UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

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**

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 þ No o

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 þ No o

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	þ		Accelerated filer	o
Non-accelerated filer	o	(Do not check if a smaller reporting company)	Smaller reporting company	o

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

As of September 30, 2016, there were 73,184,116 shares of the Registrant's common stock outstanding.

TABLE OF CONTENTS

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
West Pharmaceutical Services, Inc. and Subsidiaries
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net sales	$ 376.7	$ 344.5	$ 1,126.8	$ 1,040.1
Cost of goods and services sold	255.6	236.2	749.1	703.9
Gross profit	121.1	108.3	377.7	336.2
Research and development	9.0	8.5	27.2	24.1
Selling, general and administrative expenses	58.3	54.6	178.9	170.6
Other expense (Note 12)	2.5	48.7	29.1	58.1
Operating profit (loss)	51.3	(3.5)	142.5	83.4
Interest expense	2.2	3.7	6.7	11.2
Interest income	0.2	0.5	0.8	1.3
Income (loss) before income taxes	49.3	(6.7)	136.6	73.5
Income tax expense (benefit)	14.4	(6.6)	38.3	15.1
Equity in net income of affiliated companies	2.7	1.6	6.2	3.8
Net income	$ 37.6	$ 1.5	$ 104.5	$ 62.2
Net income per share:				
Basic	$ 0.51	$ 0.02	$ 1.43	$ 0.86
Diluted	$ 0.50	$ 0.02	$ 1.40	$ 0.85
Weighted average shares outstanding:				
Basic	73.3	72.2	73.0	71.9
Diluted	75.0	73.9	74.7	73.6
Dividends declared per share	$ 0.13	$ 0.12	$ 0.37	$ 0.34

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
West Pharmaceutical Services, Inc. and Subsidiaries
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income	$ 37.6	$ 1.5	$ 104.5	$ 62.2
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	5.9	(13.5)	15.9	(58.0)
Defined benefit pension and other postretirement plan adjustments, net of tax of $0.3, $11.4, $0.9 and $12.3, respectively	0.6	19.7	2.2	21.3
Net gains (losses) on derivatives, net of tax of $(0.1), $(0.1), $0.4 and $0.7, respectively	—	(0.4)	0.7	1.5
Other comprehensive income (loss), net of tax	6.5	5.8	18.8	(35.2)
Comprehensive income	$ 44.1	$ 7.3	$ 123.3	$ 27.0

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
West Pharmaceutical Services, Inc. and Subsidiaries
(In millions)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 205.9	$ 274.6
Accounts receivable, net	209.5	181.4
Inventories	201.1	181.1
Other current assets	41.6	36.6
Total current assets	658.1	673.7
Property, plant and equipment	1,551.1	1,440.3
Less: accumulated depreciation and amortization	778.4	719.3
Property, plant and equipment, net	772.7	721.0
Investments in affiliated companies	81.4	61.3
Goodwill	105.2	104.6
Deferred income taxes	70.7	70.5
Intangible assets, net	24.4	37.6
Other noncurrent assets	22.8	26.4
Total Assets	$ 1,735.3	$ 1,695.1
LIABILITIES AND EQUITY		
Current liabilities:		
Notes payable and other current debt	$ 2.6	$ 69.3
Accounts payable	99.0	119.8
Pension and other postretirement benefits	5.7	5.6
Accrued salaries, wages and benefits	58.9	53.0
Income taxes payable	3.2	12.8
Other current liabilities	67.4	53.8
Total current liabilities	236.8	314.3
Long-term debt	228.6	228.9
Deferred income taxes	15.2	12.4
Pension and other postretirement benefits	62.5	62.0
Other long-term liabilities	49.9	53.6
Total Liabilities	593.0	671.2
Commitments and contingencies (Note 14)		
Equity:		
Preferred stock, 3.0 million shares authorized; 0 shares issued and outstanding	—	—
Common stock, $0.25 par value; 100.0 million shares authorized; issued: 73.5 million and 72.4 million; outstanding: 73.2 million and 72.3 million	18.4	18.1
Capital in excess of par value	247.6	207.8
Retained earnings	1,041.9	964.6
Accumulated other comprehensive loss	(143.8)	(162.6)
Treasury stock, at cost (0.3 million and 0.1 million shares)	(21.8)	(4.0)
Total Equity	1,142.3	1,023.9
Total Liabilities and Equity	$ 1,735.3	$ 1,695.1

See accompanying notes to condensed consolidated financial statements.

Table of Contents

CONDENSED CONSOLIDATED STATEMENT OF EQUITY (UNAUDITED)
West Pharmaceutical Services, Inc. and Subsidiaries
(In millions)

	Common Stock		Capital in Excess of Par Value	Treasury Stock	Retained earnings	Accumulated other comprehensive (loss) income	Total
	Shares	Amount					
Balance, December 31, 2015	72.4	$ 18.1	$ 207.8	$ (4.0)	$ 964.6	$ (162.6)	$ 1,023.9
Net income	—	—	—	—	104.5	—	104.5
Stock-based compensation	—	—	12.7	0.3	—	—	13.0
Shares issued under stock plans	1.2	0.3	16.9	8.7	—	—	25.9
Shares purchased under share repurchase program	—	—	—	(26.8)	—	—	(26.8)
Shares repurchased for employee tax withholdings	(0.1)	—	(3.7)	—	—	—	(3.7)
Excess tax benefits from employee stock plans	—	—	13.9	—	—	—	13.9
Dividends declared	—	—	—	—	(27.2)	—	(27.2)
Other comprehensive income, net of tax	—	—	—	—	—	18.8	18.8
Balance, September 30, 2016	73.5	$ 18.4	$ 247.6	$ (21.8)	$ 1,041.9	$ (143.8)	$ 1,142.3

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
West Pharmaceutical Services, Inc. and Subsidiaries
(In millions)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Cash flows from operating activities:		
Net income	$ 104.5	$ 62.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	65.9	63.6
Amortization	2.0	3.0
Stock-based compensation	14.1	24.4
Non-cash restructuring charges	15.9	—
Pension settlement charge	—	49.0
Other non-cash items, net	(3.7)	(2.7)
Changes in assets and liabilities	(51.1)	(55.1)
Net cash provided by operating activities	147.6	144.4
Cash flows from investing activities:		
Capital expenditures	(122.7)	(86.8)
Purchase of cost-method investment	(8.4)	—
Other, net	2.0	1.2
Net cash used in investing activities	(129.1)	(85.6)
Cash flows from financing activities:		
Borrowings under revolving credit agreements	—	57.4
Repayments under revolving credit agreements	—	(57.4)
Repayments of long-term debt	(69.2)	(26.7)
Dividend payments	(26.2)	(23.7)
Excess tax benefits from employee stock plans	13.9	4.2
Shares purchased under share repurchase program	(26.8)	—
Shares repurchased for employee tax withholdings	(3.7)	(5.6)
Proceeds from exercise of stock options and stock appreciation rights	21.8	9.7
Employee stock purchase plan contributions	2.8	2.3
Contingent consideration payments	(0.1)	(0.1)
Net cash used in financing activities	(87.5)	(39.9)
Effect of exchange rates on cash	0.3	(17.4)
Net (decrease) increase in cash and cash equivalents	(68.7)	1.5
Cash and cash equivalents at beginning of period	274.6	255.3
Cash and cash equivalents at end of period	$ 205.9	$ 256.8

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1: Summary of Significant Accounting Policies

Basis of Presentation: The condensed consolidated financial statements included in this report are unaudited and have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("U.S. GAAP") for interim financial reporting and U.S. Securities and Exchange Commission ("SEC") regulations. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. In the opinion of management, these financial statements include all adjustments, which are of a normal recurring nature, necessary for a fair statement of the financial position, results of operations, cash flows and the change in equity for the periods presented. The condensed consolidated financial statements for the three and nine months ended September 30, 2016 should be read in conjunction with the consolidated financial statements and notes thereto of West Pharmaceutical Services, Inc. (which may be referred to as "West", "the Company", "we", "us" or "our") appearing in our Annual Report on Form 10-K for the year ended December 31, 2015 ("2015 Annual Report"). The results of operations for any interim period are not necessarily indicative of results for the full year.

Segment Reporting: Beginning in 2016, we changed our organization and reporting structure for our next phase of growth and development, which resulted in a change to Proprietary Products and Contract-Manufactured Products as our reportable segments. Segment results presented in the accompanying condensed consolidated financial statements and related notes have been retroactively adjusted to reflect the impact of this change. Please refer to Note 15, *Segment Information*, for additional details.

Note 2: New Accounting Standards

Recently Adopted Standards

In September 2015, the Financial Accounting Standards Board ("FASB") issued guidance that simplifies the accounting for measurement-period adjustments in business combinations, by eliminating the requirement to account for those adjustments retrospectively. Instead, the acquirer will be required to recognize measurement-period adjustments in the reporting period in which the amounts are determined. We adopted this guidance as of January 1, 2016, on a prospective basis. The adoption did not have a material impact on our financial statements.

In April 2015, the FASB issued guidance on the accounting for fees paid by a customer in a cloud computing arrangement. We adopted this guidance as of January 1, 2016, on a prospective basis. The adoption did not have a material impact on our financial statements.

In February 2015, the FASB issued amended guidance that changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. We adopted this guidance as of January 1, 2016, on a prospective basis. The adoption did not have a material impact on our financial statements.

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. We adopted this guidance as of January 1, 2016. The adoption did 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. We adopted this guidance as of January 1, 2016. The adoption did not have a material impact on our financial statements.

Standards Issued Not Yet Adopted

In August 2016, the FASB issued guidance to reduce the diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted. Management is currently evaluating the impact that this guidance will have on our financial statements.

In March 2016, the FASB issued guidance that simplifies several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. Management is currently evaluating the impact that this guidance will have on our financial statements.

In March 2016, the FASB issued guidance that simplifies the transition to the equity method of accounting. This guidance eliminates the requirement to retroactively adopt the equity method of accounting when there is an increase in the level of ownership interest or degree of influence. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Management believes that the adoption of this guidance will not have a material impact on our financial statements.

In February 2016, the FASB issued guidance on the accounting for leases. This guidance requires lessees to recognize lease assets and lease liabilities on the balance sheet and to expand disclosures about leasing arrangements, both qualitative and quantitative. In terms of transition, the guidance requires adoption based upon a modified retrospective approach. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Management is currently evaluating the impact that this guidance will have on our financial statements.

In January 2016, the FASB issued guidance that addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Management believes that the adoption of this guidance will not have a material impact on our financial statements.

In July 2015, the FASB issued guidance regarding the subsequent measurement of inventory. This guidance requires inventory measured using any method other than last-in, first-out or the retail inventory method to be measured at the lower of cost and net realizable value. Net realizable value represents estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. 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 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. The FASB subsequently issued additional clarifying standards to address issues arising from implementation of the new revenue recognition standard. This guidance is effective for interim and annual reporting periods beginning on or after December 15, 2017. Early adoption is permitted as of one year prior to the current effective date. Entities can choose to apply the guidance using either a full retrospective approach or a modified retrospective approach. Management is continuing to evaluate the impact that this guidance will have on our financial statements.

Note 3: Net Income Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2016	2015	2016	2015
Net income	$ 37.6	$ 1.5	$ 104.5	$ 62.2
Weighted average common shares outstanding	73.3	72.2	73.0	71.9
Dilutive effect of equity awards, based on the treasury stock method	1.7	1.7	1.7	1.7
Weighted average shares assuming dilution	75.0	73.9	74.7	73.6

During the three months ended September 30, 2016 and 2015, there were 0.1 million and 0.8 million shares, respectively, not included in the computation of diluted net income per share because their impact was antidilutive. There were 0.1 million and 0.6 million antidilutive shares outstanding during the nine months ended September 30, 2016 and 2015, respectively.

In December 2015, we announced a share repurchase program authorizing the repurchase of up to 700,000 shares of the Company’s common stock from time to time on the open market or in privately-negotiated transactions as permitted under the Securities Exchange Act of 1934 Rule 10b-18. The number of shares to be repurchased and the timing of such transactions will depend on a variety of factors, including market conditions. The program commenced on January 1, 2016 and is expected to be completed by December 31, 2016. During the three months ended September 30, 2016, the Company purchased 117,310 shares of its common stock under this program at a cost of $9.6 million, or an average price of $81.46 per share. During the nine months ended September 30, 2016, the Company purchased 370,810 shares of its common stock under this program at a cost of $26.8 million, or an average price of $72.14 per share.

Note 4: Inventories

Inventories are valued at the lower of cost (on a first-in, first-out basis) or market. Inventory balances were as follows:

($ in millions)	September 30, 2016	December 31, 2015
Raw materials	$ 82.5	$ 74.4
Work in process	32.2	30.1
Finished goods	86.4	76.6
	$ 201.1	$ 181.1

Note 5: Affiliated Companies

During the second quarter of 2016, we made an $8.4 million cost-method investment in an intradermal drug delivery company. At September 30, 2016 and December 31, 2015, the aggregate carrying amount of investments in equity-method affiliates was $68.0 million and $56.3 million, respectively, and the aggregate carrying amount of cost-method investments was $13.4 million and $5.0 million, respectively. Please refer to Note 5, *Affiliated Companies*, to the consolidated financial statements in our 2015 Annual Report for additional details.

Note 6: Debt

The following table summarizes our long-term debt obligations, net of current maturities and unamortized debt issuance costs. The interest rates shown in parentheses are as of December 31, 2015.

($ in millions)	September 30, 2016	December 31, 2015
Euro note B, due February 27, 2016 (4.38%)	$ —	$ 66.8
Term loan, due January 1, 2018 (1.74%)	35.4	37.1
Note payable, due December 31, 2019	0.2	0.2
Revolving credit facility, due October 15, 2020 (1.71%)	28.5	27.1
Series A notes, due July 5, 2022 (3.67%)	42.0	42.0
Series B notes, due July 5, 2024 (3.82%)	53.0	53.0
Series C notes, due July 5, 2027 (4.02%)	73.0	73.0
Total debt	232.1	299.2
Less: current portion of long-term debt	2.6	69.3
Less: unamortized debt issuance costs	0.9	1.0
Long-term debt, net	$ 228.6	$ 228.9

Please refer to Note 8, *Debt*, to the consolidated financial statements in our 2015 Annual Report for additional details regarding our debt agreements.

At September 30, 2016, we had $28.5 million in outstanding borrowings under our $300.0 million multi-currency revolving credit facility, of which $4.9 million was denominated in Japanese Yen (“Yen”) and $23.6 million was denominated in Euro. The total amount outstanding under this facility at September 30, 2016 and December 31, 2015 was classified as long-term. These borrowings, together with outstanding letters of credit of $3.0 million, resulted in a borrowing capacity available under this facility of $268.5 million at September 30, 2016. Please refer to Note 7, *Derivative Financial Instruments*, for a discussion of the foreign currency hedges associated with this facility.

In addition, at September 30, 2016, we had $35.4 million outstanding under our five-year term loan due January 2018, of which $2.5 million was classified as current. Please refer to Note 7, *Derivative Financial Instruments*, for a discussion of the interest-rate swap agreement associated with this loan.

Note 7: 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

At September 30, 2016, we had a $35.4 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. Under this swap, we receive variable interest rate payments based on one-month London Interbank Offered Rate (“LIBOR”) plus a margin in return for making monthly fixed interest payments at 5.41%. We designated this swap as a cash flow hedge.

Foreign Exchange Rate Risk

In 2015, we entered into a €20.0 million forward exchange contract, designated as a fair value hedge, to neutralize our exposure to fluctuating foreign exchange rates on a cross-currency intercompany loan. Changes in the fair value of this derivative are recognized within other expense and are offset by changes in the fair value of the underlying exposure being hedged.

In addition, in 2015 and 2016, we entered into the following foreign currency hedge contracts that were designated as cash flow hedges of forecasted transactions denominated in foreign currencies.

In 2015, we entered into a series of foreign currency contracts intended to hedge the currency risk associated with a portion of our forecasted U.S. dollar (“USD”)-denominated inventory purchases made by certain European subsidiaries. The remaining notional amount is €5.5 million ($6.1 million).

We also entered into a series of foreign currency contracts in 2015 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. The remaining notional amount is €4.5 million ($4.9 million).

In 2016, we entered into a series of foreign currency contracts to hedge the currency risk associated with a portion of our forecasted Yen-denominated inventory purchases made by West in the U.S. The remaining notional amount is ¥355.1 million ($3.0 million).

We also entered into a series of foreign currency contracts in 2016 to hedge the currency risk associated with a portion of our forecasted Yen-denominated inventory purchases made by certain European subsidiaries. The remaining notional amount is ¥180.0 million ($1.6 million).

At September 30, 2016, a portion of our debt consisted of borrowings denominated in currencies other than USD. We have designated our €21.0 million ($23.6 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 $0.3 million pre-tax ($0.2 million after tax) on this debt was recorded within accumulated other comprehensive loss as of September 30, 2016. We have also designated our ¥500.0 million ($4.9 million) Yen-denominated borrowings under our multi-currency revolving credit facility as a hedge of our net investment in Daikyo Seiko, Ltd. ("Daikyo"). At September 30, 2016, there was a cumulative foreign currency translation loss on this Yen-denominated debt of $0.8 million pre-tax ($0.5 million after tax), which was also included within accumulated other comprehensive loss.

Commodity Price Risk

Many of our proprietary 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 February 2016, we purchased a series of call options for a total of 71,900 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 2016. With these contracts we may benefit from a decline in crude oil prices, as there is no downward exposure other than the $0.2 million premium that we paid to purchase the contracts.

During the three and nine months ended September 30, 2016, the gain recorded in cost of goods and services sold related to these call options was $0.1 million.

