2014 ANNUAL REPORT

West®

By your side
for a healthier world™

leadership in drug packaging and delivery

Financial Summary

West Pharmaceutical Services, Inc. and Subsidiaries
(dollars in millions, except per share data)

	2014	2013
Net sales	**$ 1,421.4**	$ 1,368.4
Diluted earnings per share:		
As reported	**$ 1.75**	$ 1.57
License costs	**0.01**	—
Tax adjustments/settlements	**0.02**	0.06
As Adjusted (Non-GAAP)	**$ 1.78**	$ 1.63

Our 2014 as-reported results include the impact of a charge for license costs associated with acquired in-process research of $0.8 million ($0.01 per diluted share) and discrete income tax expense of $1.8 million ($0.02 per diluted share).

Our 2013 as-reported results include a $0.2 million loss on debt extinguishment and net discrete income tax expense of $3.6 million ($0.06 per diluted share).

Adjusted results are intended to aid investors in understanding the Company's results and are considered non-GAAP financial measures. Non-GAAP financial measures should not be considered in isolation or as an alternative to such measures determined in accordance with GAAP. For a discussion of non-GAAP financial measures, please refer to our 2014 Form 10-K, and February 19, 2015 current report on Form 8-K.

SUPPORT. EXPERTISE. INNOVATION.

For more than 90 years, customers have trusted West to provide more. More support, more expertise, more innovation than any other pharmaceutical packaging and drug delivery manufacturer in the industry. In 2014, we have done just that:

- *More than 110 million components consumed every day*
- *Nearly all of the world's top 50 pharmaceutical companies rely on West systems to help ensure the safety and efficacy of their drug products*

We support our customers with advanced production technologies, expertise in global regulatory compliance and an ever-growing knowledge base of drug product testing, development, packaging and delivery.

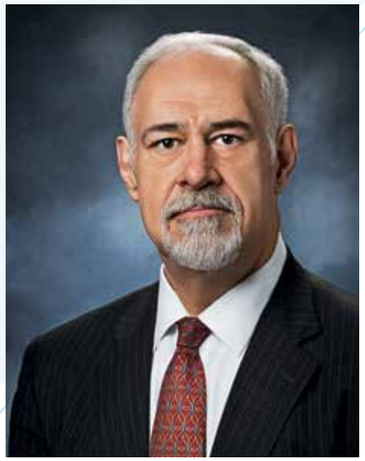
We support patients with high-quality products that are intended to address the challenges they face today — at-home administration of medicine, safety, dosing accuracy and the importance of being adherent with their medicines.

And we support our communities, providing time and resources that help to make the world a healthier place to live.

To date, more than $2.5 million has been donated to charities around the world by West and its team members through its West without Borders Employee Giving and Volunteer Program. This is in addition to more than $6.4 million donated by the company itself to the Herman O. West Foundation, which has provided grants to hundreds of local charities across the United States. West employees also support the United Way and the Fox Chase Cancer Center in Philadelphia, and have donated more than $2.6 million over the last 10 years to these two charities alone.

What more will we do? We are working to anticipate the future needs of patients, and West is poised to deliver drug packaging, safety and administration systems that not only meet the demands of our customers, but also the demands of a connected world, and patients who need more from the drug products and delivery systems they rely on every day.

So when our customers ask for more, West is more than just by their side, we are ready to deliver on our promise of a healthier world.



Donald E. Morel, Jr., Ph.D.
Chairman and Chief Executive Officer

As I reflect on our performance in 2014, I remain optimistic about the underlying strength of our key markets, the strategies we have implemented to serve those markets and the skills of our people that will help to ensure a successful future. West achieved several milestones in 2014 that are detailed below, but the most rewarding aspect of the year was watching the strategy we put in place more than a decade ago bear fruit. We believe that our focus on high-value product offerings and proprietary delivery systems for injectable drugs plays perfectly into global healthcare market trends, and has produced solid returns for our shareholders.

Financial Performance

Although 2014 started slowly as a result of customer inventory adjustments and weakness in certain generic accounts, West finished the year on a strong note with demand improving across virtually all key product lines. For the full year, sales grew to over $1.4 billion, or 4.3% excluding currency effects, and adjusted diluted earnings per share increased to $1.78, a year-over-year increase of more than 9%, and our fourth consecutive year of record sales and earnings.

Pharmaceutical Packaging Systems

Net sales in the Packaging Systems segment increased by $23.7 million, or 2.4%, in 2014, despite an unfavorable foreign currency impact of $5.7 million. Excluding foreign currency effects, net sales increased by $29.4 million, or 2.9%. While overall growth in our high-value product offerings continued, customer inventory management actions due to regulatory issues and formulation changes reduced demand levels for PTFE and FluroTec® coated components.

Since the introduction of the NovaPure® product line in 2012, we have been working with a number of customers to facilitate qualification and validation for use on existing products. We have also been expanding the number of components we offer under the NovaPure brand and recently received our first commercial orders. While it will not be a major revenue contributor in the near term, the NovaPure line represents the next generation of West closures that address the market need for ultraclean high-quality products.

Pharmaceutical Delivery Systems

Net sales in the Delivery Systems segment increased by $28.4 million, or 7.6%, in 2014, including a favorable foreign currency impact of $0.2 million. Excluding foreign currency effects, net sales increased by $28.2 million, or 7.5%, primarily due to an increase in contract manufacturing sales, proprietary reconstitution product sales and customer-funded clinical development sales of our SmartDose® component samples.

Demand for the 1mL long Daikyo Crystal Zenith® insert needle syringe strengthened during the latter half of the year, primarily for stability testing and line trials. More importantly, at the end of 2014, the number of molecules undergoing formal stability testing with the Crystal Zenith polymer more than doubled from the beginning of the year.

A total of eight customer-funded development programs are underway based on the SmartDose electronic wearable injector platform, which target unmet needs for therapeutic applications requiring high dose volumes. For the year, and across all programs and customers, West has delivered more than 100,000 units, along with more than 800,000 Crystal Zenith drug cartridges, for use in a range of clinical and customer-funded development programs.

Geographic Expansion

As our business grows, so does our global manufacturing footprint. In July, we opened our new facility in India, which expanded our metal seal capacity. With more than 20 customers qualified and placing production orders, we are well ahead of plan, and we expect this plant to be profitable by early 2016. As production shifts to the India plant, our operations team in Asia will be converting dedicated seal production space in our Singapore facility to high-value product production to meet the future demands of the growing Asia market.

In October, we announced plans for a new facility in Waterford, Ireland, designed to meet growing demand for our proprietary insulin packaging systems and advanced finishing operations for high-value closure systems. Site preparation is now complete, and we expect to finalize all necessary permitting and begin construction by the middle of 2015.

We are also adding high-value product capacity by converting and expanding our Kinston, N.C. facility, which has historically produced components for disposable devices and diagnostic systems. The build-out of these capabilities has been in process over several years, and we expect this new capacity to come on line in the second half of 2015.

Finally, given growing Crystal Zenith® cartridge demand, we are installing additional capacity in our Scottsdale, Ariz. device facility to augment the Daikyo line in Japan. We are also accelerating plans to add back-up capacity for manufacture and assembly of the SmartDose® injector in Arizona to provide increased ability to satisfy projected demand.

Looking Ahead

As we look to 2015, our firm backlog has grown 15% at constant currency versus a year ago. The timing and composition of the backlog are important factors in our expectation that sales for the full year will grow in the range of 6-8%, excluding the effects of currency. We expect that sales will again be driven by high-value products for biologics, rising sales of proprietary devices and requirements for ongoing development programs using Crystal Zenith containers and the SmartDose injector. Excluding currency effects, we expect that high-value product sales growth in Pharmaceutical Packaging will be in the high single to low double digit range versus 2014. We anticipate that although the underlying organic growth of our business will be healthy, our full-year sales and earnings will be subject to the currency headwind from the strong U.S. dollar.

For the longer term, the major trends we have previously highlighted remain strong indicators of the growth potential of our business. Late-stage pipelines for biologics and monoclonal antibodies in particular are very robust. During 2014, the first approvals were granted for PD-1 molecules for various cancer indications. Throughout 2015, we expect a number of new biologic approvals, including the emerging class of PCSK9 agents for cholesterol reduction. In fact, the first U.S. biosimilar to be approved under the new FDA pathway was recently announced. We believe that a significant number of the new products undergoing clinical trials in these categories will utilize West or Daikyo high-value packaging systems for vial and prefilled syringe formats.

A Year of Change

It was with a profound sense of sadness that in early 2014, we marked the passing of Masamichi Sudo (Shacho), Founder and President of our partner, Daikyo Seiko, Ltd. Known for his foresight and his penchant for never giving up, Shacho personally formulated the Crystal Zenith polymer along with Daikyo's strategic partners, and was responsible for creating most of Daikyo's innovative rubber formulas in the marketplace today. In addition to the significant advances he made to modern pharmaceutical packaging manufacturing, Shacho will be missed for the way he led, always showing compassion for his employees, the community in which he lived, the customers he served and the partners with whom he collaborated. He will be missed by all of us here at West. Shacho has been succeeded by his son, Morihiro Sudo, who has been an integral part of the Daikyo leadership team for many years. We look forward to our continued partnership with Daikyo and its new leader.

Lastly, in October, I informed the Board of Directors of my intention to retire as Chairman of the Board and CEO during 2015. The search for my successor is well underway, and the Board is vetting a very strong candidate list. I have committed to the Board that I will continue to serve in my current role until the next CEO is in place and the transition is completed. I am confident that the Board will identify an outstanding candidate to lead West into the next stage of its growth.

My time at West has been extremely rewarding on both a personal and professional level. I will sincerely miss my West colleagues around the world who have worked so diligently to contribute to our success. As we begin our ninety-second year of operations, I believe that Herman O. West would be enormously proud of the company he founded and its employees. As illustrated on the following pages, the business has transformed from a packaging components manufacturer to an integrated drug delivery company, working closely with our customers to ensure their medicines are safely delivered to patients.

It has been a privilege for me to be part of West for more than 22 years. I remain deeply grateful to our shareholders for their support, the Directors whom I have had the good fortune to learn from and the teams in our plants whose efforts drive the Company. With our Company in a very strong financial position and poised for a bright future, the time is right for me to step back, focus on my family and pursue my philanthropic goals. I have every confidence in the current management team and remain convinced that the growth of this wonderful company will continue for a long time to come.

Regards,

Donald E. Morel, Jr., Ph.D.
Chairman of the Board and Chief Executive Officer

A Message from Patrick J. Zenner

CHAIRMAN, INDEPENDENT DIRECTORS

As much as we'd like to resist them sometimes, transitions are inevitable. In life, and in business. West Pharmaceutical Services is about to transition into a new era of leadership that will continue our well-established, long-term strategies as we seek new growth opportunities around the world.

While we have not yet named Don Morel's successor, we anticipate doing so this spring. I'd like to take this moment to warmly thank Don for more than 22 years of service at West, 13 of them as Chairman of the Board and CEO. While he was at the helm, revenues more than tripled as we launched numerous innovative products, found new markets for our drug packaging components and delivery systems, and maximized revenue streams by applying lean processes at our facilities.

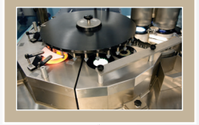
As a result of Don's visionary leadership, the stock price increased more than sevenfold, and we're now positioned for a bright future, with a broad range of new opportunities before us, as well as a strong financial position upon which we can build. Don aimed high and achieved unprecedented international growth for West. All the while, he maintained the Company's tradition of giving back to the patients and the communities the Company serves. He has truly captured the spirit of Herman O. West, and for that we will be eternally grateful.

2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

expansions and key initiatives | packaging systems

WESTAR® RU COMPONENTS LAUNCHED

ENVISION® COMPONENTS LAUNCHED



EUROPEAN-ASIAN EXPANSION

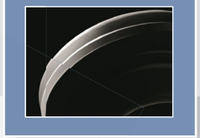
WEST READY PACK® SYSTEM LAUNCHES

QINGPU, CHINA PLASTICS PLANT COMPLETED

PROCESSING EXPANDED DAIKYO CZ® SCOTTSDALE, AZ

GROUNDBREAKING IN SRI CITY, INDIA

NOVAPURE® LAUNCHES



WATERFORD, IRELAND FACILITY ANNOUNCED

KINSTON, NC SITE EXPANSION

'05

MixJect® System

The Tech Group®

'07

ConfiDose® Auto-Injector

'09

éris™ Safety System

'10

SmartDose® Electronic Wearable Bolus Injector

NovaGuard™ SA Safety System

'11

'12

SelfDose® Injector

'14

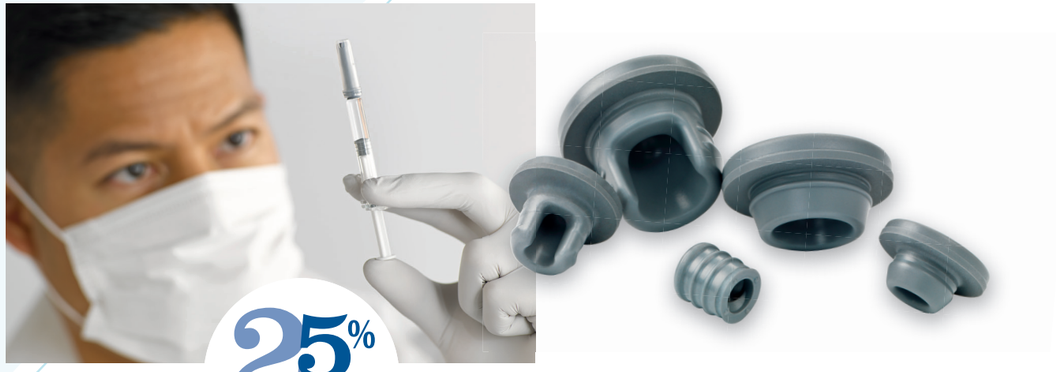
HealthPrize Technologies Collaboration

acquisitions of businesses and technologies | delivery systems

2005 | $699.7 M — **consolidated sales | 10-year CAGR 10.1%** — **2014 | $1.42 B**

West By Your Side:

THE CUSTOMERS WE SERVE



☆

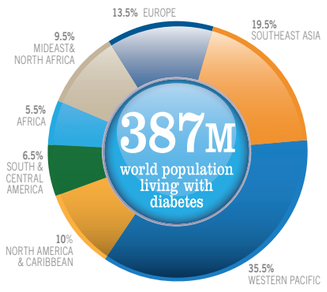
Growth of Biologics — Biologics account for a quarter of all new drugs in clinical trials or awaiting U.S. Food and Drug Administration approval.

(The Pharmaceutical and Biotech Industries in the United States, SelectUSA, U.S. Commerce Dept.)

Biologics Require Ultraclean Packaging — There is increasing need for ultraclean packaging systems for biologic drugs that may be sensitive to interaction with container materials.

☆

There are 387 million people living with diabetes in the world, and that number is expected to **increase to nearly 600 million** in the next 20 years.



(http://www.idf.org/worlddiabetesday/toolkit/gp/facts-figures)

NovaPure® Components

Our NovaPure components, which include serum and lyophilization stoppers and syringe plungers, incorporate quality by design principles and are manufactured using advanced process technologies. The closures provide the highest levels of quality to the market, helping to ensure the safety, efficacy and purity of injectable drug products.

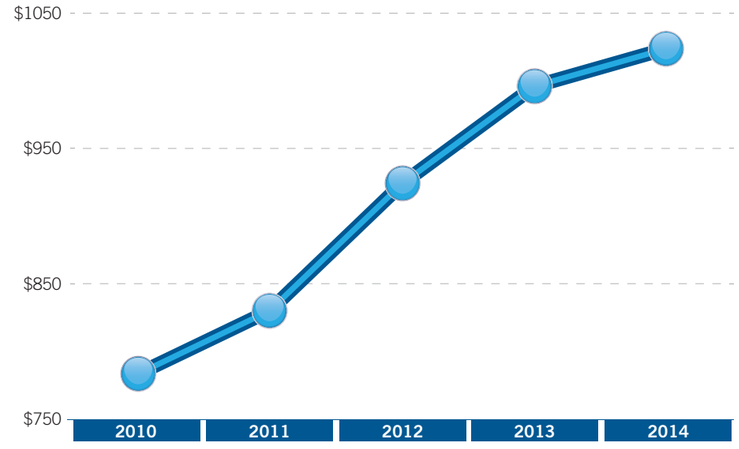
Insulin Pen Cartridge Components

West's insulin pen cartridge components are used by the world's leading suppliers of diabetes treatment therapies.

PHARMACEUTICAL PACKAGING SYSTEMS SEGMENT

Our **Pharmaceutical Packaging Systems** segment develops, manufactures and sells primary packaging components and systems for injectable drug delivery, including stoppers and seals for vials, closures and other components used in syringes, intravenous and blood collection systems, and prefillable syringe components.

PACKAGING SYSTEMS SALES ($M)

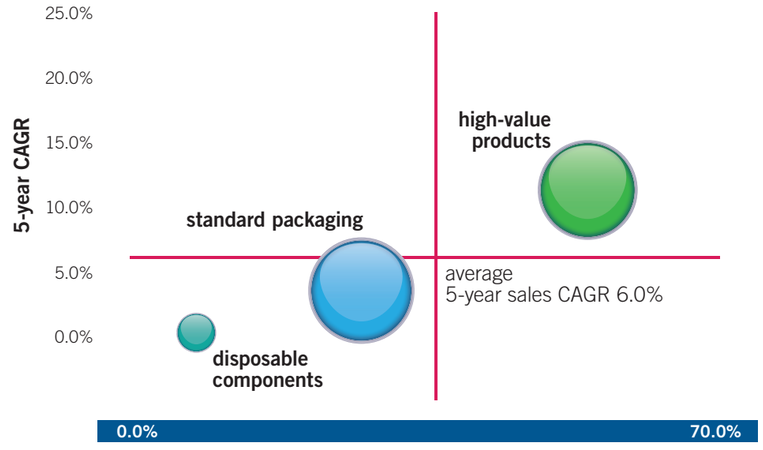


Commentary:

In 2014, Pharmaceutical Packaging net sales increased by $29.4 million, or 2.9%, excluding currency effects, driven by increased sales of our high-value product offerings.

HIGH-VALUE PRODUCT SALES, MARGIN GROWTH

2010-2014 compound annual sales growth rates (excludes currency)



circles reflect relative size of 2014 sales

Commentary:

The geographic expansion of our operations footprint will help support the continued growth of our Packaging Business:

- **Completed India metals facility**
- **Announced Waterford, Ireland facility**
- **Converted and expanded Kinston site to include high-value products**

West By Your Side:

THE PATIENTS & PROVIDERS WE SERVE

☆

By 2016, biologics are expected to account for 50% of the top 100 selling drugs. But a large number of these large-dose and often viscous formulations cannot be injected with today's syringes, pens or other legacy systems. They must either be delivered intravenously or by a new drug delivery technology that is in development for safe, patient-friendly self-administration.

(Patient Safety and Quality Healthcare RSS: http://psqh.com/november-december-2014/bolus-injectors-medication-adherence-safety-and-convenience)

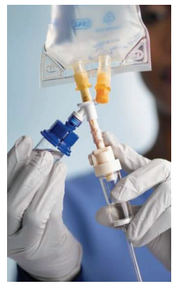
SmartDose® Wearable Bolus Injector

Our SmartDose electronic wearable bolus injector is being used by some of the world's top biopharmaceutical companies in active clinical trials. This system is designed for controlled, subcutaneous delivery of high-volume and high-viscosity drugs, using prefilled Daikyo Crystal Zenith® cartridges. The system is pre-programmable and has a single push-button operation and a hidden needle for safety.

☆

Each year 385,000 needlestick injuries are sustained by hospital-based healthcare personnel, and the CDC says that 41 percent of injuries occur during the use of sharp devices on patients. This equates to an average of **1,000 injuries each day in U.S. hospitals**.

(Healthcare Wide Hazards: Needlestick/Sharps Injuries, Occupational Safety & Health Administration)



Vial2Bag® System

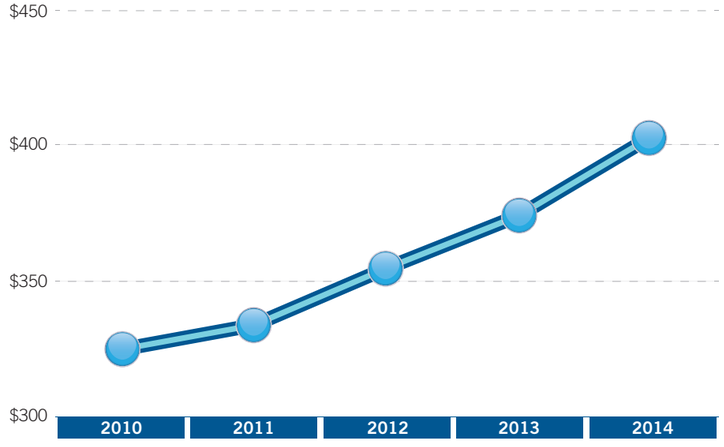
The Vial2Bag needle-free system enables safe and convenient reconstitution and transfer of a drug between a vial or syringe and an IV bag or bottle. The needle-free system connects to the IV set port and can be used with all manufacturers' bags.

385,000
annual needlesticks

PHARMACEUTICAL DELIVERY SYSTEMS SEGMENT

Our **Pharmaceutical Delivery Systems** segment develops, manufactures and sells safety and administration systems, multi-component systems for drug administration, and a variety of custom contract-manufacturing solutions targeted to the healthcare and consumer products industries. The Pharmaceutical Delivery Systems segment is responsible for the continued development and commercialization of our line of proprietary healthcare, administrative and advanced injection systems, including Daikyo Crystal Zenith containers and cartridges, the SmartDose electronic wearable bolus injector and other systems.

DELIVERY SYSTEMS SALES ($M)

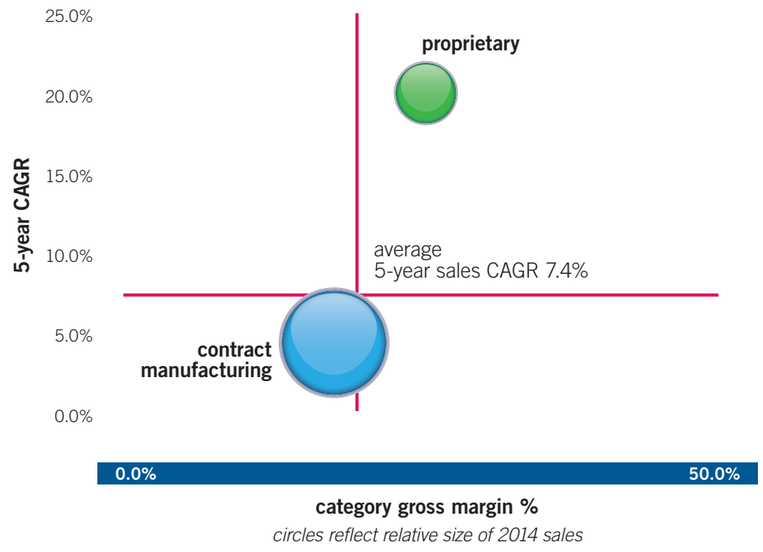


Commentary:

In 2014, Pharmaceutical Delivery Sales increased by $28.2 million, or 7.5%, excluding currency effects, driven by an increase in contract manufacturing sales, as well as proprietary reconstitution product sales and customer-funded clinical development sales of our SmartDose® component samples.

PROPRIETARY PRODUCT SALES, MARGIN GROWTH

2010-2014 compound annual sales growth rates (excludes currency)



Commentary:

In 2014, we made significant progress on two of our key proprietary products:

SmartDose® Electronic Wearable Bolus Injector

- 8 active development projects
- Phase III clinical trial

Daikyo Crystal Zenith® Vials and Syringes

- Over 30 products approved in JP, NA, EU
- Doubled number of formal stability trials

☆ The West teams in Arizona inspire special-needs children and families through the Upward Program.

Ensemble, pour que vos rêves deviennent réalité.

Gemeinsam erfüllen wir Herzenswünsche.

true.

私たちと共に夢を叶えよう。

Sammen gør vi drømme til virkelighed.

West without Borders — Celebrating a Decade of Generosity

In 2014, West celebrated the 10th anniversary of the West without Borders employee-led fundraising campaign, raising an impressive $416,000. To date, the West team has helped raise more than $2.5 million through a variety of company-wide and local campaigns to help support those in need around the world. This is in addition to more than $6.4 million donated by the company itself to the Herman O. West Foundation, which has provided grants to hundreds of local charities across the United States. West employees also support the United Way and the Fox Chase Cancer Center in Philadelphia, and have donated more than $2.6 million over the last 10 years to these two charities alone.

The campaign originated in 2004 and 2005 with fundraising efforts to aid those affected by the Asian tsunami and then Hurricane Katrina. After several successful years raising funds for Camp Victory, Hope Lodge, Braille without Borders and Africa Health Placements as a single, global unit, in 2010 we chose a different path and focused on local charities. Since then, the generosity of our team members has grown dramatically as many locations connected with their chosen charities to create long-term partnerships.

In Arizona, the Scottsdale, Phoenix, Rockford and Tempe teams have chosen to raise money for Upward Children and Families, which helps children with special needs achieve their highest potential through education, therapy and loving care. Since 2010, the team has raised more than $250,000 for Upward.

In Ireland, Tech Group team members chose to raise funds for Temple Street Children's University Hospital and have done so for the past several years. Through the annual fundraising initiative, The Tech Group has proudly raised $26,000 to fund two new dialysis machines and dialysis chairs for the unit.

In Germany, all four West locations demonstrate their social commitment with an ongoing partnership with FortSchritt. The team's prior donations enabled FortSchritt to move into its own premises and hire a specialist to offer conductive therapy, benefitting 15 children and young adults. Thanks to the great efforts of all involved, a record sum of $26,000 was donated in 2014.

West's Brazil team has worked steadily since 2004 to support of Lar São Jose, whose mission is to provide housing for children who are victims of neglect and abuse. The team provides nutritious meals and critical household items to the children through donations of cash, toys, food and clothing.

In Pennsylvania, a long-term partnership between our Williamsport and Jersey Shore employees and Camp Victory began informally more than a decade ago. In 2007, when more than $240,000 was raised by West globally to help build Uncle Walt's Treehouse, the partnership evolved into a true friendship. Camp Victory operates camps for children with special needs and children who live with chronic health disadvantages.

Among the many faces of the West without Borders campaign is Karen-Ninã Taraza. Since 2011, Karen has been the recipient of two prosthetic limbs provided by the donations of West's six-person Colombia team. Money raised for Mahavir Kmina Artificial Limb Center over the past four years has helped to provide limbs for Karen and several other children.

In a recent video, Karen offered her thanks, exclaiming, "I can walk to school. I can play. I'm very content. Thank you West Pharma!" It is a sentiment that speaks volumes about the joy and hope created by each and every team member at West.

As we celebrate a decade of giving, we look forward to continued support and success for the many charities that will benefit from our efforts. West team members truly have been by the side of thousands, helping all to live in a healthier world.

☆ The treehouse at Camp Victory.

West without Borders

2010-2014: Local Charities | The most recent West campaigns focused on charities that aid children with special needs in the communities where our employees live and work. Charities have included the Make-A-Wish Foundation, Cure4Cam, Court Appointed Special Advocates for Children (CASA), Family Resources, The Ronald McDonald House, United Way of Wayne County and many more.

2009: Africa Health Placements | West employees supported this not-for-profit organization that recruits doctors from around the world to provide critical care for patients in rural Africa.

2008: Braille without Borders | West supported this international program to educate blind children in developing areas such as Tibet and India.

2007: Camp Victory Treehouse | In addition to hundreds of volunteer hours, West employees helped to build a wheelchair-accessible treehouse for children with chronic illnesses at Camp Victory in Millville, Pa.

2006: Hope Lodge | West employees raised funds to help build the AstraZeneca Hope Lodge of the American Cancer Society in Philadelphia. The 30,000-square-foot facility provides free temporary housing to approximately 1,300 cancer patients and their families annually.

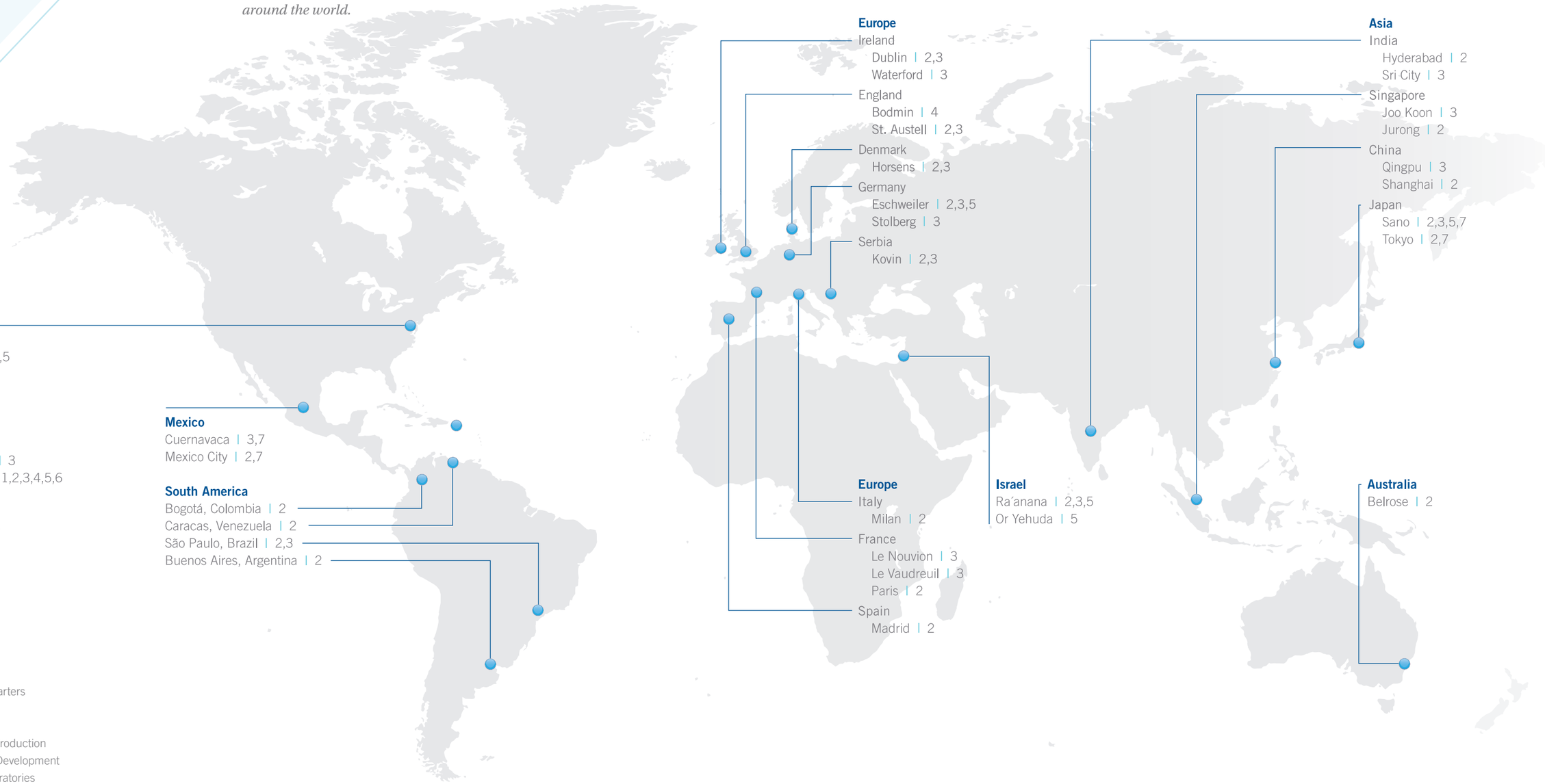
2005: Hurricane Katrina | The devastation of Hurricane Katrina was felt around the world. The West team helped to raise money to aid those affected by the hurricane, which made landfall as a Category 3 storm and submerged nearly 80 percent of the city of New Orleans.

