstanding, January 1	68,200
Exercised ($14.00 to $19.25 per share)	(64,800)
Forfeited	(3,400)
Options outstanding, December 31	-

A nonqualified stock option plan for nonemployee directors was approved in 1992. The plan provides for the annual granting 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 100,000 shares. Option activity under this plan during the three years ended December 31, 1994 is summarized below:

	1994	1993	1992
Options outstanding, January 1	27,000	15,000	--
Granted	16,500	15,000	15,000
Exercised ($20.625)	(3,000)	--	--
Forfeited	(4,500)	(3,000)	--
Options outstanding, December 31	36,000	27,000	15,000
Average option price	$22.72	$21.875	$20.625

COMMITMENTS AND CONTINGENCIES

At December 31, 1994, the Company was obligated under various operating lease agreements with terms ranging from one month to 20 years. Rental expense in 1994, 1993 and 1992 was $5,000, $4,000 and $2,300, respectively. Minimum rentals for noncancelable operating leases with initial or remaining terms in excess of one year are: 1995--$5,100; 1996--$4,700; 1997--$4,300; 1998--$4,000; 1999--$3,800 and thereafter $55,000.

At December 31, 1994, outstanding contractual commitments for the purchase of equipment and raw materials amounted to $13,300, all of which is due to be paid in 1995.

The Company has accrued the estimated cost of environmental compliance expenses related to soil or ground water 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 $1,700 at December 31, 1994 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.

The Company guarantees 40% of the debt of Schott West Pharmaceutical Glass Company under a $5,000 line of credit, of which $4,400 was outstanding at December 31, 1994.

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, plastic and glass for the health care and consumer products markets. The Company also manufactures related packaging machinery. Total sales include sales to one customer of approximately $40,200, $41,900 and $38,800 in 1994, 1993 and 1992, respectively. Operating information and identifiable assets by geographic area of manufacture are shown below:

	1994	1993	1992
Net sales:			
United States	$216,600	$207,500	$205,800
Europe	114,200	107,000	102,800
Other	34,300	34,200	29,600
Total	$365,100	$348,700	$338,200
Income from consolidated			

operations:			
United States	$ 16,400	$ 14,400	$ 12,800
Europe	5,500	3,700	3,600
Other	4,900	3,400	2,400
	$ 26,800	$ 21,500	$ 18,800
Equity in net income (loss) of affiliated companies:			
United States	$ 200	$ -	$ (500)
Other	300	1,000	1,400
	$ 500	$ 1,000	$ 900
Income before cumulative effect of change in accounting method	$ 27,300	$ 22,500	$ 19,700
Identifiable assets:			
United States	$ 179,000	$156,900	$147,800
Europe	151,000	97,600	106,200
Other	45,500	36,900	34,400
	$ 375,500	$291,400	$288,400
Investments in affiliated companies:			
United States	$ 3,300	$ 2,800	$ 2,800
Europe	2,700	-	-
Other	15,900	15,000	13,200
	$ 21,900	$ 17,800	$ 16,000
Total assets	$ 397,400	$309,200	$304,400

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

	1994 Three Months Ended				1993 Three Months Ended			
	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Oct. 3	July 4	April 4
Net sales	99,100	87,400	91,500	87,100	92,800	81,900	87,100	86,900
Gross profit	32,000	25,400	29,800	28,900	29,500	24,100	26,900	24,100
Income before change accounting method	7,200	5,600	7,500	7,000	5,900	4,800	6,200	5,600
Net income	7,200	5,600	7,500	7,000	5,900	4,800	6,200	6,600
Net income before change in accounting method per share	.44	.35	.47	.44	.37	.30	.39	.36
Net income per share	.44	.35	.47	.44	.37	.30	.39	.42
Dividends paid per share	.12	.11	.11	.11	.11	.10	.10	.10
Common Stock price:								
High	29 1/8	25 3/4	24 3/4	25 3/4	24 7/8	25 1/4	23 1/2	24 3/8
Low	25 1/2	21 5/8	21 1/4	23 3/4	23 1/2	23 1/4	22 3/8	19 7/8

First quarter 1993 results include gains on sale of real estate amounting to $.04 per share.
Fourth quarter 1993 results include the full-year effect of a change in the life of certain operating assets, which increased net income by $.06 per share, and four months operating results for international subsidiaries.

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, 1994 and 1993, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1994. 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, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

As discussed in the summary of Significant Accounting Policies Note to the Consolidated Financial Statements, the Company changed its method of accounting for income taxes in 1993.

Coopers and Lybrand, L.L.P.

600 Lee Road
Wayne, Pennsylvania
February 24, 1995

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

		1994	1993	1992
SUMMARY OF OPERATIONS				
Net sales	$	365,100	348,700	338,200
Operating profit (loss)	$	45,400	40,600	38,700
Income (loss) before income taxes and minority interests	$	42,100	37,500	34,800
Provision for income taxes		13,400	14,300	14,300
Minority interests		1,900	1,700	1,700
Income (loss) from consolidated operations		26,800	21,500	18,800
Equity in net income of affiliated companies		500	1,000	900
Income (loss) before change in accounting method	$	27,300	22,500	19,700
Income (loss) before change in accounting method per share (a)(b)	$	1.70	1.42	1.26
Average shares outstanding (b)		16,054	15,838	15,641
Dividends paid per common share (b)	$	.45	.41	.40
Research, development and engineering expenses	$	12,000	11,400	11,100
Capital expenditures	$	27,100	33,500	22,400
YEAR-END FINANCIAL POSITION				
Working capital	$	50,400	46,400	37,700
Total assets		397,400	309,200	304,400
Total invested capital:				
Total debt		57,800	32,300	42,000
Minority interests		1,900	10,900	10,100
Shareholders' equity		227,300	188,100	168,600
Total	$	287,000	231,300	220,700
PERFORMANCE MEASUREMENTS				
Gross margin (c)	%	31.8	30.0	28.6
Operating profitability (d)	%	12.4	11.7	11.5
Tax rate	%	31.8	38.2	41.1
Asset turnover ratio (e)		1.04	1.11	1.10
Return on average shareholders' equity	%	13.2	13.2	12.3
Total debt as % of total invested capital	%	20.1	14.0	19.1
Shareholders' equity per share	$	13.81	11.82	10.71
Stock price range (b)		29 1/8-21 1/4	25 1/4-19 7/8	24 1/8-16 3/4

(a) Based on average shares outstanding.
(b) Adjusted for 2-for-1 stock split effective May 18, 1987.
(c) Net sales minus cost of goods sold, including applicable depreciation and amortization, divided by net sales.
(d) Operating profit (loss) divided by net sales.
(e) Net sales divided by average total assets; 1993 asset turnover ratio is based on 12 months'sales for international subsidiaries.

1994 includes for the first time the results of two affiliates in which majority ownership was acquired in 1994.
1993 includes 13 months of operating results in 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.
1986 included for the first time the results of five affiliates in which
majority ownership was acquired in 1986.