Effects of Derivative Instruments on Financial Position and Results of Operations

The following tables summarize the effects of derivative instruments designated as hedges on other comprehensive income (“OCI”) and earnings, net of tax:

($ in millions)	Amount of Gain (Loss) Recognized in OCI for Three Months Ended September 30, 2016	Amount of Gain (Loss) Recognized in OCI for Three Months Ended September 30, 2015	Amount of (Gain) Loss Reclassified from Accumulated OCI into Income for Three Months Ended September 30, 2016	Amount of (Gain) Loss Reclassified from Accumulated OCI into Income for Three Months Ended September 30, 2015	Location of (Gain) Loss Reclassified from Accumulated OCI into Income
Cash Flow Hedges:					
Foreign currency hedge contracts	$ —	$ —	$ —	$ (0.4)	Net sales
Foreign currency hedge contracts	(0.3)	(0.3)	—	—	Cost of goods and services sold
Interest rate swap contracts	—	(0.1)	0.2	0.3	Interest expense
Forward treasury locks	—	—	0.1	0.1	Interest expense
Total	$ (0.3)	$ (0.4)	$ 0.3	$ —	
Net Investment Hedges:					
Foreign currency-denominated debt	$ (0.2)	$ (0.8)	$ —	$ —	Other expense
Total	$ (0.2)	$ (0.8)	$ —	$ —	

($ in millions)	Amount of Gain (Loss) Recognized in OCI for Nine Months Ended September 30, 2016	Amount of Gain (Loss) Recognized in OCI for Nine Months Ended September 30, 2015	Amount of (Gain) Loss Reclassified from Accumulated OCI into Income for Nine Months Ended September 30, 2016	Amount of (Gain) Loss Reclassified from Accumulated OCI into Income for Nine Months Ended September 30, 2015	Location of (Gain) Loss Reclassified from Accumulated OCI into Income
Cash Flow Hedges:					
Foreign currency hedge contracts	$ (0.3)	$ 1.4	$ 0.1	$ (1.1)	Net sales
Foreign currency hedge contracts	0.3	0.3	—	—	Cost of goods and services sold
Interest rate swap contracts	(0.2)	(0.4)	0.6	1.1	Interest expense
Forward treasury locks	—	—	0.2	0.2	Interest expense
Total	$ (0.2)	$ 1.3	$ 0.9	$ 0.2	
Net Investment Hedges:					
Foreign currency-denominated debt	$ (1.3)	$ 4.7	$ —	$ —	Other expense
Total	$ (1.3)	$ 4.7	$ —	$ —	

For the three and nine months ended September 30, 2016 and 2015, there was no material ineffectiveness related to our hedges.

Note 8: 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 September 30, 2016	Basis of Fair Value Measurements Level 1	Level 2	Level 3
Assets:				
Deferred compensation assets	$ 6.4	$ 6.4	$ —	$ —
Foreign currency contracts	0.6	—	0.6	—
	$ 7.0	$ 6.4	$ 0.6	$ —
Liabilities:				
Contingent consideration	$ 7.8	$ —	$ —	$ 7.8
Deferred compensation liabilities	6.8	6.8	—	—
Interest rate swap contract	1.3	—	1.3	—
Foreign currency contracts	0.1	—	0.1	—
	$ 16.0	$ 6.8	$ 1.4	$ 7.8

($ in millions)	Balance at December 31, 2015	Basis of Fair Value Measurements Level 1	Level 2	Level 3
Assets:				
Deferred compensation assets	$ 6.8	$ 6.8	$ —	$ —
Foreign currency contracts	0.2	—	0.2	—
	$ 7.0	$ 6.8	$ 0.2	$ —
Liabilities:				
Contingent consideration	$ 6.0	$ —	$ —	$ 6.0
Deferred compensation liabilities	8.8	8.8	—	—
Interest rate swap contract	2.0	—	2.0	—
Foreign currency contracts	0.2	—	0.2	—
	$ 17.0	$ 8.8	$ 2.2	$ 6.0

Deferred compensation assets are included within other noncurrent assets and are 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 and other current liabilities, 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, included within other current and other long-term liabilities, 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. Our interest rate swap, included within other long-term liabilities, is valued based on the terms of the contract and observable market inputs (i.e., LIBOR, Eurodollar synthetic forwards and swap spreads). Please refer to Note 7, *Derivative Financial Instruments*, for further discussion of our derivatives.

Level 3 Fair Value Measurements

The fair value of the contingent consideration liability related to our SmartDose® electronic patch injector system ("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 expense in our condensed 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:

	Nine Months Ended September 30,	
	2016	2015
Beginning balance	$ 6.0	$ 5.0
Increase in fair value recorded in earnings	1.9	0.8
Payments	(0.1)	(0.1)
Ending balance	$ 7.8	$ 5.7

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.

The estimated fair value of long-term debt is based on quoted market prices for debt issuances with similar terms and maturities and is classified as Level 2 within the fair value hierarchy. At September 30, 2016, the estimated fair value of long-term debt was $240.4 million compared to a carrying amount of $228.6 million. At December 31, 2015, the estimated fair value of long-term debt was $225.0 million and the carrying amount was $228.9 million.

Note 9: Stock-Based Compensation

On May 3, 2016, at our 2016 Annual Meeting of Shareholders, our shareholders approved the adoption of the West Pharmaceutical Services, Inc. 2016 Omnibus Incentive Compensation Plan (the “2016 Plan”). All remaining shares available for issuance under the 2011 Omnibus Incentive Compensation Plan (the “2011 Plan”) were extinguished upon adoption of the 2016 Plan. Awards granted under previous plans remain outstanding until expiration or settlement. The 2016 Plan provides for the granting of stock options, stock appreciation rights, restricted stock awards and performance awards to employees and non-employee directors. A committee of the Board of Directors determines the terms and conditions of awards to be granted. Vesting requirements vary by award. At September 30, 2016, there were 5,422,685 shares remaining in the 2016 Plan for future grants.

During the nine months ended September 30, 2016, we granted 607,228 stock options at a weighted average exercise price of $63.75 per share based on the grant-date fair value of our stock to key employees under the 2011 and 2016 Plans. The weighted average grant date fair value of options granted was $12.35 per share as determined by the Black-Scholes option valuation model using the following weighted average assumptions: a risk-free interest rate of 1.43%; expected life of 5.9 years based on prior experience; stock volatility of 21.6% based on historical data; and a dividend yield of 1.0%. Stock option expense is recognized over the vesting period, net of forfeitures.

During the nine months ended September 30, 2016, we granted 114,029 performance vesting share (“PVS”) awards at a weighted average grant-date fair value of $60.37 per share to key employees under the 2011 and 2016 Plans. Each PVS award entitles the holder to one share of our common stock if the annual growth rate of revenue and return on invested capital targets are achieved over a three-year performance period. Shares earned under PVS 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.

Total stock-based compensation expense was $4.6 million and $14.1 million for the three and nine months ended September 30, 2016, respectively. For the three and nine months ended September 30, 2015, stock-based compensation expense was $3.6 million and $24.4 million, respectively. Included in the 2015 year-to-date amount was a $10.4 million charge related to executive retirements, which was recorded within other expense. Refer to Note 12, *Other Expense*, for further discussion of this charge. The remainder of 2015 stock-based compensation expense was recorded within selling, general and administrative expenses.

Table of Contents

Note 10: Benefit Plans

The components of net periodic benefit cost for the three months ended September 30 were as follows ($ in millions):

	Pension benefits		Other retirement benefits		Total	
	2016	2015	2016	2015	2016	2015
Service cost	$ 2.3	$ 2.5	$ 0.1	$ 0.1	$ 2.4	$ 2.6
Interest cost	2.7	3.4	0.1	0.1	2.8	3.5
Expected return on assets	(3.1)	(4.9)	—	—	(3.1)	(4.9)
Amortization of prior service credit	(0.3)	(0.3)	—	—	(0.3)	(0.3)
Recognized actuarial losses (gains)	1.3	1.6	(0.3)	(0.4)	1.0	1.2
Settlements	—	49.0	—	—	—	49.0
Net periodic benefit cost	$ 2.9	$ 51.3	$ (0.1)	$ (0.2)	$ 2.8	$ 51.1

	Pension benefits		Other retirement benefits		Total	
	2016	2015	2016	2015	2016	2015
U.S. plans	$ 2.3	$ 50.7	$ (0.1)	$ (0.2)	$ 2.2	$ 50.5
International plans	0.6	0.6	—	—	0.6	0.6
Net periodic benefit cost	$ 2.9	$ 51.3	$ (0.1)	$ (0.2)	$ 2.8	$ 51.1

The components of net periodic benefit cost for the nine months ended September 30 were as follows ($ in millions):

	Pension benefits		Other retirement benefits		Total	
	2016	2015	2016	2015	2016	2015
Service cost	$ 7.6	$ 8.0	$ 0.4	$ 0.4	$ 8.0	$ 8.4
Interest cost	7.9	11.2	0.3	0.3	8.2	11.5
Expected return on assets	(9.5)	(16.3)	—	—	(9.5)	(16.3)
Amortization of transition obligation	0.1	0.1	—	—	0.1	0.1
Amortization of prior service credit	(1.0)	(1.0)	—	—	(1.0)	(1.0)
Recognized actuarial losses (gains)	3.6	4.8	(1.0)	(1.1)	2.6	3.7
Settlements	—	49.0	—	—	—	49.0
Net periodic benefit cost	$ 8.7	$ 55.8	$ (0.3)	$ (0.4)	$ 8.4	$ 55.4

	Pension benefits		Other retirement benefits		Total	
	2016	2015	2016	2015	2016	2015
U.S. plans	$ 6.9	$ 53.8	$ (0.3)	$ (0.4)	$ 6.6	$ 53.4
International plans	1.8	2.0	—	—	1.8	2.0
Net periodic benefit cost	$ 8.7	$ 55.8	$ (0.3)	$ (0.4)	$ 8.4	$ 55.4

During the third quarter of 2015, we recorded a $49.0 million pension settlement charge, within other expense, in connection with our purchase of a group annuity contract from Metropolitan Life Insurance Company (“MetLife”) to settle $139.4 million of our $313.6 million outstanding pension benefit obligation under our U.S. qualified pension plan. MetLife assumed the obligation to pay future pension benefits and provide administrative services beginning November 1, 2015 for approximately 1,750 retirees and surviving beneficiaries who retired prior to January 1, 2015 and were receiving payments from this plan. The purchase was funded directly by plan assets.

In addition, we made contributions to the U.S. qualified pension plan in the amount of $1.3 million in September 2015 and $13.7 million in October 2015, in order to maintain the plan's funded status as of the transaction date.

Note 11: Accumulated Other Comprehensive Loss

The following table presents the changes in the components of accumulated other comprehensive loss, net of tax, for the nine months ended September 30, 2016:

($ 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, 2015	$ (3.1)	$ 5.4	$ (39.6)	$ (125.3)	$ (162.6)
Other comprehensive income before reclassifications	(0.2)	—	1.1	15.9	16.8
Amounts reclassified out	0.9	—	1.1	—	2.0
Other comprehensive income, net of tax	0.7	—	2.2	15.9	18.8
Balance, September 30, 2016	$ (2.4)	$ 5.4	$ (37.4)	$ (109.4)	$ (143.8)

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

Detail of components	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Location on Statement of Income
(Losses) gains on cash flow hedges:					
Foreign currency contracts	$ (0.1)	$ 0.4	$ (0.2)	$ 1.3	Cost of goods and services sold
Interest rate swap contracts	(0.3)	(0.4)	(1.0)	(1.7)	Interest expense
Forward treasury locks	(0.1)	(0.1)	(0.2)	(0.3)	Interest expense
Total before tax	(0.5)	(0.1)	(1.4)	(0.7)	
Tax expense	0.2	0.1	0.5	0.5	
Net of tax	$ (0.3)	$ —	$ (0.9)	$ (0.2)	
Amortization of defined benefit pension and other postretirement plans:					
Transition obligation	$ —	$ —	$ (0.1)	$ (0.1)	(a)
Prior service cost	0.3	0.3	1.0	1.0	(a)
Actuarial losses	(1.0)	(50.2)	(2.6)	(52.7)	(a)
Total before tax	(0.7)	(49.9)	(1.7)	(51.8)	
Tax expense	0.2	18.5	0.6	19.1	
Net of tax	$ (0.5)	$ (31.4)	$ (1.1)	$ (32.7)	
Total reclassifications for the period, net of tax	$ (0.8)	$ (31.4)	$ (2.0)	$ (32.9)	

(a) These components are included in the computation of net periodic benefit cost. Please refer to Note 10, *Benefit Plans*, for additional details.

Note 12: Other Expense

Other expense consists of:

($ in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Restructuring and related charges:				
Severance and post-employment benefits	$ 1.4	$ —	$ 7.8	$ —
Asset-related charges	0.9	—	15.9	—
Total restructuring and related charges	2.3	—	23.7	—
Pension settlement charge	—	49.0	—	49.0
Executive retirement and related costs	—	—	—	10.9
Venezuela currency devaluation	—	—	2.7	—
Development income	(0.4)	(0.3)	(1.2)	(1.1)
Contingent consideration costs	—	0.5	1.9	0.8
Other items	0.6	(0.5)	2.0	(1.5)
Total other expense	$ 2.5	$ 48.7	$ 29.1	$ 58.1

Restructuring and Related Charges

On February 15, 2016, our Board of Directors approved a restructuring plan designed to repurpose several of our production facilities in support of growing high-value proprietary products and to realign operational and commercial activities to meet the needs of our new market-focused commercial organization.

We expect to incur total restructuring and related charges of $25.0 million to $28.0 million under this plan, which consists of approximately $8.0 million in severance charges for personnel reductions and $17.0 million to $20.0 million in non-cash asset write-downs. During the three months ended September 30, 2016, we recorded $2.3 million in restructuring and related charges, consisting of $1.4 million for severance charges and $0.9 million for a non-cash asset write-down associated with the discontinued use of certain equipment. During the nine months ended September 30, 2016, we incurred $23.7 million in restructuring and related charges, consisting of $7.8 million for severance charges, $10.0 million for a non-cash asset write-down associated with the discontinued use of a trademark, and $5.9 million for non-cash asset write-downs associated with the discontinued use of a patent and certain equipment. The balance of the charges related to this plan will be recognized as incurred during the remainder of 2016 and in 2017.

The following table presents activity related to our restructuring obligations:

($ in millions)	Severance and benefits	Asset-related charges	Total
Balance, December 31, 2015	$ —	$ —	$ —
Charges	7.8	15.9	23.7
Cash payments	(1.6)	—	(1.6)
Non-cash asset write-downs	—	(15.9)	(15.9)
Balance, September 30, 2016	$ 6.2	$ —	$ 6.2

Other Items

During the third quarter of 2015, we recorded a $49.0 million pension settlement charge in connection with our purchase of a group annuity contract from MetLife. Please refer to Note 10, *Benefit Plans*, for additional details regarding this purchase.

During the nine months ended September 30, 2015, we recorded a $10.9 million charge for executive retirement and related costs, including $2.4 million for a long-term incentive plan award for our previous Chief Executive Officer (“CEO”), $8.0 million for the revaluation of modified outstanding awards to provide for continued vesting for our previous CEO and Senior Vice President of Human Resources in conjunction with their retirement, and $0.5 million for other costs, including relocation and legal fees.

On February 17, 2016, the Venezuelan government announced a devaluation of the Bolivar, from the previously-prevailing official exchange rate of 6.3 Bolivars to USD to 10.0 Bolivars to USD, and streamlined the previous three-tiered currency exchange mechanism into a dual currency exchange mechanism. As a result, during the nine months ended September 30, 2016, we recorded a $2.7 million charge. After the remeasurement, as of September 30, 2016, we had $3.9 million in net monetary assets denominated in Venezuelan Bolivars, including $2.9 million in cash and cash equivalents, and $1.4 million in non-monetary assets. If there are further devaluations of the Bolivar or other changes in the currency exchange mechanisms in Venezuela in the future, a pre-tax charge of up to $6.0 million could be required. We will continue to actively monitor the political and economic developments in Venezuela.

In addition, during the three and nine months ended September 30, 2016, we recognized development income of $0.4 million and $1.2 million, respectively, within our Proprietary Products segment, related to a nonrefundable customer payment of $20.0 million received in June 2013 in return for the exclusive use of SmartDose within a specific therapeutic area. During the three and nine months ended September 30, 2015, we recognized development income of $0.3 million and $1.1 million, respectively. As of September 30, 2016, there was $14.8 million of unearned income related to this payment, of which $1.5 million was included in other current liabilities and $13.3 million was included in other long-term liabilities. 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.

Contingent consideration costs represent changes in the fair value of the SmartDose contingent consideration. Please refer to Note 8, *Fair Value Measurements*, for additional details.

Other items consist of foreign exchange transaction gains and losses, gains and losses on the sale of fixed assets, and miscellaneous income and charges.

Note 13: Income Taxes

The tax provision for interim periods is determined using the estimated annual effective consolidated tax rate, based on the current estimate of full-year earnings before taxes, adjusted for the impact of discrete quarterly items. The provision for income taxes was $14.4 million and $38.3 million for the three and nine months ended September 30, 2016, respectively, and the effective tax rate was 29.3% and 28.1%, respectively. During the three and nine months ended September 30, 2016, we recorded a tax benefit of $0.7 million and $8.1 million, respectively, in connection with restructuring and related charges discussed in Note 12, *Other Expense*, as well as a discrete tax charge of $0.3 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.

During the three months ended September 30, 2015, we recorded a tax benefit of $6.6 million, which included a tax benefit of $17.9 million in connection with the $49.0 million pension settlement charge discussed in Note 10, *Benefit Plans*. The provision for income taxes was $15.1 million for the nine months ended September 30, 2015. In addition to the tax benefit on the pension settlement charge, our 2015 year-to-date results included a tax benefit $4.0 million in connection with a $10.9 million charge for executive retirement and related costs discussed in Note 12, *Other Expense.*

Note 14: Commitments and Contingencies

From time to time, we are involved in product liability matters and other legal proceedings and claims generally incidental to our normal business activities. 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. While the outcome of current proceedings cannot be accurately predicted, we believe their ultimate resolution should not have a material adverse effect on our business, financial condition, results of operations or liquidity.

