

United States Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

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 1-11846

AptarGroup, Inc.

DELAWARE

36-3853103

475 WEST TERRA COTTA AVENUE, SUITE E, CRYSTALLAKE, ILLINOIS 60014

815-477-0424

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock \$.01 par value
Preferred Stock Purchase Rights

New York Stock Exchange
New York Stock Exchange

Securities Registered Pursuant to Section 12 (g) of the Act:

NONE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the common stock held by non-affiliates as of June 30, 2003 was \$1,253,976,876.

The number of shares outstanding of common stock, as of February 25, 2004, was 36,447,902 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to stockholders in connection with the Annual Meeting of Stockholders to be held May 5, 2004, are incorporated by reference into Part III of this report.

AptarGroup, Inc.

FORM 10-K

For the Year Ended December 31, 2003

INDEX

Part I		
Item 1.	Business	1
Item 2.	Properties	7
Item 3.	Legal Proceedings	8
Item 4.	Submission of Matters to a Vote of Security Holders	8
Part II		
Item 5.	Market for Registrant’s Common Equity and Related Stockholder Matters	8
Item 6.	Selected Financial Data	9
Item 7.	Management’s Discussion and Analysis of Consolidated Results of Operations and Financial Condition	10
Item 7a.	Quantitative and Qualitative Disclosures about Market Risk	23
Item 8.	Financial Statements and Supplementary Data	25
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	52
Item 9A.	Controls and Procedures	52
Part III		
Item 10.	Directors and Executive Officers of the Registrant	52
Item 11.	Executive Compensation	52
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder matters	53
Item 13.	Certain Relationships and Related Transactions	53
Item 14.	Principal Accountant Fees and Services	53
Part IV		
Item 15.	Exhibits, Financial Statement Schedules and Reports on Form 8-K	53
	Signatures	54
<hr/>		
	Multicurrency Credit Agreement	
	Employment Agreement	
	Amendment to Employment Agreement	
	Employment Agreement	
	Employment Agreement	
	Employment Agreement	
	Employment Agreement	
	List of Subsidiaries	
	Consent of Independent Auditors	
	Certification	

PART I

ITEM 1. BUSINESS

GENERAL

We are a leading global supplier of a broad range of innovative dispensing systems for the personal care, fragrance/cosmetic, pharmaceutical, household and food/beverage markets. We focus on providing value-added dispensing systems (pumps, closures and aerosol valves) to global consumer product marketers to allow them to differentiate their products and meet consumers' need for convenience. We have manufacturing facilities located throughout the world including North America, Europe, Asia and South America. We have over 5,000 customers with no single customer accounting for greater than 6% of our 2003 net sales.

Sales of our dispensing systems have traditionally grown at a faster rate than the overall packaging industry as consumers' preference for convenience has increased and product differentiation through packaging design has become more important to our customers. Consumer product marketers have converted many of their products to packages with dispensers that offer the benefit of enhanced shelf appeal, convenience, cleanliness or accuracy of dosage. We expect this trend to continue.

For 2003, the percentages of net sales to the personal care, fragrance/cosmetic, pharmaceutical, household and food/beverage/other markets were 33%, 28%, 24%, 8% and 7%, respectively. Pumps, closures and aerosol valves represented approximately 58%, 23% and 14%, respectively, of our 2003 net sales. We expect the mix of sales by product and by market to remain approximately the same in 2004.

Our business began as a one-product, one-country operation that has become a multinational supplier of a broad line of dispensing packaging systems. Our business was started in the late 1940's, manufacturing and selling aerosol valves in the United States, and has grown primarily through the acquisition of relatively small companies and internal expansion. We were incorporated in Delaware in 1992.

Our periodic and current reports are available, free of charge, through a link on the Investor Relations page of our website (www.aptargroup.com), as soon as reasonably practicable after the material is electronically filed with, or furnished to, the SEC. In addition, our Code of Business Conduct and Ethics is available through a link on the Investor Relations page of our website. In this report, we may refer to AptarGroup, Inc. and its subsidiaries as "AptarGroup" or the "Company".

FINANCIAL INFORMATION ABOUT SEGMENTS

We operate in the packaging components industry, which includes the development, manufacture and sale of consumer product dispensing systems. We are organized into five business units. The five business units sell value-added dispensing systems to global consumer product marketers. These business units all require similar production processes, sell to similar classes of customers and markets, use the same methods to distribute products, operate in similar regulatory environments and are similar in all aspects of business except historical economic performance. One of the business units (which we refer to as "SeaquistPerfect") has had historical economic performance lower than the other four business units and as a result is shown as a separate reportable segment for financial reporting purposes. The other four business units have similar historical economic performance and as a result have been aggregated into one reportable segment entitled "Dispensing Systems" for financial reporting purposes. A summary of revenue from external customers, profitability and total assets for each of the last three years is shown in Note 16 to the Consolidated Financial Statements in Item 8 (which is incorporated by reference herein).

DISPENSING SYSTEMS

The Dispensing Systems segment sells all three of our principal product lines (pumps, closures and aerosol valves). Within the aerosol valve product line, the Dispensing Systems segment only sells pharmaceutical metered dose aerosol valves. The table below details the five principal markets we serve and which products are primarily sold by the Dispensing Systems segment.

<u>Fragrance/Cosmetic</u>	<u>Personal Care</u>	<u>Pharmaceutical</u>	<u>Household</u>	<u>Food/Beverage</u>
Pumps	Pumps Closures	Pumps Aerosol Valves	Pumps Closures	Pumps Closures

SEAQUISTPERFECT

The SeaquistPerfect segment sells primarily aerosol valves and certain pumps to the personal care, household and, to a lesser degree, the food/beverage markets. The SeaquistPerfect segment does not sell closures, nor does it

[Table of Contents](#)

typically sell its products to the fragrance/cosmetic or pharmaceutical markets. The lower historical economic performance compared to the Dispensing Systems segment is primarily due to the non-pharmaceutical standard aerosol valve business. Competition for this product line of the business is especially strong and comes primarily from privately held companies. In recent years, we have taken various steps to improve profitability of the SeaquistPerfect segment. We have continued to try to contain and reduce costs where possible and have implemented selected price increases in recent years. SeaquistPerfect has also devoted more of its research and development to expand its product offerings of dispensing systems and accessories. In addition, SeaquistPerfect has selectively exited some of the standard aerosol valve business in 2002 that was not strategically important and that did not offer adequate returns. These factors have led to an increase in profitability that is expected to continue.

NARRATIVE DESCRIPTION OF BUSINESS

GROWTH STRATEGY

We seek to enhance our position as a leading global supplier of innovative dispensing systems by (i) expanding geographically, (ii) converting non-dispensing applications to dispensing systems, (iii) replacing current dispensing applications with our dispensing products and (iv) developing new dispensing technologies.

We are committed to expanding geographically to serve multinational customers in existing and emerging areas. Targeted areas include Eastern Europe, Asia and South America. In late 2003, we opened our first manufacturing facility in Russia to produce dispensing closures.

We believe significant opportunities exist to introduce our dispensing products to non-dispensing applications. Examples of these opportunities include potential conversion in the food/beverage market for single serve non-carbonated beverages, condiments, cooking oils and salad dressing. In the fragrance/cosmetic market, potential conversion includes creams and lotions currently packaged in jars or tubes using removable non-dispensing closures, converting to lotion pumps or dispensing closures.

In addition to introducing new dispensing applications, we believe there are significant growth opportunities in converting existing pharmaceutical delivery systems (syringes or pills) to our more convenient dispensing pump or metered dose aerosol valve systems. An example of a product for which we continue to find new applications is the metered dose aerosol valve. Metered dose aerosol valves are used to dispense precise amounts of product in very fine particles from pressurized containers. Traditionally, metered dose valves were used to deliver medication via the pulmonary route. We continue to work with a bio-technology company that is developing proprietary technology to orally administer large molecule drugs to be absorbed through the inner linings of the mouth. Additional examples of opportunities in the pharmaceutical market include nasal pumps to dispense vaccines, cold and flu treatments, and hormone replacement therapies. In the third quarter 2003, we acquired intellectual property (patents, licenses and know how) and equipment relating to certain dry powder technology dispensing systems for the pharmaceutical market. Dry powder dispensing technology is an important part of our long-term growth strategy for the pharmaceutical market.

We have internally developed a patented technology for dispensing fragrance samples, which we believe will offer growth opportunities in this market

PUMPS (58% OF 2003 NET SALES)

We believe we are the leading supplier of pharmaceutical, fragrance/cosmetic and personal care fine mist pumps worldwide and the second largest supplier of personal care lotion pumps worldwide. Pumps are finger-actuated dispensing systems that dispense a spray or lotion from non-pressurized containers. Pumps are sold to all five of our markets. Traditional applications for pumps include perfumes, lotions, oral and nasal sprays and hair sprays. Applications for pumps have recently expanded to include more viscous products such as spray gels and specialized skin treatments, as well as an increasing number of food products such as butter substitutes and candy sprays. The style of pump used depends largely on the nature of the product being dispensed, from small, fine mist pumps used with perfume and pharmaceutical products to lotion pumps for more viscous formulas. In 2003, 2002 and 2001, pump sales accounted for approximately 58%, 60% and 62%, respectively, of our net sales.

Fragrance/Cosmetic. The fragrance/cosmetic market requires a broad range of pump dispensing systems to meet functional as well as aesthetic requirements. A considerable amount of research, time and coordination with the customers' development staff is required to qualify a pump for use with their products. Within the market, we expect the use of pumps to continue to increase, particularly in the cosmetic sector. For example, packaging for certain products such as skin moisturizers and anti-aging lotions is undergoing a conversion to pump systems, which continue to provide us with growth opportunities. In addition, we expect demand for our patented fragrance sample systems to increase.

Pharmaceutical. Pumps sold to the pharmaceutical market deliver medications orally, nasally or topically. Characteristics of this market include (i) governmental regulation of our pharmaceutical customers, (ii) contaminant-controlled manufacturing environments, and (iii) a significant amount of time and research from initially working with pharmaceutical companies at the molecular development stage of a medication through the eventual distribution to the market. We have clean-room manufacturing facilities in France, Germany, Switzerland, China and the United States. We believe that the conversion from traditional medication forms such as pills and syringes to the use of pumps for the dispensing of medication will continue to increase. Potential opportunities for conversion from pills and syringes to pump dispensing systems include vaccines, cold and flu treatments and hormone replacement therapies.

Personal Care. Personal care pumps include both fine mist spray as well as lotion pumps. Applications using fine mist pumps include use in hair care, sun care and deodorant products. We also supply lotion pumps to the personal care market for products such as skin moisturizers and soap.

CLOSURES (23% OF 2003 NET SALES)

We believe that we are the largest supplier of dispensing closures in the United States, and the second largest supplier in Europe. We primarily manufacture dispensing closures and, to a lesser degree, non-dispensing closures. Dispensing closures are plastic caps, primarily for plastic containers, which allow a product to be dispensed without removing the cap. In 2003, 2002 and 2001, closure sales accounted for approximately 23%, 22% and 22%, respectively, of our net sales.

Sales of dispensing closures have grown as consumers worldwide have demonstrated a preference for a package utilizing the convenience of a dispensing closure. At the same time, consumer marketers are trying to differentiate their products by incorporating performance enhancing features such as no-drip dispensing, inverted packaging and directional flow to make packages simpler to use, cleaner and more appealing to consumers.

Personal Care. Historically, the majority of our dispensing closure sales have been to the personal care market. Products with dispensing closures include shampoos, shower gels, sun care lotions and toothpaste. While many personal care products in the U.S. and Europe have already converted from non-dispensing to dispensing closures, we expect to benefit from similar conversions in other geographic areas.

Household. While we have had success worldwide in selling dispensing closures to this market, it has not represented a significant amount of total dispensing closure sales. Products utilizing dispensing closures include dishwashing detergents, laundry care products and household cleaners. We believe this market offers an opportunity for expansion and as a result are focusing on new product developments for this market to accelerate the conversion from non-dispensing to dispensing closures.

Food/Beverage. Sales of dispensing closures to the food/beverage market increased approximately 50% over the prior year and double-digit growth is expected for 2004. We continue to see an increase in the amount of interest from food marketers to utilize dispensing closures for their products. Examples of food/beverage products currently utilizing dispensing closures include condiments, salad dressings, syrups, honey, water and dairy creamers. We believe there are tremendous growth opportunities in the food/beverage market reflecting the continued and growing acceptance in this market of our silicone valve dispensing technology, and additional conversion from traditional packages to packages using dispensing closure systems.

AEROSOL VALVES (14% OF 2003 NET SALES)

We believe we are one of the largest aerosol valve suppliers worldwide. Aerosol valves dispense product from pressurized containers. The majority of the aerosol valves that we sell are continuous spray valves, with the balance being metered dose valves. Demand for aerosol valves is dependent upon the consumers' preference for application, consumer perception of environmental impact and changes in demand for the products in this market. In 2003, 2002 and 2001, aerosol valve sales accounted for approximately 14%, 15% and 14%, respectively, of our net sales.

We have invested in manufacturing capabilities to produce accessories that are complementary to the valve, such as customized spray-through overcaps. These accessories provide a higher degree of differentiation and convenience.

Personal Care. The primary applications in the personal care market are continuous spray valves for hair care products, deodorants and shaving creams. In addition, metered dose valves are used in this market for breath sprays.

Household. The primary applications for continuous spray valves in the household market include disinfectants, spray paints, insecticides and automotive products. Metered dose aerosol valves are used for air fresheners.

Pharmaceutical. Metered dose aerosol valves are used for dispensing precise amounts of medication. Aerosol technology allows medication to be broken up into very fine particles, which enables the drug to be delivered typically via the pulmonary system. We work with pharmaceutical companies as they work to phase out the use of chlorofluorocarbon ("CFC") propellants. We have increased our market share of metered dose valves to this market as pharmaceutical companies replace CFC's with alternative propellants and we expect our market share to continue to grow.

RESEARCH AND DEVELOPMENT

One of our competitive strengths is our commitment to innovation and providing innovative dispensing solutions for our customers. This commitment to innovation is the result of our emphasis on research and development. Our research and development activities are directed toward developing innovative products, adapting existing products for new markets or customer requirements, and reducing costs. We have research and development departments located in each of our five business units, which are located in the United States, France, Germany and Italy. In certain cases, our customers share in the research and development expenses of customer initiated projects. This sharing of research and development expenses is not material to the total amount of our research and development expenditures. Occasionally we acquire from third parties research projects that are in various stages of development. In 2003, we acquired approximately \$1.3 million of intellectual property (patents, licenses and know how) related to dry powder application technologies. This cost was expensed in the 2003 results. Expenditures for research and development activities were \$34.7 million, \$27.7 million and \$25.9 million in 2003, 2002 and 2001, respectively.

PATENTS AND TRADEMARKS

We sell our products under the names used by our business units and are not currently offering any products under the AptarGroup name. The names used by our business units have been trademarked. We customarily seek patent and trademark protection for our products and currently own and have numerous applications pending for United States and foreign patents and trademarks. In addition, certain of our products are produced under patent licenses granted by third parties. We believe that we possess certain technical capabilities in making our products that would also make it difficult for a competitor to duplicate them.

TECHNOLOGY

Pumps and aerosol valves require the assembly of up to 15 different plastic, metal and rubber components using high-speed equipment. When molding dispensing closures, or plastic components to be used in pump or aerosol valve products, we use advanced plastic injection molding technology, including large cavitation plastic injection molds. These molds are required to maintain tolerances as small as one one-thousandth of an inch and manufacture products in a high-speed, cost-effective manner. We have experience in liquid silicone rubber molding that we utilize in our dispensing closure operations and certain of our pump products. We also use bi-injection molding technology in our various product lines to develop new innovative products for the packaging industry.

MANUFACTURING AND SOURCING

More than half of our worldwide production is located outside of the United States. In order to augment capacity and to increase internal capacity utilization (particularly for plastic injection molding), we use subcontractors to supply certain plastic, metal and rubber components. Certain suppliers of these components have unique technical abilities that make us dependent on them, particularly for aerosol valve and pump production. The principal raw materials used in our production are plastic resins and certain metal products. We believe an adequate supply of such raw materials is available from existing and alternative sources. We attempt to offset cost increases through improving productivity and increasing selling prices over time, as allowed by market conditions. Our pharmaceutical products often use specific approved plastic resin for our customers. Significant delays in receiving components from these suppliers or discontinuance of an approved plastic resin would require us to seek alternative sources, which could result in higher costs as well as impact our ability to supply products in the short term.

SALES AND DISTRIBUTION

Sales of products are primarily through our own sales force. To a limited extent, we also use the services of independent representatives and distributors who sell our products as independent contractors to certain smaller customers and export markets.

BACKLOG

Our sales are primarily made pursuant to standard purchase orders for delivery of products. Most orders placed with us are ready for delivery within 120 days. Some customers place blanket orders, which extend beyond this delivery period. However, deliveries against purchase orders are subject to change, and only a small portion of the order backlog is noncancelable. The dollar amount associated with the noncancelable portion is not material. Therefore, we do not believe that backlog as of any particular date is an accurate indicator of future results.

CUSTOMERS

The demand for our products is influenced by the demand for our customers' products. Demand for our customers' products may be affected by general economic conditions, government regulations, tariffs and other trade barriers. Our customers include many of the largest personal care, fragrance/cosmetic, pharmaceutical, household products and food/beverage marketers in the world. We have over 5,000 customers with no single customer accounting for greater than 6% of 2003 net sales. Over the past few years, a consolidation of our customer base has occurred. This trend is expected to continue. A concentration of customers may result in pricing pressures or a loss of volume. This situation also presents opportunities for increasing sales due to the breadth of our product line, our international presence and our long-term relationships with certain customers.

INTERNATIONAL BUSINESS

A significant number of our operations are located outside the United States. Sales in Europe for the years ended December 31, 2003, 2002 and 2001 were approximately 60%, 56% and 54%, respectively, of net sales. The majority of units sold in Europe are manufactured at facilities in England, France, Germany, Ireland, Italy, Spain and Switzerland. Other countries in which we operate include Argentina, Australia, Brazil, Canada, China, Czech Republic, India, Indonesia, Japan, Mexico and Russia, and represent approximately 9% of our consolidated sales for the year ended December 31, 2003 and 8% for the years ended December 31, 2002 and 2001. Export sales from the United States were \$62.5 million, \$62.7 million and \$62.2 million in 2003, 2002 and 2001, respectively. For additional financial information about geographic areas, please refer to Note 16 in the Notes to the Consolidated Financial Statements in Item 8 (which is incorporated by reference herein).

FOREIGN CURRENCY

A significant number of our operations are located outside of the United States. Because of this, movements in exchange rates may have a significant impact on the translation of the financial statements of our foreign entities. Our primary foreign exchange exposure is to the Euro, but we have foreign exchange exposure to South American and Asian currencies, among others. We manage our exposures to foreign exchange principally with forward exchange contracts to hedge certain transactions and firm purchase and sales commitments denominated in foreign currencies. A weakening U.S. dollar relative to foreign currencies has an additive translation effect on our financial statements. Conversely, a strengthening U.S. dollar has a dilutive effect. In some cases, we sell products denominated in a currency different from the currency in which the related costs are incurred. Changes in exchange rates on such inter-country sales could materially impact our results of operations.

WORKING CAPITAL PRACTICES

Collection and payment periods tend to be longer for our operations located outside the United States due to local business practices. Historically, we have not needed to keep significant amounts of finished goods inventory to meet customer requirements.

EMPLOYEE AND LABOR RELATIONS

AptarGroup has approximately 6,600 full-time employees. Of the full-time employees, approximately 1,500 are located in North America, 4,300 are located in Europe and the remaining 800 are located in Asia and South America. Approximately 100 of the North American employees are covered by a collective bargaining agreement, while the majority of our European employees are covered by collective bargaining arrangements made at either the local or national level in their respective countries. Termination of employees at certain of our European operations could be costly due to local regulations regarding severance benefits. There were no material work stoppages in 2003 and management considers our employee relations to be good.

COMPETITION

All of the markets in which we operate are highly competitive and we continue to experience price competition in all product lines and markets. Competitors include privately and publicly held entities. Our competitors range from regional to international companies. We expect the market for our products to remain competitive. We believe our

[Table of Contents](#)

competitive advantages are consistent high levels of innovation, quality and service, geographic diversity and breadth of products. Our manufacturing strength lies in the ability to mold complex plastic components in a cost-effective manner and to assemble products at high speeds.

We are seeing increased competition coming from low cost Asian suppliers particularly in the low-end fragrance/cosmetic market. We are beginning to see both a direct and indirect impact on our business from these low cost Asian suppliers. We are seeing a direct impact on our business by having to compete against imported low cost products from Asia. Indirectly, some fragrance marketers are beginning to source their manufacturing requirements including filling of their product in Asia and importing the finished product back into the United States.

ENVIRONMENT

Our manufacturing operations primarily involve plastic injection molding and automated assembly processes and, to a limited degree, metal anodization. Historically, the environmental impact of these processes has been minimal, and we believe we meet current environmental standards in all material respects. To date, our manufacturing operations have not been significantly affected by environmental laws and regulations relating to the environment.

GOVERNMENT REGULATION

Certain of our products are indirectly affected by government regulation. Growth of packaging using aerosol valves has been restrained by concerns relating to the release of certain chemicals into the atmosphere. Both aerosol and pump packaging are affected by government regulations regarding the release of volatile organic compounds ("VOC's") into the atmosphere. Certain states within the United States have regulations that required the reduction in the amount of VOC's that can be released into the atmosphere and the potential exists for this type of regulation to expand to a worldwide basis. These regulations required our customers to reformulate certain aerosol and pump products, which may have affected the demand for such products. We own patents and have developed systems to function with alternative propellant and product formulations.

Aerosol packaging of paints has also been adversely impacted by local regulations adopted in many large cities in the United States designed to address the problem of spray painted graffiti. Aerosol packaging may also be adversely impacted by insurance cost considerations relating to the storage of aerosol products.

Future government regulations could include medical cost containment policies. For example, reviews by various governments to determine the number of drugs or prices thereof that will be paid by their insurance systems could affect future sales to the pharmaceutical industry. Such regulation could adversely affect prices of and demand for our pharmaceutical products. We believe that the focus on the cost effectiveness of the use of medications as compared to surgery and hospitalization provides us with an opportunity to expand sales to the pharmaceutical market. Regulatory requirements impact our customers and could affect our investment in and manufacturing of products for the pharmaceutical market.

EXECUTIVE OFFICERS

Our executive officers as of February 25, 2004 were as follows:

Name	Age	Position with the Company
Carl Siebel	69	President and Chief Executive Officer, AptarGroup, Inc.
Peter Pfeiffer	55	Vice Chairman of the Board, AptarGroup, Inc.
Stephen Hagge	52	Executive Vice President, Chief Financial Officer and Secretary, AptarGroup, Inc.
Jacques Blanié	57	Executive Vice President, SeaquistPerfect Dispensing L.L.C.
François Boutan	61	Vice President Finance, AptarGroup S.A.S.
Olivier de Pous	59	Directeur Général, Valois S.A.S.
Patrick Doherty	48	President, SeaquistPerfect Dispensing L.L.C.
Olivier Fourment	46	Directeur Général, Valois S.A.S.
Lawrence Lowrimore	59	Vice President Human Resources, AptarGroup, Inc.
Francesco Mascitelli	53	President, Emsar, Inc.
Emil Meshberg	56	Vice President, AptarGroup, Inc.
Eric Ruskoski	56	President, Seaquist Closures L.L.C.
Hans-Josef Schütz	59	Geschäftsführer, Pfeiffer Group

There were no arrangements or understandings between any of the executive officers and any other person(s) pursuant to which such officers were elected.

Mr. Carl Siebel has been President and Chief Executive Officer of AptarGroup since 1995. From 1993 through 1995, he was President and Chief Operating Officer of AptarGroup.

Mr. Peter Pfeiffer has been Vice Chairman of the Board since 1993.

[Table of Contents](#)

Mr. Stephen Hagge has been Executive Vice President, Chief Financial Officer and Secretary of AptarGroup since 1993. From 1993 to 2000, Mr. Hagge was also Treasurer of AptarGroup.

Mr. Jacques Blanié has been Executive Vice President of SeaquistPerfect Dispensing L.L.C. since 1996 and Geschäftsführer of SeaquistPerfect Dispensing GmbH since 1986.

Mr. Francois Boutan has served in the capacity of Vice President Finance-Europe since 1998. Mr. Boutan was Financial Director and Controller of the European operations of AptarGroup from 1988 to 1998.

Mr. Olivier de Pous has been Directeur Général of Valois S.A.S. since January 2000. Mr. de Pous was Directeur de Division Parfumerie Cosmétique of Valois S.A.S from 1997 to 1999.

Mr. Patrick Doherty has served as President of SeaquistPerfect Dispensing L.L.C. since October 2000. Mr. Doherty was Executive Vice President, General Manager of SeaquistPerfect Dispensing L.L.C. from April 1999 to October 2000, and was Vice President of Operations of SeaquistPerfect Dispensing L.L.C. from April 1993 to April 1999.

Mr. Olivier Fourment has been Directeur Général of Valois S.A.S. since January 2000. Mr. Fourment was Directeur de Division Pharmacie of Valois S.A.S. from 1997 to 1999.

Mr. Lawrence Lowrimore has been Vice President-Human Resources of AptarGroup since 1993.

Mr. Francesco Mascitelli has been President of Emsar, Inc. since December 2002 and has been Direttore Generale of Emsar S.p.A., an Italian subsidiary, since 1991.

Mr. Emil Meshberg has been Vice President of AptarGroup since February 1999, and has served as Chief Executive Officer and President of Emson Research, Inc. for more than the past five years.

Mr. Eric Ruskoski has been President of Seaquist Closures L.L.C. since 1987.

Mr. Hans-Josef Schütz has been Geschäftsführer of the Pfeiffer Group since 1993.

ITEM 2. PROPERTIES

We lease or own our principal offices and manufacturing facilities. None of the owned principal properties is subject to a lien or other encumbrance material to our operations. We believe that existing operating leases will be renegotiated as they expire, will be acquired through purchase options or that suitable alternative properties will be leased on acceptable terms. We consider the condition and extent of utilization of our manufacturing facilities and other properties to be generally good, and the capacity of our plants to be adequate for the needs of our business. The locations of our principal manufacturing facilities, by country, are set forth below:

ARGENTINA

Buenos Aires

BRAZIL

Sao Paulo

CHINA

Suzhou (2)

CZECH REPUBLIC

Ckyne

FRANCE

Ancey
Le Neubourg
Le Vaudreuil
Poincy
Verneuil Sur Avre (2)

GERMANY

Böhringen
Dortmund (1)
Eigeltingen
Freyung
Menden (1)

IRELAND

Ballinasloe, County Gallway
Tourmakeady, County Mayo

ITALY

Manoppello
Milan (1)
San Giovanni Teatino (Chieti)

MEXICO

Queretaro (2)

RUSSIA

Vladimir

SWITZERLAND

Messovico

UNITED KINGDOM

Leeds, England

UNITED STATES

Cary, Illinois (1)
Congers, New York
McHenry, Illinois (1)
Midland, Michigan
Mukwonago, Wisconsin
Stratford, Connecticut
Torrington, Connecticut

- (1) Locations of facilities dedicated to the SeaquistPerfect segment.
- (2) Locations that have facilities for both the SeaquistPerfect and Dispensing Systems segments. All other locations not footnoted represent locations of facilities dedicated to the Dispensing Systems segment.

[Table of Contents](#)

In addition to the above countries, we have sales offices or other manufacturing facilities in Australia, Canada, India, Indonesia, Japan and Spain. Our corporate office is located in Crystal Lake, Illinois.

ITEM 3. LEGAL PROCEEDINGS

Legal proceedings we are involved in generally relate to product liability and patent infringement issues. In our opinion, the outcome of pending claims and litigation is not likely to have a material adverse effect on our financial position, results of our operations or our cash flow. Currently we are the plaintiff in several patent infringement cases in Europe. The costs to defend these patents are not expected to have a significant impact on the results of operation in the future. As these cases are in early stages, no gain contingencies are recorded in the consolidated financial statements.

Historically, amounts paid for product liability claims related to our products have not been significant. However, the increase in pump and aerosol valve applications for pharmaceutical products may increase the risk associated with product related claims.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND
RELATED STOCKHOLDER MATTERS

Information regarding market prices of our Common Stock and dividends declared may be found in Note 19 to the Consolidated Financial Statements in Item 8 (which is incorporated by reference herein).

Our Common Stock is traded on the New York Stock Exchange under the symbol ATR. As of February 25, 2004, there were approximately 600 registered holders of record.

During the quarter ended December 31, 2003, the FCP Aptar Savings Plan (the "Plan") sold 200 shares and purchased 250 shares of our Common Stock on behalf of the participants at an average price of \$36.81 and \$37.06 per share, respectively, for aggregate amounts of \$7,362 and \$9,265, respectively. At December 31, 2003, the Plan owns 4,255 shares of our Common Stock. The employees of AptarGroup S.A.S. and Valois S.A.S., our subsidiaries, are eligible to participate in the Plan. All eligible participants are located outside of the United States. An independent agent purchases shares of Common Stock available under the Plan for cash on the open market and we do not issue shares. We do not receive any proceeds from the purchase of Common Stock under the Plan. The agent under the plan is Banque Nationale de Paris Paribas Asset Management. No underwriters are used under the Plan. All shares are sold in reliance upon the exemption from registration under the Securities Act of 1933 provided by Regulation S promulgated under that Act.

ITEM 6. SELECTED FINANCIAL DATA

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

In millions of dollars, except per share data

Year Ended December 31,	2003	2002	2001	2000	1999
Statement of Income Data:					
Net Sales	\$ 1,114.7	\$ 926.7	\$ 892.0	\$ 883.5	\$ 834.3
Cost of Sales (exclusive of depreciation shown below)	732.0	593.7	562.8	553.6	519.7
% Of Net Sales	65.7%	64.1%	63.1%	62.7%	62.3%
Selling, Research & Development and Administrative					
	171.6	148.3	146.1	145.0	137.5
% of Net Sales	15.4%	16.0%	16.4%	16.4%	16.5%
Depreciation and Amortization					
	85.9	72.1	73.6	70.9	68.7
% of Net Sales	7.7%	7.8%	8.3%	8.0%	8.2%
Operating Income					
	123.9	107.1	101.9	113.9	108.4
% of Net Sales	11.1%	11.6%	11.4%	12.9%	13.0%
Net Income (1)					
	79.7	66.6	58.8	64.7	58.7
% of Net Sales	7.1%	7.2%	6.6%	7.3%	7.0%
Per Common Share:					
Net Income					
Basic (2)	\$ 2.21	\$ 1.86	\$ 1.64	\$ 1.80	\$ 1.62
Diluted (2)	2.16	1.82	1.61	1.78	1.59
Cash Dividends Declared					
	.26	.24	.22	.20	.18
Balance Sheet and Other Data:					
Capital Expenditures	\$ 77.3	\$ 89.8	\$ 92.2	\$ 93.9	\$ 88.6
Total Assets	1,264.3	1,047.7	915.3	952.2	863.3
Long-Term Obligations	125.2	219.2	239.4	252.8	235.6
Net Debt (3)	56.9	136.7	204.5	236.8	238.4
Stockholders' Equity	783.1	594.5	469.2	440.5	420.3
Capital Expenditures % of Net Sales	6.9%	9.7%	10.3%	10.6%	10.6%
Interest Bearing Debt to Total Capitalization (4)					
	22.1%	27.6%	35.0%	39.9%	39.2%
Net Debt to Total Net Capitalization (5)					
	6.8%	18.7%	30.4%	35.0%	36.2%

- (1) Net income includes a charge for acquired research and development ("R&D") of \$0.8 million in 2003, a Patent Dispute Settlement of \$2.7 million and Strategic Initiative charges of \$1.1 million in 2002, Strategic Initiative charges of \$6.0 million in 2001 and \$3.3 million of in process research and development ("IPR&D") write-off in 1999.
- (2) Net income per basic and diluted common share includes the negative effects of \$0.02 for an acquired R&D charge in 2003, \$0.07 for a Patent Dispute Settlement and \$0.03 for Strategic Initiative charges in 2002, \$0.17 for Strategic Initiative charges in 2001 and \$0.09 for IPR&D write-off in 1999.
- (3) Net Debt is interest bearing debt less cash and cash equivalents.
- (4) Total Capitalization is Stockholders' Equity plus interest bearing debt.
- (5) Net Capitalization is Stockholders' Equity plus Net Debt.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED RESULTS
OF OPERATIONS AND FINANCIAL CONDITION
(In thousands, except per share amounts or otherwise indicated)

INTRODUCTION

Sales surpassed the \$1 billion mark for the first time in our history in 2003. The Euro strengthened significantly in 2003 compared to the U.S. dollar, rising from \$1.05 at the beginning of January to \$1.26 at the end of December. Excluding the positive impact on our sales from the stronger Euro, sales increased to all of the markets we serve with the exception of the household market, which decreased slightly. Our earnings per share reached an all time record of \$2.16 per diluted share.

Price competition continues to affect our low-end fragrance/cosmetic market and our dispensing closure product range. As a result, we continue to seek ways to improve our productivity and lower our costs of production in order to combat this continued price pressure. Our key competitive advantage will continue to be creating innovative dispensing solutions for our customers, allowing us to remain their preferred supplier.

In 2003, we acquired intellectual property and equipment relating to dry powder inhalation ("DPI") technology. Recent developments in the pharmaceutical market, including escalating research activity in powder formulations, advances in particle engineering and novel device architecture have positioned DPI as a significant factor in the noninvasive drug delivery sector. We believe that with this acquisition of intellectual property and equipment, we are now well positioned to capitalize on future opportunities in the pharmaceutical market as the industry moves over the next several years to offer more dry powder forms of medication using noninvasive drug delivery methods.

We began to see an increasing acceptance of our innovative dispensing closure systems by the food/beverage market in 2003. Dispensing systems using our patented silicone valve has gained acceptance in areas such as condiments, syrups, honey, salad dressings and beverage products. We believe this trend will continue into 2004 and beyond.

From a balance sheet perspective, we continue to generate cash from our operations and have a strong balance sheet. In February 2004, we renegotiated our revolving credit agreement that was set to expire in June of 2004. The new revolving credit agreement gives us the ability to borrow up to \$150 million. We believe we are well positioned to meet the cash needs of the Company in the foreseeable future.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the percentage relationship of certain items to net sales:

Years Ended December 31,	2003	2002	2001
Net sales	100.0%	100.0%	100.0%
Cost of sales (exclusive of depreciation shown below)	65.7	64.1	63.1
Selling, research & development and administrative	15.4	16.0	16.4
Depreciation and amortization	7.7	7.8	8.2
Acquired research and development charge	0.1	—	—
Strategic Initiative charges	—	0.1	0.9
Patent dispute settlement	—	0.4	—
Operating income	11.1	11.6	11.4
Other expenses	(0.6)	(1.0)	(1.5)
Income before income taxes	10.5%	10.6%	9.9%
Net income	7.1%	7.2%	6.6%
Effective tax rate	32.1%	32.2%	33.3%

NET SALES

Net sales increased more than 20% in 2003 surpassing \$1 billion for the first time in AptarGroup's history. The U.S. dollar continued to weaken in 2003 compared to the Euro and finished nearly 20% weaker than the Euro compared to 2002. Net sales excluding changes in foreign currency rates increased approximately 9% from the prior year. Approximately \$29 million of the increase in sales in 2003 relates to sales of custom tooling to customers. Excluding changes in foreign currency rates, the changes in sales by market were as follows:

- Sales of our products to the personal care market increased approximately 13% compared to the prior year. Driving part of the sales growth in this market was a \$17 million increase in sales of custom tooling as well

[Table of Contents](#)

as increased sales of our closure product range and lotion pumps. These sales increases more than offset the impact coming from increased price competition.

- Sales of our products to the fragrance/cosmetic market increased approximately 4% over the prior year, reflecting strong sales in the first half of the year followed by slower growth in the third quarter and a decrease in the fourth quarter of 2003. Increased price competition in particular for the low-end of this market is having an impact on sales growth and operating margins.
- Sales of our products to the pharmaceutical market grew by approximately 9% in 2003, as sales of our metered aerosol valves to this market continue to gain market share. Sales of custom tooling accounted for approximately \$6 million of the increase.
- Sales of our products to the household market decreased approximately 1% compared to 2002, reflecting decreased sales of aerosol valves to this market as we have shifted away from lower-margin business in this market.
- Sales of our products, in particular our closures, to the food/beverage market increased approximately 33% compared to the prior year, continuing the strength that began back in 2002. Our dispensing closures continue to gain acceptance on a variety of food and beverage products such as condiments, honey, syrups, salad dressings and non-carbonated beverages.

For 2002, we achieved net sales of \$926.7 million, or 4% above 2001 net sales of \$892.0 million, reflecting the diversification of our products and the markets we serve. The U.S. dollar weakened compared to the Euro throughout 2002 and finished on average approximately 5% weaker than the Euro compared to 2001. Excluding changes in foreign currency rates, net sales increased in 2002 approximately 2% instead of the 4% reported. Excluding changes in foreign currency rates, the changes in sales by market were as follows:

- Sales of our products to the fragrance/cosmetic industry in 2002 decreased approximately 6% compared to 2001 levels reflecting general weak economic conditions, pricing pressure and the continued reduction of inventory levels in the market.
- Offsetting the decline in sales to the fragrance/cosmetic market was an increase in sales to the other four markets that we serve. In spite of ongoing competitive price pressure, sales of our products to the personal care market in 2002 increased approximately 5% over 2001 levels due primarily to the strength of our products sold to this market as well as new customer launches utilizing our products and accessories.
- Sales of our products to the pharmaceutical market in 2002 increased approximately 6% compared to 2001, primarily due to increased use of our metered dose aerosol valves by customers in this market who converted from chlorofluorocarbons ("CFC") to alternative propellants.
- Sales of our products to the food/beverage market in 2002 increased approximately 14% compared to the 2001, due to the increasing acceptance of valved dispensing closure technology for food applications such as ketchup, honey and other condiments as well as beverage applications.
- Sales of our products to the household market in 2002 increased approximately 2% compared to 2001 due primarily to the success of our dispensing closures on a variety of household related products as well as the use of metered aerosol valves for room scented air fresheners.

The following table sets forth, for the periods indicated, net sales by geographic location:

Years Ended December 31,	2003	% of Total	2002	% of Total	2001	% of Total
Domestic	\$ 345,624	31%	\$336,635	36%	\$334,509	38%
Europe	673,074	60%	513,256	56%	481,875	54%
Other Foreign	95,991	9%	76,800	8%	75,602	8%

COST OF SALES (EXCLUSIVE OF DEPRECIATION SHOWN BELOW)

Our cost of sales as a percentage of net sales increased in 2003 to 65.7% compared to 64.1% in 2002. The following factors influenced our cost of sales percentage in 2003:

Introduction of New Products. The introduction of new products and new applications for our products typically generate higher margins than our existing product sales and thus have a positive impact on lowering the cost of sales as a percentage of net sales.

Cost Reduction Efforts. We continued to contain and reduce costs worldwide, which led to labor savings as well as productivity improvements, both of which reduced cost of goods sold.