2004: Asian Tsunami | The West without Borders program got its start aiding those affected by the tsunami. Caused by an undersea earthquake that triggered a series of devastating tsunamis along landmasses bordering the Indian Ocean, this natural disaster killed more than 230,000 people in 14 countries. It was one of the deadliest natural disasters in recorded history.

Global Reach

WEST WORLDWIDE

West is a valuable partner providing products, services and technical expertise for pharmaceutical, biopharmaceutical and healthcare customers around the world.



United States
Arizona | 2,3,4,5
Florida | 2,3,5
Indiana | 3
Michigan | 2,3
Nebraska | 3
New Jersey | 5
North Carolina | 3
Pennsylvania | 1,2,3,4,5,6
Texas | 5

Puerto Rico | 3

Mexico
Cuernavaca | 3,7
Mexico City | 2,7

South America
Bogotá, Colombia | 2
Caracas, Venezuela | 2
São Paulo, Brazil | 2,3
Buenos Aires, Argentina | 2

Europe
Ireland
Dublin | 2,3
Waterford | 3
England
Bodmin | 4
St. Austell | 2,3
Denmark
Horsens | 2,3
Germany
Eschweiler | 2,3,5
Stolberg | 3
Serbia
Kovin | 2,3

Europe
Italy
Milan | 2
France
Le Nouvion | 3
Le Vaudreuil | 3
Paris | 2
Spain
Madrid | 2

Israel
Ra´anana | 2,3,5
Or Yehuda | 5

Asia
India
Hyderabad | 2
Sri City | 3
Singapore
Joo Koon | 3
Jurong | 2
China
Qingpu | 3
Shanghai | 2
Japan
Sano | 2,3,5,7
Tokyo | 2,7

Australia
Belrose | 2

Site Functions
1 Global Headquarters
2 Sales
3 Manufacturing
4 Mold and Die Production
5 Research and Development
6 Analytical Laboratories
7 Unconsolidated, Affiliated Company

West Analytical Services

West Flip-Off® Seals

West Ready Pack® System

West NovaPure® Components

West Prefillable Component Solutions

Daikyo Crystal Zenith® Life-Cycle Solutions

Daikyo Crystal Zenith® Prefillable Syringe System

Mixing & Reconstitution Systems

West Self-Injection Technologies

West Needle-Safety Technologies

Market Drivers

- Increasing number of biologic drugs, with most requiring injectable delivery
- Demand for extremely clean packaging and delivery systems that are safe and promote dosing accuracy
- Regulatory pressures for systems to improve patient outcomes, including viable alternatives to glass-based systems, that are break-resistant and of high-quality
- Trend toward self-administration of drugs and the need for convenient, easy-to-use delivery systems
- Growth of generic drugs and imminent rapid expansion in the availability of biosimilar drugs
- Challenges to improve patient compliance and adherence to therapies
- Increasing needs for collaborative business models to achieve integrated delivery systems

Customer Needs

- Defect-free packaging components and delivery systems to help improve total cost of ownership and meet stringent regulatory requirements
- Extremely clean, high-quality packaging components and systems
- Reliable partners that can provide expert regulatory and technical guidance and support
- Innovative, easy-to-use delivery systems that differentiate drug products and promote convenient, safe and accurate drug delivery
- Products and services that can improve time to market for new drugs
- Prefillable delivery systems for convenience of administration and dosing accuracy
- Ease of reconstituting, mixing and transferring drug products prior to administration

West's Solutions

- Components, systems and devices to enhance the safety, compliance and convenience of drug administration
- Expert knowledge of the interaction between drugs and their primary packaging and delivery systems
- Thorough knowledge of global and regional regulatory environments, with associated procedures and approvals
- Ability to understand end-user needs and to develop delivery systems with thorough human-factors engineering
- Unsurpassed global technical support and an extensive history of helping customers succeed
- Strong relationships with industry leaders in related fields to ensure a fully integrated offering, including user needs analysis, human-factors engineering, filling and assembly
- Expertise in high-volume, high-quality manufacturing, including compression molding, injection molding, high-speed assembly, vision inspection and drug handling

Major Customers

- Abbott Laboratories
- Abbvie
- Amgen
- AstraZeneca
- B. Braun
- Baxter
- Bayer Schering Pharma
- BD
- Bristol-Myers Squibb
- Boehringer Ingelheim
- CSL Behring
- Dexcom
- Dong Bao
- DPx Holdings
- Eli Lilly
- Evergreen International
- Fresenius SE & Company
- Gerresheimer
- GE Healthcare
- GlaxoSmith-Kline
- Hikma
- Hisun
- Hospira
- Johnson & Johnson
- Luitpold Pharmaceuticals
- Medtronic
- Merck
- Mundipharma
- Mylan
- Novartis
- Novo Nordisk
- Pall Medical
- Pfizer
- Procter & Gamble
- Regeneron
- Roche
- Sanofi
- Sandoz
- Teva
- Vetter

BOARD OF DIRECTORS

Mark A. Buthman
Senior Vice President and Chief Financial Officer
Kimberly-Clark
Director since 2011
Board committees: Audit; Nominating and Corporate Governance

William F. Feehery, Ph.D.
President
Industrial Biosciences at E. I. du Pont de Nemours and Company
Director since 2012
Board committee: Innovation and Technology

Thomas W. Hofmann
Retired Senior Vice President and Chief Financial Officer
Sunoco, Inc.
Director since 2007
Board committees: Audit; Compensation

Paula A. Johnson, M.D., MPH
Executive Director, Connors Center for Women's Health and Gender Biology
Chief, Division of Women's Health at Brigham and Women's Hospital
Director since 2005
Board committees: Audit; Innovation and Technology

Myla Lai-Goldman, M.D.
President and Chief Executive Officer
GeneCentric Diagnostics, Inc.
Director since 2014
Board committee: Innovation and Technology

Douglas A. Michels
President and Chief Executive Officer
OraSure Technologies, Inc.
Director since 2011
Board committees: Audit; Compensation

Donald E. Morel, Jr., Ph.D.
Chairman and Chief Executive Officer
Director since 2002

John H. Weiland
President and Chief Operating Officer
C. R. Bard, Inc.
Director since 2007
Board committee: Compensation

Anthony Welters
Executive Chairman
BlackIvy Group LLC
Senior Advisor to the Chief Executive Officer
UnitedHealth Group Inc.
Director since 1997
Board committee: Nominating and Corporate Governance

Patrick J. Zenner
Retired President and Chief Executive Officer
Hoffmann-La Roche Inc.
Director since 2002
Chairman, Independent Directors
Board committee: Nominating and Corporate Governance

Honorary Director

Morihiro Sudo
President, Daikyo Seiko, Ltd.

EXECUTIVE OFFICERS

Michael A. Anderson
Vice President and Treasurer

Warwick Bedwell
President
Pharmaceutical Packaging Systems
Asia Pacific Region

William J. Federici
Senior Vice President and Chief Financial Officer

Karen A. Flynn
President
Pharmaceutical Packaging Systems

John R. Gailey III
Senior Vice President, General Counsel and Chief Compliance Officer

Heino Lennartz
President
Pharmaceutical Packaging Systems
Europe Region

Richard D. Luzzi
Senior Vice President
Human Resources

Daniel Malone
Vice President and Controller

Donald E. Morel, Jr., Ph.D.
Chairman and Chief Executive Officer

John E. Paproski
President
Pharmaceutical Delivery Systems

BOARD COMMITTEES

Audit Committee
Mark A. Buthman, Chairman

Compensation Committee
John H. Weiland, Chairman

Innovation and Technology Committee
William F. Feehery, Ph.D., Chairman

Nominating and Corporate Governance Committee
Patrick J. Zenner, Chairman

INDEPENDENT DIRECTORS

The Board of Directors has designated directors who are independent of management as "Independent Directors." The Independent Directors' duties include annual evaluations of the Chief Executive Officer, his leadership succession plans and achievement of long-range strategic initiatives. The Board also has established the position of Chairman, Independent Directors, who is responsible for conferring with the Chief Executive Officer on board-related matters and for calling meetings of the Independent Directors, as appropriate. Patrick J. Zenner is the Board's Chairman, Independent Directors.

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2014

or

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

For the transition period from to

Commission File Number 1-8036

WEST PHARMACEUTICAL SERVICES, INC.
(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)
530 Herman O. West Drive, Exton, 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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ 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. ☐

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

Large accelerated filer	☑		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2014 was approximately $2,985,690,126 based on the closing price as reported on the New York Stock Exchange.

As of January 31, 2015, there were 71,495,486 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Document	**Parts Into Which Incorporated**
Proxy Statement for the Annual Meeting of Shareholders to be held May 5, 2015	Part III

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

General

West Pharmaceutical Services, Inc. (which may be referred to as *West*, the *Company*, *we*, *us* or *our*) is a manufacturer of components and systems for the packaging and delivery of injectable drugs as well as delivery system components for the pharmaceutical, healthcare and consumer products industries. Our products include stoppers and seals for vials, prefillable syringe components and systems, components for intravenous and blood collection systems, safety and administration systems, advanced injection systems, and contract design and manufacturing services. Our customers include the leading global producers of pharmaceuticals, biologics, medical devices and personal care products. The Company was incorporated under the laws of the Commonwealth of Pennsylvania on July 27, 1923.

All trademarks and registered trademarks used in this report are the property of West Pharmaceutical Services, Inc., either directly or indirectly through its subsidiaries unless noted otherwise. Teflon® is a registered trademark of E.I. du Pont de Nemours and Company. Daikyo Crystal Zenith® (“CZ”) is a registered trademark of Daikyo Seiko, Ltd. ("Daikyo").

Throughout this report, references to “Notes” refer to the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K ("Form 10-K"), unless otherwise indicated.

West Website

We maintain a website at *www.westpharma.com*. Our Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available on our website under the *Investors - SEC Filings* caption as soon as reasonably practical after we electronically file the material with, or furnish it to, the Securities and Exchange Commission (“SEC”). These filings are also available to the public over the Internet at the SEC's website at *www.sec.gov*. You may also read and copy any document we file at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

Throughout this Form 10-K, we incorporate by reference certain information from parts of other documents filed with the SEC and from our Proxy Statement for the 2015 Annual Meeting of Shareholders (“2015 Proxy Statement”), which will be filed with the SEC within 120 days following the end of our 2014 fiscal year. Our 2015 Proxy Statement will be available on our website on or about March 31, 2015, under the caption *Investors - Annual Report & Proxy*.

Information about our corporate governance, including our Corporate Governance Principles and Code of Business Conduct, as well as information about our Directors, Board Committees, Committee Charters, and instructions on how to contact the Board is available on our website under the *Investors - Corporate Governance* caption. We intend to make any required disclosures regarding any amendments of our Code of Business Conduct or waivers granted to any of our directors or executive officers under the heading *Code of Business Conduct* on our website. Information relating to the West Pharmaceutical Services Dividend Reinvestment Plan is also available on our website under the *Investors - Transfer Agent/Dividend Reinvestment* caption.

We will provide any of the foregoing information without charge upon written request to our Corporate Secretary, West Pharmaceutical Services, Inc., 530 Herman O. West Drive, Exton, PA 19341.

Business Segments

Our business operations are organized into two reportable segments, which are aligned with the underlying markets and customers they serve. Our reportable segments are the Pharmaceutical Packaging Systems segment (“Packaging Systems”) and the Pharmaceutical Delivery Systems segment (“Delivery Systems”).

Packaging Systems Segment

Our Packaging Systems segment develops, manufactures and sells primary packaging components and systems for injectable drug delivery, including stoppers and seals for vials, closures and other components used in syringe, intravenous and blood collection systems, and prefillable syringe components. The growth strategy for Packaging Systems includes organic growth through market segmentation, new-product innovation, strategic acquisitions and geographic expansion. We have manufacturing facilities in North and South America, Europe and Asia Pacific, with affiliated companies in Mexico and Japan. See Item 2, *Properties*, for additional information on our manufacturing and other sites.

Packaging Systems consists of three operating segments - Americas, Europe and Asia Pacific - which are aggregated for reporting purposes.

Packaging Systems' products generally consist of elastomeric components offered in a variety of standard and customer-specific configurations and formulations, which are available with advanced barrier films and coatings to enhance their performance. West FluroTec barrier film is applied to reduce the risk of product loss by contamination and protect the shelf life of packaged drugs. We also apply a Teflon coating to the surface of stoppers and plungers to improve compatibility between the closure and the drug. B2-coating is a coating applied to the surface of stoppers and plungers using a process that eliminates the need for conventional silicone application. It helps manufacturers reduce product rejections due to trace levels of silicone molecules found in non-coated packaged drug compounds. FluroTec and B2-coating technologies are licensed from Daikyo.

In addition, our Westar® RS and Westar RU post-manufacturing processes are documented and fully validated procedures for washing and siliconizing stoppers and syringe components to remove biological materials and endotoxins. The Westar RS process prepares components for introduction into the customer's sterilizer and the Westar RU process provides sterilized components. These processes increase the overall efficiency of injectable drug production by outsourcing component processing, thereby eliminating steps otherwise required in each of our customers' manufacturing processes, and help to assure compliance with the latest regulatory requirements for component preparation. We also offer Envision™ components that are inspected using automated vision inspection systems, ensuring that components (plungers and stoppers) meet enhanced quality specifications for visible and subvisible particulate and contamination.

Our NovaPure® components, which include serum and lyophilization stoppers and syringe plungers, incorporate quality by design principles and are manufactured utilizing advanced process technologies. The closures provide the highest levels of quality to the market, helping to ensure the safety, efficacy and purity of injectable drug products.

Our tamper-evident Flip-Off® seals are sold in a wide range of sizes and colors to meet customers' needs for product identification and differentiation. The seals can be provided using proprietary printing for cautionary statements and embossing technology that can serve as a counterfeiting deterrence.

As an adjunct to our Packaging Systems products, we offer contract analytical laboratory services for testing and evaluating primary drug-packaging components and their compatibility with the contained drug formulation. West Analytical Services provides us and our customers with in-depth knowledge and analysis of the interaction and compatibility of drug products with elastomer, glass and plastic packaging components. Our analytical laboratories also provide specialized testing for complete drug delivery systems.

See Note 17, *Segment Information,* for net sales and asset information for Packaging Systems.

Delivery Systems Segment

Our Delivery Systems segment develops, manufactures and sells safety and administration systems, multi-component systems for drug administration and a variety of custom contract-manufacturing solutions targeted to the healthcare and consumer-products industries. Delivery Systems has expertise in product design and development, including in-house mold design and construction, an engineering center for developmental and prototype tooling, process design and validation and high-speed automated assemblies. In addition, Delivery Systems is responsible for the continued development and commercialization of our line of proprietary healthcare, administrative and advanced injection systems, including Daikyo CZ, SmartDose® and other systems. Delivery Systems has manufacturing operations in North America and Europe. See Item 2, *Properties*, for additional information on our manufacturing and other sites.

Delivery Systems offers a variety of products and services, which are described below:

We offer customer contract-manufacturing and assembly solutions, which use such technologies as multi-component molding, in-mold labeling, ultrasonic welding and clean room molding and device assembly used to manufacture customer-owned components and devices used in surgical, diagnostic, ophthalmic, other drug delivery systems, personal care and consumer products.

Our administration systems include sterile devices for the administration of drug products, including patented products such as the MixJect® transfer device, the Mix2Vial® needleless reconstitution system and vial adapters.

Examples of our safety systems that are designed to prevent needle sticks are éris™ and NovaGuard® SA for prefilled syringes and NovaGuard LP for luer lock syringes.

The Daikyo CZ 1ml long Insert Needle syringe system is the market's first syringe system without silicone oil lubrication applied to the barrel or plunger that incorporates an insert-molded needle to avoid the need for adhesive. The luer lock version of the Daikyo CZ syringe system was introduced previously, along with several sizes of sterile vials. Additional sizes of vials continue to be introduced. CZ technology is licensed from Daikyo.

Our SmartDose electronic patch injector system is under evaluation by several biopharmaceutical companies. This system is designed for controlled, subcutaneous delivery of high volume and high viscosity drugs, using prefilled Daikyo CZ cartridges. The system is fully programmable, has a single push-button operation and a hidden needle for safety.

The ConfiDose® auto-injector and SelfDose™ self-injection systems enhance patient compliance and safety. The needle remains automatically shielded at all times. These systems eliminate preparation steps and simplify the injection of drugs, providing patients with a sterile, single-use disposable system that can be readily used at home.

See Note 17, *Segment Information,* for net sales and asset information for Delivery Systems.

International

We have significant operations outside of the United States ("U.S."), which are managed through the same business segments as our U.S. operations – Packaging Systems and Delivery Systems. Sales outside of the U.S. accounted for 54% of consolidated net sales in 2014. For a geographic breakdown of sales, see Note 17, *Segment Information*.

Although the general business processes are similar to the domestic business, international operations are exposed to additional risks. These risks include currency fluctuations relative to the U.S. dollar, multiple tax jurisdictions and, particularly in South America and Israel, political and social issues that could destabilize local markets and affect the demand for our products.

See further discussion of our international operations, the risks associated with our international operations, and our attempt to minimize some of these risks in Part I, Item 1A, *Risk Factors;* Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* under the caption *Financial Condition, Liquidity and Capital Resources;* Part II, Item 7A, *Quantitative and Qualitative Disclosures About Market Risk;* Note 1 under the captions *Financial Instruments* and *Foreign Currency Translation;* and Note 9, *Derivative Financial Instruments*.

Raw Materials

We use three basic raw materials in the manufacture of our products: elastomers, aluminum and plastic. Elastomers include both natural and synthetic materials. We currently have access to adequate supplies of these raw materials to meet our production needs through agreements with suppliers.

We employ a supply-chain management strategy in our business segments, which involves purchasing from integrated suppliers that control their own sources of supply. Due to regulatory control over our production processes, and the cost and time involved in qualifying suppliers, we rely on single-source suppliers for many critical raw materials. We purchase certain of our raw materials in the open market. This strategy increases the risk that our supply chain may be interrupted in the event of a supplier production problem. These risks are managed, where possible, by selecting suppliers with multiple manufacturing sites, rigorous quality control systems, surplus inventory levels and other methods of maintaining supply in case of an interruption in production.

Intellectual Property Rights

Intellectual property, including patents, trade secrets and know-how, is important to our business. We own or license intellectual property rights, including issued patents and pending patent applications in the U.S. and in other countries that relate to various aspects of our products. In particular, key value-added and proprietary products and processes are licensed from Daikyo. Our intellectual property rights have been useful in establishing our market share and in the growth of our business, and are expected to continue to be of value in the future. Although important in the aggregate, we do not consider our business to be materially dependent on any individual patent or license.

Seasonality

Although our Packaging Systems business is not inherently seasonal, sales and operating profit in the second half of the year are typically lower than the first half primarily due to scheduled plant shutdowns in conjunction with our customers' production schedules and the year-end impact of holidays on production.

Our Delivery Systems business is not inherently seasonal.

Working Capital

We are required to carry significant amounts of inventory to meet customer requirements. In addition, some of our supply agreements require us to purchase inventory in bulk orders, which increases inventory levels but decreases the risk of supply interruption. Levels of inventory are also influenced by the seasonal patterns addressed above. For a more detailed discussion of working capital, please see the discussion in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* under the caption *Financial Condition, Liquidity and Capital Resource*s.

Marketing

Our Packaging Systems customers include practically every major branded pharmaceutical, generic and biopharmaceutical company in the world. Packaging Systems components and other products are sold to major pharmaceutical, biotechnology and hospital supply/medical device companies, which incorporate them into their products for distribution to the ultimate end-user.

Our Delivery Systems segment sells to many of the world's largest pharmaceutical, biopharmaceutical and medical device companies and to large customers within the personal care and food-and-beverage industries. Delivery Systems components generally are incorporated into our customers' manufacturing lines for further processing or assembly.

Our products and services are distributed primarily through our own sales force and distribution network, with limited use of contract sales agents and regional distributors.

Our ten largest customers accounted for 40.2% of our consolidated net sales in 2014, but none of these customers individually accounted for more than 10% of net sales. See Note 17, *Segment Information*, for information on sales by significant product group.

Order Backlog

At December 31, 2014 and 2013, the order backlog for Packaging Systems, excluding consigned inventory, was $339.7 million and $315.6 million, respectively. The increase in the order backlog for Packaging Systems primarily reflects a return to normal levels, partially offset by an unfavorable foreign currency impact. In 2013, several customers completed strategic stock-building, which resulted in a reduced order backlog at December 31, 2013. Order backlog includes firm orders placed by customers for manufacture over a period of time according to their schedule or upon confirmation by the customer. We also have contractual arrangements with a number of our customers. Products covered by these contracts are included in our backlog only as orders are received. Order backlog may be positively or negatively impacted by several factors, including customer ordering patterns and the necessary lead-time to deliver customer orders. Order backlog is one of many measures we use to understand future demand, and should not be considered in isolation to predict future sales growth. The entire order backlog for Packaging Systems at December 31, 2014 is expected to be filled during 2015.

The majority of Delivery Systems' manufacturing activity is governed by contractual volume expectations, with terms between one and three years, subject to periodic revisions based on customer requirements.

Competition

We compete with several companies across our Packaging Systems product lines. However, we believe that we supply a major portion of the U.S. market for pharmaceutical elastomer and metal packaging components and also have a significant share of the European market for these components. Because of the special nature of our pharmaceutical packaging components and our long-standing participation in the market, competition is based primarily on product design and performance, although total cost is becoming increasingly important as pharmaceutical companies continue with aggressive cost-control programs across their operations.

We differentiate ourselves from our competition as a "full-service, value-added" global supplier that can provide pre-sale formula and engineering development, analytical services, regulatory expertise and post-manufacturing technologies, as well as after-sale technical support. Customers also appreciate the global scope of West's manufacturing capability and our ability to produce many products at multiple sites.

Our Delivery Systems business competes in very competitive markets for both healthcare and consumer products. The markets we serve are also served by many competitors and, therefore, our market shares are generally less than 5% of the total global markets. The competition varies from smaller regional companies to large global molders that command significant market shares. There are extreme cost pressures and many of our customers look off-shore to reduce cost. We differentiate ourselves by leveraging our global capability and by employing new technologies such as high-speed automated assembly, insert-molding, multi-shot molding and expertise with multiple-piece closure systems.

Because of the more demanding regulatory requirements in the medical device component area, there are a smaller number of competitors, mostly large-scale companies. We compete for this market on the basis of our reputation for quality and reliability in engineering and project management, diverse contract manufacturing capabilities and knowledge of and experience in complying with U.S. Food and Drug Administration ("FDA") requirements. With our range of proprietary technologies, we compete with new and established companies in the area of drug delivery devices, including suppliers of prefillable syringes, auto-injectors, safety needles and other proprietary systems.

Research and Development Activities

We maintain our own research-scale production facilities and laboratories for developing new products, and offer contract engineering design and development services to assist customers with new product development. Our quality control, regulatory and laboratory testing capabilities are used to ensure compliance with applicable manufacturing and regulatory standards for primary and secondary pharmaceutical packaging components. The engineering departments are responsible for product and tooling design and testing, and for the design and construction of processing equipment. We continue to seek new innovative opportunities for acquisition, licensing, partnering or development within injectable packaging and delivery systems, most of which will be manufactured and marketed by our Delivery Systems segment. Research and development spending will continue to increase as we pursue innovative strategic platforms in prefillable syringe, injectable container, advanced injection and safety and administration systems.

Commercial development of our new products and services for medical and pharmaceutical applications commonly requires several years. New products that we develop may require separate approval as medical devices, and products that are intended to be used in the packaging and delivery of pharmaceutical products will be subject to both customer acceptance of our products and regulatory approval of the customer's products following our development period.

We spent $16.3 million in 2014, $15.1 million in 2013, and $12.7 million in 2012 on research and development for Packaging Systems. Delivery Systems incurred research and development costs of $21.0 million, $22.8 million, and $20.5 million in the years 2014, 2013 and 2012, respectively.

Environmental Regulations

We are subject to various federal, state and local provisions regulating the discharge of materials into the environment or otherwise relating to the protection of the environment. Our compliance with these laws and regulations has not had a material impact on our financial position, results of operations or cash flows. There were no material capital expenditures for environmental control facilities in 2014 and there are no material expenditures planned for such purposes in 2015.

Employees

As of December 31, 2014, we employed approximately 7,000 people in our operations throughout the world.

ITEM 1A. RISK FACTORS

The statements in this section describe major risks to our business and should be considered carefully. In addition, these statements constitute our cautionary statements under the Private Securities Litigation Reform Act of 1995.

Our disclosure and analysis in this Form 10-K contains some forward-looking statements that are based on management's beliefs and assumptions, current expectations, estimates and forecasts. We also provide forward-looking statements in other materials we release to the public as well as oral forward-looking statements. Such statements give our current expectations or forecasts of future events. They do not relate strictly to historical or current facts. We have attempted, wherever possible, to identify forward-looking statements by using words such as "estimate," "expect," "intend," "believe," "plan," "anticipate" and other words and terms of similar meaning. In particular, these include statements relating to future actions, business plans and prospects, new products, future performance or results of current or anticipated products, sales efforts, expenses, interest rates, foreign-exchange rates, economic effects, the outcome of contingencies, such as legal proceedings, and financial results.

Many of the factors that will determine our future results are beyond our ability to control or predict. Achievement of future results is subject to known or unknown risks or uncertainties, and therefore, actual results could differ materially from past results and those expressed or implied in any forward-looking statement. You should bear this in mind as you consider forward-looking statements.

Unless required by applicable securities law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. We also refer you to further disclosures we make on related subjects in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K to the SEC.

Our operating results may be adversely affected by unfavorable economic and market conditions.

The current uncertainty in the global economy, including the continuing effects of recession or slow economic growth in the U.S. and Europe, may negatively affect our operating results. Examples of the effects of these continuing global economic challenges include: our suppliers' and our customers' inability to access the credit markets at commercially reasonable rates; reduction in sales due to customers decreasing their inventories in the near-term or long-term or due to liquidity difficulties; reduction in sales due to shortages of materials we purchase from our suppliers; reduction in research and development efforts and expenditures by our customers; our inability to hedge our currency and raw material risks sufficiently or at commercially reasonable prices; insolvency of suppliers or customers; inflationary pressures on our supplies or our products; and increased expenses due to growing taxation of corporate profits or revenues. Our operating results in one or more geographic regions may also be affected by uncertain or changing economic conditions within that region. If economic and market conditions in the U.S. or Europe weaken further, we may experience material adverse impacts on our business, financial condition and results of operations.

Our sales and profitability are largely dependent on the sale of drug products delivered by injection and the packaging of drug products. If the products developed by our customers in the future use another delivery system, our sales and profitability could suffer.

Our business depends to a substantial extent on customers' continued sales and development of products that are delivered by injection. If our customers fail to continue to sell, develop and deploy new injectable products or we are unable to develop new products that assist in the delivery of drugs by alternative methods, our sales and profitability may suffer.

Changes in foreign currency exchange rates could have a material adverse effect on our business and/or results of operations.

Our business is subject to foreign currency exchange rate fluctuations. Sales outside of the U.S. accounted for 54% of our consolidated net sales in 2014 and we anticipate that sales from international operations will continue to represent a significant portion of our total sales in the future. In addition, many of our manufacturing facilities and suppliers are located outside of the U.S. Further, we intend to continue our expansion into emerging and/or faster-growing markets outside of the U.S. in the future. Virtually all of our international sales, assets and related operating costs and expenses are earned, valued or incurred in the currency of the local country, primarily the Euro, the Danish Krone, and the Singapore Dollar. In addition, we are exposed to Japanese Yen ("Yen"), as we maintain a 25% ownership interest in, and we purchase finished goods and other materials from, Daikyo. Our consolidated financial statements are presented in U.S. dollars, and, therefore, we must translate the reported values of our foreign assets, liabilities, revenues and expenses into U.S. dollars, which can result in significant fluctuations in

the amount of those assets, liabilities, revenues or expenses. The exchange rates between these foreign currencies and the U.S. dollar in recent years have fluctuated significantly and may continue to do so in the future. Increases or decreases in the value of the U.S. dollar compared to these foreign currencies may negatively affect the value of these items in our consolidated financial statements, which could have a material adverse effect on our operating results.

In addition to translation risks, we incur currency transaction risk when we or one of our subsidiaries enters into a purchase or sales transaction in a currency other than that entity's local currency. In order to reduce our exposure to fluctuations in certain exchange rates, we have entered, and expect to continue to enter, into hedging arrangements, including the use of financial derivatives. There can be no certainty that we will be able to enter into or maintain hedges of these currency risks, or that our hedges will be effective, which could have a significant effect on our financial condition and operating results.

If we are unable to provide comparative value advantages, timely fulfillment of customer orders or resist pricing pressure, we will have to reduce our prices, which may reduce our profit margins.

We compete with several companies across our major product lines. Because of the special nature of these products, competition is based primarily on product design and performance, although total cost is becoming increasingly important as pharmaceutical companies continue with aggressive cost-control programs across their operations. Competitors often compete on the basis of price. We differentiate ourselves from our competition as a "full-service, value-added" global supplier that is able to provide pre-sale compatibility studies and other services and sophisticated post-sale technical support on a global basis. However, we face continued pricing pressure from our customers and competitors. If we are unable to resist or to offset the effects of continued pricing pressure through our value-added services, improved operating efficiencies and reduced expenditures, or if we have to reduce our prices, our sales and profitability may suffer.

Consolidation in the pharmaceutical and healthcare industries could adversely affect our future revenues and operating income.

The pharmaceutical and medical technology industries have experienced a significant amount of consolidation. As a result of this consolidation, competition to provide goods and services to customers has increased. In addition, group purchasing organizations and integrated health delivery networks have served to concentrate purchasing decisions for some customers, which has placed pricing pressure on suppliers. Further consolidation within the industries we serve could exert additional pressure on the prices of our products.

We are subject to regulation by governments around the world, and if these regulations are not complied with, existing and future operations may be curtailed, and we could be subject to liability.

The design, development, manufacturing, marketing and labeling of certain of our products and our customers' products that incorporate our products are subject to regulation by governmental authorities in the U.S., Europe and other countries, including the FDA and the European Medicines Agency. Complying with governmental regulation can be costly and can result in required modification or withdrawal of existing products and a substantial delay in the introduction of new products. Failure to comply with applicable regulatory requirements or failure to obtain regulatory approval for a new product could result in expenses and actions that could adversely affect our business and financial performance.

Products incorporating our technologies are subject to regulations and extensive approval or clearance processes, which make the timing and success of new-product commercialization difficult to predict.

The process of obtaining FDA and other required regulatory approvals is expensive and time-consuming. Historically, most medical devices incorporating our technologies have been subject to the FDA's 510(k) marketing approval process, which typically lasts from six to nine months. Supplemental or full pre-market approval reviews require a significantly longer period, delaying commercialization. Pharmaceutical products incorporating our technologies are subject to the FDA's New Drug Application process, which typically takes a number of years to complete. Additionally, biotechnology products incorporating our technologies are subject to the FDA's Biologics License Application process, which also typically takes a number of years to complete. Outside of the U.S., sales of medical devices and pharmaceutical or biotechnology products are subject to international regulatory requirements that vary from country to country. The time required to obtain approval for sale internationally may be longer or shorter than that required for FDA approval.