There have been no significant changes to the commitments and contingencies included in our 2015 Annual Report.

Note 15: Segment Information

In 2015, our business operations consisted of two reportable segments, the Pharmaceutical Packaging Systems segment (“Packaging Systems”) and the Pharmaceutical Delivery Systems segment (“Delivery Systems”). Beginning in 2016, we changed our organization and reporting structure for our next phase of growth and development, which resulted in a change to Proprietary Products and Contract-Manufactured Products as our reportable segments. The Proprietary Products reportable segment, which is a combination of the previous Packaging Systems segment and the proprietary products portion of the previous Delivery Systems segment, develops commercial, operational, and innovation strategies across our global network, with specific emphasis on product offerings to biologic, generic, and pharmaceutical customers. The Contract-Manufactured Products reportable segment, which consists of the contract manufacturing portion of the previous Delivery Systems segment, serves as a fully integrated business focused on the design, manufacture, and automated assembly of complex assemblies for pharmaceutical, diagnostic, and medical device customers.

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.

The following table presents information about our reportable segments, reconciled to consolidated totals:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	2016	2015	2016	2015
Net sales:				
Proprietary Products	$ 298.1	$ 269.3	$ 899.9	$ 821.5
Contract-Manufactured Products	79.0	75.5	227.8	219.4
Intersegment sales elimination	(0.4)	(0.3)	(0.9)	(0.8)
Total net sales	$ 376.7	$ 344.5	$ 1,126.8	$ 1,040.1
Operating profit (loss):				
Proprietary Products	$ 57.5	$ 49.5	$ 185.6	$ 161.3
Contract-Manufactured Products	8.9	8.3	25.6	22.7
Corporate	(12.8)	(12.3)	(42.3)	(40.7)
Other unallocated items	(2.3)	(49.0)	(26.4)	(59.9)
Total operating profit (loss)	$ 51.3	$ (3.5)	$ 142.5	$ 83.4
Interest expense	2.2	3.7	6.7	11.2
Interest income	0.2	0.5	0.8	1.3
Income (loss) before income taxes	$ 49.3	$ (6.7)	$ 136.6	$ 73.5

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

Other unallocated items, during the three and nine months ended September 30, 2016, consist of restructuring and related charges of $2.3 million and $23.7 million, respectively. In addition, during the nine months ended September 30, 2016, we recorded a charge of $2.7 million related to the devaluation of the Venezuelan Bolivar. During the three and nine months ended September 30, 2015, we recorded a $49.0 million pension settlement charge in connection with our purchase of a group annuity contract from MetLife. In addition, the nine months ended September 30, 2015 includes a $10.9 million charge for executive retirement and related costs. Please refer to Note 12, *Other Expense*, for additional details of these items.

ITEM 2. 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 Management’s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and accompanying notes included in our 2015 Annual Report. 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 our 2015 Annual Report and in Part II, Item 1A of this Quarterly Report on Form 10-Q (“Form 10-Q”).

Throughout this section, references to “Notes” refer to the footnotes to our condensed consolidated financial statements (unaudited) in Part I, Item 1 of this Form 10-Q, unless otherwise indicated.

Non-U.S. 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. We may also refer to consolidated operating profit and consolidated operating profit margin excluding the effects of unallocated items. The re-measured results excluding effects from currency translation and excluding the effects of unallocated items 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

In 2015, our business operations consisted of two reportable segments, Packaging Systems and Delivery Systems. Beginning in 2016, we changed our organization and reporting structure for our next phase of growth and development, which resulted in a change to Proprietary Products and Contract-Manufactured Products as our reportable segments. The Proprietary Products reportable segment, which is a combination of the previous Packaging Systems segment and the proprietary products portion of the previous Delivery Systems segment, develops commercial, operational, and innovation strategies across our global network, with specific emphasis on product offerings to biologic, generic, and pharmaceutical customers. The Contract-Manufactured Products reportable segment, which consists of the contract manufacturing portion of the previous Delivery Systems segment, serves as a fully integrated business focused on the design, manufacture, and automated assembly of complex assemblies for pharmaceutical, diagnostic, and medical device customers. We also maintain global partnerships to share technologies and market products with affiliates in Japan and Mexico.

The information and discussion included in this Form 10-Q reflects the structure in place since January 1, 2016.

2016 Financial Performance Summary

Consolidated net sales increased by $32.2 million, or 9.4%, and $86.7 million, or 8.3%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, due to growth in our high-value product offerings. Excluding foreign currency translation effects, consolidated net sales for the three and nine months ended September 30, 2016 increased by $34.6 million, or 10.0%, and $99.3 million, or 9.5%, respectively, as compared to the same periods in 2015.

Consolidated gross profit increased by $12.8 million, or 11.8%, and $41.5 million, or 12.3%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, primarily as product mix improvements were partially offset by increased labor and overhead costs. Consolidated gross profit for the three months ended September 30, 2016 was also affected by higher Yen-denominated material costs.

Net income per diluted share was $0.50 for the three months ended September 30, 2016, as compared to $0.02 in the same period in 2015. Results for the three months ended September 30, 2016 included restructuring and related charges and a discrete tax charge, which reduced net income per diluted share by $0.02 and $0.01, respectively, as compared to the same period in 2015. Results for the three months ended September 30, 2015 included a pension settlement charge, which reduced net income per diluted share by $0.42.

Net income per diluted share was $1.40 for the nine months ended September 30, 2016, as compared to $0.85 in the same period in 2015. Results for the nine months ended September 30, 2016 included restructuring and related charges, a charge related to the devaluation of the Venezuelan Bolivar, the impact of foreign currency translation, and a discrete tax charge, which reduced net income per diluted share by $0.21, $0.03, $0.03, and $0.01, respectively, as compared to the same period in 2015. Results for the nine months ended September 30, 2015 included a pension settlement charge and a charge for executive retirement and related costs, which reduced net income per diluted share by $0.42 and $0.09, respectively.

At September 30, 2016, our cash and cash equivalents balance totaled $205.9 million and our borrowing capacity under our multi-currency revolving credit facility was $268.5 million.

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, for the three months ended September 30, 2016 and 2015:

	Three Months Ended September 30,		% Change	
($ in millions)	2016	2015	As-Reported	Ex-Currency
Proprietary Products	$ 298.1	$ 269.3	10.7%	11.6%
Contract-Manufactured Products	79.0	75.5	4.6%	4.6%
Intersegment sales elimination	(0.4)	(0.3)	—	—
Consolidated net sales	$ 376.7	$ 344.5	9.4%	10.0%

Consolidated net sales increased by $32.2 million, or 9.4%, for the three months ended September 30, 2016, as compared to the same period in 2015, including an unfavorable foreign currency translation impact of $2.4 million. Excluding foreign currency translation effects, consolidated net sales for the three months ended September 30, 2016 increased by $34.6 million, or 10.0%, as compared to the same period in 2015. Consolidated net sales originating in the U.S. for the three months ended September 30, 2016 were $189.7 million, an increase of 12.2% from the same period in 2015. Consolidated net sales generated outside of the U.S. for the three months ended September 30, 2016 were $187.0 million, an increase of 6.6% from the same period in 2015. Excluding foreign currency translation effects, consolidated net sales generated outside of the U.S. for the three months ended September 30, 2016 increased by 8.0% from the same period in 2015.

Proprietary Products – Proprietary Products net sales increased by $28.8 million, or 10.7%, for the three months ended September 30, 2016, as compared to the same period in 2015, including an unfavorable foreign currency translation impact of $2.4 million. Excluding foreign currency translation effects, net sales for the three months ended September 30, 2016 increased by $31.2 million, or 11.6%, as compared to the same period in 2015, due to growth in our high-value product offerings, including our FluroTec®-coated components, our ready-to-use seals, stoppers, and plungers, and our Daikyo® and Daikyo® RSV (ready-to-sterilize validated) products. An improvement in product mix and higher sales volumes contributed 10.6 percentage points of the increase, and sales price increases contributed the remainder of the increase.

Contract-Manufactured Products – Contract-Manufactured Products net sales increased by $3.5 million, or 4.6%, for the three months ended September 30, 2016, as compared to the same period in 2015, primarily due to higher drug delivery and diagnostic product sales.

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

The following table presents net sales, consolidated and by reportable segment, for the nine months ended September 30, 2016 and 2015:

	Nine Months Ended September 30,		% Change	
($ in millions)	2016	2015	As-Reported	Ex-Currency
Proprietary Products	$ 899.9	$ 821.5	9.5%	11.1%
Contract-Manufactured Products	227.8	219.4	3.8%	3.7%
Intersegment sales elimination	(0.9)	(0.8)	—	—
Consolidated net sales	$ 1,126.8	$ 1,040.1	8.3%	9.5%

Consolidated net sales increased by $86.7 million, or 8.3%, for the nine months ended September 30, 2016, as compared to the same period in 2015, including an unfavorable foreign currency translation impact of $12.6 million. Excluding foreign currency translation effects, consolidated net sales for the nine months ended September 30, 2016 increased by $99.3 million, or 9.5%, as compared to the same period in 2015. Consolidated net sales originating in the U.S. for the nine months ended September 30, 2016 were $552.0 million, an increase of 11.9% from the same period in 2015. Consolidated net sales generated outside of the U.S. for the nine months ended September 30, 2016 were $574.8 million, an increase of 5.1% from the same period in 2015. Excluding foreign currency translation effects, consolidated net sales generated outside of the U.S. for the nine months ended September 30, 2016 increased by 7.4% from the same period in 2015.

Proprietary Products – Proprietary Products net sales increased by $78.4 million, or 9.5%, for the nine months ended September 30, 2016, as compared to the same period in 2015, including an unfavorable foreign currency translation impact of $12.8 million. Excluding foreign currency translation effects, net sales for the nine months ended September 30, 2016 increased by $91.2 million, or 11.1%, as compared to the same period in 2015, due to growth in our high-value product offerings, including our Daikyo and Daikyo RSV (ready-to-sterilize validated) products, our Westar® and FluroTec-coated components, and our ready-to-use seals, stoppers, and plungers. An improvement in product mix and higher sales volumes contributed 10.0 percentage points of the increase, and sales price increases contributed the remainder of the increase.

Contract-Manufactured Products – Contract-Manufactured Products net sales increased by $8.4 million, or 3.8%, for the nine months ended September 30, 2016, as compared to the same period in 2015, including a favorable foreign currency translation impact of $0.2 million. Excluding foreign currency translation effects, net sales for the nine months ended September 30, 2016 increased by $8.2 million, or 3.7%, as compared to the same period in 2015, primarily due to higher drug delivery and diagnostic product sales, offset by lower consumer product sales.

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 profit margins, consolidated and by reportable segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	2016	2015	2016	2015
Proprietary Products:				
Gross Profit	$ 108.4	$ 95.6	$ 340.9	$ 301.3
Gross Profit Margin	36.4%	35.5%	37.9%	36.7%
Contract-Manufactured Products:				
Gross Profit	$ 12.7	$ 12.7	$ 36.8	$ 34.9
Gross Profit Margin	16.0%	16.8%	16.1%	15.9%
Consolidated Gross Profit	$ 121.1	$ 108.3	$ 377.7	$ 336.2
Consolidated Gross Profit Margin	32.1%	31.4%	33.5%	32.3%

Consolidated gross profit increased by $12.8 million, or 11.8%, and $41.5 million, or 12.3%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, including an unfavorable foreign currency translation impact of $0.6 million and $4.4 million for the three and nine months ended September 30, 2016, respectively. Consolidated gross profit margin increased by 0.7 margin points and 1.2 margin points for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015.

Proprietary Products – Proprietary Products gross profit increased by $12.8 million, or 13.4%, and $39.6 million, or 13.1%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, including an unfavorable foreign currency translation impact of $0.6 million and $4.4 million for the three and nine months ended September 30, 2016, respectively. Proprietary Products gross profit margin increased by 0.9 margin points and 1.2 margin points for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, as product mix improvements and sales price increases were partially offset by increased labor and overhead costs. Proprietary Products gross profit margin for the three months ended September 30, 2016 was also affected by higher Yen-denominated material costs.

Contract-Manufactured Products – Contract-Manufactured Products gross profit remained constant for the three months ended September 30, 2016, as compared to the same period in 2015. Contract-Manufactured Products gross profit margin decreased by 0.8 margin points for the three months ended September 30, 2016, as compared to the same period in 2015, primarily due to increased labor and overhead costs.

Contract-Manufactured Products gross profit increased by $1.9 million, or 5.4%, for the nine months ended September 30, 2016, as compared to the same period in 2015. Contract-Manufactured Products gross profit margin increased by 0.2 margin points for the nine months ended September 30, 2016, as compared to the same period in 2015, as a favorable mix of product sales and lower raw material costs were partially offset by increased labor and overhead costs.

Research and Development (“R&D”) Costs

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	2016	2015	2016	2015
Proprietary Products	$ 9.0	$ 8.5	$ 27.2	$ 24.1
Contract-Manufactured Products	—	—	—	—
Consolidated R&D Costs	$ 9.0	$ 8.5	$ 27.2	$ 24.1

Consolidated R&D costs increased by $0.5 million, or 5.9%, and $3.1 million, or 12.9%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, due to continued investment in advanced delivery and container systems, process technology, and formulation development.

All of the R&D costs incurred during the three and nine months ended September 30, 2016 related to Proprietary Products.

Selling, General and Administrative (“SG&A”) Costs

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	2016	2015	2016	2015
Proprietary Products	$ 41.7	$ 38.0	$ 125.0	$ 117.8
Contract-Manufactured Products	3.8	4.3	11.6	12.1
Corporate	12.8	12.3	42.3	40.7
Consolidated SG&A costs	$ 58.3	$ 54.6	$ 178.9	$ 170.6
SG&A as a % of net sales	*15.5%*	*15.8%*	*15.9%*	*16.4%*

Consolidated SG&A costs increased by $3.7 million, or 6.8%, and $8.3 million, or 4.9%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, including the impact of foreign currency translation, which decreased SG&A costs by $0.2 million and $1.4 million for the three and nine months ended September 30, 2016, respectively.

Proprietary Products – Proprietary Products SG&A costs increased by $3.7 million, or 9.7%, and $7.2 million, or 6.1%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in

2015, due to increases in compensation and information system maintenance costs. Foreign currency translation decreased Proprietary Products SG&A costs by $0.2 million and $1.4 million for the three and nine months ended September 30, 2016, respectively.

Contract-Manufactured Products – Contract-Manufactured Products SG&A costs decreased by $0.5 million, or 11.6%, and $0.5 million, or 4.1%, for the three and nine months ended September 30, 2016, as compared to the same periods in 2015, due to decreases in compensation and travel costs.

Corporate – Corporate SG&A costs increased by $0.5 million, or 4.1%, for the three months ended September 30, 2016, as compared to the same period in 2015, due to increases in stock-based compensation expense and U.S. pension costs, partially offset by a decrease in incentive compensation costs.

Corporate SG&A costs increased by $1.6 million, or 3.9%, for the nine months ended September 30, 2016, as compared to the same period in 2015, due to increases in U.S. pension costs and compensation costs, partially offset by a decrease in incentive compensation costs.

Other Expense

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

Expense (income)	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	2016	2015	2016	2015
Proprietary Products	$ 0.2	$ (0.4)	$ 3.1	$ (1.9)
Contract-Manufactured Products	—	0.1	(0.4)	0.1
Unallocated items	2.3	49.0	26.4	59.9
Consolidated other expense	$ 2.5	$ 48.7	$ 29.1	$ 58.1

Other income and expense items, consisting 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.

Consolidated other expense decreased by $46.2 million and $29.0 million for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015.

Proprietary Products – Proprietary Products other expense increased by $0.6 million for the three months ended September 30, 2016, as compared to the same period in 2015, due to losses on the sale of fixed assets recorded during the three months ended September 30, 2016.

Proprietary Products other expense increased by $5.0 million for the nine months ended September 30, 2016, as compared to the same period in 2015, due to foreign exchange transaction losses and increased contingent consideration costs.

Contract-Manufactured Products – Contract-Manufactured Products other income increased by $0.5 million for the nine months ended September 30, 2016, as compared to the same period in 2015, due to gains on the sale of fixed assets recorded during the nine months ended September 30, 2016.

[Table of Contents](#)

Unallocated items – During the three months ended September 30, 2016, we recorded $2.3 million in restructuring and related charges, consisting of $1.4 million for severance charges and $0.9 million for a non-cash asset write-down associated with the discontinued use of certain equipment. During the nine months ended September 30, 2016, we incurred $23.7 million in restructuring and related charges, consisting of $7.8 million for severance charges, $10.0 million for a non-cash asset write-down associated with the discontinued use of a trademark, and $5.9 million for non-cash asset write-downs associated with the discontinued use of a patent and certain equipment. In addition, during the nine months ended September 30, 2016, we recorded a charge of $2.7 million related to the devaluation of the Venezuelan Bolivar. During the three and nine months ended September 30, 2015, we recorded a pension settlement charge of $49.0 million in connection with our purchase of a group annuity contract from MetLife. In addition, during the nine months ended September 30, 2015, we recorded a $10.9 million charge for executive retirement and related costs. Please refer to Note 12, *Other Expense*, for further discussion of these items.

Operating Profit

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	2016	2015	2016	2015
Proprietary Products	$ 57.5	$ 49.5	$ 185.6	$ 161.3
Contract-Manufactured Products	8.9	8.3	25.6	22.7
Corporate	(12.8)	(12.3)	(42.3)	(40.7)
Adjusted consolidated operating profit	$ 53.6	$ 45.5	$ 168.9	$ 143.3
Adjusted consolidated operating profit margin	14.2%	13.2 %	15.0%	13.8%
Unallocated items	(2.3)	(49.0)	(26.4)	(59.9)
Consolidated operating profit (loss)	$ 51.3	$ (3.5)	$ 142.5	$ 83.4
Consolidated operating profit (loss) margin	13.6%	(1.0)%	12.6%	8.0%

Consolidated operating profit (loss) increased by $54.8 million and $59.1 million for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, including an unfavorable foreign currency translation impact of $0.5 million and $3.2 million for the three and nine months ended September 30, 2016, respectively.