Continued Price Pressure. Pricing pressure continues to be strong in all the markets we serve, particularly in the low-end of the fragrance/cosmetic market and dispensing closure product range. We saw an increase in both direct and indirect competition from Asian suppliers. Directly, Asian suppliers began to export more spray pumps in

[Table of Contents](#)

particular to the U.S. market. Indirectly, some fragrance marketers in the U.S. have started sourcing their entire product in Asia and importing the finished product back into the U.S. Price reductions greater than cost savings achieved through productivity gains had a negative impact on the cost of sales as a percentage of net sales.

Strengthening of the Euro. We are a net importer to the U.S. of products produced in Europe. As a result, when the Euro strengthens against the U.S. dollar, products produced in Europe (with costs denominated in Euros) and imported to the U.S. increase in cost, thus having a negative impact on cost of sales. We estimate that the net negative impact on operating income of translating foreign denominated financial statements into U.S. dollars and the impact from producing in costs denominated in Euros and selling in other currencies which have weakened compared to the Euro, was between \$3 and \$4 million.

Increased Sales of Custom Tooling. We saw approximately a \$29 million increase in sales of custom tooling in 2003. Traditionally sales of custom tooling generates lower margins than our regular product sales and thus any increased sales of custom tooling negatively impacted cost of sales as a percentage of sales.

Our cost of sales as a percentage of net sales in 2002 increased slightly to 64.1% compared to 63.1% in 2001. Our cost of sales percentage was influenced by the following factors:

Cost Reduction Efforts. We continued to reduce costs worldwide and, in particular, our Strategic Initiative, which began in 2001, led to labor savings as well as productivity improvements, both of which reduced cost of goods sold.

Underutilized Fixed Costs. Due to the decrease in sales to the fragrance/cosmetic market we had underutilized fixed manufacturing costs, particularly in Europe.

Rising Insurance Costs. Insurance costs rose dramatically in 2002, particularly property and casualty insurance, which increased nearly \$2.5 million from 2001.

Continued Price Pressure. Pricing pressure continued to be strong in all the markets we serve, particularly in the dispensing closure product range. Price reductions greater than cost savings achieved through productivity gains had a negative impact on the cost of sales as a percentage of net sales.

Strengthening of the Euro. We are a net importer to the U.S. of products produced in Europe. As a result, when the Euro strengthens against the U.S. dollar, products produced in Europe (with costs denominated in Euros) and imported to the U.S. increase in cost, thus having a negative impact on cost of sales.

SELLING, RESEARCH & DEVELOPMENT AND ADMINISTRATIVE

Our Selling, Research & Development and Administrative expenses ("SG&A") increased approximately 15.7% or \$23.3 million in 2003. A significant portion of this increase is due to movements in exchange rates. Excluding the impact of the change in exchange rates, SG&A increased 3.6% or approximately \$6 million. This increase relates to an increase in insurance related costs of approximately \$1.7 million as well as other inflationary increases in costs such as salaries. SG&A as a percentage of sales continued to decrease to 15.4% in 2003 compared to 16.0% in 2002.

In 2002, our SG&A increased approximately \$2.2 million over 2001. Excluding the impact of the strengthened Euro compared to the U.S. dollar, SG&A actually decreased approximately \$1.4 million in 2002. We were able to reduce SG&A costs in 2002 through our cost reduction efforts, which offset increased pension and insurance costs. SG&A as a percentage of sales decreased to 16.0% from 16.4% in 2001.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense increased 19% or \$13.7 million in 2003. Changes in currency rates accounted for approximately \$8 million of the \$13.7 million increase. An additional \$1.4 million of the increase relates to the accelerated depreciation of certain fixed assets related to product lines that are no longer in use or that were replaced by newer versions of fixed assets. The remaining increase relates to recent capital expenditures related to the Strategic Initiative mentioned below as well as increased capital expenditures to support the growth in our business.

In 2002, depreciation and amortization expense decreased nearly \$1.5 million to \$72.1 million compared to \$73.6 million in 2001. Depreciation and amortization expense in 2001 included approximately \$3.6 million of amortization of goodwill while 2002 did not include any goodwill amortization. In addition, 2001 also included approximately \$1.9 million of depreciation expense related to the Strategic Initiative (described below). Certain long-lived assets were taken out of service prior to the end of their normal service period due to the plant shutdown and

[Table of Contents](#)

rationalization of product lines. Accordingly, we changed the estimated useful lives of these assets, resulting in an acceleration of depreciation ("Accelerated Depreciation") of \$1.9 million. Depreciation and amortization in 2002 includes only \$0.1 million of Accelerated Depreciation. Excluding this change in Accelerated Depreciation and goodwill amortization, depreciation and amortization increased approximately \$4 million in 2002. Approximately \$2 million of the increase is related to the stronger Euro compared to the U.S. dollar in 2002. The remainder of the increase in depreciation and amortization expense is due to capital expenditures in excess of depreciation over the past few years.

ACQUIRED RESEARCH AND DEVELOPMENT CHARGE

In the third quarter of 2003, we acquired intellectual property (patents, licenses and know how) and equipment relating to DPI technology dispensing systems for the pharmaceutical market. Approximately \$1.3 million (\$.8 million after-tax) of acquired intellectual property was expensed in the quarter because it was for a particular research and development project.

STRATEGIC INITIATIVE CHARGES

In April 2001, we announced a Strategic Initiative project to improve the efficiency of our operations that produce pumps for our mass-market fragrance/cosmetic and personal care customers. In addition to improving efficiency and reducing costs, another objective of the Strategic Initiative was to improve customer service through reduced lead times and the ability to customize finished products on a local basis. As part of the Strategic Initiative, we closed one molding operation in the U.S. and consolidated the molding and assembly of the base cartridge (standard internal components common to modular pumps) into one of our facilities in Italy. We also closed several of our sales offices in certain foreign countries. In addition, we rationalized our mass-market pump product lines for these two markets by discontinuing production of non-modular pumps and increasing capacity for our modular pumps. The project was essentially complete as of December 31, 2002 and no additional expense related to this project was incurred in 2003.

Strategic Initiative charges totaled \$1.2 million in 2002 compared to \$7.6 million recorded in 2001. The \$1.2 million of charges recorded in 2002 relates to accrued severance and employee benefits related to additional employees who were involuntarily terminated in 2002. The \$7.6 million of Strategic Initiative charges recorded in 2001 primarily related to non-cash fixed asset impairment charges of \$5.5 million for fixed assets held for use related to non-modular pumps that were discontinued. These non-modular pumps were sold during the Strategic Initiative project but have been discontinued now that there is adequate capacity for the modular pumps. The undiscounted expected future cash flows for the products using these non-modular pumps during the phase out period were less than the carrying value of the specific identifiable assets used to generate these cash flows and thus an impairment charge was recognized in accordance with SFAS No. 121 "Accounting for the Impairment of the Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The remaining Strategic Initiative charges related primarily to accrued severance costs and related benefits for U.S. employees who were involuntarily terminated, accrued utility abatement reimbursements and accrued costs to refurbish a leased facility that we vacated. Strategic Initiative charges plus Accelerated Depreciation and other related costs such as training are hereinafter referred to as "Total Strategic Initiative Related Costs." The Total Strategic Initiative Related Costs from inception of the project were approximately \$11.3 million before taxes.

PATENT DISPUTE SETTLEMENT

In May 2002, we announced an agreement settling an outstanding patent dispute to avoid the time and expense of a trial that was scheduled to begin in late 2002. As part of the settlement, the parties entered into a cross-license agreement. Patent dispute settlement charges of \$4.2 million are included in 2002.

OPERATING INCOME

The following table details the calculation of operating income on a comparable basis by adjusting reported operating income for acquired research and development charges in 2003, Strategic Initiative Related Costs recorded in 2002 and 2001, patent dispute settlement charges recorded in 2002 and goodwill amortization recorded in 2001.

Years Ended December 31,	2003	2002	2001
Operating Income as Reported	\$ 123,946	\$107,073	\$101,868
Strategic Initiative Related Costs	—	1,683	9,610
Acquired research and development charge	1,250	—	—
Patent Dispute Settlement	—	4,168	—
Goodwill Amortization	—	—	3,646
Comparable Operating Income	\$ 125,196	\$112,924	\$ 115,124

Management believes that adjusting reported operating income in this manner is useful to show investors a better reflection of ongoing operating income.

NET OTHER EXPENSES

Net other expenses in 2003 decreased to \$6.7 million compared to \$8.7 million in 2002 reflecting decreased interest expense of \$.8 million, increased interest income of \$.9 million and an increase in income of affiliates of \$.7 million. The reduced interest expense is due primarily to a reduction in interest bearing debt and lower interest rates. The increase in interest income is directly related to our growing cash position in Europe. The increase in income of affiliates is due to profits of our joint venture in 2003 versus a loss in 2002.

Net other expenses in 2002 decreased to \$8.7 million compared to \$13.5 million in 2001 reflecting decreased interest expense of approximately \$4.9 million. The decrease in interest expense is due primarily to lower interest rates worldwide as well as a reduction in interest bearing debt.

EFFECTIVE TAX RATE

The reported effective tax rate for 2003 decreased slightly to 32.1% compared to 32.2% in 2002. We benefited from receiving approximately \$500 thousand of tax refunds in the U.S. relating to research and development credits dating back to 1999. In addition, we resolved certain foreign tax matters in 2003 resulting in a reduction of \$2.2 million of tax liabilities that were previously recorded. Offsetting these positive tax impacts was an additional \$4.4 million in taxes provided for the additional taxes on a portion of 2003 foreign earnings. See "Liquidity and Capital Resources" below and Note 5 to the Consolidated Financial Statements in Item 8.

The reported effective tax rate for 2002 decreased to 32.2% in 2002 compared to 33.3% in 2001. The reduction in the effective tax rate reflects the mix of where our income was earned.

NET INCOME

We reported net income of \$79.7 million in 2003 compared to \$66.6 million reported in 2002 and \$58.8 million reported in 2001.

DISPENSING SYSTEMS SEGMENT

The Dispensing Systems segment is an aggregate of four of our five business units. The Dispensing Systems segment sells primarily non-aerosol spray and lotion pumps, dispensing closures, and metered dose aerosol valves. These three products are sold to all of the markets we serve.

Years Ended December 31,	2003	2002	2001
Net Sales	\$ 926,365	\$764,128	\$746,456
Earnings Before Interest and Taxes ("EBIT")	125,911	114,517	119,761
EBIT as a percentage of Net Sales	13.6%	15.0%	16.0%

[Table of Contents](#)

Our net sales for the Dispensing Systems segment in 2003 grew approximately 21% over 2002, reflecting strong sales of our dispensing closures to the food/beverage market and personal care markets. In addition, sales to the fragrance/cosmetic and pharmaceutical markets increased over the prior year. The weaker U.S. dollar compared to the Euro and other currencies accounted for nearly 12 percentage points of the 21% increase in sales. In addition, higher sales of custom tooling also accounted for approximately 3% of the sales growth.

Net sales for the Dispensing Systems segment in 2002 grew by approximately 2% over 2001 levels reflecting strong sales of our dispensing closure product range to the personal care, household, and food/beverage markets. Sales of our pumps and metered dose aerosol valves to the pharmaceutical market increased in 2002 over 2001, but were offset by a decrease in sales of pumps to the fragrance/cosmetic market.

Segment EBIT in 2003 (defined as earnings before net interest, corporate expenses, income taxes and unusual items) increased nearly 10% compared to 2002 primarily reflecting the increased sales volumes mentioned above. EBIT did not increase at the same rate as the sales growth in 2003 primarily due to increased price competition as well as the negative impact of selling goods produced in Europe (with costs denominated in Euros) and selling in currencies that weakened against the Euro compared to the prior year.

Segment EBIT decreased approximately 4% in 2002 due primarily to the underutilized fixed costs relating to the decrease in sales to the fragrance/cosmetic market as well as pricing pressure across all products and markets, in particular for dispensing closures.

SEAQUISTPERFECT SEGMENT

SeaquistPerfect represents our fifth business unit and sells primarily aerosol valves and accessories and certain non-aerosol spray and lotion pumps. These products are sold primarily to the personal care, household and food/beverage markets.

	Years Ended December 31,		
	2003	2002	2001
Net Sales	\$ 188,324	\$162,563	\$145,530
Earnings Before Interest and Taxes ("EBIT")	15,482	11,070	5,843
EBIT as a percentage of Net Sales	8.2%	6.8%	4.0%

Net sales increased nearly 16% in 2003, reflecting strong European sales growth, in particular for spray and lotion pumps as well as custom tooling. The weak U.S. dollar compared to the Euro in 2003 accounted for nearly half of the sales growth in 2003. Sales of aerosol valves decreased in the U.S. while sales of aerosol valves increased slightly in Europe. Sales of lotion pumps increased strongly in the U.S. and in Europe reflecting the continued acceptance of our lotion pump in the personal care market. This product line continues to grow at a higher rate than the overall personal care market. Sales of spray pumps decreased in the U.S. in 2003 while sales of spray pumps in Europe increased slightly compared to the prior year.

In 2002, net sales for the SeaquistPerfect segment increased 12% from 2001, reflecting strong sales growth of aerosol valves and pumps and their related accessories, particularly to the personal care market. Sales of aerosol valve units increased in Europe, particularly to Eastern European countries where growth rates have exceeded those of Western European countries. Sales of aerosol valve units decreased in the U.S. as we have selectively shifted away from lower-margin business. Pump unit sales also increased particularly in Europe where we have benefited from the success of new pump packaging categories such as sun care. Lotion pump unit sales to the personal care market also increased over 2002 as this product line is growing at a higher rate than the overall personal care market, due primarily to an increased consumer focus on skin care products.

Segment EBIT continued to improve significantly in 2003 growing nearly 40% compared to 2002. The growth in EBIT was due primarily to increased valve accessory sales (specialty actuators for specific products), the increase in lotion pump unit sales, improved productivity at molding operations and continued focus on cost reduction.

In 2002, segment EBIT increased significantly over 2001, due primarily to the increased sales volumes mentioned above. In addition, this segment's focus on innovation and providing our customers more value-enhanced products or specialty designs has led to an increase in higher-priced custom products and specialty accessories, thus allowing us to improve profitability.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash flow provided by our operations and our revolving credit facility. Cash and equivalents increased to \$165.0 million from \$90.2 million at the end of 2002. Total short and long-term interest bearing debt decreased to \$221.9 million from \$226.9 million at the end of 2002. The ratio of our Net Debt (interest

[Table of Contents](#)

bearing debt less cash and cash equivalents) to Net Capital (stockholder's equity plus Net Debt) decreased to 7% compared to 19% as of December 31, 2002.

In 2003, our operations provided approximately \$139.8 million in cash flow. This compares with \$154.5 million in 2002 and \$128.7 million in 2001. We are anticipating that cash flow from operations in 2004 will exceed 2003 levels. In each of the past three years, cash flow from operations was primarily derived from earnings before depreciation and amortization. The decrease in cash generated from operating activities in 2003 reflects increased working capital, in particular inventory and accounts receivable as well as an increase of more than \$7 million in funding for the U.S. pension plan. The increase in inventory at year end reflects an increase in finished goods for our customers as well as an increase in raw materials in anticipation of rising plastic resin costs in 2004. During 2003, we utilized the majority of these cash flows to finance capital expenditures, pay down existing debt obligations, repurchase Company stock, and pay dividends to shareholders. Based upon projected capital expenditure needs in 2004 of approximately \$90 million (assuming current exchange rates), required debt repayments (including interest, capital lease payments and required principal payments) of approximately \$18 million and anticipated dividend payments of approximately \$10 million, we would expect to generate additional cash in 2004.

We used \$74.0 million in cash for investing activities during 2003, compared to \$87.7 million during 2002 and \$91.4 million in 2001. This decrease in 2003 is primarily due to a reduction in capital expenditures compared to the prior two years. Capital expenditures totaled \$77.3 million in 2003, \$89.8 million in 2002 and \$92.2 million in 2001. Each year we invested in property, plant and equipment primarily for new products, capacity increases, product line extensions and maintenance of business. We estimate that approximately 30% of next year's anticipated \$90 million in capital will be spent on new product introductions and 30% on maintenance of the business.

We used \$13 million in cash for financing activities during 2003, compared to \$34.5 million in 2002 and \$42.0 million in 2001. The majority of the cash used for financing activities in all three years was used to pay down long and short-term debt, to pay dividends to our shareholders and to buy back shares of our stock. We are authorized to repurchase a maximum of 3 million shares of AptarGroup outstanding common stock. As of December 31, 2003, 1.4 million shares have been repurchased for an aggregate amount of \$38.3 million. In 2003, 95 thousand shares were repurchased for an aggregate amount of \$3.2 million.

In 2002, we canceled an interest rate swap agreement, which had a notional amount of \$25 million. The cancellation of the interest rate swap agreement netted approximately \$4.0 million. The net economic effect of canceling the swap agreement converted a variable interest rate on \$25 million of debt to an effective fixed interest rate of 3.8%.

During 2003, we had a \$100 million unsecured revolving credit agreement. Under this credit agreement, interest on borrowings was payable at a rate equal to LIBOR plus an amount based on our financial condition. At December 31, 2003 the amount unused and available under this agreement was \$22 million. We were required to pay a fee for the unused portion of the commitment. The credit available under the revolving credit agreement provided us with the ability to refinance certain short-term debt obligations on a long-term basis in 2002. Since management had the ability and intent to do so, an additional \$12.5 million of short-term debt obligations were reclassified as long-term obligations as of December 31, 2002. The agreement would have expired on June 30, 2004. Accordingly, in February of 2004, we entered into a five year \$150 million revolving credit facility (the "New Credit Facility") and terminated the facility that was scheduled to expire on June 30, 2004. The New Credit Facility contains substantially similar terms as the expiring facility.

Our revolving credit facility and long-term private placement debt require us to satisfy certain financial and other covenants including:

	Requirement	Level at December 31, 2003
Interest coverage ratio	At least 3.5 to 1	22 to 1
Debt to total capital ratio	55%	22%

Based upon the above interest coverage ratio covenant, we could borrow additional debt up to a limit where interest expense would not exceed approximately \$61 million. Interest expense in 2003 was approximately \$10 million. Based upon the above debt to total capital ratio covenant we would have the ability to borrow an additional \$700 million before the 55% requirement was exceeded.

Our foreign operations have historically met cash requirements with the use of internally generated cash or borrowings. Foreign subsidiaries have financing arrangements with several foreign banks to fund operations located outside the U.S., but all these lines are uncommitted. Cash generated by foreign operations has generally been reinvested locally. The majority of our \$165.0 million in cash and equivalents is located outside of the U.S. We are currently in an overall foreign loss ("OFL") tax situation in the U.S. Any foreign dividend repatriated back to the U.S.

[Table of Contents](#)

would be taxed up to the extent of the OFL. In 2003, we decided to repatriate a portion (approximately \$30 million) of non-U.S. subsidiary current year earnings in 2004. We have provided for additional taxes in 2003 for this repatriation. This provision, net of applicable tax credits, was \$4.4 million. After the \$30 million repatriation and payment of the estimated \$4.4 million in additional taxes, our OFL at December 31, 2003 will be eliminated.

We believe we are in a strong financial position and have the financial resources to meet business requirements in the foreseeable future. We have historically used cash flow from operations as our primary source of liquidity. In the event that customer demand would decrease significantly for a prolonged period of time and negatively impact cash flow from operations, we would have the ability to restrict and significantly reduce capital expenditure levels, which historically have been the most significant use of cash for us. A prolonged and significant reduction in capital expenditure levels could increase future repairs and maintenance costs as well as have a negative impact on operating margins if we were unable to invest in new innovative products.

OFF-BALANCE SHEET ARRANGEMENTS

We lease certain warehouse, plant and office facilities as well as certain equipment under noncancelable operating leases expiring at various dates through the year 2018. Most of the operating leases contain renewal options and certain equipment leases include options to purchase during or at the end of the lease term. We have an option on one building lease to purchase the building during or at the end of the term of the lease at approximately the amount expended by the lessor for the purchase of the building and improvements. If we do not exercise the purchase option by the end of the lease, we would be required to pay an amount not to exceed \$9.5 million. Other than operating lease obligations, we do not have any off-balance sheet arrangements. See the following section "Overview of Contractual Obligations" for future payments relating to operating leases.

OVERVIEW OF CONTRACTUAL OBLIGATIONS

Below is a table of our outstanding contractual obligations and future payments as of December 31, 2003:

Contractual Obligations	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Long-term Debt(1)(2)	\$122,600	\$ 5,441	\$ 4,754	\$43,374	\$69,031
Capital Lease Obligations(1)	12,079	2,929	4,665	2,329	2,156
Operating Leases	39,912	8,488	22,086	5,497	3,841
Purchase Obligations	—	—	—	—	—
Other Long-term liabilities reflected on the balance sheet under GAAP(3)	(3)	(3)	(3)	(3)	(3)
Total Contractual Obligations	\$174,591	\$16,858	\$ 31,505	\$ 51,200	\$75,028

- (1) The future payments listed above for capital lease obligations include future interest payments while the long-term debt repayments reflect only principal payments.
- (2) Approximately 20% of our long-term debt has variable interest rates. If market conditions should change dramatically and interest rates rise in the future, our future obligations relating to interest payments will increase.
- (3) We have approximately \$22.6 million of other long-term liabilities on the balance sheet for retirement and deferred compensation plans. Future payments related to these obligations are difficult to determine as they are based upon governmental contribution requirements, which fluctuate annually.

ADOPTION OF ACCOUNTING STANDARDS

In December 2003, the Financial Accounting Standards Board, ("FASB") issued Interpretation No. ("FIN") 46R, "Consolidation of Variable Interest Entities." The objective of FIN 46 is to improve financial reporting by companies involved with variable interest entities. Prior to FIN 46R, companies have generally included another entity in its consolidated financial statements only if it controlled the entity through voting interest. FIN 46R changes that by requiring a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk or loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. Consolidation by a primary beneficiary of the assets, liabilities and results of activities of variable interest

[Table of Contents](#)

entities will provide more complete information about the resources, obligations, risks and opportunities of the consolidated company. We do not have any investments in variable interest entities.

In May 2003, the FASB issued SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. We currently do not have any of these financial instruments.

In December 2003, the FASB issued FASB Staff Position ("FSP") 106-a, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." In December 2003, the President signed into law the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the "Act"). The Act introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. This FSP defers any accounting for the effects of the Act and requires additional disclosures pending further consideration of the underlying accounting issues. We do not provide any postretirement healthcare benefits and therefore there will be no effect on our results of operations.

In December 2003, the Office of the Chief Accountant and Division of Corporation Finance of the U.S. Securities and Exchange Commission released Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition." This SAB updates portions of the interpretive guidance included in Topic 13 of the codification of SAB's in order to make this interpretive guidance consistent with current authoritative accounting guidance. The principal revisions relate to the rescission of material no longer necessary because of private sector developments in U.S. generally accepted accounting principles. SAB 104 is effective immediately. As there are no new revenue recognition concepts or interpretations included in this SAB and our results of operations incorporate previous SAB guidance and U.S. generally accepted accounting principles on this topic, there is no impact on our financial statements as a result of SAB 104.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We continually evaluate our estimates, including those related to bad debts, inventories, intangible assets, income taxes, pensions and contingencies. We base our estimates on historical experience and on a variety of other assumptions believed to be reasonable in order to make judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in preparation of our Consolidated Financial Statements. Management has discussed the development and selection of these critical accounting estimates with the audit committee of our Board of Directors and the audit committee has reviewed our disclosure relating to it in this Management's Discussion and Analysis of Consolidated Results of Operations and Financial Condition ("MD&A").

IMPAIRMENT OF GOODWILL

In accordance with SFAS 142, we evaluate our goodwill for impairment on an annual basis or whenever indicators of impairment exist. SFAS 142 requires that if the carrying value of a reporting unit for which goodwill exists exceeds its fair value, an impairment loss is recognized to the extent that the carrying value of the reporting unit goodwill exceeds the "implied fair value" of reporting unit goodwill.

As discussed in the notes to the financial statements, we have evaluated our goodwill for impairment and have determined that the fair value of our reporting units exceeds their carrying value, so we did not recognize an impairment of goodwill. Goodwill of approximately \$136.7 million is shown on our balance sheet as of December 31, 2003.

We believe that the accounting estimate related to determining the fair value of our reporting units is a critical accounting estimate because: (1) it is highly susceptible to change from period to period because it requires company management to make assumptions about the future cash flows for each reporting unit over several years in the future, and (2) the impact that recognizing an impairment would have on the assets reported on our balance sheet as well as our results of operations could be material. Management's assumptions about future cash flows for the reporting units require significant judgment and actual cash flows in the future may differ significantly from those forecasted today. The estimate for future cash flows and its impact on the impairment testing of goodwill is a critical accounting estimate for the Dispensing Systems segment of our business.

In estimating future cash flows, we use internally generated budgets developed from our reporting units and reviewed by management. We develop our budgets based upon recent sales trends for the reporting units,

[Table of Contents](#)

discussions with our customers, planned timing of new product launches, forecasted capital expenditure needs, working capital needs, costing factors and many other variables. From these internally generated budgets, a four year projection of cash flows is made based upon expected sales growth rates and capital and working capital requirements based upon historical needs. A discounted cash flow model is used to discount the future cash flows back to the present using an independent, third party generated weighted-average cost of capital and verified by management. This fair value for the reporting unit is then corroborated by comparing it with a market multiple analysis of the reporting unit. The market multiple analysis is calculated by using AptarGroup's overall EBITDA (earnings before interest, taxes and depreciation) multiple and applying it to the reporting unit EBITDA for the current year.

The \$136.7 million of goodwill is reported in five reporting units. Four of the five reporting units have fair values, which significantly exceed their carrying values. The fifth reporting unit contains approximately \$94.3 million of the total \$136.7 million in goodwill and has the smallest excess of fair value over carrying value of the five reporting units.

We believe our assumptions used in discounting future cash flows are appropriately conservative. Any increase in estimated cash flows would have no impact on the reported carrying amount of goodwill. However, if our current estimates of cash flow for this one reporting unit had been 40% lower, the fair value of the reporting unit would have been lower than the carrying value thus requiring us to perform an impairment test to determine the "implied value" of goodwill. The excess of the approximately \$94.3 million in carrying value of goodwill over the "implied value" of goodwill would need to be written down for impairment. Without performing the second step of the goodwill impairment test it would be difficult to determine the actual amount of impairment to be recorded, but theoretically, the full \$94.3 million of goodwill would be at risk for impairment. A full \$94.3 million impairment loss would have reduced Total Assets as of December 31, 2003 by approximately 7% and would have reduced Income Before Income Taxes in 2003 by nearly 80%.

If we had been required to recognize an impairment loss of the full \$94.3 million, it would likely not have affected our liquidity and capital resources because, in spite of the impairment loss, we would have been within the terms of our debt covenants.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We record an allowance for doubtful accounts as an estimate of the inability of our customers to make their required payments. We determine the amount of our allowance for doubtful accounts by looking at a variety of factors. First we examine an aging of the accounts receivable in each entity within the Company. The aging lists past due amounts according to invoice terms. In addition, we consider the current economic environment, the credit rating of the customers and general overall market conditions. In some countries we maintain credit insurance, which can be used in certain cases of non-payment.

We believe that the accounting estimate related to the allowance for doubtful accounts is a critical accounting estimate because: (1) it requires management to make assumptions about the ability to collect amounts owed from customers in the future, and (2) changes to these assumptions or estimates could have a material impact on our results of operations. The estimate for the allowance for doubtful accounts is a critical accounting estimate for both of our segments.

When we determine that a customer is unlikely to pay, we will record a charge to bad debt expense in the income statement and an increase to the allowance for doubtful accounts. When it becomes certain the customer cannot pay (typically the customer will file for bankruptcy) we write off the receivable by removing the accounts receivable amount and reducing the allowance for doubtful accounts accordingly. In 2003, we added approximately \$1.8 million to the allowance for doubtful accounts while we wrote off or reduced the allowance for doubtful accounts by \$.5 million. Please refer to page 56 in this Form 10-K (Schedule II – Valuation and Qualifying Accounts) for activity in the allowance for doubtful accounts over the past three years.

We had approximately \$242 million in outstanding accounts receivable at December 31, 2003. At December 31, 2003 we had approximately \$9.5 million recorded in the allowance for doubtful accounts to cover all potential future customer non-payments net of any credit insurance reimbursement we would potentially recover. We believe our allowance for doubtful accounts is adequate to cover any future non-payments of our customers. However, if economic conditions deteriorate significantly or one of our large customers was to declare bankruptcy, a larger allowance for doubtful accounts might be necessary. It is extremely difficult to estimate how much of an additional reserve would be necessary, but the largest potential customer balance at any one time would not exceed \$10 million. An additional loss of \$10 million would reduce our Total Assets as of December 31, 2003 by approximately 1% and would have reduced Income Before Income Taxes by approximately 9%.

If we had been required to recognize an additional \$10 million in bad debt expense, it would likely not have affected our liquidity and capital resources because, in spite of the additional expense, we would have been within the terms of our debt covenants.

VALUATION OF PENSION BENEFITS

The benefit obligations and net periodic pension cost associated with our domestic and foreign noncontributory pension plans are determined using actuarial assumptions. Such assumptions include discount rates to reflect the time value of money, employee compensation increase rates, demographic assumptions to determine the probability and timing of benefit payments, and the long-term rate of return on plan assets. The actuarial assumptions are based upon management's best estimates, after consulting with outside investment advisors and actuaries. Because assumptions and estimates are used, actual results could differ from expected results.

The discount rate is utilized principally in calculating our pension obligations, which are represented by the Accumulated Benefit Obligation (ABO) and the Projected Benefit Obligation (PBO), and in calculating net periodic benefit cost. In establishing the discount rates for our domestic and foreign plans, we review a number of relevant interest rates including government security yields and Aa corporate bond yields. At December 31, 2003, the discount rates for our domestic and foreign plans were 5.90% and 5.35%, respectively.

We believe that the accounting estimates related to determining the valuation of pension benefits are critical accounting estimates because: (1) changes in them can materially affect net income, and (2) we are required to establish the discount rate and the expected return on fund assets, which are highly uncertain and require judgment. The estimates for the valuation of pension benefits are critical accounting estimates for both of our segments.

To the extent the discount rates increase (or decrease), our ABO and net periodic benefit cost will decrease (or increase) accordingly. The estimated effect of a 1% decrease in each discount rate would be a \$9.7 million increase in the ABO (\$6.9 million for the domestic plans and \$2.8 million for the foreign plans) and a \$1.7 million increase in net periodic benefit cost (\$1.6 million for the domestic plans and \$0.1 million for the foreign plans). To the extent the ABO increases, and an additional minimum pension liability adjustment is required, the after-tax effect of such increase could reduce Other Comprehensive Income and Shareholders' Equity. The estimated effect of a 1% increase in each discount rate would be a \$7.6 million decrease in the ABO (\$5.3 million for the domestic plans and \$2.3 million for the foreign plans) and a \$1.1 million decrease in net periodic benefit cost (\$1.0 million for the domestic plans and \$0.1 million for the foreign plans). A decrease of this magnitude in the ABO would eliminate a substantial portion of the Additional Minimum Pension Liability, and the reduction in Other Comprehensive Income and Shareholders' Equity.

The assumed expected long-term rate of return on assets is the average rate of earnings expected on the funds invested to provide for the benefits included in the PBO. Of domestic plan assets, approximately 60% was invested in equities and 40% was invested in fixed income securities at December 31, 2003. Of foreign plan assets, approximately 45% was invested in equities, 50% was invested in fixed income securities and 5% was invested in real estate at December 31, 2003.

The expected long-term rate of return assumptions are determined based on our investment policy combined with expected risk premiums of equities and fixed income securities over the underlying risk-free rate. This rate is utilized principally in calculating the expected return on the plan assets component of the net periodic benefit cost. To the extent the actual rate of return on assets realized over the course of a year is greater than the assumed rate, that year's net periodic benefit cost is not affected. Rather, this gain reduces future net periodic benefit cost over a period of approximately 15 to 20 years. Likewise, to the extent the actual rate of return on assets realized over the course of a year is less than the assumed rate, that year's net periodic benefit cost is not affected. Rather, this loss increases future net periodic benefit cost over a period of approximately 15 to 20 years. To the extent the expected long-term rate of return on assets increases (or decreases), our net periodic benefit cost will decrease (or increase) accordingly. The estimated effect of a 1% decrease in each expected long-term rate of return on assets would be a \$0.4 million increase in net periodic benefit cost. The estimated effect of a 1% increase in the expected long-term rate of return on assets would be a \$0.4 million decrease in net periodic benefit cost.

The average rate of compensation increase is utilized principally in calculating the PBO and the net periodic benefit cost. The estimated effect of a 0.5% decrease in each rate of expected compensation increase would be a \$1.3 million decrease in the PBO (\$0.7 million for the domestic plans and \$0.6 million for the foreign plans). The estimated effect of a 0.5% increase in each rate of expected compensation increase would be a \$1.5 million increase in the PBO (\$0.7 million for the domestic plans and \$0.8 million for the foreign plans). A 0.5% change in each rate of expected compensation increase would not be material to the net periodic benefit cost.

Our primary pension related assumptions as of December 31, 2003 and 2002 were as follows:

Actuarial Assumptions as of December 31,	2003	2002
Discount rate:		
Domestic plans	5.90%	6.25%
Foreign plans	5.35%	5.35%
Expected long-term rate of return on plan assets:		
Domestic plans	7.50%	7.50%
Foreign plans	6.50%	6.50%
Rate of compensation increase:		
Domestic plans	4.50%	4.50%
Foreign plans	3.00%	3.00%

The estimated impact of the change in the domestic plan discount rate as noted in the table above on our 2004 net periodic benefit cost is a net increase of approximately \$0.5 million.

INCOME TAXES ON UNDISTRIBUTED EARNINGS OF FOREIGN SUBSIDIARIES

Our policy has been to continue to reinvest earnings of our foreign subsidiaries indefinitely. As of December 31, 2003, we have approximately \$417 million of undistributed earnings of foreign subsidiaries. Since our intent is to reinvest the earnings of our foreign subsidiaries indefinitely, we have not provided deferred taxes in our financial statements for any future repatriation in accordance with Accounting Principles Board Opinion ("APB") No. 23, "Accounting for Income Taxes-Special Areas."

We believe that the accounting policy to indefinitely reinvest the earnings of our foreign subsidiaries is a critical accounting policy because: (1) any change or deviation from that policy could trigger additional tax expense for us that is not provided for in the financial statements today thus increasing our overall effective tax rate, reducing earnings per share and reducing cash flow; and (2) a majority of our \$165 million in cash and equivalents is located outside of the U.S. The policy to reinvest earnings of our foreign subsidiaries indefinitely is a critical accounting policy for the company as a whole and does not directly impact either of our segments.

In 2003, we decided to repatriate a portion (approximately \$30 million) of non-U.S. subsidiary current year earnings in 2004. We have provided for additional taxes in 2003 for this repatriation. This provision, net of applicable tax credits, was \$4.4 million. The remainder of the 2003 non-U.S. subsidiary current year earnings is expected to be permanently reinvested. Currently we have no future plans to repatriate any past or future foreign earnings other than the \$30 million mentioned above. However, if a significant short-term liquidity crisis were to arise, it would be reasonably likely that we would have to consider repatriating some or all of our cash to the U.S.

Calculating the effect of taxes on repatriated foreign earnings can be extremely complex. Taxes have to reflect the expected form of repatriation (generally, dividend, sale or liquidation, or loan to the parent). The form of repatriation will result in different characteristics of income (ordinary versus capital gain) or different amounts of deemed-paid foreign tax credits available. After the \$30 million repatriation and payment of the estimated \$4.4 million in additional taxes, our overall foreign loss ("OFL"), which was approximately \$8 million at December 31, 2003, will be eliminated.

ACCOUNTING FOR STOCK BASED COMPENSATION

We follow APB No. 25 "Accounting for Stock Issued to Employees" and the related Interpretations in accounting for our stock option plans. Since our stock option plans meet certain criteria of APB No. 25, we do not recognize any compensation cost in the income statement. SFAS No. 123, "Accounting for Stock-Based Compensation" issued subsequent to APB No. 25, defines a "fair value based method" of accounting for employee stock options but allows companies to continue to measure compensation cost for employee stock options using the "intrinsic value based method" prescribed in APB No. 25.

We believe that applying the intrinsic value based method of accounting for stock options prescribed by APB No. 25 is a critical accounting policy because application of SFAS No. 123 would require us to estimate the fair value of employee stock options at the date of the grant and record an expense in the income statement over the vesting period for the fair value calculated, thus reducing net income and earnings per share. Our accounting policy to follow APB No. 25 in accounting for our stock option plans is a critical accounting policy for both of our reportable segments.

[Table of Contents](#)

We have no immediate plans at this time to voluntarily change our accounting policy to the fair value based method; however, we continue to evaluate this alternative. In accordance with SFAS No. 123, we have been disclosing in the Notes to the Consolidated Financial Statements the impact on our net income and earnings per share had we adopted the fair value based method. If we had adopted the fair value based method in 2003, our net income would have been \$4.3 million lower than reported or approximately \$.12 per share lower than reported. If we had applied the fair value based method and recorded the additional after-tax expense of \$4.3 million, it would not have affected our liquidity and capital resources because, in spite of the additional expense, we would have been within the terms of our debt covenants.

OUTLOOK

We are cautiously optimistic about 2004. Sales of our products to the food//beverage market are expected to continue to grow. Sale of our products to the household market are also expected to grow over the prior year as more consumer marketers search for innovative dispensing systems for their products. Sales of our product to our main three markets (fragrance/cosmetic, personal care and pharmacy) are all expected to increase modestly over the prior year. We are anticipating diluted earnings per share for the first quarter of 2004 to equal or slightly exceed the \$.53 per share recorded in the prior year.

Pricing continues to be extremely competitive in most of the markets we serve, in particular in the low-end fragrance/cosmetic market and the dispensing closure product range. We continue to see both direct and indirect competition coming from Asian suppliers. Directly, Asian suppliers are importing their spray pumps directly into the U.S. market and we are beginning to see this occur in Western Europe as well. Indirectly, some of our fragrance marketers are beginning to source their manufacturing requirements including filling of their product in Asia and importing their product back into the U.S. Should this trend continue, the size of our market that we serve may begin to decline in the U.S.

We are anticipating gains in productivity and cost savings to partially offset any further price declines in the market. Should we be unable to attain these productivity gains and cost savings, our results could be negatively impacted.

The Euro has strengthened significantly compared to the U.S. dollar in the fourth quarter of 2003 and this strength has continued into the first quarter of 2004. Since a majority of our sales are denominated in Euros, the strengthening Euro will have a positive impact on the translation of our Euro denominated financial statements into U.S. dollars. However, as we have mentioned before, we are a net importer of products produced in European countries with Euro based costs, into the U.S. and sold in U.S. dollars. The strengthening Euro compared to the U.S. dollar makes imported European produced products more expensive thereby reducing operating margins. The net impact of the strengthening Euro is difficult to predict or estimate, but it is likely that any positive impact achieved from translating Euro denominated financial statements into U.S. dollars may be offset by the reduction in operating margins on imported products. Using our 2003 results as a baseline and in light of the 2003 average Euro/U.S. Dollar exchange rate of \$1.13, the following table outlines a rough estimation of the impact that a strengthening Euro might have on our results in 2004:

Euro/Dollar rate	\$1.25	\$1.30	\$1.35	\$1.40
% increase in sales	4.7%	7.1%	9.4%	11.8%
Decrease in EPS	\$.01	\$.02	\$.03	\$.04
Negative impact on operating margins	.5%	.8%	1.0%	1.3%

We are expecting to spend approximately \$3.5 million in additional research and development expense to develop the DPI technology we acquired in 2003. We are not anticipating any sales of DPI related products in 2004.