Changes in the regulation of drug products and devices may increase competitive pressure and adversely affect our business.

An effect of the governmental regulation of our customers' drug products, devices, and manufacturing processes is that compliance with regulations makes it costly and time-consuming for customers to substitute or replace components and devices produced by one supplier with those from another. The regulation of our customers' products that incorporate our components and devices has increased over time. If the applicable regulations were to be modified in a way that reduced the cost and time involved for customers to substitute one supplier's components or devices for those made by another, it is likely that the competitive pressure would increase and adversely affect our sales and profitability.

If we are not successful in protecting our intellectual property rights, we may harm our ability to compete.

Our patents, trademarks and other intellectual property are important to our business. We rely on patent, trademark, copyright, trade secret, and other intellectual property laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our proprietary information, technologies and processes. We also have obligations with respect to the non-use and non-disclosure of third party intellectual property. We may need to engage in litigation or similar activities to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of proprietary rights of others. Any such litigation could require us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations. We cannot assure you that the steps we will take to prevent misappropriation, infringement or other violation of our intellectual property or the intellectual property of others will be successful. In addition, effective patent, copyright, trademark and trade secret protection may be unavailable or limited for some of our intellectual property in some countries. Failure to protect our intellectual property could harm our business and results of operations. In addition, if relevant and effective patent protection is not available, we may not prevent competitors from independently developing products and services similar or duplicative to ours.

Disruption in our manufacturing facilities could have a material adverse effect on our ability to make and sell products and have a negative impact on our reputation, performance or financial condition.

We have manufacturing sites all over the world. In addition, in some instances, the manufacturing of certain product lines is concentrated in one or more of our plants. The functioning of our manufacturing and distribution assets and systems could be disrupted for reasons either within or beyond our control, including: extreme weather or longer-term climatic changes; natural disasters; pandemic; war; accidental damage; disruption to the supply of material or services; product quality and safety issues; systems failure; workforce actions; or environmental contamination. There is a risk that incident management systems in place may prove inadequate and that any disruption may materially adversely affect our ability to make and sell products and, therefore, materially adversely affect our reputation, performance or financial condition.

The medical technology industry is very competitive and customer demands and/or new products in the marketplace could cause a reduction in demand.

The medical technology industry is subject to rapid technological changes, and we face significant competition across our product lines and in each market in which our products are sold. We face this competition from a wide range of companies. These include large medical device companies, some of which have greater financial and marketing resources than we do. We also face competition from firms that are more specialized than we are with respect to particular markets. In some instances, competitors, including pharmaceutical companies, also offer, or are attempting to develop, alternative therapies for diseases that may be delivered without a medical device. The development of new or improved products, processes or technologies by other companies (such as needle-free injection technology) may render some of our products or proposed products obsolete or less competitive. In addition, failure to meet increased customer quality expectations could cause a reduction in demand.

Our international sales and operations are subject to risks and uncertainties that vary by country and which could have a material adverse effect on our business and/or results of operations.

We conduct business in most of the major pharmaceutical markets in the world. Our international operations and our ability to implement our overall business strategy (including our plan to continue expanding into emerging and/or faster-growing markets outside the U.S.) are subject to risks and uncertainties that can vary by country, and include: transportation delays and interruptions; political and economic instability and disruptions; imposition of duties and tariffs; import and export controls; the risks of divergent business expectations or cultural incompatibility inherent in establishing and maintaining operations in foreign countries; difficulties in staffing and managing multi-national operations; labor strikes and/or disputes; and potentially adverse tax consequences. Limitations on our ability to enforce legal rights and remedies with third parties or our joint venture partners outside of the U.S. could also create exposure. In addition, we may not be able to operate in compliance with foreign laws and regulations, or comply with applicable customs, currency exchange control regulations, transfer pricing regulations or any other laws or regulations to which we may be subject, in the event that these laws or regulations change. Any of these events could have an adverse effect on our international operations in the future by reducing the demand for our products, decreasing the prices at which we can sell our products or otherwise have an adverse effect on our financial condition, results of operations and cash flows.

Disruptions in the supply of key raw materials could adversely impact our operations.

We generally purchase our raw materials and supplies required for the production of our products in the open market. For reasons of quality assurance, sole source availability or cost effectiveness, many components and raw materials are available and/or purchased only from a single supplier. Due to the stringent regulations and requirements of the FDA and other regulatory authorities regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources for these components or materials or do so without excessive cost. As a result, a reduction or interruption in manufacturing, or an inability to secure alternative sources of raw materials or components, could have a material adverse effect on our business and/or results of operations.

Raw material and energy prices have a significant impact on our profitability. If raw material and/or energy prices increase, and we cannot pass those price increases on to our customers, our profitability and financial condition may suffer.

We use three basic raw materials in the manufacture of our products: elastomers (which include synthetic and natural material), aluminum and plastic. In addition, our manufacturing facilities consume a wide variety of energy products to fuel, heat and cool our operations. Supply and demand factors, which are beyond our control, generally affect the price of our raw materials and utility costs. If we are unable to pass along increased raw material prices and energy costs to our customers, our profitability, and thus our financial condition, may be adversely affected. The prices of many of these raw materials and utilities are cyclical and volatile. For example, the prices of certain commodities, particularly petroleum-based raw materials, have in the recent past exhibited rapid changes, affecting the cost of synthetic elastomers and plastic. While we generally attempt to pass along increased costs to our customers in the form of sales price increases, historically there has been a time delay between raw material and/or energy price increases and our ability to increase the prices of our products. In some circumstances, we may not be able to increase the prices of our products due to competitive pressure and other factors.

If we are not timely or successful in new-product innovation or the development and commercialization of proprietary multi-component systems, our future revenues and operating income could be adversely affected.

Our growth partly depends on new-product innovation and the development and commercialization of proprietary multi-component systems for injectable drug administration and other healthcare applications (such as the Daikyo CZ ready-to-use prefilled syringe system). Product development and commercialization is inherently uncertain and is subject to a number of factors outside of our control, including any necessary regulatory approvals and commercial acceptance for the products. The ultimate timing and successful commercialization of new products and systems requires substantial evaluations of the functional, operational, clinical and economic viability of the Company's products. In addition, the timely and adequate availability of filling capacity is essential to both conducting definitive stability trials and the timing of first commercialization of customers' products in CZ prefilled syringes. Delays, interruptions or failures in developing and commercializing new-product innovations or proprietary multi-component systems could adversely affect future revenues and operating income. In addition, adverse conditions may also result in future charges to recognize impairment in the carrying value of our goodwill and other intangible assets, which could have a material adverse effect on our financial results.

We may not succeed in finding and completing acquisition or other strategic transactions, if any, which could have an adverse effect on our business and results of operations.

We have historically engaged in acquisition activity and we may in the future engage in acquisitions or other strategic transactions, such as joint ventures or investments in other entities. We may be unable to identify suitable targets, opportunistic or otherwise, for acquisitions or other strategic transactions in the future. If we identify a suitable candidate, our ability to successfully implement the strategic transaction would depend on a variety of factors including our ability to obtain financing on acceptable terms, and to comply with the restrictions contained in our debt agreements. Strategic transactions involve risks, including those associated with integrating the operations or maintaining the operations as separate (as applicable), financial reporting, disparate technologies and personnel of acquired companies, joint ventures or related companies; managing geographically dispersed operations or other strategic investments; the diversion of management's attention from other business concerns; the inherent risks in entering markets or lines of business in which we have either limited or no direct experience; unknown risks; and the potential loss of key employees, customers and strategic partners of acquired companies, joint ventures or companies in which we may make strategic investments. We may not successfully integrate any businesses or technologies we may acquire or strategically develop in the future and may not achieve anticipated revenue and cost benefits relating to any such strategic transactions. Strategic transactions may be expensive, time consuming and may strain our resources. Strategic transactions may not be accretive to our earnings and may negatively impact our results of operations as a result of, among other things, the incurrence of debt, one-time write-offs of goodwill and amortization expenses of other intangible assets. In addition, strategic transactions that we may pursue could result in dilutive issuances of equity securities.

Product defects could adversely affect the results of our operations.

The design, manufacture and marketing of medical devices involve certain inherent risks. Manufacturing or design defects, unanticipated use of our products, or inadequate disclosure of risks relating to the use of our products can lead to injury or other adverse events. These events could lead to recalls or safety alerts relating to our products (either voluntary or required by the FDA or similar governmental authorities in other countries), and could result, in certain cases, in the removal of a product from the market. A recall could result in significant costs, as well as negative publicity and damage to our reputation that could reduce demand for our products. Personal injuries relating to the use of our products can also result in product liability claims being brought against us. In some circumstances, such adverse events could also cause delays in new product approvals.

Our operations must comply with environmental statutes and regulations, and any failure to comply could result in extensive costs which would harm our business.

The manufacture of some of our products involves the use, transportation, storage and disposal of hazardous or toxic materials and is subject to various environmental protection and occupational health and safety laws and regulations in the countries in which we operate. This has exposed us in the past, and could expose us in the future, to risks of accidental contamination and events of non-compliance with environmental laws. Any such occurrences could result in regulatory enforcement or personal injury and property damage claims or could lead to a shutdown of some of our operations, which could have an adverse effect on our business and results of operations. We currently incur costs to comply with environmental laws and regulations and these costs may become more significant.

A loss of key personnel or highly skilled employees could disrupt our operations.

Our executive officers are critical to the management and direction of our businesses. Our future success depends, in large part, on our ability to retain these officers and other key employees, including people in technical, marketing, sales and research positions. Competition for experienced employees, particularly for persons with specialized skills, can be intense. Our ability to recruit such talent will depend on a number of factors, including compensation and benefits, work location and work environment. If we cannot effectively recruit and retain qualified executives and employees, our business could be adversely affected. Although we believe that we will be able to attract and retain talented personnel and replace key personnel should the need arise, our inability to do so on a timely basis could disrupt the operations of the unit affected or our overall operations. In addition, because of the complex nature of many of our products and programs, we are generally dependent on an educated and highly skilled engineering staff and workforce. Our operations could be disrupted by a shortage of available skilled employees.

The uncertain effects of potential climate change legislation could lead to significantly increased costs.

If legislation or regulations are enacted or promulgated in the U.S., Europe or Asia or any other jurisdictions in which we do business that limit or reduce allowable greenhouse gas emissions and other emissions, such restrictions could have a significant effect on our operating and financial decisions, including those involving capital expenditures to reduce emissions, and our results of operations. Our manufacturing operations may not be able to operate as planned if we are not able to comply with new legal and regulatory legislation around climate change, or it may become too costly to operate in a profitable manner. Additionally, suppliers' added expenses could be passed on to us in the form of higher prices and we may not be able to pass on such expenses to our customers through price increases.

Federal healthcare reform may adversely affect our results of operations.

The Patient Protection and Affordable Care Act (the "PPACA") was enacted in March 2010. The PPACA reduces Medicare and Medicaid payments to hospitals, clinical laboratories and pharmaceutical companies, and could otherwise reduce the volume of medical procedures. The PPACA also imposes significant new taxes on medical device makers in the form of an excise tax on all U.S. medical device sales (as defined under the regulations). These factors, in turn, could result in reduced demand for our products and increased downward pricing pressure. It is also possible that the PPACA will result in lower reimbursements for our customers' products. While the PPACA is intended to expand health insurance coverage to uninsured persons in the U.S., the impact of any overall increase in access to healthcare on sales of West's products is uncertain at this time. Our sales depend, in part, on the extent to which pharmaceutical companies and healthcare providers and facilities are reimbursed by government authorities, private insurers and other third-party payers for the costs of our products. The coverage policies and reimbursement levels of third-party payers, which can vary among public and private sources, may affect which products customers purchase and the prices they are willing to pay for these products in a particular jurisdiction. Legislative or administrative reforms to reimbursement systems in the U.S. (as part of the PPACA) or abroad (for example, those under consideration in France, Germany, Italy and the United Kingdom) could significantly reduce reimbursement for our customers products, which could in turn reduce the demand for our products.

The full effects of the PPACA cannot be known until all of the provisions are implemented and the Centers for Medicare & Medicaid Services and other federal and state agencies issue applicable regulations or guidance. Moreover, in the coming years, additional changes could be made to governmental healthcare programs that could significantly impact the success of our products. We will continue to evaluate the PPACA, as amended, the implementation of regulations or guidance related to various provisions of the PPACA by federal agencies, as well as trends and changes that may be encouraged by the legislation and that may potentially impact our business over time.

No assurance can be given that we will continue to pay or declare dividends.

We have historically paid dividends. However, there can be no assurance that we will pay or declare dividends in the future. The actual declaration and payment of future dividends, the amount of any such dividends, and the establishment of record and payment dates, if any, are subject to determination by our Board of Directors each quarter after its review of our then-current strategy, applicable debt covenants and financial performance and position, among other things. Our declaration and payment of future dividends is subject to risks and uncertainties, including: deterioration of our financial performance or position; inability to declare a dividend in compliance with applicable laws or debt covenants; an increase in our cash needs or decrease in available cash; and the business judgment of the Board of Directors that a declaration of a dividend is not in the Company's best interests.

Our results of operations and earnings may not meet guidance or expectations.

We provide public guidance on our expected results of operations for future periods. This guidance is comprised of forward-looking statements subject to risks and uncertainties, including the risks and uncertainties described in this Form 10-K and in our other public filings and public statements, and is based necessarily on assumptions we make at the time we provide such guidance. Our guidance may not always be accurate. If, in the future, our results of operations for a particular period do not meet our guidance or the expectations of investment analysts or if we reduce our guidance for future periods, the market price of our common stock could decline significantly.

We are exposed to credit risk on accounts receivable and certain prepayments made in the normal course of business. This risk is heightened during periods when economic conditions worsen.

A substantial majority of our outstanding trade receivables are not covered by collateral or credit insurance. In addition, we have made prepayments associated with insurance premiums and other advances in the normal course of business. While we have procedures to monitor and limit exposure to credit risk on trade receivables and other current assets, there can be no assurance such procedures will effectively limit our credit risk and avoid losses, which could have a material adverse effect on our financial condition and operating results.

Unauthorized access to our or our customers' information and systems could negatively impact our business.

We may face certain security threats, including threats to the confidentiality, availability and integrity of our data and systems. We maintain an extensive network of technical security controls, policy enforcement mechanisms and monitoring systems in order to address these threats. While these measures are designed to prevent, detect and respond to unauthorized activity in our systems, certain types of attacks could result in financial or information losses and/or reputational harm. If we cannot prevent the unauthorized access, release and/or corruption of our or our customers' confidential, classified or personally identifiable information, our reputation could be damaged, and/or we could face financial losses.

If we fail to comply with our obligations under our distributorship or license agreements with Daikyo or we are unable to renew these agreements on the same or substantially similar terms, we could lose license rights that are important to our business.

Key value-added and proprietary products and processes are licensed from our affiliate, Daikyo, including but not limited to Daikyo CZ, FluroTec and B2-coating technologies. Our rights to these products and processes are licensed pursuant to agreements that expire in 2017, which we expect to renew prior to their expiration. However, if we are unsuccessful in renewing these agreements, or if the agreements are terminated early because we fail to satisfy our obligations, our business could be adversely impacted.

ITEM IB. UNRESOLVED STAFF COMMENTS

As of the filing of this Form 10-K, there were no unresolved comments from the Staff of the SEC.

ITEM 2. PROPERTIES

Our corporate headquarters are located at 530 Herman O. West Drive, Exton, Pennsylvania. This building also houses our North American sales and marketing, administrative support and customer service functions, as well as laboratories.

The following table summarizes production facilities by segment and geographic region. All facilities shown are owned except where otherwise noted.

Packaging Systems

Manufacturing:

North American Operations

United States

Clearwater, FL
Jersey Shore, PA
Kearney, NE
Kinston, NC
Lititz, PA
St. Petersburg, FL (1)

South American Operations

Brazil

Sao Paulo

European Operations

Denmark

Horsens

England

St. Austell

France

Le Nouvion

Germany

Eschweiler (1)
Stolberg

Serbia

Kovin

Asia Pacific Operations

China

Qingpu

India

Sri City

Singapore

Jurong

Contract Analytical Laboratory:

North American Operations

United States

Exton, PA

Mold-and-Die Tool Shops:

North American Operations

United States

Upper Darby, PA

European Operations

England

Bodmin (2)

Delivery Systems

Manufacturing:

North American Operations

United States

Frankfort, IN (2)
Grand Rapids, MI
Phoenix, AZ (2)
Scottsdale, AZ (2)(3)
Tempe, AZ (2)
Williamsport, PA

Puerto Rico

Cayey

European Operations

France

Le Vaudreuil (2)

Ireland

Dublin (2)

(1) This manufacturing facility is also used for research and development activities.
(2) This facility is leased in whole or in part.
(3) This manufacturing facility is also used for mold and die production.

Our Delivery Systems segment leases facilities located in Israel, New Jersey and Texas for research and development, as well as other activities. Sales offices in various locations are leased under short-term arrangements.

In October 2014, we announced plans to expand our global manufacturing operations to include a new facility in Waterford, Ireland, which will produce packaging components for insulin injector cartridges and other high-value packaging components. Construction is planned to begin in 2015, subject to the project obtaining requisite planning and zoning approvals.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are set forth in this table. Executive officers are elected by the board of directors annually at the regular meeting of the board of directors following the Annual Meeting of Shareholders.

Name	Age	Position
Michael A. Anderson	59	Vice President and Treasurer since June 2001. He was Finance Director, Drug Delivery Systems Division from October 1999 to June 2001, Vice President, Business Development from April 1997 to October 1999 and Director of Taxes from July 1992 to April 1997.
Warwick Bedwell	55	President, Pharmaceutical Packaging Systems Asia Pacific Region since January 3, 2011. Previously, he served as Vice President and Commercial Director-Bone and Rheumatology for Roche Products (UK) Limited, a biotech company, from October 2008 to August 2010. From January 2007 to October 2008, he served as Vice President and Global Head of Business Development for Hoffman LaRoche Inc. (U.S.) and from June 2003 to December 2006, he served as President and General Manager of Roche Inc. in the Philippines. Prior thereto, he held numerous positions in commercial operations for Roche Products Pty Ltd. in Australia.
William J. Federici	55	Senior Vice President, and Chief Financial Officer since joining the Company in August 2003. He was National Industry Director for Pharmaceuticals of KPMG LLP (accounting firm) from June 2002 until August 2003 and, prior thereto, an audit partner with Arthur Andersen, LLP.
Karen A. Flynn	52	President, Pharmaceutical Packaging Systems since October 2014. She was President, Pharmaceutical Packaging Systems Americas Region from June 2012 to October 2014 and served as Vice President, Sales from May 2008 to June 2012. From 2000 to 2008, she worked in Sales Management, most recently as Vice President, Global Accounts, for Catalent (formerly known as Cardinal Health). Prior thereto, she held various positions at West, including Quality, Research and Development, and Sales.
John R. Gailey III	60	Senior Vice President, General Counsel since May 1994, and Chief Compliance Officer. He served as Corporate Counsel from 1991 until his appointment as General Counsel.

Heino Lennartz	49	President, Pharmaceutical Packaging Systems Europe Region since February 2010 and, prior thereto, President, Europe, Pharmaceutical Systems since July 2009. He was Vice President Finance, MIS & Purchasing for Europe & Asia Pacific from December 2006 until July 2009. Mr. Lennartz was Vice President Corporate Finance of AIXTRON AG, a leading semiconductor equipment company, from 2003 to 2006 and, prior thereto, held various positions, including Director Business Systems Europe, at GDX Automotive, a rubber and plastic car body sealing system supplier.
Richard D. Luzzi	63	Senior Vice President, Human Resources since June 2002. He served as Vice President, Human Resources of GS Industries, a steel manufacturer, from 1998 to 2002, Vice President, Human Resources of Lukens Steel from 1993 to 1998, and Vice President, Human Resources of Rockwell International, from 1990 to 1993.
Daniel Malone	53	Vice President and Corporate Controller since August 2011. He was Vice President of Finance, Pharmaceutical Packaging Systems Americas Region from September 2008 to August 2011 and Director of Financial and Management Reporting from October 1999 to September 2008.
Donald E. Morel, Jr., Ph.D.	57	Chairman of the Board of the Company since March 2003 and our Chief Executive Officer since April 2002. He was our President from April 2002 to June 2006 and Chief Operating Officer from May 2001 to April 2002. He was Division President, Drug Delivery Systems from October 1999 to May 2001, and prior thereto, Group President.
John E. Paproski	58	President, Pharmaceutical Delivery Systems since December 2009. He was Vice President of Innovation, from January 2005 to December 2009 and Vice President, Global Product Development from August 1996 to January 2005. He has held numerous other operations and engineering positions within the Company, including Vice President of Rubber Operations from August 1993 to January 2005 and Director of Manufacturing Engineering from 1991 to 1993.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the symbol "WST." The following table shows the high and low prices for our common stock as reported by the NYSE, for the periods indicated.

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year	
	High	Low	High	Low	High	Low	High	Low	High	Low
2014	51.12	41.41	45.73	40.93	45.43	39.11	55.29	43.49	55.29	39.11
2013	32.74	27.31	35.45	30.85	41.54	35.25	50.60	39.62	50.60	27.31

As of January 31, 2015, we had 891 shareholders of record, which excludes shareholders whose shares were held by brokerage firms, depositaries and other institutional firms in "street names" for their customers.

Dividends

Our common stock paid a quarterly dividend of $0.095 per share in each of the first three quarters of 2013; $0.10 per share in the fourth quarter of 2013 and each of the first three quarters of 2014; and $0.11 per share in the fourth quarter of 2014.

Issuer Purchases of Equity Securities

The following table shows information with respect to purchases of our common stock made during the three months ended December 31, 2014 by us or any of our "affiliated purchasers" as defined in Rule 10b-18(a)(3) under the Exchange Act:

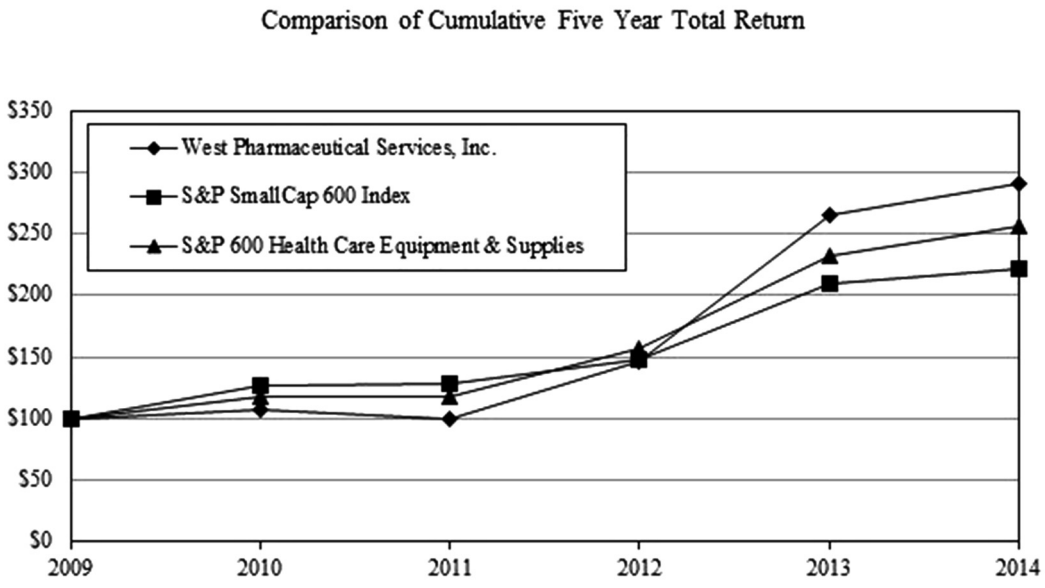
Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (2)	Maximum number of shares that may yet be purchased under the plans or programs (2)
October 1 – 31, 2014	—	$ —	—	(2)
November 1 – 30, 2014	380	51.05	—	(2)
December 1 – 31, 2014	60	53.68	—	(2)
Total	440	$ 51.41	—	(2)

(1) Includes 440 shares purchased on behalf of employees enrolled in the Non-Qualified Deferred Compensation Plan for Designated Employees (Amended and Restated Effective January 1, 2008). Under the plan, Company match contributions are delivered to the plan's investment administrator, who then purchases shares in the open market and credits the shares to individual plan accounts.

(2) On October 29, 2014, our Board of Directors authorized the repurchase of up to $100.0 million of our common stock from time to time on the open market or in privately negotiated transactions as permitted under the regulations of the Securities and Exchange Commission. The extent to which we repurchase the shares and the timing of any repurchases will be determined by us based on our evaluation of market conditions and other factors. The program is expected to be completed no later than December 31, 2015. As of December 31, 2014, no shares had been repurchased under the program.

Performance Graph

The following graph compares the cumulative total return to holders of our common stock with the cumulative total return of the Standard & Poor's SmallCap 600 Index and the Standard & Poor's 600 Health Care Equipment & Supplies Industry for the five years ended December 31, 2014. Cumulative total return to shareholders is measured by dividing total dividends (assuming dividend reinvestment) plus the 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, 2009 and is compared to the cumulative total return of the SmallCap 600 Index and the 600 Health Care Equipment & Supplies Industry over the period with a like amount invested.



ITEM 6. SELECTED FINANCIAL DATA

FIVE-YEAR SUMMARY
West Pharmaceutical Services, Inc. and Subsidiaries

(in millions, except per share data)	2014	2013	2012	2011	2010
SUMMARY OF OPERATIONS					
Net sales	$ 1,421.4	$ 1,368.4	$ 1,266.4	$ 1,192.3	$ 1,104.7
Operating profit	182.0	162.4	135.1	109.6	90.7
Net income	$ 127.1	$ 112.3	$ 80.7	$ 75.5	$ 65.3
Net income per share:					
Basic (1)	$ 1.79	$ 1.61	$ 1.19	$ 1.12	$ 0.98
Diluted (2)	1.75	1.57	1.15	1.08	0.95
Weighted average common shares outstanding	70.9	69.6	68.1	67.3	66.7
Weighted average shares assuming dilution	72.8	71.4	71.8	74.0	73.5
Dividends declared per common share	$ 0.41	$ 0.39	$ 0.37	$ 0.35	$ 0.33
YEAR-END FINANCIAL POSITION					
Cash and cash equivalents	$ 255.3	$ 230.0	$ 161.9	$ 91.8	$ 110.2
Working capital	406.8	413.8	295.5	228.8	266.9
Total assets	1,670.9	1,671.6	1,564.0	1,399.1	1,294.3
Total invested capital:					
Total debt	336.7	373.5	411.5	349.4	358.4
Total equity	956.9	906.4	728.9	654.9	625.7
Total invested capital	$ 1,293.6	$ 1,279.9	$ 1,140.4	$ 1,004.3	$ 984.1
PERFORMANCE MEASUREMENTS (3)					
Gross margin (a)	31.5%	31.8%	30.6%	28.5%	28.8%
Operating profitability (b)	12.8%	11.9%	10.7%	9.2%	8.2%
Effective tax rate	28.0%	27.4%	30.2%	25.3%	18.3%
Return on invested capital (c)	10.2%	9.8%	8.8%	8.2%	7.6%
Net debt-to-total invested capital (d)	7.8%	13.7%	25.5%	28.2%	28.4%
Research and development expenses	$ 37.3	$ 37.9	$ 33.2	$ 29.1	$ 23.9
Operating cash flow	182.9	220.5	187.4	130.7	138.3
Stock price range	$55.29-39.11	$50.60-27.31	$28.01-18.68	$23.98-17.75	$22.42-16.37

(1) Based on weighted average common shares outstanding.

(2) Based on weighted average shares, assuming dilution.

(3) Performance measurements represent indicators commonly used in the financial community. They are not measures of financial performance under U.S. generally accepted accounting principles ("U.S. GAAP").

(a) Net sales minus cost of goods and services sold, including applicable depreciation and amortization, divided by net sales.
(b) Operating profit divided by net sales.
(c) Operating profit multiplied by one minus the effective tax rate divided by average total invested capital.
(d) Net debt (total debt less cash and cash equivalents) divided by total invested capital net of cash and cash equivalents.

Factors affecting the comparability of the information reflected in the selected financial data:

- Net income in 2014 included the impact of a charge for license costs associated with acquired in-process research of $0.8 million (net of $0.4 million in tax) and discrete tax charges of $1.8 million.

- Net income in 2013 included the impact of a loss on extinguishment of debt of $0.2 million and net discrete tax charges of $3.6 million.

- Net income in 2012 included the impact of restructuring and related charges of $1.4 million (net of $0.7 million in tax), an impairment charge of $2.1 million (net of $1.3 million in tax), an increase in acquisition-related contingencies of $1.0 million (net of $0.2 million in tax), a loss on extinguishment of debt of $9.8 million (net of $1.8 million in tax) and discrete tax charges of $2.1 million.

- Net income in 2011 included the impact of restructuring and related charges of $3.5 million (net of $1.8 million in tax), income from the reduction of acquisition-related contingencies of $0.2 million, special separation benefits related to the retirement of our former President and Chief Operating Officer of $1.8 million (net of $1.1 million in tax) and net discrete tax charges of $1.4 million.

- Net income in 2010 included the impact of restructuring charges and asset impairments of $10.2 million (net of $5.7 million in tax), income from the reduction of acquisition-related contingencies of $1.6 million (net of $0.2 million in tax) and the recognition of income tax benefits totaling $1.1 million, the majority of which resulted from the reversal of liabilities for unrecognized tax benefits.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion is intended to further the reader's understanding of the consolidated financial condition and results of operations of our Company. It should be read in conjunction with our consolidated financial statements and the accompanying footnotes included in Part II, Item 8 of this Form 10-K. These historical financial statements may not be indicative of our future performance. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks discussed in Part I, Item 1A of this Form 10-K.

Throughout this section, references to "Notes" refer to the footnotes included in Part II, Item 8 of this Form 10-K, unless otherwise indicated.

Non-GAAP Financial Measures

For the purpose of aiding the comparison of our year-over-year results, we may refer to net sales and other financial results excluding the effects of changes in foreign currency exchange rates. The constant-currency amounts are calculated by translating the current year's functional currency results at the prior-year period's exchange rate. These re-measured results excluding effects from currency translation are not in conformity with U.S. GAAP and should not be used as a substitute for the comparable U.S. GAAP financial measures. The non-U.S. GAAP financial measures are incorporated into our discussion and analysis as management uses them in evaluating our results of operations, and believes that this information provides users a valuable insight into our results.

Our Operations

We are a manufacturer of components and systems for the packaging and delivery of injectable drugs as well as delivery system components for the pharmaceutical, healthcare and consumer products industries. Our products include stoppers and seals for vials, prefillable syringe components and systems, components for intravenous and blood collection systems, safety and administration systems, advanced injection systems, and contract design and manufacturing services. Our customers include the leading global producers of pharmaceuticals, biologics, medical devices and personal care products. We were incorporated under the laws of the Commonwealth of Pennsylvania on July 27, 1923.

