WEST PHARMACEUTICAL SERVICES INC
Form 10-K/A
August 29, 2002

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

FORM 10-K/A

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

For the fiscal year ended December 31, 2001

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)

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

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

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

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

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the

best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 26, 2002, the Registrant had 14,419,590 shares of its Common Stock outstanding. The market value of Common Stock held by non-affiliates of the Registrant as of that date was $432,587,700.

The Exhibit Index appears on pages F-1, F-2, F-3, F-4 and F-5.

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference: (1) portions of the Registrant's Annual Report to Shareholders for the Company's 2001 fiscal year (the "2001 Annual Report to Shareholders") are incorporated by reference in Parts I and II; and (2) portions of the Registrant's definitive Proxy Statement (the "Proxy Statement") are incorporated by reference in Part III.

INTRODUCTORY NOTE

West Pharmaceutical Services, Inc. is filing this amended Annual Report on Form 10-K for its fiscal year ended December 31, 2001, in order to restate Item 1, as reported in the Company's Annual Report on Form 10-K filed on March 28, 2002, in its entirety and to include as exhibits management contracts which were inadvertently not included in the original filing.

PART 1

Item 1. Business

West Pharmaceutical Services, Inc. (the Company) applies value-added technologies to the process of bringing new drug therapies and healthcare products to global markets. The Company's technologies include drug formulation research and development, clinical research and laboratory services, and the design, development, and manufacture of components and systems for dispensing and delivering pharmaceutical, healthcare, and consumer products.

During 2001 the Company consolidated operations into two operating segments:

1) the Pharmaceutical Systems segment (consisting of four regional business units serving global markets) designs, manufactures and sells stoppers,

closures, medical device components and assemblies made from elastomers, metal, and plastics and provides contract laboratory services for testing injectable drug packaging.

2) the Drug Delivery Systems segment (consisting of two business units) identifies and develops drug delivery systems for biopharmaceutical and other

drugs to improve their therapeutic performance and/or their method of administration. This segment also provides clinical research for Phase I, II, III and IV studies and clinical and marketing research services mostly for consumer products organizations.

As of December 31, 2001, the Company and its subsidiaries had 3,960 employees.

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

Pharmaceutical Systems Segment
Principal Products/Services

Pharmaceutical Stoppers

The Company is one of the world's largest manufacturers of rubber and elastomeric stoppers for sealing injectable drug vials and other pharmaceutical containers, a ranking that is supported by primary market research and the Company's own market resources. The Company offers several hundred proprietary natural rubber and synthetic elastomer formulations, which are molded into a variety of stopper sizes, shapes and colors. The stoppers are used in packaging serums, vaccines, antibiotics, anesthetics, intravenous solutions and other drugs and solutions. They are designed and manufactured to assure the integrity of these solutions during the packaging and throughout the drug product's approved shelf life.

Most stopper formulations are specially designed to be compatible with a given drug so that the drug will remain safe and effective during storage. New elastomeric components must be tested with each drug solution to show that ingredients do not leach into the customer's product or affect the drug's potency, sterility, effectiveness, color or clarity. The Company's laboratories conduct tests to determine the compatibility of its rubber stoppers with customers' drugs and, in the United States, file formulation information with the Food and Drug Administration ("FDA"), which is used in support of customers' new drug applications.

Rubber stoppers are usually washed, sterilized and subject to other pre-use processes by the customer or a third party before they are fitted on the filled container. The Company has introduced a value-added line of stoppers that are pharmaceutically pre-washed and ready to be sterilized, eliminating several steps in customers' incoming processes. The Company is also developing a line of pre-sterilized stoppers that can be introduced directly into customers' sterile drug-filling operations.

Metal Seals

The Company also offers a broad line of aluminum seals in various sizes, shapes, and colors that help its customers differentiate and distinguish its drug solutions. The seals are crimped onto glass or plastic pharmaceutical containers to hold the rubber stoppers securely in place. The top of the aluminum seals often contains tamper-evident tabs or plastic covers, which must be removed before the drug can be withdrawn.