We expect the annual effective tax rate for 2004 to be in the range of 31% to 32% compared to a rate of 32.1% for 2003, reflecting potential recovery of additional research and development credits of between \$1.5 and \$2.0 million for the years 2000 to 2002. The quarterly tax rate in 2004 will vary depending upon when certain prior year research and development credits are realized.

We expect resin prices to increase in 2004. Should raw material costs increase dramatically in 2004, this could have a negative impact on the anticipated results if delays or difficulties are encountered in passing through these additional costs to customers.

We use specific plastic resin for certain of our pharmaceutical products. These specific resins need to be approved by the customers and by the Food and Drug Administration (FDA) in the United States when the customer is obtaining approval to market its product. Should these plastic resins become unavailable to purchase on the market,

[Table of Contents](#)

we could suffer a delay in shipping product to pharmaceutical customers. We are not aware of any potential shortages of specific resins used in the pharmaceutical market for the foreseeable future.

Due to the relatively high fixed cost nature of our business, sudden significant decreases in business may have a significant impact on our results of operations, as seen in the fragrance/cosmetic industry in 2002 and late 2001. Due to the fixed cost nature of our businesses, particularly in Europe, it is difficult to reduce costs fast enough to offset the decline in business.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis and certain other sections of this Form 10-K contain forward-looking statements that involve a number of risks and uncertainties. Words such as "expects," "anticipates," "believes," "estimates," and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could" are intended to identify such forward-looking statements. Forward-looking statements are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are based on our beliefs as well as assumptions made by and information currently available to us. Accordingly, our actual results may differ materially from those expressed or implied in such forward-looking statements due to known or unknown risks and uncertainties that exist in our operations and business environment, including but not limited to:

- difficulties in product development and uncertainties related to the timing or outcome of product development;
- direct or indirect consequences of acts of war or terrorism;
- difficulties in complying with government regulation including tax rate policies;
- competition and technological change;
- our ability to defend our intellectual property rights;
- the failure by us to produce anticipated cost savings or improve productivity;
- the timing and magnitude of capital expenditures;
- our ability to identify potential acquisitions and to successfully acquire and integrate such operations or products;
- significant fluctuations in currency exchange rates;
- significant fluctuations in interest rates;
- economic and market conditions in the United States, Europe and the rest of the world;
- changes in customer spending levels;
- the demand for existing and new products;
- the cost and availability of raw materials;
- other risks associated with our operations.

Although we believe that our forward-looking statements are based on reasonable assumptions, there can be no assurance that actual results, performance or achievements will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISKS

A significant number of our operations are located outside of the United States. Because of this, movements in exchange rates may have a significant impact on the translation of the financial condition and results of operations of our entities. Our primary foreign exchange exposure is to the Euro, but we also have foreign exchange exposure to South American and Asian currencies, among others. A weakening U.S. dollar relative to foreign currencies has an additive translation effect on our financial condition and results of operations. Conversely, a strengthening U.S. dollar has a dilutive effect.

Additionally, in some cases, we sell products denominated in a currency different from the currency in which the related costs are incurred. Any changes in exchange rates on such inter-country sales may impact our results of operations.

We manage our exposures to foreign exchange principally with forward exchange contracts to hedge certain firm purchase and sales commitments and intercompany cash transactions denominated in foreign currencies.

[Table of Contents](#)

The table below provides information, as of December 31, 2003, about our forward currency exchange contracts. All the contracts expire before the end of the third quarter of 2004.

In thousands

	Year Ended December 31, 2003		Average Contractual Exchange Rate
	Buy/Sell	Contract Amount	
Euro/ U.S. Dollar		\$ 21,780	1.1733
Euro/ Japanese Yen		5,698	129.8516
Euro/ British Pound		3,551	.7010
Euro/ Indonesian Rupiah		1,132	10510.0000
Euro/ Brazilian Real		629	3.8590
U.S. Dollar/ Japanese Yen		600	114.8000
Euro/ Chinese Yuan		499	8.4959
Euro/ Russian Ruble		440	36.1000
Euro/ Swiss Franc		122	1.5399
U.S. Dollar/ Australian Dollar		49	1.3667
Euro/ Australian Dollar		19	1.6883
Total		\$ 34,519	

As of December 31, 2003, we have recorded the fair value of foreign currency forward exchange contracts of \$50 thousand in accounts payable and accrued liabilities and \$1.8 million in prepayments and other in the balance sheet. All forward exchange contracts outstanding as of December 31, 2003 had an aggregate contract amount of \$34.5 million.

At December 31, 2003, we had a fixed-to-variable interest rate swap agreement with a notional principal value of \$25 million, which requires us to pay a variable interest rate (which was 1.1% at December 31, 2003) and receive a fixed rate of 6.6%. The variable rate is adjusted semiannually based on London Interbank Offered Rates ("LIBOR"). Variations in market interest rates would produce changes in our net income. If interest rates increase by 100 basis points, net income related to the interest rate swap agreement would decrease by less than \$200, assuming a tax rate of 33%. As of December 31, 2003, we recorded the fair value of the fixed-to-variable interest rate swap agreement of \$3.7 million in miscellaneous other assets with an offsetting adjustment to debt. No gain or loss was recorded in the income statement in 2003 since there was no hedge ineffectiveness.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AptarGroup, Inc.

CONSOLIDATED STATEMENTS OF INCOME

In thousands, except per share amounts

Years Ended December 31,	2003	2002	2001
Net Sales	\$ 1,114,689	\$926,691	\$891,986
Operating Expenses:			
Cost of sales (exclusive of depreciation shown below)	732,038	593,723	562,814
Selling, research & development and administrative	171,604	148,348	146,137
Depreciation and amortization	85,851	72,141	73,584
Acquired research and development charge	1,250	—	—
Strategic Initiative charges	—	1,238	7,583
Patent dispute settlement	—	4,168	—
	990,743	819,618	790,118
Operating Income	123,946	107,073	101,868
Other Income (Expense):			
Interest expense	(9,846)	(10,695)	(15,572)
Interest income	2,945	2,083	1,822
Equity in results of affiliates	928	191	(248)
Minority interests	(250)	167	(564)
Miscellaneous, net	(453)	(461)	1,049
	(6,676)	(8,715)	(13,513)
Income Before Income Taxes	117,270	98,358	88,355
Provision For Income Taxes	37,591	31,711	29,447
Net Income Before Cumulative Effect of a Change In Accounting Principle for Derivative Instruments and Hedging Activities	79,679	66,647	58,908
Cumulative Effect of a Change in Accounting Principle	—	—	(64)
Net Income	\$ 79,679	\$ 66,647	\$ 58,844
Net Income Per Common Share			
Basic	\$ 2.21	\$ 1.86	\$ 1.64
Diluted	\$ 2.16	\$ 1.82	\$ 1.61

See accompanying notes to consolidated financial statements.

AptarGroup, Inc.**CONSOLIDATED BALANCE SHEETS**

In thousands, except per share amounts

December 31,	2003	2002
Assets		
Current Assets:		
Cash and equivalents	\$ 164,982	\$ 90,205
Accounts and notes receivable, less allowance for doubtful accounts of \$9,533 in 2003 and \$8,233 in 2002	231,976	197,881
Inventories	165,207	127,828
Prepayments and other	40,289	31,282
	<u>602,454</u>	<u>447,196</u>
Property, Plant and Equipment:		
Buildings and improvements	167,684	142,667
Machinery and equipment	960,193	806,630
	<u>1,127,877</u>	<u>949,297</u>
Less: Accumulated depreciation	(651,080)	(520,182)
	<u>476,797</u>	<u>429,115</u>
Land	6,634	5,702
	<u>483,431</u>	<u>434,817</u>
Other Assets:		
Investments in affiliates	13,018	10,991
Goodwill	136,660	128,930
Intangible assets	14,692	15,044
Miscellaneous	14,088	10,693
	<u>178,458</u>	<u>165,658</u>
Total Assets	<u>\$ 1,264,343</u>	<u>\$1,047,671</u>

See accompanying notes to consolidated financial statements.

AptarGroup, Inc.**CONSOLIDATED BALANCE SHEETS**

In thousands, except per share amounts

December 31,	2003	2002
Liabilities and Stockholders' Equity		
Current Liabilities:		
Notes payable	\$ 88,871	\$ —
Current maturities of long-term obligations	7,839	7,722
Accounts payable and accrued liabilities	186,510	154,966
	<u>283,220</u>	<u>162,688</u>
Long-Term Obligations	<u>125,196</u>	<u>219,182</u>
Deferred Liabilities and Other:		
Deferred income taxes	39,757	37,855
Retirement and deferred compensation plans	22,577	23,572
Deferred and other non-current liabilities	4,085	4,676
Minority interests	6,457	5,231
	<u>72,876</u>	<u>71,334</u>
Stockholders' Equity:		
Preferred stock, \$.01 par value, 1 million shares authorized, none outstanding	—	—
Common stock, \$.01 par value, 99 million shares authorized, and 37.7 and 37.2 million outstanding in 2003 and 2002, respectively	377	372
Capital in excess of par value	136,710	126,999
Retained earnings	618,547	548,258
Accumulated other comprehensive income	65,708	(46,027)
Less: Treasury stock at cost, 1.4 million and 1.3 million shares in 2003 and 2002, respectively	(38,291)	(35,135)
	<u>783,051</u>	<u>594,467</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,264,343</u>	<u>\$1,047,671</u>

See accompanying notes to consolidated financial statements.

AptarGroup, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands, brackets denote cash outflows

Years Ended December 31,	2003	2002	2001
Cash Flows from Operating Activities:			
Net income	\$ 79,679	\$ 66,647	\$ 58,844
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	83,788	70,533	68,832
Amortization	2,063	1,608	4,752
Provision for bad debts	1,772	2,453	1,879
Strategic Initiative charges	—	1,238	7,583
Minority interests	250	(167)	564
Cumulative effect of accounting change	—	—	64
Deferred income taxes	4,836	6,150	(4,723)
Retirement and deferred compensation plans	(7,068)	3,064	2,255
Equity in results of affiliates in excess of cash distributions received	(928)	(191)	300
Changes in balance sheet items, excluding effects from foreign currency adjustments:			
Accounts and notes receivable	(2,526)	8,765	12,839
Inventories	(18,504)	2,834	(4,766)
Prepaid and other current assets	(7,321)	(4,285)	(3,053)
Accounts payable and accrued liabilities	(2,787)	2,651	(15,942)
Income taxes payable	2,207	(8,919)	(3,405)
Other changes, net	4,319	2,071	2,718
Net cash provided by operations	139,780	154,452	128,741
Cash Flows from Investing Activities:			
Capital expenditures	(77,269)	(89,778)	(92,221)
Disposition of property and equipment	2,027	4,367	1,477
Intangible assets	(156)	(1,307)	(863)
Investments in affiliates	—	—	(69)
Collection (issuance) of notes receivable, net	1,415	(1,019)	314
Net cash used by investing activities	(73,983)	(87,737)	(91,362)
Cash Flows from Financing Activities:			
Proceeds from notes payable	6,686	—	—
Repayments of notes payable	—	(8,512)	(31,087)
Proceeds from long-term obligations	—	184	6,420
Repayments of long-term obligations	(16,688)	(20,441)	(12,380)
Proceeds from cancellation of swap agreement	—	4,038	—
Dividends paid	(9,390)	(8,618)	(7,873)
Proceeds from stock option exercises	9,716	4,075	7,896
Purchase of treasury stock	(3,156)	(5,216)	(4,964)
Net cash used by financing activities	(12,832)	(34,490)	(41,988)
Effect of Exchange Rate Changes on Cash	21,812	9,967	(2,937)
Net increase (decrease) in Cash and Equivalents	74,777	42,192	(7,546)
Cash and Equivalents at Beginning of Period	90,205	48,013	55,559
Cash and Equivalents at End of Period	\$ 164,982	\$ 90,205	\$ 48,013

Supplemental Cash Flow Disclosure:

Interest paid	\$ 9,167	\$ 11,843	\$ 15,963
Income taxes paid	31,116	37,533	39,171
Supplemental Non-cash Financing Activities:			
Capital lease obligations	\$ 2,030	\$ —	\$ 1,967

See accompanying notes to consolidated financial statements.

AptarGroup, Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 Years Ended December 31, 2003, 2002 and 2001

In thousands

	Comprehensive Income	Total Equity	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Common Stock Par Value	Treasury Stock	Capital in Excess of Par Value
Balance — December 31, 2000:		\$ 440,540	\$ 439,258	\$ (89,163)	\$ 366	\$ (24,955)	\$ 115,034
Net income	\$ 58,844	58,844	58,844				
Foreign currency translation adjustments	(23,440)	(23,440)		(23,440)			
Minimum pension liability adjustment, net of tax	(1,799)	(1,799)		(1,799)			
Comprehensive income	<u>\$ 33,605</u>						
Stock option exercises		7,896			4		7,892
Cash dividends declared on common stock		(7,873)	(7,873)				
Treasury stock purchased		(4,964)				(4,964)	
Balance — December 31, 2001:		469,204	490,229	(114,402)	370	(29,919)	122,926
Net income	\$ 66,647	66,647	66,647				
Foreign currency translation adjustments	69,293	69,293		69,293			
Minimum pension liability adjustment, net of tax	(918)	(918)		(918)			
Comprehensive income	<u>\$ 135,022</u>						
Stock option exercises		4,075			2		4,073
Cash dividends declared on common stock		(8,618)	(8,618)				
Treasury stock purchased		(5,216)				(5,216)	
Balance — December 31, 2002:		594,467	548,258	(46,027)	372	(35,135)	126,999
Net income	\$ 79,679	79,679	79,679				
Foreign currency translation adjustments	110,798	110,798		110,798			
Minimum pension liability adjustment, net of tax	937	937		937			
Comprehensive income	<u>\$ 191,414</u>						
Stock option exercises		9,716			5		9,711
Cash dividends declared on common stock		(9,390)	(9,390)				
Treasury stock purchased		(3,156)				(3,156)	
Balance — December 31, 2003:		<u>\$783,051</u>	<u>\$618,547</u>	<u>\$ 65,708</u>	<u>\$ 377</u>	<u>\$ (38,291)</u>	<u>\$ 136,710</u>

See accompanying notes to consolidated financial statements.

29 /ATR

2003 Form 10-K

AptarGroup, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands unless otherwise indicated)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

AptarGroup, Inc. is an international company that designs, manufactures and sells consumer product dispensing systems. The Company focuses on providing value-added components to a variety of global consumer product marketers in the personal care, fragrance/cosmetic, pharmaceutical, household and food/beverage industries. The Company has manufacturing facilities located throughout the world including North America, Europe, Asia and South America.

BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of AptarGroup, Inc. and its subsidiaries. The terms "AptarGroup" or "Company" as used herein refer to AptarGroup, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. Certain previously reported amounts have been reclassified to conform to the current period presentation.

ACCOUNTING ESTIMATES

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). This process requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH MANAGEMENT

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

INVENTORIES

Inventories are stated at cost, which is lower than market. Costs included in inventories are raw materials, direct labor and manufacturing overhead. The costs of certain domestic and foreign inventories are determined by using the last-in, first-out ("LIFO") method, while the remaining inventories are valued using the first-in, first-out (FIFO) method.

INVESTMENTS IN AFFILIATED COMPANIES

The Company accounts for its investments in 20% to 50% owned affiliated companies using the equity method. These investments are in companies that manufacture and distribute products similar to the Company's products. The Company received dividends from affiliated companies of \$139, \$125, and \$52 in 2003, 2002, 2001, respectively.

PROPERTY AND DEPRECIATION

Properties are stated at cost. Depreciation is determined on a straight-line basis over the estimated useful lives for financial reporting purposes and accelerated methods for income tax reporting. Generally, the estimated useful lives are 25 to 40 years for buildings and improvements and 3 to 10 years for machinery and equipment.

FINITE-LIVED INTANGIBLE ASSETS

Finite-lived intangibles, consisting of patents, non-compete agreements and license agreements acquired in purchase transactions, are capitalized and amortized over their useful lives which range from 4 to 20 years.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

Management believes the excess purchase price over the fair value of the net assets acquired ("Goodwill") in purchase transactions has continuing value. It was the Company's policy to amortize such costs over lives ranging from 10 to 40 years using the straight-line method through 2001.

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" in the first quarter of 2002. This statement eliminates the requirement that Goodwill and indefinite lived intangible assets arising from a business combination be amortized and charged to expense over time. Instead, the Goodwill and indefinite lived intangible assets must be tested annually, or as circumstances dictate, for impairment. Management has performed an analysis of the fair values of its reporting units. The fair values of the reporting units exceeded the carrying values and, therefore, no impairment of Goodwill was reported in 2003 or 2002.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, such as property, plant and equipment and finite-lived intangibles, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset (if any) are less than the carrying value of the asset. When impairment is identified, the carrying amount of the asset is reduced to its fair value.

DERIVATIVES INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are recorded in the consolidated balance sheets at fair value as either assets or liabilities. Changes in the fair value of derivatives are recorded in each period in earnings or accumulated other comprehensive income, depending on whether a derivative is designated and effective as part of a hedge transaction.

RESEARCH & DEVELOPMENT EXPENSES

Research and development costs are expensed as incurred. These costs amounted to \$34,714, \$27,720 and \$25,913 in 2003, 2002 and 2001, respectively. The 2003 amount includes \$1,250 of acquired intellectual property (patents, licenses and know how) described in Note 18.

INCOME TAXES

The Company computes taxes on income in accordance with the tax rules and regulations of the many taxing authorities where the income is earned. The income tax rates imposed by these taxing authorities may vary substantially. Taxable income may differ from pretax income for financial accounting purposes. To the extent that these differences create differences between the tax basis of an asset or liability and its reported amount in the financial statements, an appropriate provision for deferred income taxes is made.

The Company has the expressed intention to reinvest the undistributed earnings of its non-U.S. subsidiaries in order to meet the indefinite reversal criteria of APB 23. A provision has not been made for U.S. or additional foreign taxes on \$416,866 of undistributed earnings of non-U.S. subsidiaries. These earnings will continue to be reinvested indefinitely and could become subject to additional tax if they were remitted as dividends or lent to a U.S. affiliate, or if the Company should sell its stock in the subsidiaries. It is not practicable to estimate the amount of additional tax that might be payable on these undistributed non-U.S. earnings. The Company will, however, continue to evaluate annually if it will repatriate non-U.S. subsidiary current year earnings or a portion thereof. The Company also has the intention that any current year or prior year earnings that have not been remitted to the U.S. will continue to be permanently reinvested in non-U.S. countries in order to meet the indefinite reversal criteria of APB 23. In 2003, the Company decided to repatriate a portion of non-U.S. subsidiary current year earnings in 2004. See Note 5 for more information.

TRANSLATION OF FOREIGN CURRENCIES

The functional currencies of all the Company's foreign operations are the local currencies. Assets and liabilities are translated into U.S. dollars at the rates of exchange on the balance sheet date. Sales and expenses are translated at the average rates of exchange prevailing during the year. The related translation adjustments are accumulated in a separate section of stockholders' equity. Realized and unrealized foreign currency transaction gains and losses are reflected in income, as a component of miscellaneous income and expense, and represented a loss of \$490 in 2003, a loss of \$794 in 2002 and a gain of \$91 in 2001.

STOCK BASED COMPENSATION

At December 31, 2003, the Company has stock-based employee compensation plans, which are described more fully in Note 13. The Company accounts for those plans under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," to stock-based employee compensation.

Years Ended December 31,	2003	2002	2001
Net income, as reported	\$ 79,679	\$66,647	\$58,844
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(4,321)	(4,341)	(4,237)
Pro forma net income	\$ 75,358	\$62,306	\$54,607
Earnings per share:			
Basic – as reported	\$ 2.21	\$ 1.86	\$ 1.64
Basic – pro forma	\$ 2.09	\$ 1.73	\$ 1.53
Diluted – as reported	\$ 2.16	\$ 1.82	\$ 1.61
Diluted – pro forma	\$ 2.04	\$ 1.70	\$ 1.49

REVENUE RECOGNITION

Product Sales. The Company's policy is to recognize revenue from product sales when the title and risk of loss has transferred to the customer and the Company has no remaining obligations regarding the transaction. The majority of the Company's products are shipped FOB shipping point and title and risk of loss transfers when the goods leave the Company's shipping location. In some instances (for example, certain cross border shipments) the shipping terms may be FOB destination. In these cases, the Company does not recognize the revenue or invoice the customer until the goods reach the customer's location.

Services and Other. The Company occasionally invoices customers for certain services. The Company also receives revenue from other sources such as exclusive license or royalty agreements. Revenue is recognized when services are rendered or rights to use assets can be reliably measured. Service and other revenue is not material to the Company's results of operations for any of the years presented.

NOTE 2 INVENTORIES

At December 31, 2003 and 2002, approximately 23% of the total inventories are accounted for by the LIFO method. Inventories, by component, consisted of:

	2003	2002
Raw materials	\$ 54,602	\$ 49,372
Work-in-process	39,165	29,752
Finished goods	72,969	49,948
Total	166,736	129,072
Less LIFO reserve	(1,529)	(1,244)
Total	\$ 165,207	\$127,828

NOTE 3 GOODWILL AND OTHER INTANGIBLE ASSETS

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" on January 1, 2002. Pursuant to this standard, the Company completed an assessment of the categorization of its existing intangible assets and goodwill. In addition, the Company completed an analysis of the fair value of its reporting units using both a discounted cash flow analysis and market multiple approach and has determined that the fair value of its reporting units exceeds the carrying values and, therefore, no impairment of goodwill needs to be recorded. Also pursuant to the standard, the Company ceased recording goodwill and indefinite-lived intangible asset amortization in 2002. The table below shows income before income taxes, net income and earnings per share amounts for the twelve months ended

[Table of Contents](#)

December 31, 2003, 2002 and 2001, adjusted to add back goodwill amortization and related tax effects for the year 2001.

Years Ended December 31,	2003	2002	2001
Reported income before income taxes	\$ 117,270	\$ 98,358	\$ 88,355
Add back: Goodwill amortization	—	—	3,646
Adjusted income before income taxes	\$ 117,270	\$ 98,358	\$ 92,001
Reported net income	\$ 79,679	\$ 66,647	\$ 58,844
Add back: After-tax impact of goodwill amortization	—	—	3,470
Adjusted net income	\$ 79,679	\$ 66,647	\$ 62,314
Basic earnings per share:			
Reported net income	\$ 2.21	\$ 1.86	\$ 1.64
Goodwill amortization	—	—	.10
Adjusted net income	\$ 2.21	\$ 1.86	\$ 1.74
Diluted earnings per share:			
Reported net income	\$ 2.16	\$ 1.82	\$ 1.61
Goodwill amortization	—	—	.10
Adjusted net income	\$ 2.16	\$ 1.82	\$ 1.71

The table below shows a summary of intangible assets for the years ended December 31, 2003 and 2002.

	Weighted Average Amortization Period	2003			2002		
		Gross Carrying Amount	Accumulated Amortization	Net Value	Gross Carrying Amount	Accumulated Amortization	Net Value
Amortized intangible assets:							
Patents	15	\$ 16,625	\$ (5,908)	\$ 10,717	\$ 14,619	\$ (4,234)	\$ 10,385
License agreements, organization costs and other	6	7,485	(4,043)	3,442	6,338	(3,074)	3,264
	12	24,110	(9,951)	14,159	20,957	(7,308)	13,649
Unamortized intangible assets:							
Trademarks		470	—	470	396	—	396
Minimum pension liability		63	—	63	999	—	999
		533	—	533	1,395	—	1,395
Total intangible assets		\$ 24,643	\$ (9,951)	\$ 14,692	\$ 22,352	\$ (7,308)	\$ 15,044

Aggregate amortization expense for the intangible assets above for the years ended December 31, 2003, 2002 and 2001 was \$2,064, \$1,608 and \$1,106, respectively.

Estimated amortization expense for the years ending December 31 is as follows:

2004	\$ 2,045
2005	1,948
2006	1,565
2007	1,565
2008	1,553

[Table of Contents](#)

Future amortization expense may fluctuate depending on changes in foreign currency rates. The estimates for amortization expense noted above are based upon foreign exchange rates as of December 31, 2003.

The changes in the carrying amount of goodwill for the year ended December 31, 2003, are as follows by reporting segment:

	Dispensing Systems Segment	SeaquistPerfect Segment	Total
Balance as of January 1, 2003	\$ 127,070	\$ 1,860	\$128,930
Foreign currency exchange effects	7,730	—	7,730
Balance as of December 31, 2003	\$ 134,800	\$ 1,860	\$136,660

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At December 31, 2003 and 2002, accounts payable and accrued liabilities consisted of the following:

	2003	2002
Accounts payable, principally trade	\$ 89,254	\$ 84,179
Accrued employee compensation costs	45,335	37,665
Other accrued liabilities	51,921	33,122
Total	\$186,510	\$154,966

NOTE 5 INCOME TAXES

Income before income taxes consists of:

Years Ended December 31,	2003	2002	2001
Domestic	\$ 21,122	\$20,033	\$ 6,174
Foreign	96,148	78,325	82,181
Total	\$117,270	\$98,358	\$88,355

The provision for income taxes is comprised of:

Years Ended December 31,	2003	2002	2001
Current:			
Federal	\$ 1,151	\$ 3,866	\$ 5,953
State/ Local	746	736	1,264
Foreign	30,858	20,959	26,953
	32,755	25,561	34,170
Deferred:			
Federal/ State	4,911	4,364	(4,247)
Foreign	(75)	1,786	(476)
	4,836	6,150	(4,723)
Total	\$37,591	\$31,711	\$29,447

[Table of Contents](#)

The difference between the actual income tax provision and the tax provision computed by applying the statutory federal income tax rate of 35.0% in 2003, 2002 and 2001 to income before income taxes is as follows:

Years Ended December 31,	2003	2002	2001
Income tax at statutory rate	\$ 41,044	\$34,425	\$30,924
State income taxes, net of federal benefit	485	478	879
U.S. research & development credits	(700)	—	—
Provision for distribution of foreign earnings	4,382	—	—
Resolution of foreign tax matters	(2,248)	—	—
Rate differential on earnings of foreign operations	(5,003)	(4,669)	(2,286)
Other items, net	(369)	1,477	(70)
Actual income tax provision	\$ 37,591	\$ 31,711	\$29,447
Effective income tax rate	32.1%	32.2%	33.3%

During 2003, the Company determined that U.S. and state tax refund claims were available for research & development expenditures incurred by the Company beginning in 1999. The Company received a tax refund related to 1999 for approximately \$500 and provided for a \$200 credit related to the 2003 tax year during the year. There are additional refund claims for 2000 through 2002, which may total \$1,500 - \$2,000 when filed, have the potential to be recognized in 2004, which may result in a reduction of our 2004 income tax provision. In addition, we resolved certain foreign tax matters resulting in a reduction of \$2,248 of tax liabilities that were previously recorded.

Significant deferred tax assets and liabilities as of December 31, 2003 and 2002 are comprised of the following temporary differences:

	2003	2002
Deferred Tax Assets:		
Accruals	\$ 8,270	\$ 7,547
Net operating loss carryforwards	355	1,346
Asset bases differentials	1,546	1,136
Other	1,816	5,303
Total deferred tax assets	11,987	15,332
Deferred Tax Liabilities:		
Depreciation	37,780	33,742
Leases	5,711	4,371
Undistributed earnings of foreign subsidiaries	4,382	—
Other	4,715	5,245
Total deferred tax liabilities	52,588	43,358
Net deferred tax liabilities	\$ 40,601	\$28,026

On December 31, 2003, the Company had foreign tax loss carryforwards of approximately \$1.9 million. There is an indefinite carryforward period related to \$1.5 million, the remaining balance of \$420 expires beginning in 2004 through 2008. Based upon the level of historical taxable income, projected future taxable income, and the timing of the reversal of existing deferred tax liabilities, management believes it is more likely than not that the Company will realize the benefits of these deferred assets. Accordingly, no deferred tax asset valuation allowance was recorded at December 31, 2003 or 2002.

During 2003, the Company provided for additional taxes on a portion of 2003 unremitted foreign earnings. This provision, net of applicable credits, was \$4,400. It is management's intention that these earnings will be remitted during 2004. The remainder of 2003 foreign earnings is expected to be permanently reinvested. With the distribution, the negative tax consequences of the Company's overall foreign loss ("OFL") will be eliminated. The OFL was approximately \$8 million at both December 31, 2003 and December 31, 2002.

The Company has not provided for taxes on certain tax-deferred income of a foreign operation. The income arose predominately from government grants. Taxes of approximately \$1.8 million would become payable in the event the income would be distributed.

NOTE 6 DEBT

The average annual interest rate on short-term notes payable under unsecured lines of credit was approximately 2.5% and 2.9% for 2003 and 2002, respectively. There are no compensating balance requirements associated with short-term borrowings. At December 2003 and 2002, the Company had an unsecured multi-year, revolving credit agreement allowing borrowings of up to \$100 million. Under this credit agreement, interest on borrowings was payable at a rate equal to London Interbank Offered Rates ("LIBOR") plus an amount based on the financial condition of the Company. The Company was required to pay a fee for the unused portion of the commitment. Such payments in 2003, 2002 and 2001 were not significant. The amount used under this agreement was \$78.0 million and \$73.0 million at December 31, 2003 and 2002, respectively. The credit available under the revolving credit agreement provided management with the ability to refinance certain short-term obligations on a long-term basis in 2002. Since management had the ability and intent to do so, short-term obligations of \$73.0 million have been recorded as long-term obligations and an additional \$12.5 million of short-term debt obligations have been reclassified as long-term obligations as of December 31, 2002. The agreement would have expired on June 30, 2004. Accordingly, in February of 2004, the Company entered into a five year \$150 million revolving credit facility (the "New Credit Facility") and terminated the facility that was scheduled to expire on June 30, 2004. The New Credit Facility contains substantially similar terms as the expiring facility.

The revolving credit and the senior unsecured debt agreements contain covenants, with which the Company is in compliance, that include certain financial tests, including minimum interest coverage, net worth and maximum borrowings.

At December 31, the Company's long-term obligations consisted of the following:

	2003	2002
Borrowing under revolving credit agreement 1.8%	\$ —	\$ 73,000
Notes payable 0.5% - 2.4%, due in monthly and annual installments through 2009	1,854	4,615
Senior unsecured debt 7.1%, due in installments through 2005	7,143	10,714
Senior unsecured notes 6.6%, due in equal annual installments through 2011	110,703	111,558
Mortgages payable 2.1% - 5.7%, due in monthly and annual installments through 2008	2,901	4,218
Capital lease obligations	10,434	10,279
	133,035	214,384
Reclass of short-term obligations	—	12,520
Current maturities of long-term obligations	(7,839)	(7,722)
Total long-term obligations	\$ 125,196	\$ 219,182

All of the mortgages are payable by foreign subsidiaries to foreign banks. Interest rates on such borrowings vary due to differing market conditions in the countries in which such debt has been incurred. Mortgages payable are secured by the properties or assets for which the debt was obtained. Based on the borrowing rates currently available to the Company for long-term obligations with similar terms and average maturities, the fair value of the Company's long-term obligations approximates its book value.

Aggregate long-term maturities, excluding capital lease obligations, due annually for the five years and thereafter beginning in 2004 are \$5,441, \$4,395, \$359, \$21,737 \$21,637 and \$69,031 thereafter.

NOTE 7 LEASE COMMITMENTS

The Company leases certain warehouse, plant, and office facilities as well as certain equipment under noncancelable operating and capital leases expiring at various dates through the year 2018. Most of the operating leases contain renewal options and certain equipment leases include options to purchase during or at the end of the lease term. The Company has an option on one building lease to purchase the building during or at the end of the term of the lease at approximately the amount expended by the lessor for the purchase of the building and improvements. If the Company does not exercise the purchase option by the end of the lease in 2006, the Company would be required to pay an amount not to exceed \$9.5 million. Amortization expense related to capital leases is included in depreciation expense. Rent expense under operating leases (including taxes, insurance and maintenance when included in the rent) amounted to \$15,839, \$13,634 and \$13,370 in 2003, 2002 and 2001, respectively.

[Table of Contents](#)

Assets recorded under capital leases consist of:

	2003	2002
Buildings	\$ 23,228	\$ 19,782
Machinery and equipment	12,627	9,073
	<u>35,855</u>	<u>28,855</u>
Accumulated depreciation	(19,300)	(15,183)
	<u>\$ 16,555</u>	<u>\$ 13,672</u>

Future minimum payments, by year and in the aggregate, under the capital leases and noncancelable operating leases with initial or remaining terms of one year or more consisted of the following at December 31, 2003:

	Capital Leases	Operating Leases
2004	\$ 2,929	\$ 8,488
2005	3,081	7,414
2006	1,584	14,672
2007	1,223	3,479
2008	1,106	2,018
Subsequent to 2008	2,156	3,841
	<u>12,079</u>	<u>\$39,912</u>
Total minimum lease payments	12,079	\$39,912
Amounts representing interest	(1,645)	
	<u>10,434</u>	
Present value of future minimum lease payments	10,434	
Less amount due in one year	(2,398)	
	<u>\$ 8,036</u>	
Total	\$ 8,036	

NOTE 8 RETIREMENT AND DEFERRED COMPENSATION PLANS

The Company has various noncontributory retirement plans covering certain of its domestic and foreign employees. Benefits under the Company's retirement plans are based on participants' years of service and annual compensation as defined by each plan. Annual cash contributions to fund pension costs accrued under the Company's domestic plans are generally equal to the minimum funding amounts required by the Employee Retirement Income Security Act of 1974 (ERISA). Certain pension commitments under its foreign plans are also funded according to local requirements.

[Table of Contents](#)

Following is information concerning the Company's domestic and foreign plans:

	Domestic Plans		Foreign Plans	
	2003	2002	2003	2002
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 29,802	\$ 23,606	\$ 18,979	\$ 14,485
Service cost	2,808	1,905	789	994
Interest cost	1,827	1,544	1,037	1,008
Actuarial loss/(gain)	3,542	3,516	(457)	223
Benefits paid	(559)	(769)	(621)	(489)
Foreign currency translation adjustment	—	—	3,837	2,758
Benefit obligation at end of year	\$ 37,420	\$ 29,802	\$ 23,564	\$ 18,979
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 18,714	\$ 21,868	\$ 3,854	\$ 2,615
Actual return on plan assets	5,050	(2,989)	143	(115)
Employer contribution	8,915	604	1,921	889
Benefits paid	(559)	(769)	(621)	(77)
Foreign currency translation adjustment	—	—	923	542
Fair value of plan assets at end of year	\$ 32,120	\$ 18,714	\$ 6,220	\$ 3,854
Funded status	\$ (5,300)	\$ (11,088)	\$ (17,344)	\$ (15,125)
Unrecognized net actuarial loss	7,424	7,328	4,675	4,567
Unrecognized prior service cost	60	83	1,050	981
Accrued benefit cost before minimum pension liability adjustment	\$ 2,184	\$ (3,677)	\$ (11,619)	\$ (9,577)
Additional minimum pension liability adjustment	—	(1,495)	(3,294)	(3,809)
Prepaid (accrued) benefit cost included in the balance sheet	\$ 2,184	\$ (5,172)	\$ (14,913)	\$ (13,386)
Amounts included in the balance sheet consist of:				
Prepaid (accrued) benefit cost	\$ 2,184	\$ (5,172)	\$ (14,913)	\$ (13,386)
Intangible asset	—	173	443	826
Accumulated other comprehensive loss (before tax effect)	—	1,322	2,851	2,983
Net prepaid (accrued) benefit cost included in the balance sheet	\$ 2,184	\$ (3,677)	\$ (11,619)	\$ (9,577)

Components of net periodic benefit cost:

	Domestic Plans		
	2003	2002	2001
Service cost	\$ 2,808	\$ 1,905	\$ 1,727
Interest cost	1,827	1,544	1,386
Expected return on plan assets	(1,663)	(1,773)	(1,658)
Amortization of prior service cost	22	22	18
Amortization of net (gain) loss	59	1	—
Net periodic benefit cost	\$ 3,053	\$ 1,699	\$ 1,473

	Foreign Plans		
	2003	2002	2001
Service cost	\$ 789	\$ 994	\$ 406
Interest cost	1,037	1,008	673
Expected return on plan assets	(266)	(181)	(153)
Amortization of prior service cost	107	94	50
Amortization of net (gain) loss	281	320	34
Net periodic benefit cost	\$ 1,948	\$ 2,235	\$ 1,010

The accumulated benefit obligation for the Company's domestic defined benefit pension plans was \$29.9 million and \$23.7 million at December 31, 2003 and 2002, respectively. The domestic pension plans did not have accumulated benefit obligations in excess of plan assets at December 31, 2003. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for domestic plans with accumulated benefit obligations in excess of plan assets at December 31, 2002 were \$28.9 million, \$23.0 million and \$18.7 million, respectively.

The accumulated benefit obligation for the Company's foreign defined benefit pension plans was \$20.2 million and \$16.1 million at December 31, 2003 and 2002, respectively. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for foreign plans with accumulated benefit obligations in excess of plan assets at December 31, 2003 were \$17.7 million, \$16.2 million and \$1.2 million, respectively. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for foreign plans with accumulated benefit obligations in excess of plan assets at December 31, 2002 were \$14.9 million, \$13.4 million and \$0.6 million, respectively. Although the proceeds of certain insurance contracts related to the Company's foreign plans could be used to partially offset pension commitments, the values of these contracts are not included in the Company's plan asset totals shown above.

Assumptions:

	Domestic Plans		Foreign Plans	
	2003	2002	2003	2002
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate	5.90%	6.25%	5.35%	5.35%
Rate of compensation increase	4.50%	4.50%	3.00%	3.00%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:				
Discount rate	6.25%	6.75%	5.35%	5.50%
Expected long-term return on plan assets	7.50%	8.25%	6.50%	6.50%
Rate of compensation increase	4.50%	4.75%	3.00%	3.00%

The Company develops the expected long-term rate of return assumptions based on historical experience and by evaluating input from the plans' asset managers, including the managers' review of asset class return expectations and benchmarks, economic indicators and long-term inflation assumptions.

[Table of Contents](#)

The Company's domestic and foreign pension plan weighted-average asset allocations at December 31, 2003 and 2002 by asset category are as follows:

Plan Assets:				
	Domestic Plan Assets at December 31,		Foreign Plan Assets at December 31,	
	2003	2002	2003	2002
Equity securities	60%	63%	45%	38%
Fixed income securities	40%	34%	50%	56%
Cash/real estate		3%	5%	6%
Total	100%	100%	100%	100%

The Company's investment strategy for its domestic and foreign pension plans is to maximize the long-term rate of return on plan assets within an acceptable level of risk. The investment policy strives to have assets sufficiently diversified so that adverse or unexpected results from one security type will not have an unduly detrimental impact on the entire portfolio and accordingly, establishes a target allocation for each asset category within the portfolio. The domestic plan asset allocation is reviewed on a quarterly basis and the foreign plan asset allocation is reviewed annually. Rebalancing occurs as needed to comply with the investment strategy. The domestic plan target allocation for 2004 is 60% equity securities and 40% fixed income securities. The foreign plan target allocation for 2004 is 42% equity securities, 52% fixed income securities and 6% real estate.