Our business operations are organized into two reportable segments, which are aligned with the underlying markets and customers they serve. Our reportable segments are Packaging Systems and Delivery Systems. Packaging Systems develops, manufactures and sells primary packaging components and systems for injectable drug delivery, including stoppers and seals for vials, closures and other components used in syringe, intravenous and blood collection systems, and prefillable syringe components. Delivery Systems develops, manufactures and sells safety and administration systems, multi-component systems for drug administration, and a variety of custom contract-manufacturing solutions targeted to the healthcare and consumer-products industries. In addition, Delivery Systems is responsible for the continued development and commercialization of our line of proprietary, multi-component systems for injectable drug administration and other healthcare applications. We also maintain global partnerships to share technologies and market products with affiliates in Japan and Mexico.

As a result of our global manufacturing and distribution presence, more than half of our revenues are generated outside of the U.S. in currencies other than the U.S. dollar, including 44% in Europe and 10% collectively in Asia, South America, and Israel. Fluctuations in foreign currency exchange rates, therefore, can have a significant effect on our consolidated financial results. Generally, our financial results are affected positively by a weaker U.S. dollar and negatively by a stronger U.S. dollar, as compared to the foreign currencies in which we conduct our business. In terms of net sales, the most significant foreign currencies are the Euro, the Danish Krone, and the Singapore Dollar, with Euro-denominated sales representing the majority of sales transacted in foreign currencies. In addition, we are exposed to Yen, as we maintain a 25% ownership interest in, and we purchase finished goods and other materials from, Daikyo. During 2014, average exchange rates were unfavorable versus the exchange rates realized in 2013, resulting in lower reported net sales and operating profit of $5.5 million and $1.4 million, respectively, versus 2013.

2014 Financial Performance Highlights

- Net sales were $1,421.4 million, an increase of 3.9% from 2013. Excluding foreign currency effects, net sales increased by $58.5 million, or 4.3%.
- Gross profit was $447.8 million, an increase of 3.0% from 2013, and our gross margin percentage decreased by 0.3 margin points to 31.5%.
- Operating profit for 2014 was $182.0 million, an increase of 12.1% from 2013, and our operating profit margin increased by 0.9 margin points to 12.8%.
- Net income for 2014 was $127.1 million, or $1.75 per diluted share, compared to $112.3 million, or $1.57 per diluted share, in 2013.
- Our financial position remains strong, with cash and cash equivalents of $255.3 million and a borrowing capacity available under our multi-currency revolving credit facility of $266.8 million at December 31, 2014, and net cash provided by operating activities totaling $182.9 million in 2014.
- Our Board of Directors approved an increase in the quarterly cash dividend, which began with the fourth quarter 2014 dividend of $0.11 per share.
- The translation of our non-U.S. dollar-denominated sales is expected to adversely affect 2015 sales and net income per share, as compared to 2014.

We anticipate continued revenue and margin improvement on a long-term basis, driven by customers' increasing demand for higher product quality, which results in higher revenues and margin per unit sold in Packaging Systems and an increasing percentage of total sales from higher margin proprietary products in Delivery Systems. We continue to believe that actions taken in recent years to increase capacity for certain products, reduce costs through restructuring and lean savings efforts, and expand into emerging markets will lead to improved profitability as global demand increases. We plan to continue funding capital projects related to new products, expansion activity, advanced quality systems, and investment in emerging markets for Packaging Systems and new proprietary products within Delivery Systems. We believe that our strong operating results and financial position give us a platform for sustained growth, and will enable us to take advantage of opportunities to invest in our business as they arise. See Part I, Item 1A, *Risk Factors*, of this Form 10-K for further discussion regarding the risks associated with our operations.

In October 2014, Donald E. Morel, Jr., Ph.D., our Chairman and Chief Executive Officer, announced his intention to retire at our Annual Meeting in May 2015. Our Board of Directors has launched a comprehensive search for Dr. Morel’s successor.

RESULTS OF OPERATIONS

We evaluate the performance of our segments based upon, among other things, segment net sales and operating profit. Segment operating profit excludes general corporate costs, which include executive and director compensation, stock-based compensation, adjustments to annual incentive plan expense for over- or under-attainment of targets, certain pension and other retirement benefit costs, and other corporate facilities and administrative expenses not allocated to the segments. Also excluded are items that management considers not representative of ongoing operations. Such items are referred to as other unallocated items and generally include restructuring and related charges, certain asset impairments and other specifically-identified income or expense items.

Percentages in the following tables and throughout the *Results of Operations* section may reflect rounding adjustments.

Net Sales

The following table presents net sales, consolidated and by reportable segment:

	Year Ended December 31,			% Change	
($ in millions)	2014	2013	2012	2014/2013	2013/2012
Packaging Systems	$ 1,019.7	$ 996.0	$ 915.1	2.4%	8.8%
Delivery Systems	402.5	374.1	352.1	7.6%	6.2%
Intersegment sales elimination	(0.8)	(1.7)	(0.8)	—	—
Consolidated net sales	$ 1,421.4	$ 1,368.4	$ 1,266.4	3.9%	8.0%

2014 compared to 2013

Consolidated net sales increased by $53.0 million, or 3.9%, in 2014, despite an unfavorable foreign currency impact of $5.5 million. Excluding foreign currency effects, consolidated net sales increased by $58.5 million, or 4.3%.

Packaging Systems – Packaging Systems' net sales increased by $23.7 million, or 2.4%, in 2014, despite an unfavorable foreign currency impact of $5.7 million. Excluding foreign currency effects, net sales increased by $29.4 million, or 2.9%. While overall growth in our high-value product offerings continued, customer inventory management actions due to regulatory issues and formulation changes reduced demand levels for Teflon and FluroTec-coated components, resulting in a reduction in sales of these products in 2014. Our high-value product offerings represented 43.2% of Packaging Systems' net sales for 2014, as compared to 42.9% in 2013. Higher sales volumes and a moderate improvement in product mix contributed 2.1 percentage points of the increase, and sales price increases contributed 0.8 percentage points of the increase.

Delivery Systems – Delivery Systems' net sales increased by $28.4 million, or 7.6%, in 2014, including a favorable foreign currency impact of $0.2 million. Excluding foreign currency effects, net sales increased by $28.2 million, or 7.5%, primarily due to an increase in contract manufacturing sales, proprietary reconstitution product sales, and customer-funded clinical development sales of our SmartDose component samples. Proprietary net sales represented 26.2% of Delivery Systems' net sales for 2014, as compared to 24.8% in 2013. Sales volume and product mix improvements contributed 7.1 percentage points of the increase, and sales price increases contributed the remainder of the increase.

2013 compared to 2012

Consolidated net sales increased by $102.0 million, or 8.0%, in 2013, including a favorable foreign currency impact of $11.3 million. Excluding foreign currency effects, consolidated net sales increased by $90.6 million, or 7.2%.

Packaging Systems – Packaging Systems' net sales increased by $80.9 million, or 8.8%, in 2013, including a favorable foreign currency impact of $8.6 million. Excluding foreign currency effects, net sales increased by $72.3 million, or 7.9%, primarily due to continued growth in sales of our higher-value product offerings that reduce particulate contamination and create efficiencies in our customer's manufacturing processes and strong packaging component sales, partially offset by lower sales of disposable device components. Higher sales volumes and an improved product mix contributed 5.6 percentage points of the increase, and sales price increases contributed 2.3 percentage points.

Delivery Systems – Delivery Systems' net sales increased by $22.0 million, or 6.2%, in 2013, including a favorable foreign currency impact of $2.7 million. Excluding foreign currency effects, net sales increased by $19.3 million, or 5.5%, primarily due to increases in CZ, administration systems, and safety systems sales, as well as contract manufacturing sales. Proprietary net sales represented 24.8% of Delivery Systems' net sales for 2013, as compared to 21.9% in 2012. Sales price increases contributed 1.3 percentage points of the increase.

The intersegment sales elimination, which is required for the presentation of consolidated net sales, represents the elimination of components sold between our segments.

Gross Profit

The following table presents gross profit and related gross margins, consolidated and by reportable segment:

	Year Ended December 31,			% Change	
($ in millions)	2014	2013	2012	2014/2013	2013/2012
Packaging Systems:					
Gross Profit	$ 369.0	$ 361.4	$ 318.4	2.1%	13.5%
Gross Margin	36.2%	36.3%	34.8%		
Delivery Systems:					
Gross Profit	$ 78.8	$ 73.3	$ 69.3	7.5%	5.8%
Gross Margin	19.6%	19.6%	19.7%		
Consolidated Gross Profit	$ 447.8	$ 434.7	$ 387.7	3.0%	12.1%
Consolidated Gross Margin	31.5%	31.8%	30.6%		

2014 compared to 2013

Consolidated gross profit increased by $13.1 million, or 3.0%, in 2014, despite an unfavorable foreign currency impact of $2.3 million. Consolidated gross margin decreased by 0.3 margin points in 2014.

Packaging Systems – Packaging Systems' gross profit increased by $7.6 million, or 2.1%, in 2014, despite an unfavorable foreign currency impact of $2.3 million. Packaging Systems' gross margin decreased by 0.1 margin points in 2014, as lower raw material costs and moderate sales price and product mix improvements were offset by increased employee compensation, laboratory and engineering costs.

Delivery Systems – Delivery Systems' gross profit increased by $5.5 million, or 7.5%, in 2014. Delivery Systems' gross margin remained constant at 19.6%, as margin improvements from the increased proportion of proprietary products sold were offset by higher depreciation and overhead costs for these programs, as well as start-up costs on new contract manufacturing products.

2013 compared to 2012

Consolidated gross profit increased by $47.0 million, or 12.1%, in 2013, including a favorable foreign currency impact of $3.1 million. Consolidated gross margin increased by 1.2 margin points in 2013.

Packaging Systems – Packaging Systems' gross profit increased by $43.0 million, or 13.5%, in 2013, including a favorable foreign currency impact of $2.8 million. Packaging Systems' gross margin increased by 1.5 margin points in 2013, primarily as a result of sales price increases and an improved product mix, which increased Packaging Systems' gross margin by 2.3 margin points. These favorable items were partially offset by the impact of increased compensation and plant overhead costs in excess of efficiency gains, which combined to decrease Packaging Systems' gross margin by 0.8 margin points.

Delivery Systems – Delivery Systems' gross profit increased by $4.0 million, or 5.8%, in 2013, including a favorable foreign currency impact of $0.3 million. Delivery Systems' gross margin decreased by 0.1 margin points in 2013, as the impact of increased compensation and raw material costs in excess of efficiency improvements combined to decrease Delivery Systems' gross margin by 1.4 margin points. These unfavorable items were largely offset by the impact of sales price increases and an improved product mix, which increased Delivery Systems' gross margin by 1.3 margin points.

Research and Development ("R&D") Costs

The following table presents R&D costs, consolidated and by reportable segment:

	Year Ended December 31,			% Change	
($ in millions)	2014	2013	2012	2014/2013	2013/2012
Packaging Systems	$ 16.3	$ 15.1	$ 12.7	7.9 %	18.9%
Delivery Systems	21.0	22.8	20.5	(7.9)%	11.2%
Consolidated R&D costs	$ 37.3	$ 37.9	$ 33.2	(1.6)%	14.2%

2014 compared to 2013

Consolidated R&D costs decreased by $0.6 million, or 1.6%, in 2014.

Packaging Systems – Packaging Systems' R&D costs increased by $1.2 million, or 7.9%, in 2014, as a result of continued investment in next-generation packaging components.

Delivery Systems – Delivery Systems' R&D costs decreased by $1.8 million, or 7.9%, in 2014, primarily due to the reassignment of personnel to clinical trial production activities for SmartDose. Efforts remain focused on the further development of SmartDose and CZ products.

2013 compared to 2012

Consolidated R&D costs increased by $4.7 million, or 14.2%, in 2013.

Packaging Systems – Packaging Systems' R&D costs increased by $2.4 million, or 18.9%, in 2013, as a result of increased investment in next-generation packaging components.

Delivery Systems – Delivery Systems' R&D costs increased by $2.3 million, or 11.2%, in 2013, as a result of development work on SmartDose and the SelfDose and ConfiDose systems.

Selling, General and Administrative ("SG&A") Costs

The following table presents SG&A costs, consolidated and by reportable segment and corporate:

	Year Ended December 31,			% Change	
($ in millions)	2014	2013	2012	2014/2013	2013/2012
Packaging Systems	$ 130.1	$ 128.4	$ 116.7	1.3 %	10.0 %
Delivery Systems	45.4	42.6	37.0	6.6 %	15.1 %
Corporate	53.2	63.9	64.4	(16.7)%	(0.8)%
Consolidated SG&A costs	$ 228.7	$ 234.9	$ 218.1	(2.6)%	7.7 %
SG&A as a % of net sales	*16.1%*	*17.2%*	*17.2%*		

2014 compared to 2013

Consolidated SG&A costs decreased by $6.2 million, or 2.6%, in 2014, including the impact of foreign currency, which decreased SG&A costs by $0.9 million. Consolidated SG&A costs for 2014 and 2013 were 16.1% and 17.2%, respectively, of consolidated net sales for 2014 and 2013.

Packaging Systems – Packaging Systems' SG&A costs increased by $1.7 million, or 1.3%, in 2014, as a result of increased compensation costs for wage increases and additional marketing and sales personnel in Asia, partially offset by a decrease in consulting costs and foreign currency effects.

Delivery Systems – Delivery Systems' SG&A costs increased by $2.8 million, or 6.6%, in 2014, as a result of incremental business development costs and depreciation and amortization expense.

Corporate – Corporate's SG&A costs decreased by $10.7 million, or 16.7%, in 2014, due to a decrease in U.S. pension expense mostly resulting from the amortization of actuarial gains and losses and a decrease in incentive compensation costs.

2013 compared to 2012

Consolidated SG&A costs increased by $16.8 million, or 7.7%, in 2013, including the impact of foreign currency, which increased SG&A costs by $0.5 million. Consolidated SG&A costs for both 2013 and 2012 were 17.2% of consolidated net sales for 2013 and 2012.

Packaging Systems – Packaging Systems' SG&A costs increased by $11.7 million, or 10.0%, in 2013, as a result of increased compensation costs mainly related to merit and headcount increases, particularly in Asia, incremental consulting costs for supply chain initiatives and information technology projects, incentive compensation cost increases, and foreign currency effects, which increased SG&A costs by $0.4 million.

Delivery Systems – Delivery Systems' SG&A costs increased by $5.6 million, or 15.1%, in 2013, as a result of increased compensation costs, incremental legal, sales and marketing costs, and foreign currency effects, which increased SG&A costs by $0.1 million.

Corporate – Corporate's SG&A costs decreased by $0.5 million, or 0.8%, in 2013, as decreases in outside services and pension costs were mostly offset by increased stock-based compensation expense. The increase in stock-based compensation expense was due to increased performance-based achievement levels and the impact of higher share prices on our incentive and deferred compensation plan liabilities, which are indexed to our share price.

Other (Income) Expense

The following table presents other income and expense items, consolidated and by reportable segment and unallocated items:

(Income) expense	Year Ended December 31,			% Change	
($ in millions)	2014	2013	2012	2014/2013	2013/2012
Packaging Systems	$ (0.4)	$ 0.9	$ 1.5	144.4 %	(40.0)%
Delivery Systems	(1.1)	(1.5)	(6.6)	(26.7)%	(77.3)%
Corporate	0.1	0.1	(0.3)	— %	(133.3)%
Unallocated items	1.2	—	6.7		
Consolidated other (income) expense	$ (0.2)	$ (0.5)	$ 1.3	(60.0)%	138.5 %

Other income and expense items, consisting primarily of foreign exchange transaction gains and losses, gains and losses on the sale of fixed assets, development income, contingent consideration costs, and miscellaneous income and charges, are generally recorded within segment results.

2014 compared to 2013

Consolidated other income decreased by $0.3 million in 2014.

Packaging Systems – Packaging Systems' other (income) expense changed by $1.3 million in 2014, due to foreign exchange transaction gains, partially offset by an increase in losses on miscellaneous fixed asset disposals.

Delivery Systems – Delivery Systems' other income decreased by $0.4 million in 2014, due to foreign exchange transaction losses and a decrease in development income, partially offset by an increase in gains on miscellaneous fixed asset disposals.

Corporate – Corporate other expense remained constant at $0.1 million in 2014.

Unallocated items – During 2014, we recorded a $1.2 million charge for license costs associated with acquired in-process research.

Since February 2013, when the Venezuelan government announced a devaluation of the bolivar, we have used the official exchange rate of 6.3 bolivars to the U.S. dollar to re-measure our Venezuelan subsidiary's financial statements in U.S. dollars. From December 2013 through February 2015, the Venezuelan government announced a series of changes to the regulations governing its currency exchange market, which included the expanded use of one currency exchange mechanism and the creation of two additional currency exchange mechanisms. As the majority of our currency purchases are transacted at the official exchange rate of 6.3 bolivars per U.S. dollar, we have continued to re-measure our Venezuelan subsidiary's financial statements using the official exchange rate. At December 31, 2014, we had $2.0 million in net monetary assets denominated in Venezuelan bolivars, including $1.4 million in cash and cash equivalents. Use of the official exchange rate has been restricted by the Venezuelan government to companies providing critical supplies, such as food and medicine, and there is no guarantee that we will have access to the official exchange rate in the future. If we are no longer able to use the official exchange rate in the future, if we determine that we should use one of the other currency exchange mechanisms in Venezuela in the future, or if there is a significant devaluation in the official exchange rate, a pre-tax charge up to the amount of our Venezuelan subsidiary's net monetary assets denominated in bolivars could be required. We will continue to actively monitor the political and economic developments in Venezuela.

2013 compared to 2012

Consolidated other (income) expense changed by $1.8 million, or 138.5%, in 2013.

Packaging Systems – Packaging Systems' other expense decreased by $0.6 million, or 40.0%, in 2013, primarily due to a decrease in losses on miscellaneous fixed asset disposals, partially offset by an increase in foreign exchange transaction losses.

Delivery Systems – Delivery Systems' other income decreased by $5.1 million, or 77.3%, in 2013, primarily due to a decrease in development income.

Corporate – Corporate other expense (income) changed by $0.4 million, or 133.3%, in 2013, primarily due to a decrease in miscellaneous income and a gain on miscellaneous fixed asset disposals in 2012.

Unallocated items – During 2012, we recorded restructuring and related charges of $2.1 million, an impairment charge of $3.4 million, and an increase in acquisition-related contingencies of $1.2 million. Beginning in 2013, contingent consideration costs are included within Delivery Systems' results.

Operating Profit

The following table presents operating profit (loss), consolidated and by reportable segment, corporate and unallocated items:

	Year Ended December 31,			% Change	
($ in millions)	2014	2013	2012	2014/2013	2013/2012
Packaging Systems	$ 223.0	$ 217.0	$ 187.5	2.8 %	15.7 %
Delivery Systems	13.5	9.4	18.4	43.6 %	(48.9)%
Corporate	(53.3)	(64.0)	(64.1)	(16.7)%	(0.2)%
Unallocated items	(1.2)	—	(6.7)		
Consolidated operating profit	$ 182.0	$ 162.4	$ 135.1	12.1 %	20.2 %
Consolidated operating profit margin	12.8%	11.9%	10.7%		

2014 compared to 2013

Consolidated operating profit increased by $19.6 million, or 12.1%, in 2014, despite an unfavorable foreign currency impact of $1.4 million. Consolidated operating profit margin increased by 0.9 margin points in 2014.

Packaging Systems – Packaging Systems' operating profit increased by $6.0 million, or 2.8%, in 2014, despite an unfavorable foreign currency impact of $1.4 million, due to the factors described above.

Delivery Systems – Delivery Systems' operating profit increased by $4.1 million, or 43.6%, in 2014, due to the factors described above.

Corporate – Corporate costs decreased by $10.7 million, or 16.7%, in 2014, due to the factors described above.

Unallocated items – During 2014, we recorded a $1.2 million charge for license costs associated with acquired in-process research.

2013 compared to 2012

Consolidated operating profit increased by $27.3 million, or 20.2%, in 2013, including a favorable foreign currency impact of $2.4 million. Consolidated operating profit margin increased by 1.2 margin points in 2013.

Packaging Systems – Packaging Systems' operating profit increased by $29.5 million, or 15.7%, in 2013, including a favorable foreign currency impact of $2.2 million, due to the factors described above.

Delivery Systems – Delivery Systems' operating profit decreased by $9.0 million, or 48.9%, in 2013, despite a favorable foreign currency impact of $0.2 million, due to the factors described above.

Corporate – Corporate costs decreased by $0.1 million, or 0.2%, in 2013, due to the factors described above.

Unallocated items – During 2012, we recorded restructuring and related charges of $2.1 million, an impairment charge of $3.4 million, and an increase in acquisition-related contingencies of $1.2 million. Beginning in 2013, contingent consideration costs are included within Delivery Systems' results.

Loss on Debt Extinguishment

During the year ended December 31, 2014, we repurchased the remaining $0.6 million in aggregate principal amount of our 4.00% Convertible Junior Subordinated Debentures due March 15, 2047 (the "Convertible Debentures"), resulting in a pre-tax loss on debt extinguishment of less than $0.1 million.

During the year ended December 31, 2013, we repurchased $2.5 million in aggregate principal amount of our Convertible Debentures, resulting in a pre-tax loss on debt extinguishment of $0.2 million, the majority of which consisted of the premium over par value.

During the year ended December 31, 2012, we recognized a pre-tax loss on debt extinguishment of $11.6 million related to our repurchase of $158.4 million of our Convertible Debentures, which consisted of a $6.2 million premium over par value, $4.4 million write-off of unamortized debt issuance costs and $1.0 million in transaction costs.

Interest Expense, Net

The following table presents interest expense, net, by significant component:

	Year Ended December 31,			% Change	
($ in millions)	2014	2013	2012	2014/2013	2013/2012
Interest expense	$ 18.1	$ 18.6	$ 18.6	(2.7)%	— %
Capitalized interest	(1.6)	(1.6)	(1.9)	— %	(15.8)%
Interest income	(3.5)	(1.9)	(1.8)	84.2 %	5.6 %
Interest expense, net	$ 13.0	$ 15.1	$ 14.9	(13.9)%	1.3 %

2014 compared to 2013

Interest expense, net, decreased by $2.1 million, or 13.9%, in 2014, primarily due to $1.6 million in interest income following the settlement of a tax matter in Brazil and lower interest expense resulting from less debt outstanding during 2014.

2013 compared to 2012

Interest expense, net, increased by $0.2 million, or 1.3%, in 2013, primarily due to a decrease in capitalized interest, as less capital projects were in progress in 2013, as compared to 2012. Interest expense was constant at $18.6 million for both 2013 and 2012, as the impact of the higher interest rate associated with the five-year team loan that we entered into in 2013 was offset by the impact of less debt outstanding during 2013.

Income Taxes

The provision for income taxes was $47.2 million, $40.2 million, and $32.7 million for the years 2014, 2013, and 2012, respectively, resulting in effective tax rates of 28.0%, 27.4%, and 30.2%, respectively.

The increase in the effective tax rate for 2014 reflects changes in our geographic mix of earnings and the impact of the discrete tax items discussed below.

During 2014, we recorded a discrete tax charge of $1.0 million resulting from the impact of a change in apportionment factors on state tax rates applied to items in other comprehensive income and a discrete tax charge of $0.8 million as a result of the finalization of estimates of foreign tax credits available with respect to a repatriation of cash from our subsidiaries in Israel.

The decrease in the effective tax rate for 2013 reflects the nondeductibility of the purchase premium paid during 2012 related to the extinguishment of our Convertible Debentures and the impact of the discrete tax items discussed below.

During 2013, we recorded a discrete tax charge of $3.5 million, which related to the finalization of a beneficial agreement with local tax authorities in Israel that clarified the future tax status of our entities in Israel and settled a tax audit for the years 2009 through 2011. During 2013, we also recorded a discrete tax charge of $1.3 million resulting from the impact of the change in the enacted tax rate in the United Kingdom on our previously-recorded deferred tax asset balances and a discrete tax benefit of $1.3 million related to the Research and Development tax credit for activities completed in 2012. In accordance with U.S. GAAP, although the American Taxpayer Relief Act of 2012 (the "Taxpayer Relief Act") reinstated the tax credit on a retroactive basis to January 1, 2012, the credit was not taken into account for financial reporting purposes until 2013. Had the Act been signed prior to January 2013, our effective tax rate for 2012 would have been reduced by approximately 1.0%.

During 2012, as a result of the finalization of estimates of foreign tax credits available with respect to a dividend from one of our foreign subsidiaries, we recorded a discrete tax charge of $1.0 million. We also recorded a discrete tax charge of $0.8 million resulting from the impact of a change in the enacted tax rate in the United Kingdom on our previously-recorded deferred tax balances and recorded a discrete tax charge of $0.3 million reduction of our deferred tax assets associated with the legal restructuring of the ownership of our Puerto Rico operations.

As of December 31, 2014, we had $6.9 million of total gross unrecognized tax benefits, of which $6.8 million, if recognized, would favorably impact the effective income tax rate. It is reasonably possible that, due to the expiration of statutes and the closing of tax audits, the liability for unrecognized tax benefits may be reduced by approximately $0.3 million during the next twelve months, which would favorably impact our effective tax rate.

Equity in Net Income of Affiliated Companies

Equity in net income of affiliated companies represents the contribution to earnings from our 25% ownership interest in Daikyo and our 49% ownership interest in four companies in Mexico. Equity in net income of affiliated companies was $5.3 million, $5.4 million, and $4.8 million for the years 2014, 2013 and 2012, respectively. Equity in net income of affiliated companies decreased by $0.1 million, or 1.9%, in 2014, as an unfavorable foreign currency impact on Daikyo's results was partially offset by favorable operating results in Mexico. Equity in net income of affiliated companies increased by $0.6 million, or 12.5%, in 2013, primarily due to favorable operating results in Mexico.

Purchases from, and royalty payments made to, affiliates totaled $68.7 million in 2014, $67.7 million in 2013, and $75.2 million in 2012, the majority of which related to a distributorship agreement with Daikyo that allows us to purchase and re-sell Daikyo products. Sales to affiliates were $5.1 million, $5.9 million, and $3.5 million in 2014, 2013, and 2012, respectively.

Net Income

Net income in 2014 was $127.1 million, or $1.75 per diluted share, compared to $112.3 million, or $1.57 per diluted share, in 2013. Our 2014 results included the impact of a charge for license costs associated with acquired in-process research of $0.8 million (net of $0.4 million in tax) and discrete tax charges of $1.8 million.

Net income in 2013 was $112.3 million, or $1.57 per diluted share, compared to $80.7 million, or $1.15 per diluted share, in 2012. Our 2013 results included the impact of a loss on extinguishment of debt of $0.2 million and net discrete tax charges of $3.6 million.

Net income in 2012 was $80.7 million, or $1.15 per diluted share, compared to $75.5 million, or $1.08 per diluted share, in 2011. Our 2012 results included the impact of restructuring and related charges of $1.4 million (net of $0.7 million in tax), an impairment charge of $2.1 million (net of $1.3 million in tax), an increase in acquisition-related contingencies of $1.0 million (net of $0.2 million in tax), a loss on extinguishment of debt of $9.8 million (net of $1.8 million in tax) and discrete tax charges of $2.1 million.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table presents cash flow data for the years ended December 31:

($ in millions)	2014	2013	2012
Net cash provided by operating activities	$ 182.9	$ 220.5	$ 187.4
Net cash used in investing activities	(104.0)	(149.9)	(116.0)
Net cash used in financing activities	(30.8)	(5.1)	(3.4)

Net Cash Provided by Operating Activities

2014 compared to 2013

Net cash provided by operating activities was $182.9 million in 2014, a decrease of $37.6 million from 2013. Net cash provided by operating activities decreased in 2014 due to a $27.2 million increase in pension plan contributions and our receipt of a nonrefundable customer payment of $20.0 million in June 2013 in return for the exclusive use of SmartDose within a specific therapeutic area.

2013 compared to 2012

Net cash provided by operating activities was $220.5 million in 2013, an increase of $33.1 million from 2012. Net cash provided by operating activities increased in 2013 primarily due to the increase in net income and our receipt of a nonrefundable customer payment of $20.0 million in June 2013 in return for the exclusive use of SmartDose within a specific therapeutic area, both of which were partially offset by higher working capital requirements and the timing of other payments.

Net Cash Used in Investing Activities

2014 compared to 2013

Net cash used in investing activities was $104.0 million in 2014, a decrease of $45.9 million from 2013. Net cash used in investing activities decreased in 2014 due to a $40.0 million decrease in capital spending, to $111.9 million, mainly as the construction of our corporate office and research building was completed in February 2013. The majority of the capital spending for 2014 related to new products, expansion activity, and emerging markets, including projects in the U.S., Europe, China and India.

In October 2014, we announced plans to expand our global manufacturing operations to include a new facility in Waterford, Ireland, which will produce packaging components for insulin injector cartridges and other high-value packaging components. Construction is planned to begin in 2015, subject to the project obtaining requisite planning and zoning approvals.

2013 compared to 2012

Net cash used in investing activities was $149.9 million in 2013, an increase of $33.9 million from 2012. Net cash used in investing activities increased in 2013 primarily due to a $20.6 million increase in capital spending, to $151.9 million, in 2013. The majority of the increased capital spending was related to construction of our corporate office and research building, which began in 2011 and settled in February 2013, construction of our new rubber and metal manufacturing facility in India, and various capital projects related to new products, expansion activity, and emerging markets. Net cash used in investing activities also increased in 2013 due to the change in our short-term investment activity. During 2013, we sold $19.1 million, and purchased $14.2 million, of short-term investments. During 2012, we sold $45.6 million, and purchased $31.2 million, of short-term investments. The short-term investments represent certificates of deposit, primarily in Israel, with maturities between ninety-one days and one year at the time of purchase.

Net Cash Used in Financing Activities

2014 compared to 2013

Net cash used in financing activities was $30.8 million in 2014, an increase of $25.7 million from 2013. Net cash used in financing activities for 2014 increased primarily due to an increase in net repayments of debt and a $7.4 million decrease in proceeds from the exercise of stock options and stock appreciation rights.

We paid cash dividends totaling $29.1 million ($0.41 per share) and $26.7 million ($0.385 per share) during 2014 and 2013, respectively.

On October 29, 2014, our Board of Directors authorized the repurchase of up to $100.0 million of our common stock from time to time on the open market or in privately negotiated transactions as permitted under the regulations of the Securities and Exchange Commission. The extent to which we repurchase the shares and the timing of any repurchases will be determined by us based on our evaluation of market conditions and other factors. The program is expected to be completed no later than December 31, 2015. As of December 31, 2014, no shares had been repurchased under the program.

2013 compared to 2012

Net cash used in financing activities was $5.1 million in 2013, an increase of $1.7 million from 2012. Net cash used in financing activities for 2013 increased primarily due to a reduction in our net debt activity, partially offset by a $13.0 million increase in proceeds from exercises of stock options and stock appreciation rights, as compared to 2012. During 2013, upon settlement of our corporate office and research building, we borrowed $42.8 million under a revolving credit facility, which was immediately converted to a five-year term loan due January 2018. A portion of the loan was used to pay the $35.3 million in outstanding obligations at December 31, 2012 related to the construction and acquisition of the building. During 2013, we also entered into Euro-denominated debt under our multi-currency revolving credit facility and used a portion of our multi-currency revolving credit facility to repay our Euro note A that matured on February 27, 2013. During 2013, we also repurchased $2.5 million in aggregate principal amount of our Convertible Debentures. During 2012, we used our multi-currency revolving credit facility to fund our repurchase of $158.4 million of our Convertible Debentures and we incurred debt issuance costs of $7.5 million, which primarily consisted of the settlement payment made by us for two treasury lock agreements that we entered into and subsequently terminated.

We paid cash dividends totaling $26.7 million ($0.385 per share) and $24.9 million ($0.365 per share) during 2013 and 2012, respectively.