Some aluminum seals are sold with specially formulated rubber or elastomeric discs pre-fitted inside the seal. These "lined" seals may be placed directly onto the pharmaceutical container, thus eliminating the need for a separate stopper. In recent years, the Company has upgraded production processes for metal seal manufacturing, clearly bringing them to state-of-the-art capability.

Other Products

Other products for the pharmaceutical industry include:

- Products used in the packaging of non-injectable drugs such as rubber dropper bulbs, plastic contraceptive drug packages, and child-resistant and tamper-evident plastic closures;
- Plastic systems used for lyophilized drug reconstitution and delivery, which are molded and fabricated in a clean room environment;
- Plastic containers, bottles, and closures for the consumer and medical device and diagnostic markets;
- Elastomeric and plastic components for empty and pre-filled disposable syringes such as plungers, hubs, and needle covers;
- Blood-sampling system components, including vacuum tube stoppers and needle valves, and a number of specialized elastomeric and plastic components for blood-analyzing systems and other medical devices;
- Closures and fitments used in intravenous drug delivery systems; and

- Disposable infant nursers and individual nurser components.

The Company also makes closures for food and beverage processors, focusing its efforts on multiple-piece closures that require high-speed assembly.

Services

The contract laboratory services business was established in 1998. This business, provides a range of testing services for closures and similar drug product packaging as well as the effect of packaging on the stability of a drug product. Services include testing analysis for materials or other substances that may leach from the packaging into the drug product over time; development and validation of methods for conducting such testing; moisture analysis of closures used to package moisture-sensitive drugs; quantification of closure surface silicone; and other custom services.

Product Development

The Company maintains its own laboratories for testing raw materials and finished goods to assure conformity to customer specifications and to safeguard product quality. Laboratory facilities are also used for development of new products. Engineering staffs are responsible for product and tooling design and testing and for the design and construction of processing equipment. In addition, a corporate product development department develops new packaging and device concepts. Approximately 95 professional employees were engaged in these activities in 2001. Development and engineering expenditures for the creation and application of new and improved device products and manufacturing processes were approximately $10.0 million in 2001, $9.6 million in 2000, and $9.3 million in 1999, net of cost reimbursements by customers.

Drug Delivery Systems Segment

Drug Delivery

Since 1993, the Company has been developing proprietary drug delivery systems for various drug and biological products for which alternative methods and routes of administration might improve therapeutic performance or the cost effectiveness of the therapy. In furtherance of that effort, in 1998 the Company completed the acquisition of DanBioSyst UK Ltd (DBS), a research and development company located in Nottingham, England. DBS was re-named West Pharmaceutical Services Drug Delivery & Clinical Research Center, Ltd. in 1999 and its operations integrated with the Company's Lionville based drug delivery development operation.

West Drug Delivery engages in both independent and client-funded research to develop unique delivery technologies, patenting these where possible, and, subject to any rights granted or ceded in connection with client funding, retains the rights to exploit the patented technology. West Drug Delivery has patents or patent applications covering a range of delivery technologies for various routes of administration, including nasal, oral, parenteral, pulmonary, rectal and vaginal. West Drug Delivery then seeks to license the technologies to pharmaceutical companies for use in combination with their drug products. Alternatively, West will develop unique versions of generic drug products, which incorporate its proprietary delivery technologies, and then seek development and marketing partners or licensees for the resulting products. West Drug Delivery also maintains laboratory capabilities that support client and internal development projects. Research and development expenditures for the drug delivery business unit were $7.8 million in 2001, $7.5 million in 2000 and $4.9 million in 1999.

In 2001, West Drug Delivery's efforts were focused on: client-funded projects; on the further development of proprietary formulations of the drugs morphine, calcitonin, insulin, flu vaccine, and leuprolide, all using the Company's patented chitosan-based nasal delivery system (ChiSysTM) ; and on the development of a proprietary formulation of budesonide (a steroid) using the Company's TargitR system, an orally administered, specially coated, starch capsule system designed to bypass normal digestion and deliver the drug to the colon for local and systemic effect. The nasal morphine product was licensed to a third party for further development in 2000 and phase II clinical trials for

nasal morphine were completed in 2001. The ChiSysTM technology was licensed to a third party for delivery of a flu vaccine in 2001; phase II clinical trials for the nasal flu vaccine were also completed in 2001. Phase I trials for nasal leuprolide, nasal insulin, and TargetR budesonide were also completed in 2001.