CONTRIBUTIONS

While annual cash contributions to fund pension costs accrued under the Company's domestic plans are generally equal to the minimum funding amounts required by ERISA, the Company decided to fully fund the accumulated benefit obligation as of December 31, 2003. In addition to the annual minimum funding requirement of \$1.3 million, the Company funded an additional \$7.6 million, which corresponds to a full funding limit after taking into consideration the current pension plan assumptions. The Company does not expect to contribute to its domestic defined benefit plans in 2004. Contributions to fund pension costs accrued under the Company's foreign plans are made in accordance with local laws. The Company expects to contribute approximately \$1.6 million to its foreign defined benefit plans in 2004.

OTHER PLANS

The Company has a non-qualified supplemental pension plan for domestic employees which provides for pension amounts that would have been payable from the Company's principal pension plan if it were not for limitations imposed by income tax regulations. The liability for this plan was \$1.0 million and \$0.9 million at December 31, 2003 and 2002, respectively. This amount is included in the liability for domestic plans shown above.

The Company has a defined contribution 401(k) employee savings plan available to substantially all domestic employees. Company matching contributions are made in cash up to a maximum of 3% of the participating employee's salary subject to income tax regulations. For each of the years ended December 31, 2003, 2002 and 2001, total contributions made by the Company were approximately \$1.4 million.

The Company also has unfunded retirement compensation arrangements with certain former employees. The cost of these retirement agreements was provided ratably over the employees' active employment. The Company has no additional domestic postretirement or postemployment benefit plans.

NOTE 9 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Effective January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its related amendment SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." These standards require that all derivative financial instruments be recorded in the consolidated balance sheets at fair value as either assets or liabilities. Changes in the fair value of derivatives are recorded in each period in earnings or accumulated other comprehensive income, depending on whether a derivative is designated and effective as part of a hedge transaction.

[Table of Contents](#)

In accordance with the transition provisions of SFAS No. 133, the Company recorded the following cumulative effect adjustment in earnings as of January 1, 2001:

Related to designated fair value hedging relationships:	
Fair value of interest rate swaps	\$ 1,868
Offsetting changes in fair value of debt	(1,868)
Related to foreign currency forward exchange contracts:	
Fair value of foreign currency forward exchange contracts	(965)
Previously deferred gains and losses	1,027
Related to cross currency swap:	
Fair value of cross currency swap	1,436
Previously deferred gains and losses	(1,576)
Tax effect on above items	14
<hr/>	
Total cumulative effect of adoption on net income for 2001	\$ (64)

The Company maintains a foreign exchange risk management policy designed to establish a framework to protect the value of the Company's non-functional denominated transactions from adverse changes in exchange rates. Sales of the Company's products can be denominated in a currency different from the currency in which the related costs to produce the product are denominated. Changes in exchange rates on such inter-country sales impact the Company's results of operations. The Company's policy is not to engage in speculative foreign currency hedging activities, but to minimize its net foreign currency transaction exposure defined as firm commitments and transactions recorded and denominated in currencies other than the functional currency. The Company may use foreign currency forward exchange contracts, options and cross currency swaps to hedge these risks.

The Company maintains an interest rate risk management strategy to minimize significant, unanticipated earnings fluctuations that may arise from volatility in interest rates.

For derivative instruments designated as hedges, the Company formally documents the nature and relationships between the hedging instruments and the hedged items, as well as the risk management objectives, strategies for undertaking the various hedge transactions, and the method of assessing hedge effectiveness. Additionally, in order to designate any derivative instrument as a hedge of an anticipated transaction, the significant characteristics and expected terms of any anticipated transaction must be specifically identified, and it must be probable that the anticipated transaction will occur.

FAIR VALUE HEDGES

The Company has an interest rate swap to convert a portion of its fixed-rate debt into variable-rate debt. Under the interest rate swap contract, the Company exchanges, at specified intervals, the difference between fixed-rate and floating-rate amounts, which are calculated based on an agreed upon notional amount.

As of December 31, 2003, the Company has recorded the fair value of derivative instruments of \$3.7 million in miscellaneous other assets with an offsetting adjustment to debt related to a fixed-to-variable interest rate swap agreement with a notional principal value of \$25 million. No gain or loss was recorded in the income statement in 2003 since there was no hedge ineffectiveness.

In 2002, the Company canceled an interest rate swap agreement, which had a notional amount of \$25 million. The cancellation of the interest rate swap agreement netted the company approximately \$4.0 million. The net economic effect of canceling the swap agreement converted a variable interest rate on \$25 million of debt to an effective fixed interest rate of 3.8%.

CASH FLOW HEDGES

The Company did not use any cash flow hedges in 2003.

HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

A significant number of the Company's operations are located outside of the United States. Because of this, movements in exchange rates may have a significant impact on the translation of the financial condition and results of operations of the Company's foreign entities. A weakening U.S. dollar relative to foreign currencies has an additive translation effect on the Company's financial condition and results of operations. Conversely, a strengthening U.S. dollar has a dilutive effect. The Company in some cases maintains debt in these subsidiaries to offset the net asset exposure. The Company does not otherwise actively manage this risk using derivative financial instruments. In the event the Company plans on a full or partial liquidation of any of its foreign subsidiaries where the Company's net investment is likely to be monetized, the Company will consider hedging the currency exposure associated with such a transaction.

OTHER

As of December 31, 2003, the Company has recorded the fair value of foreign currency forward exchange contracts of \$50 thousand in accounts payable and accrued liabilities and \$1.8 million in prepayments and other in the balance sheet. All forward exchange contracts outstanding as of December 31, 2003 had an aggregate contract amount of \$34.5 million.

NOTE 10 CONTINGENCIES

The Company, in the normal course of business, is subject to a number of lawsuits and claims both actual and potential in nature. Management believes the resolution of these claims and lawsuits will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 11 PREFERRED STOCK PURCHASE RIGHTS

The Company has a preferred stock purchase rights plan (the "Rights Plan") and each share of common stock has one preferred share purchase right (a "Right"). Under the terms of the Rights Plan, if a person or group acquires 15% or more of the outstanding common stock, each Right will entitle its holder (other than such person or members of such group) to purchase, at the Right's then current exercise price, a number of shares of the Company's common stock having a market value of twice such price. In addition, under certain circumstances if the Company is acquired in a merger or other business combination transaction, each Right will entitle its holder to purchase, at the Right's then current exercise price, a number of the acquiring company's common shares having a market value of twice such price.

Each Right entitles the holder under certain circumstances to buy one one-thousandth of a share of Series B junior participating preferred stock, par value \$.01 per share, at an exercise price of \$150. Each share of Series B junior participating preferred stock will entitle its holder to 1,000 votes and will have a minimum preferential quarterly dividend payment equal to the greater of \$1 per share or 1,000 times the amount paid to holders of common stock. Currently, 99,000 shares of Series B junior participating preferred stock have been reserved. The Rights will expire on April 7, 2013, unless previously exercised or redeemed at the option of the Board of Directors for \$.01 per Right.

NOTE 12 STOCK REPURCHASE PROGRAM

The Board of Directors authorized the repurchase of a maximum of three million shares of the Company's outstanding common stock. The timing of and total amount expended for the share repurchase program depends upon market conditions. The cumulative total number of shares repurchased at December 31, 2003 was 1.4 million shares for an aggregate amount of \$38,291.

NOTE 13 STOCK BASED COMPENSATION

At December 31, 2003, the Company has fixed stock-based compensation plans. The weighted-average fair value of stock options granted under the Stock Awards Plans was \$11.04, \$11.45 and \$11.82 per share in 2003, 2002 and 2001, respectively. These values were estimated on the respective dates of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2003	2002	2001
Stock Awards Plans:			
Dividend Yield	.7%	.7%	.7%
Expected Stock Price Volatility	29.9%	28.8%	33.0%
Risk-free Interest Rate	3.7%	4.9%	5.2%
Expected Life of Option (years)	7.0	7.0	7.0

The fair value of stock options granted under the Director Stock Option Plans in 2003 and 2001 was \$12.14 and \$14.32 per share, respectively. There was no activity in the Director Stock Option Plans in 2002. These values were

[Table of Contents](#)

estimated on the respective dates of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2003	2002	2001
Director Stock Option Plans:			
Dividend Yield	.8%	—	.8%
Expected Stock Price Volatility	29.4%	—	32.4%
Risk-free Interest Rate	3.4%	—	5.4%
Expected Life of Option (years)	7.0	—	7.0

Under the Stock Awards Plans, the Company may grant stock options, stock appreciation rights, restricted stock and other stock awards to employees. The combined maximum number of shares, authorized under these plans, is 6 million. Options granted under these plans become exercisable annually over a three year period and expire ten years after the grant date. Director Stock Option Plans provide for the award of stock options to non-employee Directors who have not previously been awarded options. The combined maximum number of shares authorized under these plans is 240 thousand. Options granted under these plans become exercisable over a three year period and expire ten years after the grant date.

A summary of the status of the Company's stock option plans as of December 31, 2003, 2002 and 2001, and changes during the years ended on those dates is presented below:

	Stock Awards Plans		Director Stock Option Plans	
	Shares	Option Price Per Share	Shares	Option Price Per Share
Outstanding, January 1, 2001	2,975,360	\$9.19 - \$28.25	82,000	\$9.19 - \$32.38
Granted	534,100	\$28.06 - \$33.27	48,000	\$34.40
Exercised	(381,108)	\$9.19 - \$27.19	(30,000)	\$9.19 - \$20.88
Canceled	(29,255)	\$9.19 - \$28.06	—	
Outstanding, December 31, 2001	3,099,097	\$9.19 - \$33.27	100,000	\$9.19 - \$34.40
Granted	578,600	\$27.52 - \$29.91	—	
Exercised	(193,454)	\$9.19 - \$28.06	—	
Canceled	(10,799)	\$22.75 - \$29.91	—	
Outstanding, December 31, 2002	3,473,444	\$9.19 - \$33.27	100,000	\$9.19 - \$34.40
Granted	597,550	\$30.25 - \$37.63	4,000	\$35.02
Exercised	(445,366)	\$9.19 - \$30.25	(20,000)	\$9.19 - \$27.38
Canceled	(34,928)	\$9.19 - \$30.25	—	
Outstanding, December 31, 2003	3,590,700	\$10.31 - \$37.63	84,000	\$9.19 - \$35.02
Options Exercisable:				
December 31, 2001	2,053,301		64,000	
December 31, 2002	2,378,449		76,000	
December 31, 2003	2,467,575		70,000	
Available For Future Grants:				
December 31, 2001	1,917,412		32,000	
December 31, 2002	1,340,309		32,000	
December 31, 2003	747,411		28,000	

[Table of Contents](#)

The following table summarizes information about stock options outstanding at December 31, 2003:

Year Granted	Options Outstanding			Options Exercisable	
	Shares Outstanding at Year-End	Weighted-Average Remaining Life	Weighted-Average Exercise Price	Shares Exercisable at Year-end	Weighted-Average Exercise Price
Stock Awards Plans:					
1994	6,930	.1	10.31	6,930	10.31
1995	177,464	1.1	13.87	177,464	13.87
1996	204,668	2.1	18.00	204,668	18.00
1997	244,936	3.1	16.86	244,936	16.85
1998	404,300	4.1	24.91	404,300	24.91
1999	462,717	5.1	27.12	462,717	27.12
2000	460,235	6.1	22.76	460,235	22.76
2001	486,698	7.1	28.07	322,511	28.07
2002	551,702	8.1	29.91	183,814	29.91
2003	591,050	9.1	30.30	—	—
	3,590,700	6.0	\$ 25.49	2,467,575	\$ 23.50
Director Stock Option Plans:					
1997	22,000	3.4	20.88	22,000	20.88
1998	6,000	4.4	32.38	6,000	32.38
1999	4,000	5.4	29.50	4,000	29.50
2001	48,000	7.4	34.40	36,000	34.40
2003	4,000	9.4	35.02	2,000	35.02
	84,000	6.1	\$ 30.51	70,000	\$ 30.51

Restricted stock awards totaling 30,276 shares at a fair market value of \$26.81 per share in 2003, 11,377 shares at a fair market value of \$33.00 per share in 2002 and 13,278 shares at a fair market value of \$22.88 per share in 2001 were issued under the Stock Awards Plans. Compensation expense for the vesting of these restricted stock awards was \$500, \$397 and \$337 for the years 2003, 2002 and 2001, respectively. These shares vest equally over three years and do not have voting or dividend rights prior to vesting. Amounts available for future stock option grants under the Stock Awards Plans have been reduced by restricted stock awards.

NOTE 14 STRATEGIC INITIATIVE CHARGES

As of December 31, 2002, the Company essentially completed a project ("Strategic Initiative") started in 2001 that was targeted to improve the efficiency of operations that produced pumps for its mass-market fragrance/cosmetic and personal care customers. In addition to improving efficiency and reducing costs, another objective of the Strategic Initiative was to improve customer service through reduced lead times and the ability to customize finished products on a local basis. As part of the Strategic Initiative, the Company closed one molding operation in the U.S. and consolidated the molding and assembly of the base cartridge (standard internal components common to modular pumps) into one of the Company's facilities in Italy. The Company also closed several of its sales offices in certain foreign countries. In addition, the Company rationalized its mass-market pump product lines for these two markets by discontinuing production of non-modular pumps and increasing capacity for its modular pumps.

There were no charges related to the Strategic Initiative in 2003 and total charges before taxes related to the Strategic Initiative were approximately \$1.7 million or \$.03 per diluted share in 2002 and \$9.6 million or \$.16 per diluted share in 2001. The charges consisted primarily of costs related to the closing of the molding operation and sales offices and the discontinuance of its non-modular pumps (including asset impairment write-downs, accelerated depreciation associated with revised useful lives and utility abatement reimbursements) as well as employee severance and related benefit costs. Of the \$11.3 million in total charges, approximately \$2.0 million was included in the Company's depreciation and amortization expense, \$5 million was included in the Company's cost of sales and \$8.8 million was shown on a separate line of the income statement. Of the \$11.3 million in total charges, approximately \$3.8 million of the charges was cash outlays while the remaining \$7.5 million represented non-cash charges (asset impairment write-downs and accelerated depreciation associated with revised useful lives).

[Table of Contents](#)

Details of the pre-tax charges and changes in the reserves for 2003 and 2002 are shown in the following table:

In thousands					
	Beginning Reserve at 1/1/03	Charges for the Year Ended 12/31/03	Cash Paid	Charged Against Assets	Ending Reserve at 12/31/03
Employee Severance	\$ 490	\$ —	\$ (490)	\$ —	\$ —
Other Costs	280	—	(224)	—	56
Total Strategic Initiative Related Costs	\$ 770	\$ —	\$ (714)	\$ —	\$ 56

	Beginning Reserve at 1/1/02	Charges for the Year Ended 12/31/02	Cash Paid	Charged Against Assets	Ending Reserve at 12/31/02
Employee Severance	\$ 469	\$ 1,330	\$ (1,309)	\$ —	\$ 490
Other Costs	1,056	(92)	(684)	—	280
Subtotal	1,525	1,238	(1,993)	—	770
Accelerated Depreciation	—	140	—	(140)	—
Training Costs	—	305	(305)	—	—
Total Strategic Initiative Related Costs	\$ 1,525	\$ 1,683	\$ (2,298)	\$ (140)	\$ 770

The remaining \$56 thousand accrual is expected to be paid out during the first quarter of 2004.

As part of the Strategic Initiative, certain long-lived assets have been taken out of service prior to the end of their normal service period due to the plant shut down and rationalization of the product lines. Accordingly, the Company changed the estimated useful lives of such assets, resulting in an acceleration of depreciation ("Accelerated Depreciation"), of which \$140 thousand was recognized in 2002 and \$1.9 million was recognized in 2001. No charges were recorded in 2003.

The Strategic Initiative resulted in personnel reductions worldwide of approximately 190 people, of which approximately 160 people relate to the U.S. (approximately 10% of all the Company's U.S. employees) and 30 people relate to personnel reductions outside of the U.S. The majority of these personnel reductions were manufacturing related with a small reduction in administrative staff. Involuntary employee severance costs were based upon a formula including salary levels and years of service. Approximately \$.8 million has been accrued and is included in the Strategic Initiative charges shown in the income statement in 2001 and an additional \$1.3 million has been accrued and is included in the Strategic Initiative charges shown in the income statement in 2002 due to additional personnel reductions. Offsetting these personnel reductions was an increase in personnel of approximately 70 people in Italy to support the centralization of the base cartridge production and assembly. As of December 31, 2003, essentially all of the 190 people were terminated resulting in a cash payment of \$2.1 million.

In addition to the involuntary severance costs described above, a retention or stay bonus was paid to employees who remained with the Company during the phase-out period. This stay bonus, which was approximately \$.6 million, was also based upon salary levels and years of service. Approximately \$.5 million of the stay bonus was accrued in 2001 and an additional \$.1 million was accrued in 2002, of which approximately \$.2 million was paid in 2001 and \$.2 million was paid in 2002.

Other costs in the preceding table include costs related to the stay bonus, a reimbursement of a utility rebate due to the closing of a molding operation and costs to refurbish the leased molding facility that was vacated. The amount recorded in 2002 for other costs is negative due to the reversal of accruals no longer needed.

Approximately \$.2 million and \$.3 million of training costs were incurred in Italy in 2001 and 2002 to train the new workers who were hired to support the centralization of the base cartridge production and assembly. These training costs are included in cost of sales in the Consolidated Statements of Income. There were no additional training costs incurred in 2003 related to the centralization of the base cartridge production and assembly.

NOTE 15 EARNINGS PER SHARE

The reconciliation of basic and diluted earnings per share for the years ended December 31, 2003, 2002 and 2001 are as follows:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
For the Year Ended December 31, 2003			
Basic EPS			
Income available to common stockholders	\$ 79,679	36,119	\$ 2.21
Effect of Dilutive Securities			
Stock options		748	
Restricted stock	—	34	
Diluted EPS			
Income available to common stockholders	\$ 79,679	36,901	\$ 2.16
For the Year Ended December 31, 2002			
Basic EPS			
Income available to common stockholders	\$66,647	35,918	\$ 1.86
Effect of Dilutive Securities			
Stock options		687	
Restricted stock	—	18	
Diluted EPS			
Income available to common stockholders	\$66,647	36,623	\$ 1.82
For the Year Ended December 31, 2001			
Basic EPS			
Income available to common stockholders	\$58,844	35,805	\$ 1.64
Effect of Dilutive Securities			
Stock options		707	
Restricted stock	—	17	
Diluted EPS			
Income available to common stockholders	\$58,844	36,529	\$ 1.61

The per share impact of the cumulative effect of a change in accounting principle recognized in 2001, represented less than \$0.01 per share.

NOTE 16 – SEGMENT INFORMATION

The Company operates in the packaging components industry, which includes the development, manufacture and sale of consumer product dispensing systems. The Company is organized primarily based upon individual business units, which resulted from historic acquisitions or internally created business units. All of the business units sell primarily dispensing systems. These business units all require similar production processes, sell to similar classes of customers and markets, use the same methods to distribute products and operate in similar regulatory environments. Based on the current economic characteristics of the Company's business units, the Company has identified two reportable segments: Dispensing Systems and SeaquistPerfect.

The Dispensing Systems segment is an aggregate of four of the Company's five business units. The Dispensing Systems segment sells primarily non-aerosol spray and lotion pumps, plastic dispensing and non-dispensing closures, and metered dose aerosol valves. These three products are sold to all of the markets served by the Company including the fragrance/cosmetic, pharmaceutical, personal care, household and food/beverage markets.

SeaquistPerfect represents the Company's fifth business unit and sells primarily aerosol valves and accessories and certain non-aerosol spray and lotion pumps. These products are sold primarily to the personal care, household and food/beverage markets.

The accounting policies of the segments are the same as those described in Note 1, Summary of Significant Accounting Policies. The Company evaluates performance of its business units and allocates resources based upon earnings before interest expense in excess of interest income, corporate expenses and income taxes (collectively

[Table of Contents](#)

referred to as "EBIT") excluding unusual items. The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties.

Financial information regarding the Company's reportable segments is shown below:

Years Ended December 31,	Dispensing Systems	SeaquistPerfect	Corporate and Other	Totals
Total Revenue:				
2003	\$928,887	\$193,813	\$ —	\$1,122,700
2002	766,768	170,320		937,088
2001	747,659	154,159		901,818
Less: Intersegment Sales:				
2003	\$2,522	\$5,489	\$ —	\$ 8,011
2002	2,640	7,757		10,397
2001	1,203	8,629		9,832
Net Sales:				
2003	\$926,365	\$188,324	\$ —	\$ 1,114,689
2002	764,128	162,563		926,691
2001	746,456	145,530		891,986
EBIT:				
2003	\$125,911	\$15,482	\$ (15,972)	\$ 125,421
2002	114,517	11,070	(12,766)	112,821
2001	119,761	5,843	(13,889)	111,715
Total Assets:				
2003	\$961,661	\$149,051	\$ 153,631	\$ 1,264,343
2002	829,628	130,126	87,917	1,047,671
2001	750,527	118,881	53,274	922,682
Depreciation and Amortization:				
2003	\$69,919	\$15,177	\$ 755	\$ 85,851
2002	57,083	14,133	786	72,002
2001	57,685	13,229	813	71,727
Capital Expenditures:				
2003	\$60,289	\$15,384	\$ 1,596	\$ 77,269
2002	75,997	13,498	283	89,778
2001	77,228	14,628	365	92,221

Reconciliation of segment EBIT, depreciation and amortization, and total assets to consolidated totals is as follows:

	2003	2002	2001
Income Before Income Taxes:			
Total EBIT for reportable segments	\$ 125,421	\$ 112,821	\$ 111,715
Acquired R&D expense(1)	(1,250)		
Strategic Initiative related costs(1)	—	(1,683)	(9,610)
Patent dispute settlement(1)	—	(4,168)	—
Interest expense, net	(6,901)	(8,612)	(13,750)
Income before income taxes	\$ 117,270	\$ 98,358	\$ 88,355
Depreciation and Amortization:			
Total depreciation and amortization for reportable segments	\$ 85,851	\$ 72,002	\$ 71,727
Strategic Initiative related costs(1)	—	139	1,857
Consolidated Total	\$ 85,851	\$ 72,141	\$ 73,584
Total Assets:			
Total assets for reportable segments	\$ 1,264,343	\$1,047,671	\$922,682
Asset write-off as part of Strategic Initiative(1)	—	—	(7,355)
Consolidated Total	\$ 1,264,343	\$1,047,671	\$ 915,327

- (1) Acquired R&D costs, Strategic Initiative related costs and patent dispute settlement are associated with the Dispensing Systems segment. Management evaluates the segment profitability excluding these costs and therefore these costs are shown as reconciling items to the consolidated totals.

GEOGRAPHIC INFORMATION

The following are net sales and long-lived asset information by geographic area and product information for the years ended December 31, 2003, 2002 and 2001:

	2003	2002	2001
Net Sales to Unaffiliated Customers(1):			
United States	\$ 345,624	\$336,635	\$ 334,509
Europe:			
France	276,755	216,695	209,588
Germany	189,094	126,960	119,476
Italy	109,776	91,533	82,424
Other Europe	97,449	78,068	70,387
Total Europe	673,074	513,256	481,875
Other Foreign Countries	95,991	76,800	75,602
Total	\$ 1,114,689	\$926,691	\$891,986

	2003	2002	2001
Long-Lived Assets:			
United States	\$ 221,465	\$221,978	\$220,024
Europe:			
France	145,791	131,542	111,780
Germany	138,886	118,076	97,359
Italy	77,866	71,914	58,941
Other Europe	49,728	29,536	22,467
Total Europe	412,271	351,068	290,547
Other Foreign Countries	28,036	23,129	24,980
Total	\$ 661,772	\$ 596,175	\$ 535,551

(1) Sales are attributed to countries based upon where the sales invoice to unaffiliated customers is generated.

	2003	2002	2001
Product Net Sales Information:			
Pumps	\$ 645,596	\$552,243	\$ 550,601
Closures	251,627	204,308	193,065
Valves	158,340	143,042	128,056
Other	59,126	27,098	20,264
Total	\$ 1,114,689	\$926,691	\$891,986

No single customer represents 10% or more of either of the Company's reportable segment's net sales.

NOTE 17 – PATENT DISPUTE SETTLEMENT

In May 2002, the Company announced an agreement settling an outstanding patent dispute to avoid the time and expense of a trial. As part of the settlement, the parties entered into a cross-license agreement. As a result of the settlement, the Company recorded a pre-tax charge of \$4.2 million (\$2.7 million after-tax) in the first quarter of 2002.

NOTE 18 – ACQUIRED RESEARCH AND DEVELOPMENT CHARGE

In the third quarter of 2003, the Company acquired intellectual property (patents, licenses and know how) and equipment relating to certain dry powder technology dispensing systems for the pharmaceutical market. Approximately \$1.3 million (\$.8 million after-tax) of acquired intellectual property was expensed in the quarter because it was for a particular research and development project while the equipment purchased was capitalized and included in fixed assets.

NOTE 19 QUARTERLY DATA (UNAUDITED)

Quarterly results of operations and per share information for the years ended December 31, 2003 and 2002 are as follows:

	Quarter				Total for Year
	First	Second	Third	Fourth	
Year Ended December 31, 2003:					
Net sales	\$ 265,149	\$ 288,087	\$ 281,310	\$ 280,143	\$ 1,114,689
Gross profit(1)	72,265	78,758	74,599	73,241	298,863
Net income(2)	19,206	21,349	19,107	20,017	79,679
Per Common Share – 2003:					
Net income					
Basic(2)	\$.53	\$.59	\$.53	\$.55	\$ 2.21
Diluted(2)	.53	.58	.51	.54	2.16
Dividends declared	.06	.06	.07	.07	.26
Stock price high(3)	33.02	36.50	39.70	39.80	39.80
Stock price low(3)	26.51	30.65	35.15	34.50	26.51
Average number of shares outstanding:					
Basic	35,937	36,031	36,207	36,298	36,119
Diluted	36,504	36,856	37,159	37,210	36,901
Year Ended December 31, 2002:					
Net sales	\$218,707	\$ 233,154	\$239,764	\$235,066	\$ 926,691
Gross profit(1)	61,767	68,188	66,818	65,662	262,435
Net income(4)	13,275	17,539	17,778	18,055	66,647
Per Common Share – 2002:					
Net income					
Basic(4)	\$.37	\$.49	\$.49	\$.50	\$ 1.86
Diluted(4)	.36	.48	.49	.50	1.82
Dividends paid	.06	.06	.06	.06	.24
Stock price high(3)	35.42	38.74	32.60	33.01	38.74
Stock price low(3)	29.75	30.75	26.30	24.84	24.84
Average number of shares outstanding:					
Basic	35,863	35,940	35,952	35,918	35,918
Diluted	36,679	36,893	36,531	36,419	36,623

(1) Gross profit is defined as net sales less cost of sales and depreciation.

(2) The third quarter of 2003 includes an after-tax acquired research and development charge of \$837, or \$0.02 per basic and diluted share.

(3) The stock price high and low amounts were computed using the intra-day New York Stock Exchange composite price history.

(4) The first quarter of 2002 includes after-tax Strategic Initiative costs of \$61 and an after-tax Patent Dispute Settlement of \$2,737 for a total of \$0.08 per basic and diluted share. The second quarter of 2002 includes after-tax Strategic Initiative costs of \$815, or \$0.02 per basic and diluted share. The after-tax Strategic Initiative costs in the third and fourth quarters were \$22 and \$153, respectively, which had an immaterial impact on basic and diluted earnings per share.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of AptarGroup, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in equity present fairly, in all material respects, the financial position of AptarGroup, Inc. and its subsidiaries at December 31, 2003 and 2002 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of AptarGroup, Inc.'s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 3 to the consolidated financial statements, effective January 1, 2003, AptarGroup, Inc. adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Chicago, Illinois

February 10, 2004

51 /ATR

2003 Form 10-K

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

None.

ITEM 9A. CONTROLS AND PROCEDURES
DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of management, the chief executive officer and chief financial officer of the Company have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2003, and, based on their evaluation, the chief executive officer and chief financial officer have concluded that these controls and procedures are effective. Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are also designed to ensure that information is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in the Company's internal control over financial reporting that occurred during the Company's fiscal quarter ended December 31, 2003 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

Certain information required to be furnished in this part of the Form 10-K has been omitted because the Company will file with the Securities and Exchange Commission a definitive proxy statement pursuant to Regulation 14A under the Securities Exchange Act of 1934 not later than April 29, 2004.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to directors may be found under the caption "Election of Directors" in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2004 and is incorporated herein by reference.

Information with respect to executive officers may be found under the caption "Executive Officers" in Part I of this report (which is incorporated herein by reference).

Information with respect to audit committee financial experts may be found under the caption "Audit Committee Report" in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2004 and is incorporated herein by reference.

Information with respect to the Company's Code of Business Conduct and Ethics may be found under the caption "Corporate Governance" in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2004 and is incorporated herein by reference.

The information set forth under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2004 is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the headings "Board Compensation" and "Executive Compensation" (other than "Compensation Committee Report on Executive Compensation" and "Performance Graph") in the Company Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2004 is incorporated herein by reference.

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

The information set forth under the heading "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in the Company Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2004, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information set forth under the heading "Certain Transactions" in the Company Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2004 is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information with respect to principal accountant fees and services may be found under the caption "Independent Auditor Fees" in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2004. Such information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as a part of this report:

	Description	
(1)	<i>All Financial Statements</i>	
	The financial statements are set forth under Item 8 of this report on Form 10-K	
	Consolidated Statements of Income	25
	Consolidated Balance Sheets	26
	Consolidated Statements of Cash Flows	28
	Consolidated Statements of Changes in Equity	29
	Notes to Consolidated Financial Statements	30
	Report of Independent Auditors	51
(2)	<i>Schedule required by Article 12 of Regulation S-X</i>	
	Report of Independent Auditors on	
	Financial Statement Schedule	55
	II - Valuation and Qualifying Accounts	56
	All other schedules have been omitted because they are not applicable or not required.	
(3)	<i>Exhibits required by Item 601 of Regulation S-K are incorporated by reference to the Exhibit Index on pages 57-58 of this report.</i>	

(b) Reports on Form 8-K during the quarter ended December 31, 2003:

On October 16, 2003 the Company furnished a report on Form 8-K, pursuant to Item 12 of Form 8-K, disclosing the press release of AptarGroup, Inc. dated October 16, 2003. *

* This report on Form 8-K has been furnished to the SEC and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors and Stockholders of AptarGroup, Inc.:

Our audits of the consolidated financial statements referred to in our report dated February 10, 2004, appearing on page 54 of this report on Form 10-K of AptarGroup, Inc. also included an audit of the Financial Statement Schedule listed in Item 15(a) (2) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Chicago, Illinois

February 10, 2004

55 /ATR

2003 Form 10-K

AptarGroup, Inc.**SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS**

For the years ended December 31, 2003, 2002 and 2001

Dollars in Thousands

	Balance at Beginning of Period	Charged to Costs and Expenses	Additions to/ (Deductions) from Reserve(a)	Balance at End of Period
2003				
Allowance for doubtful accounts	\$ 8,233	\$ 1,772	\$ (472)	\$ 9,533
Inventory obsolescence reserve	14,842	704	1,576	17,122
2002				
Allowance for doubtful accounts	\$ 7,366	\$ 2,453	\$ (1,586)	\$ 8,233
Inventory obsolescence reserve	10,594	4,557	(309)	14,842
2001				
Allowance for doubtful accounts	\$ 6,927	\$ 1,879	\$ (1,440)	\$ 7,366
Inventory obsolescence reserve	8,840	4,198	(2,444)	10,594

(a) Write-off of accounts considered uncollectible, net of recoveries and foreign currency translation adjustments.

INDEX TO EXHIBITS

Exhibit Number	Description
3(i)	Amended and Restated Certificate of Incorporation of the Company, filed as Exhibit 3 (i) to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 1999 (File No. 1-11846), is hereby incorporated by reference.
3(ii)	Amended and Restated By-Laws of the Company, filed as Exhibit 3(ii) to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-11846), is hereby incorporated by reference.
4.1	Rights Agreement dated as of April 7, 2003 between the Company and National City Bank, as rights agent, which includes the Form of Rights Certificate as Exhibit B, filed as Exhibit 1 to the Company's Registration Statement on Form 8-A filed on April 7, 2003 (File No. 1-11846), is hereby incorporated by reference.
4.2	Certificate of Designation of the Series B Junior Participating Preferred Stock of the Company, dated April 7, 2003, filed as Exhibit 2 to the Company's Registration Statement on Form 8-A filed on April 7, 2003 (File No. 1-11846), is hereby incorporated by reference. The Company hereby agrees to provide the Commission, upon request, copies of instruments defining the rights of holders of long-term debt of the Registrant and its subsidiaries as are specified by item 601(b)(4)(iii)(A) of Regulation S-K.
4.3	Note Purchase Agreement dated as of May 15, 1999 relating to \$107 million senior unsecured notes, series 1999-A, filed as Exhibit 4.1 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 1999 (File No. 1-11846), is hereby incorporated by reference.
4.4*	Multicurrency Credit Agreement dated as of February 27, 2004 among AptarGroup, Inc., and AptarGroup Holding SAS, the lenders party thereto, Societe General, New York Branch as Syndication Agent, The Bank of Tokyo-Mitsubishi, Ltd., Keybank, National Association, and LaSalle Bank National Association as Co-Documentation Agents, and Bank of America, N.A. as Administrative Agent.
10.1	AptarGroup, Inc. 1992 Stock Awards Plan, filed as Exhibit 10.1 (included as Appendix B to the Prospectus) to the Company's Registration Statement on Form S-1, Registration Number 33-58132, filed on February 10, 1993 (the "Form S-1"), is hereby incorporated by reference.**
10.2	AptarGroup, Inc. 1992 Director Stock Option Plan, filed as Exhibit 10.2 (included as Appendix C to the Prospectus) to the Form S-1, is hereby incorporated by reference.**
10.3	Managing Director Employment Agreement dated January 2, 1981 of Mr. Peter Pfeiffer, filed as Exhibit 10.4 to the Form S-1, is hereby incorporated by reference.**
10.4	Service Agreement dated April 30, 1981, of Carl A. Siebel, and related pension plan, filed as Exhibit 10.5 to the Form S-1, is hereby incorporated by reference.**
10.5	Service Agreement dated April 22, 1993, between AptarGroup, Inc. and Peter Pfeiffer, and related pension plan, filed as Exhibit 10.6 to the 1993 10-K, is hereby incorporated by reference.**
10.6	First supplement dated 1989 pertaining to the pension plan between Perfect-Valois Ventil GmbH and Carl A. Siebel, filed as Exhibit 10.7 to the 1993 10-K, is hereby incorporated by reference.**
10.7	Pittway Guarantee dated February 2, 1990, pertaining to the pension plan between Perfect-Valois Ventil GmbH and Carl A. Siebel, filed as Exhibit 10.8 to the 1993 10-K, is hereby incorporated by reference.**
10.8	Assignment, Assumption and Release as of April 22, 1993, among Pittway Corporation, AptarGroup, Inc., and Carl A. Siebel, filed as Exhibit 10.10 to the 1993 10-K, is hereby incorporated by reference.**
10.9	Second supplement dated December 19, 1994 pertaining to the pension plan between Perfect-Valois Ventil GmbH and Carl A. Siebel, filed as Exhibit 10.11 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (File No. 1-11846), is hereby incorporated by reference.**
10.10*	Employment Agreement dated December 1, 2003 of Stephen J. Hagge.**
10.11	AptarGroup, Inc. 1996 Stock Awards Plan, filed as Appendix A to the Company's Proxy Statement, dated April 10, 1996 (File No. 1-11846), is hereby incorporated by reference.**
10.12	AptarGroup, Inc. 1996 Director Stock Option Plan, filed as Appendix B to the Company's Proxy Statement, dated April 10, 1996 (File No. 1-11846), is hereby incorporated by reference.**
10.13	Employment Agreement dated February 17, 1999 of Emil Meshberg, filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-11846), is hereby incorporated by reference.**

[Table of Contents](#)

Exhibit Number	Description
10.14	Amendment dated February 17, 2002, to Employment Agreement dated February 17, 1999 of Emil Meshberg, filed as Exhibit 10.17 to the Company's Annual Report or Form 10-K for the year ended December 31, 2001 (File No. 1-11846), is hereby incorporated by reference.**
10.15	Amendment No. 1 to Service Agreement dated January 1, 2000 of Carl A. Siebel, filed as Exhibit 10.21 of the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-11846), is hereby incorporated by reference.**
10.16	AptarGroup, Inc. 2000 Stock Awards Plan, filed as Appendix A to the Company's Proxy Statement, dated April 6, 2000 (File No. 1-11846), is hereby incorporated by reference.**
10.17	AptarGroup, Inc. 2000 Director Stock Option Plan, filed as Appendix B to the Company's Proxy Statement, dated April 6, 2000 (File No. 1-11846), is hereby incorporated by reference.**
10.18	Indemnification Agreement dated January 1, 1996 of King Harris, filed as Exhibit 10.25 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2001 (File No. 1-11846), is hereby incorporated by reference.**
10.19	Supplement to the pension scheme agreement dated October 16, 2001 pertaining to the pension plan between AptarGroup, Inc. and Peter Pfeiffer, filed as Exhibit 10.27 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2001 (File No. 1-11846), is hereby incorporated by reference.**
10.20*	Amendment dated January 9, 2004 to Employment Agreement dated February 17, 1999 of Emil Meshberg.**
10.21*	Employment Agreement dated December 1, 2003 of Patrick F. Doherty.**
10.22*	Employment Agreement dated January 10, 2003 of Jacques Blanie.**
10.23*	Employment Agreement dated January 19, 1989 of Jacques Blanie.**
10.24*	Employment Agreement dated December 1, 2003 of Eric Ruskoski.**
21*	List of Subsidiaries.
23*	Consent of Independent Accountants.
31.1*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

** Management contract or compensatory plan or arrangement.

MULTICURRENCY CREDIT AGREEMENT

Dated as of

February 27, 2004

Among

APTARGROUP, INC.,
APTARGROUP HOLDING SAS,

THE LENDERS PARTY HERETO,

SOCIETE GENERAL, NEW YORK BRANCH
as Syndication Agent

THE BANK OF TOKYO-MITSUBISHI, LTD.,
KEYBANK NATIONAL ASSOCIATION, and
LASALLE BANK NATIONAL ASSOCIATION,
as Co-Documentation Agents

and

BANK OF AMERICA, N.A.,
as Administrative Agent

BANC OF AMERICA SECURITIES LLC,
as Sole Lead Arranger and Sole Book Manager

TABLE OF CONTENTS

	Page
SECTION 1. DEFINITIONS; INTERPRETATION	1
Section 1.1 Definitions	1
Section 1.2 Other Interpretive Provisions	16
Section 1.3 Accounting Terms	17
Section 1.4 Rounding	17
Section 1.5 References to Agreements and Laws	17
Section 1.6 Exchange Rates; Currency Equivalents	18
Section 1.7 Additional Alternative Currencies	18
Section 1.8 Change of Currency	19
Section 1.9 Times of Day	19
SECTION 2. THE COMMITMENTS AND CREDIT EXTENSIONS	19
Section 2.1 Commitments	19
Section 2.2 Borrowings, Conversions and Continuations of Loans	20
Section 2.3 Prepayments	22
Section 2.4 Termination or Reduction of Commitments	23
Section 2.5 Repayment of Loans	24
Section 2.6 Interest	24
Section 2.7 Fees	24
Section 2.8 Computation of Interest and Fees	25
Section 2.9 Evidence of Debt	25
Section 2.10 Payments Generally	26
Section 2.11 Sharing of Payments	27
Section 2.12 Allocation of Payments Prior to Acceleration	28
Section 2.13 Allocations of Payments After Acceleration	28
Section 2.14 Aptar SAS As Borrower	29
SECTION 3. TAXES, YIELD PROTECTION AND ILLEGALITY	30
Section 3.1 Taxes	30
Section 3.2 Illegality	31