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

1991	1990	1989	1988	1987	1986	1985
329,600	323,200	308,700	285,400	253,300	235,600	190,100
(1,600)	15,600	38,700	30,100	25,600	31,300	24,700
(7,700)	9,600	34,400	26,100	22,100	29,400	23,400
4,700	6,400	13,200	10,100	9,500	13,200	10,400
(2,400)	300	2,100	1,400	1,000	900	100
(10,000)	2,900	19,100	14,600	11,600	15,300	12,900
1,500	1,400	1,600	2,800	2,100	1,700	2,100
(8,500)	4,300	20,700	17,400	13,700	17,000	15,000
(.55)	.27	1.28	1.07	.85	1.06	.95
15,527	15,793	16,235	16,249	16,195	16,126	15,745
.40	.40	.31	.29	.27	.245	.225
10,800	10,900	11,900	11,300	9,700	9,100	6,800
25,600	33,200	34,300	29,700	43,100	29,300	19,800
26,500	36,500	50,400	53,000	45,200	36,200	40,300
313,200	343,500	313,000	298,900	280,100	238,200	179,200
58,400	78,500	58,100	55,200	60,500	44,300	30,400
8,400	11,700	9,100	10,600	6,200	5,500	500
152,600	176,100	179,700	171,400	155,800	138,900	119,500
219,400	266,300	246,900	237,200	222,500	188,700	150,400
25.4	24.4	26.5	25.0	25.3	26.5	26.8
(.5)	4.8	12.5	10.5	10.1	13.3	13.0
61.7	66.5	38.5	38.6	42.9	45.0	44.5
1.00	.98	1.01	.99	.98	1.13	1.13
(8.9)	2.4	11.8	10.6	9.3	13.2	13.3
26.6	29.5	23.5	23.3	27.2	23.5	20.2
9.81	11.37	11.15	10.53	9.61	8.61	7.54
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	17 1/8-12 1/4	13 5/8-8 3/4

PART III

Item 10. Directors and Executive Officers of the Registrant.

George W. Ebright — Mr. Ebright, 57, has been a director since 1992. He is a director and the former Chairman of the Board and Chief Executive Officer of Cytogen Corp., a biotechnology pharmaceutical company. Mr. Ebright is a director of Univax Biologics, Inc. and Arrow International Incorporated.

L. Robert Johnson — Mr. Johnson, 53, has been a director since 1989. He is Managing General Partner of Founders Capital Partners, L.P., a venture capital partnership. Mr. Johnson currently serves as a director of Axint Technologies Corp., RSVP Information Inc., Agris Corporation, Digital Delivery Inc. and Symbiotics Inc.

John P. Neafsey — Mr. Neafsey, 55, has been a director since 1987. He is President of JN Associates, an investment consulting firm. Previously, Mr. Neafsey was President and Chief Executive Officer of Greenwich Capital Markets, Inc., an investment banking firm. He is an advisory director of The Beacon Group of New York and a director of the Management Policy Council, Provident Mutual Life Insurance Company of Philadelphia and the American Council for Capital Formation.

Hans Wimmer — Mr. Wimmer, 65, has been a director since 1979. Prior to his retirement in November 1994, he was President of Pharma-Gummi Wimmer West GmbH. Mr. Wimmer is also a director of Vetter Pharma, DIN Berlin/German Medical Standard Organization and Verien zur Normung im Bereich der Medizin.

Geoffrey F. Worden	Mr. Worden, 55, has been a director since 1993. He has been President of South Street Capital, Inc., an investment company, since 1992. Previously, Mr. Worden was a Managing Director of Kidder, Peabody & Co., Incorporated.

Tenley E. Albright, M.D.	Dr. Albright, 59, has been a director since 1993. She is a physician and surgeon, Chairman of Western Resources, Inc. and member of the Corporation of the New England Baptist Hospital and Woods Hole Oceanographic Institution. From 1989 through 1993 Dr. Albright was Founder, President, then Chairman of the Institute for Clinical Applications/Vital Sciences Inc., a clinical diagnostic research laboratory. She is also a director of State Street Bank and Trust Company, State Street Boston Corporation and Whitehead Institute for Biomedical Research.
Walter F. Raab	Mr. Raab, 70, has been a director since 1973. Prior to his retirement in 1990, he was Chairman and Chief Executive Officer of AMP Incorporated, producers of electrical/electronic connection devices, where he continues to serve as a director. Mr. Raab is also a director of Dauphin Deposit Corporation, Harris Corporation and Holy Spirit Hospital.
William S. West	Mr. West, 67, has been a director since 1958 and Chairman of the Board since July 1985. Previously, he served as the Company's President and Chief Executive Officer.
J. Roffe Wike, II	Mr. Wike, 68, has been a director since 1962. Prior to his retirement in January 1994, Mr. Wike was Senior Partner and a director of Cooke & Bieler, investment counselors.
Victor E. Ziegler	Mr. Ziegler, 64, has been a director since 1991 and Executive Vice President since 1992. He was Division President, Health Care from 1991 to 1992 and Group President, Manufacturing prior to 1991.

William J. Avery	Mr. Avery, 54, has been a director since 1992. He is Chairman of the Board, President and Chief Executive Officer of Crown Cork & Seal Company, Inc., manufacturer of cans, crowns and machinery. He is also a director of Can Manufacturers Institute, the Connelly Foundation, Pennsylvania Chamber of Business & Industry and the YMCA.
George J. Hauptfuhrer, Jr.	Mr. Hauptfuhrer, 68, has been a director since 1973. He is Of Counsel of Dechert Price & Rhoads, a law firm where he was a partner, Chairman and Chief Executive Officer until his retirement in 1990.
William G. Little	Mr. Little, 52, has been a director, President and Chief Executive Officer since 1991. He was Division President of Kendall Inc., a medical device manufacturer, from 1990 to 1991 and Group Vice President and Division President of C.R. Bard, Inc., a medical device manufacturer, from 1975 to 1990. He is a director of Paoli Memorial Hospital and Fox Chase Cancer Center.
Monroe E. Trout, M.D.	Dr. Trout, 63, has been a director since 1991. Dr. Trout is Chairman Emeritus of American Healthcare Systems, a network of integrated healthcare systems, where he served as Chairman of the Board, President and Chief Executive Officer until his retirement in January 1995. Dr. Trout is a director of Gensia

Inc., Science Applications International Corporation (SAIC), Baxter International Inc., Cytyc Corporation and the University of California San Diego Foundation.

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

Steven A. Ellers, the Company's Vice President, Operations, filed an initial report of ownership of Common Stock pursuant to Section 16 of the Securities Exchange Act of 1934, and regulations thereunder, 11 days following the due date. J. Roffe Wike, II, a director of the Company, reported in October 1994 a transaction by his daughter that was attributable to him under Commission regulations which should have been reported in August 1994.

Item 11. Executive Compensation.

REPORT OF THE BOARD COMPENSATION COMMITTEE
ON EXECUTIVE COMPENSATION

Compensation Philosophy -- The Company's executive compensation philosophy is designed to further the following four objectives: (1) link shareholder and management interests; (2) reward management for producing superior corporate results relative to comparable companies; (3) recognize individual performance; and (4) assist the Company in attracting and retaining key executives of the highest calibre.

These four principles are implemented through an executive compensation program that includes base salary, annual incentive bonus awards and long-term incentives in the form of non-qualified stock options. Base salaries are set to approximate the 50th percentile level of comparable positions, while total compensation (salary, bonus and stock options) is targeted to parallel the Company's competitive performance. The Company has a target financial performance objective of top quartile results, and thus, total compensation is generally targeted at the 75th percentile of comparable positions, subject to meeting corporate and individual performance goals.

To further the goal of aligning management and shareholder interests, as well as providing executives an opportunity and incentive to realize long-term appreciation of assets, the Compensation Committee has established guidelines that call for executives to own, within five to seven years of attaining their respective positions, an amount of Common Stock with a market value equal to: five times base salary for the Chief Executive Officer; three times base salary for executive vice presidents; and two times base salary for other senior executives. Although the share ownership guidelines are not mandatory, the Committee reviews annually each executive's progress toward meeting his or her share ownership goal. The Committee has no set policy on failure to meet the guidelines.

Principal Compensation Elements -- The Compensation Committee, which is composed entirely of independent directors, annually determines the targeted compensation for each of the Company's executive officers. In setting base salaries, annual incentive bonus awards and stock-option grants, the Committee relies primarily on compensation data from outside surveys of companies in general industry with comparable annual revenues and employee base. The Committee also takes into consideration recommendations of the President and Chief Executive Officer with regard to the performance and relative experience of the individual involved.