Clinical Services

In April 1999, the Company acquired the Clinical Services division of Collaborative Clinical Research, Inc. Clinical Services operates two distinct divisions and is a business unit within the Drug Delivery Systems segment. The two business divisions, which are described more fully below, are: a Phase I-through- IV Clinical Trial research facility (the "GFI Research Center"); and a clinical research organization ("CRO") that conducts marketing and clinical research studies for customers' prescription drugs, consumer products, and over-the-counter (OTC) switch projects.

The GFI Research Center performs human Phase I through Phase IV clinical research trials, which are conducted on behalf of applicants seeking marketing approval for their drug. The GFI Research Center performs these services at its 80-bed unit located in Evansville, Indiana.

In conducting the trials, the GFI Research Center contracts with licensed physicians who help develop testing protocols and oversee the administration of individual trials. In addition, an Institutional Review Board, an independent committee that includes medical and non-medical personnel charged with protecting the interest of study subjects, is involved in protocol development and other aspects of the clinical trial. The GFI Research Center employs a staff of approximately 100 people, including nurses, medical technicians and other support staff.

West Consumer Healthcare Research (WCHR) is a niche CRO serving the biotech and pharmaceutical industries. WCHR conducts a unique blend of marketing research and clinical research "under one roof." These services include Phase III, Phase IV, Rx-to-OTC switch work and specialty work in naturalistic studies including label and package insert comprehension, consumer self-selection, self-diagnosis, and actual use studies. In addition, WCHR performs claims substantiation studies, experience trials, volumetric forecasting on IND drugs, and other unique and customized research solutions that include clinical and/or marketing research objectives. The Company has access to market research sites and clinical sites across the United States and utilizes a central medical operations group comprised of nurses and physicians for many of its studies.

Clinical Services' contracts provide a fixed price for each component or service delivered. The ultimate contract value depends on such variables as the number of research sites selected, the number of patients enrolled and other services required by sponsors. These contracts range in duration from several months up to two years. As services are performed over the life of the contract, revenue is earned under the percentage-of-completion method utilizing units of delivery. Costs associated with contract revenue are recognized as incurred. Cash flows vary with each contract, although generally a portion of the contract fee is paid at the time the trial begins, with the balance paid as pre-determined contract milestones are satisfied. Pre-payments received are recorded as a liability under "deferred revenue" until work has been completed and revenue has

been earned. Generally, sponsors may terminate a contract with the Company with or without cause. In the event of termination, the Company is entitled to payment for all work performed through the termination date and for costs associated with termination of the study.

The Company may be subject to claims arising from the personal injury or death of persons participating in clinical trials, the professional malpractice of the physicians with whom the Company has contracted or the actions of its own employees in conducting the trials. The Company believes that these risks are mitigated by several factors. First, the physicians who perform the studies are required to carry their own malpractice insurance. Second, review by an Institutional Review Board helps to ensure that the trial is run safely and appropriately. Third, all study subjects are required to sign an informed consent prior to their participation in a particular study. Finally, regulations governing the conduct of clinical trials and the protection of human subjects place responsibility for proper study conduct and the protection of study subjects directly on the

principal investigator at each location where a study is performed.

To further reduce its exposure to liability, the Company typically obtains indemnification from the trial sponsors, and in some cases, from investigators and affiliated sites contracted by the Company on behalf of the sponsor. However, the indemnification excludes actions by the Company such as negligence or misconduct, and the terms of each indemnification provision may vary. The Company does not believe that it is exposed to significant liability by the market research and other similar activities conducted by WCHR.

Government Regulation

The Food and Drug Administration ("FDA") extensively regulates under the Food, Drug and Cosmetic Act and FDA regulations the research, development, testing, manufacture, labeling, promotion, advertising, distribution and marketing of drugs. The Company's businesses are involved in a number of activities that the FDA regulates.