Liquidity and Capital Resources

The table below presents selected liquidity and capital measures as of:

($ in millions)	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 255.3	$ 230.0
Short-term investments	$ —	$ 7.5
Working capital	$ 406.8	$ 413.8
Total debt	$ 336.7	$ 373.5
Total equity	$ 956.9	$ 906.4
Net debt-to-total invested capital	7.8%	13.7%

Cash and cash equivalents include all instruments that have maturities of ninety days or less when purchased. Short-term investments include all instruments that have maturities between ninety-one days and one year at the time of purchase. Working capital is defined as current assets less current liabilities. Net debt is defined as total debt less cash and cash equivalents, and total invested capital is defined as the sum of net debt and total equity.

Cash and cash equivalents – Our cash and cash equivalents balance at December 31, 2014 consisted of cash held in depository accounts with banks around the world and cash invested in high-quality, short-term investments. The cash and cash equivalents balance at December 31, 2014 included $47.2 million of cash held by subsidiaries within the U.S., and $208.1 million of cash held by subsidiaries outside of the U.S., primarily in Germany and Singapore, which is available to fund operations and growth of non-U.S. subsidiaries. Repatriating the cash into the U.S. could trigger U.S. federal, state and local income tax obligations, however, we may temporarily access cash held by our non-U.S. subsidiaries without becoming subject to U.S. income tax by entering into short-term intercompany loans.

Working capital - Working capital at December 31, 2014 decreased by $7.0 million, or 1.7%, during 2014, as compared to 2013, including a decrease of $35.9 million due to foreign currency translation. Excluding the impact of currency exchange rates, cash and cash equivalents, accounts receivable and inventories increased by $48.1 million, $5.9 million and $16.2 million, respectively, and total current liabilities increased by $28.1 million. Accounts receivable turnover measurements improved between December 31, 2013 and December 31, 2014, while inventory turnover measurements remained consistent. The increase in current liabilities was primarily due to the reclassification of our Series B Notes from long-term debt to current liabilities.

Debt and credit facilities - The $36.8 million decrease in total debt at December 31, 2014, as compared to December 31, 2013, resulted from net repayments of $22.9 million and foreign currency rate fluctuations of $13.9 million.

Our sources of liquidity include our multi-currency revolving credit facility, which expires in April 2017 and contains a $300.0 million committed credit facility and an accordion feature allowing the maximum to be increased through a term loan to $350.0 million upon approval by the banks. Borrowings under the revolving credit facility bear interest at a rate equal to one-month London Interbank Offering Rates ("LIBOR") plus a margin ranging from 1.25 to 2.25 percentage points, which is based on the ratio of our senior debt to modified earnings before interest, taxes, depreciation and amortization ("EBITDA"). At December 31, 2014, we had $29.7 million in outstanding borrowings under this facility, of which $4.2 million was denominated in Yen and $25.5 million was denominated in Euro. The total amount outstanding at December 31, 2014 and 2013 was classified as long-term. These borrowings, together with outstanding letters of credit of $3.5 million, resulted in a borrowing capacity available under this facility of $266.8 million at December 31, 2014. We do not expect any significant limitations on our ability to access this source of funds.

Pursuant to the financial covenants in our debt agreements, we are required to maintain established interest coverage ratios and to not exceed established leverage ratios. In addition, the agreements contain other customary covenants, none of which we consider restrictive to our operations. At December 31, 2014, we were in compliance with all of our debt covenants, and we expect to continue to be in compliance with the terms of these agreements throughout 2015.

We believe that cash on hand and cash generated from operations, together with availability under our multi-currency revolving credit facility, will be adequate to address our foreseeable liquidity needs based on our current expectations of our business operations, capital expenditures and scheduled payments of debt obligations.

Commitments and Contractual Obligations

The following table summarizes our contractual obligations and commitments at December 31, 2014. These obligations are not expected to have a material impact on liquidity.

		Payments Due By Period			
($ in millions)	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Purchase obligations [1]	$ 20.4	$ 6.0	$ 12.7	$ 1.7	$ —
Long-term debt	336.5	27.2	108.7	32.6	168.0
Interest on long-term debt and interest rate swaps [2]	80.1	13.2	18.2	13.2	35.5
Capital lease obligations	0.2	—	0.2	—	—
Operating lease obligations	63.0	10.3	14.2	7.9	30.6
Other long-term liabilities [3]	17.1	0.4	0.9	2.8	13.0
Total contractual obligations[4]	$ 517.3	$ 57.1	$ 154.9	$ 58.2	$ 247.1

(1) Our business creates a need to enter into various commitments with suppliers. In accordance with U.S. GAAP, these purchase obligations are not reflected in the accompanying consolidated balance sheets. These purchase commitments do not exceed our projected requirements and are in the normal course of business.

(2) For fixed-rate long-term debt, interest was based on principal amounts and fixed coupon rates at year end. Future interest payments on variable-rate debt were calculated using principal amounts and the applicable ending interest rate at year end. Interest on fixed-rate derivative instruments was based on notional amounts and fixed interest rates contractually obligated at year end.

(3) Represents acquisition-related contingencies. In connection with certain business acquisitions, we agreed to make payments to the sellers when and if certain operating milestones are achieved, such as sales and operating income targets.

(4) This table does not include obligations pertaining to pension and postretirement benefits because the actual amount and timing of future contributions may vary significantly depending upon plan asset performance, benefit payments, and other factors. Contributions to our plans are expected to be $24.1 million in 2015. See Note 13, *Benefit Plans*, for estimated benefit payments over the next ten years.

Reserves for uncertain tax positions - The table above does not include $6.9 million of total gross unrecognized tax benefits as of December 31, 2014. Due to the high degree of uncertainty regarding the timing of potential cash flows, we cannot reasonably estimate the settlement periods for amounts which may be paid.

Letters of credit - We have letters of credit totaling $3.5 million supporting the reimbursement of workers' compensation and other claims paid on our behalf by insurance carriers. The accrual for insurance obligations was $8.7 million at December 31, 2014, of which $4.6 million is in excess of our deductible and, therefore, is reimbursable by the insurance company.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2014, we had no off-balance sheet financing arrangements other than operating leases, unconditional purchase obligations incurred in the ordinary course of business, and outstanding letters of credit related to various insurance programs.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis addresses consolidated financial statements that are prepared in accordance with U.S. GAAP. The application of these principles requires management to make estimates and assumptions, some of which are subjective and complex, that affect the amounts reported in the consolidated financial statements. We believe the following accounting policies and estimates are critical to understanding and evaluating our results of operations and financial position:

Revenue Recognition: Revenue is recognized when persuasive evidence of a sales arrangement exists, title and risk of loss have transferred, the selling price is fixed or determinable, and collectability is reasonably assured. Generally, sales are recognized upon shipment or upon delivery to our customers' site, based upon shipping terms or legal requirements. Some customers receive pricing rebates upon attaining established sales volumes. We record rebate costs when sales occur based on our assessment of the likelihood that the required volumes will be attained. We also maintain an allowance for product returns, as we believe that we are able to reasonably estimate the amount of returns based on our substantial historical experience.

Impairment of Long-Lived Assets: Long-lived assets, including property, plant and equipment, are tested for impairment whenever circumstances indicate that the carrying value of these assets may not be recoverable. An asset is considered impaired if the carrying value of the asset exceeds the sum of the future expected undiscounted cash flows to be derived from the asset. Once an asset is considered impaired, an impairment loss is recorded within other (income) expense for the difference between the asset's carrying value and its fair value. For assets held and used in the business, management determines fair value using estimated future cash flows to be derived from the asset, discounted to a net present value using an appropriate discount rate. For assets held for sale or for investment purposes, management determines fair value by estimating the proceeds to be received upon sale of the asset, less disposition costs.

During 2012, as a result of continuing delays and lower-than-expected demand, we updated the sales projections related to one of our Delivery Systems' product lines. The revised projections triggered an impairment review of the associated assets. Our review concluded that the estimated fair value of the product line no longer exceeded the carrying value of the related assembly equipment and intangible asset and, therefore, an impairment charge of $3.4 million was recorded, $3.2 million of which was for the related assembly equipment. We estimated the fair value of the asset group using an income approach based on discounted cash flows.

Impairment of Goodwill and Other Intangible Assets: Goodwill and indefinite-lived intangible assets are tested for impairment at least annually, following the completion of our annual budget and long-range planning process, or whenever circumstances indicate that the carrying value of these assets may not be recoverable. Goodwill is tested for impairment at the reporting unit level, which is the same as, or one level below, our operating segments. Recent accounting guidance allows entities to first assess qualitative factors, including macroeconomic conditions, industry and market considerations, cost factors, and overall financial performance, to determine whether it is necessary to perform the first step of the two-step quantitative goodwill impairment test. We considered this guidance when performing our annual impairment testing, but elected to continue utilizing the two-step quantitative impairment test. The first step in the two-step test is to compare the fair value of each reporting unit to its carrying amount, including goodwill. If the carrying amount exceeds fair value, the second step must be performed. The second step requires the comparison of the carrying amount of the goodwill to its implied fair value, which is calculated as if the reporting unit had just been acquired as of the testing date. Any excess of the carrying amount of goodwill over the implied fair value would represent an impairment loss. Considerable management judgment is necessary to estimate fair value. Amounts and assumptions used in our goodwill impairment test, such as future sales, future cash flows and long-term growth rates, are consistent with internal projections and operating plans. Amounts and assumptions used in our goodwill impairment test are also largely dependent on the continued sale of drug products delivered by injection and the packaging of drug products, as well as our timeliness and success in new-product innovation or the development and commercialization of proprietary multi-component systems. Changes in the estimate of fair value, including the estimate of future cash flows, could have a material impact on our future results of operations and financial position. No impairment in the carrying value of our reporting units was evident as a result of our annual review of goodwill. With the exception of our Delivery Systems' Europe reporting unit, which had a fair value in

excess of its carrying value of 23% and which is largely dependent on the continued and anticipated demand for certain of its contract manufacturing and proprietary safety systems products, each of our reporting units whose assets included goodwill had a fair value in excess of its respective carrying value of at least 32%. At December 31, 2014, the goodwill associated with the Delivery Systems' Europe reporting unit equaled $8.6 million, or 7.9% of our total goodwill.

Certain trademarks have been determined to have indefinite lives and, therefore, are not subject to amortization. Similar to the impairment testing for goodwill, there is an option to first assess qualitative factors as a basis for determining whether it is necessary to perform a quantitative impairment test. We considered this option when performing our impairment testing, but elected to continue utilizing a quantitative test, comparing the fair value and carrying value of the asset. Any excess carrying value would represent an impairment loss. Fair values are determined using discounted cash flow analyses.

Intangible assets with finite lives are amortized using the straight-line method over their estimated useful lives, and reviewed for impairment whenever circumstances indicate that the carrying value of these assets may not be recoverable.

As discussed above, during 2012, an impairment charge of $3.4 million was recorded as the estimated fair value of one of our Delivery Systems' product lines no longer exceeded the carrying value of the related assembly equipment and intangible asset. The impairment charge for the intangible asset was $0.2 million. See above for further discussion.

Employee Benefits: We maintain funded and unfunded defined benefit pension plans in the U.S. and a number of other countries that cover employees who meet eligibility requirements. In addition, we sponsor postretirement benefit plans which provide healthcare benefits for eligible employees who retire or become disabled. The measurement of annual cost and obligations under these defined benefit postretirement plans is subject to a number of assumptions, which are specific for each of our U.S. and foreign plans. The assumptions, which are reviewed at least annually, are relevant to both the plan assets (where applicable) and the obligation for benefits that will ultimately be provided to our employees. Two of the most critical assumptions in determining pension and retiree medical plan expense are the discount rate and expected long-term rate of return on plan assets. Other assumptions reflect demographic factors such as retirement age, rates of compensation increases, mortality and turnover and are evaluated periodically and updated to reflect our actual experience. For our funded plans, we consider the current and expected asset allocations of our plan assets, as well as historical and expected rates of return in estimating the long-term rate of return on plan assets. Under U.S. GAAP, differences between actual and expected results are generally accumulated in other comprehensive income (loss) as actuarial gains or losses and subsequently amortized into earnings over future periods.

Changes in key assumptions could have a material impact on our future results of operations and financial position. We estimate that every 25 basis point reduction in our long-term rate of return assumption would increase pension expense by $0.6 million, and every 25 basis point reduction in our discount rate would increase pension expense by $0.6 million. A decrease in the discount rate increases the present value of benefit obligations. Our net pension underfunded balance at December 31, 2014 was $76.2 million, compared to $76.1 million at December 31, 2013. Our underfunded balance for other postretirement benefits was $10.1 million at December 31, 2014, compared to $9.2 million at December 31, 2013.

In October 2014, the Society of Actuaries released final reports containing new mortality tables and an improvement scale that suggested significant mortality improvements. After an analysis of our actual mortality experience, we adopted the RP-2014 mortality table without collar adjustment and applied Scale BB 2-Dimensional mortality improvements. This adoption increased our U.S. benefit obligations by $6.1 million at December 31, 2014.

Income Taxes: We estimate income taxes payable based upon current domestic and international tax legislation. In addition, deferred income tax assets and liabilities are established to recognize differences between the tax basis and financial statement carrying values of assets and liabilities. We maintain valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. The recoverability of tax assets is subject to our estimates of future profitability, generally at the respective subsidiary company and country level. Changes in tax legislation, business plans and other factors may affect the ultimate recoverability of tax assets or final tax payments, which could result in adjustments to tax expense in the period such change is determined.

When accounting for uncertainty in income taxes recognized in our financial statements, we apply a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Contingent Consideration

The fair value of the contingent consideration liability related to SmartDose ("SmartDose contingent consideration") was initially determined using a probability-weighted income approach, and is revalued at each reporting date or more frequently if circumstances dictate. Changes in the fair value of this obligation are recorded as income or expense within other (income) expense in our consolidated statements of income. The significant unobservable inputs used in the fair value measurement of the contingent consideration are the sales projections, the probability of success factors, and the discount rate. Significant increases or decreases in any of those inputs in isolation would result in a significantly lower or higher fair value measurement. As development and commercialization of SmartDose progresses, we may need to update the sales projections, the probability of success factors, and the discount rate used. This could result in a material increase or decrease to the contingent consideration liability.

See Note 1, *Summary of Significant Accounting Policies* and Note 2, *New Accounting Standards*, to our consolidated financial statements for additional information on accounting and reporting standards considered in the preparation and presentation of our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risk factors such as fluctuating interest rates, foreign currency exchange rates and increasing commodity prices. These risk factors can impact our results of operations, cash flows and financial position. To manage these risks, we periodically enter into derivative financial instruments such as interest rate swaps, call options and forward exchange contracts for periods consistent with and for notional amounts equal to or less than the underlying exposures. In accordance with Company policy, derivative financial instruments are not used for speculation or trading purposes.

Foreign Currency Exchange Risk

Sales outside of the U.S. accounted for 54% of consolidated net sales in 2014. Virtually all of these sales and related operating costs are denominated in the currency of the local country and translated into U.S. dollars for consolidated reporting purposes. Although the majority of the assets and liabilities of these subsidiaries are denominated in the functional currency of the subsidiary, they may also hold assets or liabilities denominated in other currencies. These items may give rise to foreign currency transaction gains and losses. As a result, our results of operations and financial position are exposed to changing currency exchange rates. We periodically use forward contracts to hedge certain transactions or to neutralize month-end balance sheet exposures on cross-currency intercompany loans.

We have designated our €61.1 million Euro note B and our €21.0 million Euro-denominated borrowings under our revolving credit facility as a hedge of our net investment in certain European subsidiaries. We also have ¥500.0 million in Yen-denominated borrowings under our revolving credit facility which has been designated as a hedge of our net investment in Daikyo. At December 31, 2014, a net cumulative foreign currency translation gain on these hedges of $5.4 million (net of tax of $3.3 million) was recorded within accumulated other comprehensive loss.

Interest Rate Risk

As a result of our normal borrowing activities, we have long-term debt with both fixed and variable interest rates. Long-term debt consists of senior notes, revolving credit facilities and capital lease obligations. Our exposures to fluctuations in interest rates are managed to the extent considered necessary by entering into interest rate swap agreements.

The following table summarizes our interest rate risk-sensitive instruments:

($ in millions)	2015	2016	2017	2018	2019	Thereafter	Carrying Value	Fair Value
Current Debt:								
U.S. dollar denominated [(1)]	$27.2						$ 27.2	$ 27.2
Average interest rate - variable	1.2%							
Long-Term Debt and Capital Leases:								
U.S. dollar denominated [(1)]		2.3	2.4	32.6			37.3	37.3
Average interest rate - variable		1.7%	1.7%	1.7%				
U.S. dollar denominated						168.0	168.0	166.9
Average interest rate - fixed						3.9%		
Euro denominated		74.5					74.5	77.5
Average interest rate - fixed		4.4%						
Euro denominated			25.5				25.5	25.5
Average interest rate - variable			1.7%					
Yen denominated			4.2				4.2	4.2
Average interest rate - variable			1.6%					

(1) As of December 31, 2014, we have two interest rate swap agreements outstanding. The first agreement is designed to protect against volatility in variable interest rates payable on our $25.0 million senior floating rate notes maturing July 28, 2015 (“Series B Notes”). At December 31, 2014, this agreement had a fair value of $0.6 million, unfavorable to the Company, which was recorded as a current liability. The second agreement is a forward-start interest rate swap designed to hedge the variability in cash flows due to changes in the applicable interest rate of our $39.2 million five-year term loan. At December 31, 2014, this agreement had a fair value of $3.0 million, unfavorable to the Company, which was recorded as a noncurrent liability. Refer to Note 9, *Derivative Financial Instruments*, for additional information on these interest rate hedges.

Commodity Price Risk

Many of our Packaging Systems products are made from synthetic elastomers, which are derived from the petroleum refining process. We purchase the majority of our elastomers via long-term supply contracts, some of which contain clauses that provide for surcharges related to fluctuations in crude oil prices. In recent years, increases in raw material costs have had an adverse impact on us. We expect the volatility in raw material prices to continue. We will continue to pursue pricing and hedging strategies, and ongoing cost control initiatives to offset the effects on gross profit.

In November 2014, we purchased a series of call options for a total of 134,700 barrels of crude oil to mitigate our exposure to such oil-based surcharges and protect operating cash flows with regard to a portion of our forecasted elastomer purchases through December 2015. With these contracts we may benefit from a decline in crude oil prices, as there is no downward exposure other than the $0.1 million premium that we paid to purchase the contracts.

During the year ended December 31, 2014 and 2013, a loss of $0.1 million and $0.1 million, respectively, was recorded in cost of goods and services sold related to call options.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF INCOME

West Pharmaceutical Services, Inc. and Subsidiaries for the years ended December 31, 2014, 2013 and 2012
(In millions, except per share data)

	2014	2013	2012
Net sales	$ 1,421.4	$ 1,368.4	$ 1,266.4
Cost of goods and services sold	973.6	933.7	878.7
Gross profit	447.8	434.7	387.7
Research and development	37.3	37.9	33.2
Selling, general and administrative expenses	228.7	234.9	218.1
Other (income) expense (Note 14)	(0.2)	(0.5)	1.3
Operating profit	182.0	162.4	135.1
Loss on debt extinguishment	—	0.2	11.6
Interest expense	16.5	17.0	16.7
Interest income	3.5	1.9	1.8
Income before income taxes	169.0	147.1	108.6
Income tax expense	47.2	40.2	32.7
Equity in net income of affiliated companies	5.3	5.4	4.8
Net income	$ 127.1	$ 112.3	$ 80.7
Net income per share:			
Basic	$ 1.79	$ 1.61	$ 1.19
Diluted	$ 1.75	$ 1.57	$ 1.15
Weighted average shares outstanding:			
Basic	70.9	69.6	68.1
Diluted	72.8	71.4	71.8
Dividends declared per share	$ 0.41	$ 0.39	$ 0.37

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
West Pharmaceutical Services, Inc. and Subsidiaries for the years ended December 31, 2014, 2013 and 2012
(In millions)

	2014	2013	2012
Net income	$ 127.1	$ 112.3	$ 80.7
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(71.3)	(0.9)	7.0
Defined benefit pension and other postretirement plans:			
Net actuarial (loss) gain arising during period, net of tax of $(10.6), $20.3 and $(6.2)	(18.9)	33.7	(13.2)
Less: amortization of actuarial loss, net of tax of $1.1, $3.6 and $2.8	2.0	4.9	5.7
Less: amortization of prior service credit, net of tax of $(0.5), $(0.5) and $(0.5)	(0.8)	(0.8)	(0.8)
Less: amortization of transition obligation	0.1	0.1	0.1
Net gains on investment securities, net of tax of $0.2, $2.1 and $0.2	0.4	3.5	0.4
Net gains (losses) on derivatives, net of tax of $0.9, 1.8 and $(2.1)	1.7	3.0	(3.6)
Other comprehensive (loss) income, net of tax	(86.8)	43.5	(4.4)
Comprehensive income	$ 40.3	$ 155.8	$ 76.3

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

CONSOLIDATED BALANCE SHEETS
West Pharmaceutical Services, Inc. and Subsidiaries at December 31, 2014 and 2013
(In millions, except per share data)

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 255.3	$ 230.0
Accounts receivable, net	179.0	185.7
Inventories	181.5	176.9
Deferred income taxes	7.8	15.9
Other current assets	35.7	42.2
Total current assets	659.3	650.7
Property, plant and equipment	1,390.8	1,369.0
Less accumulated depreciation and amortization	685.0	657.3
Property, plant and equipment, net	705.8	711.7
Investments in affiliated companies	60.6	60.9
Goodwill	108.6	114.2
Deferred income taxes	66.1	61.8
Intangible assets, net	42.0	48.3
Other noncurrent assets	28.5	24.0
Total Assets	$ 1,670.9	$ 1,671.6
LIABILITIES AND EQUITY		
Current liabilities:		
Notes payable and other current debt	$ 27.2	$ 2.2
Accounts payable	103.1	108.0
Pension and other postretirement benefits	2.6	2.2
Accrued salaries, wages and benefits	52.9	59.1
Income taxes payable	14.9	14.6
Other current liabilities	51.8	50.8
Total current liabilities	252.5	236.9
Long-term debt	309.5	371.3
Deferred income taxes	15.7	18.9
Pension and other postretirement benefits	83.7	83.1
Other long-term liabilities	52.6	55.0
Total Liabilities	714.0	765.2
Commitments and contingencies (Note 16)		
Equity:		
Preferred stock, 3.0 million shares authorized; 0 shares issued and 0 shares outstanding in 2014 and 2013	—	—
Common stock, par value $.25 per share; 100.0 million shares authorized; shares issued: 71.4 million and 70.4 million; shares outstanding: 71.3 million and 70.2 million	17.8	17.6
Capital in excess of par value	160.2	120.0
Retained earnings	902.2	805.0
Accumulated other comprehensive loss	(119.2)	(32.4)
Treasury stock, at cost (0.1 and 0.2 million shares in 2014 and 2013)	(4.1)	(3.8)
Total Equity	956.9	906.4
Total Liabilities and Equity	$ 1,670.9	$ 1,671.6

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

CONSOLIDATED STATEMENT OF EQUITY

West Pharmaceutical Services, Inc. and Subsidiaries for the years ended December 31, 2014, 2013 and 2012

(In millions)

	Common Shares Issued	Common Stock	Capital in Excess of Par Value	Number of Treasury Shares	Treasury Stock	Retained earnings	Accumulated other comprehensive loss	Total
Balance, December 31, 2011	68.6	$ 17.2	$ 67.7	1.2	$ (23.0)	$ 664.5	$ (71.5)	$ 654.9
Net income	—	—	—	—	—	80.7	—	80.7
Stock-based compensation	—	—	10.9	—	—	—	—	10.9
Shares issued under stock plans	0.2	—	(12.5)	(1.2)	24.4	—	—	11.9
Shares repurchased for employee tax withholdings	—	—	(0.3)	0.2	(4.4)	—	—	(4.7)
Excess tax benefit from employee stock plans	—	—	4.9	—	—	—	—	4.9
Dividends declared	—	—	—	—	—	(25.3)	—	(25.3)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(4.4)	(4.4)
Balance, December 31, 2012	68.8	17.2	70.7	0.2	(3.0)	719.9	(75.9)	728.9
Net income	—	—	—	—	—	112.3	—	112.3
Stock-based compensation	—	—	15.3	—	—	—	—	15.3
Shares issued under stock plans	1.8	0.4	30.9	—	(0.8)	—	—	30.5
Shares repurchased for employee tax withholdings	(0.2)	—	(5.2)	—	—	—	—	(5.2)
Excess tax benefit from employee stock plans	—	—	8.3	—	—	—	—	8.3
Dividends declared	—	—	—	—	—	(27.2)	—	(27.2)
Other comprehensive income, net of tax	—	—	—	—	—	—	43.5	43.5
Balance, December 31, 2013	70.4	17.6	120.0	0.2	(3.8)	805.0	(32.4)	906.4
Net income	—	—	—	—	—	127.1	—	127.1
Stock-based compensation	—	—	15.5	—	(0.3)	—	—	15.2
Shares issued under stock plans	1.1	0.2	20.9	(0.1)	—	—	—	21.1
Shares repurchased for employee tax withholdings	(0.1)	—	(4.1)	—	—	—	—	(4.1)
Excess tax benefit from employee stock plans	—	—	7.9	—	—	—	—	7.9
Dividends declared	—	—	—	—	—	(29.9)	—	(29.9)
Other comprehensive loss, net of tax	—	—	—	—	—	—	(86.8)	(86.8)
Balance, December 31, 2014	71.4	$ 17.8	$ 160.2	0.1	$ (4.1)	$ 902.2	$ (119.2)	$ 956.9

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

West Pharmaceutical Services, Inc. and Subsidiaries for the years ended December 31, 2014, 2013 and 2012
(In millions)

	2014	2013	2012
Cash flows from operating activities:			
Net income	$ 127.1	$ 112.3	$ 80.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	84.8	81.0	72.8
Amortization	5.2	4.2	4.1
Loss on debt extinguishment	—	0.2	11.6
Stock-based compensation	18.6	21.2	15.5
Loss on sales of equipment	0.3	0.4	1.7
Asset impairments	—	—	6.2
Deferred income taxes	7.0	1.7	5.3
Pension and other retirement plans, net	(25.0)	8.0	(2.7)
Equity in undistributed earnings of affiliates, net of dividends	(4.5)	(4.8)	(4.5)
Changes in assets/liabilities, net of acquisitions:			
Increase in accounts receivable	(6.3)	(9.1)	(25.7)
Increase in inventories	(16.2)	(13.9)	(8.9)
(Increase) decrease in other current assets	(11.7)	(0.6)	5.8
(Decrease) increase in accounts payable	(3.5)	4.6	5.8
Changes in other assets and liabilities	7.1	15.3	19.7
Net cash provided by operating activities	182.9	220.5	187.4
Cash flows from investing activities:			
Capital expenditures	(111.9)	(151.9)	(131.3)
Acquisition of patents and other long-term assets	(0.2)	(3.9)	(0.7)
Sales and maturities of short-term investments	16.8	19.1	45.6
Purchases of short-term investments	(9.3)	(14.2)	(31.2)
Other, net	0.6	1.0	1.6
Net cash used in investing activities	(104.0)	(149.9)	(116.0)
Cash flows from financing activities:			
Borrowings under revolving credit agreements	263.4	292.7	568.3
Repayments under revolving credit agreements	(283.4)	(311.0)	(502.6)
Debt issuance costs	—	—	(7.5)
Repayments of long-term debt	(2.3)	(30.5)	(215.9)
Issuance of long-term debt	—	43.2	168.1
Dividend payments	(29.1)	(26.7)	(24.9)
Contingent consideration payments	(0.3)	(0.1)	—
Proceeds from exercise of stock options and stock appreciation rights	14.3	21.7	8.7
Employee stock purchase plan contributions	2.8	2.5	2.2
Excess tax benefit from employee stock plans	7.9	8.3	4.9
Shares repurchased for employee tax withholdings	(4.1)	(5.2)	(4.7)
Net cash used in financing activities	(30.8)	(5.1)	(3.4)
Effect of exchange rates on cash	(22.8)	2.6	2.1
Net increase in cash and cash equivalents	25.3	68.1	70.1
Cash, including cash equivalents at beginning of period	230.0	161.9	91.8
Cash, including cash equivalents at end of period	$ 255.3	$ 230.0	$ 161.9
Supplemental cash flow information:			
Interest paid, net of amounts capitalized	$ 16.7	$ 16.9	$ 15.3
Income taxes paid, net	$ 37.4	$ 34.4	$ 16.1
Accrued capital expenditures	$ 21.0	$ 17.1	$ 54.3
Dividends declared, not paid	$ 7.8	$ 7.0	$ 6.5

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of West Pharmaceutical Services, Inc. and its majority-owned subsidiaries (which may be referred to as "West", the "Company", "we", "us" or "our") after the elimination of intercompany transactions. We have no participation or other rights in variable interest entities.

Use of Estimates: The financial statements are prepared in conformity with U.S. GAAP. These principles require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingencies in the financial statements. Actual amounts realized may differ from these estimates.

Cash and Cash Equivalents: Cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with maturities of three months or less at the time of purchase.

Accounts Receivable: Our accounts receivable balance was net of an allowance for doubtful accounts of $0.9 million and $0.8 million at December 31, 2014 and 2013, respectively. We record the allowance based on a specific identification methodology.

Inventories: Inventories are valued at the lower of cost (on a first-in, first-out basis) or market. The following is a summary of inventories at December 31:

($ in millions)	2014	2013
Finished goods	$ 76.0	$ 80.0
Work in process	25.6	24.8
Raw materials	79.9	72.1
	$ 181.5	$ 176.9

Property, Plant and Equipment: Property, plant and equipment assets are carried at cost. Maintenance and minor repairs and renewals are charged to expense as incurred. Costs incurred for computer software developed or obtained for internal use are capitalized for application development activities and immediately expensed for preliminary project activities or post-implementation activities. Upon sale or retirement of depreciable assets, costs and related accumulated depreciation are eliminated, and gains or losses are recognized in other income and expense. Depreciation and amortization are computed principally using the straight-line method over the estimated useful lives of the assets, or the remaining term of the lease, if shorter.

Impairment of Goodwill and Other Intangible Assets: Goodwill and indefinite-lived intangible assets are tested for impairment at least annually, following the completion of our annual budget and long-range planning process, or whenever circumstances indicate that the carrying value of these assets may not be recoverable. Goodwill is tested for impairment at the reporting unit level, which is the same as, or one level below, our operating segments. Recent accounting guidance allows entities to first assess qualitative factors, including macroeconomic conditions, industry and market considerations, cost factors, and overall financial performance, to determine whether it is necessary to perform the first step of the two-step quantitative goodwill impairment test. We considered this guidance when performing our annual impairment testing, but elected to continue utilizing the two-step quantitative impairment test. The first step in the two-step analysis is to compare the fair value of each reporting unit to its carrying amount, including goodwill. If the carrying amount exceeds fair value, the second step must be performed. The second step requires the comparison of the carrying amount of the goodwill to its implied fair value, which is calculated as if the reporting unit had just been acquired as of the testing date. Any excess of the carrying amount of goodwill over the implied fair value would represent an impairment loss.

Certain trademarks have been determined to have indefinite lives and, therefore, are not subject to amortization. Similar to the impairment testing for goodwill, there is an option to first assess qualitative factors as a basis for determining whether it is necessary to perform a quantitative impairment test. We considered this option when performing our impairment testing, but elected to continue utilizing a quantitative test, comparing the fair value and carrying value of the asset. Any excess carrying value would represent an impairment loss. Fair values are determined using discounted cash flow analyses.