TABLE OF CONTENTS
(con't)

	Page	
Section 3.3	Inability to Determine Rates	32
Section 3.4	Increased Cost and Reduced Return; Capital Adequacy; Reserves on Eurocurrency Rate Loans	32
Section 3.5	Compensation for Losses	34
Section 3.6	Matters Applicable to all Requests for Compensation	35
Section 3.7	Survival	35
SECTION 4. CONDITIONS PRECEDENT		35
Section 4.1	Agreement Effectiveness	35
Section 4.2	All Credit Extensions	36
SECTION 5. REPRESENTATIONS AND WARRANTIES		36
Section 5.1	Organization	36
Section 5.2	Corporate Power and Authority	36
Section 5.3	No Violation	37
Section 5.4	Governmental Authorization	37
Section 5.5	Litigation	37
Section 5.6	Use of Proceeds; Margin Regulations	37
Section 5.7	Investment Company Act	37
Section 5.8	Public Utility Holding Company Act	37
Section 5.9	True and Complete Disclosure	38
Section 5.10	Financial Statements	38
Section 5.11	No Material Adverse Change	38
Section 5.12	Labor Controversies	38
Section 5.13	Taxes	38
Section 5.14	ERISA Compliance	38
Section 5.15	Intellectual Property	39
Section 5.16	Compliance with Statutes, Etc.	39
Section 5.17	Environmental Matters	39
Section 5.18	Existing Debt	40
Section 5.19	No Burdensome Restrictions; Compliance with Agreements	40

TABLE OF CONTENTS
(con't)

	Page
Section 5.20 Additional Representations as to Aptar SAS	40
SECTION 6. COVENANTS	41
Section 6.1 Existence	41
Section 6.2 Maintenance	41
Section 6.3 Taxes	41
Section 6.4 ERISA	42
Section 6.5 Insurance	42
Section 6.6 Financial Reports and Other Information	42
Section 6.7 Lender Inspection Rights	44
Section 6.8 Conduct of Business	45
Section 6.9 Fiscal Years and Quarters	45
Section 6.10 Limitation on Certain Restrictions on Subsidiaries	45
Section 6.11 Mergers, Consolidations and Asset Sales	45
Section 6.12 Use of Property and Facilities; Environmental, Health and Safety Laws	46
Section 6.13 Liens	46
Section 6.14 Debt	48
Section 6.15 Advances, Acquisitions, Investments and Loans	48
Section 6.16 Dividends and Other Shareholder Distributions	49
Section 6.17 Leverage	49
Section 6.18 Interest Coverage Ratio	49
Section 6.19 Transactions with Affiliates	49
Section 6.20 Compliance with Laws	49
Section 6.21 Take or Pay Contracts	50
Section 6.22 Inconsistent Agreements	50
SECTION 7. EVENTS OF DEFAULT AND REMEDIES	50
Section 7.1 Events of Default	50
Section 7.2 Non-Bankruptcy Defaults	51
Section 7.3 Bankruptcy Defaults	52

TABLE OF CONTENTS
(con't)

	Page
Section 7.4 Notice of Default	52
SECTION 8. ADMINISTRATIVE AGENT	52
Section 8.1 Appointment and Authorization of Administrative Agent	52
Section 8.2 Delegation of Duties	52
Section 8.3 Liability of Administrative Agent	52
Section 8.4 Reliance by Administrative Agent	53
Section 8.5 Notice of Default	53
Section 8.6 Credit Decision; Disclosure of Information by Administrative Agent	54
Section 8.7 Indemnification of Administrative Agent	54
Section 8.8 Administrative Agent in its Individual Capacity	55
Section 8.9 Successor Administrative Agent	55
Section 8.10 Administrative Agent May File Proofs of Claim	55
Section 8.11 Other Agents; Arrangers and Managers	56
SECTION 9. COMPANY GUARANTEE	56
Section 9.1 Unconditional Guarantee	56
Section 9.2 Guarantee Absolute	57
Section 9.3 Waivers	57
Section 9.4 Subrogation	58
Section 9.5 Survival	58
SECTION 10. MISCELLANEOUS	59
Section 10.1 Amendments, Etc.	59
Section 10.2 Notices and Other Communications; Facsimile Copies	60
Section 10.3 No Waiver; Cumulative Remedies	61
Section 10.4 Attorney Costs, Expenses and Taxes	61
Section 10.5 Indemnification by the Borrowers	62
Section 10.6 Payments Set Aside	62
Section 10.7 Successors and Assigns	63
Section 10.8 Confidentiality	66

TABLE OF CONTENTS
(con't)

	Page
Section 10.9	67
Section 10.10	67
Section 10.11	67
Section 10.12	67
Section 10.13	67
Section 10.14	68
Section 10.15	68
Section 10.16	71
Section 10.17	71
Section 10.18	72
Section 10.19	72
Section 10.20	72
Section 10.21	73

EXHIBITS

Exhibit A	—	Form of Borrowing Notice
Exhibit B	—	Form of Compliance Certificate
Exhibit C	—	Form of Assignment and Assumption
Exhibit D	—	Form of Aptar SAS Borrowing Agreement
Exhibit E	—	Form of Note

SCHEDULES

Schedule 1.1	Mandatory Cost Formulae
Schedule 2.1	Commitments and Percentages
Schedule 5.1	Subsidiaries
Schedule 5.18	Debt
Schedule 5.20	French Taxes
Schedule 6.15	Existing Loans, Advances and Investments
Schedule 10.2	Administrative Agent's Office; Certain Addresses for Notices

MULTICURRENCY CREDIT AGREEMENT, dated as of February 27, 2004, among AptarGroup, Inc., a Delaware corporation (the “Company”), upon the earlier of execution hereof or compliance with Section 2.14, AptarGroup Holding SAS, a French company (“Aptar SAS” and, together with the Company, the “Borrowers” and individually a “Borrower”) the lenders from time to time party hereto (each a “Lender” and, collectively, the “Lenders”) and Bank of America, N.A., as Administrative Agent.

The Company has requested that the Lenders provide a multicurrency revolving credit facility, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1 Definitions. The following terms when used herein have the following meanings:

“Administrative Agent” means Bank of America in its capacity as administrative agent under any of the Credit Documents, or any successor administrative agent.

“Administrative Agent’s Office” means, with respect to any currency, the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 10.2 with respect to such currency, or such other address or account with respect to such currency as the Administrative Agent may from time to time notify to the Company and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

“Agent-Related Persons” means the Administrative Agent, together with its Affiliates (including, in the case of Bank of America in its capacity as the Administrative Agent, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

“Aggregate Commitments” means the sum of the Individual Commitments of all the Lenders.

“Agreement” means this Multicurrency Credit Agreement.

“Alternative Currency” means each of Euro, Sterling and each other currency (other than Dollars) that is approved in accordance with Section 1.7.

“Alternative Currency Equivalent” means, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternative Currency as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternative Currency with Dollars.

“Applicable Rate” means the following percentages per annum, based upon the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.6(b):

Pricing Level	Consolidated Leverage Ratio	Applicable Rate		
		Facility Fee	Eurocurrency Rate	Utilization Fee
1	Less than or equal to 35%	.15%	.25%	.10%
2	Less than or equal to 45% but greater than 35%	.175%	.375%	.10%
3	Less than or equal to 50% but greater than 45%	.20%	.475%	.125%
4	Greater than 50%	.25%	.625%	.25%

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.6(b); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Level 4 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered through the date of delivery of such Compliance Certificate. The Applicable Rate in effect from the Effective Date through the date the first Compliance Certificate is required to be delivered pursuant to Section 6.6(b) shall be determined based upon Pricing Level 1.

“Applicable Time” means, with respect to any borrowings and payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by the Administrative Agent to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

“Arranger” means Banc of America Securities LLC, in its capacity as sole lead arranger and sole book manager.

“Asset Sale” means any sale, transfer or other disposition by the Company or any of its Subsidiaries to any Person other than the Company or any Wholly-Owned Subsidiary of the

Company of any asset (including, without limitation, any capital stock or other securities of another Person) of the Company or such Subsidiary other than (i) sales, transfers or other dispositions of inventory in the ordinary course of business, (ii) sales of equipment and other fixed assets no longer used or useful in the business of the Company or any of its Subsidiaries, as determined by the Company or such Subsidiary in its reasonable judgment, (iii) sales of equipment and other fixed assets if the proceeds thereof are used to purchase additional equipment or fixed assets, (iv) the license or sublicense of software, trademarks and other intellectual property in the ordinary course of business and (v) any sale, transfer or other disposition of cash.

“Assignment and Assumption” means an Assignment and Assumption substantially in the form of Exhibit C.

“Attorney Costs” means and includes all reasonable and documented fees, expenses and disbursements of any law firm and, without duplication, the reasonable and documented allocated cost of internal legal services and all reasonable and documented expenses and disbursements of internal counsel.

“Availability Period” means the period from and including the Effective Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Commitments pursuant to Section 2.4, and (c) the date of termination of the commitment of each Lender to make Loans pursuant to Section 7.2.

“Bank of America” means Bank of America, N.A. and its successors.

“Base Rate” means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate.” The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

“Base Rate Loan” means a Loan denominated in U.S. Dollars bearing interest prior to maturity at the Base Rate.

“Borrower” and “Borrowers” each has the meaning specified in the introductory paragraph hereto.

“Borrowing” means the total of Tranche A Loans or Tranche B Loans of a single type advanced by Lenders on a single date and, in the case of Euroucurrency Rate Loans, in a single currency and for a single Interest Period, pursuant to Section 2.1.

“Borrowing Notice” means a notice in substantially the form of Exhibit A.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, Chicago,

Illinois, New York, New York or the state where the Administrative Agent's Office with respect to Obligations denominated in Dollars is located and in addition:

(a) if such day relates to any interest rate settings as to a Eurocurrency Rate Loan denominated in Dollars, any fundings, disbursements, settlements and payments in Dollars in respect of any such Eurocurrency Rate Loan, or any other dealings in Dollars to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Loan, means any such day on which dealings in deposits in Dollars are conducted by and between banks in the London interbank eurodollar market;

(b) if such day relates to any interest rate settings as to a Eurocurrency Rate Loan denominated in Euro, any fundings, disbursements, settlements and payments in Euro in respect of any such Eurocurrency Rate Loan, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Loan, means a TARGET Day;

(c) if such day relates to any interest rate settings as to a Eurocurrency Rate Loan denominated in a currency other than Dollars or Euro, means any such day on which dealings in deposits in the relevant currency are conducted by and between banks in the London or other applicable offshore interbank market for such currency; and

(d) if such day relates to any fundings, disbursements, settlements and payments in a currency other than Dollars or Euro in respect of a Eurocurrency Rate Loan denominated in a currency other than Dollars or Euro, or any other dealings in any currency other than Dollars or Euro to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Loan (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

"Cash Equivalents" means (a) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof having maturities of not more than six months from the date of acquisition, (b) domestic and Eurodollar denominated time deposits, certificates of deposit and bankers acceptances of any Lender or any bank whose short-term debt rating from Standard & Poor's Ratings Service ("S&P") is at least A-1 or the equivalent or from Moody's Investors Service, Inc. ("Moody's") is at least P-1 or the equivalent with maturities of not more than six months from the date of acquisition, (c) commercial paper with a rating of at least A-1 or the equivalent by S&P or at least P-1 or the equivalent by Moody's maturing within six months after the date of acquisition, (d) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within six months from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's, (e) investments in money market funds substantially all the assets of which are comprised of securities of the types described in clauses (a) through (d) above, and (f) BMTNs (Bons Moyen-Terme Negotiables) maturing within five years from the date of acquisition thereof which is issued by a Person which is rated at least A-1 or the equivalent by S&P or at least P-1 or the equivalent by Moody's and other similar high quality instruments of equivalent United States rating in countries where Subsidiaries organized under Laws of jurisdictions outside of the United States are located.

A “Change of Control Event” shall be deemed to have occurred if (a) any Person or group of Persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934) shall have acquired beneficial ownership (within the meaning of Rule 13(d)-3 of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder) of more than 50% of the outstanding Voting Stock of the Company, (b) during any period of 12 consecutive months, commencing before or after the date of this Agreement, individuals who on the first day of such period were directors of the Company (together with any replacement or additional directors who were nominated or elected by a majority of directors then in office) cease to constitute a majority of the Board of Directors of the Company or (c) Aptar SAS ceases to be a Wholly-Owned Subsidiary.

“Code” means the Internal Revenue Code of 1986.

“Compliance Certificate” means a certificate in the form of Exhibit B.

“Consolidated Debt” means all Debt of the Company determined on a consolidated basis.

“Consolidated EBITDA” means, for any period, an amount equal to Consolidated Net Income for such period without giving effect to any extraordinary gains or losses plus the following to the extent deducted in calculating such Consolidated Net Income: (a) Consolidated Interest Expense for such period, (b) provisions for taxes based on income for such period, and (c) all depreciation and amortization expense for such period.

“Consolidated Interest Expense” means, for any period, total interest expense of the Company determined on a consolidated basis in connection with Debt.

“Consolidated Interest Ratio” means, for any period, the ratio of Consolidated EBITDA to Consolidated Interest Expense for such period.

“Consolidated Leverage Ratio” means, as of any time the same is to be determined, the ratio of (x) Consolidated Debt to (y) Total Capitalization.

“Consolidated Net Income” means, for any period, the net income (or loss), after provision for taxes, of the Company on a consolidated basis for such period taken as a single accounting period, after eliminating therefrom all extraordinary non-cash items of income.

“Consolidated Net Worth” means the aggregate amount of the Company’s shareholders’ equity determined from its consolidated balance sheet.

“Contractual Obligations” means, for any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its Property is bound.

“Control” has the meaning specified in the definition of “Affiliate.”

“Credit Documents” means this Agreement, each Note, and any other agreements between any Lender and either Borrower executed in connection with this Agreement.

“Credit Extension” means each Borrowing.

“Debt” means all items described in clauses (i) through (vii) of the definition of Indebtedness.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event of Default.

“Default Rate” means (a) with respect to Base Rate Loans, an interest rate equal to (i) the Base Rate plus (ii) 2% per annum; and (b) with respect to Eurocurrency Rate Loans, an interest rate equal to (i) the interest rate (including any Applicable Rate and any Mandatory Cost) otherwise applicable to such Loan, plus (ii) 2% per annum.

“Defaulting Lender” means any Lender that (a) has failed to fund any portion of the Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, unless the subject of a good faith dispute, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

“Dollar” and “\$” mean lawful money of the United States.

“Dollar Equivalent” means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with such Alternative Currency.

“Effective Date” is defined in Section 4.1.

“Eligible Assignee” has the meaning specified in Section 10.7(g).

“EMU” means the economic and monetary union in accordance with the Treaty of Rome 1957, as amended by the Single European Act 1986, the Maastricht Treaty of 1992 and the Amsterdam Treaty of 1998.

“EMU Legislation” means the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

“Environmental Claims” means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation,

investigations or proceedings relating in any way to any Environmental Law (“Claims”) or any permit issued under any Environmental Law, including, without limitation, (a) any and all Claims by a Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

“Environmental Law” means any United States federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy having the force of law or rule of common law now or hereafter in effect and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, in each case relating to the environment, health, safety or Hazardous Materials.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

“Euro” and “EUR” mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

“Eurocurrency Base Rate” has the meaning specified in the definition of Eurocurrency Rate.

“Eurocurrency Rate” means for any Interest Period with respect to a Eurocurrency Rate Loan, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurocurrency Rate} = \frac{\text{Eurocurrency Base Rate}}{1.0 - \text{Eurodollar Reserve Percentage}}$$

Where,

“Eurocurrency Base Rate” means, for such Interest Period:

(a) the applicable Screen Rate for such Interest Period; or

(b) if the applicable Screen Rate shall not be available, the rate per annum determined by the Administrative Agent as the rate of interest at which deposits in the relevant currency for delivery on the first day of such Interest Period in Same Day Funds in the approximate amount of the Eurocurrency Rate Loan being made, continued or converted by the Lenders and with a term equivalent to such Interest Period would be offered by Bank of America’s London Branch (or other Bank of America branch or Affiliate) to major banks in the London or other offshore interbank market for such currency at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Eurocurrency Rate for each outstanding Eurocurrency Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“Eurocurrency Rate Loan” means a loan that bears interest at a rate based on the Eurocurrency Rate. Eurocurrency Rate Loans may be denominated in Dollars or in an Alternative Currency. All Loans denominated in an Alternative Currency must be Eurocurrency Rate Loans.

“Event of Default” means any of the events or circumstances specified in Section 7.1.

“Existing Credit Agreement” means the Credit Agreement dated as of June 30, 1999, as amended prior to the date hereof, among the Company, the Lenders party thereto and Bank of America, as administrative agent.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

“Fee Letter” means the letter agreement, dated January 7, 2004, among the Company, the Administrative Agent and the Arranger.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Guaranty” by any Person means all obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation (including, without limitation, limited or full recourse obligations in connection with sales of receivables or any other Property) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Indebtedness or obligation or any Property or assets constituting security therefor, (ii) to advance or supply funds (x) for the purchase or payment of such Indebtedness or obligation, or (y) to maintain working capital or other balance sheet condition, or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, or (iii) to lease Property or to purchase Securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation, or (iv) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purpose of all computations made under this Agreement, the amount of a Guaranty in respect of any obligation shall be deemed to be equal to the maximum aggregate amount of such obligation or, if the Guaranty is limited to less than the full amount of such obligation, the maximum aggregate potential liability under the terms of the Guaranty.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Indebtedness” means, for any Person, all obligations of such Person, without duplication, required by GAAP to be shown as liabilities on its balance sheet, and in any event

shall include all (i) obligations of such Person for borrowed money, (ii) obligations of such Person representing the deferred purchase price of property or services other than accounts payable and accrued expenses arising in the ordinary course of business on terms customary in the trade, (iii) obligations of such Person evidenced by notes, acceptances, or other instruments of such Person or arising out of letters of credit issued for such Person's account, (iv) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (v) capitalized lease obligations of such Person, (vi) all Indebtedness (as defined above) of any partnership in which such Person is a general partner, (vii) the outstanding principal amount then owed to investors in connection with the sale of the Company's or any of its Subsidiaries' accounts receivable, (viii) Synthetic Lease Obligations of such Person and (ix) obligations for which such Person is obligated pursuant to a Guaranty.

"Indemnified Liabilities" has the meaning specified in Section 10.5.

"Indemnitees" has the meaning specified in Section 10.5.

"Individual Commitment" means, with respect to any Lender, its obligation to make Loans in an aggregate principal amount at any one time outstanding not to exceed the Dollar Amount set forth opposite such Lender's name on Schedule 2.1 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. A Lender's Individual Commitment shall be the total amount of Loans such Lender is obligated to extend to the Borrowers under its Tranche A Commitment and its Tranche B Commitment notwithstanding that the sum of the Tranche A Commitment and the Tranche B Commitment of such Lender may exceed its Individual Commitment.

"Individual Outstanding Amount" means, with respect to any Lender, the sum of (a) such Lender's Tranche A Obligations plus (b) such Lender's Tranche B Obligations.

"Interest Payment Date" means (a) for a Base Rate Loan, each March 31, June 30, September 30 and December 31 and the Maturity Date, (b) for a Eurocurrency Rate Loan with an Interest Period of 3 months or less, the last day of such Interest Period and the Maturity Date, and (c) for a Eurocurrency Rate Loan with an Interest Period of 6 months, the date that is 3 months from the first day of such Interest Period and the last day of such Interest Period and the Maturity Date.

"Interest Period" means, as to each Eurocurrency Rate Loan, the period commencing on the date such Eurocurrency Rate Loan is disbursed or converted to or continued as a Eurocurrency Rate Loan and ending on the date one, two, three or six months thereafter, as selected by the Company in its Borrowing Notice; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date.

“IRS” means the United States Internal Revenue Service.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lender” is defined in the introductory paragraph of this Agreement.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Company and the Administrative Agent.

“Lending Percentage” means, relative to any Lender (a) in the case of Tranche A Loans, the percentage which, after giving effect to the requested Loan, would result in such Lender’s Individual Outstanding Amount being equal to its Voting Percentage of the Total Outstanding Amount and (b) in the case of Tranche B Loans, the percentage which (i) the amount of such Lender’s Tranche B Commitment is of (ii) the aggregate amount of all Tranche B Commitments of all Lenders.

“Lien” means any interest in any Property or asset securing an obligation owed to, or a claim by, a Person other than the owner of the Property or asset, whether such interest is based on the common law, statute or contract, including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, security agreement or trust receipt, or a lease, consignment or bailment for security purposes and any financing lease having substantially the same economic effect as any of the foregoing.

“Loan” means each Tranche A Loan and Tranche B Loan.

“Mandatory Cost” means, with respect to any period for any applicable Eurocurrency Rate Loan denominated in Sterling, the percentage rate per annum determined in accordance with Schedule 1.1.

“Material Adverse Effect” means (a) a material adverse effect on the business, assets, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole; (b) a material impairment of the ability of a Borrower to perform its obligations under any Credit Document to which it is a party; or (c) a material

adverse effect upon the legality, validity, binding effect or enforceability against a Borrower of any Credit Document to which it is a party.

“Maturity Date” means February 27, 2009.

“Non-U.S. Lender” has the meaning specified in Section 10.15(b)(i).

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Non-Tranche B Lender” means each Lender who does not have a Tranche B Commitment.

“Note” means a promissory note made by a Borrower in favor of a Lender evidencing Loans made by such Lender to such Borrower, substantially in the form of Exhibit E.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, each Borrower arising under any Credit Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against either Borrower or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Taxes” has the meaning specified in Section 3.1(b).

“Overnight Rate” means, for any day, (a) with respect to any amount denominated in Dollars, the Federal Funds Rate, and (b) with respect to any amount denominated in an Alternative Currency, the rate of interest per annum at which overnight deposits in the applicable Alternative Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of Bank of America in the applicable offshore interbank market for such currency to major banks in such interbank market.

“Participant” has the meaning specified in Section 10.7(d).

“Participating Member State” means each such state so described in any EMU Legislation.

“PBG” means the Pension Benefit Guaranty Corporation.

“Pension Plan” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Company or any ERISA Affiliate or to which the Company or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

“Permitted Liens” is defined in Section 6.13.

“Permitted Receivables Transaction” means the sale, transfer or other disposition of accounts receivable by the Company and its Subsidiaries in connection with agreements for limited recourse or non-recourse sales by the Company or any of its Subsidiaries for cash of such receivables or interests therein, provided that (a) any such agreement is of a type and on terms customary for comparable transactions in the good faith judgment of the Company, (b) such agreement does not create any interest in any asset other than (i) receivables, (ii) contracts associated with such receivables, (iii) accounts into which payments of such receivables are made (iv) books and records related to such receivables, and (v) property securing or otherwise supporting such receivables (and proceeds of the foregoing) and (c) on any date of determination, the aggregate face value of such receivables shall not exceed at any time outstanding \$50,000,000.

“Person” means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization or any other entity or organization, including a government or any agency or political subdivision thereof.

“Plan” means any “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) established by the Company or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Register” has the meaning specified in Section 10.7(c).

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

“Required Lenders” means, at any time, Lenders then holding in aggregate more than 50% of the Voting Percentages.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer or assistant treasurer of a Borrower. Any document delivered hereunder that is signed by a Responsible Officer of a Borrower shall be conclusively presumed to have been

authorized by all necessary corporate, partnership and/or other action on the part of such Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Borrower.

“Revaluation Date” means with respect to any Loan, each of the following: (a) each date of a Borrowing of a Eurocurrency Rate Loan denominated in an Alternative Currency, (b) each date of a continuation of a Eurocurrency Rate Loan denominated in an Alternative Currency pursuant to Section 2.2, and (c) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require, but in no event more frequently than once a week.

“Same Day Funds” means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in an Alternative Currency, same day or other funds as may be determined by the Administrative Agent to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Alternative Currency.

“Screen Rate” means, for any Interest Period:

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in the relevant currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period; or

(b) if the rate referenced in the preceding clause (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service customarily referenced to determine the average British Bankers Association Interest Settlement Rate for deposits in the relevant currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

“SEC” means the Securities and Exchange Commission.

“Security” has the same meaning as in Section 2(1) of the Securities Act of 1933.

“Special Notice Currency” means at any time an Alternative Currency, other than the currency of a country that is a member of the Organization for Economic Cooperation and Development at such time located in North America or Europe.

“Spot Rate” for a currency means the rate determined by the Administrative Agent in accordance with its customary business practice to be the rate quoted by the Administrative Agent as the spot rate for the purchase by Administrative Agent of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent may obtain such spot rate from another financial

institution designated by the Administrative Agent if the Administrative Agent does not have as of the date of determination a spot buying rate for any such currency.

“Sterling” and “£” mean the lawful currency of the United Kingdom.

“Subsidiary” means, for the Company, any corporation or other entity of which more than fifty percent (50%) of the outstanding stock or comparable equity interests having ordinary voting power for the election of the Board of Directors of such corporation or similar governing body in the case of a non-corporation (irrespective of whether or not, at the time, stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned by the Company or by one or more of its Subsidiaries.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“TARGET Day” means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system (or, if such payment system ceases to be operative, such other payment system (if any) determined by the Administrative Agent in the exercise of its reasonable business discretion to be a suitable replacement) is open for the settlement of payments in Euro.

“Taxes” has the meaning specified in Section 3.1(a).

“Total Capitalization” means the sum of Consolidated Debt plus Consolidated Net Worth.

“Total Outstanding Amount” means, on any date, the sum of (a) the Tranche A Obligations plus (b) the Tranche B Obligations as of such date.

“Tranche A Commitment” means, as to any Lender, the Commitment of such Lender, if any, to issue Tranche A Loans for the account of the Company pursuant to Section 2.1. The initial amount of the Tranche A Commitment of each Lender is set forth on Schedule 2.1.

“Tranche A Loans” has the meaning specified in Section 2.1(a).

“Tranche B Loans” has the meaning specified in Section 2.1(b).

“Tranche A Obligations” means, at any time, the sum, without duplication, of the Dollar Equivalent of the aggregate outstanding principal amount of the Tranche A Loans.

“Tranche B Commitment” means, as to any Lender, the commitment of such Lender, if any, to issue Tranche B Loans for the account of Aptar SAS pursuant to Section 2.1. The initial amount of the Tranche B Commitment of each Lender is set forth on Schedule 2.1.

“Tranche B Lender” means each Lender who has a Tranche B Commitment.

“Tranche B Obligations” means, at any time, the Dollar Equivalent of the aggregate outstanding principal amount of all Tranche B Loans.

“Type” means, with respect to a Loan, its character as a Base Rate Loan or Eurocurrency Rate Loan.

“Unfunded Pension Liability” means the excess of a Pension Plan’s benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan’s assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

“United States” and “U.S.” mean the United States of America.

“Voting Percentage” means, with respect to each Lender at any time, a fraction (expressed as a percentage, carried to the ninth decimal place), the numerator of which is the amount of the Individual Commitment of such Lender at such time and the denominator of which is the amount of the Aggregate Commitments at such time; provided that if the Aggregate Commitments have been terminated, the Voting Percentage of each Lender at any time shall be a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the individual outstanding Loans of such Lender at such time and the denominator of which is the amount of the total outstanding Loans at such time.

“Voting Stock” of any Person means capital stock of any class or classes (however designated) having ordinary voting power for the election of directors of such Person, other than stock having such power only by reason of the happening of a contingency.

“Wholly-Owned” when used in connection with any Subsidiary of the Company means a Subsidiary of which all of the issued and outstanding shares of stock or other equity interests (other than directors’ qualifying shares as required by Law or equity interests held by Persons other than the Company or any Subsidiary of the Company to the extent required in connection with any Permitted Receivables Transaction) are owned by the Company and/or one or more of its Wholly-Owned Subsidiaries.

Section 1.2 Other Interpretive Provisions. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) (i) The words “herein,” “hereto,” “hereof” and “hereunder” and words of similar import when used in any Credit Document shall refer to such Credit Document as a whole and not to any particular provision thereof.

(ii) Section, Exhibit and Schedule references are to the Credit Document in which such reference appears.

(iii) The term “including” is by way of example and not limitation.

(iv) The term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(d) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

Section 1.3 Accounting Terms.

(a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, except as otherwise specifically prescribed herein.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Credit Document, and either the Company or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended or such request shall be withdrawn, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Company shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

Section 1.4 Rounding. Any financial ratios required to be maintained by the Company pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.5 References to Agreements and Laws. Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Credit Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Credit Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

Section 1.6 Exchange Rates; Currency Equivalents.

(a) The Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Loans denominated in Alternative Currencies in accordance with its customary business practice. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by the Company hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Credit Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent in accordance with its customary business practice.

(b) Wherever in this Agreement in connection with a Borrowing or conversion, continuation or prepayment of a Eurocurrency Rate Loan, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing or Eurocurrency Rate Loan is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent.

Section 1.7 Additional Alternative Currencies.

(a) The Company may from time to time request that Eurocurrency Rate Loans be made in a currency other than those specifically listed in the definition of "Alternative Currency;" provided that such requested currency is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars. In the case of any such request with respect to the making of Eurocurrency Rate Loans, such request shall be subject to the approval of the Administrative Agent and the Lenders.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., 20 Business Days prior to the date of the desired Credit Extension (or such other time or date as may be agreed by the Administrative Agent, in its sole discretion). In the case of any such request pertaining to Eurocurrency Rate Loans, the Administrative Agent shall promptly notify each Lender thereof. Each Lender shall notify the Administrative Agent, not later than 11:00 a.m., ten Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Eurocurrency Rate Loans in such requested currency.

(c) Any failure by a Lender to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Lender to permit Eurocurrency Rate Loans to be made in such requested currency. If the Administrative Agent and all the Lenders consent to making Eurocurrency Rate Loans in such requested currency, the Administrative Agent shall so notify the Company and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder for purposes of any Borrowings of Eurocurrency Rate Loans. If the Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section 1.7, the Administrative Agent shall promptly so notify the Company no later than 10 Business Days after receipt of the Company's request under clause (b) above.

Section 1.8 Change of Currency.

(a) Each obligation of the Borrowers to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent in consultation with the Company may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify in consultation with the Company to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

Section 1.9 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

SECTION 2. THE COMMITMENTS AND CREDIT EXTENSIONS.

Section 2.1 Commitments.

(a) Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a “Tranche A Loan”) to the Company in Dollars or in one or more Alternative Currencies from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender’s Tranche A Commitment; provided, however, that after giving effect to any Tranche A Borrowing, (i) the Total Outstanding Amount shall not exceed the Aggregate Commitments, (ii) the aggregate outstanding principal amount of the Tranche A Loans of any Lender shall not exceed such Lender’s Tranche A Commitment, (iii) the Tranche A Obligations shall not exceed the aggregate Tranche A Commitments, and (iv) the aggregate principal amount of all Loans of any Lender shall not exceed such Lender’s Individual Commitment. Within the limits of each Lender’s Tranche A Commitment, and subject to the other terms and conditions hereof, the Company may borrow under this Section 2.1(a), prepay under Section 2.3, and reborrow under this Section 2.1(a). Loans may be Base Rate Loans or Eurocurrency Rate Loans, as further provided herein.

(b) Subject to the terms and conditions set forth herein, each Tranche B Lender severally agrees to make loans (each such loan, a “Tranche B Loan”) to Aptar SAS in Dollars or

in one or more Alternative Currencies from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Tranche B Commitment; provided, however, that after giving effect to any Tranche B Borrowing, (i) the Total Outstanding Amount shall not exceed the Aggregate Commitments, (ii) the aggregate outstanding principal amount of the Tranche B Loans of any Tranche B Lender shall not exceed such Tranche B Lender's Tranche B Commitment, (iii) the Tranche B Obligations shall not exceed the aggregate Tranche B Commitments, and (iv) the aggregate principal amount of all Loans of any Lender shall not exceed such Lender's Individual Commitment. Within the limits of each Tranche B Lender's Tranche B Commitment, and subject to the other terms and conditions hereof, Aptar SAS may borrow under this Section 2.1(b), prepay under Section 2.3, and reborrow under this Section 2.1(b). Loans may be Base Rate Loans or Eurocurrency Rate Loans, as further provided herein.

(c) In the event there are Non-Tranche B Lenders, on each date that a Tranche B Loan is requested which exceeds the unused Individual Commitments of the Tranche B Lenders, the Administrative Agent shall recalculate the applicable Lending Percentage for each Lender in all outstanding Tranche A Loans after giving effect to the aggregate Tranche B Obligations (including the requested Tranche B Loan) and, to the extent necessary, on the date the requested Tranche B Loan is advanced, each Non-Tranche B Lender shall purchase for cash Tranche A Loans from the Tranche B Lenders in such amount as is necessary so that after giving effect to such requested Tranche B Loan and such purchases, the aggregate principal amount of Tranche A Loans of each Non-Tranche B Lender shall be equal to its Voting Percentage of the Total Outstanding Amount. Non-Tranche B Lenders purchasing Tranche A Loans pursuant to this Section 2.1(c) shall pay the requisite amounts to the Administrative Agent on the date the requested Tranche B Loan is advanced in accordance with Section 2.3(b) and the Administrative Agent shall effectuate the settlement with the other Lenders.

Section 2.2 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon the Company's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:30 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in Dollars or of any conversion of Eurocurrency Rate Loans denominated in Dollars to Base Rate Loans, (ii) four Business Days (or five Business Days in the case of a Special Notice Currency) prior to the requested date of any Borrowing or continuation of Eurocurrency Rate Loans denominated in Alternative Currencies, and (iii) on the requested date of any Borrowing of Base Rate Loans. Each telephonic notice by the Company pursuant to this Section 2.2(a) must be confirmed promptly by delivery to the Administrative Agent of a written Borrowing Notice, appropriately completed and signed by a Responsible Officer of the Company. Except as provided in Sections 2.3(c) and 2.4(c), each Borrowing of, conversion to or continuation of Eurocurrency Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof. Each Borrowing Notice (whether telephonic or written) shall specify (i) whether the Company is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of

Eurocurrency Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, (v) if applicable, the duration of the Interest Period with respect thereto, (vi) the currency of the Loans to be borrowed, and (vii) the applicable Borrower. If the Company fails to specify a currency in a Borrowing Notice requesting a Borrowing, then the Loans so requested shall be made in Dollars. If the Company fails to specify a Type of Loan in a Borrowing Notice or if the Company fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans; provided, however, that in the case of a failure to timely request a continuation of Loans denominated in an Alternative Currency, such Loans shall be continued as Eurocurrency Rate Loans in their original currency with an Interest Period of one month. Any automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If the Company requests a Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Borrowing Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. No Loan may be converted into or continued as a Loan denominated in a different currency, but instead must be prepaid in the original currency of such Loan and reborrowed in the other currency. Notwithstanding the foregoing, the Borrower may request Eurocurrency Rate Loans denominated in Dollars to be made on the Effective Date provided the Company has given the Administrative Agent a Borrowing Notice not later than 11:30 a.m. three Business Days prior to the Effective Date.

(b) Following receipt of a Borrowing Notice, the Administrative Agent shall promptly notify each Lender of the amount (and currency) of its Lending Percentage of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Company, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans or continuation of Loans denominated in a currency other than Dollars, in each case as described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office for the applicable currency not later than 1:00 p.m., in the case of any Base Rate Loan, not later than noon, in the case of any Eurocurrency Loan denominated in Dollars, and not later than the Applicable Time specified by the Administrative Agent in the case of any Loan in an Alternative Currency, in each case on the Business Day specified in the applicable Borrowing Notice. Upon satisfaction of the applicable conditions set forth in Section 4.2 (and, if such Borrowing is the initial Loan, Section 4.1), the Administrative Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Company not later than 2:30 p.m., in the case of any Loan denominated in Dollars and not later than two hours after the funding deadline specified by the Administrative Agent with respect to such Loan in the case of any Loan in an Alternative Currency.

(c) Subject to the provisions of Section 3.5, a Eurocurrency Rate Loan may be continued or converted other than on the last day of an Interest Period for such Eurocurrency

Rate Loan. During the continuance of an Event of Default under Section 7.1(a) or, solely with respect to any Borrower, Section 7.1(f) or (g), without the consent of the Required Lenders (i) no Loans denominated in Dollars may be requested as, converted to or continued as Eurocurrency Rate Loans and (ii) no Loans denominated in an Alternative Currency may be continued as Eurocurrency Rate Loans with an Interest Period longer than one month. Notwithstanding any other provision hereunder, no Borrower shall be entitled to convert (x) Loans denominated in one currency into Loans denominated in another currency, (y) Eurocurrency Rate Loans denominated in an Alternative Currency into a Base Rate Loan, or (z) Tranche A Loans into Tranche B Loans or Tranche B Loans into Tranche A Loans. If Aptar SAS requests a Borrowing of Tranche B Loans to be made on any date other than the last day of an Interest Period for Tranche A Loans and such Borrowing results in the purchase of Tranche A Loans by Non-Tranche B Lenders pursuant to Section 2.1(c), the Company shall pay any amounts due under Section 3.5.

(d) The Administrative Agent shall promptly notify the Company and the Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. The determination of the Eurocurrency Rate by the Administrative Agent shall be conclusive in the absence of demonstrable error. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Company and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than ten Interest Periods in effect.

Section 2.3 Prepayments.

(a) Each Borrower may, upon notice from the Company to the Administrative Agent, at any time or from time to time voluntarily prepay Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 11:30 a.m. (A) three Business Days prior to any date of prepayment of Eurocurrency Rate Loans denominated in Dollars, (B) four Business Days (or five, in the case of prepayment of Loans denominated in Special Notice Currencies) prior to any date of prepayment of Eurocurrency Rate Loans denominated in Alternative Currencies, and (C) on the date of prepayment of Base Rate Loans; (ii) any prepayment of Eurocurrency Rate Loans denominated in Dollars shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof; (iii) any prepayment of Eurocurrency Rate Loans in Alternative Currencies shall be in a minimum principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof; and (iv) any prepayment of Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if Eurocurrency Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Lending Percentage of such prepayment. If such notice is given by the Company, the applicable Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the

date specified therein. Any prepayment of a Eurocurrency Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.5. Each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Lending Percentage of such Loan.

(b) If at any time the Total Outstanding Amount exceeds an amount equal to 105% of the Aggregate Commitments then in effect, the Administrative Agent may, and at the request of any Lender shall, notify the Company and, within two Business Days after receipt of such notice, the Borrowers shall prepay Loans in an aggregate amount sufficient to reduce such Total Outstanding Amount as of such date of payment to an amount not to exceed 100% of the Aggregate Commitments then in effect.