The Company's contract laboratory, which performs certain services for drug manufacturers, is subject to the FDA's current good manufacturing practices ("cGMP") regulations. It must also register as a contract laboratory with the FDA. Such contract laboratories are subject to periodic inspections by the FDA. The Drug Enforcement Administration has licensed the contract laboratory to handle and store controlled substances.

The Company's drug packaging components, including stoppers, seals and syringes, are used to package drug products that are regulated by the FDA. To accommodate the needs of its customers, which manufacture drug products, the Company must maintain detailed written procedures for the receipt, identification, storage, handling, sampling, testing and approval or rejection of its products. Before shipment, samples from each lot of components must be tested for conformance with applicable written requirements. Manufacturing facilities must establish and conform to written procedures for production and process controls and must create and retain records for a specified period of time.

The FDA regulates the work of the GFI Research Center in certain clinical trials. GFI must comply with the FDA's regulations applicable to activities a sponsor of certain trials delegates to it, such as recruitment of study subjects, documentation of the study, and conducting and monitoring the trial. In addition, the FDA regulates the conduct and activities of the GFI's Institutional Review Board.

To be approved for marketing in the United States, drugs must undergo an extensive development and approval process designed to ensure that only those products proven to be safe and effective are made available to the public. As part of that process, applicants seeking approval must conduct, through hospitals and other clinical research facilities, a series of clinical tests of the drug on humans. These clinical trials involve the administration or use of a drug in progressively larger populations of human volunteers,

and in some cases, over long periods of time and in higher doses. Human clinical trials are a critical component of the drug development process as the FDA's ultimate approval for marketing of an applicant's drug will depend in large measure on the data and information obtained during the clinical trial work.

Clinical trials involve the administration of the investigational drug to human subjects under the supervision of qualified investigators. Clinical trials are conducted under protocols detailing the objectives of the study, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. Each protocol must be submitted to the FDA as part of the investigational new drug exemption.

Clinical trials typically are conducted in three sequential phases, but the phases may overlap or be combined. Each trial must be reviewed and approved by the Institutional Review Board before it can begin. Phase I usually involves the initial introduction of the investigational drug into people to evaluate its safety, dosage tolerance, pharmacodynamics, and, if possible, to gain an early indication of its effectiveness. Phase II usually involves trials in a limited patient population to evaluate dosage tolerance and appropriate dosage; identify possible adverse effects and safety risks; and evaluate preliminarily the efficacy of the drug for specific indications.

Phase III trials usually further evaluate clinical efficacy and test further for safety by using the drug in its final form in an expanded patient population. The FDA sometimes requires Phase IV studies to be conducted after a drug has been approved for marketing. These studies are used to monitor the long-term risks and benefits of a particular drug, to study the effect of alternative dosage levels, or to evaluate the safety and efficacy of a drug in targeted patient populations.

Recent Developments

The Company has taken steps to expand its product offerings and improve the competitiveness of each of its operating segments.

In November 2001, the Company sold all the operating assets of its contract manufacturing and packaging business unit to DPT Lakewood, Inc., an affiliate of

DPT Laboratories, Ltd. and DFB Pharmaceuticals, Inc. The sales price totaled $29.8 million, consisting of $28 million of cash and a $1.8 million note due in 2003. The sale resulted in a net loss of $25.2 million, or $1.76 per share. The balance of the proceeds received was used to repay outstanding debt. Following the sale, the Company announced that it had consolidated its operations into two segments: Pharmaceutical Systems and Drug Delivery Systems.

In 2001, the Company recorded a net restructuring charge of $2.9 million. The charge consisted of a restructuring provision of $4.9 million relating principally to the termination of approximately 25 mid-and senior level

management positions, and a $2.0 million adjustment related to the sale of a Puerto Rico plastic device manufacturing facility held for sale from the 2000 restructuring program.