Proprietary Products – Proprietary Products operating profit increased by $8.0 million, or 16.2%, and $24.3 million, or 15.1%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, including an unfavorable foreign currency translation impact of $0.5 million and $3.2 million for the three and nine months ended September 30, 2016, respectively, due to the factors described above.

Contract-Manufactured Products – Contract-Manufactured Products operating profit increased by $0.6 million, or 7.2%, and $2.9 million, or 12.8%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, due to the factors described above.

Corporate – Corporate costs increased by $0.5 million, or 4.1%, and $1.6 million, or 3.9%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, due to the factors described above.

Unallocated items – Please refer to the *Other Expense* section for details.

Excluding the unallocated items, our adjusted consolidated operating profit margin increased by 1.0 margin points and 1.2 margin points for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015.

Interest Expense, Net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	2016	2015	2016	2015
Interest expense	$ 3.0	$ 4.0	$ 9.0	$ 12.2
Capitalized interest	(0.8)	(0.3)	(2.3)	(1.0)
Interest income	(0.2)	(0.5)	(0.8)	(1.3)
Interest expense, net	$ 2.0	$ 3.2	$ 5.9	$ 9.9

Interest expense, net, decreased by $1.2 million, or 37.5%, and $4.0 million, or 40.4%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, due to lower interest expense resulting from less debt outstanding during the three and nine months ended September 30, 2016, as compared to the same periods in 2015, and increases in capitalized interest resulting from ongoing capital projects, including the construction of our new facility in Waterford, Ireland.

Income Taxes

The provision for income taxes was $14.4 million and $38.3 million for the three and nine months ended September 30, 2016, and the effective tax rate was 29.3% and 28.1%, respectively. During the three and nine months ended September 30, 2016, we recorded a tax benefit of $0.7 million and $8.1 million, respectively, in connection with the restructuring and related charges discussed in Note 12, *Other Expense*, as well as a discrete tax charge of $0.3 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.

During the three months ended September 30, 2015, we recorded a tax benefit of $6.6 million, which included a tax benefit of $17.9 million in connection with the $49.0 million pension settlement charge discussed in Note 10, *Benefit Plans*. The provision for income taxes was $15.1 million for the nine months ended September 30, 2015. In addition to the tax benefit on the pension settlement charge, our 2015 year-to-date results included a tax benefit of $4.0 million in connection with the $10.9 million charge for the executive retirement and related costs discussed in Note 12, *Other Expense*.

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 increased by $1.1 million, or 68.8%, and $2.4 million, or 63.2%, for the three and nine months ended September 30, 2016, respectively, as compared to the same periods in 2015, due to favorable operating results at Daikyo.

Net Income

Net income for the three months ended September 30, 2016 was $37.6 million, which included restructuring and related charges of $1.6 million (net of $0.7 million in tax) and a discrete tax charge of $0.3 million. Net income for the three months ended September 30, 2015 was $1.5 million, which included a pension settlement charge of $31.1 million (net of $17.9 million in tax).

Net income for the nine months ended September 30, 2016 was $104.5 million, which included restructuring and related charges of $15.6 million (net of $8.1 million in tax), a charge related to the devaluation of the Venezuelan Bolivar of $2.7 million, and a discrete tax charge of $0.3 million. Net income for the nine months ended September 30, 2015 was $62.2 million, which included a pension settlement charge of $31.1 million (net of $17.9 million in tax) and a charge for executive retirement and related costs of $6.9 million (net of $4.0 million in tax).

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table presents cash flow data for the nine months ended September 30:

($ in millions)	2016	2015
Net cash provided by operating activities	$ 147.6	$ 144.4
Net cash used in investing activities	$ (129.1)	$ (85.6)
Net cash used in financing activities	$ (87.5)	$ (39.9)

Net Cash Provided by Operating Activities – Net cash provided by operating activities increased by $3.2 million for the nine months ended September 30, 2016, as compared to the same period in 2015, due to improved operating results and a decrease in pension plan contributions, partially offset by higher working capital requirements and an increase in income tax payments.

Net Cash Used in Investing Activities – Net cash used in investing activities increased by $43.5 million for the nine months ended September 30, 2016, as compared to the same period in 2015, due to an increase in capital spending, to $122.7 million, and our $8.4 million cost-method investment in an intradermal drug delivery company. The capital spending for the nine months ended September 30, 2016 consisted of spending for new products, expansion activity, and emerging markets, including the construction of our new facility in Waterford, Ireland.

Net Cash Used in Financing Activities – Net cash used in financing activities increased by $47.6 million for the nine months ended September 30, 2016, as compared to the same period in 2015, due to net debt repayments of $69.2 million, which included the maturity of our Euro note B, and $26.8 million in purchases under the share repurchase program announced in December 2015, partially offset by increases in proceeds and excess tax benefits from employee stock plans. Please refer to Note 3, *Net Income Per Share*, for further discussion of the share repurchase program.

Liquidity and Capital Resources

The table below presents selected liquidity and capital measures:

($ in millions)	September 30, 2016	December 31, 2015
Cash and cash equivalents	$ 205.9	$ 274.6
Working capital	$ 421.3	$ 359.4
Total debt	$ 231.2	$ 298.2
Total equity	$ 1,142.3	$ 1,023.9
Net debt-to-total invested capital	2.2%	2.3%

Cash and cash equivalents include all instruments that have maturities of ninety days or less when purchased. 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. Net debt and total invested capital are non-U.S. GAAP financial measures that 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 believes that this information provides users a valuable insight into our overall performance and financial position.

Cash and cash equivalents – Our cash and cash equivalents balance at September 30, 2016 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 September 30, 2016 included $70.5 million of cash held by subsidiaries within the U.S., and $135.4 million of cash held by subsidiaries outside of the U.S. Deferred income taxes have not been provided for any funds held by subsidiaries outside of the U.S., as such earnings are intended to be reinvested indefinitely outside of the U.S.

Working capital – Working capital at September 30, 2016 increased by $61.9 million, or 17.2%, as compared to December 31, 2015, including an increase of $2.0 million due to foreign currency translation. Excluding the impact of currency exchange rates, cash and cash equivalents decreased by $69.0 million, accounts receivable and inventories increased by $26.0 million and $17.1 million, respectively, and total current liabilities decreased by $81.1 million. Accounts receivable and inventories increased due to increased sales activity and timing, as accounts receivable and inventories are typically lower at year-end due to plant shutdowns. The decrease in current liabilities was primarily due to the maturity of our Euro note B between those period ends.

Debt and credit facilities – The $67.0 million decrease in total debt at September 30, 2016, as compared to December 31, 2015, resulted from net debt repayments of $69.2 million, which included the maturity of our Euro note B, partially offset by foreign currency rate fluctuations of $2.1 million and a reduction of $0.1 million in unamortized debt issuance costs.

Our sources of liquidity include our $300.0 million multi-currency revolving credit facility. At September 30, 2016, we had $28.5 million in outstanding borrowings under this facility, of which $4.9 million was denominated in Yen and $23.6 million was denominated in Euro. The total amount outstanding under this facility at September 30, 2016 and December 31, 2015 was classified as long-term. These borrowings, together with outstanding letters of credit of $3.0 million, resulted in a borrowing capacity available under this facility of $268.5 million at September 30, 2016. 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 September 30, 2016, we were in compliance with all of our debt covenants.

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

A table summarizing the amounts and estimated timing of future cash payments resulting from commitments and contractual obligations was provided in our 2015 Annual Report. During the three months ended September 30, 2016, there were no material changes outside of the ordinary course of business to our commitments and contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

At September 30, 2016, 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, as noted in our 2015 Annual Report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no changes to the Critical Accounting Policies and Estimates disclosed in Part II, Item 7 of our 2015 Annual Report.

NEW ACCOUNTING STANDARDS

For information on new accounting standards that were adopted, and those issued but not yet adopted, during the three months ended September 30, 2016, and the impact, if any, on our financial position or results of operations, see Note 2, *New Accounting Standards*.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this Form 10-Q 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 provide 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 “plan,” “expect,” “believe,” “intend,” “will,” “anticipate,” “estimate” and other words of similar meaning in conjunction with, among other things, discussions of future operations and financial performance, as well as our strategy for growth, product development, market position and expenditures. All statements that address operating performance or events or developments that we expect or anticipate will occur in the future - including statements relating to sales and earnings per share growth, cash flows or uses, and statements expressing views about future operating results - are forward-looking statements.

Forward-looking statements are based on current expectations of future events. The forward-looking statements are, and will be, based on management’s then-current views and assumptions regarding future events and operating performance, and speak only as of their dates. Investors should realize that, if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from our expectations and projections. Investors are therefore cautioned not to place undue reliance on any forward-looking statements.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements:

- sales demand and our ability to meet that demand;
- competition from other providers in our businesses, including customers' in-house operations, and from lower-cost producers in emerging markets, which can impact unit volume, price and profitability;
- customers' changing inventory requirements and manufacturing plans that alter existing orders or ordering patterns for the products we supply to them;
- the timing, regulatory approval and commercial success of customer products that incorporate our products and systems;
- whether customers agree to incorporate West's products and delivery systems with their new and existing drug products, the ultimate timing and successful commercialization of those products and systems, which involves substantial evaluations of the functional, operational, clinical and economic viability of the Company's products, and the rate, timing and success of regulatory approval for the drug products that incorporate the Company's components and systems;
- the timely and adequate availability of filling capacity, which is essential to conducting definitive stability trials and the timing of first commercialization of customers' products in Daikyo Crystal Zenith® prefilled syringes;
- average profitability, or mix, of products sold in any reporting period, including lower-than-expected sales growth of our high-value proprietary product offerings;
- maintaining or improving production efficiencies and overhead absorption;
- dependence on third-party suppliers and partners, some of which are single-source suppliers of critical materials and products, including our Japanese partner and affiliate, Daikyo;
- the loss of key personnel or highly-skilled employees;
- the availability and cost of skilled employees required to meet increased production, managerial, research and other needs, including professional employees and persons employed under collective bargaining agreements;
- interruptions or weaknesses in our supply chain, which could cause delivery delays or restrict the availability of raw materials, key purchased components and finished products;
- the successful and timely implementation of price increases necessary to offset rising production costs, including raw material prices, particularly petroleum-based raw materials;
- the cost and progress of development, regulatory approval and marketing of new products;
- our ability to obtain and maintain licenses in any jurisdiction in which we do business;
- the relative strength of USD in relation to other currencies, particularly the Euro, the Danish Krone, the Singapore Dollar, Yen, Venezuelan Bolivar, Colombian and Argentinian Peso, and Brazilian Real; and
- the potential adverse effects of global healthcare legislation on customer demand, product pricing and profitability.

This list sets forth many, but not all, of the factors that could affect our ability to achieve results described in any forward-looking statements. Investors should understand that it is not possible to predict or identify all of the factors and should not consider this list to be a complete statement of all potential risks and uncertainties. For further discussion of these and other factors, see the risk factors disclosed in Part I, Item 1A of our 2015 Annual Report. Except as required by law or regulation, we do not intend to update any forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposure to market risk or the information provided in Part II, Item 7A of our 2015 Annual Report.

ITEM 4. 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 quarterly 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 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 quarterly report on Form 10-Q. Based on this evaluation, our CEO and CFO have concluded that, as of September 30, 2016, our disclosure controls and procedures are effective.

Changes in Internal Controls
During the quarter ended September 30, 2016, 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.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There are no material changes to the risk factors disclosed in Part I, Item 1A of our 2015 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table shows information with respect to purchases of our common stock made during the three months ended September 30, 2016 by us or any of our “affiliated purchasers” as defined in Rule 10b-18(a)(3) under the Exchange Act. Dollars are shown in millions, except per share data.

Period	Total number of shares purchased (1)(2)	Average price paid per share (1)(2)	Total number of shares purchased as part of publicly announced plans or programs (2)	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs (2)
July 1 – 31, 2016	—	$ —	—	446,500
August 1 – 31, 2016	80,190	81.40	80,000	366,500
September 1 – 30, 2016	37,420	81.56	37,310	329,190
Total	117,610	$ 81.45	117,310	329,190

(1) Includes 300 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) In December 2015, we announced a share repurchase program authorizing the repurchase of up to 700,000 shares of the Company’s common stock from time to time on the open market or in privately- negotiated transactions as permitted under the Securities Exchange Act of 1934 Rule 10b-18. The number of shares to be repurchased and the timing of such transactions will depend on a variety of factors, including market conditions. The program commenced on January 1, 2016 and is expected to be completed by December 31, 2016. During the third quarter of 2016, the Company purchased 117,310 shares of its common stock under this program at a cost of $9.6 million, or an average price of $81.46 per share. During the nine months ended September 30, 2016, the Company purchased 370,810 shares of its common stock under this program at a cost of $26.8 million, or an average price of $72.14 per share.

ITEM 6. EXHIBITS

The list of exhibits in the Exhibit Index to this report is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements 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

October 31, 2016

EXHIBIT INDEX

Exhibit #	Description
3.1	Our Amended and Restated Articles of Incorporation are incorporated by reference from our Form 10-Q report for the quarter ended March 31, 2015.
3.2	Our Bylaws, as amended through May 5, 2015, are incorporated by reference from our Form 10-Q report for the quarter ended March 31, 2015.
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 10-Q report for the quarter ended March 31, 2015.
4.3	Article I and V of our Bylaws, as amended through May 5, 2015, are incorporated by reference from our Form 10-Q report for the quarter ended March 31, 2015.
4.4	Instruments defining the rights of holders of long-term debt securities of West and its subsidiaries have been omitted. (1)
10.1	Employment Agreement, dated August 28, 2016 between David Montecalvo and us.
10.2	Agreement, dated August 16, 2016 to amend Agreement by and between the Goodyear Tire & Rubber Company and us. (2)
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) Certain portions of this exhibit have been omitted pursuant to a confidential treatment request submitted to the SEC.

* Furnished, not filed.

Exhibit 10.1

August 24, 2016

David Montecalvo

RE: Offer Letter

Dear David:

We are very pleased to confirm our offer of employment to you for the position of Senior Vice President, Global Operations and Supply Chain for West Pharmaceutical Services, Inc. (the "Company"). In this position, you will report directly to me and you will be an appointed officer of the Company**.** This letter will confirm the entire compensation package you will enjoy upon joining West. The date you commence employment will be October 3, 2016 or another mutually agreeable time (the "Start Date").

1. **Base Salary** - Your base salary will be $370,000 per year payable on the Company's normal payroll schedule.

2. **Sign-On Awards**. We will provide you with a sign-on cash bonus of $150,000 ("Sign-On Cash Bonus"). The Sign-On Cash Bonus will be paid with your first normal paycheck. The Sign-On Cash Bonus will be subject to a two-year repayment obligation in accordance with the repayment agreement attached to this Offer Letter as Exhibit I.

3. **Relocation**- You will be subject to our normal relocation policy attached as Exhibit II. Your relocation bonus payable on the first normal payroll date following your relocation to the Exton, Pennsylvania area, will be equal to two months' of your then-current salary and will be subject to a one-year repayment obligation. As an exception to our policy, you will receive up to 90 calendar days of temporary housing.

4. **Annual Incentive Compensation** - Beginning in 2016, you will participate in West Pharmaceutical Services' Annual Incentive Plan ("AIP") with a target bonus of 60% of base salary as of the end of the year and payable in accordance with the terms of the AIP document except as specifically stated in this letter. Your award will be pro-rated based on your Start Date.

5. **Long Term Incentive Compensation** Long Term Incentive Compensation. You will be eligible to participate in West's Long Term Incentive Plan ("LTIP"), which issues equity under the 2016 Omnibus Incentive Compensation Plan. The terms of your awards are summarized below.

   a. Your first award will have a grant date fair value of $300,000 divided equally among stock options (vesting through February 23, 2020) and PSUs (2016-18 performance period), according to the terms in option and PSU award agreements attached hereto as part of Exhibit III.
   b. You will also receive an LTIP award with an expected value of $400,000 split evenly among PSUs (three-year performance based vesting) and stock options (4-year time-vesting) at the Board's annual grant meeting in February 2017.

c. The number of options is determined by reference to the Black-Scholes value on the date you commence employment with the Company. The exercise price of options shall be the fair market value (closing price) of the stock on the grant date. The number of PSUs is determined by reference to the fair market value (closing price) of our stock on the date you commence employment with the Company.

6. **One-time Restricted Stock Unit (RSU) Award** - You will receive a RSU award with a grant date fair value of $100,000, according to the terms in the RSU agreement attached hereto as part of Exhibit IV. The number of RSUs is determined by reference to the fair market value (closing price) of our stock on the date you commence employment with the Company.

7. **Change in Control Agreement** - You will receive our standard Change-in-Control agreement for executive officers, a form of which is attached hereto as Exhibit V.

8. **Severance Agreement** - On or before the second anniversary of your start date, you will be entitled to the severance benefits described in the Severance Agreement attached hereto as Exhibit VI.

9. **Benefits** - The Company offers excellent benefit programs to all of its employees. You will be eligible to participate in the employee benefit programs which include medical, dental, life insurance, 401(k) plan, a non-contributory cash balance pension plan (including a supplemental employees' retirement plan), employee stock purchase program and deferred compensation program. There is a waiting period for some of these plans. Information regarding these plans is enclosed.

10. **Vacation** - We are able to offer you 20 working days (four weeks) of vacation annually.

11. **Confidentiality Agreement** - As a condition of employment, you will be required to sign our standard employee Confidentiality Agreement.

This offer and your employment with the Company are contingent upon satisfactory references and verification of the information on your resume. We will also require that there are no issues raised by the drug screening or criminal background check that we require of all new employees.