Bonus awards are made under the Company's Management Incentive Bonus Plan (the "Bonus Plan"). These awards are contingent principally (75%) upon the Company attaining a pre-specified level of financial performance with additional weight (25%) given to achievement of individual objectives. Individual objectives focus on such factors as new product development, new business initiatives, productivity and quality improvements and are designed to correlate to the Company's overall strategic objectives for the year. Mr. Little's individual objectives are approved by the Committee, and objectives for each other executive officer are approved by that individual's direct supervisor.

Annual-incentive bonus ranges are established for each job position. For 1994, the bonus target for the President and Chief Executive Officer was 75% of base salary. For other executive officers, the bonus targets range from 40% to 65% of base salary. Executives may receive a maximum of 150% of their target bonus if corporate financial performance meets or exceeds the target by 125%. No awards are granted if actual corporate performance is less than 90% of target. In support of the goal of linking shareholder and management interests, one-fourth of a Bonus Plan participant's after-tax annual bonus is paid in the form of Common Stock. Each participant also receives a number of additional restricted shares equal to 25% of the number of bonus shares received. The restricted shares are forfeited if the bonus shares are transferred within four years of the date of grant.

The Company's long-term incentive program is designed to reward management for consistent improvement of shareholder value, primarily through the use of non-qualified stock options. Stock options are viewed as an excellent method of linking management interests with those of shareholders because the value of a stock option is created by increases in the market value of the Common Stock, an important indicator of shareholder value. Under the Committee's stock-option award program, a fixed number of shares are granted each year in amounts estimated to produce competitive long-term compensation when compared to general industry. Stock option values are determined using the Black-Scholes valuation method. Although there is no direct relationship between the size of option awards and the Company's share-ownership guidelines, stock options are considered the primary vehicle to assist executives in meeting these guidelines.

Establishing Financial Performance Goals -- The Board of Directors annually establishes the corporate financial performance target under the Bonus Plan for the following year as part of the overall budget approval process with the advice and concurrence of the Committee. In providing this advice, the Committee reviews comparative financial-performance data of a self-selected peer group of 12 companies (the "Peer Group") and of the Standard & Poor's 400 index. The guidelines used for selecting the Peer Group companies were both quantitative and qualitative in nature and included such factors as nature of business, revenues, employee base, technology base, market share, customer type and customer relationship. The Peer Group is the same group used in the shareholder-return performance chart on page 15. Return-on-equity (ROE) was used as the financial-performance measurement for 1994. In November 1993, the Committee reviewed data compiled by an independent compensation consultant that indicated the Company's ROE performance equalled the Peer Group's actual 75th percentile performance, while being somewhat below that of the S&P 400. Based on this information, the Committee believes that the 1994 annual-incentive ROE target set by the Board was consistent with the Company's goal of matching executive pay with corporate performance.

1994 Compensation -- For 1994, William G. Little, the Company's President and Chief Executive Officer, received a base salary of $363,684, an increase of 5.9% from the prior year. The Committee set Mr. Little's 1994 salary based upon compensation survey data that indicated this salary to be at the median level of chief executive officer positions of companies of comparable size in general industry. In setting this base salary, the Committee also considered the continued improvement in the Company's financial performance and the fact that Mr. Little met or exceeded each of his individual objectives for the prior year, including the Company's 1993 financial performance target. Each of the other named executive officers received salary adjustments to bring his base salary in line with median market practice as evidenced by executives with similar responsibilities in companies of comparable size in general industry.

Annual incentive awards for each of the named executive officers, including Mr. Little, reflect the Company's attainment of the predetermined ROE target and the level of achievement of individual goals by each executive officer. The Company's actual 1994 ROE was 92% of the performance target. Accordingly, the Committee authorized a bonus award of $256,327 for Mr. Little for 1994. In accordance with the terms of the Bonus Plan, Mr. Little received a portion of his bonus in the form of 1,832 bonus shares and was granted 458 restricted shares of Common Stock.

At the time of his hiring in 1991, Mr. Little was granted a non-qualified stock option for 150,000 shares that vests over a four-year period. The Committee considered comparable compensation data and competitive market factors in determining the terms of Mr. Little's stock option. During 1994, each of the Company's other executive officers received an additional grant of stock options consistent with the Committee's stock-option award program described above.

The foregoing discussion does not apply to Mr. Wimmer whose 1994 compensation was determined by the terms of management contracts with various European subsidiaries and by a separate agreement under which he received an annual bonus based on European Division profits. Mr. Wimmer retired from his position in November 1994.

John P. Neafsey, Chairman
George Hauptfuhrer, Jr.
Monroe E. Trout

Compensation of Named Executives

General

The following table sets forth, for 1992, 1993 and 1994, compensation provided by the Company to each of the named executives in all capacities in which they served.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation Awards		
Name & Principal Position	Year	Salary ($)(A)	Bonus ($)(A)	Other Annual Compensa-tion ($)	Restricted Stock Award(s) ($)(B)	Securities Underlying Options (#)	All Other Compensa-ation ($)(C)
William G. Little	1994	363,684	256,327	4,329	11,624	0	8,904
President and Chief	1993	343,176	259,189	4,329	10,774	0	9,136
Executive Officer	1992	331,828	250,000	3,164	10,375	0	4,900
Victor E. Ziegler	1994	219,628	104,691	4,095	4,695	12,000	6,583
Executive Vice	1993	212,271	107,379	4,095	4,389	12,000	6,362
President	1992	206,992	100,754	2,993	0	12,000	4,914
J. E. Dorsey(D)	1994	221,081	138,589	3,674	6,244	8,000	6,630
Executive Vice	1993	191,880	105,796	3,674	4,315	8,000	3,105
President and Chief Operating Officer	1992	125,864	61,500	2,402	2,760	6,000	0
Raymond J. Land	1994	189,343	90,291	3,674	4,010	8,000	5,677
Senior Vice President,	1993	180,874	92,605	3,674	3,741	8,000	4,497
Finance and Administration	1992	172,221	88,193	2,685	0	8,000	842
Ulf C. Tychsen(D)	1994	203,261	87,211	9,202	3,020	8,000	0
Group Vice President,	1993	194,649	86,339	6,344	3,940	8,000	0
Europe & Asia Pacific	1992	--	--	--	--	--	--
Hans Wimmer(D)	1994	185,637	433,697	9,485	0	0	0
Former President,	1993	214,753	510,370	8,865	0	0	0
Pharma-Gummi Wimmer West GmbH	1992	196,803	494,000	--	0	0	0

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(A) Amounts shown reflect salary and bonuses earned by the named executives for the applicable fiscal year and include the value of any restricted and unrestricted shares awarded under the Company's Management Incentive Bonus Plan. Bonuses are paid in the fiscal year following the fiscal year for which they are earned. Mr. Tychsen's 1994 and 1993 compensation was paid in Deutsche Marks, as follows: Salary DM 329,282 and DM 321,171, respectively; and bonus DM 141,282 and DM 142,459, respectively. Mr. Wimmer's 1994, 1993 and 1992 compensation also was paid in Deutsche Marks, as follows: Salary DM 300,732, DM 354,342 and DM 307,012, respectively; and bonus DM 702,590, DM 842,110 and DM 770,640, respectively. The U.S. dollar figures shown are based on average exchange rates of 1.62, 1.65 and 1.56 for 1994, 1993 and 1992, respectively.

(B) Restricted stock awards are made in the fiscal year following the fiscal year for which they are earned. Restricted stock awards vest four years from the grant date. Values are determined by multiplying the number of shares awarded by the closing market price of the Common Stock on the grant date, which was $20.75 for 1992 awards, $24.94 for 1993 awards and $25.38 for 1994 awards. Dividends are paid and reinvested on restricted shares.

The following table contains information relating to the outstanding holdings of restricted stock of the named executives at December 31, 1994. The table does not include restricted stock granted in 1995 with respect to 1994 service. Values are determined by multiplying the number of shares by $27.50, the December 30, 1994 closing price for the Company's Common Stock.