In 2000, the Company recorded a restructuring charge of $15.0 million. This charge covered a $9.2 million goodwill write-down to the site management organization of the clinical services business unit, a $2.7 million reduction to the estimated net realizable value of a plastic device manufacturing plant in Puerto Rico, and $3.1 million of accrued severance, benefit, and asset disposal costs.

Also, in 2000, the Company recorded $5.8 million of restructuring charges in connection with its contract manufacturing and packaging operations. This charge consisted of a $5.0 million reduction to the estimated net realizable value of assets to be sold and $0.8 million of accrued severance, benefit, and asset disposal costs. These costs are recorded as part of discontinued operations.

In 1999, the Company changed its business plan with respect to its plastics strategy concerning future market demands and total capacity requirements. As a result, the Company reversed a portion of its 1996 restructuring reserve pertaining to its Puerto Rico facility and wrote off the assets associated with a proprietary plastic product line that had not gained market acceptance.

Order Backlog

At December 31, 2001 Pharmaceutical Systems segment order backlog was approximately $105 million, of which $104.7 million is expected to be filled during fiscal year 2002, compared with approximately $92 million at the end of 2000. Order backlog in this segment includes firm orders placed by customers for manufacture over a period of time according to a customer's schedule or upon confirmation by the customer. The Company also has contractual arrangements with a number of its customers, and products covered by these contracts are included in the Company's backlog only as orders are received from those customers.

Drug Delivery Systems segment backlog, which is primarily related to the clinical services business unit, consists of signed contracts yet to be completed. Contracts included in backlog are subject to termination or delay at any time and therefore the backlog is not necessarily a meaningful predictor of future results. Delayed contracts remain in the Company's backlog until cancelled. As of December 31, 2001, the Drug Delivery Systems segment backlog was $4.1 million, of which $3.2 million is expected to be filled during fiscal year 2002; at December 31, 2000 the backlog was $6.5 million.

Raw Materials

The Company uses three basic raw materials in the manufacture of its device products: elastomers, aluminum, and plastic. The Company has been receiving adequate supplies of raw materials to meet its production needs, and it foresees no significant availability problems in the near future.

The Company is pursuing a supply chain management strategy, which involves purchasing from integrated suppliers that control their own sources of supply. This strategy has reduced the number of raw material suppliers used by the Company. In some cases, the Company will purchase raw materials from a single source to assure quality and reduce costs. This strategy increases the risks that the Company's supply lines may be interrupted in the event of a supplier production problem. These risks are managed by selecting suppliers with multiple manufacturing sites, rigid quality control systems, surplus inventory levels and other methods of maintaining supply in case of interruption in production.

Patents and Licenses

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

The Company believes its drug delivery development capabilities will play an increasingly important role in the future. The drug delivery business unit has a growing portfolio of patented technologies, which is critical to the Company's success because a significant amount of future income is expected to be derived from licensing this technology to customers.

Major Customers

The Company provides manufactured device components and/or contract services to major pharmaceutical, biotechnology and hospital supply/medical device companies, many of which have several divisions with separate purchasing responsibilities. The Company also provides clinical research and market research services to full service contract research and consumer product organizations. The Company distributes its products and services primarily

through its own sales force but also uses regional distributors in the United States and in the Asia/Pacific region.

Becton Dickinson and Company ("BD") accounted for approximately 13% of the Company's 2001 consolidated net sales. The principal products sold to BD are synthetic rubber, natural rubber, metal and plastic components used in BD's disposable and pre-filled syringes and blood sampling and analysis devices. The Company expects to continue as a major BD supplier.

Excluding BD, the next ten largest customers accounted for approximately 30% of the Company's consolidated net sales in 2001 but no one of these customers accounted for more than 4% of 2001 consolidated net sales.

Competition

The Company competes with several companies, some of which are larger than the Company, across its major Pharmaceutical Systems product lines. In addition, many companies worldwide compete with the Company for business related to specific product lines. However, the Company believes that it supplies a major portion of the U.S. market requirements for pharmaceutical elastomer and metal packaging components and has a significant share of the European market for these components.