David, this highlights the entire compensation package we have offered you. It is difficult to cover all the details of each item, but I would be more than willing to answer any questions or provide additional information to you as necessary.

We very much look forward to your joining our team. We have many challenges and opportunities ahead and look forward to the contributions we know you can make to the success of our Company.

If the terms of his offer are acceptable to you, please so indicate by signing the enclosed copy and this letter and return it to me.

Sincerely,

Eric M. Green
President & Chief Executive Officer

Agreed to and Accepted this 28 day of August, 2016

By: /s/ David Montecalvo
David Montecalvo

<u>EXHIBIT I</u>

SIGN-ON BONUS REPAYMENT AGREEMENT

Pursuant to the terms of the Offer Letter dated August 24, 2016 (the “Offer Letter”), provided to me, David Montecalvo, by West Pharmaceutical Services, Inc. (the “Company”), the Company will pay me $150,000 gross (the “Sign-On Bonus”) on the first normal payroll date following my employment commencement with the Company (“Start Date”).

For purposes of this Agreement:

- “Cause” means (A) any willful failure by you to perform your duties or responsibilities or to comply with any valid and legal directives of your direct supervisor; (B) any act of fraud, embezzlement, theft or misappropriation of the funds of the Company by you, or your admission to or conviction of a felony or any crime involving moral turpitude, fraud, embezzlement, theft or misrepresentation; (C) your engagement in dishonesty, illegal conduct or misconduct that is materially injurious to the Company; (D) your breach of any material obligation under any written agreement between you and the Company; or (E) a material violation of a rule, policy, regulation or guideline imposed by the Company or a regulatory or self-regulatory body having jurisdiction over the Company. With respect to subsections (A), (D) and (E), the Company shall give you written notice of any alleged breach or violation of these subsections and afford you 30 days in which to remedy the condition.

- “Good Reason” means the occurrence of any of the following without your consent: (1) a material diminution in your base salary; (2) a material reduction in your duties, authority or responsibilities relative to your duties, authority, and responsibilities in effect immediately prior to such reduction; or (3) the relocation of your principal place of employment in a manner that lengthens by fifty (50) or more miles your one-way commuting distance to your place of employment; provided that a termination shall only be for Good Reason if: (a) within forty-five (45) calendar days of the initial existence of Good Reason, you provide written notice of Good Reason to the Company; (b) the Company does not remedy said Good Reason within thirty (30) calendar days of its receipt of such notice; and (c) you terminate employment within sixty (60) calendar days after the expiration of such 30-day remedy period.

In consideration of the payment of the Sign-On Bonus, I agree to the following:

- In the event that, within 24 months of my Start Date, I terminate my employment with the Company for any reason other than death, disability or Good Reason, or the Company terminates my employment for Cause, I agree to fully repay the Company the amount of the Sign-On Bonus paid by the Company.
- I am required to repay the Company for Sign-On Bonus immediately upon the applicable termination of employment.
- I grant an express lien and authorize the Company to deduct from any and all amounts otherwise payable by the Company to me at the time of termination including, wages, accrued, untaken vacation pay, and any severance payments, an amount equal to the Sign-On Bonus. The deduction of any amounts by the Company does not relieve me of the obligation to pay the Company the amount in excess of the amount deducted.
- In the event of my termination, I am responsible for any tax consequences resulting from the payment of the Sign-On Bonus or the repayment of the Sign-On Bonus by me to the Company. I will not be eligible for tax gross-up assistance. I accept responsibility for any tax liabilities, credits and/or deductions that I may incur as a result.
- I agree that in the event that I do not timely repay the amounts owed to the Company upon termination, interest will accrue on a monthly compounding basis at the prime rate of interest plus 1%.
- In the event that it shall become necessary for the Company to pursue its claims against me for the repayment of the Sign-On Bonus, any costs or expenses incurred by the Company including attorney’s fees, shall be my responsibility and any judgment entered against me with regard to the same should include the recovery of such costs and expenses.

I have read this agreement and agree to its terms and conditions. This agreement does not create a contract of employment for any specific period or vest any rights in me other than those specifically provided above. Execution of this agreement is a condition to receiving any installment of the Sign-On Bonus.

EMPLOYEE:	THE COMPANY
______________________________ David Montecalvo	By: ______________________________
______________________________ Employee Signature	Name: ______________________________
______________________________ Date	Title: ______________________________

EXHIBIT II

Homeowner's Relocation Policy

EXHIBIT III - Options

September 26, 2016

David Montecalvo

Re: Your 2016 Long-Term Incentive Plan Award - Stock Option

Dear David:

Congratulations. On September 26, 2016, the Compensation Committee of our Board of Directors granted you the following stock options.

Stock Option Award:	**10,792**
Expected Value	**$150,000**

The expected value is calculated using the Black-Scholes option value on the date of the award. The awards were made under the terms of our 2016 Omnibus Incentive Compensation Plan (the "Plan"). We have attached a summary of the terms of your awards. Please read it carefully.

I am pleased that you are a participant in this long-term incentive compensation program and trust that your participation will be beneficial to both you and the Company.

Sincerely,

Amanda Furiato
Senior Manager, Global Compensation

Enclosures

Summary of Your Stock Options

What is a stock option?

A stock option is the right to purchase a fixed number of shares at a set exercise price. The option granted by this award is a non-qualified stock option. The stock option gains value when the price of our common stock exceeds the exercise price.

How many shares may I purchase and what is the price?

The number of shares you may purchase and the exercise price are as follows:

Exercise Price	Total shares that may be purchased upon exercise
$71.79	10,792

May I purchase the shares immediately?

No. So long as your employment with us continues (except as described below in the event of retirement, death or disability), your option becomes exercisable - or "vests" - as per the schedule below. At the end of the period, you may exercise the entire option. The following chart shows when and what portion of your option is exercisable each year.

Date	Portion of the option is exercisable
September 26, 2016 (grant date)	0
February 23, 2017	2,698
February 23, 2018	2,698
February 23, 2019	2,698
February 23, 2020	2,698

However, in no event will your option be exercisable after the Expiration Date set forth below.

Will my options vest if I retire?

Your options will continue to vest, even if you terminate employment due to retirement, if you have a "**Qualifying Retirement"** on or after October 1, 2016. To be a Qualifying Retirement, the following criteria must be met at the time of your termination of employment:

1. You have reached age 57;
2. You have rendered 10 years of service to the Company and its affiliates; and
3. Your termination must not be due to "Cause" as defined in the Plan and not due to death or disability.

Vesting will cease and all outstanding awards will be immediately forfeited if the Committee determines in its sole and absolute discretion that any of the following circumstances have occurred:

1. To the extent permitted by applicable law, you compete with the Company during the period of continued vesting as described in Exhibit II;
2. You fail to comply with any confidentiality agreements with the Company before or after your termination of employment;,
3. The Company determines that it could have terminated you for "Cause" due to facts or circumstances discovered after your termination of employment.

During the entire period of continued vesting upon Qualifying Retirement, you remain subject to the Incentive Compensation Recovery Policy described in Exhibit I. If you violate the terms of that policy, vesting will also immediately cease.

What happens if I die or become disabled before the award is fully vested?

Your options will vest immediately 100% if you die or become disabled during the vesting period.

What happens if I terminate employment for any reason other than a Qualifying Retirement, Death or Disability?

Your options will immediately cease vesting upon your termination of employment.

When will my option expire?

If you remain employed, the option expires on February 23, 2026, which will be referred to as the “Expiration Date.” This means that once it becomes exercisable, the option may be exercised **until February 22, 2026**. In addition,

- if you die, the option will remain exercisable for one year from your date of death;
- if you terminate employment due to disability or a Qualifying Retirement, the option will remain exercisable until the Expiration Date;
- if your employment terminates for any reason other than a Qualifying Retirement, disability, death or removal for cause, the option will expire 90 days after the termination date;
- if we terminate your employment for cause, the option will expire on the commencement of business on your date of termination.

How do I exercise my stock option?

There are four ways to exercise a stock option.

- *Cash.* You write a check to the Company for the exercise price, plus any applicable withholding taxes.
- *Already owned shares*. You may deliver or attest vested shares of common stock that you own with a fair market value equal to the exercise price, plus any applicable withholding taxes.
- *Combination of shares and cash*. You may use a combination of cash and stock.
- *Reduction of proceeds*. You may elect to have shares you would otherwise receive upon the exercise reduced by an amount equal to the total exercise cost divided by the fair market value of the shares at the time of your exercise. In effect, you would receive the “net” shares otherwise due to you after deducting for the exercise cost, plus applicable withholding taxes.

When do I have to pay for the exercise?

The full exercise price and applicable taxes must be paid within three days of exercise.

Will I receive dividends on my unexercised options?

No. Dividends are only payable to you after you exercise your option as long as you do so before the applicable dividend record date.

Additional Information Applicable to Your Stock Option Award

Are there other circumstances that would lead to a forfeiture of my award or the proceeds that I receive from exercising my award?

Yes. All awards are subject to our Incentive Compensation Recovery Policy, which is attached to this award letter as Exhibit I. You are encouraged to carefully read that policy and contact me or the Law Department if you have any questions. The policy generally provides that in addition to forfeitures of all or part of your award due to your termination of employment discussed above, in certain other situations you will forfeit your award and may be required to reimburse us for the amounts you receive as a result of any option that you exercise or share of stock that you sell. Your acceptance of this award is expressly conditioned on your agreement to be subject to the Incentive Compensation Recovery Policy, including the provisions that allow us to deduct any proceeds from other sources of income payable to you. This award would not be made if you did not agree to be subject to that policy.

The clawback period described in the Incentive Compensation Recovery policy is extended for the full duration of the period of continued vesting described in this award. The Compensation Committee may determine in its sole and absolute discretion that if circumstances exist that would permit the recovery of incentive compensation paid to you during the vesting period, in addition to recovering this compensation, all vesting will immediately cease and the remainder of your awards will be forfeited immediately.

Does the Securities Trading Policy apply to my award?

Yes. All sales of shares of company stock (including shares received upon exercise of an option) and all option exercise transactions are subject to our Securities Trading Policy. Option exercises by West’s officers who are subject to Section 16 of the Securities and Exchange Act of 1934 or on the designated persons list under our policy also must meet the review and written pre-approval by our General Counsel requirements of that policy. For information and to access the required pre-clearance form, please go to ***IntraWest*** and look under the Legal & Compliance tab.

Does my acceptance of this award guarantee me any future awards, continued employment or additional severance pay?

No. This award is granted at the sole discretion of West. Your receipt of this award does not guarantee any future awards, nor does it guarantee your continued employment with the Company. Subject to applicable law, your employment may be terminated for any reason. Additionally, this award is not part of your base pay or compensation for determination of any severance pay or benefits you may be entitled to upon termination of employment unless that is specifically agreed to in writing between you and the Company.

Where can I find additional information about my award?

This is a summary of the terms of your stock option award. Your award is subject to the terms of the 2016 Omnibus Incentive Compensation Plan. This award is being delivered with an Information Statement, which gives additional information about your award and the 2016 Omnibus Incentive Compensation Plan under which it was granted. We encourage you to read the Information Statement. Additional terms and conditions may apply to your award under the terms of the Omnibus Plan.

EXHIBIT I

<u>Incentive Compensation Recovery Policy</u>

The Company may seek to recover incentive compensation awarded to any recipient in accordance with the terms of this policy. Each award of annual or long-term equity-based or performance-based compensation must specify that the award is subject to this policy.

Restatement of Financial Results. The Company will cancel or will seek to recover all or a portion of an award from any executive officer of the Company if the Company is required to significantly or materially restate its financial statements (other than to comply with changes to applicable accounting principles) with respect to any of the three fiscal years before the payment of the award. The Company also will not pay or will seek to recover all or a portion of an award from any award recipient whose fraud or misconduct causes the restatement of the Company's financial statements with respect to any of the three fiscal years before the payment of the award.

Calculation Errors. Even if no financial results are restated, if an award is paid or distributed, and it is subsequently determined that the award should have been less than the amount calculated due to mathematical errors, fraud, misconduct or gross negligence, the Company may seek repayment of the award from any award recipient during the three-year period following the payment of the award.

Detrimental Conduct. If an award recipient directly or indirectly engages in conduct that competes with the Company, or any conduct that is materially inimical, contrary, harmful to, or not in the best interests of the Company or if the award recipient fails to comply with any of the material terms and conditions of the award (unless the failure is remedied within ten days after having been notified of such failure), then the Company has the discretion to immediately cancel any and all outstanding awards and require that the award recipient repay all or any portion of an award, including the gain realized on the exercise of a stock option, stock appreciation right or the disposition of any other equity-based award. To be subject to this policy, the detrimental conduct must have occurred while the award recipient was rendering service to the Company, or during the six-month period following the later of (1) the date the recipient ceases rendering service to the Company or, (2) the date the award is paid (or an option or stock appreciation right is exercised).

Exercise of Discretion. With respect to executive officers and members of the board of directors, the compensation committee has the sole and absolute authority (unless the board determines that the whole board should have such authority) to determine whether to exercise its discretion to seek repayment or cancel an award and what portion of an award should be recovered or canceled. With respect to all other award recipients, the officers of the Company have sole and absolute authority. The compensation committee, board or officers, as appropriate, will consider all relevant facts and circumstances in exercising their discretion. These facts and circumstances include: (1) the materiality of any changes to calculations or financial results, (2) the potential windfall received by recipients, (3) the culpability and involvement of the award recipients, (4) the controls in place to limit misconduct or incorrect reporting, (5) the period during which any misconduct occurred, (6) any other negative repercussions experienced by the award recipient, (7) the period that has elapsed since the date of any misconduct and (8) the feasibility and costs of recovering the compensation.

Enforcement. The board intends that this policy will be applied to the fullest extent permitted by applicable law. The Company has the authority to seek recovery through any available means including litigation or the filing of liens, if necessary. The Company also has the authority, to the extent permitted by law, to deduct the amount to be repaid from any amounts otherwise owed to the recipient, including wages or other compensation, fringe benefits, or vacation paid. Whether or not the Company elects to make any deduction, if the Company does not recover the full amount that it has determined should be recovered, the recipient must immediately repay the unpaid balance. By agreeing to accept an award, each award recipient consents to the Company's right to make these deductions.

EXHIBIT II

Non-Competition Covenant

To receive the benefits of continued vesting upon a Qualifying Retirement, you agree that during the period of continued vesting (the "Restrictive Period"), you will not, and you will not permit any of your Affiliates, or any other Person, directly or indirectly, to:

1. engage in competition with, or acquire a direct or indirect interest or an option to acquire such an interest in any Person engaged in competition with, the Company's Business (other than an interest of not more than 5 percent of the outstanding stock of any publicly traded company);
2. serve as a director, officer, employee or consultant of, or furnish information to, or otherwise facilitate the efforts of, any Person engaged in competition with the Company's Business;
3. solicit, employ, interfere with or attempt to entice away from the Company any employee who has been employed by the Company or a Subsidiary in an executive or supervisory capacity in connection with the conduct of the Company's Business within one year prior to such solicitation, employment, interference or enticement; or
4. approach, solicit or deal with in competition with the Company or any Subsidiary any Person which at any time during the year immediately preceding the date of your Qualifying Retirement:
    a. was a customer, client, supplier, agent or distributor of the Company or any Subsidiary;
    b. was a customer, client, supplier, agent or distributor of the Company or any Subsidiary with whom employees reporting to or under your direct control had personal contact on behalf of the Company or any Subsidiary; or
    c. was a Person with whom you had regular, substantial or a series of business dealings on behalf of the Company or any Subsidiary (whether or not a customer, client, supplier, agent or distributor of the Company or any Subsidiary).
    d. As used in this Exhibit II, the capitalized terms shall have the meanings set forth below:
        i. An "Affiliate" of any Person means any Person directly or indirectly controlling, controlled by or under common control with such Person.
        ii. The "Company's Business" means: (a) the manufacture and sale of stoppers, closures, containers, medical-device components and assemblies made from elastomers, metal and plastic for the health-care and consumer-products industries, and (b) any other business conducted by the Company or any of its Subsidiaries or Affiliates during the term of this Agreement and in which you have been actively involved.
        iii. "Person" means an individual, a corporation, a partnership, an association, a trust or other entity or organization.
        iv. "Subsidiary" has the meaning ascribed to the term by section 425(f) of the United States Internal Revenue Code of 1986, as amended.

Enforcement. Should any provision of this Exhibit II be adjudged to any extent invalid by any competent tribunal, that provision will be deemed modified to the extent necessary to make it enforceable.

EXHIBIT III - PSUs

September 26, 2016

David Montecalvo

Re: Your 2016 Long-Term Incentive Plan Award - Performance Stock Units

Dear David:

Congratulations. As of September 26, 2016, the Compensation Committee of our Board of Directors granted you the following performance stock units (“PSUs”).

Target PSUs:	**2,091**
Grant Date Fair Value:	**$150,000**

The grant date fair value is calculated using the fair market value on the date of the award. The awards were made under the terms of our 2016 Omnibus Incentive Compensation Plan (the “Plan”). We have attached a summary of the terms of your awards. Please read it carefully.

I am pleased that you are a participant in this long-term incentive compensation program and trust that your participation will be beneficial to both you and the Company.

Sincerely,

Amanda Furiato
Senior Manager, Global Compensation

Enclosures

Summary of Your Performance Stock Unit Award

What is a performance stock unit?

A PSU represents the conditional right to receive a distribution of shares. The number of shares you will receive depends on how well the Company's actual performance compares to specified performance goals at the end of the performance period.

What are the performance goals applicable to the PSU award?

The performance levels are based on two equally weighted performance measures. The two measures of Company performance are:

- Average return on invested capital - also called "ROIC" - is measured by dividing the average of the Company's net operating profit (without regard to taxes) over the performance period by the average outstanding equity plus debt over that period.
- Compounded annual revenue growth - also called "CAGR" - is the compound annual growth rate in net sales for the Company over the same period.