Name	Number of Restricted Shares Held	Current Market Value of Restricted Shares Held
William G. Little	932	$25,630
Victor E. Ziegler	176	4,840
J. E. Dorsey	306	8,415
Raymond J. Land	150	4,125
Ulf C. Tychsen	158	4,345
Hans Wimmer	0	--

(C) Includes for 1994, 1993 and 1992: (i) term life insurance premiums paid by the Company for Mr. Little--$648, $648 and $536, respectively; and (ii) Company contributions under the Savings Plan for Mr. Little--$8,256, $8,488 and $4,364, respectively, Mr. Ziegler--$6,583, $6,362, and $4,914, respectively, Mr. Dorsey--$6,630, $3,105 and $0, respectively, and Mr. Land--$5,677, $4,497 and $842, respectively.

(D) Information is provided only for fiscal years during which the individual served as an executive officer. Mr. Tychsen first became an executive officer of the Company in 1993. Mr. Dorsey commenced his employment with the Company on April 21, 1992. Although Mr. Wimmer had been President of Pharma-Gummi Wimmer West GmbH, one of the Company's European subsidiaries, for many years, he first became an executive officer of the Company in 1992. Mr. Wimmer retired in November 1994.

Stock Options

The following table provides information concerning the grant of stock options in 1994 under the Company's Long-Term Incentive Plan.

OPTION GRANTS IN 1994

	Individual Grants				
Name	Number of Securities Underlying Options Granted to Employees in 1994(A)	% of Total Options Granted to Employees in 1994	Exercise Price(B) ($/Sh)	Expiration Date	Grant Date Present Value(C) ($)
William G. Little	0	--	--	--	--
Victor E. Ziegler	12,000	6.1%	24.94	3/1/99	79,920
J. E. Dorsey	8,000	4.1%	24.94	3/1/99	53,280
Raymond J. Land	8,000	4.1%	24.94	3/1/99	53,280
Ulf C. Tychsen	8,000	4.1%	24.94	3/1/99	53,280
Hans Wimmer	0	--	--	--	--

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(A) Option grants are for a five-year term and first became exercisable six months after the date of grant.

(B) The exercise price of $24.94 represents the average of the highest and lowest reported sale price on March 1, 1994 (the date of grant). The exercise price (and any applicable withholding taxes) may be paid in cash, shares of Common Stock valued at fair market value on the date of exercise or pursuant to a cashless exercise procedure under which the optionee provides irrevocable instructions to a brokerage firm to sell the purchased shares and to remit to the Company, out of the sale proceeds, an amount equal to the exercise price plus all applicable withholding taxes.

(C) The estimated value has been determined by application of the Black-Scholes option-pricing model, based upon the terms of the option grant and the Company's stock price performance history as of the date of grant (March 1, 1994). The key assumptions set forth below used in the valuation are based upon historical experience, and are not a forecast of future stock-price performance or volatility or of future dividend policy. No adjustments have been made for forfeitures or non-transferability.

Dividend Yield:	1.8%
Volatility:	.277
Risk-Free Rate of Return:	6.28%
Expected Exercise Period:	5 Years

1994 Stock Option Exercises

The following table provides information relating to the exercise of stock options by the named executives in 1994, as well as the number and value of their unexercised options as of December 31, 1994.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise(#)	Value Realized (Market Value Less Any Exercise Price)($)	Number of Shares Underlying Unexercised Options Held at 12/31/94(#)		Value of Unexercised In-the-Money Options at 12/31/94($)(A)(B)	
			Exercisable	Not Exercisable	Exercisable	Not Exercisable
William G. Little	0	--	115,000	30,000	1,423,125	371,250
Victor E. Ziegler	12,000	41,250	53,889	0	418,020	--
J. E. Dorsey	0	--	22,000	0	120,880	--
Raymond J. Land	0	--	24,000	0	142,500	--
Ulf C. Tychsen	0	--	24,000	0	142,500	--
Hans Wimmer	0	--	0	0	--	--

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(A) The value of unexercised options represents the difference between the closing price of the Company's Common Stock on December 30, 1994 ($27.50) and the exercise price of each unexercised option held by the named executives.

(B) All option grants to the named executives other than Mr. Little are for a five-year term and first became exercisable six months after the date of grant. Mr. Little was granted an option in 1991, which vests over a four-year period.

Retirement Plan

The Company's Salaried Employees' Retirement Plan (the "Retirement Plan") is a non-contributory defined benefit plan. It provides for normal retirement at age 65 and permits early retirement in certain cases. Benefits are based upon years of service and compensation (including salary, bonuses and stock award distributions ("Covered Compensation")) for the five consecutive calendar years within the ten years prior to retirement during which the compensation was the highest.

The Internal Revenue Code limits the maximum annual benefit which may be paid to any individual from the Retirement Plan's trust fund and the amount of compensation that may be recognized. Under the Company's Supplemental Employees' Retirement Plan (the "Supplemental Plan"), the Company will make supplemental, unfunded payments to offset any reductions in benefits that may result from such limitations.

The following table shows the estimated annual retirement benefits payable (before reduction by the offset for Social Security payments) under the Retirement Plan and the Supplemental Plan at normal retirement date to all eligible employees, including the named executives, in specified remuneration and years of service classifications.

PENSION PLAN TABLE

Five Year Average Compensation	Years of Service 15	20	25	30	35
$ 200,000	$ 57,000	$ 76,000	$ 95,000	$ 100,000	$ 105,000
250,000	71,250	95,000	118,750	125,000	131,250

300,000	85,500	114,000	142,500	150,000	157,500
400,000	114,000	152,000	190,000	200,000	210,000
500,000	142,500	190,000	237,500	250,000	262,500
600,000	171,000	228,000	285,000	300,000	315,000
650,000	185,250	247,000	308,750	325,000	341,250

Amounts shown are calculated on a straight-line annuity basis. Under the Retirement Plan, credited years of service and Covered Compensation for 1994 are 19 years and $622,873 for Mr. Little, 34 years and $327,007 for Mr. Ziegler, 2 years and $326,877 for Mr. Dorsey, and 3 years and $281,948 for Mr. Land.

Employment and Other Agreements

The Company has entered into an employment agreement with Mr. Little under which he serves as President and Chief Executive Officer of the Company for a base annual salary determined in accordance with Company compensation review policies. Mr. Little also is entitled to participate in the Company's annual and long-term incentive plans. The employment term may be ended by the Company upon two years' notice of termination but may be terminated earlier by the Company for cause, or due to disability or death.

Mr. Wimmer, who retired in November 1994, is entitled to receive an annual pension in the amount of DM 360,000 ($222,222 at an average 1994 exchange rate of 1.62).

The Company has entered into agreements with each of the named executive officers other than Messrs. Wimmer and Tychsen, which provide for benefits in the event of employment termination following a change in control of the Company. These agreements are designed to assist the Company in attracting and retaining highly qualified executives and to help ensure that if the Company is faced with an unsolicited tender offer proposal, its executives will continue to manage the Company without being unduly distracted by the uncertainties of their personal affairs and thereby will be better able to assist in evaluating such a proposal in an objective manner.

Each executive is entitled to receive severance compensation under his agreement if, within two years following a change in control of the Company, he resigns following a constructive termination of his employment or his employment is terminated by the Company other than by reason of death, disability, willful misconduct, or normal retirement. Such severance compensation includes the immediate vesting of the executive's interest, if any, in the Company's employee benefit plans, continuing salary and bonus payments at the level prior to termination and continuation of certain health and welfare benefits for up to three years following such termination. A "change in control" is defined generally as a change in a majority of the Company's Board of Directors or purchase of more than 51% of the Company's stock. Each agreement also provides that during the term of the executive's employment with the Company and for a period of one year thereafter, whether or not a change in control of the Company occurs, the executive will neither be employed by any competitor of the Company nor compete with the Company in any part of the United States (any market or territory, in the case of Mr. Little). The payment of severance compensation is not conditioned upon the executive seeking other employment nor is it subject to reduction in the event the executive secures other employment consistent with the agreement.