Because of the special nature of these products, competition is based primarily on product design and performance, although total cost is becoming increasingly more important as pharmaceutical companies continue with aggressive cost control programs across their entire operations. Competitors often compete on the basis of price. The Company differentiates itself from its competition as a "full-service" supplier that is able to provide pre-sale compatibility studies and other services and sophisticated post- sale technical support on a global basis.

The Company competes against numerous competitors in the field of plastic closures for consumer products, many of which are larger than the Company and command significant market shares. The Company differentiates itself through its expertise in high-speed assembly of multiple-piece closure systems.

The clinical research industry is highly fragmented and comprised of several large, full-service Contract Research Organizations (CROs), many small CROs and limited services providers. The major competitors in the industry include the research departments of pharmaceutical companies and CROs.

Many companies provide proprietary drug delivery technologies to the pharmaceutical and biotechnology markets. However, unlike West, the majority of

these companies are focused on a single route of drug administration, and very few have capabilities necessary to take drug products through all stages of the development process and commercial manufacture. The three largest companies, the market leaders, have multiple-delivery technologies, but their strong franchises are in oral, controlled-release delivery systems. West's drug delivery technologies, none of which is currently in commercial production, are in less competitive segments that do not compete with the market leaders.

Environmental Regulations

The Company does not believe that it will have any material expenditures relating to environmental matters other than those discussed in the Note "Commitments and Contingencies" of Notes to Consolidated Financial Statements of the 2001 Annual Report to Shareholders, incorporated herein by reference.

International

The Note "Affiliated Companies" and the Note "Segment Information" of the Notes to Consolidated Financial Statements of the 2001 Annual Report to Shareholders are incorporated herein by reference.

The Company believes that its international business does not involve a substantially greater business risk than its domestic business. Although financial crises have been evident at various times during recent years in the Asia/Pacific region and in major markets in South America and have at times resulted in a decline in demand for the Company's products in these regions, direct sales to customers in these markets have historically not been significant. In 2001, such sales represented less than 11% of consolidated sales.

The Company's financial condition and results are impacted by fluctuations in exchange-rate markets (See Notes "Summary of Significant Accounting Policies - Foreign Currency Translation" and "Other Income (Expense)" of Notes to Consolidated Financial Statements of the 2001 Annual Report to Shareholders, incorporated herein by reference). Hedging by the Company of these exposures is discussed in the Note "Summary of Significant Accounting Policies - Financial Instruments" and in the Note "Financial Instruments" of the Notes to Consolidated Financial Statements of the 2001 Annual Report to Shareholders, incorporated herein by reference.

PART IV

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

(a)1. The following report and consolidated financial statements, included in the 2001 Annual Report to Shareholders, have been incorporated herein by reference:

Consolidated Statements of Income for the years ended December 31, 2001, 2000 and 1999

Consolidated Statements of Comprehensive (Loss) Income for the years ended December 31, 2001, 2000 and 1999

Consolidated Balance Sheets at December 31, 2001 and 2000

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2001, 2000 and 1999

Consolidated Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999

Notes to Consolidated Financial Statements

Report of Independent Accountants

(a)2. Supplementary Financial Information

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

(a)3. See Index to Exhibits on pages F-1, F-2, F-3, F-4 and F-5 of this Report.

(b) Reports on Form 8-K

Current Report on Form 8-K filed on November 20, 2001 announcing the disposition of all assets of West Pharmaceutical Services Lakewood, Inc., Charter Laboratories, Inc. and Paco Laboratories, Inc.

Current Report on Form 8-K dated November 30, 2001 (date of earliest event reported), filed on December 17, 2001 including the unaudited

pro forma Consolidated Balance Sheet as of September 30, 2001 and unaudited pro forma Consolidated Statements of Income for the year ended December 31, 2000 and the nine months ended September 30, 2001 for West Pharmaceutical Services, Inc. The unaudited pro forma consolidated financial statements reflect the sale of West Pharmaceutical Services Lakewood, Inc., Charter Laboratories, Inc. and Paco Laboratories, Inc.