What is the performance period for this PSU award?

The Company's performance against the goals is measured over a three-year period that begins January 1, 2016 and ends December 31, 2018.

Your target PSU award presented on the first page of this letter is the number of shares of West Common Stock that you would receive if the Company obtains 100% of both of the ROIC and CAGR performance targets. Additional shares of Common Stock will be distributed under this PSU award if actual performance exceeds the target performance level, and fewer shares of Common Stock will be distributable if actual performance falls short of the target performance level. No shares of Common Stock will be paid out if actual performance falls below the threshold level described below.

The following table shows the performance targets for CAGR and Average ROIC and the corresponding PSU payouts for the 2016-2018 performance period.

		CAGR (applies to 50% of PSUs)		**Average ROIC** (applies to 50% of PSUs)	
Performance Range		If CAGR is:	Then the payout as a % of Target is:	If ROIC is:	Then the payout as a % of Target is:
Maximum:	150%	14.70%	200%	18.45%	200%
	125%	12.25%	150%	15.38%	150%
	110%	10.78%	120%	13.53%	120%
Target:	100%	9.80%	100%	12.30%	100%
	85%	8.33%	75%	10.46%	75%
Threshold:	70%	6.86%	50%	8.61%	50%
< 70%		< 6.86%	-0-	<8.61%	-0-

If actual CAGR or ROIC falls between any of the performance range percentages above, the payout for that portion of your PSUs will be determined by applying a mathematical formula to estimate the value based on the two nearest percentages.

Can my PSU award be adjusted?

Yes, the Committee can change or revise the targets as it considers appropriate and make adjustments for budgeted exchange rates or an "extraordinary or special item" on a case-by-case basis. Extraordinary or special items include (1) settlement of litigation or actions brought by governmental agencies , (2) changes to the Company's capital structure, including changes to dividend policy, share repurchase programs, mergers, acquisitions, divestitures, reorganizations and restructurings; and (3) new legislation or governmental regulations enacted or promulgated during the performance period.

When will I know how many shares I am eligible to receive?

The shares will be distributed to you in early 2019 after the ROIC and CAGR for the performance period are calculated. This will be done by the Compensation Committee after review of the Company's audited financial statements.

Will I receive dividends on my PSUs?

During the performance period, your account will be credited with additional PSUs as if the target PSU award had been reinvested in dividends paid on Common Stock during the period. At the end of the performance period, you may receive additional shares of Common Stock equal to the amount of PSUs credited through this dividend-reinvestment feature. If performance falls below the target levels, you will forfeit some or all of these PSUs based on the applicable payout percentage.

May I defer receipt of my shares?

Delivery of shares upon payout may be deferred under the Deferred Compensation Plan for eligible participants in certain countries. If you are eligible, you will receive details on this deferral opportunity before the end of each performance period and the distribution provisions of the applicable plan will contain additional restrictions. Any election will similarly defer receipt of additional shares you would otherwise receive due to the deemed dividend reinvestment feature.

What happens if I terminate employment during the performance period?

You will not be entitled to receive a distribution with respect to any PSUs granted by this award if your employment terminates for any reason other than a Qualifying Retirement (as defined above) before the end of the performance period.

What happens if I have a Qualifying Retirement during the performance period?

If you have a Qualifying Retirement during the performance period and after October 1, 2016, your PSUs will continue to vest based on the approved performance criteria as if you remained actively employed by the Company. The same vesting cessation provisions applicable to your option awards upon a Qualifying Termination also apply to this award, including the Incentive Compensation Recovery Policy set forth in Exhibit I and the non-competition covenant set forth in Exhibit II.

Additional Information Applicable to Your PSU Award

Are there other circumstances that would lead to a forfeiture of my award or the proceeds that I receive from exercising my award?

Yes. All awards are subject to our Incentive Compensation Recovery Policy, which is attached to this award letter as Exhibit I. You are encouraged to carefully read that policy and contact me or the Law Department if you have any questions. The policy generally provides that in addition to forfeitures of all or part of your award due to your termination of employment discussed above, in certain other situations you will forfeit your award and may be required to reimburse us for the amounts you receive as a result of any option that you exercise or share of stock that you sell. Your acceptance of this award is expressly conditioned on your agreement to be subject to the Incentive Compensation Recovery Policy, including the provisions that allow us to deduct any proceeds from other sources of income payable to you. This award would not be made if you did not agree to be subject to that policy.

The clawback period described in the Incentive Compensation Recovery policy is extended for the full duration of the period of continued vesting described in this award. The Compensation Committee may determine in its sole and absolute discretion that if circumstances exist that would permit the recovery of incentive compensation paid to you during the vesting period, in addition to recovering this compensation, all vesting will immediately cease and the remainder of your awards will be forfeited immediately.

Does the Securities Trading Policy apply to my award?

Yes. All sales of shares of company stock (including shares earned under the PS Unit award) are subject to our Securities Trading Policy. Stock sales by West's officers who are subject to Section 16 of the Securities and Exchange Act of 1934 or on the designated persons list under our policy also must meet the review and written pre-approval by our General Counsel requirements of that policy. For information and to access the required pre-clearance form, please go to ***IntraWest*** and look under the Legal & Compliance tab.

Does my acceptance of this award guarantee me any future awards, continued employment or additional severance pay?

No. This award is granted at the sole discretion of West. Your receipt of this award does not guarantee any future awards, nor does it guarantee your continued employment with the Company. Subject to applicable law, your employment may be terminated for any reason. Additionally, this award is not part of your base pay or compensation for determination of any severance pay or benefits you may be entitled to upon termination of employment unless that is specifically agreed to in writing between you and the Company.

Where can I find additional information about my award?

This is a summary of the terms of your PS Unit award. Your award is subject to the terms of the 2016 Omnibus Incentive Compensation Plan. This award is being delivered with an Information Statement, which gives additional information about your award and the 2016 Omnibus Incentive Compensation Plan under which it was granted. We encourage you to read the Information Statement. Additional terms and conditions may apply to your award under the terms of the Omnibus Plan.

EXHIBIT I
Incentive Compensation Recovery Policy

The Company may seek to recover incentive compensation awarded to any recipient in accordance with the terms of this policy. Each award of annual or long-term equity-based or performance-based compensation must specify that the award is subject to this policy.

Restatement of Financial Results. The Company will cancel or will seek to recover all or a portion of an award from any executive officer of the Company if the Company is required to significantly or materially restate its financial statements (other than to comply with changes to applicable accounting principles) with respect to any of the three fiscal years before the payment of the award. The Company also will not pay or will seek to recover all or a portion of an award from any award recipient whose fraud or misconduct causes the restatement of the Company’s financial statements with respect to any of the three fiscal years before the payment of the award.

Calculation Errors. Even if no financial results are restated, if an award is paid or distributed, and it is subsequently determined that the award should have been less than the amount calculated due to mathematical errors, fraud, misconduct or gross negligence, the Company may seek repayment of the award from any award recipient during the three-year period following the payment of the award.

Detrimental Conduct. If an award recipient directly or indirectly engages in conduct that competes with the Company, or any conduct that is materially inimical, contrary, harmful to, or not in the best interests of the Company or if the award recipient fails to comply with any of the material terms and conditions of the award (unless the failure is remedied within ten days after having been notified of such failure), then the Company has the discretion to immediately cancel any and all outstanding awards and require that the award recipient repay all or any portion of an award, including the gain realized on the exercise of a stock option, stock appreciation right or the disposition of any other equity-based award. To be subject to this policy, the detrimental conduct must have occurred while the award recipient was rendering service to the Company, or during the six-month period following the later of (1) the date the recipient ceases rendering service to the Company or, (2) the date the award is paid (or an option or stock appreciation right is exercised).

Exercise of Discretion. With respect to executive officers and members of the board of directors, the compensation committee has the sole and absolute authority (unless the board determines that the whole board should have such authority) to determine whether to exercise its discretion to seek repayment or cancel an award and what portion of an award should be recovered or canceled. With respect to all other award recipients, the officers of the Company have sole and absolute authority. The compensation committee, board or officers, as appropriate, will consider all relevant facts and circumstances in exercising their discretion. These facts and circumstances include: (1) the materiality of any changes to calculations or financial results, (2) the potential windfall received by recipients, (3) the culpability and involvement of the award recipients, (4) the controls in place to limit misconduct or incorrect reporting, (5) the period during which any misconduct occurred, (6) any other negative repercussions experienced by the award recipient, (7) the period that has elapsed since the date of any misconduct and (8) the feasibility and costs of recovering the compensation.

Enforcement. The board intends that this policy will be applied to the fullest extent permitted by applicable law. The Company has the authority to seek recovery through any available means including litigation or the filing of liens, if necessary. The Company also has the authority, to the extent permitted by law, to deduct the amount to be repaid from any amounts otherwise owed to the recipient, including wages or other compensation, fringe benefits, or vacation paid. Whether or not the Company elects to make any deduction, if the Company does not recover the full amount that it has determined should be recovered, the recipient must immediately repay the unpaid balance. By agreeing to accept an award, each award recipient consents to the Company’s right to make these deductions.

EXHIBIT II

Non-Competition Covenant

To receive the benefits of continued vesting upon a Qualifying Retirement, you agree that during the period of continued vesting (the "Restrictive Period"), you will not, and you will not permit any of your Affiliates, or any other Person, directly or indirectly, to:

5. engage in competition with, or acquire a direct or indirect interest or an option to acquire such an interest in any Person engaged in competition with, the Company's Business (other than an interest of not more than 5 percent of the outstanding stock of any publicly traded company);
6. serve as a director, officer, employee or consultant of, or furnish information to, or otherwise facilitate the efforts of, any Person engaged in competition with the Company's Business;
7. solicit, employ, interfere with or attempt to entice away from the Company any employee who has been employed by the Company or a Subsidiary in an executive or supervisory capacity in connection with the conduct of the Company's Business within one year prior to such solicitation, employment, interference or enticement; or
8. approach, solicit or deal with in competition with the Company or any Subsidiary any Person which at any time during the year immediately preceding the date of your Qualifying Retirement:
    a. was a customer, client, supplier, agent or distributor of the Company or any Subsidiary;
    b. was a customer, client, supplier, agent or distributor of the Company or any Subsidiary with whom employees reporting to or under your direct control had personal contact on behalf of the Company or any Subsidiary; or
    c. was a Person with whom you had regular, substantial or a series of business dealings on behalf of the Company or any Subsidiary (whether or not a customer, client, supplier, agent or distributor of the Company or any Subsidiary).
    d. As used in this Exhibit II, the capitalized terms shall have the meanings set forth below:
        i. An "Affiliate" of any Person means any Person directly or indirectly controlling, controlled by or under common control with such Person.
        ii. The "Company's Business" means: (a) the manufacture and sale of stoppers, closures, containers, medical-device components and assemblies made from elastomers, metal and plastic for the health-care and consumer-products industries, and (b) any other business conducted by the Company or any of its Subsidiaries or Affiliates during the term of this Agreement and in which you have been actively involved.
        iii. "Person" means an individual, a corporation, a partnership, an association, a trust or other entity or organization.
        iv. "Subsidiary" has the meaning ascribed to the term by section 425(f) of the United States Internal Revenue Code of 1986, as amended.

Enforcement. Should any provision of this Exhibit II be adjudged to any extent invalid by any competent tribunal, that provision will be deemed modified to the extent necessary to make it enforceable.

EXHIBIT IV - RSUs

September 26, 2016

David Montecalvo

Re: Restricted Stock Unit (“RSU”) Award

Dear David:

Congratulations. On 26-Sep-2016, the Compensation Committee of our Board of Directors approved an award under the 2016 Omnibus Incentive Compensation Plan (the “Plan”).

AWARD TYPE	Grant Date Fair VALUE	NUMBER OF SHARES
Restricted Stock Unit	$100,000	**1,393**

The grant date fair value is calculated using the fair market value on the date of the award. The awards were made under the Plan. We have attached a summary of the terms of your awards. Please read it carefully.

I am pleased that you are a participant in this long-term incentive compensation program and trust that your participation will be beneficial to both you and the Company.

Sincerely,

Amanda Furiato
Senior Manager, Global Compensation

Enclosures

Summary of Your RSU

What is an RSU?

An RSU is the right to receive a share of the Company's Common stock in the future when the RSU vests as described in this Award. It is not an issued share of stock until vested, and it cannot be received in cash upon vesting.

Is the RSU immediately vested?

No. So long as your employment with us continues (except as described below), your RSUs will vest - as per the schedule below.

Date	Portion of the RSUs that are vested
September 26, 2016 (grant date)	**0**
September 26, 2021	**1,393**

Will my RSUs vest if I terminate employment?

Your RSUs may become vested, depending on the reason for your termination. Your RSUs will not become vested if you are terminated by the Company with Cause (as defined below) or you terminate employment with the Company without Good Reason (as defined below). If you are terminated by the Company without Cause or you terminate with Good Reason, your RSUs will immediately 100% vest upon such termination

"Cause" means (A) any willful failure by you to perform your duties or responsibilities or to comply with any valid and legal directives of your direct supervisor; (B) any act of fraud, embezzlement, theft or misappropriation of the funds of the Company by you, or your admission to or conviction of a felony or any crime involving moral turpitude, fraud, embezzlement, theft or misrepresentation; (C) your engagement in dishonesty, illegal conduct or misconduct that is materially injurious to the Company; (D) your breach of any material obligation under any written agreement between you and the Company; or (E) a material violation of a rule, policy, regulation or guideline imposed by the Company or a regulatory or self-regulatory body having jurisdiction over the Company. With respect to subsections (A), (D) and (E), the Company shall give you written notice of any alleged breach or violation of these subsections and afford you 30 days in which to remedy the condition.

"Good Reason" means the occurrence of any of the following without your consent: (1) a material diminution in your base salary; (2) a material reduction in your duties, authority or responsibilities relative to your duties, authority, and responsibilities in effect immediately prior to such reduction; or (3) the relocation of your principal place of employment in a manner that lengthens by fifty (50) or more miles your one-way commuting distance to your place of employment; provided that a termination shall only be for Good Reason if: (a) within forty-five (45) calendar days of the initial existence of Good Reason, you provide written notice of Good Reason to the Company; (b) the Company does not remedy said Good Reason within thirty (30) calendar days of its receipt of such notice; and (c) you terminate employment within sixty (60) calendar days after the expiration of such 30-day remedy period.

Will my RSUs vest if I die or become disabled?

Yes. If you die or become disabled before the RSUs are 100% vested, you will immediately become vested in any unvested portion of the RSUs.

Will dividend equivalents be credited on the RSUs?

Yes. When a dividend is paid on Company stock, the Company will credit to your account an additional number of RSUs. The number of RSUs to be credited is determined by dividing the dividends paid in respect of the number of RSUs held by you on the relevant dividend record date by the fair market value of the Company's stock on that dividend record date and in accordance with the terms of the Plan.

May I vote my RSUs before they are vested?

No. Before the shares are vested, they are not issued. Following vesting, when shares are delivered, you will be permitted to vote these shares.

May I make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code") with respect to the RSUs?

No. Because an RSU is a promise to deliver property in the future, it is not subject to Section 83(b) of the Code.
When will the RSU be included in my income?

The value of the RSU will only be included in your income upon vesting. Shares may be withheld in accordance with the Plan to satisfy our withholding obligations.

May I defer my RSUs?

No. These RSUs are not eligible for further deferral under our Non-Qualified Deferred Compensation Plan or 401(k) plan.

Additional Information Applicable to Your RSUs

Are there other circumstances that would lead to a forfeiture of my award or the proceeds that I receive from exercising my award?

Yes. All awards are subject to our Incentive Compensation Recovery Policy, which is attached to this award letter as Exhibit I. You are encouraged to carefully read that policy and contact me or the Law Department if you have any questions. The policy generally provides that in addition to forfeitures of all or part of your award due to your termination of employment discussed above, in certain other situations you will forfeit your award and may be required to reimburse us for the amounts you receive as a result of any option that you exercise or share of stock that you sell. Your acceptance of this award is expressly conditioned on your agreement to be subject to the Incentive Compensation Recovery Policy, including the provisions that allow us to deduct any proceeds from other sources of income payable to you. This award would not be made if you did not agree to be subject to that policy.
The clawback period described in the Incentive Compensation Recovery policy is extended for the full duration of the period of continued vesting described in this award. The Compensation Committee may determine in its sole and absolute discretion that if circumstances exist that would permit the recovery of incentive compensation paid to you during the vesting period, in addition to recovering this compensation, all vesting will immediately cease and the remainder of your awards will be forfeited immediately.

Does the Securities Trading Policy apply to my award?

Yes. All sales of shares of company stock (including RSUs and shares received upon exercise of the Retention Option) and all option exercise transactions are subject to our Securities Trading Policy. Option exercises and stock sales by West's officers who are subject to Section 16 of the Securities and Exchange Act of 1934 or on the designated persons list under our policy also must meet the review and written pre-approval by our General Counsel requirements of that policy. For information and to access the required pre-clearance form, please go to ***IntraWest*** and look under the Legal & Compliance tab.

Does my acceptance of this award guarantee me any future awards, continued employment or additional severance pay?

No. This award is granted at the sole discretion of West. Your receipt of this award does not guarantee any future awards, nor does it guarantee your continued employment with the Company. Subject to applicable law, your employment may be terminated for any reason. Additionally, this award is not part of your base pay or compensation for determination of any severance pay or benefits you may be entitled to upon termination of employment unless that is specifically agreed to in writing between you and the Company.

Where can I find additional information about my award?

This is a summary of the terms of your RSUs. Your award is subject to the terms of the Plan. This award is being delivered with an Information Statement, which gives additional information about your award and the Plan under which it was granted. We encourage you to read the Information Statement. Additional terms and conditions may apply to your award under the terms of the Plan.

EXHIBIT I

Incentive Compensation Recovery Policy

The Company may seek to recover incentive compensation awarded to any recipient in accordance with the terms of this policy. Each award of annual or long-term equity-based or performance-based compensation must specify that the award is subject to this policy.