SHAREHOLDER RETURN PERFORMANCE PRESENTATION

The following graph compares for fiscal years 1990 through 1994 the yearly change in the cumulative total returns to holders of Common Stock with the cumulative total return of the Standard & Poor's 400 Industrials-Limited Index (the "S&P 400") and of a company-selected peer group. Cumulative total-return-to-shareholders is measured by dividing total dividends (assuming dividend reinvestment) plus per-share price change for the period by the share price at the beginning of the period. The Company's cumulative shareholder return is based on an investment of $100 on December 31, 1989 and is compared to the cumulative total return of the S&P 400 and peer group over the period with a like amount invested.

The peer-group companies were selected by the Company based principally on nature of business, revenues, employee base, technology base, market share, customer type and customer relationship. The peer group was developed initially as part of an assessment of the Company's executive compensation levels. The peer group is composed of Amphenol Corporation, Andrew Corporation, Applied Magnetics Corporation, Augat Inc., Beckman Instruments, Inc., C.R. Bard, Inc., CTS Corp., Millipore Corporation, Pall Corporation, The Perkin-Elmer Corporation, Sealed Air Corporation and Thomas & Betts Corporation.

	West Company	S&P 400	Peer Group
12/89	100.00	100.00	100.00
12/90	66.58	99.11	98.18
12/91	103.40	129.59	142.54
12/92	127.13	136.98	156.78
12/93	140.75	149.35	166.04
12/94	160.63	155.05	185.34

Compensation of Directors

Each director who is not employed by the Company or one of its subsidiaries receives an annual retainer of $16,000 per year, plus attendance fees of $1,000 for board meetings and $750 for committee meetings. The Chairman of the Board receives an annual fee of $35,000. The chairman of each board committee and the Chairman, Independent Directors each receive an annual fee of $3,500. Directors may elect annually to defer all or any part of their director's fees, which deferred amounts will be payable upon their termination as a director.

Each non-employee director who has completed five years of service as a director will be entitled to receive an annual retirement benefit, commencing at age 60, of between 50% and 100% of his or her base annual retainer at the time of retirement, depending on the length of service, for a maximum period of 15 years or until the director's earlier death. Non-employee directors are eligible to receive annually an option to acquire 1,500 shares of Common Stock under the Company's 1992 Non-Qualified Stock Option Plan for Non-Employee Directors. Each option will expire five years from the date of grant.

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

The following table sets forth, as of March 20, 1995, certain information concerning each person known to the Company to have been the beneficial owner of more than 5% of the Common Stock. Except as indicated below, the Company is informed that the beneficial owners have sole voting and sole investment power over the shares shown opposite their names.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Jean Wike Faust .... 16 Fox Chase Road Malvern, PA 19355	1,261,734(1)	7.6%
Mitchell Hutchins Institutional Investors Inc.................... 1285 Avenue of the Americas New York, NY 10019	1,351,100(2)	8.2%
TriMark Investment Management Inc................................ One First Canadian Place, Suite 5600 P.O. Box 487 Toronto, Ontario M5X 1E5	998,000	6.0%
Franklin H. West... 619 Broad Acres Road Narberth, PA 19072	839,939(3)	5.1%
William S. West.. 101 Gordon Drive	1,274,956(3)(4)	7.7%

Lionville, PA 19341		
J. Roffe Wike, II 2125 Twinbrook Road Berwyn, PA 19312	1,741,554(1)(5)	10.5%
Wilmington Trust Company 1100 North Market Street Wilmington, DE 19890	1,314,360(6)	8.0%

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(1) Includes 226,000 shares held by a trust of which Mrs. Faust is the sole beneficiary. J. Roffe Wike, II, the brother of Mrs. Faust, has sole investment and voting power over such shares in his capacity as trustee. Also includes 582,954 shares held by a trust as to which Mrs. Faust and Mr. Wike share voting and investment power.

(2) Represents shared voting and investment power.

(3) Franklin H. West, William S. West and Fidelity Bank, N.A. share the investment power over the same 746,264 shares which are held by two trusts of which they are co-trustees. Does not include 134,785 shares owned by Franklin West's wife and children, as to which he disclaims beneficial ownership.

(4) Does not include 221,900 shares owned by Mr. West's wife, as to which he disclaims beneficial ownership.

(5) Includes options to acquire 4,500 shares. Does not include 7,840 shares owned by Mr. Wike's wife, as to which he disclaims beneficial ownership.

(6) Includes (i) sole voting power with respect to 440,620 shares, (ii) shared voting power with respect to 873,740 shares and shared investment power with respect to 866,640 shares.

STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth, as of March 20, 1995, information concerning the beneficial ownership of Common Stock by each director and nominee for director, each of the Company's executive officers named in the Summary Compensation Table on page 10 of this proxy statement and all directors and executive officers as a group. No director or officer owns more than 1% of the outstanding Common Stock except William S. West, who owns 7.7% of the outstanding Common Stock, and J. Roffe Wike, II, who, including shares that may be acquired within 60 days, is the beneficial owner of 10.5% of the Common Stock. All directors and officers as a group are the beneficial owners of 23.2% of the Common Stock, including shares that may be acquired by them within 60 days. Additional information concerning the beneficial ownership of Messrs. West and Wike is contained in footnotes related to the table on the preceding page.

Name	Shares owned directly and indirectly(1)	Shares which may be acquired within 60 days(2)
Tenley E. Albright......................................	0	1,500
William J. Avery..	500	4,500
J. E. Dorsey..	3,155	22,000
George W. Ebright.......................................	1,000	3,000
George J. Hauptfuhrer, Jr...............................	6,000	4,500
L. Robert Johnson.......................................	2,000	4,500
Raymond J. Land...	1,970	24,000
William G. Little.......................................	17,899	115,000
John P. Neafsey...	2,000	4,500
Walter F. Raab..	4,000	4,500
Monroe E. Trout...	2,000	3,000
Ulf C. Tychsen..	1,393	24,000
William S. West...	1,274,956	0
J. Roffe Wike, II.......................................	1,737,054	4,500
Hans Wimmer...	440,000	0
Geoffrey F. Worden......................................	1,500(3)	1,500
Victor E. Ziegler.......................................	23,447	45,000
All directors and executive officers as a group (23 persons)..............................	3,558,766	361,465

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(1) Includes shares allocated to individual accounts under the Company's Savings Plan and/or restricted shares granted under the Company's Stock Bonus Program as follows: Mr. Dorsey - 367 and 246 shares, respectively; Mr. Land - 425 and 158 shares, respectively; Mr. Little - 861 and 458 shares, respectively; Mr. Tychsen - 119 restricted shares; Mr. Ziegler - 5,936 and 185 shares, respectively; and all directors and executive officers as a group - 12,931 and 1,584 shares, respectively.
(2) Stock options available for exercise within 60 days under the Company's Long-Term Incentive Plan and 1992 Non-Qualified Stock Option Plan for Non-Employee Directors.
(3) Does not include 500 shares held by Mr. Worden's wife, as to which he disclaims beneficial ownership.

Item 13. Certain Relationships and Related Transactions.

In November 1994, the Company acquired from Hans Wimmer, a director and former executive officer of the Company, approximately 25.5% of the equity interests in five European-based companies, which were held by Mr. Wimmer, resulting in the Company owning 100% of those companies. The acquisition was completed pursuant to an amended and restated put and call agreement entered into in March 1993. The Company paid a total purchase price of DM 45,000,000 ($27,777,777 at an average 1994 exchange rate of DM 1.62), of which DM 30,000,000 ($18,518,519) was paid in cash. The remaining DM 15,000,000 ($9,259,259) was paid by delivery of 363,214 shares of Common Stock. Mr. Wimmer has the right to require the Company to file a registration statement with the Securities and Exchange Commission on one occasion during each of the two years following the closing of the transaction to permit a public distribution of the shares. One of the Company's German subsidiaries leases its facilities from Henrik Wimmer, a son of Hans Wimmer. Lease payments totaled DM 99,564 ($61,459) during 1994.