(c) If at any time the Tranche A Obligations exceed an amount equal to 105% of the aggregate Tranche A Commitments then in effect, the Administrative Agent may, and at the request of any Lender shall, notify the Company and, within two Business Days after receipt of such notice, the Company shall prepay Tranche A Loans in an aggregate amount sufficient to reduce such Tranche A Obligations as of such date of payment to an amount not to exceed 100% of the aggregate Tranche A Commitments then in effect.

(d) If at any time the Tranche B Obligations exceed an amount equal to 105% of the aggregate Tranche B Commitments then in effect, the Administrative Agent may, and at the request of any Lender shall, notify the Company or Aptar SAS and, within two Business Days after receipt of such notice, Aptar SAS shall prepay Tranche B Loans in an aggregate amount sufficient to reduce such Tranche B Obligations as of such date of payment to an amount not to exceed 100% of the aggregate Tranche B Commitments then in effect.

Section 2.4 Termination or Reduction of Commitments. The Company may, upon notice to the Administrative Agent, terminate the Aggregate Commitments, or from time to time irrevocably reduce the Aggregate Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 3:00 p.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof, (iii) the Company shall not terminate or reduce the Aggregate Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Outstanding Amount would exceed the Aggregate Commitments, and (iv) if, after giving effect to any reduction of the Aggregate Commitments, the aggregate Tranche A Commitments or the aggregate Tranche B Commitments exceeds the amount of the Aggregate Commitments, such Commitment shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Commitments. Any reduction of the Aggregate Commitments shall be applied to the Individual Commitment of each Lender according to its Voting Percentage and any reduction of the Tranche A Commitments or the Tranche B Commitments shall be applied to the Tranche A Commitment or the Tranche B Commitment, as applicable of each Lender according to its Lending Percentage. All fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

Section 2.5 Repayment of Loans. Each Borrower shall repay to the Lenders on the Maturity Date the aggregate principal amount of Loans made to such Borrower outstanding on such date. In no event shall Aptar SAS have any obligation to repay the Loans made to the Company.

Section 2.6 Interest.

(a) Subject to the provisions of subsection (b) below, (i) each Eurocurrency Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurocurrency Rate for such Interest Period plus the Applicable Rate plus (in the case of a Eurocurrency Rate Loan of any Lender which is lent from a Lending Office in the United Kingdom or a Participating Member State) the Mandatory Cost; and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate.

(b) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) Accrued and unpaid interest on past due amounts shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

Section 2.7 Fees.

(a) Facility Fee. The Company shall pay to the Administrative Agent for the account of each Lender in accordance with its Voting Percentage, a facility fee in Dollars equal to the Applicable Rate times the actual daily amount of the Aggregate Commitments (or, if the Aggregate Commitments have been terminated, on the Total Outstanding Amount), regardless of usage. The facility fee shall accrue at all times during the Availability Period (and thereafter so long as Loans remain outstanding), including at any time during which one or more of the conditions in Section 4 is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Effective Date and on the Maturity Date (and, if applicable, thereafter on demand). The facility fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) Utilization Fee. The Company shall pay to the Administrative Agent for the account of each Lender in accordance with its Voting Percentage, a utilization fee in Dollars equal to the Applicable Rate times the Total Outstanding Amount on each day that the Total

Outstanding Amount exceeds 50% of the actual daily amount of the Aggregate Commitments then in effect (or, if terminated, in effect immediately prior to such termination). The utilization fee shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Effective Date, and on the Maturity Date. The utilization fee shall be calculated quarterly in arrears and if there is any change in the Applicable Rate during any quarter, the daily amount shall be computed and multiplied by the Applicable Rate for each period during which such Applicable Rate was in effect. The utilization fee shall accrue at all times, including at any time during which one or more of the conditions in Section 4 is not met.

(c) Other Fees.

(i) The Company shall pay to the Arranger and the Administrative Agent for their own respective accounts, in Dollars, fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(ii) The Company shall pay to the Lenders, in Dollars, such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

Section 2.8 Computation of Interest and Fees. All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" and for Eurocurrency Rate Loans denominated in Sterling shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year), or, in the case of interest in respect of Loans denominated in Alternative Currencies as to which market practice differs from the foregoing, in accordance with such market practice. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.10(a), bear interest for one day.

Section 2.9 Evidence of Debt. The Loans made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of demonstrable error. Upon the request of any Lender to a Borrower made through the Administrative Agent, such Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such

Lender's Loans to such Borrower in addition to such accounts or records. Each Lender may attach schedules to a Note and endorse thereon the date, Type (if applicable), amount, currency and maturity of its Loans and payments with respect thereto.

Section 2.10 Payments Generally.

(a) All payments to be made by the Borrowers shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Loans denominated in an Alternative Currency, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than 2:00 p.m. on the date specified herein. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder with respect to principal and interest on Loans denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency and in Same Day Funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States unless such payment shall give rise to costs, expenses, indemnities or other payment obligations for the account of the applicable Borrower in excess of amounts otherwise payable if such payment had been made in the originally required place of payment. If, for any reason, a Borrower is prohibited by any Law from making any required payment hereunder in an Alternative Currency, such Borrower shall make such payment in Dollars in the Dollar Equivalent of the Alternative Currency payment amount. The Administrative Agent will promptly distribute to each Lender its applicable Lending Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent (i) after 2:00 p.m., in the case of payments in Dollars, or (ii) after the Applicable Time specified by the Administrative Agent in the case of payments in an Alternative Currency, shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) If any payment to be made by a Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) Unless a Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that such Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that such Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in Same Day Funds, then:

(i) if a Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was

made available to such Lender in Same Day Funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in Same Day Funds at the applicable Overnight Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in Same Day Funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to a Borrower to the date such amount is recovered by the Administrative Agent (the "Compensation Period") at a rate per annum equal to the applicable Overnight Rate from time to time in effect. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the applicable Borrower, and such Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights, which the Administrative Agent or either Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or Borrower with respect to any amount owing under this subsection (c) shall be conclusive, absent demonstrable error.

(d) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender to a Borrower as provided in the foregoing provisions of this Section 2, and such funds are not made available to such Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Section 4 are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(e) The obligations of the Lenders hereunder to make Loans are several and not joint. The failure of any Lender to make any Loan or to fund any such participation on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or purchase its participation.

(f) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

Section 2.11 Sharing of Payments. If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the Loans made by it, any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a)

notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Loans or such participations, as the case may be, pro rata with each of them in accordance with their respective Lending Percentages; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 10.6 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. Each Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by Law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.9) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

Section 2.12 Allocation of Payments Prior to Acceleration. Prior to the acceleration of the Loans of either Borrower following the occurrence of an Event of Default, all payments by a Borrower of principal of, and interest on the Loans shall be allocated to the Lenders as follows, (i) all payments of principal of, or interest on, Tranche A Loans shall be payable to each Lender ratably in accordance with each Lender's respective Lending Percentage for such Tranche A Loans and (ii) all payments of principal of, or interest on, Tranche B Loans shall be payable to the Tranche B Lenders ratably in accordance with each Tranche B Lender's respective Lending Percentage for Tranche B Loans.

Section 2.13 Allocations of Payments After Acceleration.

(a) Upon acceleration of the Obligations pursuant to Section 7.2, to the extent necessary, each Lender shall be deemed to have purchased for cash without recourse or warranty from the other Lenders a participation interest in the Loans owing to or participated in by each other Lender such that, after giving effect to such purchase, each Lender shall have a participation in the Loans under each Tranche made to a Borrower ratably in accordance with its respective Voting Percentage.

(b) If under any applicable bankruptcy, insolvency or other similar Law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on

such secured claim. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by Law, exercise all its rights of payment (including pursuant to Section 10.9) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation.

(c) After acceleration of the Obligations pursuant to Section 7.2, all payments of principal of, and interest on, Loans shall be allocated to the Lenders as follows:

(i) On the date of acceleration of the Obligations pursuant to Section 7.2 (but before giving effect to the deemed purchase referred to above), the Administrative Agent shall compute the Voting Percentage for each Lender.

(ii) To the extent that amounts are received by the Administrative Agent following the declaration of acceleration of the Obligations pursuant to Section 7.2, the Administrative Agent shall pay all payments of principal of, or interest on, Loans, or other Obligations to each Lender ratably in accordance with such Lender's Voting Percentage, regardless of the Borrower from which such payment is received or the currency in which such payment is received and each Lender shall determine the order of application of such payments to the Obligations owed to such Lender.

(iii) Each Lender hereby authorizes the Administrative Agent to effect such conversions of currencies as are necessary to effect the provisions of this Section, at such times and at such rates as the Administrative Agent may in a commercially reasonable manner determine. At each Lender's option and upon prior written notification to the Administrative Agent, any Alternative Currency Loan of such Lender shall be paid in Dollars.

(d) Nothing in this Section 2.13 shall affect the rights and obligations of the Obligors under the Credit Documents.

Section 2.14 Aptar SAS As Borrower.

(a) Upon either (i) execution of this Agreement by Aptar SAS on the Effective Date or (ii) the receipt and execution by the Administrative Agent of the Aptar Borrowing Agreement in the form of Exhibit D executed by Aptar SAS and the Company, Aptar SAS shall be a Borrower and a party to this Agreement.

(b) The obligation of each Tranche B Lender to make its first Tranche B Loan to Aptar SAS is subject to the satisfaction of the conditions that the Administrative Agent shall have received the following:

(i) all documents as shall reasonably demonstrate the existence of Aptar SAS, the corporate power and authority of Aptar SAS to enter into, and the validity with respect to Aptar SAS of, this Agreement and the other Credit Documents to which it is a party and any other matters relevant thereto (including an opinion of (i) De Pardieu Brocas Maffei & Leygonie, with respect to French matters and (ii) Sidley, Austin, Brown & Wood LLP, with respect to U.S. matters), in form and substance satisfactory to the

Administrative Agent and Notes signed by Aptar SAS to the extent any Lenders so require; and

(ii) any governmental and third party approvals necessary or advisable in connection with the execution, delivery and performance of this Agreement by Aptar SAS and evidence of payment of the stamp tax and registration duty referred to in Schedule 5.20.

(c) Aptar SAS hereby irrevocably appoints and authorizes the Company to take such action and deliver and receive notices hereunder as agent on its behalf and to exercise such powers under this Agreement as delegated to it by the terms hereof, together with all such powers as are reasonably incidental thereto. In furtherance of and not in limitation of the foregoing, for the administrative convenience of the parties hereto, the Administrative Agent and the Lenders shall send all notices and communications to be sent to Aptar SAS solely to the Company and may rely solely upon the Company to receive all such notices and other communications for and on behalf of Aptar SAS. No Person other than the Company (and its authorized officers and employees) may act as agent for Aptar SAS hereunder without the written consent of the Administrative Agent.

SECTION 3. TAXES, YIELD PROTECTION AND ILLEGALITY

Section 3.1 Taxes.

(a) Any and all payments by the Borrowers to or for the account of the Administrative Agent or any Lender under any Credit Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding, in the case of the Administrative Agent and each Lender, taxes imposed on or measured by its overall net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Administrative Agent or such Lender, as the case may be, is organized or maintains a lending office (all such non-excluded taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and liabilities being hereinafter referred to as "Taxes"). If a Borrower shall be required by any Laws to deduct any Taxes from or in respect of any sum payable under any Credit Document to the Administrative Agent or any Lender, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), each of the Administrative Agent and such Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions, (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within 30 days after the date of such payment, such Borrower shall furnish to the Administrative Agent (which shall forward the same to such Lender) the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, each Borrower agrees to pay any and all present or future stamp, court or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made by such Borrower under any Credit Document or from the

execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Credit Document (hereinafter referred to as "Other Taxes").

(c) If a Borrower shall be required to deduct or pay any Taxes or Other Taxes from or in respect of any sum payable under any Credit Document to the Administrative Agent or any Lender, such Borrower shall also pay to the Administrative Agent or to such Lender, as the case may be, at the time interest is paid, such additional amount that the Administrative Agent or such Lender specifies is necessary to preserve the after-tax yield (after factoring in all taxes, including taxes imposed on or measured by net income) that the Administrative Agent or such Lender would have received if such Taxes or Other Taxes had not been imposed. In the event a Borrower is required to make an additional payment to a Lender pursuant to this Section 3.1, such Borrower may request from such Lender a calculation of the effect of such additional payment on the Taxes and Other Taxes of such Lender. If after the application of any available credits or deductions in connection with the additional payment the after-tax yield to such Lender is greater than the after-tax yield, which such Lender would have received if such additional payment were not made, such Lender shall promptly pay such Borrower the difference.

(d) Each Borrower agrees to indemnify the Administrative Agent and each Lender for (i) the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section) paid by the Administrative Agent and such Lender, (ii) amounts payable under Section 3.1(c) and (iii) any liability (including additions to tax, penalties, interest and expenses) arising therefrom or with respect thereto, in each case whether or not such Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Payment under this subsection (d) shall be made within fifteen (15) Business Days after the date the Lender or the Administrative Agent makes a demand therefor.

(e) Notwithstanding anything to the contrary herein or in Section 10.15, the Borrowers shall be liable under Section 3.1 with respect to any French withholding taxes which may be payable to a Non-Tranche B Lender as a result of such Non-Tranche B Lender's purchase of Tranche B Loans pursuant to Section 2.13.

(f) Notwithstanding the foregoing, no Borrower shall be required to make any payments or reimburse the Administrative Agent or any Lender under this Section 3.1 with respect to any Taxes, Other Taxes or other amounts imposed on or paid by the Administrative Agent or such Lender more than one hundred eighty (180) days before the date of which a request for payment or reimbursement is delivered to such Borrower.

(g) Except as provided in Section 3.1(e), the obligation of any Borrower to pay any additional amounts to any Lender under this Section 3.1 shall be subject to satisfaction by such Lender of the requirements of Section 10.15.

Section 3.2 Illegality. If any Lender determines that any change in Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurocurrency Rate Loans (whether denominated in Dollars or an Alternative Currency), or to determine or charge interest rates based upon the Eurocurrency Rate, or any Governmental Authority has imposed material

restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars or any Alternative Currency in the applicable interbank market, then, on notice thereof by such Lender to the Company through the Administrative Agent, any obligation of such Lender to make or continue Eurocurrency Rate Loans in the affected currency or currencies or, in the case of Eurocurrency Rate Loans in Dollars, to convert Base Rate Loans to Eurocurrency Rate Loans, shall be suspended until such Lender notifies the Administrative Agent and the Company that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable and such Loans are denominated in Dollars, convert all such Eurocurrency Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurocurrency Rate Loans. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

Section 3.3 Inability to Determine Rates. If the Administrative Agent and the Required Lenders determine that for any reason in connection with any request for a Eurocurrency Rate Loan or a conversion to or continuation thereof that (i) deposits (whether in Dollars or an Alternative Currency) are not being offered to banks in the applicable offshore interbank market for such currency for the applicable amount and Interest Period of such Eurocurrency Rate Loan, (ii) adequate and reasonable means do not exist for determining the Eurocurrency Base Rate for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan (whether denominated in Dollars or an Alternative Currency), or (iii) the Eurocurrency Base Rate for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Eurocurrency Rate Loan, the Administrative Agent will promptly so notify the Company and each Lender. Thereafter, the obligation of the Lenders to make or continue Eurocurrency Rate Loans in the affected currency or currencies shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Company may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Rate Loans in the affected currency or currencies or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

Section 3.4 Increased Cost and Reduced Return; Capital Adequacy; Reserves on Eurocurrency Rate Loans .

(a) If any Lender determines that as a result of the introduction of or any change in or in the interpretation of any Law, or such Lender's compliance therewith, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining Eurocurrency Rate Loans, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (excluding for purposes of this subsection (a) any such increased costs or reduction in amount resulting from (i) Taxes or Other Taxes (as to which Section 3.1 shall govern), (ii) changes in the basis of taxation of overall net income or overall

gross income by the United States or any foreign jurisdiction or any political subdivision of either thereof under the Laws of which such Lender is organized or has its Lending Office, (iii) reserve requirements utilized in the determination of the Eurocurrency Rate and (iv) the requirements of the Bank of England and the Financial Services Authority or the European Central Bank reflected in the Mandatory Cost, other than as set forth below) or the Mandatory Cost, as calculated hereunder, does not represent the cost to such Lender of complying with the requirements of the Bank of England and/or the Financial Services Authority or the European Central Bank in relation to its making, funding or maintaining of Eurocurrency Rate Loans denominated in the applicable Alternative Currency, then from time to time within fifteen (15) Business Days after the Company's receipt of a written demand of such Lender (with a copy of such demand to the Administrative Agent), the Company shall pay (or cause Aptar SAS to pay) to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction or, if applicable, the portion of such cost that is not represented by the Mandatory Cost.

(b) If any Lender determines that the introduction of any Law regarding capital adequacy or any change therein or in the interpretation thereof, or compliance by such Lender (or its Lending Office) therewith, has the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder (taking into consideration its policies with respect to capital adequacy and such Lender's desired return on capital), then from time to time on or prior to the fifteenth (15th) Business Day after the Company's receipt of a written demand of such Lender (with a copy of such demand to the Administrative Agent), the Company shall pay (or cause Aptar SAS to pay) to such Lender such additional amounts as will compensate such Lender for such reduction.

(c) The Company shall pay (or cause Aptar SAS to pay) to each Lender, as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Eurocurrency Rate Loans, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Company shall have received at least 15 days' prior written notice (with a copy to the Administrative Agent) of such additional costs from such Lender. If a Lender fails to give written notice 15 days prior to the relevant Interest Payment Date, such additional costs shall be due and payable 15 days from receipt of such notice.

(d) No Borrower shall be required to compensate a Lender pursuant to this Section 3.4 for any amounts incurred or arising hereunder more than 180 days prior to the date that such Lender notifies the Company of the event(s) giving rise to such amounts and of such Lender's intention to claim compensation therefor; provided that, if the adoption or change described in this Section 3.4 giving rise to such request for compensation is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof. The applicable Lender shall deliver a written statement of such Lender to the Company (with a copy to the Administrative Agent) as to the amount due, if any, under this Section 3.4. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined

such amount and shall be final, conclusive and binding on the Borrowers in the absence of demonstrable error.

Section 3.5 Compensation for Losses. On or prior to the fifteenth (15th) Business Day after the Company's receipt of a written demand of any Lender (with a copy to the Administrative Agent) from time to time, the Company shall promptly compensate (or cause Aptar SAS to compensate) such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

- (a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);
- (b) any failure by a Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Company or Aptar SAS;
- (c) any failure by a Borrower to make payment of any Loan (or interest due thereon) denominated in an Alternative Currency on its scheduled due date or any payment thereof in a different currency;
- (d) any assignment of a Eurocurrency Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Company pursuant to Section 10.16; or
- (e) any reallocation of Tranche A Loans pursuant to Section 2.1(c) on a date other than the last day of an Interest Period for Tranche A Loans;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Company shall also pay (or cause Aptar SAS to pay) any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by a Borrower to the Lenders under this Section 3.5, each Lender shall be deemed to have funded each Eurocurrency Rate Loan made by it at the Eurocurrency Base Rate used in determining the Eurocurrency Rate for such Loan by a matching deposit or other borrowing in the offshore interbank market for such currency for a comparable amount and for a comparable period, whether or not such Eurocurrency Rate Loan was in fact so funded.

No Borrower shall be required to compensate a Lender pursuant to this Section 3.5 for any amounts incurred or arising hereunder more than 180 days prior to the date that such Lender notifies the Company of the event(s) giving rise to such amounts and of such Lender's intention to claim compensation therefor. The applicable Lender shall deliver a written statement of such Lender to the Company (with a copy to the Administrative Agent) as to the amount due, if any, under this Section 3.5. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrowers in the absence of demonstrable error.

Section 3.6 Matters Applicable to all Requests for Compensation.

(a) A certificate of the Administrative Agent or any Lender claiming compensation under this Section 3 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, the Administrative Agent or such Lender may use any reasonable averaging and attribution methods.

(b) Upon any Lender's making a claim for compensation under Section 3.1 or 3.4 or providing a notice under Section 3.2, which has not been withdrawn, the Company may replace such Lender in accordance with Section 10.16.

Section 3.7 Survival. All of the Borrowers' obligations under this Section 3 shall survive termination of the Aggregate Commitments and repayment of all other Obligations hereunder.

SECTION 4. CONDITIONS PRECEDENT.

Section 4.1 Agreement Effectiveness. This Agreement shall be and become effective on the date (the "Effective Date") on which the Borrowers, the Lenders and the Administrative Agent shall have executed and delivered this Agreement and the Administrative Agent shall have received (or, in the case of Sections 4.1(e), (f) and (g), the Administrative Agent shall be satisfied that such conditions are met) all of the following, each duly executed and dated the Effective Date (or such earlier date as shall be satisfactory to the Administrative Agent) in form and substance reasonably satisfactory to the Administrative Agent:

- (a) the opinion of Sidley, Austin, Brown & Wood LLP, U.S. legal counsel to the Company;
- (b) copies of resolutions of the Board of Directors of the Company authorizing the execution and delivery of the Credit Documents to which it is a party, certified by the Secretary or Assistant Secretary of the Company;
- (c) specimen signatures of the persons authorized to execute Credit Documents on the Company's behalf, certified by the Secretary or Assistant Secretary of the Company;
- (d) payment of all fees then due and owing to the Administrative Agent and each Lender under Section 2.7;
- (e) all legal matters incident to the execution and delivery of the Credit Documents shall be reasonably satisfactory to the Required Lenders;
- (f) no change, occurrence or development shall have occurred since December 31, 2002 which could reasonably be expected to have a Material Adverse Effect;
- (g) evidence, reasonably satisfactory to the Administrative Agent, that on the Effective Date concurrently with the issuance of the initial Loans (i) all outstanding Debt under the Existing Credit Agreement will be paid in full and (ii) all commitments under the Existing Credit Agreement will be terminated; and

(h) if Aptar SAS has executed this Agreement, the documents required by Section 2.14.

The Administrative Agent shall promptly notify the Lenders that the Effective Date has occurred.

Section 4.2 All Credit Extensions. At the time of each Credit Extension hereunder:

(a) The Administrative Agent shall have received the notice required by Section 2.2;

(b) Each of the representations and warranties of the Borrowers set forth in Section 5 shall be and remain true and correct in all material respects as of the date of such Credit Extension, except to the extent that any such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct as of such earlier date; and

(c) No Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Extension.

Each request for a Credit Extension shall be deemed to be a representation and warranty by the Company and, if such Loan is a Tranche B Loan, Aptar SAS, on the date of such Borrowing, conversion or continuance as to the facts specified in subsections (b) and (c) of this Section 4.2.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Company (and, with respect to Section 5.20, Aptar SAS) represents and warrants to each Lender and the Administrative Agent as follows:

Section 5.1 Organization.

(a) The Company and each of its Subsidiaries: (i) is duly organized and existing and in good standing under the Laws of the jurisdiction of its organization; (ii) has all necessary power to own the Property and assets it uses in its business and otherwise to carry on its present business and the business it currently proposes to transact; and (iii) is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business transacted by it or the nature of the property owned or leased by it makes such licensing or qualification necessary and in which the failure to be so licensed or qualified would have a Material Adverse Effect.

(b) As of the Effective Date, the Company has no Subsidiaries other than those Subsidiaries listed on Schedule 5.1.

Section 5.2 Corporate Power and Authority. Each Borrower has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Credit Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of such Credit Documents. Each Borrower has duly executed and delivered each Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of each Borrower enforceable in accordance with its terms, except that enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar Laws now or

hereafter in effect relating to creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law).

Section 5.3 No Violation. Neither the execution, delivery or performance by the Borrowers of the Credit Documents to which it is a party nor compliance by it with the terms and provisions thereof, nor the consummation of the transactions contemplated herein or therein, will (i) contravene any applicable provision of any Law, or any order, writ, injunction or decree of any court or governmental instrumentality, (ii) conflict with or result in any breach of any term, covenant, condition or other provision of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of the Company or any of its Subsidiaries under the terms of any Contractual Obligation to which the Company or any of its Subsidiaries is a party or by which it or any of its property or assets are bound or to which it may be subject or (iii) violate any provision of the Articles of Incorporation or By-Laws or corresponding organizational documents of the Company or any of its Subsidiaries.

Section 5.4 Governmental Authorization. No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority, which has not been obtained or given, is necessary or required in connection with the execution, delivery or performance by, or enforcement against, either Borrower of any Credit Document.

Section 5.5 Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Company or any of its Subsidiaries, threatened, involving the Company or any of its Subsidiaries (i) that are likely to have a Material Adverse Effect or (ii) that could reasonably be expected to have a material adverse effect on the rights or remedies of the Lenders or on the ability of either Borrower to perform its obligations to the Lenders under this Agreement.

Section 5.6 Use of Proceeds; Margin Regulations.

(a) The proceeds of all Loans shall be used (i) to pay fees and expenses incurred in connection with this Agreement, (ii) to repay Debt under the Existing Credit Agreement and (iii) working capital, capital expenditures and other lawful corporate purposes.

(b) No proceeds of any Loan will be used to purchase or carry any "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit for the purpose of purchasing or carrying any "margin stock."

(c) Notwithstanding any of the foregoing, no proceeds of any Loan will be used to finance, fund or complete any hostile acquisition of any Person.

Section 5.7 Investment Company Act. Neither the Company nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

Section 5.8 Public Utility Holding Company Act. Neither the Company nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an

“affiliate” of a “holding company” or of a “subsidiary company” of a “holding company,” within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 5.9 True and Complete Disclosure. All factual information heretofore or contemporaneously furnished by or on behalf of the Company or its Subsidiaries to the Administrative Agent or any Lender (including, without limitation, all information contained herein) in connection with this agreement or any transaction contemplated herein is, and all other such factual information hereafter furnished by or on behalf of any such Persons in writing to the Administrative Agent or any Lender will be, true and accurate in all material respects on the date of such information and not incomplete by omitting to state any material fact necessary to make such information not misleading at such time in light of the circumstances under which such information was provided.

Section 5.10 Financial Statements. The audited consolidated financial statements of the Company as at December 31, 2002 and the unaudited consolidated financial statements of the Company for the nine month period ended September 30, 2003, copies of which have been delivered to the Lenders, in each case (i) have been prepared in accordance with GAAP consistently applied throughout the periods involved (except as disclosed therein) and (ii) fairly present on a consolidated basis the financial position of the Company and its Subsidiaries, as of the dates thereof, and the results of operations for the periods covered thereby. The Company and its Subsidiaries have no material contingent liabilities other than those disclosed in the financial statements referred to in this Section 5.10 or in any supplemental report already furnished to the Lenders in writing. With respect to any representation and warranty, which is deemed to be made after the date hereof by the Company this representation shall be deemed to refer to the financial statements most recently, delivered by the Company to the Lenders.

Section 5.11 No Material Adverse Change. No event has occurred which had a Material Adverse Effect since December 31, 2002.

Section 5.12 Labor Controversies. There are no labor controversies pending or, to the best knowledge of the Company or its Subsidiaries, threatened against the Company and its Subsidiaries that can reasonably be foreseen to threaten a Material Adverse Effect.

Section 5.13 Taxes. The Company and its Subsidiaries have filed all federal tax returns and all other tax returns required to be filed and have paid all taxes due, except such taxes, if any, as are being contested in good faith and for which adequate reserves have been provided. No tax liens have been filed and no claims are being asserted for taxes, which liens or claims could have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries for taxes and other governmental charges are adequate.

Section 5.14 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of the Company, nothing has occurred which would prevent, or cause the

loss of, such qualification. The Company and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code except where a failure to make a required contribution could not reasonably be expected to have a Material Adverse Effect. No application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of the Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could be reasonably expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA which individually under clauses (i) through (v), or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

Section 5.15 Intellectual Property. The Company and its Subsidiaries own or hold a valid license to use all the material patents, trademarks, permits, service marks, trade names, technology, know-how and formulas or other rights related to the foregoing, free of any burdensome restrictions, that are used in the operation of the business of the Company or of its Subsidiaries as presently conducted and as proposed to be conducted as determined by the Company and its Subsidiaries in their reasonable judgment, except for such intellectual property or burdensome restrictions which are not likely to individually or in the aggregate, have a Material Adverse Effect.

Section 5.16 Compliance with Statutes, Etc. The Company and its Subsidiaries are in compliance with all applicable statutes, regulations and orders of and all applicable restrictions imposed by, all governmental bodies, domestic and foreign, in respect of the conduct of its business and the ownership of its Property, except such non-compliance as is not likely to, individually or in the aggregate, have a Material Adverse Effect.

Section 5.17 Environmental Matters.

(a) The Company and its Subsidiaries have complied with, and on the date of each Credit Extension are in compliance with, all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws except to the extent such noncompliance is not likely to have a Material Adverse Effect. There are no pending or, to the best knowledge of the Company and its Subsidiaries, past or threatened Environmental Claims against the Company or its Subsidiaries of any real property owned or operated by the Company

or its Subsidiaries that individually or in the aggregate would reasonably be expected to have a Material Adverse Effect. There are no conditions or occurrences on any real property owned or operated by the Company or its Subsidiaries or, to the best knowledge of the Company and its Subsidiaries, on any property adjoining or in the vicinity of any such real property that would reasonably be expected (i) to form the basis of an Environmental Claim against the Company or its Subsidiaries or any such real property that individually or in the aggregate would reasonably be expected to have a Material Adverse Effect or (ii) to cause any such real property to be subject to any restrictions on the ownership, occupancy, use or transferability of such real property by the Company or its Subsidiaries under any applicable Environmental Law which restrictions are likely to have a Material Adverse Effect.

(b) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from, any real property owned or operated by the Company or its Subsidiaries in a manner that has violated or would reasonably be expected to violate any Environmental Law except such violations as are not likely, individually or in the aggregate, to have a Material Adverse Effect. Hazardous Materials have not at any time been released on or from any real property located in the United States owned or operated by the Company or any of its Subsidiaries except such releases as are not likely, individually or in the aggregate, to have a Material Adverse Effect. To the best of the Company's knowledge, there are not now any underground storage tanks located on any real property located in the United States owned or operated by the Company or its Subsidiaries.

Section 5.18 Existing Debt. Schedule 5.18 contains a complete list of all Debt (other than the Obligations hereunder and under the Existing Credit Agreements) of the Company and its Subsidiaries as of September 30, 2003 and all other Debt incurred by the Company or any of its Subsidiaries between September 30, 2003 and the Effective Date which had an original principal amount in excess of \$25,000,000.

Section 5.19 No Burdensome Restrictions; Compliance with Agreements. Neither the Company nor any of its Subsidiaries is party or subject to any law, regulation, rule or order, or any Contractual Obligation that (individually or in the aggregate) has or reasonably could be foreseen to have a Material Adverse Effect.

Section 5.20 Additional Representations as to Aptar SAS. On and after the date Aptar SAS becomes a Borrower, Aptar SAS represents and warrants to the Administrative Agent and the Lenders that:

(a) Aptar SAS is subject to civil and commercial Laws with respect to its obligations under this Agreement and the other Credit Documents to which it is a party, and the execution, delivery and performance by Aptar SAS of the Credit Documents constitute and will constitute private and commercial acts and not public or governmental acts. Neither Aptar SAS nor any of its property has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the Laws of the jurisdiction in which Aptar SAS is organized and existing in respect of its obligations under the Credit Documents.

(b) The Credit Documents are in proper legal form under the Laws of the jurisdiction in which Aptar SAS is organized and existing for the enforcement thereof against Aptar SAS under the Laws of such jurisdiction, and to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Credit Documents. It is not necessary to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Credit Documents that the Credit Documents be filed, registered or recorded with, or executed or notarized before, any court or other authority in the jurisdiction in which Aptar SAS is organized and existing or that any registration charge or stamp or similar tax be paid on or in respect of the Credit Documents or any other document, except for (i) any such filing, registration, recording, execution or notarization as has been made or is not required to be made until the Credit Documents or any other document is sought to be enforced and (ii) any charge or tax as has been timely paid.

(c) There is no tax, levy, impost, duty, fee, assessment or other governmental charge, or any deduction or withholding, imposed by any Governmental Authority in or of the jurisdiction in which Aptar SAS is organized and existing either (i) on or by virtue of the execution or delivery of the Credit Documents or (ii) on any payment to be made by Aptar SAS pursuant to the Credit Documents, except as set forth on Schedule 5.20.

(d) The execution, delivery and performance of the Credit Documents executed by Aptar SAS are, under applicable foreign exchange control regulations of the jurisdiction in which Aptar SAS is organized and existing, not subject to any notification or authorization except (i) such as have been made or obtained or (ii) such as cannot be made or obtained until a later date (provided that any notification or authorization described in clause (ii) shall be made or obtained as soon as is reasonably practicable).

SECTION 6. COVENANTS.

The Company covenants and agrees that, so long as any Loan is outstanding or any Commitment is available to or in use by the Company hereunder, except to the extent compliance in any case is waived in writing by the Required Lenders:

Section 6.1 Existence. The Company will, and will cause each of its Subsidiaries to, preserve and maintain its existence, subject to the provisions of Section 6.11.

Section 6.2 Maintenance. The Company will, and will cause each of its Subsidiaries to, maintain, preserve and keep its plants, properties and equipment necessary to the proper conduct of its business in reasonably good repair, working order and condition and will from time to time make all reasonably necessary repairs, renewals, replacements, additions and betterments thereto so that at all times such plants, properties and equipment are reasonably preserved and maintained; provided, however, that nothing in this Section 6.2 shall prevent the Company or any of its Subsidiaries from discontinuing the operation or maintenance of any such properties if such discontinuance is, in the judgment of the Company or any such Subsidiary, as applicable, desirable in the conduct of its business or the business of its Subsidiary and not materially disadvantageous to the Lenders.

Section 6.3 Taxes. The Company will, and will cause each of its Subsidiaries to, duly pay and discharge all taxes, rates, assessments, fees and governmental charges upon or against it

or its properties before payment is delinquent and before penalties accrue thereon, unless and to the extent that the same is being contested in good faith and by appropriate proceedings and appropriate reserves have been established in conformity with GAAP.

Section 6.4 ERISA. The Company will, and will cause each of its Subsidiaries to, promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed could reasonably be expected to result in the imposition of a Lien against any of its properties or assets and will promptly notify the Administrative Agent of any ERISA Event which could be reasonably be expected to have a Material Adverse Effect.

Section 6.5 Insurance. The Company will, and will cause each of its Subsidiaries to, insure, and keep insured, all insurable Property and assets owned by it of a character usually insured by companies similarly situated and operating like Property or assets, to the extent usually insured (subject to self-insured retentions) by such similar companies. The Company and each of its Subsidiaries will also insure employers' and public and product liability risks. The Company will, upon request of the Administrative Agent, furnish to the Administrative Agent a summary setting forth the nature and extent of the insurance maintained pursuant to this Section 6.5.

Section 6.6 Financial Reports and Other Information.

(a) The Company and its Subsidiaries will maintain a system of accounting in accordance with GAAP and will furnish to the Administrative Agent such information about the business and financial condition of the Company and its Subsidiaries as the Administrative Agent may reasonably request; and, without any request, will furnish to the Administrative Agent and each Lender:

(i) Within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal quarter and the related consolidated statement of income and of cash flow for such fiscal quarter and for the portion of the fiscal year ended with the last day of such fiscal quarter, all of which shall be in reasonable detail and certified by the Executive Vice President or the Vice President-Treasurer of the Company that they fairly present the financial condition of the Company and its Subsidiaries (as applicable) as of the dates indicated and the results of their operations and changes in their cash flows for the periods indicated and that it has been prepared in accordance with the terms of this Agreement, subject to normal year-end audit adjustments.

(ii) Within 120 days after the end of each fiscal year of the Company, the consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year and the related consolidated statement of income and retained earnings and of cash flows for such fiscal year and setting forth consolidated comparative figures for the preceding fiscal year certified by PriceWaterhouseCoopers or other independent certified public accountants of recognized national standing, in each case to the effect that such statements fairly present the financial condition of the Company and its Subsidiaries as of the dates indicated and the results of their operations and changes.

(iii) Promptly after the sending or filing thereof, copies of all financial statements and projections that the Company sends to its shareholders and copies of all filings and registrations with, and reports to, the SEC by the Company or any of its Subsidiaries.

(b) Each financial statement furnished to the Administrative Agent pursuant to subsections (i) and (ii) of Section 6.6(a) shall be accompanied by (A) a written certificate signed by the Company's Executive Vice President or Vice President-Treasurer to the effect that (i) no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the Company to remedy the same, and (ii) the representations and warranties contained in Section 5 are true and correct in all material respects as though made on the date of such certificate, except as otherwise described therein, and (B) a Compliance Certificate in the form of Exhibit C showing the Company's compliance with the covenants set forth in Sections 6.14, 6.15, 6.17 and 6.18, and attaching an updated Schedule 5.1 if any information pertaining thereto has changed since the previous Compliance Certificate was submitted.

(c) Promptly after obtaining knowledge of any of the following, the Company shall provide the Administrative Agent with written notice in reasonable detail of:

(i) any pending or threatened material Environmental Claim against the Company or any of its Subsidiaries or any real property owned or operated by the Company or any of its Subsidiaries;

(ii) any condition or occurrence on any real property owned or operated by the Company or any of its Subsidiaries that (x) results in material noncompliance by the Company or any of its Subsidiaries with any Environmental Law or (y) could reasonably be anticipated to form the basis of a material Environmental Claim against the Company or any of its Subsidiaries or any such real property;

(iii) any condition or occurrence on any real property owned or operated by the Company or any of its Subsidiaries that could reasonably be anticipated to cause such real property to be subject to any material restrictions on the ownership, occupancy, use or transferability by the Company or its Subsidiary, as the case may be, of its interest in such real property under any Environmental Law; and

(iv) the taking of any material removal or remedial action in response to the actual or alleged presence of any Hazardous Material on any real property owned or operated by the Company or any of its Subsidiaries.

For purposes of this Section 6.6(c), "material" shall refer to an event or circumstance that could reasonably be expected to result in losses, costs or liabilities (in excess of any cash escrow available to the Company), individually or in the aggregate, in excess of \$5,000,000.

(d) The Company will promptly (and in any event within one Business Day after an officer of the Company has knowledge thereof) give notice to the Administrative Agent of:

- (i) the occurrence of any Default or Event of Default;
- (ii) any default or event of default under any Contractual Obligation of the Company or any of its Subsidiaries which is likely to have a Material Adverse Effect;
- (iii) any litigation or governmental proceeding of the type described in clause (i) or (ii) of Section 5.5; and
- (iv) any circumstance that has had a Material Adverse Effect.

Documents required to be delivered pursuant to Section 6.6 (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically to the Administrative Agent for distribution to the Lenders and if so delivered, shall be deemed to have been delivered on the date (i) on which the Company delivers electronic copies thereof to the Administrative Agent, posts such documents, or provides a link thereto on the Company's website on the Internet at the website address listed on Schedule 10.2; or (ii) on which such documents are posted on the Company's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (x) the Company shall deliver paper copies of such documents to the Administrative Agent or any Lender that delivers a written request to the Company to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (y) the Company shall notify (which may be by facsimile or electronic mail) the Administrative Agent and each Lender of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall deliver any documents delivered to it by the Company pursuant to Section 6 to the Lenders either electronically or by posting such documents on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent). Notwithstanding anything contained herein, in every instance the Company shall be required to provide paper copies of the Compliance Certificates required by Section 6.6(c) to the Administrative Agent. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 6.7 Lender Inspection Rights. Upon reasonable notice from the Administrative Agent the Company will permit the Administrative Agent (and such Persons as the Administrative Agent may designate) and any Lender during normal business hours to visit and inspect any of the properties of the Company to examine all its books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss its respective affairs, finances and accounts with its officers, employees and independent public accountants (and by this provision the Company authorizes such accountants to discuss with the Administrative Agent (and such Persons as the Administrative Agent may designate) and any Lender the finances and affairs of the Company and its Subsidiaries) all at such reasonable times and as often as may be reasonably requested.