(c) The exhibits are listed in the Index to Exhibits on pages F-1, F-2, F-3, F-4 and F-5 of this Report.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, 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/ Linda R. Altemus

Linda R. Altemus
Vice President and Chief Financial Officer

August 29, 2002

Date

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

Signature	Title	Date
/s/ Donald E. Morel, Jr. Donald E. Morel, Jr.	Director and Chief Executive Officer (Principal Executive Officer)	August 29,
/s/ Joseph E. Abbott Joseph E. Abbott	Vice President and Corporate Controller (Principal Accounting Officer)	August 29,
* Tenley E. Albright	Director	August 29,
/s/ Linda R. Altemus Linda R. Altemus	Vice President and Chief Financial Officer	August 29,
* John W. Conway	Director	August 29,
* George W. Ebright	Director	August 29,

*	Director	August 29,
L. Robert Johnson		
*	Director	August 29,
William H. Longfield		
*	Director	August 29,
John P. Neafsey		
*	Director	August 29,
Anthony Welters		
*	Director	August 29,
Geoffrey F. Worden		

* By John R. Gailey III pursuant to a power of attorney.

INDEX TO EXHIBITS

Exhibit Number	
(3)(a)	Amended and Restated Articles of Incorporation of the Company through January 4, 1999 incorporated by reference to Exhibit (3)(a) of the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-8036).
(3)(b)	Bylaws of the Company, as amended through October 27, 1998, incorporated by reference to Exhibit (3)(b) to the Company's Form 10-Q for the quarter ended September 30, 1998 (File No. 1-8036).
(4)	Miscellaneous long term debt instruments and credit facility agreements of the Company, under which the underlying authorized debt is equal to less than ten percent of the total assets of the Company and its subsidiaries on a consolidated basis, may not be filed as exhibits to this report pursuant to Section (b) (4) (iii) A of Item 601 of Reg S-K. The Company agrees to furnish to the Commission, upon request, copies of any such unfiled instruments (File No. 1-8036).
(4)(a)	Form of stock certificate for common stock incorporated by

reference to Exhibit (4) (a) of the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-8036).

(4)(b) Note Purchase Agreement dated as of April 8, 1999 among the Company and the insurance companies identified on a schedule thereto, incorporated by reference to Exhibit (4)(b) of the Company's Form 10-Q for the quarter ended September 30, 2000 (File No. 1-8036).

(4)(c) Credit Agreement, dated as of July 26, 2000 among the Company, the banks identified on a schedule thereto, and PNC Bank, N.A., as agent for the banks (the "Credit Agreement"), incorporated by reference to Exhibit (4) (c) of the Company's Form 10-Q for the quarter ended September 30, 2000 (File No. 1-8036).

(4)(c)(1) First Amendment dated as of September 14, 2000, to the Credit Agreement.

(4)(c)(2) Second Amendment dated as of November 17, 2000, to the Credit Agreement.

(4)(c)(3) Joinder and Assumption Agreement dated as of February 28, 2001, with respect to the Credit Agreement.

(4)(c)(4) Third Amendment dated as of February 28, 2001 to the Credit Agreement.

(4)(c)(5) Fourth Amendment dated as of July 13, 2001 to the Credit Agreement, incorporated by reference to Exhibit (10) (a) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001.

(4)(c)(6) Extension Agreement dated as of January 5, 2001 to the Credit Agreement.

(9) None.

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

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

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

(10)(d) Amendments to the Long Term Incentive Plan, dated April 30, 1996, incorporated herein by reference to Exhibit (10)(a) of the

	Company's Form 10Q for the quarter ended June 30, 1996 (File No. 1-8036).
(10)(d)(1)	Amendment to the Long Term Incentive Plan, Effective October 30, 2001.
(10)(e)	1999 Non-Qualified Stock Option Plan for Non- Employee Directors, effective as of April 27, 1999, incorporated by