Geoffrey F. Worden and John P. Neafsey, directors of the Company, were separately engaged by the Company during 1994 as consultants in certain financial matters. The Company paid Mr. Worden and Mr. Neafsey a total of $59,000 and $32,000, respectively, in fees for their services during 1994.

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/ Raymond J. Land

Raymond J. Land
Senior Vice President,
Finance and Administration
(Principal Financial Officer)

October 19, 1995

Date

INDEX TO EXHIBITS

Exhibit Number		Page Number
(99)	Excerpt from Offer to Purchase by Paco Acquisition Corp., relating to Agreement and Plan of Merger dated March 24, 1995, among Paco Pharmaceutical Services, Inc. The West Company, Incorporated and Paco Acquisition Corp.	

The Merger Agreement. On March 24, 1995, Paco Pharmaceutical Services, Inc. (the "Company"), The West Company, Incorporated ("Parent") and Paco Acquisition Corp. ("Purchaser"), a wholly owned subsidiary of Parent, entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Purchaser offered to purchase all outstanding shares of common stock, par value $.01 per share (the "Shares"), of the Company, net to the selling shareholders of the Company, at $12.25 per Share (the "Offer Price"), upon the terms and subject to the conditions of the Offer to Purchase and related Letter of Transmittal dated March 30, 1995 (which, together with any amendments or supplements thereto, collectively constitute the "Offer").

The Merger Agreement provides that following the satisfaction or waiver of the conditions described below under 'Conditions to the Merger', Purchaser will be merged with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of Parent, and each then outstanding Share (other than Shares owned by the Company as treasury stock or by any subsidiary of the Company, Parent, Purchaser or any other subsidiary of Parent or by stockholders, if any, who are entitled to and who properly exercise dissenters' rights under Delaware law) will be converted into the right to receive an amount equal to the Offer Price (the "Merger Consideration").

Vote Required to Approve Merger. The Delaware General Corporation Law ("DGCL") requires, among other things, that the adoption of any plan of merger or consolidation of the Company must be ap2proved by the Board of Directors and generally by the holders of the Company's outstanding voting securities. The Board of Directors of the Company has approved the Offer and the Merger; consequently, the only additional action of the Company that may be necessary to effect the Merger is approval by such stockholders if the short-form merger procedure described below is not available. Under the DGCL, the affirmative vote of holders of a majority of the outstanding Shares (including any Shares owned by Purchaser), is generally required to approve the Merger. If Purchaser acquires, through the Offer or otherwise, voting power with respect to at least a majority of the outstanding Shares, (which would be the case if a majority of the shares outstanding are validly tendered and not withrawn (the "Minimum Condition") and Purchaser were to accept for payment Shares tendered pursuant to the Offer), it would have sufficient voting power to effect the Merger without the vote of any other stockholder of the Company. However, the DGCL also provides that if a parent company owns at least 90% of each class of stock of a subsidiary, the parent company can effect a 'short-form' merger with that subsidiary without the action of the other stockholders of the subsidiary. Accordingly, if, as a result of the Offer or otherwise, Purchaser acquires or controls the voting power of at least 90% of the outstanding Shares, Purchaser could, and intends to, effect the Merger without prior notice to, or any action by, any other stockholder of the Company.

Conditions to the Merger. The Merger Agreement provides that the Merger is subject to the satisfaction of certain conditions, including the following: (i) if required by applicable law, the Merger Agreement shall have been approved by the affirmative vote of the Company's stockholders by the requisite vote in accordance with applicable law, (ii) no statute, rule, regulation, executive order, decree, or injunction shall have been enacted, entered, promulgated, or enforced by any court or governmental authority which is in effect and has the effect of prohibiting the consummation of the Merger and (iii) Purchaser shall have accepted for payment and paid for Shares tendered pursuant to the Offer.

Termination of the Merger Agreement. The Merger Agreement may be terminated at any time prior to the effective time of the Merger, notwithstanding approval by the stockholders of the Company, (i) by mutual written consent duly authorized by the Boards of Directors of the Company, Parent and Purchaser; (ii) by either the Company or Parent: (a) if the Offer terminates or expires in accordance with its terms without Purchaser having purchased any Shares pursuant to the Offer; provided, however, that the right to terminate the Merger Agreement shall not be available to any party whose failure to fulfill any of its obligations under the Merger Agreement results in the failure of any such condition; (b) if Shares have not been accepted for payment pursuant to the Offer on or prior to August 1, 1995; provided, however, that the right to terminate the Merger Agreement shall not be available to any party whose failure to fulfill any of its obligations under the Merger Agreement results in the failure of the Offer to be consummated; or (c) if any court of competent jurisdiction or any other governmental body shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall have

become final and nonappealable; (iii) by the Company if the Offer has not been timely commenced and such failure to commence shall be in violation of the Merger Agreement; (iv) by Parent or Purchaser if the Company fails to perform in any material respect any of its obligations under the Merger Agreement or the Option Agreement or if the Offer shall not have been commenced because of the occurrence of any event or circumstance set forth in Section 14 (i.e., failure to satisfy the Minimum Condition, no expiration of any applicable waiting period under the Hart Scott Rodino Act and certain other governmental actions); (v) by the Company in respect of a superior proposal (provided the Company shall have paid Parent the Termination Fee and the Expense Fee) as described; or (vi) by the Company if Parent or Purchaser fails to perform in any material respect any of its obligations under this Agreement. In the event the Merger Agreement is terminated as described in this paragraph, the Merger Agreement will become void and there will be no liability or obligation on the part of the Company, Purchaser or Parent, except with respect to certain specified provisions (including the provisions described below under 'Fees and Expenses') and except to the extent that such termination results from the willful and material breach by a party of any of its representations, warranties, covenants or agreements set forth in the Merger Agreement.

Takeover Proposals. The Merger Agreement provides that the Company will not, nor will it permit any of its subsidiaries to, nor will it authorize or permit any director, officer or employee of or any investment banker, attorney or other advisor or representative of the Company or any of its subsidiaries to, directly or indirectly, (i) solicit, initiate or encourage the submission of any takeover proposal (as defined below) or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any takeover proposal; provided, however, that prior to the acceptance for payment of Shares pursuant to the Offer, to the extent required by the fiduciary obligations of the Board of Directors of the Company (as determined in good faith by the Board of Directors based on the advice of outside counsel), the Company may upon receipt by the Company of an unsolicited written, bona fide takeover proposal, furnish information with respect to the Company pursuant to a customary confidentiality agreement (containing 'standstill' provisions no less onerous than in the Confidentiality Agreements dated June 28, 1994 between the Company and Parent) and participate in negotiations regarding such takeover proposal. The Merger Agreement defines 'takeover proposal' as any proposal for a merger or other business combination involving the Company or any of its subsidiaries or any proposal or offer to acquire in any manner (including through a joint venture with the Company), directly or indirectly, an equity interest in, not less than 25% of the outstanding voting securities of, or assets representing not less than 25% of the annual revenues or net earnings of the Company or any of its subsidiaries.