Section 6.8 Conduct of Business. The Company and each of its Subsidiaries will not engage in any line of business outside the packaging industry other than a Permitted Receivables Transaction.

Section 6.9 Fiscal Years and Quarters. The Company will, for financial reporting purposes, maintain for itself and its Subsidiaries a fiscal year that ends on December 31 of each year and fiscal quarters that end on March 31, June 30, September 30 and December 31 of each year.

Section 6.10 Limitation on Certain Restrictions on Subsidiaries. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise permit to exist or become effective any Lien or restriction on the ability of any such Subsidiary to (a) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by the Company or any Subsidiary of the Company, or pay any Indebtedness owed to the Company or a Subsidiary of the Company, or (b) make loans or advances to the Company or any Subsidiaries of the Company, except for such Liens or restrictions existing under or by reason of (i) applicable Law, (ii) this Agreement, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Company or a Subsidiary of the Company, (iv) customary provisions restricting assignment of any licensing agreement entered into by the Company or a Subsidiary of the Company in the ordinary course of business; and (v) customary provisions restricting distributions pursuant to any Permitted Receivables Transaction.

Section 6.11 Mergers, Consolidations and Asset Sales.

(a) The Company will not, and will not permit any of its Subsidiaries to, be a party to any merger or consolidation or engage in any Asset Sale of all or a “substantial part” of the consolidated assets (including assets consisting of stock) of the Company and its Subsidiaries, except for any such merger or consolidation (x) by any Subsidiary into or with the Company or into or with any Subsidiary, (y) by any Subsidiary provided the survivor is a Subsidiary or (z) by the Company provided the Company is the surviving corporation. As used in this Section 6.11(a), an Asset Sale shall be deemed to be of a “substantial part” of the consolidated assets of the Company and its Subsidiaries if the book value of such assets (excluding accounts receivable transferred as part of a Permitted Receivables Transaction), when added to the book value of all such other assets (including assets consisting of stock) sold, leased, transferred or disposed of by the Company and its Subsidiaries during any fiscal year (other than inventory in the ordinary course of business) exceeds 10% of their consolidated assets (including assets consisting of stock) as of the date of the most recently ended Fiscal Year.

(b) The Company will not permit any of its Subsidiaries to issue or sell any shares of stock of any class (including as “stock” for the purpose of this subsection any warrants, rights or options to purchase or otherwise acquire stock or other Securities exchangeable for or convertible into stock) of such Subsidiary to any Person other than the Company or a Wholly-Owned Subsidiary of the Company, except for the purpose of qualifying directors, if the effect of such issuance of sale would be to dilute the voting rights or ownership interests of the Company in any such Subsidiary to fifty percent (50%) or less.

Section 6.12 Use of Property and Facilities; Environmental, Health and Safety Laws. The Company will, and will cause each of its Subsidiaries to, comply in all material respects with all Environmental Laws applicable to or affecting the properties or business operations of the Company or its Subsidiaries except to the extent such noncompliance is not likely to have a Material Adverse Effect.

Section 6.13 Liens. The Company will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien of any kind on any Property or asset of any kind of the Company or any Subsidiary of the Company, except the following (collectively, the "Permitted Liens"):

(a) Liens arising in the ordinary course of business by operation of law in connection with worker's compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges, good faith deposits, pledges or other Liens in connection with bids, tenders, contracts or leases to which the Company or its Subsidiaries is a party or other deposits required to be made in the ordinary course of business; provided that in each case the obligation secured is not for Debt and is not overdue or, if overdue, is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(b) mechanics', worker's, materialmen's, landlords', carriers' or other similar Liens arising in the ordinary course of business (or deposits to obtain the release of such Liens) related to obligations not due or, if due, that are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(c) Liens for taxes or assessments or other government charges or levies not yet due or which are being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor;

(d) Liens arising out of judgments or awards against the Company or any of its Subsidiaries, or in connection with surety or appeal bonds in connection with bonding such judgments or awards, the time for appeal from which or petition for rehearing of which shall not have expired or which the Company or such Subsidiary shall be prosecuting an appeal or proceeding for review, and for which it shall have obtained a stay of execution pending such appeal or proceeding for review; provided that the aggregate amount of liabilities (including interest and penalties, if any but excluding any liabilities covered by insurance) of the Company and its Subsidiaries secured by such Liens shall not exceed \$5,000,000 at any one time outstanding;

(e) easements, rights-of-way, restrictions and other similar encumbrances on real property incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Company or any of its Subsidiaries;

(f) any interest or title of a lessor under any operating lease entered into by the Company or any Subsidiary in the ordinary course of its business and covering only the assets so leased;

(g) Liens in favor of depository and collection banks and other regulated financial institutions consisting of statutory or contractual setoff rights with respect to deposit accounts or securities accounts of the Company or any Subsidiary thereof maintained with such bank or financial institution to secure payment of customary maintenance fees or other administrative charges associated with such accounts so long as such Liens do not secure Indebtedness and are incurred in the ordinary course of business or that are being contested in good faith by appropriate proceedings;

(h) Liens upon any Property acquired by the Company or any of its Subsidiaries (A) to secure the payment of all or any part of the purchase price of such Property upon its acquisition, (B) to secure Debt issued, assumed or guaranteed by the Company or such Subsidiary before, at the time of, or within 90 days after the acquisition of such Property, which Debt financed all or any part of the purchase price of such Property, (C) to secure capitalized lease obligations or (D) to secure commercial letters of credit issued to pay part or all of the purchase price of such Property; provided that in each case such Lien applies only to the Property that was so acquired or purchased, such Debt is incurred in connection with such acquisition or purchase and such Debt does not exceed the purchase price of such Property;

(i) Liens on Property existing at the time such Property is acquired by the Company or any Subsidiary of the Company and not created in contemplation of such acquisition and Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Subsidiary of the Company or becomes a Subsidiary of the Company, provided that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Company or such Subsidiary or acquired by the Company or such Subsidiary;

(j) Liens on accounts receivable transferred in connection with a Permitted Receivables Transaction;

(k) Liens securing Debt described on Schedule 5.18 hereto and other Indebtedness not to exceed in the aggregate 7% of Consolidated Net Worth at any time outstanding; and

(l) Any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing subsections (a) through (g), provided, however, that the principal amount of Debt secured thereby does not exceed the principal amount secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement is limited to the Property already subject to the Lien so extended, renewed or replaced.

Nothing contained in subsections (a) through (l) of this Section 6.13 shall be deemed to permit a pledge of the stock (or other equity interests) of the Company or any of its Subsidiaries.

Section 6.14 Debt. The Company will not, and will not permit any of its Subsidiaries to, contract, assume or suffer to exist any Debt, except:

(a) Debt under this Agreement;

(b) Existing Debt listed on Schedule 5.18 and other Debt provided that at the time such other Debt is incurred and after giving effect to the incurrence of such other Debt (i) the Company is in pro forma compliance with Section 6.17 hereof and (ii) the Debt of Subsidiaries of the Company (excluding Debt owing to the Company or other Subsidiaries of the Company and Debt of Aptar SAS under this Agreement) does not exceed 30% of Consolidated Net Worth.

Section 6.15 Advances, Acquisitions, Investments and Loans. The Company will not, and will not permit any of its Subsidiaries to, lend money or credit or make advances to any Person, or purchase or acquire any stock of any class of, or any partnership, joint venture or other equity interest in or obligations of, or make any capital contribution to, any Person, or purchase or own a futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, except:

(a) investments in Cash Equivalents;

(b) receivables owing to the Company or its Subsidiaries created or acquired in the ordinary course of business and payable on customary trade terms of the Company or such Subsidiary;

(c) investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(d) advances, loans and investments in existence on the Effective Date (all such advances, loans and investments by the Company or any of its Subsidiaries in existence on September 30, 2003 and all advances, loans and investments by the Company or any of its Subsidiaries between September 30, 2003 and the Effective Date which had an original amount in excess of \$10,000,000, in each case are reflected on Schedule 6.15 hereto);

(e) deposits made in the ordinary course of business consistent with past practices;

(f) financing provided by the Company and its Subsidiaries to their customers in the ordinary course of business;

(g) intercompany loans, contributions to capital and advances to any of its Subsidiaries and any Subsidiaries of the Company may make intercompany loans, contributions to capital and advances to the Company;

(h) loans and advances by the Company and its Subsidiaries to directors, officers and employees of the Company and its Subsidiaries for moving and travel expenses and other similar expenses, in each case incurred in the ordinary course of business, in an aggregate outstanding principal amount not to exceed \$5,000,000 at any time;

(i) purchases or acquisitions of stock or partnership interests, joint venture interests or other equity interests in any Person who after such purchase or other acquisition becomes a Subsidiary; and

(j) other purchases, advances, loans and investments with respect to Persons who are not (or as a result of such investment do not become) a Subsidiary not to exceed, in the aggregate, twelve and one-half percent (12.5%) of the Consolidated Net Worth at any time outstanding.

Section 6.16 Dividends and Other Shareholder Distributions. The Company shall not during the occurrence and continuation of any Default or Event of Default:

(a) declare or pay any dividends or make any distribution of any kind on its outstanding capital stock, or set aside any sum for any such purpose; or

(b) purchase, redeem, retire or otherwise acquire, directly or indirectly, or make any sinking fund payments for, any shares of any class of stock of the Company or any Subsidiary of the Company now or hereafter outstanding or set apart any sum for any such purpose.

Section 6.17 Leverage. The Company will at all times maintain a Consolidated Leverage Ratio of not more than .55 to 1.

Section 6.18 Interest Coverage Ratio. The Company will not permit at any time the Consolidated Interest Ratio to be less than 3.5 to 1, such ratio to be calculated for the current fiscal quarter and previous three fiscal quarters combined.

Section 6.19 Transactions with Affiliates. Except as otherwise expressly permitted by the terms of this Agreement, the Company will not, and will not permit any of its Subsidiaries to, enter into or be a party to any material transaction or arrangement with any Affiliate of the Company or such Subsidiary which is not itself a Subsidiary, including without limitation, the purchase from, sale to or exchange of Property with, any merger or consolidation with or into, or the rendering of any service by or for, any such Affiliate, except (i) in the ordinary course of and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would obtain in a comparable arm's-length transaction with a Person other than an Affiliate and (ii) the Permitted Receivables Transaction and (iii) transactions and arrangements permitted under the terms of Section 6.11 or 6.15 provided the Board of Directors of the Company have determined that such transaction or arrangement is in the best interest of the Company.

Section 6.20 Compliance with Laws. Without limiting any of the other covenants of the Company in this Section 6, the Company will, and will cause its Subsidiaries to, conduct their business, and otherwise be, in compliance with all applicable Laws and orders of any governmental or judicial authorities; provided, however, that this Section 6.20 shall not require the Company or any of its Subsidiaries to comply with any such law, regulation, ordinance or order if (x) it shall be contesting such Law or order in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor, or (y) the failure to comply therewith could not, in the aggregate, have a Material Adverse Effect.

Section 6.21 Take or Pay Contracts. The Company will not, and will not permit any of its Subsidiaries to, enter into or be a party to any arrangement for the purchase of materials, supplies, other property or services if such arrangement (i) by its express terms requires that payment be made by the Company or such Subsidiary regardless of whether such materials, supplies, other property or services are delivered or furnished to it and (ii) could reasonably be expected to have a Material Adverse Effect.

Section 6.22 Inconsistent Agreements. The Company will not enter into any Contractual Obligation if compliance by the Company with the terms and provisions thereof, consummation of the transactions contemplated therein, or application or operation of any term, covenant, condition or other provision thereof would (i) result in a Default or Event of Default or (ii) violate any provision of the Articles of Incorporation or By-Laws of the Company or any of its Subsidiaries.

SECTION 7. EVENTS OF DEFAULT AND REMEDIES.

Section 7.1 Events of Default. Any one or more of the following shall constitute an Event of Default:

- (a) default (x) in the payment when due of the principal amount of any Loan or (y) for a period of three (3) days in the payment when due of any other Obligation constituting a payment obligation not mentioned in clause (x);
- (b) default by the Company, or any of its Subsidiaries in the observance or performance of any covenant set forth in Sections 6.10, 6.11, and 6.13-6.22;
- (c) default by the Company or any Subsidiary in the observance or performance of any provision hereof not mentioned in (a) or (b) above, which is not remedied within thirty (30) days after notice thereof to the Company by the Administrative Agent;
- (d) any representation or warranty made herein by the Company or any Subsidiary, or in any statement or certificate furnished pursuant hereto, proves untrue in any material respect as of the date of the issuance or making, or deemed making or issuance, thereof;
- (e) (x) default by the Company or any Subsidiary occurs in the payment when due of Indebtedness in an aggregate principal amount of \$5,000,000 or (y) a default by the Company or any Subsidiary or other circumstance occurs under any Contractual Obligation under which any Indebtedness of the Company or any Subsidiary in an aggregate principal amount of \$5,000,000 is issued or created and such default or other circumstance continues for a period of time sufficient to permit the holder or beneficiary of such Indebtedness, or a trustee therefore, to cause the acceleration of the maturity of any such Indebtedness or any mandatory unscheduled prepayment, purchase, or other early funding thereof;
- (f) the Company, Aptar SAS or any Subsidiary owning or holding in the aggregate more than five percent (5%) of the consolidated assets of the Company and its Subsidiaries (i) does not pay, or admits its inability to pay, its debts generally as they become due, (ii) makes an assignment for the benefit of creditors, (iii) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any

substantial part of its Property, (iv) institutes any proceeding seeking to have entered against it an order for relief under any Debtor Relief Law or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) takes any corporate action in furtherance of any matter described in clauses (i)-(iv) above, or (vi) fails to contest in good faith any appointment or proceeding described in Section 7.1(g);

(g) a custodian, receiver, trustee, examiner, liquidator or similar official is appointed for the Company, Aptar SAS or any Subsidiary thereof owning or holding in the aggregate more than five percent (5%) of the consolidated assets of the Company and its Subsidiaries or any substantial part of any of their respective Property, or a proceeding described in Section 7.1(f)(iv) is instituted against the Company, Aptar SAS or any Subsidiary of the Company, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) days;

(h) the Company or any Subsidiary of the Company fails within thirty (30) days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of, in the aggregate, \$5,000,000, which is not stayed on appeal or otherwise being appropriately contested in good faith in a manner that stays execution;

(i) (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount which could reasonably be expected to have a Material Adverse Effect, or (ii) the Company or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$5,000,000;

(j) (i) the Company, Aptar SAS or any Person acting on behalf of the Company, or any Governmental Authority challenges the validity of any Credit Document or the Company's obligations thereunder or (ii) any Credit Document ceases to be in full force and effect or ceases to give the Administrative Agent and Lenders the material Liens, rights, and powers purported to be granted in their favor thereby; or

(k) a Change of Control Event occurs.

Section 7.2 Non-Bankruptcy Defaults. When any Event of Default other than those described in subsections (f) or (g) of Section 7.1 has occurred and is continuing, the Administrative Agent shall, by notice to the Company: (a) if so directed by the Required Lenders, terminate the remaining Commitments and all other obligations of the Lenders hereunder on the date stated in such notice (which may be the date thereof) and (b) if so directed by the Required Lenders, declare the principal of and the accrued interest on all outstanding Loans to be forthwith due and payable and thereupon all outstanding Loans, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable under the Credit Documents without further demand, presentment, protest or notice of any kind. The Administrative Agent, after giving notice to the Company pursuant to Section 7.1(c) or this Section 7.2, shall also promptly send a copy of such notice to the other Lenders, but the failure to do so shall not impair or annul the effect of such notice.

Section 7.3 Bankruptcy Defaults. When any Event of Default described in subsections (f) or (g) of Section 7.1 has occurred and is continuing, then all outstanding Loans shall immediately become due and payable together with all other amounts payable under the Credit Documents without presentment, demand, protest or notice of any kind, and all obligations of the Lenders to extend further credit pursuant to any of the terms hereof shall immediately terminate.

Section 7.4 Notice of Default. The Administrative Agent shall give notice to the Company under Section 7.1(c) promptly upon being requested to do so by any Lender and shall thereupon notify all the Lenders thereof.

SECTION 8. ADMINISTRATIVE AGENT

Section 8.1 Appointment and Authorization of Administrative Agent. Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Credit Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Credit Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Credit Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term “agent” herein and in the other Credit Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

Section 8.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Credit Document by or through agents, employees or attorneys-in-fact, including, for the purposes of any Borrowings or payments in Alternative Currencies, such sub-agents as shall be deemed necessary by the Administrative Agent, and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent, sub-agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct. Any such agent, sub-agent or other Person retained or employed pursuant to this Section 8.2 shall have all the benefits and immunities provided to the Administrative Agent in this Section 8 with respect to any acts taken or omissions suffered by such Person in connection herewith or therewith, as fully as if the term “Administrative Agent” as used in this Section 8 and in the definition of “Agent-Related Person” included such additional Persons with respect to such acts or omissions.

Section 8.3 Liability of Administrative Agent. No Agent-Related Person shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this

Agreement or any other Credit Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by a Borrower or any officer thereof, contained herein or in any other Credit Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Credit Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document, or for any failure of a Borrower or any other party to any Credit Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of either Borrower or any Affiliate thereof.

Section 8.4 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation reasonably believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to a Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Credit Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Credit Document in accordance with a request or consent of the Required Lenders (or such greater number of Lenders as may be expressly required hereby in any instance) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 4.1, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Effective Date specifying its objection thereto.

Section 8.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or a Borrower referring to this Agreement, describing such Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default as

may be directed by the Required Lenders in accordance with Section 7; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable or in the best interest of the Lenders.

Section 8.6 Credit Decision; Disclosure of Information by Administrative Agent. Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of the Borrowers or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers and their respective Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrowers. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of each Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Borrowers or any of their respective Affiliates which may come into the possession of any Agent-Related Person.

Section 8.7 Indemnification of Administrative Agent. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of a Borrower and without limiting the obligation of a Borrower to do so), pro rata in accordance with their Voting Percentages, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Agent-Related Person's own gross negligence or willful misconduct, provided, however, that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any reasonable and documented costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Credit Document, or any document

contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrowers. The undertaking in this Section shall survive termination of the Aggregate Commitments, the payment of all other Obligations and the resignation of the Administrative Agent.

Section 8.8 Administrative Agent in its Individual Capacity. Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Borrowers and their respective Affiliates as though Bank of America were not the Administrative Agent hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding the Borrowers or any of their Affiliates (including information that may be subject to confidentiality obligations in favor of such Borrower or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent, and the terms “Lender” and “Lenders” include Bank of America in its individual capacity.

Section 8.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days’ notice to the Lenders and the Company. If the Administrative Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor administrative agent for the Lenders, which successor administrative agent shall be consented to by the Company at all times other than during the existence of an Event of Default (which consent of the Company shall not be unreasonably withheld or delayed). If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Company, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, the Person acting as such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term “Administrative Agent shall mean such successor administrative agent, the retiring Administrative Agent’s appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent’s resignation hereunder as Administrative Agent, the provisions of this Section 8 and Sections 10.4 and 10.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent’s notice of resignation, the retiring Administrative Agent’s resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

Section 8.10 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to either Borrower, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the

Administrative Agent shall have made any demand on either Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.7 and 10.4) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.7 and 10.4.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 8.11 Other Agents: Arrangers and Managers. None of the Lenders or other Persons identified on the facing page or signature pages of this agreement as a “syndication agent,” “documentation agent,” “co-agent,” “book manager,” “lead manager,” “arranger,” “lead arranger” or “co-arranger” shall have any right, power, obligation, liability, responsibility or duty under this agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this agreement or in taking or not taking action hereunder.

SECTION 9. COMPANY GUARANTEE

Section 9.1 Unconditional Guarantee. For valuable consideration, receipt whereof is hereby acknowledged, and to induce each Lender to make Loans to and on account of the Aptar SAS and to induce the Administrative Agent to act hereunder, the Company hereby unconditionally and irrevocably guarantees to each Lender and the Administrative Agent the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of Aptar SAS, whether for principal, interest, fees, expenses, indemnification or otherwise, whether direct or indirect, absolute or contingent or now existing or hereafter arising

(such Obligations being the “Guaranteed Obligations”). Without limiting the generality of the foregoing, the Company’s liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by Aptar SAS to the Administrative Agent or any other Lender under this Agreement but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving Aptar SAS. This is a guarantee of payment and not of collection merely.

Section 9.2 Guarantee Absolute. The Company guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of this Agreement, regardless of any Law or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Lender or the Administrative Agent with respect thereto. The Obligations of the Company under this Section 9 are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against the Company to enforce this Section 9, irrespective of whether any action is brought against Aptar SAS or whether Aptar SAS is joined in any such action or actions. The liability of the Company under this guarantee shall be irrevocable, absolute and unconditional irrespective of, and the Company hereby irrevocably waives any defense it may now or hereafter have in any way relating to, any or all of the following:

- (a) any lack of validity or enforceability of this Agreement or any other agreement or instrument relating thereto;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from this Agreement;
- (c) any taking, exchange, release or non-perfection of any collateral or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;
- (d) any change, restructuring or termination of the corporate structure or existence of Aptar SAS; or
- (e) any other circumstance (including, without limitation, any statute of limitations to the fullest extent permitted by applicable Law) which might otherwise constitute a defense available to, or a discharge of, the Company, Aptar SAS or a guarantor.

This guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Lender or the Administrative Agent upon the insolvency, bankruptcy or reorganization of Aptar SAS or otherwise, all as though such payment had not been made.

Section 9.3 Waivers. The Company hereby expressly waives promptness, diligence, notice of acceptance, presentment, demand for payment, protest, any requirement that any right or power be exhausted or any action be taken against Aptar SAS or against any other guarantor of all or any portion of the Total Outstanding Amount, and all other notices and demands whatsoever.

(a) The Company hereby waives any right to revoke this guaranty, and acknowledges that this guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future and regardless of whether the Total Outstanding Amount is reduced to zero at any time or from time to time.

(b) The Company acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated herein and that the waivers set forth in this Section 9 are knowingly made in contemplation of such benefits.

Section 9.4 Subrogation. The Company will not exercise any rights that it may now or hereafter acquire against Aptar SAS or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Guaranteed Obligations under this Agreement, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Administrative Agent or any other Lender against a Borrowing Subsidiary or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from Aptar SAS or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this guaranty shall have been paid in full in cash and the Commitments shall have terminated. If any amount shall be paid to the Company in violation of the preceding sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this guaranty and the termination of the Commitments, such amount shall be held in trust for the benefit of the Administrative Agent and the other Lenders and shall forthwith be paid to the Administrative Agent to be credited and applied to the Guaranteed Obligations and all other amounts payable under this guaranty, whether matured or unmatured, in accordance with the terms of this Agreement, or to be held as collateral for any Guaranteed Obligations or other amounts payable under this guaranty thereafter arising. The Company acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Agreement and that the waiver set forth in this section is knowingly made in contemplation on such benefits.

Section 9.5 Survival. This guaranty is a continuing guarantee and shall (a) remain in full force and effect until payment in full in cash of the Guaranteed Obligations and all other amounts payable under this guaranty and the termination of the Commitments, (b) be binding upon the Company, its successors and assigns, (c) inure to the benefit of and be enforceable by each Lender (including each assignee Lender pursuant to Section 10.7) and the Administrative Agent and their respective successors, transferees and assigns and (d) shall be reinstated if at any time any payment to a Lender or the Administrative Agent hereunder is required to be restored by such Lender or the Administrative Agent. Without limiting the generality of the foregoing clause (c), each Lender may assign or otherwise transfer its interest in any Loan to any other Person, and such other Person shall thereupon become vested with all the rights in respect thereof granted to such Lender herein or otherwise.

SECTION 10. MISCELLANEOUS.

Section 10.1 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Credit Document, and no consent to any departure by the Company or Apatr SAS therefrom, shall be effective unless in writing signed by the Required Lenders and the Company or Apatr SAS, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

- (a) waive any condition set forth in Section 4.1(a) without the written consent of each Lender;
- (b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 7.2) without the written consent of such Lender;
- (c) postpone any date fixed by this Agreement or any other Credit Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Credit Document without the written consent of each Lender directly affected thereby;
- (d) reduce the principal of, or the rate of interest specified herein on, any Loan or (subject to clause (iii) of the second proviso to this Section 10.1) any fees or other amounts payable hereunder or under any other Credit Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive, suspend or terminate any obligation of a Borrower to pay interest at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or to reduce any fee payable hereunder;
- (e) change Section 2.11, 2.12 or 2.13 in a manner that would alter the sharing of payments required thereby without the written consent of each Lender;
- (f) amend Section 1.7 or the definition of "Alternative Currency" without the written consent of each Lender;
- (g) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; or
- (h) release the Company from its Guaranty under Section 9 without the written consent of each Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Credit Document; (ii)

Section 10.7(h) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification; and (iii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that no Commitment of such Lender may be increased or extended without the consent of such Lender.

Section 10.2 Notices and Other Communications; Facsimile Copies.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission). All such written notices shall be mailed certified or registered mail, faxed or delivered by hand or by overnight courier service to the applicable address, facsimile number or (subject to subsection (c) below) electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrowers or the Administrative Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.2 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Company and the Administrative Agent.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Section 2 if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. The Administrative Agent or the Company (on behalf of itself and the other Borrower) may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

(c) Effectiveness of Facsimile Documents and Signatures. Credit Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on all Borrowers, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Borrowing Notices) purportedly given by or on behalf of a Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Company shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of a Borrower, except to the extent any such losses, costs, expenses or liabilities resulted from the gross negligence or willful misconduct of such Person. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 10.3 No Waiver; Cumulative Remedies. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 10.4 Attorney Costs, Expenses and Taxes. Each Borrower agrees (a) to pay or reimburse the Administrative Agent for all reasonable and documented costs and expenses incurred in connection with the development, preparation, negotiation and execution of this Agreement and the other Credit Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs, and (b) to pay or reimburse the Administrative Agent and each Lender for all reasonable and documented costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Credit Documents (including all such costs and expenses incurred during any “workout” or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all Attorney Costs. The foregoing costs and expenses shall include any search, filing, recording, title insurance and appraisal charges and fees and taxes related thereto and the cost of independent public accountants and other outside experts retained by the Administrative Agent or any Lender. All amounts due under this Section 10.4 shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the termination of the Aggregate Commitments and repayment of all other Obligations.

Section 10.5 Indemnification by the Borrowers. Each Borrower shall indemnify and hold harmless each Agent-Related Person, each Lender and their respective Affiliates, directors, officers, employees, counsel, agents and attorneys-in-fact (collectively the “Indemnitees”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Credit Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (b) any Commitment or Loan or the use or proposed use of the proceeds therefrom or (c) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Company or any Subsidiary, or any Environmental Claim related in any way to the Company or any Subsidiary, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the “Indemnified Liabilities”), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements (i) resulted from the gross negligence or willful misconduct of such Indemnitee or (ii) are subject to reimbursement, indemnity or payment under another provision of this Agreement. No Borrower shall have any reimbursement obligation in respect of any legal or other expenses (including Attorney Costs) incurred in connection with investigating or defending against any of the foregoing if the same is due to any event described in the final proviso of the immediately preceding sentence. No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement except to the extent such liabilities resulted from the gross negligence or willful misconduct of such Indemnitee, nor shall any Indemnitee have any liability for any indirect or consequential damages relating to this Agreement or any other Credit Document or arising out of its activities in connection herewith or therewith (whether before or after the Effective Date). All amounts due under this Section 10.5 shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

Section 10.6 Payments Set Aside. To the extent that any payment by or on behalf of a Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and

(b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect, in the applicable currency of such recovery or payment.

Section 10.7 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section, or (iv) to an SPC in accordance with the provisions of subsection (h) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Individual Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Individual Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund (as defined in subsection (g) of this Section) with respect to a Lender, the aggregate amount of the Individual Commitment (which for this purpose includes Loans outstanding thereunder and such Lender's Tranche A Commitment and Tranche B Commitment) subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed); (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Individual Commitment assigned; (iii) any assignment of an Individual Commitment must be approved by the Administrative Agent unless the Person that is the proposed assignee is itself a Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); and (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500. Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have

the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.1, 3.4, 3.5, 10.4 and 10.5 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, each Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or other substantive change to the Credit Documents is pending, any Lender wishing to consult with other Lenders in connection therewith may request and receive from the Administrative Agent a copy of the Register.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural person or the Company or any of the Company's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.1 that directly affects such Participant. Subject to subsection (e) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.9 as though it were a Lender, provided such Participant agrees to be subject to Sections 2, 2.13 and 2.14 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.1 or 3.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent. A Participant shall not be entitled to the benefits of Section 3.1 unless the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 10.15 as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note(s), if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) As used herein, the following terms have the following meanings:

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, and (ii) unless an Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the Company or any of the Company's Affiliates or Subsidiaries; and provided further, however, that an Eligible Assignee shall include only a Lender, an Affiliate of a Lender or another Person, which, through its Lending Offices, is capable of lending the applicable Alternative Currencies to the Borrowers without the imposition of any Taxes or additional Taxes, as the case may be.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(h) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Company (an "SPC") the option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof or, if it fails to do so, to make such payment to the Administrative Agent as is required under Section 2.10(c)(ii). Each party hereto hereby agrees that (i) neither the grant to any SPC nor the exercise by any SPC of such option shall increase the costs or expenses or otherwise increase or change the obligations of the

Borrowers under this Agreement (including its obligations under Section 3.4), (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, and (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Credit Document, remain the lender of record hereunder. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior debt of any SPC, it will not institute against, or join any other Person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under the laws of the United States or any State thereof. Notwithstanding anything to the contrary contained herein, any SPC may (i) with notice to, but without prior consent of the Company and the Administrative Agent and without paying any processing fee therefor, assign all or any portion of its right to receive payment with respect to any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or Guarantee or credit or liquidity enhancement to such SPC.

Section 10.8 **Confidentiality.** Each of the Administrative Agent and the Lenders agrees it will use its best efforts not to disclose and to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Credit Document or any action or proceeding relating to this Agreement or any other Credit Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to a Borrower and its obligations, (g) with the consent of the Company or (h) to the extent such Information (x) is or becomes publicly available other than as a result of a breach of this Section or (y) is or becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Company. For purposes of this Section, "Information" means all information received from the Company or any Subsidiary relating to the Company or any Subsidiary or any of their respective business. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 10.9 Set-off. In addition to any rights and remedies of the Lenders provided by law, upon the occurrence and during the continuance of any Event of Default, each Lender is authorized at any time and from time to time, without prior notice to the Company or any other Borrower, any such prior notice being waived by the Company (on its own behalf and on behalf of each Borrower) to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the respective Borrowers against any and all Obligations constituting a payment obligation owing to such Lender hereunder or under any other Credit Document, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any other Credit Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or indebtedness. Each Lender agrees promptly to notify the Company and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.10 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Credit Document, the interest paid or agreed to be paid to any Lender under the Credit Documents shall not exceed the maximum rate of non-usurious interest permitted for such Lender by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the applicable Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 10.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 10.12 Integration. This Agreement, together with the other Credit Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Credit Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Credit Document shall not be deemed a conflict with this Agreement. Each Credit Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

Section 10.13 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Credit Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and

delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect with respect to the date as to which they were made as long as any Loan or any other Obligation constituting a payment obligation (other than contingent indemnity obligations) hereunder shall remain unpaid or unsatisfied.

Section 10.14 Severability. If any provision of this Agreement or the other Credit Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Credit Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.15 Tax Forms.

(a) Tax Forms. As modified by paragraphs (b) and (c) of this Section 10.15, each Lender agrees to deliver to the Administrative Agent or a Borrower, as the Administrative Agent or a Borrower shall reasonably request, on or prior to the Effective Date, and in a timely fashion thereafter, two copies of such documents and forms required by any relevant Governmental Authorities under the Laws of the United States, France (in the case of Tranche B Lenders) and any other jurisdiction, duly executed and completed by such Lender, as are required under such Laws to confirm such Lender's entitlement to a complete exemption from withholding taxes in respect of all payments to be made to such Lender by the Borrowers pursuant to this Agreement. Each Lender shall promptly (i) notify the Administrative Agent of any change in circumstances which would modify or render invalid any such claimed exemption, and (ii) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws of any such jurisdiction that a Borrower make any deduction or withholding for taxes from amounts payable to such Lender. Additionally, each of the Borrowers shall promptly deliver to the Administrative Agent or any Lender, as the Administrative Agent or such Lender shall reasonably request, on or prior to the Effective Date, and in a timely fashion thereafter, such documents and forms required by any relevant Governmental Authorities under the Laws of any jurisdiction, duly executed and completed by such Borrower, as are required to be furnished by such Lender or the Administrative Agent under such Laws in connection with any payment by the Administrative Agent or any Lender of Taxes or Other Taxes, or otherwise in connection with the Credit Documents, with respect to such jurisdiction. No Borrower shall be required to pay an additional amount to any Lender under Section 3.1 if such Lender shall have failed to satisfy the provisions of this Section 10.15; provided that, subject to the limitation of Section 10.7(e), if such Lender shall have satisfied the requirement of this Section 10.15 on the date such Lender became a Lender or ceased to act for its own account with respect to any payment under any of the Credit Documents, nothing in this Section 10.15(a) shall relieve either Borrower of its obligation to pay any amounts pursuant to

Section 3.1 in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Lender is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Lender or other Person for the account of which such Lender receives any sums payable under any of the Credit Documents is not subject to withholding or is subject to withholding at a reduced rate.

(b) Tranche A Loans — United States Tax Forms

(i) Each Lender that is not a “United States person” within the meaning of Section 7701(a)(30) of the Code (a “Non-U.S. Lender”) shall deliver to the Administrative Agent or the Company, pursuant to Section 3.1(a), prior to receipt of any payment subject to withholding under the Code (or upon accepting an assignment of an interest herein), two duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Non-U.S. Lender and entitling it to a complete exemption from withholding tax on all payments to be made to such Non-U.S. Lender by the Borrowers pursuant to this Agreement) or IRS Form W-8ECI or any successor thereto (relating to all payments, including fees, to be made to such Non-U.S. Lender by the Borrowers pursuant to this Agreement) or such other evidence satisfactory to the Company and the Administrative Agent that such Non-U.S. Lender is entitled to a complete exemption from U.S. withholding tax, including any exemption pursuant to Section 881(c) of the Code. Thereafter and from time to time, each such Non-U.S. Lender shall (A) promptly submit to the Administrative Agent such additional duly completed and signed copies of such forms (or such successor forms as shall be adopted from time to time by the relevant United States Governmental Authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to the Company and the Administrative Agent of any available exemption from or reduction of, United States withholding taxes in respect of all payments to be made to such Non-U.S. Lender by the Borrowers pursuant to this Agreement, (B) promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (C) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws that a Borrower make any deduction or withholding for taxes from amounts payable to such Non-U.S. Lender.

(ii) Each Non-U.S. Lender, to the extent it does not act or ceases to act for its own account with respect to any portion of any sums paid or payable to such Lender under any of the Credit Documents (for example, in the case of a typical participation by such Lender), shall deliver to the Administrative Agent on the date when such Non-U.S. Lender ceases to act for its own account with respect to any portion of any such sums paid or payable, and at such other times as may be necessary in the determination of the Administrative Agent (in the reasonable exercise of its discretion), (A) two duly signed completed copies of the forms or statements required to be provided by such Lender as set forth above, to establish the portion of any such sums paid or payable with respect to which such Lender acts for its own account that is not subject to U.S. withholding tax,

and (B) two duly signed completed copies of IRS Form W-8IMY (or any successor thereto), together with any information such Lender chooses to transmit with such form, and any other certificate or statement of exemption required under the Code, to establish that such Lender is not acting for its own account with respect to a portion of any such sums payable to such Lender. No Borrower shall be required to pay any additional amount to any Non-U.S. Lender under Section 3.1 with respect to any Taxes required to be deducted or withheld on the basis of the information, certificates or statements of exemption such Lender transmits with an IRS Form W-8IMY pursuant to this Section 10.15(b) (ii).

(iii) The Administrative Agent may, without reduction, withhold any Taxes required to be deducted and withheld from any payment under any of the Credit Documents with respect to which such Borrower is not required to pay additional amounts under this Section 10.15(b).

(iv) Upon the request of the Administrative Agent, each Lender that is a “United States person” within the meaning of Section 7701(a)(30) of the Code shall deliver to the Administrative Agent or the Company, pursuant to Section 10.15(a), two duly signed completed copies of IRS Form W-9. If such Lender fails to deliver such forms, then the Administrative Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable back-up withholding tax imposed by the Code, without reduction.

(c) Tranche B Loans — French Tax Forms. With respect to Tranche B Loans, each Tranche B Lender shall deliver to the Administrative Agent or Aptar SAS, pursuant to Section 3.1(a), prior to receipt of any payment subject to withholding under the Laws of France (or upon accepting an assignment of an interest herein), two duly signed completed copies of any documents or forms required by French Governmental Authorities certifying that such Lender is entitled to a complete exemption from French withholding tax. Thereafter and from time to time, each such Tranche B Lender shall (A) promptly submit to the Administrative Agent such additional duly completed and signed copies of such documents or forms (or such successor forms as shall be adopted from time to time by the relevant French Governmental Authorities) as may then be available under then current French laws and regulations to avoid, or such evidence as is satisfactory to Aptar SAS and the Administrative Agent of any available exemption from or reduction of, French withholding taxes in respect of all payments to be made to such Tranche B Lender by the Borrowers pursuant to this Agreement, (B) promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (C) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Tranche B Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws that a Borrower make any deduction or withholding for taxes from amounts payable to such Tranche B Lender.

(d) If any Governmental Authority asserts that the Administrative Agent did not properly withhold or backup withhold, as the case may be, any Taxes or other amounts from payments made to or for the account of any Lender, such Lender shall indemnify the Administrative Agent therefor, including all penalties and interest, any taxes imposed by any

jurisdiction on the amounts payable to the Administrative Agent under this Section, and costs and expenses (including Attorney Costs) of the Administrative Agent. The obligation of the Lenders under this Section shall survive the termination of the Aggregate Commitments, repayment of all other Obligations hereunder and the resignation of the Administrative Agent.

Section 10.16 Replacement of Lenders. Under any circumstances set forth herein providing that the Company shall have the right to replace a Lender as a party to this Agreement, the Company may, upon notice to such Lender and the Administrative Agent, replace such Lender by causing such Lender to assign its Commitment (with the assignment fee to be paid by the Company in such instance) pursuant to Section 10.7(b) to one or more Eligible Assignees procured by the Company; provided, however, that if the Company elects to exercise such right with respect to any Lender pursuant to Section 3.6(b), it shall be obligated to replace all Lenders that have made similar requests for compensation pursuant to Section 3.1 or 3.4. Upon the making of any such assignment, the Borrowers shall pay in full any amounts payable pursuant to Section 3.5.