Intangible assets with finite lives are amortized using the straight-line method over their estimated useful lives of 5 to 25 years, and reviewed for impairment whenever circumstances indicate that the carrying value of these assets may not be recoverable.

Impairment of Long-Lived Assets: Long-lived assets, including property, plant and equipment, are tested for impairment whenever circumstances indicate that the carrying value of these assets may not be recoverable. An asset is considered impaired if the carrying value of the asset exceeds the sum of the future expected undiscounted cash flows to be derived from the asset. Once an asset is considered impaired, an impairment loss is recorded within other (income) expense for the difference between the asset's carrying value and its fair value. For assets held and used in the business, management determines fair value using estimated future cash flows to be derived from the asset, discounted to a net present value using an appropriate discount rate. For assets held for sale or for investment purposes, management determines fair value by estimating the proceeds to be received upon sale of the asset, less disposition costs.

Employee Benefits: The measurement of the obligations under our defined benefit pension and postretirement medical plans are subject to a number of assumptions. These include the rate of return on plan assets (for funded plans) and the rate at which the future obligations are discounted to present value. U.S. GAAP requires the recognition of an asset or liability for the funded status of a defined benefit postretirement plan, as measured by the difference between the fair value of plan assets, if any, and the benefit obligation. For a pension plan, the benefit obligation is the projected benefit obligation; for any other postretirement plan, such as a retiree health plan, the benefit obligation is the accumulated postretirement benefit obligation. See Note 13, *Benefit Plans*, for a more detailed discussion of our pension and other retirement plans.

Financial Instruments: All derivatives are recognized as either assets or liabilities in the balance sheet and recorded at their fair value. For a derivative designated as hedging the exposure to variable cash flows of a forecasted transaction (referred to as a cash flow hedge), the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income, net of tax, and subsequently reclassified into earnings when the forecasted transaction affects earnings. For a derivative designated as hedging the exposure to changes in the fair value of a recognized asset or liability or a firm commitment (referred to as a fair value hedge), the derivative's gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item. For a derivative designated as hedging the foreign currency exposure of a net investment in a foreign operation, the gain or loss is reported in other comprehensive income, net of tax, as part of the cumulative translation adjustment. The ineffective portion of any derivative used in a hedging transaction is recognized immediately into earnings. Derivative financial instruments that are not designated as hedges are also recorded at fair value, with the change in fair value recognized immediately into earnings. We do not purchase or hold any derivative financial instrument for investment or trading purposes.

Foreign Currency Translation: Foreign currency transaction gains and losses are recognized in the determination of net income. Foreign currency translation adjustments of subsidiaries and affiliates operating outside of the U.S. are accumulated in other comprehensive income, a separate component of equity.

Revenue Recognition: Revenue is recognized when persuasive evidence of a sales arrangement exists, title and risk of loss have transferred, the selling price is fixed or determinable, and collectability is reasonably assured. Generally, sales are recognized upon shipment or upon delivery to our customers' site, based upon shipping terms or legal requirements. Some customers receive pricing rebates upon attaining established sales volumes. We record rebate costs when sales occur based on our assessment of the likelihood that the required volumes will be attained.

We also maintain an allowance for product returns, as we believe that we are able to reasonably estimate the amount of returns based on our substantial historical experience.

Shipping and Handling Costs: Shipping and handling costs are included in cost of goods and services sold. Shipping and handling costs billed to customers in connection with the sale are included in net sales.

Research and Development: Research and development expenditures are for the creation, engineering and application of new or improved products and processes. Expenditures include primarily salaries and outside services for those directly involved in research and development activities and 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 include investigation, cleanup and monitoring activities; such estimates are adjusted, if necessary, based on additional findings. Environmental compliance costs are expensed as incurred as part of normal operations.

Litigation: From time to time, we are involved in product liability matters and other legal proceedings and claims generally incidental to our normal business activities. In accordance with U.S. GAAP, we accrue for loss contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These estimates are based on an analysis made by internal and external legal counsel considering information known at the time. Legal costs in connection with loss contingencies are expensed as incurred.

Income Taxes: Deferred income taxes are recognized by applying enacted statutory tax rates, applicable to future years, to temporary differences between the tax basis and financial statement carrying values of our assets and liabilities. Valuation allowances are established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. No provision is made for the U.S. income taxes on the undistributed earnings of wholly-owned foreign subsidiaries as such earnings are intended to be permanently reinvested. We recognize interest costs related to income taxes in interest expense and penalties within other (income) expense. The tax law ordering approach is used for purposes of determining whether an excess tax benefit has been realized during the year.

Stock-Based Compensation: Under the fair value provisions of U.S. GAAP, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the vesting period. In order to determine the fair value of stock options on the grant date, the company uses the Black-Scholes valuation model.

Net Income Per Share: Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted average number of shares of common stock outstanding during each period. Net income per share assuming dilution considers the dilutive effect of outstanding stock options and other stock awards based on the treasury stock method, as well as convertible debt based on the if-converted method. The treasury stock method assumes the use of exercise proceeds to repurchase common stock at the average fair market value in the period. The if-converted method assumes conversion of the debt at the beginning of the reporting period (or at time of issuance, if later). In addition, interest charges applicable to the convertible debt, net of tax, are added back to net income for the purpose of this calculation.

Note 2: New Accounting Standards

Recently Adopted Standards

In November 2014, the Financial Accounting Standards Board ("FASB") issued guidance related to pushdown accounting. Companies now have the option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The election to apply pushdown accounting can be made either in the reporting period in which the change-in-control event occurred, or in a subsequent reporting period. This guidance was effective immediately upon issuance. The adoption did not have a material impact on our financial statements.

In July 2013, the FASB issued revised guidance to address the diversity in practice related to the financial statement presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. We adopted this guidance as of January 1, 2014, on a prospective basis. The adoption did not have a material impact on our financial statements.

In March 2013, the FASB issued guidance that clarifies the application of U.S. GAAP to the release of cumulative translation adjustments related to changes of ownership in or within foreign entities, including step acquisitions. This guidance was adopted as of January 1, 2014, on a prospective basis. The adoption did not have a material impact on our financial statements.

Standards Issued Not Yet Adopted

In January 2015, the FASB issued guidance which removes the concept of extraordinary items from U.S. GAAP. This guidance eliminates the requirement for companies to spend time assessing whether items meet the criteria of being both unusual and infrequent. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Management believes that the adoption of this guidance will not have a material impact on our financial statements.

In August 2014, the FASB issued guidance which defines management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This guidance is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early adoption is permitted. Management believes that the adoption of this guidance will not have a material impact on our financial statements.

In June 2014, the FASB issued guidance that clarifies the accounting for share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period. In this case, the performance target would be required to be treated as a performance condition, and should not be reflected in estimating the grant-date fair value of the award. The guidance also addresses when to recognize the related compensation cost. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Management is currently reviewing this guidance to determine the impact it may have, if any, on our financial statements.

In May 2014, the FASB issued guidance on the accounting for revenue from contracts with customers that will supersede most existing revenue recognition guidance, including industry-specific guidance. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the guidance requires enhanced disclosures regarding the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This guidance is effective for interim and annual reporting periods beginning on or after December 15, 2016. Entities can choose to apply the guidance using either a full retrospective approach or a modified retrospective approach. Management is currently evaluating the impact that this guidance will have on our financial statements, if any, including which transition method it will adopt.

In April 2014, the FASB issued guidance for the reporting of discontinued operations, which also contains new disclosure requirements for both discontinued operations and other disposals that do not meet the definition of a discontinued operation. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Management believes that the adoption of this guidance will not have a material impact on our financial statements.

Note 3: Net Income Per Share

The following table reconciles net income and shares used in the calculation of basic net income per share to those used for diluted net income per share:

(in millions)	2014	2013	2012
Numerator:			
Net income, as reported, for basic net income per share	$ 127.1	$ 112.3	$ 80.7
Plus: interest expense on convertible debt, net of tax	—	—	2.0
Net income for diluted net income per share	$ 127.1	$ 112.3	$ 82.7
Denominator:			
Weighted average common shares outstanding	70.9	69.6	68.1
Dilutive effect of stock options, stock appreciation rights and performance share awards, based on the treasury stock method	1.9	1.7	1.1
Assumed conversion of convertible debt, based on the if-converted method	—	0.1	2.6
Weighted average shares assuming dilution	72.8	71.4	71.8

During 2014 and 2012, there were 0.5 million and 1.0 million shares from stock-based compensation plans not included in the computation of diluted net income per share because their impact was antidilutive. During 2013, the number of shares not included in the computation of diluted net income per share was immaterial.

On October 29, 2014, our Board of Directors authorized the repurchase of up to $100.0 million of our common stock from time to time on the open market or in privately negotiated transactions as permitted under the regulations of the Securities and Exchange Commission. The extent to which we repurchase the shares and the timing of any repurchases will be determined by us based on our evaluation of market conditions and other factors. The program is expected to be completed no later than December 31, 2015. As of December 31, 2014, no shares had been repurchased under the program.

Note 4: Property, Plant and Equipment

A summary of gross property, plant and equipment at December 31 is presented in the following table:

($ in millions)	Expected useful lives (years)	2014	2013
Land		$ 15.1	$ 15.7
Buildings and improvements	5-50	410.6	397.5
Machinery and equipment	10-15	654.1	655.2
Molds and dies	4-7	94.8	95.7
Computer hardware and software	3-10	111.3	107.1
Construction in progress		104.9	97.8
		$ 1,390.8	$ 1,369.0

Depreciation expense for the years ended December 31, 2014, 2013 and 2012 was $84.8 million, $81.0 million and $72.8 million, respectively.

Capitalized leases included in 'buildings and improvements' were $2.2 million and $2.5 million at December 31, 2014 and 2013, respectively. Capitalized leases included in 'machinery and equipment' were $1.7 million and $1.9 million at December 31, 2014 and 2013, respectively. Accumulated depreciation on all property, plant and equipment accounted for as capitalized leases was $2.2 million and $2.2 million at December 31, 2014 and 2013, respectively. At December 31, 2014, future minimum payments under capital leases were $0.2 million in 2015 and were immaterial in 2016.

We capitalize interest on borrowings during the active construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. Capitalized interest for the years ended December 31, 2014, 2013 and 2012 was $1.6 million, $1.6 million and $1.9 million, respectively.

Note 5: Affiliated Companies

At December 31, 2014, the following affiliated companies were accounted for under the equity method:

	Location	Ownership interest
The West Company Mexico, S.A. de C.V.	Mexico	49%
Aluplast S.A. de C.V.	Mexico	49%
Pharma Tap S.A. de C.V.	Mexico	49%
Pharma Rubber S.A. de C.V.	Mexico	49%
Daikyo	Japan	25%

Unremitted income of affiliated companies included in consolidated retained earnings amounted to $51.2 million, $46.7 million and $41.9 million at December 31, 2014, 2013 and 2012, respectively. Dividends received from affiliated companies were $0.8 million in 2014, $0.6 million in 2013 and $0.4 million in 2012.

Our equity in net unrealized gains of Daikyo's investment securities and derivative instruments, as well as pension adjustments included in accumulated other comprehensive loss was $(4.7) million, $(4.3) million and $(0.8) million at December 31, 2014, 2013 and 2012, respectively.

Our purchases from, and royalty payments made to, affiliates totaled $68.7 million, $67.7 million and $75.2 million, respectively, in 2014, 2013 and 2012, of which $5.9 million and $5.6 million was due and payable as of December 31, 2014 and 2013, respectively. The majority of these transactions related to a distributorship agreement with Daikyo that allows us to purchase and re-sell Daikyo products. Sales to affiliates were $5.1 million, $5.9 million and $3.5 million, respectively, in 2014, 2013 and 2012, of which $0.6 million and $0.3 million was receivable as of December 31, 2014 and 2013, respectively.

At December 31, 2014 and 2013, the aggregate carrying amount of investments in equity method affiliates was $57.1 million and $57.9 million, respectively. In addition, at December 31, 2014 and 2013, we have a cost-basis investment with a carrying amount of $3.5 million and $3.0 million, respectively.

Note 6: Goodwill and Intangible Assets

The changes in the carrying amount of goodwill by reportable segment were as follows:

($ in millions)	Packaging Systems	Delivery Systems	Total
Balance, December 31, 2012	$ 36.7	$ 75.8	$ 112.5
Foreign currency translation	1.3	0.4	1.7
Balance, December 31, 2013	38.0	76.2	114.2
Disposition	—	(0.5)	(0.5)
Foreign currency translation	(3.9)	(1.2)	(5.1)
Balance, December 31, 2014	$ 34.1	$ 74.5	$ 108.6

As of December 31, 2014, we had no accumulated goodwill impairment losses.

Intangible assets and accumulated amortization as of December 31 were as follows:

	2014			2013		
($ in millions)	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Patents and licensing	$ 20.1	$ (11.5)	$ 8.6	$ 20.7	$ (9.4)	$ 11.3
Technology	3.4	(0.4)	3.0	3.5	(0.1)	3.4
Trademarks	12.1	(1.3)	10.8	12.1	(1.1)	11.0
Customer relationships	29.5	(16.3)	13.2	29.7	(14.6)	15.1
Customer contracts	11.2	(4.8)	6.4	11.7	(4.2)	7.5
	$ 76.3	$ (34.3)	$ 42.0	$ 77.7	$ (29.4)	$ 48.3

The cost basis of intangible assets includes a foreign currency translation loss of $1.2 million and a foreign currency translation gain of $0.5 million for the twelve months ended December 31, 2014 and 2013, respectively. Amortization expense for the years ended December 31, 2014, 2013 and 2012 was $4.9 million, $3.9 million and $3.9 million, respectively. Estimated annual amortization expense for the next five years is as follows: 2015 - $3.6 million, 2016 - $3.0 million, 2017 - $2.8 million, 2018 - $2.6 million and 2019 - $2.5 million. Trademarks with a carrying amount of $10.0 million were determined to have indefinite lives and therefore do not require amortization.

Note 7: Other Current Liabilities

Other current liabilities as of December 31 consisted of:

($ in millions)	2014	2013
Deferred income	$ 13.3	$ 10.8
Other accrued expenses	22.4	23.7
Other	16.1	16.3
Total other current liabilities	$ 51.8	$ 50.8

Other consisted primarily of dividends payable, value-added taxes payable and accrued taxes other than income.

Note 8: Debt

The following table summarizes our long-term debt obligations, net of current maturities, at December 31. The interest rates shown in parentheses are as of December 31, 2014.

($ in millions)	2014	2013
Term loan, due 2014 (8.40%)	$ —	$ 0.1
Series B floating rate notes, due 2015 (1.13%)	25.0	25.0
Euro note B, due 2016 (4.38%)	74.3	84.1
Capital leases, due through 2016 (6.0%)	0.2	0.4
Revolving credit facility, due 2017 (1.71%)	29.7	53.7
Term loan, due 2018 (1.66%)	39.2	41.3
Note payable, due 2019	0.3	0.3
Series A notes, due 2022 (3.67%)	42.0	42.0
Series B notes, due 2024 (3.82%)	53.0	53.0
Series C notes, due 2027 (4.02%)	73.0	73.0
Convertible debt, due 2047 (4.0%)	—	0.6
Total debt	336.7	373.5
Less: current portion of long-term debt	27.2	2.2
Long-term debt	$ 309.5	$ 371.3

Series B Notes

As of December 31, 2014, there is one tranche remaining from our 2005 private placement, for $25.0 million that matures on July 28, 2015. The Series B Notes bear interest at LIBOR plus 0.9 percentage points. Please refer to Note 9, *Derivative Financial Instruments*, for a discussion of the interest-rate swap agreement associated with the Series B Notes.

Euro-denominated Note

Our Euro note B of €61.1 million ($74.3 million at December 31, 2014) has a term of 10 years due February 27, 2016 at a fixed annual interest rate of 4.38%. This Euro-denominated note, in conjunction with the Euro-denominated revolver borrowings mentioned below, is accounted for as a hedge of our net investment in our European subsidiaries.

Revolving Credit Facility

In 2012, we entered into a $300.0 million multi-currency revolving credit facility, which expires in April 2017 and contains an accordion feature allowing the maximum to be increased through a term loan to $350.0 million upon approval by the banks. Up to $30.0 million of the credit facility is available for swing-line loans and up to $30.0 million is available for the issuance of letters of credit. Borrowings under the revolving credit facility bear interest at a rate equal to LIBOR plus a margin ranging from 1.25 to 2.25 percentage points, which is based on the ratio of our senior debt to modified EBITDA. The credit facility contains representations and covenants that require compliance with, among other restrictions, a maximum leverage ratio and a minimum interest coverage ratio. The credit facility also contains usual and customary default provisions, limitations on liens securing indebtedness, asset sales, distributions and acquisitions. Total lender and other third party costs incurred of $2.4 million, a portion of which represents unamortized debt issuance costs from our prior credit facility, were recorded in other noncurrent assets and are being amortized as additional interest expense over the term of this facility.

At December 31, 2014, we had $29.7 million in outstanding long-term borrowings under this facility, of which $4.2 million was denominated in Yen and $25.5 million in Euro. These borrowings, together with outstanding letters of credit of $3.5 million, resulted in a borrowing capacity available under this facility of $266.8 million at December 31, 2014. The total amount outstanding under this facility as of December 31, 2013 of $53.7 million was classified as long-term.

Term Loan

In 2013, we entered into a $42.8 million five-year term loan due January 2018 related to our corporate office and research building. Borrowings under the loan bear interest at a variable rate equal to LIBOR plus a margin of 1.50 percentage points. At December 31, 2014, $39.2 million was outstanding under this loan, of which $2.1 million was classified as current. Please refer to Note 9, *Derivative Financial Instruments*, for a discussion of the interest-rate swap agreement associated with this loan.

Private Placement

In 2012, we concluded a private placement issuance of $168.0 million in senior unsecured notes. The total amount of the private placement issuance was divided into three tranches - $42.0 million 3.67% Series A Notes due July 5, 2022, $53.0 million 3.82% Series B Notes due July 5, 2024, and $73.0 million 4.02% Series C Notes due July 5, 2027 (the "Notes"). The Notes rank pari passu with our other senior unsecured debt. The proceeds from the issuance reduced indebtedness under our prior revolving credit facility that was incurred to finance our 2012 repurchase of our Convertible Debentures discussed below. The weighted average of the coupon interest rates on the Notes is 3.87%. Related interest-rate hedging and transaction costs incurred increased the annual effective rate of interest on the Notes to an estimated 4.16%. Refer to Note 9, *Derivative Financial Instruments*, for additional discussion of the related interest rate hedge. In connection with this issuance, we incurred lender and other third party costs of $1.2 million which were recorded in other noncurrent assets and are being amortized as additional interest expense over the term of the Notes.

Convertible Debt

In 2007, the Company issued $161.5 million of Convertible Debentures. In 2012, we repurchased $158.4 million in aggregate principal amount of the Convertible Debentures, representing 98.06% of the aggregate outstanding principal amount. During 2013, we repurchased an additional $2.5 million and in 2014, we repurchased the remaining $0.6 million in aggregate principal amount of our Convertible Debentures. As a result of these repurchases, we recognized a pre-tax loss on debt extinguishment of less than $0.1 million in 2014, and a pre-tax loss on debt extinguishment of $0.2 million and $11.6 million during 2013 and 2012, respectively.

Covenants

Pursuant to the financial covenants in our debt agreements, we are required to maintain established interest coverage ratios and to not exceed established leverage ratios. In addition, the agreements contain other customary covenants, none of which we consider restrictive to our operations. At December 31, 2014, we were in compliance with all of our debt covenants, and we expect to continue to be in compliance with the terms of these agreements throughout 2015.

Interest costs incurred during 2014, 2013 and 2012 were $18.1 million, $18.6 million and $18.6 million, respectively. The aggregate annual maturities of long-term debt were as follows: 2015 - $27.2 million, 2016 - $76.8 million, 2017 - $32.1 million, 2018 - $32.6 million, 2019 - immaterial, and thereafter - $168.0 million.

Note 9: Derivative Financial Instruments

Our ongoing business operations expose us to various risks such as fluctuating interest rates, foreign exchange rates and increasing commodity prices. To manage these market risks, we periodically enter into derivative financial instruments such as interest rate swaps, options and foreign exchange contracts for periods consistent with and for notional amounts equal to or less than the related underlying exposures. We do not purchase or hold any derivative financial instruments for speculation or trading purposes. All derivatives are recorded on the balance sheet at fair value.

Interest Rate Risk

We have a $25.0 million interest rate swap agreement outstanding as of December 31, 2014, that is designated as a cash flow hedge to protect against volatility in the interest rates on our Series B Notes. Under this swap, we receive variable interest rate payments based on three-month LIBOR in return for making quarterly fixed rate payments. Including the applicable margin, the interest rate swap agreement effectively fixes the interest rate payable on the Series B Notes at 5.51%.

In addition, at December 31, 2014, we have a $39.2 million forward-start interest rate swap outstanding that hedges the variability in cash flows due to changes in the applicable interest rate of our variable-rate five-year term loan related to the purchase of our corporate office and research building. Under this swap, we receive variable interest rate payments based on one-month LIBOR plus a margin in return for making monthly fixed interest payments at 5.41%. We designated this forward-start interest rate swap as a cash flow hedge.

During 2012, we entered into two forward treasury lock agreements for a total notional amount of $160.0 million, to protect against changes in the benchmark 10-year Treasury rate during the 30-60 day period leading up to the issuance date of our private placement debt. We designated these treasury locks as cash flow hedges. In June 2012, the pricing for our private placement debt (refer to Note 8, *Debt*) was finalized and accordingly, we terminated both treasury lock agreements, resulting in a $4.6 million settlement payment made by us. This amount, which was reflected in accumulated other comprehensive loss, will be expensed over the life of the private placement debt.

Foreign Exchange Rate Risk

During 2014, we entered into several foreign currency hedge contracts that were designated as cash flow hedges of forecasted transactions denominated in foreign currencies, which are described in more detail below.

We entered into a series of foreign currency contracts intended to hedge the currency risk associated with a portion of our forecasted USD-denominated inventory purchases made by certain European subsidiaries, for a total notional amount of €9.8 million ($12.0 million).

We also entered into a series of foreign currency contracts to hedge the currency risk associated with a portion of our forecasted Euro-denominated sales of finished goods by one of our USD functional-currency subsidiaries for a total notional amount of $10.9 million.

In addition, we entered into several contracts which involve both a written and a purchased option to hedge the currency risk associated with a portion of our forecasted Yen-denominated inventory purchases made by West in the U.S. The notional amounts of these contracts include ¥1.6 billion of a derivative asset and ¥1.6 billion of a derivative liability, or $13.2 million each.

Lastly, we entered into several contracts which involve both a written and a purchased option to hedge the currency risk associated with a portion of our forecasted Yen-denominated inventory purchases made by certain European subsidiaries. The notional amounts of these contracts include ¥1.1 billion of a derivative asset and ¥1.1 billion of a derivative liability, or $9.5 million each.

At December 31, 2014, a portion of our debt consists of borrowings denominated in currencies other than the U.S. dollar. We have designated our €61.1 million ($74.3 million) Euro note B and our €21.0 million ($25.5 million) Euro-denominated borrowings under our multi-currency revolving credit facility as a hedge of our net investment in certain European subsidiaries. A cumulative foreign currency translation gain of $7.5 million pre-tax ($4.6 million after tax) on this debt was recorded within accumulated other comprehensive loss as of December 31, 2014. We have also designated our ¥500.0 million ($4.2 million) Yen-denominated borrowings under our multi-currency revolving credit facility as a hedge of our net investment in Daikyo. At December 31, 2014, there was a cumulative foreign currency translation gain on this Yen-denominated debt of $1.2 million pre-tax ($0.8 million after tax) which was also included within accumulated other comprehensive loss.

Commodity Price Risk

Many of our Packaging Systems products are made from synthetic elastomers, which are derived from the petroleum refining process. We purchase the majority of our elastomers via long-term supply contracts, some of which contain clauses that provide for surcharges related to fluctuations in crude oil prices. The following economic hedges did not qualify for hedge accounting treatment since they did not meet the highly effective requirement at inception.

In November 2014, we purchased a series of call options for a total of 134,700 barrels of crude oil to mitigate our exposure to such oil-based surcharges and protect operating cash flows with regard to a portion of our forecasted elastomer purchases through December 2015. With these contracts we may benefit from a decline in crude oil prices, as there is no downward exposure other than the $0.1 million premium that we paid to purchase the contracts.

During the year ended December 31, 2014 and 2013, a loss of $0.1 million and $0.1 million, respectively, was recorded in cost of goods and services sold related to call options.

Effects of Derivative Instruments on Financial Position and Results of Operations

Refer to Note 10, *Fair Value Measurements*, for the balance sheet location and fair values of our derivative instruments as of December 31, 2014 and 2013.

The following table summarizes the effects, net of tax, of derivative instruments designated as hedges on other comprehensive income ("OCI") and earnings for the year ended December 31:

	Amount of Gain (Loss) Recognized in OCI		Amount of (Gain) Loss Reclassified from Accumulated OCI into Income		Location of (Gain) Loss Reclassified from Accumulated OCI into Income
($ in millions)	2014	2013	2014	2013	
Cash Flow Hedges:					
Foreign currency hedge contracts	$ 0.3	$ 0.4	$ (0.2)	$ (0.2)	Net sales
Foreign currency hedge contracts	—	(2.5)	0.2	3.3	Cost of goods and services sold
Interest rate swap contracts	(0.4)	0.2	1.6	1.6	Interest expense
Forward treasury locks	—	—	0.2	0.2	Interest expense
Total	$ (0.1)	$ (1.9)	$ 1.8	$ 4.9	
Net Investment Hedges:					
Foreign currency-denominated debt	$ 8.5	$ (2.1)	$ —	$ —	Foreign exchange and other
Total	$ 8.5	$ (2.1)	$ —	$ —	

During 2014 and 2013, there was no material ineffectiveness related to our cash flow and net investment hedges.

Note 10: Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The following fair value hierarchy classifies the inputs to valuation techniques used to measure fair value into one of three levels:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The following tables present the assets and liabilities recorded at fair value on a recurring basis:

($ in millions)	Balance at December 31, 2014	Basis of Fair Value Measurements		
		Level 1	Level 2	Level 3
Assets:				
Deferred compensation assets	$ 6.6	$ 6.6	$ —	$ —
Foreign currency contracts	0.2	—	0.2	
	$ 6.8	$ 6.6	$ 0.2	$ —
Liabilities:				
Contingent consideration	$ 5.0	$ —	$ —	$ 5.0
Deferred compensation liabilities	8.7	8.7	—	—
Interest rate swap contracts	3.6	—	3.6	—
	$ 17.3	$ 8.7	$ 3.6	$ 5.0

($ in millions)	Balance at December 31, 2013	Basis of Fair Value Measurements		
		Level 1	Level 2	Level 3
Assets:				
Short-term investments	$ 7.5	$ 7.5	$ —	$ —
Deferred compensation assets	5.7	5.7	—	—
	$ 13.2	$ 13.2	$ —	$ —
Liabilities:				
Contingent consideration	$ 4.3	$ —	$ —	$ 4.3
Deferred compensation liabilities	7.8	7.8	—	—
Interest rate swap contracts	5.6	—	5.6	—
	$ 17.7	$ 7.8	$ 5.6	$ 4.3

Short-term investments, which are comprised of certificates of deposit and mutual funds, are valued using a market approach based on quoted market prices in an active market. Deferred compensation assets are included within other noncurrent assets and are also valued using a market approach based on quoted market prices in an active market. The fair value of our foreign currency contracts, included within other current assets, is valued using an income approach based on quoted forward foreign exchange rates and spot rates at the reporting date. The fair value of our contingent consideration is included within other current liabilities and other long-term liabilities and is discussed further in the section related to Level 3 fair value measurements. The fair value of deferred compensation liabilities is based on quoted prices of the underlying employees' investment selections and is included within other long-term liabilities. Interest rate swaps, included within other long-term liabilities, are valued based on the terms of the contract and observable market inputs (i.e., LIBOR, Eurodollar synthetic forwards and swap spreads). Refer to Note 9, *Derivative Financial Instruments*, for further discussion of our derivatives.

Level 3 Fair Value Measurements

The fair value of the SmartDose contingent consideration was initially determined using a probability-weighted income approach, and is revalued at each reporting date or more frequently if circumstances dictate. Changes in the fair value of this obligation are recorded as income or expense within other (income) expense in our consolidated statements of income. The significant unobservable inputs used in the fair value measurement of the contingent consideration are the sales projections, the probability of success factors, and the discount rate. Significant increases or decreases in any of those inputs in isolation would result in a significantly lower or higher fair value measurement. As development and commercialization of SmartDose progresses, we may need to update the sales projections, the probability of success factors, and the discount rate used. This could result in a material increase or decrease to the contingent consideration liability.

The following table provides a summary of changes in our Level 3 fair value measurements:

	($ in millions)
Balance, December 31, 2012	$ 3.3
Increase in fair value recorded in earnings	1.1
Payments	(0.1)
Balance, December 31, 2013	4.3
Increase in fair value recorded in earnings	1.0
Payments	(0.3)
Balance, December 31, 2014	$ 5.0

Refer to Note 14, *Other (Income) Expense,* for further discussion of acquisition-related contingencies.

Other Financial Instruments

We believe that the carrying amounts of our cash and cash equivalents and accounts receivable approximate their fair values due to their near-term maturities.

Quoted market prices are used to estimate the fair value of publicly traded long-term debt. The fair value of debt that is not quoted on an exchange is estimated using a discounted cash flow method based on interest rates that are currently available to us for debt issuances with similar terms and maturities. At December 31, 2014, the estimated fair value of long-term debt was $311.4 million compared to a carrying amount of $309.5 million. At December 31, 2013, the estimated fair value of long-term debt was $365.8 million and the carrying amount was $371.3 million.

Note 11: Accumulated Other Comprehensive Loss

The following table presents the changes in the components of accumulated other comprehensive loss, net of tax:

($ in millions)	Losses on cash flow hedges	Unrealized gains on investment securities	Defined benefit pension and other postretirement plans	Foreign currency translation	Total
Balance, December 31, 2012	$ (9.0)	$ 0.8	$ (84.9)	$ 17.2	$ (75.9)
Other comprehensive (loss) income before reclassifications	(1.8)	3.5	33.7	(0.9)	34.5
Amounts reclassified out	4.8	—	4.2	—	9.0
Other comprehensive income (loss), net of tax	3.0	3.5	37.9	(0.9)	43.5
Balance, December 31, 2013	(6.0)	4.3	(47.0)	16.3	(32.4)
Other comprehensive (loss) income before reclassifications	(0.1)	0.4	(18.9)	(71.3)	(89.9)
Amounts reclassified out	1.8	—	1.3	—	3.1
Other comprehensive income (loss), net of tax	1.7	0.4	(17.6)	(71.3)	(86.8)
Balance, December 31, 2014	$ (4.3)	$ 4.7	$ (64.6)	$ (55.0)	$ (119.2)

A summary of the reclassifications out of accumulated other comprehensive loss is presented in the following table ($ in millions):

Detail of components	2014	2013	Location on Statement of Income
Losses on cash flow hedges:			
Foreign currency contracts	$ 0.3	$ —	Net sales
Foreign currency contracts	(0.3)	(5.1)	Cost of goods and services sold
Interest rate swap contracts	(2.6)	(2.6)	Interest expense
Forward treasury locks	(0.4)	(0.3)	Interest expense
Total before tax	(3.0)	(8.0)	
Tax expense	1.2	3.2	
Net of tax	$ (1.8)	$ (4.8)	
Amortization of defined benefit pension and other postretirement plans:			
Transition obligation	$ (0.1)	$ (0.1)	(a)
Prior service cost	1.3	1.3	(a)
Actuarial losses	(3.1)	(8.5)	(a)
Total before tax	(1.9)	(7.3)	
Tax expense	0.6	3.1	
Net of tax	$ (1.3)	$ (4.2)	
Total reclassifications for the period, net of tax	$ (3.1)	$ (9.0)	

(a) These components are included in the computation of net periodic benefit cost. Refer to Note 13, *Benefit Plans*, for additional details.