The Merger Agreement provides that neither the Board of Directors of the Company nor any committee thereof will (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Purchaser or Parent, the approval or recommendation by the Board of Directors of the Company or any such committee of the Merger Agreement, the Option Agreement, the Offer or the Merger, (ii) approve or recommend, or propose to approve or recommend, any takeover proposal or (iii) enter into any agreement with respect to any takeover proposal. Notwithstanding the foregoing, in the event the Board of Directors of the Company receives an unsolicited takeover proposal that, in the exercise of its fiduciary obligations (as determined in good faith by the Board of Directors and based on the advice of outside counsel), it determines to be a superior proposal (as defined below), the Board of Directors may (subject to the following sentences) withdraw or modify its approval or recommendation of the Merger Agreement, the Option Agreement, the Offer or the Merger, approve or recommend any such superior proposal, enter into an agreement with respect to such superior proposal or terminate the Merger Agreement, in each case at any time after the fifth business day following Parent's receipt of written notice (a 'Notice of Superior Proposal') advising Parent that the Board of Directors has received a superior proposal, specifying the material terms and conditions of such superior proposal and identifying the person making such superior proposal. The Company may take any of the foregoing actions pursuant to the preceding sentence only if (i) Purchaser has not accepted for payment Shares pursuant to the Offer, (ii) the Company is not otherwise in material breach of the Merger Agreement and (iii) the Company has paid to Parent the Termination Fee and the Expense Fee (as defined below). For purposes of the Merger Agreement, a 'superior proposal' means any bona fide takeover proposal on terms which the Board of Directors of the Company determines in its good faith reasonable judgment to be more favorable to the Company's stockholders than the Offer and the Merger. The Merger Agreement also provides that nothing contained therein will prohibit the Company from taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) under the Exchange Act.

The Merger Agreement provides that the Company will promptly advise Parent orally and in writing of any request for information or of any takeover proposal, or any inquiry which could lead to any takeover proposal, the material terms and conditions of such inquiry or takeover proposal and the identity of the person making such request, takeover proposal or inquiry.

Fees and Expenses. The Merger Agreement provides that the Company will pay to Parent in cash in immediately available funds by wire transfer to an account designated by Parent an amount equal to its reasonable out-of-pocket expenses (including, without limitation, fees and expenses of all counsel, printers, banks, accountants, and investment banking firms, and their respective agents but excluding fees to or expenses of financing sources for the Offer and the Merger) not exceeding $750,000 (the 'Expense Fee') and an additional fee of $1,000,000 (the 'Termination Fee'), if (i) there shall be a material breach by the Company of the Merger Agreement or (ii) the Company shall have delivered (or been obliged to deliver) to Parent a Notice of Superior Proposal or (iii) (x) at any time on or after the date of the Merger Agreement until one year following the termination of the Merger Agreement, any person or 'group'(within the meaning of Section 13(d)(3) of the Exchange Act) (other than Parent or any of its affiliates) shall have acquired, directly of indirectly, the Company, assets representing more than 50% of the revenues of the Company or more than 50% of the Shares then outstanding, and (y)(A) on or after the date of the Merger Agreement and prior to the expiration of the Offer, such person or group shall have made a takeover proposal, (B) the Offer, if required to have been commenced, shall have remained open until the scheduled expiration date immediately following the date such takeover proposal was first publicly announced and (C) the Merger Agreement shall have been terminated pursuant to the provisions of the Merger Agreement described in clause (ii)(a) under 'Termination of the Merger Agreement' above. In addition, the Merger Agreement provides that the Company will promptly pay the Expense Fee to Parent if the Merger Agreement is terminated for any reason other than by a breach by Parent of its obligations under the Merger Agreement.

Conduct of Business by the Company. The Merger Agreement provides that, during the period from the date of the Merger Agreement to the acceptance of Shares for payment, the Company and its subsidiaries will each conduct its operations according to its ordinary and usual course of business. The Merger Agreement also provides that neither the Company nor any of its subsidiaries shall, without the prior written consent of Parent, (i) issue, sell or pledge, or authorize or propose the issuance, sale or pledge of (a) additional shares of capital stock of any class (including the Shares), or securities convertible into any such shares, or any rights, warrants or options to acquire any such shares or other convertible securities, or grant or accelerate any right to convert or exchange any securities of the Company for shares, other than (1) Shares issuable pursuant to the terms of outstanding Stock Options and commitments disclosed in the Merger Agreement, or (2) issuance of shares of capital stock to the Company by a wholly-owned subsidiary of the Company, or (b) any other securities in respect of, in lieu of or in substitution for Shares outstanding on the date thereof or split, combine or reclassify any of the Company's capital stock; (ii) purchase, redeem or otherwise acquire, or propose to purchase or otherwise acquire, any of its outstanding securities (including the Shares); (iii) declare, set aside or pay any dividend or other distribution on any shares of capital stock of the Company, except that direct or indirect wholly-owned subsidiary of the Company may pay a dividend to its parent; (iv) make any acquisition of a material amount of assets or securities, any disposition (including by way of mortgage, license, encumber or any Lien (as defined in the Merger Agreement)) of a material amount of assets or securities or any change in its capitalization, or enter into a material contract or release or relinquish any material contract rights, or make any amendments, or modifications thereto not in the ordinary course of business; (v) (a) incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of the Company or any of its subsidiaries, guarantee any debt securities of another person, enter into any 'keep well' or other agreement to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing or (b) make any loans, advances of capital contributions to, or investments in, any other person, other than to the Company or any direct or indirect wholly-owned subsidiary of the Company; (vi) pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge, settlement or satisfaction, in the ordinary course of business or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company included in the SEC Documents (as defined in the Merger Agreement) filed prior to the date of this Agreement or incurred since the date of such financial statements in the ordinary course of business, (vii) propose or adopt any amendments to the Amended and Restated Certificate of Incorporation or Bylaws of the Company (or any such similar organizational documents of its subsidiaries); (viii) enter into any new employment, severance or termination agreements with, or grant any increase in severance or termination pay to, any officers, directors or key employees or grant any material increases in the compensation or benefits to officers, directors and key employees; (ix) enter into any agreement, commitment or transaction which is material to the Company and its subsidiaries taken as a whole, except agreements, commitments or transactions in the ordinary course of business; (x) change any accounting methods, principles or practices materially affecting their assets, liabilities or business, except insofar as may be required by a change in generally accepted accounting principles; (xi) settle the terms of any material litigation affecting the Company or any of its subsidiaries; (xii) make any tax election or settle or compromise any income tax liability; (xiii) make or agree to make any commitments (which shall not exceed $1.4 million in the aggregate) for capital expenditures or make any expenditures not previously committed to, which individually are in excess of $100,000 or which in the aggregate are in excess of $250,000; or (xiv) agree in writing or otherwise to take any of the foregoing actions or any action which would make any representation or warranty in the Merger Agreement untrue or incorrect.

Board of Directors. The Merger Agreement provides that, subject to compliance with Section 14(f) of the Exchange Act, promptly upon the acceptance for payment of and payment for any Shares by Purchaser pursuant to the Offer, Purchaser will be entitled to designate such number of directors on the Board of Directors of the Company as will give Purchaser a majority of such directors, and the Company will, at such time, cause Purchaser's designees to be so appointed or elected by the existing Board of Directors of the Company; provided, however, that, in the event Purchaser's designees are elected to the Company's Board of Directors, until the Effective Time of the Merger, (i) the Board of Directors of the Company is required to have at least three directors who were directors on the date of the Merger Agreement and who are not officers of the Company ("Independent Directors") and (ii) if the number of Independent Directors is reduced below three for any reason, the remaining Independent Directors will designate a person to fill such vacancy, who will be deemed to be an Independent Director, or, if no Independent Directors then remain, the other directors will designate three persons to fill such vacancies who are not officers or affiliates of the Company, or officers or affiliates of Parent or any of its subsidiaries, and such persons will be deemed to be Independent Directors. Subject to applicable law, the Company has agreed to take all action requested by Parent necessary to effect any such election, including mailing to its stockholders an information statement containing the information required by Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, and the Company has agreed to make such mailing with the mailing of the Schedule 14D-9. In connection with the foregoing, the Merger Agreement provides that the Company, at the option of Parent, will promptly increase the size of the Company's Board of Directors and/or obtain the resignation of such number of its current directors as is necessary to enable Purchaser's designees to be elected or appointed to the Board of Directors as provided above.