	reference Exhibit (10)(c) of to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999 (File No. 1-8036).
(10)(f)	Amendment No. 1 to 1999 Non-Qualified Stock Option Plan for Non-Employee Directors, Effective October 30, 2001.
(10)(g)	Change-In-Control Agreement dated as of July 5, 2000 between the Company and Linda R. Altemus.
(10)(g)(1)	Amendment #1 to Change-In-Control Agreement dated May 1, 2001 between the Company and Linda R. Altemus.
(10)(h)	Amended and Restated Change-In-Control Agreement dated as of March 25, 2000 between the Company and Michael A. Anderson.
(10)(i)(1)	Second Amended and Restated Change-In-Control Agreement dated as of March 25, 2000 between the Company and Steven A. Ellers.
(10)(i)(2)	Amendment #1 to Second Amended and Restated Change-In-Control Agreement dated as of May 1, 2001 between the Company and Steven A. Ellers.
(10)(j)(1)	Second Amended and Restated Change-In-Control Agreement dated as of March 25, 2000 between the Company and John R. Gailey III.
(10)(j)(2)	Amendment #1 to Second Amended and Restated Change-In-Control Agreement dated as of May 1, 2001 between the Company and John R. Gailey III.
(10)(k)(1)	Change-In-Control Agreement dated as of July 10, 2000 between the Company and Herbert L. Hugill.
(10)(k)(2)	Amendment #1 to Change-In-Control Agreement dated as of May 1, 2001 between the Company and Herbert L. Hugill.
(10)(l)(1)	Second Amended and Restated Change-In-Control Agreement dated as of March 25, 2000 between the Company and Donald E. Morel, Jr.
(10)(l)(2)	Amendment #1 to Second Amended and Restated Change-In-Control Agreement dated as of May 1, 2001 between the Company and Donald E. Morel, Jr.
(10)(m)	Supplemental Employees' Retirement Plan, incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-8036).

(10)(n)	Amendment No. 1 to Supplemental Employees' Retirement Plan, incorporated by reference to Exhibit (10)(l) of the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (File No. 1- 8036).
(10)(o)	Amendment No. 2 to Supplemental Employees' Retirement Plan, incorporated by reference to Exhibit (10)(c) of the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1995 (File No. 1-8036).
(10)(p)	Amended and Restated Employment Agreement dated as of March 25, 2000 between the Company and William G. Little, incorporated by reference to Exhibit (10)(a) of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 (File No. 1-8036).
(10)(p)(1)	Amendment No.1 to Amended and Restated Employment Agreement, dated as of May 1, 2001, between the Company and William G. Little.
(10)(q)	Non-Qualified Deferred Compensation Plan for Designated Executive Officers as amended and restated effective April 1, 2000, incorporated by reference to Exhibit (10)(a) of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000 (File No. 1-8036).
(10)(r)	Deferred Compensation Plan for Outside Directors, as amended and restated effective May 27, 1999, incorporated by reference to Exhibit(10)(a) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999 (File No. 1-8036).
(10)(s)	1999 Stock-Equivalents Compensation Plan for Non-Employee Directors, incorporated by reference to Exhibit (10)(a) of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999 (File No. 1-8036).
(10)(t)	1998 Key Employee Incentive Compensation Plan, dated March 10, 1998, incorporated by reference to Exhibit (10)(y) of the Company's Annual Report on Form 10-K for the year ended December 31, 1997 (File No.1-8036).
(10)(u)	Asset Purchase Agreement, dated as of November 15, 2001, by and among DFB Pharmaceuticals, Inc., DPT Lakewood, Inc., West Pharmaceutical Services, Inc., West Pharmaceutical Services Lakewood, Inc., Charter Laboratories, Inc. and Paco Laboratories, Inc., incorporated by reference to Exhibit 2.1 of the Company's Current Report on form 8-K dated November 20, 2001 (File No. 1-8036).

(10)(v)	Side letter dated November 30, 2001, incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K dated November 20, 2001 (File No.1-8036).
(10)(w)	Amendment No.1 to 1998 Key Employees Incentive Compensation Plan, effective October 30, 2001.
(11)	Not Applicable.
(12)	Not Applicable.
(13)	Portions of 2001 Annual Report to Shareholders.
(16)	Not applicable.
(18)	None.
(21)	Subsidiaries of the Company.
(22)	None.
(23)	Consent of Independent Accountants.
(24)	Powers of Attorney.
(99)	None.