Note 12: Stock-Based Compensation

The 2011 Omnibus Incentive Compensation Plan (the "2011 Plan") provides for the granting of stock options, stock appreciation rights, restricted stock awards and performance awards to employees and non-employee directors. The terms and conditions of awards to be granted are determined by our Board's nominating and corporate governance and compensation committees. Vesting requirements vary by award. At December 31, 2014, there were 4,056,600 shares remaining in the 2011 Plan for future grants.

Stock options and stock appreciation rights reduce the number of shares available for grant by one share for each award granted. All other awards that will be distributed in stock under the 2011 Plan will reduce the total number of shares available for grant by an amount equal to 2.35 times the number of shares awarded. If awards made under previous plans would entitle a plan participant to an amount of West stock in excess of the target amount, the additional shares (up to a maximum threshold amount) will be distributed under the 2011 Plan.

The following table summarizes our stock-based compensation expense for the years ended December 31:

($ in millions)	2014	2013	2012
Stock option and appreciation rights	$ 7.6	$ 7.7	$ 5.3
Performance-vesting shares	6.5	6.5	6.0
Performance-vesting units	1.9	2.4	0.9
Performance-vesting shares/units dividend equivalents	0.4	0.4	0.1
Employee stock purchase plan	0.5	0.4	0.4
Deferred compensation plans	1.7	3.8	2.8
Total stock-based compensation expense	$ 18.6	$ 21.2	$ 15.5

In 2014, the Company adopted a policy to provide for continued vesting of future performance-vesting awards and stock option awards for retiring executive officers who are at least 57 years of age at the time of retirement, have been employed by the Company for 10 years, and have not been terminated for "cause" as defined under the 2011 Plan.

The amount of unrecognized compensation expense for all nonvested awards as of December 31, 2014, was approximately $15.6 million, which is expected to be recognized over a weighted average period of 1.5 years.

Stock Options

Stock options granted to employees vest in equal annual increments over 4 years of continuous service. All awards expire 10 years from the date of grant. Upon the exercise of stock options, shares are issued in exchange for the exercise price of the options.

The following table summarizes changes in outstanding options:

(in millions, except per share data)	2014	2013	2012
Options outstanding, January 1	4.8	5.6	5.8
Granted	0.7	0.9	1.2
Exercised	(0.7)	(1.6)	(1.4)
Forfeited	(0.2)	(0.1)	—
Options outstanding, December 31	4.6	4.8	5.6
Options exercisable, December 31	2.6	2.3	3.0

Weighted Average Exercise Price	2014	2013	2012
Options outstanding, January 1	$ 21.99	$ 19.83	$ 17.88
Granted	47.59	29.71	21.47
Exercised	20.17	18.97	13.12
Forfeited	31.42	23.10	20.66
Options outstanding, December 31	$ 25.49	$ 21.99	$ 19.83
Options exercisable, December 31	$ 20.67	$ 19.51	$ 19.01

As of December 31, 2014, the weighted average remaining contractual life of options outstanding and of options exercisable was 6.3 years and 5.1 years, respectively.

As of December 31, 2014, the aggregate intrinsic value of total options outstanding was $127.2 million, of which $85.6 million represented vested options.

The fair value of the options was estimated on the date of grant using a Black-Scholes option valuation model that used the following weighted average assumptions in 2014, 2013 and 2012: a risk-free interest rate of 1.6%, 0.9%, and 0.9%, respectively; stock volatility of 21.9%, 22.5%, and 23.3%, respectively; and dividend yields of 0.8%, 1.3%, and 1.7%, respectively. Stock volatility is estimated based on historical data and the impact from expected future trends. Expected lives, which are based on prior experience, averaged 6 years for 2014, 2013 and 2012. The weighted average grant date fair value of options granted in 2014, 2013 and 2012 was $10.38, $5.73 and $4.01, respectively.

For the years ended December 31, 2014, 2013 and 2012, the intrinsic value of options exercised was $16.0 million, $27.3 million and $16.9 million, respectively. The grant date fair value of options vested during those same periods was $4.7 million, $4.0 million and $3.8 million, respectively.

Stock Appreciation Rights

Stock appreciation rights (“SARs”) granted to eligible international employees vest in equal annual increments over 4 years of continuous service. All awards expire 10 years from the date of grant. The fair value of each cash-settled SAR is adjusted at the end of each reporting period, with the resulting change reflected in expense. As of December 31, 2014, SARs outstanding were 297,714, of which 94,174 were cash-settled and 203,540 were stock-settled. Upon exercise of a cash-settled SAR, the employee receives cash for the difference between the grant date price and the fair market value of the Company's stock on the date of exercise. As a result of the cash settlement feature, cash-settled SARs are recorded within other long-term liabilities. Upon exercise of a stock-settled SAR, shares are issued in exchange for the exercise price of the stock-settled SAR. As a result of the stock settlement feature, stock-settled SARs are recorded within equity.

The following table summarizes changes in outstanding SARs:

	2014	2013	2012
SARs outstanding, January 1	375,104	389,686	320,336
Granted	7,733	132,566	145,018
Exercised	(85,123)	(147,148)	(75,668)
SARs outstanding, December 31	297,714	375,104	389,686
SARs exercisable, December 31	88,751	56,938	110,292

Weighted Average Exercise Price	2014	2013	2012
SARs outstanding, January 1	$ 24.03	$ 20.81	$ 20.17
Granted	47.74	29.56	21.22
Exercised	22.09	20.47	18.91
SARs outstanding, December 31	$ 25.20	$ 24.03	$ 20.81
SARs exercisable, December 31	$ 23.15	$ 20.95	$ 20.70

Performance Awards

In addition to stock options and SAR awards, we grant performance vesting share ("PVS") awards and performance vesting unit ("PVU") awards to eligible employees. These awards are earned based on the Company's performance against pre-established targets, including annual growth rate of revenue and return on invested capital ("ROIC"), over a specified performance period. Depending on the achievement of the targets, recipients of PVS awards are entitled to receive a certain number of shares of common stock, whereas recipients of PVU awards are entitled to receive a payment in cash per unit based on the fair market value of a share of our common stock at the end of the performance period.

The following table summarizes changes in our outstanding PVS awards:

	2014	2013	2012
Non-vested PVS awards, January 1	578,358	652,662	657,038
Granted at target level	133,823	175,498	209,680
Adjustments above/(below) target	53,438	38,330	(120,155)
Vested and converted	(250,205)	(273,044)	(83,859)
Forfeited	(44,695)	(15,088)	(10,042)
Non-vested PVS awards, December 31	470,719	578,358	652,662

Weighted Average Grant Date Fair Value	2014	2013	2012
Non-vested PVS awards, January 1	$ 23.79	$ 21.42	$ 19.39
Granted at target level	47.21	29.67	21.33
Adjustments above/(below) target	22.86	23.83	13.86
Vested and converted	48.69	29.56	21.22
Forfeited	30.76	23.29	20.98
Non-vested PVS awards, December 31	$ 30.93	$ 23.79	$ 21.42

The actual payout of PVS and PVU awards may vary from 0% to 200% of an employee's targeted award. The fair value of PVS awards is based on the market price of our stock at the grant date and is recognized as expense over the performance period, adjusted for estimated target outcomes and net of forfeitures. The weighted average grant date fair value of PVS awards granted during the years 2014, 2013 and 2012 was $47.21, $29.67 and $21.33, respectively. Including forfeiture and above-target achievement expectations, we expect that the PVS awards will convert to 606,198 shares to be issued over an average remaining term of 1 year.

The fair value of PVU awards is also based on the market price of our stock at the grant date. These awards are revalued at the end of each quarter based on changes in our stock price. As a result of the cash settlement feature, PVU awards are recorded within other long-term liabilities.

The following table summarizes changes in our outstanding PVU awards:

	2014	2013	2012
Non-vested PVU awards, January 1	79,456	69,240	54,572
Granted at target level	1,584	25,538	27,100
Adjustments above/(below) target	6,907	3,000	(7,156)
Vested and converted	(32,438)	(18,322)	(5,276)
Non-vested PVU awards, December 31	55,509	79,456	69,240

Weighted Average Grant Date Fair Value	2014	2013	2012
Non-vested PVU awards, January 1	$ 23.86	$ 20.98	$ 19.65
Granted at target level	47.34	29.56	21.22
Adjustments above/(below) target	22.72	25.30	15.22
Vested and converted	47.34	29.56	21.22
Non-vested PVU awards, December 31	$ 26.15	$ 23.86	$ 20.98

Employee Stock Purchase Plan

We also offer an Employee Stock Purchase Plan ("ESPP") which provides for the sale of our common stock to eligible employees at 85% of the current market price on the last trading day of each quarterly offering period. Payroll deductions are limited to 25% of the employee's base salary, not to exceed $25,000 in any one calendar year. In addition, employees may not buy more than 2,000 shares during any offering period (8,000 shares per year). Purchases under the ESPP were 76,751 shares, 84,675 shares and 103,010 shares for the years 2014, 2013 and 2012, respectively. At December 31, 2014, there were approximately 4.1 million shares available for issuance under the ESPP.

Deferred Compensation Plans

Our deferred compensation plans include a Non-Qualified Deferred Compensation Plan for Non-Employee Directors, under which non-employee directors may defer all or part of their annual cash retainers. The deferred fees may be credited to a stock-equivalent account. Amounts credited to this account are converted into deferred stock units based on the fair market value of one share of our common stock on the last day of the quarter. For deferred stock units ultimately paid in cash, a liability is calculated at an amount determined by multiplying the number of units by the fair market value of our common stock at the end of each reporting period. In addition, deferred stock awards are granted on the date of our annual meeting, and are distributed in shares of common stock. In 2014, we granted 27,144 deferred stock awards, with a grant date fair value of $43.10. Similarly, a non-qualified deferred compensation plan for eligible employees provides for the conversion of compensation into deferred stock units. As of December 31, 2014, the two deferred compensation plans held a total of 503,873 deferred stock units, including 24,296 units to be paid in cash.

Annual Incentive Plan

Under our annual incentive plan, participants are paid bonuses on the attainment of certain financial goals, which they can elect to receive in either cash or shares of our common stock. If the employee elects payment in shares, they are also given a restricted incentive stock award equal to one share for each four bonus shares issued. The incentive stock awards vest at the end of four years provided that the participant has not made a disqualifying disposition of their bonus shares. Incentive stock award grants were 4,200 shares, 5,300 shares and 2,800 shares in 2014, 2013 and 2012, respectively. Incentive stock forfeitures of 4,100 shares, 200 shares and 800 shares occurred in 2014, 2013 and 2012, respectively. Compensation expense is recognized over the vesting period based on the fair market value of common stock on the award date: $48.69 per share granted in 2014, $29.56 per share granted in 2013 and $21.22 per share granted in 2012.

Note 13: Benefit Plans

Certain of our U.S. and international subsidiaries sponsor defined benefit pension plans. In addition, we provide minimal death benefits for certain U.S. retirees and pay a portion of healthcare costs for retired U.S. salaried employees and their dependents. Benefits for participants are coordinated with Medicare and the plan mandates Medicare risk ("HMO") coverage wherever possible and caps the total contribution for non-HMO coverage. We also sponsor a defined contribution plan for certain salaried and hourly U.S. employees. Our 401(k) plan contributions were $4.3 million for 2014, $4.0 million for 2013 and $3.7 million for 2012.

Pension and Other Retirement Benefits

The components of net periodic benefit cost and other amounts recognized in other comprehensive income were as follows:

	Pension benefits			Other retirement benefits		
($ in millions)	2014	2013	2012	2014	2013	2012
Net periodic benefit cost:						
Service cost	$ 9.8	$ 9.7	$ 8.5	$ 0.4	$ 1.1	$ 1.3
Interest cost	17.1	14.8	15.5	0.4	0.6	1.0
Expected return on assets	(19.3)	(17.3)	(16.4)	—	—	—
Amortization of prior service (credit) cost	(1.3)	(1.3)	(1.4)	—	—	0.1
Amortization of transition obligation	0.1	0.1	0.1	—	—	—
Amortization of actuarial loss (gain)	4.7	9.2	8.5	(1.6)	(0.7)	—
Net periodic benefit cost	$ 11.1	$ 15.2	$ 14.8	$ (0.8)	$ 1.0	$ 2.4
Other changes in plan assets and benefit obligations recognized in other comprehensive income, pre-tax:						
Net loss (gain) arising during period	$ 31.5	$ (36.1)	$ 16.5	$ 0.1	$ (18.5)	$ 2.1
Amortization of prior service credit (cost)	1.3	1.3	1.4	—	—	(0.1)
Amortization of transition obligation	(0.1)	(0.1)	(0.1)	—	—	—
Amortization of actuarial (loss) gain	(4.7)	(9.2)	(8.5)	1.6	0.7	—
Foreign currency exchange rate changes on the above line items	(2.1)	0.6	0.8	—	—	—
Total recognized in other comprehensive income	$ 25.9	$ (43.5)	$ 10.1	$ 1.7	$ (17.8)	$ 2.0
Total recognized in net periodic benefit cost and other comprehensive income	$ 37.0	$ (28.3)	$ 24.9	$ 0.9	$ (16.8)	$ 4.4

Net periodic benefit cost by geographic location is as follows:

	Pension benefits			Other retirement benefits		
	2014	2013	2012	2014	2013	2012
U.S. plans	$ 8.1	$ 11.9	$ 12.0	$ (0.8)	$ 1.0	$ 2.4
International plans	3.0	3.3	2.8	—	—	—
Net periodic benefit cost	$ 11.1	$ 15.2	$ 14.8	$ (0.8)	$ 1.0	$ 2.4

The following table presents the changes in the benefit obligation and the fair value of plan assets, as well as the funded status of the plans:

	Pension benefits		Other retirement benefits	
($ in millions)	2014	2013	2014	2013
Change in benefit obligation:				
Benefit obligation, January 1	$ (360.8)	$ (363.2)	$ (9.2)	$ (26.0)
Service cost	(9.8)	(9.7)	(0.4)	(1.1)
Interest cost	(17.1)	(14.8)	(0.4)	(0.6)
Participants' contributions	(0.9)	(0.6)	(0.6)	(0.5)
Actuarial (loss) gain	(44.5)	12.9	(0.1)	18.5
Benefits/expenses paid	28.8	16.4	0.6	0.5
Foreign currency translation	5.8	(1.8)	—	—
Benefit obligation, December 31	$ (398.5)	$ (360.8)	$ (10.1)	$ (9.2)
Change in plan assets:				
Fair value of assets, January 1	$ 284.7	$ 251.0	$ —	$ —
Actual return on assets	32.3	40.5	—	—
Employer contribution	35.4	8.2	—	—
Participants' contribution	0.9	0.6	0.6	0.5
Benefits/expenses paid	(28.8)	(16.4)	(0.6)	(0.5)
Foreign currency translation	(2.2)	0.8	—	—
Fair value of assets, December 31	$ 322.3	$ 284.7	$ —	$ —
Funded status at end of year	$ (76.2)	$ (76.1)	$ (10.1)	$ (9.2)

International pension plan assets, at fair value, included in the preceding table were $30.3 million and $28.5 million at December 31, 2014 and 2013, respectively.

Amounts recognized in the balance sheet were as follows:

	Pension benefits		Other retirement benefits	
($ in millions)	2014	2013	2014	2013
Current liabilities	$ (1.8)	$ (1.5)	$ (0.8)	$ (0.7)
Noncurrent liabilities	(74.4)	(74.6)	(9.3)	(8.5)
	$ (76.2)	$ (76.1)	$ (10.1)	$ (9.2)

The amounts in accumulated other comprehensive loss, pre-tax, consisted of:

	Pension benefits		Other retirement benefits	
($ in millions)	2014	2013	2014	2013
Net actuarial loss (gain)	$ 120.1	$ 95.2	$ (13.8)	$ (15.5)
Transition obligation	0.2	0.3	—	—
Prior service credit	(6.3)	(7.4)	—	—
Total	$ 114.0	$ 88.1	$ (13.8)	$ (15.5)

The net actuarial loss, transition obligation and prior service credit for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are $6.5 million, $0.1 million and $1.3 million, respectively. The net actuarial gain for the other retirement benefits plan that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year is $1.4 million.

The accumulated benefit obligation for all defined benefit pension plans was $391.0 million and $355.4 million at December 31, 2014 and 2013, respectively, including $60.2 million and $56.6 million, respectively, for international pension plans.

All of the defined benefit pension plans have projected benefit obligations and accumulated benefit obligations in excess of plan assets as of December 31, 2014 and 2013.

Benefit payments expected to be paid under our defined benefit pension and other retirement benefit plans in the next ten years are as follows:

($ in millions)	Domestic	International	Total
2015	$ 21.5	$ 1.6	$ 23.1
2016	22.9	1.6	24.5
2017	24.4	1.8	26.2
2018	24.9	2.2	27.1
2019	25.8	2.4	28.2
2020 to 2024	135.5	15.1	150.6
	$ 255.0	$ 24.7	$ 279.7

In 2015, we expect to contribute $23.3 million to pension plans, of which $2.1 million is for international plans. Included in this amount is a contribution to the U.S. qualified pension plan of $20.0 million, as well as a $1.2 million contribution to our non-qualified defined benefit pension plan. In addition, we expect to contribute $0.8 million for other retirement benefits in 2015. We periodically consider additional, voluntary contributions depending on the investment returns generated by pension plan assets, changes in benefit obligation projections and other factors.

Weighted average assumptions used to determine net periodic benefit cost were as follows:

	Pension benefits			Other retirement benefits		
	2014	2013	2012	2014	2013	2012
Discount rate	4.50%	3.99%	4.78%	4.55%	3.50%	4.50%
Rate of compensation increase	4.29%	4.24%	4.29%	—	—	—
Long-term rate of return on assets	7.01%	7.12%	7.37%	—	—	—

Weighted average assumptions used to determine the benefit obligations were as follows:

	Pension benefits		Other retirement benefits	
	2014	2013	2014	2013
Discount rate	3.96%	4.82%	3.90%	4.55%
Rate of compensation increase	4.14%	4.37%	—	—

The discount rate used to determine the benefit obligations for U.S. pension plans was 4.15% and 5.00% as of December 31, 2014 and 2013, respectively. The weighted average discount rate used to determine the benefit obligations for all international plans was 2.99% and 3.92% as of December 31, 2014 and 2013, respectively. The rate of compensation increase for U.S. plans was 4.25% for 2014 and 4.50% for 2013, while the weighted average rate for all international plans was 2.74% for 2014 and 2.80% for 2013. Other retirement benefits were only available to U.S. employees. The long-term rate of return for U.S. plans, which accounts for 91% of global plan assets, was 7.25% for 2014 and 2013, and 7.50% for 2012.

The assumed healthcare cost trend rate used to determine benefit obligations was 7.00% for all participants in 2014, decreasing to 5.00% by 2019. A change in the assumed healthcare cost trend rate by one percentage point would result in a $0.3 million increase or decrease in the postretirement obligation. The assumed healthcare cost trend rate used to determine net periodic benefit cost was 7.50% for all participants in 2014, decreasing to 5.00% by 2019. The effect of a one percentage point increase in the rate would be a $0.1 million increase in the aggregate service and interest cost components, while a one percentage point decrease in the rate would have an immaterial impact.

The weighted average asset allocations by asset category for our pension plans, at December 31, were as follows:

	2014	2013
Equity securities	63%	66%
Debt securities	35%	32%
Other	2%	2%
	100%	100%

Our U.S. pension plan is managed as a balanced portfolio comprised of two components: equity and fixed income debt securities. Equity investments are used to maximize the long-term real growth of fund assets, while fixed income investments are used to generate current income, provide for a more stable periodic return, and to provide some protection against a prolonged decline in the market value of equity investments. Temporary funds may be held as cash. We maintain a long-term strategic asset allocation policy which provides guidelines for ensuring that the fund's investments are managed with the short-term and long-term financial goals of the fund, while allowing the flexibility to react to unexpected changes in capital markets.

The following are the U.S. target asset allocations and acceptable allocation ranges:

	Target allocation	Allocation range
Equity securities	65%	60%-70%
Debt securities	35%	30%-40%
Other	—%	0%-5%

Diversification across and within asset classes is the primary means by which we mitigate risk. We maintain guidelines for all asset and sub-asset categories in order to avoid excessive investment concentrations. Fund assets are monitored on a regular basis. If at any time the fund asset allocation is not within the acceptable allocation range, funds will be reallocated. We also review the fund on a regular basis to ensure that the investment returns received are consistent with the short-term and long-term goals of the fund and with comparable market returns. We are prohibited from pledging fund securities and from investing pension fund assets in our own stock, securities on margin or derivative securities.

The following tables present the fair value of our pension plan assets, utilizing the fair value hierarchy discussed in Note 10, *Fair Value Measurements*:

	Balance at December 31,	**Basis of Fair Value Measurements**		
($ in millions)	2014	Level 1	Level 2	Level 3
Cash	$ 1.1	$ 1.1	$ —	$ —
Equity securities:				
Indexed mutual funds	142.3	142.3	—	—
International mutual funds	58.7	58.7	—	—
Fixed income securities:				
Mutual funds	111.4	111.4	—	—
Insurance contract	1.0	—	1.0	—
Balanced mutual fund	7.8	7.8	—	—
	$ 322.3	$ 321.3	$ 1.0	$ —

	Balance at December 31,	**Basis of Fair Value Measurements**		
($ in millions)	2013	Level 1	Level 2	Level 3
Cash	$ 1.0	$ 1.0	$ —	$ —
Equity securities:				
Indexed mutual funds	132.6	132.6	—	—
International mutual funds	55.4	55.4	—	—
Fixed income securities:				
Mutual funds	87.4	87.4	—	—
Insurance contract	1.2	—	1.2	—
Balanced mutual fund	7.1	7.1	—	—
	$ 284.7	$ 283.5	$ 1.2	$ —

Note 14: Other (Income) Expense

Other (income) expense consisted of:

($ in millions)	2014	2013	2012
License costs	$ 1.2	$ —	$ —
Development income	(1.6)	(2.0)	(6.5)
Acquisition-related contingencies	1.1	1.0	1.2
Foreign exchange and other	(0.9)	0.5	1.1
Restructuring and related charges	—	—	2.1
Impairment charge	—	—	3.4
Total other (income) expense	$ (0.2)	$ (0.5)	$ 1.3

Other Income and Expense Items

During 2014, we recorded a $1.2 million charge for license costs associated with acquired in-process research.

In addition, during 2014, we recorded development income of 1.6 million within Delivery Systems, the majority of which related to our receipt of a nonrefundable customer payment of $20.0 million in June 2013 in return for the exclusive use of SmartDose within a specific therapeutic area. Unearned income related to this payment of $1.5 million and $15.9 million was included within other current liabilities and other long-term liabilities, respectively, at December 31, 2014. The unearned income is being recognized as development income on a straight-line basis over the remaining term of the agreement. The agreement does not include a future minimum purchase commitment from the customer. During 2013, we recorded development income of $2.0 million within Delivery Systems, of which $1.0 million related to the nonrefundable customer payment described above. Development income recorded within Delivery Systems during 2012 was primarily attributable to services and the reimbursement of certain costs.

The SmartDose contingent consideration increased by $1.1 million, $1.0 million and $1.2 million during 2014, 2013 and 2012, respectively, due to the time value of money and changes made to sales projections.

Restructuring and Related Charges

Restructuring and related charges incurred in 2012 were associated with the restructuring plan that was announced in 2010. We incurred total charges of $21.9 million as part of this plan. The plan and its activities were completed, and all obligations were paid during 2013.

In addition, during 2012, as a result of continuing delays and lower-than-expected demand, we updated the sales projections related to one of our product lines in Delivery Systems. The revised projections triggered an impairment review of the associated assets. Our review concluded that the estimated fair value of the product no longer exceeded the carrying value of the related assembly equipment and intangible asset and, therefore, an impairment charge of $3.4 million was recorded. We estimated the fair value of the asset group using an income approach based on discounted cash flows.

Note 15: Income Taxes

As a global organization, we and our subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. During 2014, the statute of limitations for the 2010 U.S. federal tax year lapsed, leaving tax years 2011 through 2014 open to examination. For U.S. state and local jurisdictions, tax years 2010 through 2014 are open to examination. We are also subject to examination in various foreign jurisdictions for tax years 2006 through 2014.

A reconciliation of the beginning and ending amount of the liability for unrecognized tax benefits is as follows:

($ in millions)	2014	2013
Balance at January 1	$ 7.1	$ 6.8
Additions for tax positions taken in the current year	0.6	1.7
Reduction for expiration of statute of limitations/audits	(0.8)	(1.4)
Balance at December 31	$ 6.9	$ 7.1

In addition, we had balances in accrued liabilities for interest and penalties of $0.6 million and $0.5 million at December 31, 2014 and 2013, respectively. As of December 31, 2014, we had $6.9 million of total gross unrecognized tax benefits, of which $6.8 million, if recognized, would favorably impact the effective income tax rate. It is reasonably possible that, due to the expiration of statutes and the closing of tax audits, the liability for unrecognized tax benefits may be reduced by approximately $0.3 million during the next twelve months, which would favorably impact our effective tax rate.

The components of income before income taxes are:

($ in millions)	2014	2013	2012
U.S. operations	$ 57.5	$ 28.9	$ 8.9
International operations	111.5	118.2	99.7
Total income before income taxes	$ 169.0	$ 147.1	$ 108.6

The related provision for income taxes consists of:

($ in millions)	2014	2013	2012
Current:			
Federal	$ 5.2	$ —	$ —
State	0.5	0.3	0.2
International	34.5	38.2	27.2
Current income tax provision	40.2	38.5	27.4
Deferred:			
Federal and state	7.7	9.2	3.3
International	(0.7)	(7.5)	2.0
Deferred income tax provision	7.0	1.7	5.3
Income tax expense	$ 47.2	$ 40.2	$ 32.7

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes.

The significant components of our deferred tax assets and liabilities at December 31 are:

($ in millions)	2014	2013
Deferred tax assets		
Net operating loss carryforwards	$ 20.4	$ 20.7
Tax credit carryforwards	40.4	36.1
Restructuring and impairment charges	—	0.1
Pension and deferred compensation	43.7	51.2
Other	20.0	19.8
Valuation allowance	(22.1)	(23.5)
Total deferred tax assets	102.4	104.4
Deferred tax liabilities:		
Accelerated depreciation	36.8	40.5
Other	7.7	5.4
Total deferred tax liabilities	44.5	45.9
Net deferred tax asset	$ 57.9	$ 58.5

A reconciliation of the U.S. federal corporate tax rate to our effective consolidated tax rate on income before income taxes follows:

	2014	2013	2012
U.S. federal corporate tax rate	35.0%	35.0%	35.0%
Tax on international operations less than U.S. tax rate	(6.8)	(5.3)	(5.9)
Non-benefited losses	—	—	0.6
Reversal of prior valuation allowance	(0.5)	(1.0)	—
Reversal of reserves for unrecognized tax benefits	(0.5)	(0.8)	(0.2)
U.S. tax on international earnings, net of foreign tax credits	(0.1)	0.1	(1.2)
State income taxes, net of federal tax effect	1.5	0.1	(1.0)
U.S. research and development credits	(0.9)	(1.8)	—
Other business credits and Section 199 Deduction	(0.7)	(0.5)	(1.0)
Non-deductible debt premium	—	—	2.0
Other	1.0	1.6	1.9
Effective tax rate	28.0%	27.4%	30.2%

During 2014, we recorded a discrete tax charge of $1.0 million resulting from the impact of a change in apportionment factors on state tax rates applied to items in other comprehensive income and a discrete tax charge of $0.8 million as a result of the finalization of estimates of foreign tax credits available with respect to a repatriation of cash from our subsidiaries in Israel.

During 2013, we recorded a discrete tax charge of $3.5 million, which related to the finalization of a beneficial agreement with local tax authorities in Israel that clarified the future tax status of our entities in Israel and settled a tax audit for the years 2009 through 2011. During 2013, we also recorded a discrete tax charge of $1.3 million resulting from the impact of a change in the enacted tax rate in the United Kingdom on our previously-recorded deferred tax asset balances and a discrete tax benefit of $1.3 million related to the reinstatement of the Research and Development tax credit under the Taxpayer Relief Act that was enacted in January 2013. In accordance with U.S. GAAP, although the Taxpayer Relief Act retroactively reinstated the tax credit for two years, from January 1, 2012 through December 31, 2013, it was not taken into account for financial reporting purposes until 2013. Had the Taxpayer Relief Act been signed prior to January 2013, our effective tax rate for 2012 would have been reduced by approximately 1.0%.

During 2012, as a result of the finalization of estimates of foreign tax credits available with respect to a dividend from one of our foreign subsidiaries, we recorded a discrete tax charge of $1.0 million. We also recorded a discrete tax charge of $0.8 million resulting from the impact of a change in the enacted tax rate in the United Kingdom on our previously-recorded deferred tax balances and recorded a discrete tax charge of $0.3 million reduction of our deferred tax assets associated with the legal restructuring of the ownership of our Puerto Rico operations.

At December 31, 2014, we have fully utilized all of our U.S. federal net operating loss carryforwards. State operating loss carryforwards of $267.0 million created a deferred tax asset of $15.0 million, while foreign operating loss carryforwards of $22.5 million created a deferred tax asset of $5.4 million. Management estimates that certain state and foreign operating loss carryforwards are unlikely to be utilized and the associated deferred tax assets have been fully reserved. State loss carryforwards expire as follows: $8.3 million in 2015 and $258.7 million thereafter. Foreign loss carryforwards will begin to expire in 2018, while $17.2 million of the total $22.5 million will not expire.

As of December 31, 2014, we had available foreign tax credit carryforwards of $22.6 million expiring as follows: $0.4 million in 2016, $2.4 million in 2017, $1.8 million in 2018, $3.1 million in 2019, $3.2 million in 2020, $9.6 million in 2021 and $2.1 million in 2024. We have U.S. federal and state research and development credit carryforwards of $7.6 million and $3.3 million, respectively. The $7.6 million of U.S. federal research and development credits expire as follows: $0.2 million expire in 2029, $1.0 million expire in 2030, $1.0 million expire in 2031, $1.4 million expire in 2032 and $4.0 million expire after 2032. The $3.3 million of state research and development credits expire as follows: $0.5 million expire in 2021, $0.8 million expire in 2022 and $2.0 million expire after 2022. We have additional available state tax credits of $1.5 million which expire in 2020.

Undistributed earnings of foreign subsidiaries amounted to $653.0 million at December 31, 2014, on which deferred income taxes have not been provided because such earnings are intended to be reinvested indefinitely outside of the U.S. It is not practicable to estimate the tax liability that might be incurred if such earnings were remitted to the U.S.