Stock Options. The Merger Agreement provides that as soon as practicable following the date of the Merger Agreement, the Board of Directors of the Company (or, if appropriate, any committee administering the Stock Option Plan (as defined in the Merger Agreement)) will adopt such resolutions or take such other actions as are required in accordance with the Stock Option Plan to adjust the terms of all outstanding Stock Options (as defined in the Merger Agreement) to provide that each Stock Option, whether vested or not, outstanding immediately prior to the acceptance for payment of Shares pursuant to the Offer to be cancelled in exchange for a cash payment by the Company of an amount equal to (i) the excess, if any, of (x) the price per Share to be paid pursuant to the Offer over (y) the exercise price per Share subject to such Stock Option, multiplied by (ii) the number of Shares for which such Stock Option shall not theretofore have been exercised.

Benefit Plans. The Merger Agreement provides that from and after the Effective Time, the Surviving Corporation (as defined in the Merger Agreement) will honor in accordance with their terms all existing employment, severance, consulting or other compensation agreements or benefit contracts between the Company or any of its subsidiaries and any officer, director or employee of the Company or any of its subsidiaries which are specifically disclosed in the Merger Agreement ('Benefit Plans') and all benefits or other amounts earned or accrued through the Effective Time under the Benefit Plans. In addition, the Merger Agreement provides that for the one-year period immediately following the Effective Time, Parent will cause the Company to provide such benefit plans, programs and arrangements that are substantially comparable in the aggregate to the Benefit Plans.

Indemnification and Insurance. The Merger Agreement provides that Parent will, at all times after consummation of the Offer, indemnify, or will cause the Company (or the Surviving Corporation in the Merger) and its subsidiaries to indemnify, each person who is now, or has been at any time prior to the date hereof, an employee, agent, director or officer of the Company or any of its subsidiaries, successors and assigns (individually an 'Indemnified Party' and collectively the 'Indemnified Parties'), to the same extent and in the same manner as is now provided in the respective charters or by-laws of the Company and such subsidiaries or otherwise in effect on the date hereof, and with respect to any claim, liability loss, damage, cost or expense, whenever asserted or claimed (an 'Indemnified Liability') based in whole or in part on, or arising in whole or in part out of, any matter existing or occurring at or prior to the Effective Time. The Merger Agreement also provides that Parent shall cause to be maintained in effect for not less than six years from the Effective Time the current policies of the directors' and officers' liability insurance maintained by the Company (provided that Parent may substitute therefor policies of at least the same coverage containing terms and conditions which are no less advantageous) with respect to matters occurring prior to the Effective Time to the extent available, provided that in no event shall Parent be required to expend to maintain or procure insurance coverage pursuant to the Merger Agreement a total amount in excess of $450,000.

Best Efforts; Notification. The Merger Agreement provides that each of the parties will use its reasonable best efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by the Merger Agreement. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of the Merger Agreement, the proper officers and directors of each party to the Merger Agreement shall take all such necessary action.

Representations and Warranties. The Merger Agreement contains various customary representations and warranties including representations regarding litigation, Benefit Plans, ERISA compliance, taxes, compliance with applicable laws, labor matters, title to properties and undisclosed liabilities.

Procedure for Termination, Amendment, Extension or Waiver. The Merger Agreement provides that the affirmative vote of the Independent Directors is required for the Company to amend or terminate the Merger Agreement, exercise or waive any of its rights or remedies under the Merger Agreement or extend the time for performance of Purchaser's and Parent's respective obligations under the Merger Agreement.

Option Agreement. On March 24, 1995, the Company entered into the Option Agreement with Purchaser pursuant to which the Company granted Purchaser an irrevocable option to purchase, at a price of $12.25 per share, such number of authorized and unissued shares of common stock, par value $.01 per share, of the Company which, together with the Shares owned by Purchaser at the time of exercise, would result in Purchaser owning, immediately after such exercise, 90.1% of the outstanding Shares (calculated on a fully-diluted basis). The option may be exercised by Purchaser, in whole or in part, at any time or from time to time after the acceptance of Shares for purchase pursuant to the Offer and prior to the termination of the Option Agreement provided that at the time of any such exercise Purchaser owns at least 70% of the outstanding Shares (calculated on a fully-diluted basis). Based on the number of shares outstanding on March 24, 1995, and assuming the exercise or conversion of all existing options, rights and securities exercisable or convertible into shares of common stock, the option may be exercised for up to 8,881,054 shares of common stock, representing 68.9% of the shares of common stock outstanding as of March 24, 1995 on a fully-diluted basis.

The Company's obligation to deliver Shares upon exercise of the option, and Purchaser's obligation to deliver the purchase price, are subject only to the conditions that: (a) no injunction or other order issued by any Governmental Entity prohibiting the delivery of the Shares shall be in effect; (b) any applicable waiting period under the HSR Act shall have expired or been terminated; and (c) Purchaser (or its permitted assignees) shall have accepted Shares for purchase pursuant to the Offer. The Option Agreement shall terminate on the earlier of (a) the Effective Time or (b) the termination of the Merger Agreement in accordance with its terms. The Option Agreement contains customary representations and warranties including representations regarding organization, authority, consents and approvals, no violation and investment intent.

Appraisal Rights and Other Matters. Holders of Shares do not have dissenters' rights as a result of the Offer. However, if the Merger is consummated, holders of Shares will have certain rights pursuant to the provisions of Section 262 of the DGCL to dissent and demand appraisal of, and to receive payment in cash of the fair value of, their Shares. If the statutory procedures were complied with, such rights could lead to a judicial determination of the fair value required to be paid in cash to such dissenting holders for their Shares. Any such judicial determination of the fair value of Shares could be based upon considerations other than or in addition to the Offer Price or the market value of the Shares, including asset values and the investment value of the Shares. The value so determined could be more or less than the Offer Price or the Merger Consideration.

If any added holder of Shares who demands appraisal under Section 262 of the DGCL fails to perfect, or effectively withdraws or loses his right to appraisal, as provided in the DGCL, the Shares of such stockholder will be converted into the Merger Consideration in accordance with the Merger Agreement. A stockholder may withdraw his demand for appraisal by delivery to Parent of a written withdrawal of his demand for appraisal and acceptance of the Merger.

FAILURE TO FOLLOW THE STEPS REQUIRED BY SECTION 262 OF THE DGCL FOR PERFECTING APPRAISAL RIGHTS MAY RESULT IN THE LOSS OF SUCH RIGHTS.

The Merger would have to comply with any applicable Federal law operative at the time of its consummation. Rule 13e-3 under the Exchange Act is applicable to certain 'going private' transactions. Purchaser does not believe that Rule 13e-3 will be applicable to the Merger unless the Merger is consummated more than one year after the termination of the Offer. If applicable, Rule 13e-3 would require, among other things, that certain financial information concerning the Company and certain information relating to the fairness of the Merger and the consideration offered to minority shareholders be filed with the Commission and disclosed to minority shareholders prior to consummation of the Merger.

Parent intends to conduct a detailed review of the Company and its assets, corporate structure, dividend policy, capitalization, operations, properties, policies, management and personnel and to consider, subject to the terms of the Merger Agreement, what, if any, changes would be desirable in light of the circumstances then existing, and reserves the right to take such actions or effect such changes as it deems desirable. Such changes could include changes in the Company's business, corporate structure, capitalization, Board of Directors, management or dividend policy.

Except as otherwise described in this Offer to Purchase, Purchaser and Parent have no current plans or proposals that would relate to, or result in, any extraordinary corporate transaction involving the Company, such as a merger, reorganization or liquidation involving the Company or any of its subsidiaries, a sale or transfer of a material amount of assets of the Company or any of its subsidiaries, any change in the Company's capitalization or dividend policy or any other material change in the Company's business, corporate structure or personnel.