Restatement of Financial Results. The Company will cancel or will seek to recover all or a portion of an award from any executive officer of the Company if the Company is required to significantly or materially restate its financial statements (other than to comply with changes to applicable accounting principles) with respect to any of the three fiscal years before the payment of the award. The Company also will not pay or will seek to recover all or a portion of an award from any award recipient whose fraud or misconduct causes the restatement of the Company's financial statements with respect to any of the three fiscal years before the payment of the award.

Calculation Errors. Even if no financial results are restated, if an award is paid or distributed, and it is subsequently determined that the award should have been less than the amount calculated due to mathematical errors, fraud, misconduct or gross negligence, the Company may seek repayment of the award from any award recipient during the three-year period following the payment of the award.

Detrimental Conduct. If an award recipient directly or indirectly engages in conduct that competes with the Company, or any conduct that is materially inimical, contrary, harmful to, or not in the best interests of the Company or if the award recipient fails to comply with any of the material terms and conditions of the award (unless the failure is remedied within ten days after having been notified of such failure), then the Company has the discretion to immediately cancel any and all outstanding awards and require that the award recipient repay all or any portion of an award, including the gain realized on the exercise of a stock option, stock appreciation right or the disposition of any other equity-based award. To be subject to this policy, the detrimental conduct must have occurred during the six-month period following the later of (1) the date the recipient ceases rendering service to the Company or, (2) the date the award is paid (or an option or stock appreciation right is exercised).

Exercise of Discretion. With respect to executive officers and members of the board of directors, the compensation committee has the sole and absolute authority (unless the board determines that the whole board should have such authority) to determine whether to exercise its discretion to seek repayment or cancel an award and what portion of an award should be recovered or canceled. With respect to all other award recipients, the officers of the Company have sole and absolute authority. The compensation committee, board or officers, as appropriate, will consider all relevant facts and circumstances in exercising their discretion. These facts and circumstances include: (1) the materiality of any changes to calculations or financial results, (2) the potential windfall received by recipients, (3) the culpability and involvement of the award recipients, (4) the controls in place to limit misconduct or incorrect reporting, (5) the period during which any misconduct occurred, (6) any other negative repercussions experienced by the award recipient, (7) the period that has elapsed since the date of any misconduct and (8) the feasibility and costs of recovering the compensation.

Enforcement. The board intends that this policy will be applied to the fullest extent permitted by applicable law. The Company has the authority to seek recovery through any available means including litigation or the filing of liens, if necessary. The Company also has the authority, to the extent permitted by law, to deduct the amount to be repaid from any amounts otherwise owed to the recipient, including wages or other compensation, fringe benefits, or vacation paid. Whether or not the Company elects to make any deduction, if the Company does not recover the full amount that it has determined should be recovered, the recipient must immediately repay the unpaid balance. By agreeing to accept an award, each award recipient consents to the Company's right to make these deductions.

EXHIBIT V

CHANGE-IN-CONTROL AGREEMENT

THIS IS A CHANGE-IN-CONTROL AGREEMENT (the "Agreement"), dated as of October 3, 2016 (the "Effective Date"), between West Pharmaceutical, Services, Inc., a Pennsylvania corporation, (the "Company") and **David Montecalvo** (the "Executive").

Background

The Board of Directors of the Company and the Compensation Committee of the Board have determined that it is in the best interests of the Company and its shareholders for the Company to make the following arrangements with the Executive. These arrangements provide for compensation in the event the Executive should leave the employment of the Company under the circumstances described in this Agreement.

Agreement

In consideration of the Executive's service as the Senior Vice President, Global Operations and Supply Chain and the mutual covenants and agreements herein, and intending to be legally bound, the Company and the Executive agree as follows:

1. **Definitions**. As used in this Agreement, the following terms will have the meanings set forth below:

(a) An "Affiliate" of any Person means any Person directly or indirectly controlling, controlled by or under common control with such Person.

(b) "Change in Control" means a change in control of a nature that would be required to be reported in response to Item 5.01 of a Current Report on Form 8-K as in effect on the date of this Agreement pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, (the "Act"), provided, that, without limitation, a Change in Control shall be deemed to have occurred if:

(i) Any Person, other than:

(1) the Company,

(2) any Person who on the date hereof is a director or officer of the Company, or

(3) a trustee or fiduciary holding securities under an employee benefit plan of the Company,

is or becomes the "beneficial owner," (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities; or

(ii) During any period of two consecutive years during the term of this Agreement, individuals who at the beginning of such period constitute the Board of Directors of the Company cease for any reason to constitute at least a majority thereof, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least two-thirds of the directors then in office who were directors at the beginning of the period; or

(iii) The shareholders of the Company approve: (A) a plan of complete liquidation of the Company; or (B) an agreement for the sale or disposition of all or substantially all of the Company's assets; or (C) a merger, consolidation, or reorganization of the Company with or involving any other corporation, other than a merger, consolidation, or reorganization (collectively, a "Non-Control Transaction"), that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), at least 50% of the combined voting power of the voting securities of the Company (or the surviving entity, or an entity which as a result of the Non-Control Transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) outstanding immediately after the Non-Control Transaction.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Constructive Termination" means the occurrence of any of the following events:

(i) The Company requires the Executive to assume any duties inconsistent with, or the Company makes a significant diminution or reduction in the nature or scope of the Executive's authority or duties from, those assigned to or held by the Executive on the Effective Date;

(ii) A material reduction in the Executive's annual salary or incentive compensation opportunities;

(iii) A relocation of the Executive's site of employment to a location more than 50 miles from the Executive's site of employment on the Effective Date;

(iv) The Company fails to provide the Executive with substantially the same fringe benefits that were provided to the Executive as of the Effective Date, or with a package of fringe benefits that, although one or more of such benefits may vary from those in effect as of the Effective Date, is substantially at least as beneficial to the Executive in all material respects as such fringe benefits taken as a whole; or

(v) A successor of the Company does not assume the Company's obligations under this Agreement, expressly or as a matter of law.

Notwithstanding the above, no Constructive Termination will be deemed to have occurred under any of the following circumstances:

(1) the Executive will have consented in writing or given a written waiver to the occurrence of any of the events enumerated in clauses (i) through (v) above;

(2) the Executive will have failed to give the Company written notice stating the Executive's intention to claim Constructive Termination and the basis for that claim at least 10 days in advance of the effective date of the Executive's resignation; or

(3) The event constituting a Constructive Termination has been cured by the Company prior to the effective date of the Executive's resignation.

(f) "Payment" means

(i) any amount due or paid to the Executive under this Agreement,

(ii) any amount that is due or paid to the Executive under any plan, program or arrangement of the Company and any of its Subsidiaries, and

(iii) any amount or benefit that is due or payable to the Executive under this Agreement or under any plan, program or arrangement of the Company and any of its Subsidiaries not otherwise covered under clause (i) or (ii) hereof which must reasonably be taken into account under section 280G of the Code and the Regulations in determining the amount of the "parachute payments" received by the Executive, including, without limitation, any amounts which must be taken into account under the Code and Regulations as a result of (1) the acceleration of the vesting of any option, restricted stock or other equity award granted under any equity plan of the Company or otherwise, (2) the acceleration of the time at which any payment or benefit is receivable by the Executive or (3) any contingent severance or other amounts that are payable to the Executive.

(g) "Person" means an individual, a corporation, a partnership, an association, a trust or other entity or organization.

(h) "Regulations" means the proposed, temporary and final regulations under sections 4999, 280G or 409A of Code or any successor provisions thereto, as applicable.

(i) "Retirement Plan" means the West Pharmaceutical Services, Inc. Employees' Retirement Plan and any successor plan thereto.

(j) “Savings/Deferred Comp Plan” means the Company’s 401(k) Plan, the Company’s Non-Qualified Deferred Compensation Plan for Designated Employees and any successor plans or other similar plans established from time to time that may allow executive officers to defer taxation of compensation.

(k) “Separation from Service” is the date on which the Executive ceases to be employed by the Company or any of its Subsidiaries or Affiliates for any reason and, to the extent that section 409A of the Code applies to the Payments under this agreement, shall be the date that the Executive incurs a “separation from service” as defined in that Code section and the Regulations.

(l) “Subsidiary” has the meaning ascribed to the term by section 425(f) of the Code.

2. **Termination Following a Change in Control**.

(a) Subject to Section 2(b), the Executive will be entitled to the benefits specified in Section 3 if,

(i) at any time within two years after a Change in Control has occurred, a Separation from Service occurs due to: (A) an involuntary termination of employment by the Company other than by reason of continuous willful misconduct to the detriment of the Company, or (B) as a result of the Executive’s resignation at any time following the Executive’s Constructive Termination, or

(ii) The Company signs an agreement, the consummation of which would result in the occurrence of a Change in Control, and then, a Separation from Service occurs due to (A) an involuntary termination of employment by the Company other than by reason of continuous willful misconduct to the detriment of the Company, or (B) the Executive’s resignation at any time following the Executive’s Constructive Termination occurring after the date of such agreement (and, if such agreement expires or is terminated prior to consummation, prior to the expiration or termination of such agreement).

(b) The Executive will not be entitled to the benefits specified in Section 3 if:

(i) the Executive’s employment terminates for any other reason, including, death, disability, voluntary resignation without a Constructive Termination or retirement under the Retirement Plan, or

(ii) the Executive is in breach of any of the Executive’s obligations under this Agreement before or following a Separation from Service.

3. **Benefits Payable Upon Termination of Employment**. Following a Separation from Service due to a termination of employment described in Section 2(a), the Executive will be entitled to the following benefits:

(a) Severance Compensation. the Executive will be entitled to severance compensation in an amount equal to two times the sum of

(i) the Executive’s highest annual base salary rate in effect during the year of the termination of the Executive’s employment, plus

(ii) the aggregate amount of the annual bonuses paid or payable to the Executive for the three fiscal years immediately preceding a Change in Control divided by the number of fiscal years as to which such bonuses were paid or payable;

provided, however, that if at any time before the third anniversary of a Separation from Service, the Executive either (x) elects retirement under the Retirement Plan, or (y) reaches normal retirement age under the Retirement Plan, if the Executive had remained employed by the Company, then the Executive’s severance compensation under this Section 3(a) will be reduced by an amount equal to the product obtained by multiplying such severance compensation by a fraction the numerator of which is the number of days elapsed from the Separation from Service until the date on which either of the events described in clauses (x) or (y) first occurs, and the denominator of which is 1095.

Except as set forth in Section 3(e), the severance compensation paid hereunder will not be reduced to the extent of any other compensation for the Executive’s services that the Executive receives or is entitled to receive from any other employment consistent with the terms of this Agreement.

(b) Equivalent of Vested Savings/Deferred Comp Plan Benefit. The Company will pay to the Executive the difference, if any, between

(i) the benefit the Executive would be entitled to receive under the Savings/Deferred Comp Plan if the Company's contributions to the Savings/Deferred Comp Plan were fully vested upon the Separation from Service, and

(ii) the benefit the Executive is entitled to receive under the terms of the Savings/Deferred Comp Plan upon the Separation from Service.

Any such benefit will be payable at such time and in such manner as benefits are payable to the Executive under the Savings/Deferred Comp Plan.

(c) Unvested Equity Awards. All stock options, other equity-based awards and shares of the Company's stock granted or awarded to the Executive pursuant to any Company compensation or benefit plan or arrangement, but which are unvested, will vest immediately upon the Separation from Service. The provisions of this Section 3(c) will supersede the terms of any such grant or award made to the Executive under any such plan or arrangement to the extent there is an inconsistency between the two.

(d) Employee and Executive Benefits. The Executive will be entitled to a continuation of all hospital, medical, dental, and similar insurance benefits not otherwise addressed in this Agreement in the same manner and amount to which the Executive was entitled on the date of a Change in Control or on the date of Constructive Termination of the Executive's employment (whichever benefits are more favorable to the Executive) until the earlier of:

(i) a period of 36 months after the Separation from Service,

(ii) the Executive's retirement under the Retirement Plan, or

(iii) the Executive's eligibility for similar benefits with a new employer.

Assistance in finding new employment will be made available to the Executive by the Company if the Executive so requests. Upon the Separation from Service, Company cars must be returned to the Company.

(a) No Duplication of Payments. If Executive is entitled to receive any Payment under this Agreement, he shall not also be entitled to receive severance payments under any other plan, program or agreement with the Company.

4. **Excise Tax Limitation.**

(a) Limitation. Notwithstanding any other provisions of this Agreement to the contrary, in the event that any Payments received or to be received by the Executive in connection with the Executive's employment with the Company (or termination thereof) under this Agreement or otherwise would subject the Executive to the excise tax (plus any related interest and penalties) imposed under section 4999 of the Internal Revenue Code of 1986, as amended (the "Excise Tax"), and if the net-after tax amount (taking into account all applicable taxes payable by the Executive, including any Excise Tax) that the Executive would receive with respect to such payments or benefits does not exceed the net-after tax amount the Executive would receive if the amount of such payment and benefits were reduced to the maximum amount which could otherwise be payable to the Executive without the imposition of the Excise Tax, then, to the extent necessary to eliminate the imposition of the Excise Tax, (i) such cash Payments shall first be reduced (if necessary, to zero), then (ii) all non-cash Payments (other than those relating to equity and incentive plans) shall next be reduced (if necessary, to zero, and finally (iii) all other non-cash Payments relating to equity and incentive plans shall be reduced.

(b) Determination of Application of the Limitation. Subject to the provisions of Section 4(c), all determinations required under this Section 4 shall be made by the accounting firm that was the Company's independent auditors immediately prior to the Change in Control (or, in default thereof, an accounting firm mutually agreed upon by the Company and the Executive) (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Executive and the Company within fifteen days of the Change in Control, the Separation from Service or any other date reasonably requested by the Executive or the Company on which a determination under this Section 4 is necessary or advisable. If the Accounting Firm determines that no Excise Tax is payable by the Executive, the Company shall cause the Accounting Firm to provide the Executive with an opinion that the Accounting Firm has substantial authority under the Code and Regulations not to report an Excise Tax on the Executive's federal income tax return. Any determination by the Accounting Firm shall be binding upon the Executive and the Company.

(c) Procedures. The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would result in Payments that would be less on an after-tax basis than had those payments been limited under Section 4(a). Such notice shall be given as soon as practicable after the Executive knows of such claim and shall apprise the Company of the nature of the claim and the date on which the claim is requested to be paid. the Executive agrees not to pay the claim until the expiration of the thirty-day period following the date on which the Executive notifies the Company, or such shorter period ending on the date the Taxes with respect to such claim are due (the "Notice Period"). If the Company notifies the Executive in writing prior to the expiration of the Notice Period that it desires to contest the claim, the Executive shall: (i) give the Company any information reasonably requested by the Company relating to the claim; (ii) take such action in connection with the claim as the Company may reasonably request, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company and reasonably acceptable to the Executive; (iii) cooperate with the Company in good faith in contesting the claim; and (iv) permit the Company to participate in any proceedings relating to the claim. The Executive shall permit the Company to control all proceedings related to the claim and, at its option, permit the Company to pursue or forgo any and all administrative appeals, proceedings, hearings, and conferences with the taxing authority in respect of such claim. If requested by the Company, the Executive agrees either to pay the tax claimed and sue for a refund or contest the claim in any permissible manner and to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts as the Company shall determine; **provided**, **however**, that, if the Company directs the Executive to pay such claim and pursue a refund, the Company shall advance the amount of such payment to the Executive on an after-tax and interest-free basis (the "Advance"). The Company's control of the contest related to the claim shall be limited to the issues related to the Payments and the Executive shall be entitled to settle or contest, as the case may be, any other issues raised by the Internal Revenue Service or other taxing authority. The Advance or other payments and the reimbursement of any related costs, expenses or taxes payable under this Section 4(c) and/or Section 4(e) shall be made on or before the end of the Executive's taxable year following the taxable year in which any additional taxes are payable by the Executive or if no additional taxes are payable the Executive's taxable year following the taxable year in which the audit or litigation is closed. Notwithstanding the above, to the extent required to avoid the penalty taxes and interest payable under section 409A of the Code, if the Executive is a "specified person" within the meaning of that Code section, the Advance shall be delayed until the date that is six months following the Separation from Service.

(d) Repayments. If, after receipt by the Executive of an Advance, the Executive becomes entitled to a refund with respect to the claim to which such Advance relates, the Executive shall pay the Company the amount of the refund (together with any interest paid or credited thereon after Taxes applicable thereto). If, after receipt by the Executive of an Advance, a determination is made that the Executive shall not be entitled to any refund with respect to the claim and the Company does not promptly notify the Executive of its intent to contest the denial of refund, then the amount of the Advance shall not be required to be repaid by the Executive.

(e) Further Assurances. The Company shall indemnify the Executive and hold the Executive harmless, on an after-tax basis, from any costs, expenses, penalties, fines, interest or other liabilities ("Losses") incurred by the Executive with respect to the exercise by the Company of any of its rights under this Section 4, including, without limitation, any Losses related to the Company's decision to contest a claim or any imputed income to the Executive resulting from any Advance or action taken on the Executive's behalf by the Company hereunder. Subject to the last sentence of Section 4(c), the Company shall pay all legal fees and expenses incurred under this Section 4 and shall promptly reimburse the Executive for the reasonable expenses incurred by the Executive in connection with any actions taken by the Company or required to be taken by the Executive hereunder. The Company shall also pay all of the fees and expenses of the Accounting Firm, including, without limitation, the fees and expenses related to the opinion referred to in Section 4(b).

5. **Payment of Severance Compensation**. The severance compensation set forth in Section 3(a) will be payable in 36 equal monthly installments commencing on the first day of the month following the month in which the Separation from Service occurs. Notwithstanding the above, in the event that the Executive is a “specified employee” within the meaning of Code section 409A, the first six monthly installments shall be paid in a lump sum on the first day of the month following or coincident with the date that is six months following the Separation from Service and all remaining monthly installments shall be paid monthly.