Note 16: Commitments and Contingencies

At December 31, 2014, we were obligated under various operating lease agreements. Rental expense in 2014 and 2013 was $10.7 million and 10.3 million, respectively. Net rental expense in 2012 was $12.0 million, which was net of sublease income of $0.4 million.

At December 31, 2014, future minimum rental payments under non-cancelable operating leases were:

Year	($ in millions)
2015	$ 10.3
2016	8.1
2017	6.1
2018	4.5
2019	3.4
Thereafter	30.6
Total	$ 63.0

At December 31, 2014, outstanding unconditional contractual commitments for the purchase of raw materials, utilities and equipment amounted to $20.4 million, of which $6.0 million is due to be paid in 2015.

We have letters of credit totaling $3.5 million supporting the reimbursement of workers' compensation and other claims paid on our behalf by insurance carriers. Our accrual for insurance obligations was $8.7 million at December 31, 2014, of which $4.6 million is in excess of our deductible and, therefore, is reimbursable by the insurance company.

Our SmartDose contingent consideration is payable to the selling shareholders based upon a percentage of product sales over the life of the underlying product patent, which is 17 years, with no cap on total payments. Given the length of the earnout period and the uncertainty in forecasted product sales, we do not believe it is meaningful to estimate the upper end of the range over the entire period. However, our estimated probable range which could become payable over the next five years is between zero and $4.1 million.

Note 17: Segment Information

Our business operations are organized into two reportable segments, which are aligned with the underlying markets and customers they serve. Our reportable segments are Packaging Systems and Delivery Systems. Packaging Systems develops, manufactures and sells primary packaging components and systems for injectable drug delivery, including stoppers and seals for vials, closures and other components used in syringe, intravenous and blood collection systems, and prefillable syringe components. Delivery Systems develops, manufactures and sells safety and administration systems, multi-component systems for drug administration, and a variety of custom contract-manufacturing solutions targeted to the healthcare and consumer-products industries. In addition, Delivery Systems is responsible for the continued development and commercialization of our line of proprietary, multi-component systems for injectable drug administration and other healthcare applications.

Packaging Systems has three operating segments: the Americas, Europe and Asia Pacific. These operating segments are aggregated for reporting purposes as they have common economic characteristics, produce and sell a similar range of products, use a similar distribution process and have a similar customer base. Delivery Systems consists of only one operating segment.

We evaluate the performance of our segments based upon, among other things, segment net sales and operating profit. Segment operating profit excludes general corporate costs, which include executive and director compensation, stock-based compensation, adjustments to annual incentive plan expense for over- or under-attainment of targets, certain pension and other retirement benefit costs, and other corporate facilities and administrative expenses not allocated to the segments. Also excluded are items that management considers not representative of ongoing operations. Such items are referred to as other unallocated items and generally include restructuring and related charges, certain asset impairments and other specifically-identified income or expense items. Corporate assets include pension assets and investments in affiliated companies. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The following table provides information on sales by significant product group:

($ in millions)	2014	2013	2012
Packaging Systems	$ 1,019.7	$ 996.0	$ 915.1
Proprietary products	105.4	92.7	77.0
Contract manufacturing	297.1	281.4	275.1
Delivery Systems	402.5	374.1	352.1
Intersegment sales elimination	(0.8)	(1.7)	(0.8)
Net sales	$ 1,421.4	$ 1,368.4	$ 1,266.4

The intersegment sales elimination, which is required for the presentation of consolidated net sales, represents the elimination of components sold between our segments.

We do not have any customers accounting for greater than 10% of consolidated net sales.

The following table presents sales and net property, plant and equipment, by the country in which the legal subsidiary is domiciled and assets are located:

	Sales			Property, Plant and Equipment, Net		
($ in millions)	2014	2013	2012	2014	2013	2012
United States	$ 655.5	$ 614.5	$ 592.8	$ 339.4	$ 336.0	$ 322.0
Germany	219.4	219.6	184.4	110.9	124.4	117.2
France	118.2	112.6	102.6	40.4	43.4	42.1
Other European countries	285.0	279.4	251.4	91.5	83.2	72.3
Other	143.3	142.3	135.2	123.6	124.7	115.4
	$ 1,421.4	$ 1,368.4	$ 1,266.4	$ 705.8	$ 711.7	$ 669.0

The following tables provide summarized financial information for our segments:

($ in millions)	Packaging Systems	Delivery Systems	Corporate and Eliminations	Consolidated
2014				
Net sales	$ 1,019.7	$ 402.5	$ (0.8)	$ 1,421.4
Operating profit	$ 223.0	$ 13.5	$ (54.5)	$ 182.0
Interest expense, net	—	—	(13.0)	(13.0)
Income before income taxes	$ 223.0	$ 13.5	$ (67.5)	$ 169.0
Segment assets	$ 1,024.3	$ 405.1	$ 241.5	$ 1,670.9
Capital expenditures	76.5	35.8	(0.4)	111.9
Depreciation and amortization expense	58.3	23.0	8.7	90.0
2013				
Net sales	$ 996.0	$ 374.1	$ (1.7)	$ 1,368.4
Operating profit	$ 217.0	$ 9.4	$ (64.0)	$ 162.4
Loss on debt extinguishment	—	—	(0.2)	(0.2)
Interest expense, net	—	—	(15.1)	(15.1)
Income before income taxes	$ 217.0	$ 9.4	$ (79.3)	$ 147.1
Segment assets	$ 1,048.9	$ 429.3	$ 193.4	$ 1,671.6
Capital expenditures	81.3	28.5	42.1	151.9
Depreciation and amortization expense	55.5	20.9	8.8	85.2
2012				
Net sales	$ 915.1	$ 352.1	$ (0.8)	$ 1,266.4
Operating profit	$ 187.5	$ 18.4	$ (70.8)	$ 135.1
Loss on debt extinguishment	—	—	(11.6)	(11.6)
Interest expense, net	—	—	(14.9)	(14.9)
Income before income taxes	$ 187.5	$ 18.4	$ (97.3)	$ 108.6
Segment assets	$ 942.7	$ 389.3	$ 232.0	$ 1,564.0
Capital expenditures	74.3	24.5	32.5	131.3
Depreciation and amortization expense	52.7	18.4	5.8	76.9

During 2014, we recognized a pre-tax loss on debt extinguishment of less than $0.1 million, in connection with repurchases of our Convertible Debentures. We recognized a pre-tax loss on debt extinguishment of $0.2 million and $11.6 million, during 2013 and 2012 respectively, in connection with similar repurchases. Refer to Note 8, *Debt,* for additional details.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
West Pharmaceutical Services, Inc.

In our opinion, the consolidated financial statements listed in the index appearing under Item 15 (a) (1), present fairly, in all material respects, the financial position of West Pharmaceutical Services, Inc. and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule appearing under Item 15 (a) (2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 25, 2015

Quarterly Operating and Per Share Data (Unaudited)

($ in millions, except per share data)	First Quarter (1)	Second Quarter	Third Quarter (2)	Fourth Quarter (3)	Full Year
2014					
Net sales	$ 346.8	$ 368.9	$ 355.9	$ 349.8	$ 1,421.4
Gross profit	106.4	121.8	109.9	109.7	447.8
Net income	$ 27.1	$ 37.6	$ 31.0	$ 31.4	$ 127.1
Net income per share:					
Basic	$ 0.38	$ 0.53	$ 0.44	$ 0.44	$ 1.79
Diluted	$ 0.38	$ 0.52	$ 0.43	$ 0.43	$ 1.75
2013					
Net sales	$ 339.4	$ 344.5	$ 341.8	$ 342.7	$ 1,368.4
Gross profit	111.7	110.9	105.5	106.6	434.7
Net income	$ 31.7	$ 30.2	$ 26.8	$ 23.6	$ 112.3
Net income per share:					
Basic	$ 0.46	$ 0.44	$ 0.38	$ 0.33	$ 1.61
Diluted	$ 0.45	$ 0.43	$ 0.37	$ 0.33	$ 1.57

The sum of the quarterly per share amounts may not equal full year due to rounding.

Factors affecting the comparability of the information reflected in the quarterly data:

(1) First quarter 2013 net income included a loss on debt extinguishment of $0.2 million and $1.3 million ($0.02 per diluted share) of discrete tax items.

(2) Net income for the third quarter of 2014 included the impact of a charge for license costs associated with acquired in-process research of $0.8 million ($0.01 per diluted share). Net income for the third quarter of 2013 included $1.3 million ($0.02 per diluted share) of discrete tax items.

(3) Fourth quarter 2014 net income included $1.8 million ($0.02 per diluted share) of discrete tax items. Fourth quarter 2013 net income included $3.5 million ($0.05 per diluted share) of discrete tax items.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls are controls and procedures designed to reasonably ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this annual report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure Controls include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Our Disclosure Controls include some, but not all, components of our internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures
An evaluation was performed under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934), as of the end of the period covered by this Form 10-K. Based on this evaluation, our CEO and CFO have concluded that, as of December 31, 2014, our disclosure controls and procedures are effective.

Management's Report on Internal Control over Financial Reporting
Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed under the supervision of our CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014 based on the framework established in "Internal Control-Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that our internal control over financial reporting was effective as of December 31, 2014.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. No evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within West have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Also projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

Changes in Internal Controls

During the fourth quarter ended December 31, 2014, there have been no changes to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information about our directors is incorporated by reference from the discussion under the heading *Items to be Voted on - Proposal 1 - Election of Ten Directors* in our 2015 Proxy Statement. Information about our Code of Business Conduct is incorporated by reference from the discussion under the heading *Corporate Governance and Board Matters - Code of Business Conduct* in our 2015 Proxy Statement. Information regarding the procedures by which our shareholders may recommend nominees to our Board of Directors is incorporated by reference from the discussion under the heading *Other Information - 2016 Shareholder Proposals or Nominations* included in our 2015 Proxy Statement. Information about our Audit Committee, including the members of the committee, and our Audit Committee financial experts, is incorporated by reference from the discussion under the heading *Corporate Governance and Board Matters - Committees - Audit Committee* in our 2015 Proxy Statement. The balance of the information required by this item is contained in the discussion entitled *Executive Officers of the Company* in Part I of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information about director and executive compensation is incorporated by reference from the discussion under the headings *Director Compensation* and *Executive Compensation* in our 2015 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item is incorporated by reference from the discussion under the headings *Other Information - Stock Ownership* in our 2015 Proxy Statement.

Equity Compensation Plan Information Table

The following table sets forth information about the grants of stock options, restricted stock or other rights under all of the Company's equity compensation plans as of the close of business on December 31, 2014. The table does not include information about tax-qualified plans such as the West 401(k) Plan or the Tech Group Puerto Rico, Inc. Savings and Retirement Plan.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	5,582,649 (1)	$ 25.46 (2)	8,172,186 (3)
Equity compensation plans not approved by security holders	—	—	—
Total	5,582,649	$ 25.46	8,172,186

(1) Includes 2,322,234 outstanding stock options, 203,540 outstanding stock-settled stock appreciation rights, 470,719 restricted performance share units and 234,865 deferred stock-equivalents units granted to directors under the 2011 Plan. Includes 1,931,226 outstanding stock options and 90,611 deferred stock-equivalents units granted to directors under the Non-Qualified Deferred Compensation Plan for Non-Employee Directors under the 2007 Omnibus Incentive Compensation Plan (which was terminated in 2011). Includes 329,454 outstanding stock options under the 2004 Stock-Based Compensation Plan (which was terminated in 2007). The average term of remaining options and stock-settled stock appreciation rights granted is 6.4 years. No future grants or awards may be made under the terminated plans. The total includes restricted performance share units at 100% of grant. The restricted performance share unit payouts were at 124.4%, 113.4%, and 39.2% in 2014, 2013 and 2012, respectively. The total does not include stock-equivalent units granted or credited to directors under the Non-Qualified Deferred Compensation Plan for Non-Employee Directors to be settled only in cash.

(2) Restricted performance share and deferred stock-equivalent units are excluded when determining the weighted-average exercise price of outstanding options.

(3) Represents 4,115,586 shares reserved under the Company's Employee Stock Purchase Plan and 4,056,600 shares remaining available for issuance under the 2011 Plan. The estimated number of shares that could be issued for 2014 from the Employee Stock Purchase Plan is 730,878. This number of shares is calculated by multiplying the 543 share per offering period per participant limit by 1,346, the number of current participants in the plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information called for by this Item is incorporated by reference from the discussion under the heading *Related Person Transactions and Procedures* in our 2015 Proxy Statement. Information about director independence is incorporated by reference from the discussion under the heading *Corporate Governance and Board Matters - Related Person Transactions and Procedures* in our 2015 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information about the fees for professional services rendered by our independent auditors in 2014 and 2013 is incorporated by reference from the discussion under the heading *Independent Auditor and Fees - Fees Paid to PricewaterhouseCoopers LLP* in our 2015 Proxy Statement. Our Audit Committee's policy on pre-approval of audit and permissible non-audit services of our independent auditors is incorporated by reference from the section captioned *Independent Auditors and Fees - Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services* in our 2015 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

The following documents are included in Part II, Item 8:

Consolidated Statements of Income for the years ended December 31, 2014, 2013 and 2012
Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012
Consolidated Balance Sheets at December 31, 2014 and 2013
Consolidated Statement of Equity for the years ended December 31, 2014, 2013 and 2012
Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012
Notes to Consolidated Financial Statements
Report of Independent Registered Public Accounting Firm

(a) 2. Financial Statement Schedules

Schedule II - Valuation and Qualifying Accounts

($ in millions)	Balance at beginning of period	Charged to costs and expenses	Deductions (1)	Balance at end of period
For the year ended December 31, 2014				
Allowances deducted from assets:				
Deferred tax asset valuation allowance	$ 23.5	$ (0.9)	$ (0.5)	$ 22.1
Allowance for doubtful accounts	0.8	0.4	(0.3)	0.9
Total allowances deducted from assets	$ 24.3	$ (0.5)	$ (0.8)	$ 23.0
For the year ended December 31, 2013				
Allowances deducted from assets:				
Deferred tax asset valuation allowance	$ 20.4	$ 2.8	$ 0.3	$ 23.5
Allowance for doubtful accounts	0.5	—	0.3	0.8
Total allowances deducted from assets	$ 20.9	$ 2.8	$ 0.6	$ 24.3
For the year ended December 31, 2012				
Allowances deducted from assets:				
Deferred tax asset valuation allowance	$ 19.3	$ 0.6	$ 0.5	$ 20.4
Allowance for doubtful accounts	0.3	0.3	(0.1)	0.5
Total allowances deducted from assets	$ 19.6	$ 0.9	$ 0.4	$ 20.9

(1) Includes accounts receivable written off, the write-off or write-down of valuation allowances, and translation adjustments.

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

(a) 3. Exhibits - An index of the exhibits included in this Form 10-K is contained on pages F-1 through F-4 and is incorporated herein by reference.

(b) See subsection (a) 3. above.

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

SIGNATURES

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

WEST PHARMACEUTICAL SERVICES, INC.
(Registrant)

By: /s/ William J. Federici
William J. Federici
Senior Vice President and Chief Financial Officer

February 25, 2015

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

Signature	Title	Date
/s/ Donald E. Morel, Jr., Ph.D Donald E. Morel, Jr., Ph.D	Director, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	February 25, 2015
/s/ Daniel Malone Daniel Malone	Vice President and Controller (Principal Accounting Officer)	February 25, 2015
/s/ William J. Federici William J. Federici	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 25, 2015
/s/ Mark A. Buthman Mark A. Buthman*	Director	February 17, 2015
/s/ William F. Feehery William F. Feehery*	Director	February 17, 2015
/s/ Thomas W. Hofmann Thomas W. Hofmann*	Director	February 17, 2015
/s/ Paula A. Johnson Paula A. Johnson*	Director	February 17, 2015
/s/ Myla Lai-Goldman, M.D. Myla Lai-Goldman, M.D.*	Director	February 17, 2015
/s/ Douglas A. Michels Douglas A. Michels*	Director	February 17, 2015
/s/ John H. Weiland John H. Weiland*	Director	February 17, 2015
/s/ Anthony Welters Anthony Welters*	Director	February 17, 2015
/s/ Patrick J. Zenner Patrick J. Zenner*	Director	February 17, 2015

* By William J. Federici pursuant to a power of attorney.

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EXHIBIT INDEX

Exhibit Number	Description
3.1	Our Amended and Restated Articles of Incorporation effective August 1, 2013 are incorporated by reference from our Form 10-Q report for the quarter ended September 30, 2014.
3.2	Our Bylaws, as amended through October 14, 2008 are incorporated by reference from our Form 8-K dated October 20, 2008.
4.1	Form of stock certificate for common stock is incorporated by reference from our annual report on Form 10-K dated May 6, 1999.
4.2	Article 5, 6, 8(c) and 9 of our Amended and Restated Articles of Incorporation are incorporated by reference from our Form 8-K dated December 17, 2007.
4.3	Article I and V of our Bylaws, as amended through October 14, 2008 are incorporated by reference from our Form 8-K dated October 20, 2008.
4.4 (1)	Instruments defining the rights of holders of long-term debt securities of West and its subsidiaries have been omitted.
10.1	First Amendment to Credit Agreement, dated February 1, 2013, among West Pharmaceutical Services, Inc., certain of its subsidiaries, the several banks and other financial institutions party thereto, and PNC Bank, National Association, as administrative agent for the Lenders incorporated by reference from our Form 8-K filed on February 6, 2013.
10.2	Note Purchase Agreement, dated July 5, 2012, among the Company and the Purchasers named therein is incorporated by reference from our Form 8-K filed on July 10, 2012.
10.3	Credit Agreement, dated April 27, 2012, by and among West Pharmaceutical Services, Inc., our direct and indirect subsidiaries from time to time parties thereto, the several banks and other financial institutions from time to time parties thereto and PNC Bank, National Association, as administrative agent for the Lenders incorporated by reference from our Form 8-K filed on May 3, 2012.
10.4	Lease Agreement dated December 17, 2010, by and between us and 530 Regency Drive Associates, L.P., a Pennsylvania limited partnership, is incorporated by reference from our 8-K dated December 22, 2010.
10.5	Letter to 530 Regency Drive Associates, L.P. exercising purchase option is incorporated by reference from our 2010 10-K report.
10.6	Lease dated as of December 31, 1992 between Lion Associates, L.P. and us relating to the lease of our headquarters in Lionville, Pa. is incorporated by reference from our 1992 10-K report.
10.7	First Addendum to Lease dated as of May 22, 1995 between Lion Associates, L.P. and us is incorporated by reference from our 1995 10-K report.
10.8	Lease dated as of December 14, 1999 between White Deer Warehousing & Distribution Center, Inc. and us relating to the lease of our site in Montgomery, Pa. is incorporated by reference from our 2002 10-K report.
10.9 (2)	1999 Non-Qualified Stock Option Plan for Non-Employee Directors, effective as of April 27, 1999 (now terminated), is incorporated by reference from our 10-Q report for the quarter ended June 30, 1999.
10.10 (2)	Amendment No. 1 to 1999 Non-Qualified Stock Option Plan for Non-Employee Directors, effective October 30, 2001, is incorporated by reference from our 2001 10-K report.
10.11 (2)	Form of Second Amended and Restated Change-in-Control Agreement between us and certain of our executive officers dated as of March 25, 2000 is incorporated by reference from our 10-Q report for the quarter ended March 31, 2000.
10.12 (2)	Form of Amendment No. 1 to Second Amended and Restated Change-in-Control Agreement dated as of May 1, 2001 between us and certain of our executive officers is incorporated by reference from our 2001 10-K report.
10.13 (2)	Form of Amendment No. 2 to Second Amended and Restated Change-in-Control Agreement between us and certain of our executive officers, dated as of various dates in December 2008, is incorporated by reference from our 2008 10-K report.

Exhibit Number	Description
10.14 [2]	Schedule of agreements with executive officers is incorporated by reference from our 2008 10-K report.
10.15 [2]	Separation and Release Agreement, dated as of July 31, 2014, between us and Jeffrey C. Hunt.
10.16 [2]	Change-in-Control Agreement, dated as of May 3, 2012, between us and John Paproski, is incorporated by reference from our 2013 10-K report.
10.17 [2]	Change-in-Control Agreement, dated as of August 16, 2012, between us and Daniel Malone, is incorporated by reference from our 2013 10-K report.
10.18 [2]	Change-in-Control Agreement, dated as of August 15, 2012, between us and Karen Flynn, is incorporated by reference from our 2013 10-K report.
10.19 [2]	Employment Agreement, dated as of April 30, 2002, between us and Donald E. Morel, Jr. is incorporated by reference from our 10-Q report for the quarter ended September 30, 2002.
10.20 [2]	Amendment #1 to the Employment Agreement between us and Donald E. Morel, Jr., dated as of December 19, 2008, is incorporated by reference from our 2008 10-K report.
10.21 [2]	Non-Qualified Stock Option Agreement, dated as of April 30, 2002 between us and Donald E. Morel, Jr. is incorporated by reference from our 10-Q report for the quarter ended September 30, 2002.
10.22 [2]	Indemnification Agreement, dated as of January 5, 2009 between us and Donald E. Morel, Jr. is incorporated by reference from our Form 8-K dated January 6, 2009.
10.23 [2]	Supplemental Employees' Retirement Plan, as amended and restated effective January 1, 2008, is incorporated by reference from our 2008 10-K report.
10.24 [2]	Non-Qualified Deferred Compensation Plan for Designated Employees, as amended and restated effective January 1, 2008, is incorporated by reference from our 2008 10-K report.
10.25 [2]	Deferred Compensation Plan for Outside Directors, as amended and restated effective June 30, 2013, is incorporated by reference from our 2013 10-K report.
10.26 [2]	1998 Key Employee Incentive Compensation Plan, dated March 10, 1998 (now terminated) is incorporated by reference from our 1997 10-K report.
10.27 [2]	Amendment No. 1 to 1998 Key Employees Incentive Compensation Plan, effective October 30, 2001 is incorporated by reference from our 2001 10-K report.
10.28 [2]	West Pharmaceutical Services, Inc. 2011 Omnibus Incentive Compensation Plan is incorporated by reference from our Form 8-K filed on May 6, 2011.
10.29 [2]	2007 Omnibus Incentive Compensation Plan effective as of May 1, 2007, is incorporated by reference to Exhibit 99.1 of the Company's Form 8-K dated May 4, 2007.
10.30 [2]	2004 Stock-Based Compensation Plan (now terminated) is incorporated by reference from our Proxy Statement for the 2004 Annual Meeting of Shareholders.
10.31 [2]	Form of Director 2004 Non-Qualified Stock Option Award Agreement, issued pursuant to the 2004 Stock-Based Compensation Plan is incorporated by reference from our 10-Q report for the quarter ended September 30, 2004.
10.32 [2]	Form of Director 2004 Stock Unit Award Agreement, issued pursuant to the 2004 Stock-Based Compensation Plan is incorporated by reference from our 10-Q report for the quarter ended September 30, 2004.
10.33 [2]	Form of Director 2004 Non-Qualified Stock Option Agreement, issued pursuant to the 2004 Stock-Based Compensation Plan is incorporated by reference from our 10-Q report for the quarter ended September 30, 2004.
10.34 [2]	Form of Executive 2005 Non-Qualified Stock Option Award Notice is incorporated by reference from our 10-Q report for the quarter ended September 30, 2005.
10.35 [2]	Form of Director 2005 Non-Qualified Stock Option Award Notice is incorporated by reference from our 10-Q report for the quarter ended September 30, 2005.
10.36 [2]	Form of Director 2005 Stock Unit Share Award Notice is incorporated by reference from our 10-Q report for the quarter ended September 30, 2005.

Exhibit Number	Description
10.37 [2]	Form of Executive 2006 Bonus and Incentive Share Award is incorporated by reference from our 10-Q report for the quarter ended March 31, 2006.
10.38 [2]	Form of Executive 2006 Non-Qualified Stock Option Award is incorporated by reference from our 10-Q report for the quarter ended March 31, 2006.
10.39 [2]	Form of 2006 Performance-Vesting Restricted ("PVR") Share Award is incorporated by reference from our 10-Q report for the quarter ended March 31, 2006.
10.40 [2]	Form of Director 2006 Non-Qualified Stock Option Award Notice is incorporated by reference from our 10-Q report for the quarter ended June 30, 2006.
10.41 [2]	Form of Director 2006 Stock Unit Award Notice is incorporated by reference from our 10-Q report for the quarter ended June 30, 2006.
10.42 [2]	Form of 2007 Bonus and Incentive Share Award, issued pursuant to the 2004 Stock-Based Compensation Plan, is incorporated by reference from our 10-Q report for the quarter ended March 31, 2007.
10.43 [2]	Form of 2007 Non-Qualified Stock Option and Performance-Vesting Share Unit Award, issued pursuant to the 2004 Stock-Based Compensation Plan, is incorporated by reference from our 10-Q report for the quarter ended March 31, 2007.
10.44 [2]	Form of Director 2007 Deferred Stock Award, issued pursuant to the 2007 Omnibus Incentive Compensation Plan, is incorporated by reference from our 10-Q report for the quarter ended June 30, 2007.
10.45 [2]	Form of 2008 Bonus and Incentive Share Award, issued pursuant to the 2007 Omnibus Incentive Compensation Plan, is incorporated by reference from our 10-Q report for the quarter ended March 31, 2008.
10.46 [2]	Form of 2008 Non-Qualified Stock Option and Performance-Vesting Share Unit Award, issued pursuant to the 2007 Omnibus Incentive Compensation Plan, is incorporated by reference from our 10-Q report for the quarter ended March 31, 2008.
10.47 [2]	Form of Director 2008 Deferred Stock Award, issued pursuant to the 2007 Omnibus Incentive Compensation Plan, is incorporated by reference from our 2008 10-K report.
10.48 [2]	Form of 2009 Supplemental Long-Term Incentive Award, is incorporated by reference from our 10-Q report for the quarter ended September 30, 2009.
10.49	Credit Agreement, dated June 3, 2011, by and among us, certain of our subsidiaries, several banks and other financial institutions from time to time parties thereto (the "Lenders") and PNC Bank, National Association, as administrative agent for the Lenders.
10.50	Security Agreement, dated June 3, 2011, by and among us, the subsidiaries of the Company listed on the signature pages thereto and PNC Bank, National Association, as administrative agent, for the holders of the Obligations.
10.51 [3]	Agreement, effective as of January 1, 2005, between us and The Goodyear Tire & Rubber Company is incorporated by reference from our 10-Q report for the quarter ended June 30, 2005.
10.52 [3]	First Agreement to Amend to Agreement, effective as of July 1, 2008, between us and The Goodyear Tire & Rubber Company is incorporated by reference from our 10-Q report for the quarter ended March 31, 2009.
10.53 [3]	Supply Agreement, dated as of October 1, 2007, between us and Becton, Dickinson and Company is incorporated by reference from our 2007 10-K report.
10.54	Distributorship Agreement, dated January 25, 2007, between Daikyo Seiko, Ltd. and us is incorporated by reference from our 2006 10-K report.
10.55 [3]	Amended and Restated Technology Exchange and Cross License Agreement, dated January 25, 2007, between us and Daikyo Seiko, Ltd. is incorporated by reference from our 2006 10-K report.
10.56 [2]	Amendment to Letter Agreement, dated as of May 1, 2003, between us and Robert S. Hargesheimer is incorporated by reference from our 2003 10-K report.
10.57 [2]	Amendment #2 to Letter Agreement, dated as of December 19, 2008, between us and Robert S. Hargesheimer, is incorporated by reference from our 2008 10-K report.

Exhibit Number	Description
10.58 [2]	Letter Agreement dated as of March 30, 2006 between us and Donald E. Morel, Jr. is incorporated by reference from our 10-Q report for the quarter ended June 30, 2006.
10.59	Note Purchase Agreement, dated as of July 28, 2005, among us and each of the purchasers listed on Schedule A thereto, is incorporated by reference from our 8-K report dated August 3, 2005.
10.60	Indemnification agreements between us and each of our directors in the form of Exhibit 10.1 to our Form 8-K report dated January 6, 2009, which is incorporated by reference.
10.61 [3]	Global Supply Agreement by and between ExxonMobil Chemical Company and us, entered into on August 11, 2014, and effective January 1, 2014 through December 31, 2018 is incorporated by reference from our Form 8-K report filed on August 15, 2014.
10.62 [2]	Form of 2014 Long-Term Incentive Plan Award is incorporated by reference from our Form 10-Q report for the quarter ended March 31, 2014.
10.63 [2]	Form of 2014 Stock-Settled Restricted Stock Unit Award is incorporated by reference from our Form 10-Q report for the quarter ended June 30, 2014.
12.1	Computation of Ratio of Earnings to Fixed Charges.
21.	Subsidiaries of the Company.
23.	Consent of Independent Registered Public Accounting Firm.
24.	Powers of Attorney.
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

[1] We agree to furnish to the SEC, upon request, a copy of each instrument with respect to issuances of long-term debt of the Company and its subsidiaries.

[2] Management compensatory plan.

[3] Certain portions of this exhibit have been omitted pursuant to a confidential treatment request submitted to the SEC.

* Furnished, not filed.

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INVESTOR INFORMATION

Stock Listing
NYSE symbol: WST

Shareholders of Record
As of December 31, 2014: 896

Average Daily Trading Volume 2014

First Quarter:	334,610 shares
Second Quarter:	282,921 shares
Third Quarter:	311,472 shares
Fourth Quarter:	291,497 shares

Global Headquarters
West Pharmaceutical Services, Inc.
530 Herman O. West Drive | Exton, PA 19341 | USA
610-594-2900
www.westpharma.com

Annual Meeting
Tuesday, May 5, 2015, 9:30 a.m. | Exton, PA

Code of Business Conduct
Available at http://investor.westpharma.com

Investor Relations Contact

Michael A. Anderson
Vice President and Treasurer
610-594-3345
Mike.Anderson@westpharma.com

Transfer Agent and Registrar

Broadridge Corporate Issuer Solutions
1717 Arch St., Suite 1300
Philadelphia, PA 19103
855-627-5084
shareholder@broadridge.com

Written Affirmation

On May 23, 2014, Donald E. Morel, Jr., Ph.D., West's Chief Executive Officer, submitted to the NYSE the Written Affirmation required by the rules of the NYSE certifying that he was not aware of any violations by the Company of NYSE Corporate Governance listing standards.

Section 302 and 906 Certifications

The certifications of Dr. Morel and William J. Federici, West's Chief Financial Officer, made pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 regarding the quality of the Company's public disclosures, have been filed as exhibits to West's 2014 Form 10-K.

Dividends

West Pharmaceutical Services has paid 177 consecutive quarterly common stock cash dividends since becoming a public company. Dividends are usually declared by the Board during the last month of each calendar quarter and, if approved, are paid on the first Wednesday of February, May, August and November to shareholders of record two weeks prior to the payment date.

Publications

To receive copies of press releases or quarterly and annual reports filed with the United States Securities and Exchange Commission, write to Investor Relations at global headquarters, call 888-594-3222, or send a message through West's website, westpharma.com.

Dividend Reinvestment Plan

The West Pharmaceutical Services Dividend Reinvestment Plan for all registered shareholders is a convenient and economical way for shareholders to increase their investment in West through the purchase of additional shares with dividends and voluntary cash payments. All brokerage commissions and costs of administering the plan are paid by West. For details of the plan and an enrollment form, please contact the Dividend Reinvestment Department of Broadridge Corporate Issuer Solutions (see Transfer Agent and Registrar).

Investor On-Line

http://investor.westpharma.com

Trademarks

West Pharmaceutical Services, Inc.
530 Herman O. West Drive
Exton, PA 19341 | USA

#8922 • 0315