6. **Legal Fees**. The Company will pay all legal fees and expenses which the Executive may incur as a result of the Company’s contesting the validity or enforceability of this Agreement.

7. **Payments Final**. In the event of a termination of the Executive’s employment under the circumstances described in this Agreement, the arrangements provided for by this Agreement, and any other agreement between the Company and the Executive in effect at that time and by any other applicable plan of the Company in which the Executive then participates, will constitute the entire obligation of the Company to the Executive, and performance of that obligation will constitute full settlement of any claim that the Executive might otherwise assert against the Company on account of such termination. The Company’s obligation to pay the Executive under this Agreement will be absolute and unconditional and will not be affected by any circumstance, including without limitation, any set-off, counterclaim, defense or other rights the Company may have against the Executive or anyone else as long as the Executive is not in beach of the Executive’s obligations under this Agreement.

8. **Non-Competition**.

(a) During the one-year period following the Executive’s termination of employment covered by this Agreement, the Executive will not, and will not permit any of the Executive's Affiliates, or any other Person, directly or indirectly, to:

(i) engage in competition with, or acquire a direct or indirect interest or an option to acquire such an interest in any Person engaged in competition with, the Company's Business in the United States (other than an interest of not more than 5 percent of the outstanding stock of any publicly traded company);

(ii) serve as a director, officer, employee or consultant of, or furnish information to, or otherwise facilitate the efforts of, any Person engaged in competition with the Company's Business in the United States;

(b) solicit, employ, interfere with or attempt to entice away from the Company any employee who has been employed by the Company or a Subsidiary in an executive or supervisory capacity in connection with the conduct of the Company's Business within one year prior to such solicitation, employment, interference or enticement; or

(c) approach, solicit or deal with in competition with the Company or any Subsidiary any Person which at any time during the 12 months immediately preceding the Termination Date:

(i) was a customer, client, supplier, agent or distributor of the Company or any Subsidiary;

(ii) was a customer, client, supplier, agent or distributor of the Company or any Subsidiary with whom employees reporting to or under the direct control of the Executive had personal contact on behalf of the Company or any Subsidiary; or

(iii) was a Person with whom the Executive had regular, substantial or a series of business dealings on behalf of the Company or any Subsidiary (whether or not a customer, client, supplier, agent or distributor of the Company or any Subsidiary).

(d) The "Company's Business" means: (i) the manufacture and sale of stoppers, closures, containers, medical-device components and assemblies made from elastomers, metal and plastic for the health-care and consumer-products industries, and (ii) any other business conducted by the Company or any of its Subsidiaries or Affiliates during the term of this Agreement and in which the Executive has have been actively involved.

9. **Confidentiality and Enforcement**. Executive's obligations under any Confidentiality and Non-Disclosure Agreements with the Company and the non-compete agreement described in Section 8 (collectively, the "Material Ancillary Agreements") are hereby affirmed. A breach of any Material Ancillary Agreement is a breach of this Agreement and all Payments and obligations of the Company under this Agreement shall cease in the event of the breach of those Material Ancillary Agreements. The Executive acknowledges that a breach of the covenants contained in the Material Ancillary Agreements and incorporated by reference into this Agreement will cause the Company immediate and irreparable harm for which the Company's remedies at law (such as money damages) will be inadequate. The Company shall have the right, in addition to any other rights it may have, to obtain an injunction to restrain any breach or threatened breach of such agreements. The Company may contact any Person with or for whom the Executive works after the Executive's employment by the Company ends and may send that Person a copy of those agreements and/or this Agreement. In consideration of the benefit of having the protection afforded by this Agreement, the Executive agrees that the provisions of the Material Ancillary Agreements apply to the Executive, and the Executive will be bound by them, whether or not a Change in Control occurs or the Executive actually receives the benefits specified in Section 3.

10. **Duration of Agreement**. This Agreement commences on the Effective Date and will continue until terminated as provided in this Section. This Agreement may be terminated only under the following circumstances:

(i) At any time by the mutual written consent of the Executive and the Company; and

(ii) By the Company at the end of each successive two-year period commencing on the Effective Date by giving the Executive written notice at least one year in advance of such termination, except that such termination and written notice will not be effective unless the Executive will be employed by the Company on the Separation from Service.

11. **Notices**. Each party giving or making notice, request, demand or other communication (each, a "Notice") under this Agreement shall give the Notice in writing and use one of the following methods of delivery: personal delivery, registered or certified mail with return receipt requested, nationally recognized overnight courier, fax or e-mail. Such Notice shall be addressed to the last address provided by the party receiving Notice. Notices are not effective unless compliant with this Section and provided within the timeframes required in this Agreement.

12. **Integration.** This Agreement together with the Material Ancillary Agreements constitutes the entire agreement and understanding between the Company and the Executive with respect to the subject matter hereof and merges and supersedes all prior discussions, agreements (written and verbal) and understandings between the Company and the Executive with respect to such matters.

13. **Miscellaneous**.

(a) This Agreement will be binding upon and inure to the benefit of the Executive, the Executive's personal representatives and heirs and the Company and any successor of the Company, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by the Executive.

(b) Should any provision of this Agreement be adjudged to any extent invalid by any competent tribunal, that provision will be deemed modified to the extent necessary to make it enforceable. The invalidity or unenforceability of any provision of this Agreement (or the Material Ancillary Agreements) shall in no way affect the validity or enforceability of any other provision hereof.

(c) This Agreement will be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania.

(d) This Agreement may be executed in one or more counterparts, which together shall constitute a single agreement.

[REMAINDER INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Effective Date.

WEST PHARMACEUTICAL SERVICES, INC.

By:

DAVID MONTECALVO Eric M. Green

President & Chief Executive Officer

<u>EXHIBIT VI</u>

August 24 , 2016

David Montecalvo

Re: <u>Severance Agreement</u>

Dear David:

In consideration of your employment as Senior Vice President, Global Operations and Supply Chain for West Pharmaceutical Services, Inc. (the "Company"), and in accordance with the terms of your Offer Letter, dated August 24, 2016, to which this Severance Agreement is <u>Exhibit VI</u> (the "Offer Letter"), you and the Company, intending to be legally bound, agree to the following:

1. ***<u>Termination of Employment During First Two Years of Employment</u>.*** Subject to Section 3, you will be entitled to the benefits specified in Section 2 if **on or before the second anniversary of your Start Date** as defined in the Offer Letter, (i) your employment is terminated by the Company, other than for Cause (as such term is defined in the Sign-On Bonus Repayment Agreement which is <u>Exhibit I</u> to the Offer Letter (the "Repayment Agreement")), or (ii) you terminate employment for Good Reason (as defined in the Repayment Agreement). You will not be entitled to the benefits specified in Section 2 if your employment terminates for any other reason, including, without limitation, your voluntary resignation, death, or disability, or if your employment terminates for any reason after the second anniversary of your Start Date.
2. ***<u>Benefits Payable Upon Certain Terminations of Employment</u>.*** Upon termination of employment as set forth in Section 1 and subject to Section 3, you shall be entitled to a lump-sum cash severance amount of $450,000 payable on the first normal payroll date following five business days after your covered termination of employment.
3. ***<u>Release</u>.*** You shall be entitled to the amounts, payments and benefits set forth in Section 2 only following the execution and effectiveness (without revocation) of a waiver and release of all claims related to your employment or termination thereof (other than claims under this Severance Agreement) in the form and manner presented by the Company.
4. ***<u>Non-Disparagement.</u>*** You understand and agree that as a condition for payment to you of the amounts and benefits provided under this Severance Agreement, you shall not make any false, disparaging or derogatory statements to any third party, including, without limitation, any media outlet, industry group, financial institution or current or former employee, consultant, client or customer of the Company regarding the Company, the Company's employees or consultants, or the Company's business affairs and financial condition. You agree further that you will not at any time speak or act in any manner that is intended to, or does in fact, damage the goodwill or the business of the Company, or the business or personal reputations of any of the Company's employees.
5. ***<u>Cooperation.</u>*** You agree to cooperate with the Company with respect to all matters arising during or related to your employment about which you have personal knowledge because of your employment with the Company, including but not limited to all matters (formal or informal) in connection with any government investigation, internal Company investigation, litigation (potential or ongoing), administrative, regulatory, or other proceeding which currently exists, or which may have arisen before or arise following the signing of this Severance Agreement. Such cooperation will include, but not be limited to, your willingness to be interviewed by representatives of the Company, and to participate in such proceedings by deposition or testimony. You understand that the Company agrees to reimburse you for your reasonable out-of-pocket expenses (not including attorney's fees, legal costs or your lost time or opportunity) incurred in connection with such cooperation.
6. ***<u>Confidentiality; Return of Property</u>.***
   a) You confirm your obligations under your Confidentiality and Non-Disclosure Agreement(s) with the Company in effect from time-to-time, as amended. You further understand and agree that as a term and condition of receiving the benefits provided under this Severance Agreement, you agree to maintain as confidential, the terms and contents of this Severance Agreement except (a) as needed to obtain legal counsel, financial, or tax advice; (b) to the extent required by federal, state or local law or by order of court; or, (c) as otherwise agreed to in writing by an officer of the Company.
   b) You agree within two business days following termination to return to the Company all Company-

owned property in your possession or control, including, but not limited to, keys, files, records (and copies thereof), computer hardware, software, printers, wireless handheld devices, cellular phone, pagers, Company identification, Company vehicles and any materials of any kind which contain or embody any proprietary or confidential information of the Employer or its customers. You further agree to leave intact all electronic Employer documents, including, but not limited to, those which you developed or helped develop during your employment.

7. ***Payments Final***. In the event of a termination of your employment under the circumstances described in this Severance Agreement, the arrangements provided for by this Severance Agreement, or any other agreement between the Company and you in effect at that time and by any other applicable plan of the Company in which you then participate shall constitute the entire obligation of the Company to you, and performance of that obligation shall constitute the settlement of any claim that you might otherwise assert against the Company on account of such termination.
8. ***Duration of Agreement.*** This Severance Agreement may not be terminated by either party, except that this Severance Agreement may be terminated at any time by the mutual written consent of you and the Company.
9. ***Enforcement.*** You acknowledge that a breach of this Severance Agreement will cause the Company immediate and irreparable harm for which the Company's remedies at law (such as money damages) will be inadequate. The Company shall have the right, in addition to any other rights it may have, to obtain an injunction to restrain any breach or threatened breach of this Severance Agreement. Should any provision of this Severance Agreement be adjudged to any extent invalid by any competent tribunal, that provision will be deemed modified to the extent necessary to make it enforceable. The Company may contact any person with or for whom you work after your employment by the Company ends and may send that person a copy of this Severance Agreement.
10. ***Miscellaneous.***

a) Neither this Severance Agreement nor any of the rights arising hereunder may be assigned or pledged by you, however, this Severance Agreement will inure to the benefit of the successors and assigns of the Company.

c) This Severance Agreement shall in no way bind you or the Company to a specific term of employment.

a) The invalidity or unenforceability in any respect of any provision of this Severance Agreement shall not affect the validity or enforceability of such provision in any other respect or the validity or enforceability of any other provision.

b) The headings or titles of Sections appearing in this Severance Agreement are provided for convenience and are not to be used in construing this Severance Agreement.

c) This Severance Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania.

d) This Severance Agreement, and the documents referenced herein, constitute the entire agreement and understanding between the Company and you relating to the subject matter hereof, and supersedes all prior agreements, which shall be deemed to be terminated upon the date of this Severance Agreement, arrangements and understandings, written or oral, between the Company and you.

[SIGNATURE PAGE FOLLOWS]

If you are in agreement with the foregoing, please so indicate by signing and returning to the Company the enclosed copy of this letter, whereupon this letter shall constitute a binding agreement between you and the Company and our mutual intention to be legally bound as of the date and year first written above.

Very truly yours,

WEST PHARMACEUTICAL SERVICES, INC.

By: ________________________________
Eric M. Green
President & Chief Executive Officer

Accepted and Agreed:

David Montecalvo Date

EXHIBIT VII

Employee Benefits

Exhibit 10.2

SECOND AGREEMENT TO AMEND

TO

AGREEMENT
BY AND BETWEEN
WEST PHARMACEUTICAL SERVICES, INC.
AND
THE GOODYEAR TIRE & RUBBER COMPANY

THIS SECOND AGREEMENT TO AMEND (the "Amendment") is by and between THE GOODYEAR TIRE & RUBBER COMPANY, an Ohio corporation with offices in Akron, Ohio (hereinafter called "SELLER") and WEST PHARMACEUTICAL SERVICES, INC., a Pennsylvania Corporation with offices in Exton, Pennsylvania, (hereinafter called "BUYER").

WHEREAS, SELLER and BUYER are party to that certain AGREEMENT BY AND BETWEEN WEST PHARMACEUTICAL SERVICES, INC. AND THE GOODYEAR TIRE & RUBBER COMPANY dated January 1, 2005, and fully executed June 9, 2005 and subsequently amended effective July 1**,** 2008 for the purchase of synthetic rubber (the "Agreement"),

WHEREAS, SELLER and BUYER desire to amend the Agreement as set forth below; and

NOW, THEREFORE, the parties hereto agree as follows:

(1) Section 3 BASE PRICE of the Agreement shall be deleted in its entirety and the following substituted therefor:

"The prices for the Products sold to BUYER beginning in January of 2016 are as follows, subject to adjustment pursuant to Section 4, below:

Natsyn® [***] synthetic polyisoprene rubber	[***] /lb
Natsyn® [***] synthetic polyisoprene rubber	[***] /lb
Natsyn® [***] synthetic polyisoprene rubber	[***] /lb
Natsyn® [***] synthetic polyisoprene rubber	[***] /lb
Plioflex® [***] emulsion styrene-butadiene rubber	[***] /lb

Where, "current year" is defined as the then current calendar year, provided that at no time will the value of "current year" be less than 2018. To be certain, for calculation purposes, for the calendar years 2016 and 2017 the value of current year will be 2018.

[***] INDICATES MATERIAL THAT HAS BEEN OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED. ALL SUCH OMITTED MATERIAL HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

(2) Section 4 COST OF ENERGY AND RAW MATERIAL SURCHARGE of the Agreement shall be deleted in its entirety and the following substituted therefor:

"The price of all Products will be subject to [***] adjustments based on the cost of energy calculated on the first business day of the [***], beginning in January of 2016, as follows:

The price of all Products during a [***]will be increased by [***] for every [***] the Current Price of [***] increases over the benchmark of level of [***]. On the first day of [***], the Current Price of [***] will be determined based on the [***] price for the [***]. The "last day settle" is the third to last business day of the month. As used in this Section, the term [***] means the [***]. For example, on the first business day in January 2016, the [***] will be added together and then divided by [***]. If the total is more than [***] over [***] than a [***] surcharge per pound of Product will be added for each [***] increment.

The following chart is provided for illustrative purposes and is not intended to suggest a limitation on the price of [***] or the surcharge:

Price of [***] per [***]	**Surcharge per Product Pound**
[***] to [***]	[***]
[***] to [***]	[***]
[***] to [***]	[***]
[***] to [***]	[***]

The price of Natsyn Products will be subject to [***] adjustments for increased raw material costs on the first business day of each [***], beginning in January of 2016, as follows:

The price of Natsyn Products during a [***] will be increased by [***] for every [***] the Current Price of [***] increases over the benchmark level of [***]. On the first day of each [***], the Current Price of [***] will be determined by calculating the average of the [***]. As used herein, [***] means for a given [***]. As used in this Section, the term [***] means the [***]. For example, on the first business day of January 2016, the average of the averages of the high and low prices for [***] for each day of publication for the months of [***] will be calculated, then the three [***] will be averaged. If the total is more than [***] over [***] then a [***] surcharge per pound of Natsyn Product will be added for each [***] increment.

The following chart is provided for illustrative purposes and is not intended to suggest a limitation on the price of [***] or the surcharge:"

Price of [***]	**Surcharge per Product Pound**
[***] to [***]	[***]
[***] to [***]	[***]
[***] to [***]	[***]
[***] to [***]	[***]

(3) Section 5 Term of the agreement shall be deleted in its entirety and the following substituted therefor:

The term of this Agreement shall begin on January 1,2005 and continue until December 31, 2020. Either party may unilaterally terminate this Agreement at any time giving the other party not less than thirty-six (36) months advance written notice.

(1) This Amendment shall be effective as of December 31, 2015.

(2) This Amendment contains the entire agreement of the parties with respect to changes to the Agreement, and there are no oral understandings, representations or warranties affecting it.

(3) Except as expressly modified by this Amendment, the terms and conditions of the Agreement shall remain unchanged. The Agreement, as modified by this Amendment, remains in full force and effect.

IN WITNESS WHEREOF , the parties hereto have caused this Amendment to be executed by their duly authorized representatives as of the dates shown below.

THE GOODYEAR TIRE & RUBBER COMPANY

By: /s/ Steve McClellan
Name: Steve McClellan
Title: President, Americas
Date: 9-16-16
Attest: [Illegible]

WEST PHARMACEUTICAL SERVICES, INC

By: /s/ Eric M. Green
Name: Eric M. Green
Title: CEO
Date: October 23, 2015

EXHIBIT 31.1

CERTIFICATION

I, Eric M. Green, certify that:

1. I have reviewed this quarterly report on Form 10-Q of West Pharmaceutical Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Eric M. Green
Eric M. Green
President and Chief Executive Officer

Date: October 31, 2016

EXHIBIT 31.2

CERTIFICATION

I, William J. Federici, certify that:

1. I have reviewed this quarterly report on Form 10-Q of West Pharmaceutical Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Date: October 31, 2016

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of West Pharmaceutical Services, Inc. (the “Company”) for the period ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Eric M. Green, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Eric M. Green
Eric M. Green
President and Chief Executive Officer

Date: October 31, 2016

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of West Pharmaceutical Services, Inc. (the “Company”) for the period ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William J. Federici, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: October 31, 2016