Section 10.17 Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF ILLINOIS APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT THE ADMINISTRATIVE AGENT AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF ILLINOIS SITTING IN CHICAGO OR OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWERS, THE ADMINISTRATIVE AGENT AND LENDERS SUBMITS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY CREDIT DOCUMENT OR OTHER DOCUMENT RELATED THERETO. EACH BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE.

(c) Aptar SAS hereby irrevocably appoints the Company as its authorized agent with all powers necessary to receive on its behalf service of copies of the summons and complaint and any other process which may be served in any action or proceeding arising out of or relating to the Credit Documents in any of such courts in and of the State of Illinois. Such service may be made by mailing or delivering a copy of such process to Aptar SAS in care of the Company at its address for notices provided for in Section 10.2, and Aptar SAS hereby irrevocably authorizes

and directs the Company to accept such service on its behalf and agrees that the failure of the Company to give any notice of any such service to Aptar SAS shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. The Company hereby irrevocably accepts such appointment as process agent.

Section 10.18 Waiver of Right to Trial by Jury. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY CREDIT DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY CREDIT DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 10.19 USA PATRIOT Act Notice. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of each Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Borrower in accordance with the Act.

Section 10.20 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Credit Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Borrower in respect of any such sum due from it to the Administrative Agent or the Lenders hereunder or under the other Credit Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent from a Borrower in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent in such currency, the Administrative

Agent agrees to return the amount of any excess to such Borrower (or to any other Person who may be entitled thereto under applicable law).

Section 10.21 Entire Agreement. This Agreement and the other Credit Documents represent the final agreement among the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in Chicago, Illinois by their duly authorized officers as of the day and year first above written.

APTARGROUP, INC.

By: /s/ Stephen J. Hagge
Name: Stephen J. Hagge
Title: Executive Vice President,
Chief Financial Officer and Secretary

APTARGROUP HOLDINGS SAS

By: /s/ Carl A. Siebel
Name: Carl A. Siebel
Title: President

BANK OF AMERICA, N.A., as
Administrative Agent and as a Lender

By: /s/ Tim Cassidy
Name: Tim Cassidy
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI,
LTD., CHICAGO BRANCH, as Co-
Documentation Agent and Lender

By: /s/ Shinichiro Munechika
Name: Shinichiro Munechika
Title: Deputy General Manager

BARCLAYS BANK PLC, as Lender

By: /s/ Nicholas A. Bell

Name: Nicholas A. Bell

Title: Director Loan Transaction

Management

DEUTSCHE BANK AG, NEW YORK
BRANCH, as Lender

By: /s/ Stephan Peetzen
Name: Stephan Peetzen
Title: Managing Director

By: /s/ Michael Dietz
Name: Michael Dietz
Title: Director

FIFTH THIRD BANK (CHICAGO), a
Michigan Banking Corporation, as Lender

By: /s/ John H. Kemper
Name: John H. Kemper
Title: Vice President

JPMORGAN CHASE BANK, as Lender

By: /s/ Beth Grossman
Name: Beth Grossman
Title: Vice President

KEYBANK NATIONAL ASSOCIATION,
as Co-Documentation Agent and Lender

By: /s/ Thomas J. Purcell
Name: Thomas J. Purcell
Title: Senior Vice President

LASALLE BANK NATIONAL
ASSOCIATION, as Co-Documentation
Agent and Lender

By: /s/ Scott W. McCarty
Name: Scott W. McCarty
Title: Assistant Vice President

NATIONAL CITY BANK OF
MICHIGAN/ILLINOIS

By: /s/ Stephanie Pass
Name: Stephanie Pass
Title: Senior Vice President

SOCIETE GENERALE, NEW YORK
BRANCH, as Syndication Agent and Lender

By: /s/ A. M. Dumorher
Name: A. M. Dumorher
Title: Vice President

EXHIBIT A

FORM OF BORROWING NOTICE

Date: _____, _____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of February 27, 2004 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among AptarGroup, Inc. (the "Company"), AptarGroup Holdings SAS, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The Company hereby requests, on behalf of itself or, if applicable, Aptar SAS (select one):

- A Borrowing of Loans A conversion or continuation of Loans

1. On ____ (a Business Day).
2. In the amount of _____.
3. Comprised of _____.
 [Type of Loan requested]
4. In the following currency: _____
5. For Eurocurrency Rate Loans: with an Interest Period of ____ months.
6. On behalf of _____ [insert name of applicable Borrower].

The Borrowing requested herein complies with the proviso to the first sentence of Section 2.1(a) or (b) of the Agreement, as applicable.

APTARGROUP, INC.

By: _____
Name: _____
Title: _____

EXHIBIT B

COMPLIANCE CERTIFICATE

This Compliance Certificate is furnished to the Administrative Agent pursuant to that certain Credit Agreement dated as of February 27, 2004, by and between AptarGroup, Inc. (the "Company"), AptarGroup Holdings SAS, the Administrative Agent and certain other lenders a party thereto, as amended from time to time (the "Credit Agreement"). Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Credit Agreement.

The undersigned hereby certifies that:

1. I am the duly elected _____ of the Company;
2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a review of the transactions and conditions of the Company and its Subsidiaries during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below;
4. The financial statements required by Section 6.6 of the Credit Agreement and being furnished to you concurrently with this certificate fairly present the financial condition of the Company and its Subsidiaries as of the dates and for the periods covered thereby;
5. The attachment hereto sets forth financial data and computations evidencing the Company's compliance with certain covenants of the Credit Agreement, all of which data and computations are, to the best of my knowledge, true, complete and correct and have been made in accordance with the relevant Sections of the Credit Agreement;
6. Either Schedule 5.1 of the Credit Agreement contains a true and complete list of all Subsidiaries of the Company as of the date hereof or attached hereto is a substitute Schedule 5.1 which supersedes the prior Schedule 5.1; and
7. The representations and warranties contained in Section 5 of the Credit Agreement are true and correct in all material respects as though made on and as of the

Exh. B-1

date hereof except to the extent that any such representation or warranty relates solely to an earlier date, in which case it was true and correct as of such earlier date.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Company has taken, are taking, or propose to take with respect to each such condition or event:

The foregoing certifications, together with the computations set forth in the Attachment hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this _____ day of _____, _____.

Name: _____
Title: _____

Exh. B-2

[REVIEW]

ATTACHMENT TO COMPLIANCE CERTIFICATE

1.	Debt of Subsidiaries (Section 6.14(b)(ii))	
(a)	Debt of Subsidiaries (excluding Aptar SAS Loans under the Credit Agreement)	\$ _____
(b)	25% of Consolidated Net Worth	\$ _____
(c)	Does (b) exceed (a)? [Answer should be yes]	_____
2.	Other Advances, Loans and Investments (Section 6.15(i).)	
(a)	12.5% of Consolidated Net Worth	\$ _____
(b)	Other Advances, Loans and Investments Outstanding	\$ _____
(c)	Does (a) exceed (b)? [Answer should be yes]	_____
3.	Consolidated Leverage Ratio (Section 6.17.)	
(a)	Consolidated Debt	\$ _____
(b)	Total Capitalization	\$ _____
(c)	Ratio of (a) to (b) (shall be not more than 0.55 to 1)	_____
4.	Consolidated Interest Ratio (Section 6.18.)	
(a)	Consolidated EBITDA	\$ _____
(b)	Consolidated Interest Expense	\$ _____
(c)	Ratio of (a) to (b) (shall be at least 3.5 to 1)	_____

EXHIBIT C

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____ [and is an Affiliate/Approved Fund
of [*identify Lender*]]
3. Borrower(s): _____
4. Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement
5. Credit Agreement: Credit Agreement, dated as of February 27, 2004, among AptarGroup Inc., AptarGroup Holdings SAS, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

6. Assigned Interest:

<u>Facility Assigned</u>	<u>Aggregate Amount of Commitment/ Individual Loans for all Lenders*</u>	<u>Amount of Commitment/ Individual Loans Assigned*</u>	<u>Percentage Assigned of Commitment/ Individual Loans¹</u>	<u>CUSIP Number</u>
Individual Commitment	\$ _____	\$ _____	_____ %	
Tranche A Commitment	\$ _____	\$ _____	_____ %	
Tranche B Commitment	\$ _____	\$ _____	_____ %	

[7. Trade Date: ____]²

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

1 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

2 To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

[Consented to and]³Accepted:

BANK OF AMERICA, N.A., as
Administrative Agent

By: _____
Title:

[Consented to:]⁴

APTARGROUP HOLDINGS, INC.

By: _____
Title:

³ To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

⁴ To be added only if the consent of the Company is required by the terms of the Credit Agreement.

[]⁵STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby, and (iv) under current law, no Tax is required to be withheld by the Company **[or Aptar SAS]**⁶ with respect to any payments (including fees) to be made to Assignee under the Credit Agreement or any other Credit Document, and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section ___ thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Non-U.S. Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action

⁵ Describe Credit Agreement at option of Administrative Agent.

⁶ Delete if Assignee does not have a Tranche B Commitment.

under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts, which have accrued to, but excluding the Effective Date and to the Assignee for amounts, which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of Illinois.

EXHIBIT D
FORM OF
APTAR SAS BORROWING AGREEMENT

[Date]

Bank of America, N.A., as Administrative Agent

Attention: Anthea Del Bianco, Agency Management/Timothy Cassidy

Ladies and Gentlemen:

The undersigned, AptarGroup, Inc. (the "Company"), refers to the Multicurrency Credit Agreement dated as of February 27, 2004 (as it may hereafter be amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among the Company, the financial institutions from time to time party thereto and Bank of America, N.A., as Administrative Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Company and AptarGroup Holdings SAS ("Aptar SAS") make, on and as of the date hereof, the representations and warranties as to Aptar SAS contained in Article V of the Credit Agreement. Aptar SAS agrees to be bound in all respects by the terms of the Credit Agreement and to perform all of the obligations of a Borrower thereunder. Each reference to a Borrower in the Credit Agreement shall be deemed to include Aptar SAS.

All communications to Aptar SAS under the Credit Agreement should be directed to the Company as set forth in the Section 10.2 of the Credit Agreement.

This instrument shall be construed in accordance with and governed by the laws of the State of Illinois. Loan proceeds should be disbursed as provided in the Credit Agreement.

Upon the execution of this Aptar SAS Borrowing Agreement by the Company and Aptar SAS and acceptance hereof by the Administrative Agent, Aptar SAS shall become a Borrower under the Credit Agreement as though it were an original party thereto and shall be entitled to borrow under the Credit Agreement upon the satisfaction of the conditions precedent set forth in Sections 2.14 and 4.2 of the Credit Agreement.

Very truly yours,

APTARGROUP, INC.

By: _____

Name:

Title:

Exh. D-1

APTARGROUP HOLDING SAS

By: _____

Name:

Title:

Exh. D-2

Accepted as of the date first above written:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____

Name:

Title:

Exh. D-3

EXHIBIT E
FORM OF
APTARGROUP, INC. NOTE

FOR VALUE RECEIVED, the undersigned (the "Company") hereby promises to pay to _____ or registered assigns (the "Lender"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Loan from time to time made by the Lender to the Company under that certain Multicurrency Credit Agreement, dated as of February 27, 2004 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among the Company, AptarGroup Holding SAS, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The Company promises to pay interest on the unpaid principal amount of each Loan made by the Lender to the Company from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in the currency in which such Loan was denominated and in Same Day Funds at the Administrative Agent's Office for such currency. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount, currency and maturity of its Loans and payments with respect thereto.

The Company, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

Exh. E-1

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

APTARGROUP, INC.

By: _____

Name: _____

Title: _____

Exh. E-2

FORM OF
APTARGROUP HOLDING SAS NOTE

FOR VALUE RECEIVED, the undersigned (the "Borrower") hereby promises to pay to _____ or registered assigns (the "Lender"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Loan from time to time made by the Lender to the Borrower under that certain Multicurrency Credit Agreement, dated as of February 27, 2004 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement," the terms defined therein being used herein as therein defined), among AptarGroup, Inc., the Borrower, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The Borrower promises to pay interest on the unpaid principal amount of each Loan made by the Lender to the Borrower from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in the currency in which such Loan was denominated and in Same Day Funds at the Administrative Agent's Office for such currency. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also entitled to the benefits of the guaranty in Section 9 of the Agreement. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount, currency and maturity of its Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

APTARGROUP HOLDING SAS

By: _____

Name: _____

Title: _____

Exh. E-4

SCHEDULE 1.1

MANDATORY COST FORMULAE

1. The Mandatory Cost (to the extent applicable) is an addition to the interest rate to compensate Lenders for the cost of compliance with:
 - (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions); or
 - (b) the requirements of the European Central Bank.
2. On the first day of each Interest Period (or as soon as practicable thereafter) the Administrative Agent shall calculate, as a percentage rate, a rate (the “Additional Cost Rate”) for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Administrative Agent as a weighted average of the Lenders’ Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum. The Administrative Agent will, at the request of the Company or any Lender, deliver to the Company or such Lender as the case may be, a statement setting forth the calculation of any Mandatory Cost.
3. The Additional Cost Rate for any Lender lending from a Lending Office in a Participating Member State will be the percentage notified by that Lender to the Administrative Agent. This percentage will be certified by such Lender in its notice to the Administrative Agent as the cost (expressed as a percentage of such Lender’s participation in all Loans made from such Lending Office) of complying with the minimum reserve requirements of the European Central Bank in respect of Loans made from that Lending Office.
4. The Additional Cost Rate for any Lender lending from a Lending Office in the United Kingdom will be calculated by the Administrative Agent as follows:
 - (a) in relation to any Loan in Sterling:

$$\frac{AB+C(B-D)+E \times 0.1}{100 - (A+C)} \text{ per cent per annum}$$

- (b) in relation to any Loan in any currency other than Sterling:

$$\frac{E \times 0.1}{300} \text{ per cent per annum}$$

Where:

“A.” is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

- “B.” is the percentage rate of interest (excluding the Applicable Rate, the Mandatory Cost and any interest charged on overdue amounts pursuant to the first sentence of Section 2.8(b) and, in the case of interest (other than on overdue amounts) charged at the Default Rate, without counting any increase in interest rate effected by the charging of the Default Rate) payable for the relevant Interest Period of such Loan.
- “C.” is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.
- “D.” is the percentage rate per annum payable by the Bank of England to the Administrative Agent on interest bearing Special Deposits.
- “E.” is designed to compensate Lenders for amounts payable under the Fees Regulations and is calculated by the Administrative Agent as being the average of the most recent rates of charge supplied by the Lenders to the Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:
- (a) “Eligible Liabilities” and “Special Deposits” have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;
 - (b) “Fees Regulations” means the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
 - (c) “Fee Tariffs” means the fee tariffs specified in the Fees Regulations under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Regulations but taking into account any applicable discount rate); and
 - (d) “Tariff Base” has the meaning given to it in, and will be calculated in accordance with, the Fees Regulations.
6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (*i.e.* 5% will be included in the formula as 5 and not as 0.5). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.
7. If requested by the Administrative Agent or the Company, each Lender with a Lending Office in the United Kingdom or a Participating Member State shall, as soon as practicable after publication by the Financial Services Authority, supply to the Administrative Agent and the Company, the rate of charge payable by such Lender to the Financial Services Authority pursuant to the Fees Regulations in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by such

Lender as being the average of the Fee Tariffs applicable to such Lender for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of such Lender.

8. Each Lender shall supply any information required by the Administrative Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information in writing on or prior to the date on which it becomes a Lender:
 - (a) its jurisdiction of incorporation and the jurisdiction of the Lending Office out of which it is making available its participation in the relevant Loan; and
 - (b) any other information that the Administrative Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Administrative Agent in writing of any change to the information provided by it pursuant to this paragraph.

9. The percentages or rates of charge of each Lender for the purpose of A, C and E above shall be determined by the Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Administrative Agent to the contrary, each Lender's obligations in relation to cash ratio deposits, Special Deposits and the Fees Regulations are the same as those of a typical bank from its jurisdiction of incorporation with a Lending Office in the same jurisdiction as such Lender's Lending Office.
10. The Administrative Agent shall have no liability to any Person if such determination results in an Additional Cost Rate which over- or under-compensates any Lender and shall be entitled to assume that the information provided by any Lender pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.
11. The Administrative Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender pursuant to paragraphs 3, 7 and 8 above.
12. Any determination by the Administrative Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties hereto.
13. The Administrative Agent may from time to time, after consultation with the Company and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

SCHEDULE 2.1

COMMITMENTS AND PERCENTAGES

Lender	Individual Commitment	Tranche A Commitment	Tranche B Commitment	Voting Percentage
Bank of America, N.A.	\$ 25,000,000	\$ 25,000,000	\$25,000,000	16.666666667%
Bank of Tokyo- Mitsubishi	\$ 20,000,000	\$ 20,000,000	0	13.333333334%
KeyBank	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	13.333333334%
LaSalle Bank	\$ 20,000,000	\$ 20,000,000	0	13.333333334%
Societe Generale, New York Branch	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	13.333333334%
Barclays Bank Plc	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	6.666666666%
Fifth Third Bank	\$ 10,000,000	\$ 10,000,000	0	6.666666666%
JPMorgan Chase Bank	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	6.666666666%
National City Bank	\$ 10,000,000	\$ 10,000,000	0	6.666666666%
Deutsche Bank AG, New York Branch	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	3.333333333%
Total	\$150,000,000	\$150,000,000	\$ 90,000,000	100.000000000%

Sch. 2.1 -

SCHEDULE 5.1

SUBSIDIARIES

	State or Other Jurisdiction of Incorporation	Percentage Owned
AptarGroup International L.L.C.	Delaware	100%
AptarGroup International Holding B.V.	Netherlands	100%
Valois (Ireland) Limited	Ireland	100%
AptarGroup Holding S.A.S.	France	100%
Aptar GmbH	Germany	100%
Ing. Erich Pfeiffer GmbH	Germany	100%
Pfeiffer Vaporisateurs France SARL	France	100%
P & S Japan Ltd.	Japan	100%
Pfeiffer U.K. Limited	United Kingdom	100%
P&P Promotion of German Manufacturing Technologies GmbH	Germany	100%
Vallis Leasobjekt GmbH	Germany	99%
Seaquist-Löffler Kunststoffwerk GmbH	Germany	100%
Seaquist Loeffler Kunststoffwerk spol. s.r.o.	Czech Republic	100%
SeaquistPerfect Dispensing GmbH	Germany	100%
Valois Deutschland GmbH	Germany	100%
SeaquistPerfect Plastic GmbH	Germany	100%
AptarGroup S.A.S.	France	100%
Seaquist Perfect Dispensing S.A.S.	France	100%
Aptar South Europe SARL	France	100%
Novares S.p.A.	Italy	100%
EMSAR S.p.A.	Italy	100%
EMSAR France SCA	France	100%
AptarGroup SAR Finance Unlimited	Ireland	100%
EMSAR GmbH	Germany	100%
SAR (U.K.) Limited	United Kingdom	100%
Somova S.r.l.	Italy	100%
Sprühventile GmbH	Germany	100%
Caideil M.P. Teoranta	Ireland	100%
Seaquist General Plastics S.A.S.	France	100%
Graphocolor S.A.	France	60%
Seaquist M.P.N. S.A.	France	100%
Aptar U.K. Ltd.	United Kingdom	100%
Valois U.K. Limited	United Kingdom	100%
SeaquistPerfect Dispensing Limited	United Kingdom	100%
Seaquist Closures, Ltd.	United Kingdom	100%
Valois S.A.S.	France	100%
Valois Dispray S.A.	Switzerland	100%
Valois España S.A.	Spain	100%
Valois Italiana S.r.l.	Italy	100%

Seaquist Closures Russia	Russia	100%
Microflow Engineering S.A.	Switzerland	100%
Asia Pacific Inspection Center (Suzhou) Co., Ltd.	China	5.5%
Aptar India Private Limited	India	9.9%
Valois India Private Ltd.	India	100%
EMSAR Dispensing Systems Ltd.	Hong Kong	100%
EMSAR Brasil Ltda.	Brazil	100%
EMSAR S.A.	Argentina	100%
Seaquist Canada Ltd.	Canada	100%
Seaquist Finance Unlimited	Ireland	100%
Seaquist-Valois Australia Pty. Ltd.	Australia	100%
Seaquist-Valois do Brasil Ltda.	Brazil	100%
Seaquist-Valois Japan, Inc.	Japan	100%
SeaquistPerfect Dispensing de Mexico S.A. de C.V.	Mexico	100%
Aptar Suzhou Dispensing Systems Co., Ltd.	P.R. China	100%
SeaquistPerfect Molding L.L.C.	Illinois	100%
Emson Research, Inc.	Connecticut	100%
EMSAR UK Ltd.	United Kingdom	100%
EMSAR, Inc.	Connecticut	100%
EMSAR Ventures, Inc.	Connecticut	100%
P.T. Emsar Indonesia	Indonesia	100%
Emson Spraytech India Private Ltd.	India	100%
Global Precision, Inc.	Florida	100%
Liquid Molding Systems, Inc.	Delaware	100%
Philson, Inc.	Connecticut	100%
Pfeiffer of America, Inc.	Delaware	100%
P Merger Corporation	Connecticut	100%
Seaquist Closures L.L.C.	Delaware	100%
Seaquist Closures Foreign, Inc.	Delaware	100%
Seaquist de Mexico S.A. de C.V.	Mexico	80%
SeaquistPerfect Dispensing L.L.C.	Delaware	100%
SeaquistPerfect Dispensing Foreign, Inc.	Delaware	100%
Valois of America, Inc.	Connecticut	100%

**SCHEDULE 5.18
EXISTING DEBT**

09/30/03	Bank Name	Description of Debt	Secured by Assets	Rate-fixed or variable?	Interest Rate	Issue Date	Maturity Date	LC - ST	LC - LT	TOTAL - LC	USS - ST	USS - LT	TOTALS	
NOTES PAYABLE														
AptarGroup	Swap Related MTM	Bank	No	V	0.00%	N/A	5/30/11	0	4,618,718	4,618,718	0	4,618,718	4,618,718	
AptarGroup	1999 Private Placement	Bank	No	F	6.62%	5/28/99	5/30/11	0	107,000,000	107,000,000	0	107,000,000	107,000,000	
AptarGroup	1995 Private Placement	Bank	No	F	7.08%	10/1/95	9/30/05	3,571,429	3,571,429	7,142,858	3,571,429	3,571,429	7,142,858	
Sequist Valois Japan	BNP	Bank	No	F	2.38%	12/18/98	12/31/05	0	333,941,614	333,941,614	0	2,995,790	2,995,790	
Emsar S.p.A.	Loan Law 46/92	Other	No	F	2.47%	7/29/94	7/29/09	69,562	454,922	524,484	81,144	530,667	611,811	
Emsar S.p.A.	Loan Law 46/92	Other	No	F	0.88%	6/9/00	6/9/15	0	815,292	815,292	0	951,038	951,038	
Valois Italia	Mediocredito	Bank	Yes	F	1.85%	07/22/98	6/3/08	10,294	103,151	113,445	12,008	120,326	132,334	
Graphocol	Agency Bassin 1996	Other	Yes	F	0.50%	10/26/97	10/15/08	6,403	32,015	38,418	7,469	37,345	44,815	
Graphocol	Agency Bassin 1994	Other	Yes	F	0.50%	1/16/97	03/15/07	22,928	45,856	68,784	26,746	53,491	80,237	
SUBTOTAL NOTES PAYABLE										ROUNDING	3,698,796	(8)	119,878,796	(8)
MORTGAGE PAYABLE														
General Plastics	BNP	Bank	Yes	F	4.09%	3/99	2/04	70,069	0	70,069	81,735	0	81,735	
General Plastics	BNP	Bank	Yes	F	4.09%	3/99	2/04	16,683	0	16,683	19,461	0	19,461	
General Plastics	Societe General	Bank	Yes	F	3.73%	3/99	2/04	335,388	0	335,388	391,230	0	391,230	
General Plastics	Bred	Bank	Yes	F	4.65%	3/00	2/05	65,235	33,771	99,006	76,097	39,394	115,490	
General Plastics	Societe General	Bank	Yes	F	4.20%	3/00	3/05	98,236	49,132	147,368	114,592	57,312	171,905	
General Plastics	BNP	Bank	Yes	F	4.74%	7/00	7/05	293,968	295,777	589,745	342,914	345,024	687,938	
Spruhventile GmbH	Volkshank	Bank	Yes	F	6.00%	11/98	12/04	11,248	5,930	17,178	13,121	6,917	20,038	
Somova	San Paulo	Bank	Yes	V	6.40%	6/90	7/05	0	213,038	213,038	0	248,509	248,509	
Somova	Centro Banca	Bank	Yes	V	4.70%	12/94	8/04	20,710	65,900	86,610	24,158	76,872	101,031	
Novares S.p.A.	BNL Loan 64	Other	Yes	F	2.10%	12/22/1998	6/6/08	75,985	720,792	796,777	88,637	840,804	929,440	
Emsar S.p.A.	Bank Napoli - Loan	Other	Yes	F	5.25%	6/30/94	6/30/04	192,784	197,844	390,628	224,883	230,785	455,668	
SUBTOTAL MORT PAYABLE										ROUNDING	1,376,828	(1)	1,845,617	0
CAPITAL LEASES														
AptarGroup	Capital Lease	IBM Lease	Yes	F	2.88%	10/03	10/06	0	1,737,913	1,737,913	0	1,737,913	1,737,913	
Dispray	Capital Lease	Building	Yes	F	5.07%	2/95	2/05	90,774	771,148	861,922	68,897	585,301	654,199	
Graphocol	Capital Lease	Leasing U3	Yes	V	3.06%	1/01/97	09/30/08	288,345	1,042,783	1,331,128	336,354	1,216,407	1,552,762	
SPD UK	Capital Lease	Compressor	Yes	F	21.40%	4/99	3/03	1,192	1,192	2,384	1,984	0	1,984	
SVA	Capital Lease	SG Australia Limited	Yes	F	7.60%	09/25/2001	9/25/06	9,929	117,951	127,880	6,765	80,360	87,125	
SVA	Capital Lease	SG Australia Limited	Yes	F	7.72%	09/12/2001	9/12/06	10,776	128,262	139,038	7,342	87,385	94,727	
Valois	Capital Lease	Natexis Ball UP1	Yes	V	3.67%	6/30/90	6/30/05	222,169	211,336	433,505	259,160	246,523	505,684	
Valois	Capital Lease	Natexis Ball UP2	Yes	V	2.50%	12/01/93	12/01/08	189,960	701,852	891,812	221,588	818,710	1,040,299	
Valois	Capital Lease	Natexis Ball UP3	Yes	V	3.17%	12/30/99	4/1/02	343,623	4,079,686	4,423,309	400,836	4,758,954	5,159,790	
Valois	Capital Lease	Verneuill	Yes	F	8.30%	01/10/1993	7/4/05	211,027	231,689	442,716	246,163	270,265	516,428	
Novares S.p.A.	Capital Lease	Vehicles	Yes	F	0.00%	02/03/2003	01/16/2006	2,970	24,750	27,720	3,465	28,871	32,335	
Emsar S.p.A.	Capital Lease	Locat SPA	Yes	F	6.70%	04/03/2003	01/16/2006	7,494	64,948	72,442	8,742	75,762	84,504	
SUBTOTAL CAPITAL LEASES										1,561,296	9,906,452	11,467,748		
OVERDRAFTS														
AptarGroup S.A.	Societe Generale	Bank	No	V	2.00%	09/30/2003	10/31/2003	271,179	271,179	316,330	0	316,330	316,330	
AptarGroup S.A.	Generale in CHF	Bank	No	V	0.70%	09/30/2003	10/31/2003	43	43	50	0	50	50	
AptarGroup S.A.	Generale in JPY	Bank	No	V	0.70%	09/30/2003	10/31/2003	211	211	246	0	246	246	
AptarGroup S.A.	Generale in GBP	Bank	No	V	4.40%	09/30/2003	10/31/2003	58	58	68	0	68	68	
AptarGroup Holding SAS	Societe Generale in JPY	Bank	No	V	0.70%	09/30/2003	10/31/2003	103	103	120	0	120	120	
AptarGroup Holding SAS	Societe Generale in GBP	Bank	No	V	4.40%	09/30/2003	10/31/2003	175	175	204	0	204	204	
AptarGroup Holding SAS	Societe Generale in EUR	Bank	No	V	2.40%	09/30/2003	10/31/2003	180	180	210	0	210	210	
AptarGroup Holding SAS	DB in USD	Bank	No	V	1.50%	09/30/2003	10/31/2003	57	57	66	0	66	66	
AptarGroup Holding SAS	DB in CHF	Bank	No	V	0.70%	09/30/2003	10/31/2003	60	60	70	0	70	70	
Sequist Valois do Brazil	Banco Sudameris SA	Bank	No	V	23.60%	09/17/2003	12/17/2003	3,511,700	3,511,700	1,212,590	0	1,212,590	1,212,590	
Sequist Valois do Brazil	Banco Itau SA	Bank	No	V	25.30%	09/28/2003	12/28/2003	1,128,002	1,128,002	389,499	0	389,499	389,499	
Sequist Valois do Brazil	Banco Boston SA	Bank	No	F	28.00%	05/02/2003	04/26/2004	1,664,000	1,664,000	574,579	0	574,579	574,579	
Sequist Valois do Brazil	Banco Boston SA	Bank	No	V	22.50%	09/12/2003	03/12/2004	2,831,516	2,831,516	977,722	0	977,722	977,722	
Aptar UK Ltd	Barclays	Bank	No	V	4.69%	09/30/2003	09/30/2003	137,824	137,824	229,380	0	229,380	229,380	
SUBTOTAL OVERDRAFTS										3,701,136	0	3,701,136		
ST NOTES PAYABLE														
AptarGroup	Bank Intesa	Bank	No	V	2.20%	09/30/2003	10/01/2003	8,100,000	8,100,000	8,100,000	0	8,100,000	8,100,000	
Aptar China	Agriculture Bank of China	Bank	No	F	5.04%	09/15/2003	09/14/2004	7,000,000	7,000,000	845,600	0	845,600	845,600	
Emsar Brazil	HSBC	Bank	Yes	F	2.50%	07/01/2003	10/01/2003	234,198	234,198	80,869	0	80,869	80,869	
SUBTOTAL ST NOTES PAYABLE										9,026,469	0	9,026,469		
SUBTOTAL - BORROWING OTHER THAN UNDER EXISTING CREDIT FACILITY										19,364,524	131,630,865	150,995,389		
RECONCILIATION TO FINANCIAL STATEMENTS:														
ADD: BORROWINGS UNDER EXISTING CREDIT FACILITY										73,000,000	0	73,000,000		
INTEREST INADVERTENTLY INCLUDED IN DEBT										11,169	0	11,169		
TOTAL DEBT PER FINANCIAL STATEMENTS										92,375,693	131,630,865	224,006,558		

SCHEDULE 5.20

FRENCH TAXES IMPOSED ON PAYMENTS BY APTAR SAS

- A withholding tax ("*prélèvement obligatoire*") on interest payments arising from loans granted to French debtors, the rate of which is 15% of the gross amount of interest (i.e., 15/85 on the net amount of interest). Such withholding tax may be avoided either (i) if a lender is a resident of the United States under section 4 of the France-US double tax Treaty of August 31, 1994 (the "Treaty"), pursuant to section 11, and subject to section 30, of the Treaty, or (ii) if a lender neither is a tax resident of France nor has a French permanent establishment, pursuant to section 131 quarter of the Code (as construed by the French tax authorities' official doctrine 5 I-1233 December 1, 1997), provided that certain requirements relating to the financing itself and the location of the parties were met at the date of execution of the Agreement, specially by all of the lenders.
- A registration duty, the rate of which is € 75 is payable should the loan agreement be either wholly or partly executed in France.
- A compulsory fixed stamp duty, the rate of which is € 6 a sheet (possibly reduced to € 3), is payable in connection with the execution of the Agreement if executed in France.

Sch. 5.20-1

SCHEDULE 6.15
EXISTING INVESTMENTS

<u>Description</u>	<u>\$</u> <u>Amount</u>
Airless Systems	5,618,674
Seaplast	2,091,166
TES	10,476
Engelmann	4,276,829
Fadeva	750,000

Sch. 6.15-1

SCHEDULE 10.2

ADMINISTRATIVE AGENT'S OFFICE;
CERTAIN ADDRESSES FOR NOTICES

**COMPANY
and APTAR SAS:**

AptarGroup, Inc.
475 West Terra Cotta Avenue
Suite E
Crystal Lake, IL 60014
Attention: Vice President-Treasurer
Telephone: (815) 477-5532
Facsimile (815) 477-0481
Electronic Mail: ralph.poltermann@aptargroup.com
Website Address: www.aptargroup.com

ADMINISTRATIVE AGENT:

Administrative Agent's Office

(for payments and Requests for Credit Extensions):

Bank of America N.A.
Credit Services
1850 Gateway Boulevard, 5th Floor
Mail Code: CA4-706-05-09
Concord, CA 94520
Attention: Sally Escosa
Telephone: (925) 675-8421
Facsimile: (888) 969-2637
Electronic Mail: rosalia.m.escosa@bankofamerica.com

For US Dollars:

Pay through Bank of America NA, Dallas, TX
ABA# 111000012

Credit A/C# 3750836479

Acct.Name: Credit Services #5596

Ref: Aptargroup

For Euro:

Pay through Bank of America, London, England
Swift Address: BOFAGB22
Credit A/C# 65280019
Attn: Credit Services
Ref: Aptargroup

For Sterling:

Pay through Bank of America, London, England
Swift Address: BOFAGB22
Credit Account : 65280027
Attention: Credit Services
Reference: Aptargroup

Other Notices as Administrative Agent:

Bank of America, N.A.
Agency Management
1455 Market St, 5th Floor
Mail Code: CA5-701-05-19
San Francisco, CA 94103
Attention: Anthea Del Bianco
Telephone: (415) 436-2776
Facsimile: (415) 503-5101
Electronic Mail: anthea.del_bianco@bankofamerica.com

LENDERS:

Bank of America, N.A.
231 S, LaSalle Street, 10th Floor
Chicago, Illinois 60604
Attention: Tim Cassidy
Telephone: 312-828-3816
Facsimile: 312-828-5140
Electronic Mail: timothy.cassidy@bankofamerica.com

The Bank of Tokyo-Mitsubishi, Ltd., Chicago Branch
227 West Monroe Street
Suite 2300
Chicago, Illinois 60606
Attention: Alex Lam
Telephone: (312) 696-4662
Facsimile: (312) 696-4535
Electronic Mail: alam@btmna.com

Barclays Bank PLC
200 Park Avenue
4th Floor
New York, New York 10166
Attention: David Barton
Telephone: (212) 412-7693
Facsimile: (212) 412-7511
Electronic Mail: Davide.Barton@barcap.com

Deutsche Bank AG, New York Branch
60 Wall Street
MS NYC60-1102
New York, New York 10005
Attention: Yvonne Preil
Telephone: (212) 250-5931
Facsimile: (212) 797-4421
Electronic Mail: yvonne.preil@db.com

Fifth Third Bank (Chicago)
1701 Golf Road
MD GRLM 9K
Rolling Meadows, Illinois 60008
Attention: John Kemper
Telephone: (847) 354-7165
Facsimile: (847) 354-7330
Electronic Mail: John.Kemper@53.com

JP Morgan Chase Bank
1411 Broadway, 5th Floor
New York, New York 10018
Attention: Beth Grossman
Telephone: (212) 391-7652
Facsimile: (212) 391-6251
Electronic Mail: Beth.Grossman@JPMorgan.com

KeyBank National Association
127 Public Square
Cleveland, Ohio 44114
Attention: Josh Mayers
Telephone: (216) 689-0213
Facsimile: (216) 689-4981
Electronic Mail: Joshua_Mayers@keybank.com

LaSalle Bank National Association
135 South LaSalle Street
Chicago, Illinois 60603
Attention: Scott McCarty
Telephone: (312) 904-7706
Facsimile: (312) 904-0870
Electronic Mail: scott.mccarty@abnamro.com

National City Bank of Michigan/Illinois
2021 Spring Road
Suite 600
Oak Brook, Illinois 60523
Attention: Stephanie Pass
Telephone: (630) 954-3176
Facsimile: (630) 954-3730
Electronic Mail: stephanie.pass@nationalcity.com

Societe Generale, New York Branch
1221 Avenue of the Americas
New York, New York 10020
Attention: Anne-Marie Dumortier
Telephone: (212) 278-6285
Facsimile: (212) 278-7462
Electronic Mail: anne-marie.dumortier@sgcib.com

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT between AptarGroup, Inc., a Delaware corporation (the "Company"), and Stephen J. Hagge (the "Executive") is entered into on December 1, 2003. In consideration of the covenants contained herein, the parties agree as follows:

1. **Employment.** The Company shall employ the Executive, and the Executive agrees to be employed by the Company, upon the terms and subject to the conditions set forth herein for the period beginning on December 1, 2003 and ending on December 1, 2006, unless earlier terminated pursuant to Section 4 hereof; **provided, however,** that such term shall automatically be extended as of each December 1, commencing December 1, 2004, for one additional year unless either the Company or the Executive shall have terminated this automatic extension provision by written notice to the other party at least 30 days prior to the automatic extension date; and **provided further** that in no event shall such term extend beyond December 1, 2013. The term of employment in effect from time to time hereunder is hereinafter called the "Employment Period."

2. **Position and Duties.** During the Employment Period, the Executive shall serve as the Executive Vice President, Chief Financial Officer and Secretary or in such other executive position as determined by the Chief Executive Officer of the Company (the "Company CEO") and shall have the normal duties, responsibilities and authority of an executive serving in such position, subject to the direction of the Company CEO. The Executive shall have the title of Executive Vice President, Chief Financial Officer and Secretary or such other title denoting an executive office as determined by the Company CEO and shall report to the Company CEO or such other executive officer of the Company as determined by the Company CEO. During the Employment Period, the Executive shall devote his best efforts and his full business time to the business and affairs of the Company.

3. **Compensation and Benefits.** (a) The Company shall pay the Executive a salary during the Employment Period, in monthly installments, initially at the rate of \$335,000 per annum. The Company CEO may, in his sole discretion (i) increase (but not decrease) such salary from time to time and (ii) award a bonus to the Executive for any calendar year during the Employment Period.

(b) The Company shall reimburse the Executive for all reasonable expenses incurred by him in the course of performing his duties under this Agreement which are consistent with the Company's policies in effect from time to time.

(c) During the Employment Period, the Executive shall be entitled to participate in the Company's executive benefit programs on the same basis as other executives of the Company having the same level of responsibility, which programs consist of those benefits (including insurance, vacation, company car or car allowance and/or other benefits) for which

substantially all of the executives of the Company are from time to time generally eligible, as determined from time to time by the Board of Directors of the Company (the "Board").

(d) In addition to participation in the Company's executive benefit programs pursuant to Section 3(c), the Executive shall be entitled during the Employment Period to:

- (i) additional term life insurance coverage in an amount equal to the Executive's salary, but only if and so long as such additional coverage is available at standard rates from the insurer providing term life insurance coverage under the executive benefit programs or a comparable insurer acceptable to the Company; provided, that if the Executive is not participating in such additional life insurance coverage and if the Employment Period ends on account of the Executive's death, the Company shall pay to the Executive's estate (or such person or persons as the Executive may designate in a written instrument signed by him and delivered to the Company prior to his death) amounts equal to one-half of the amounts the Executive would have received as salary (based on the Executive's salary then in effect) had the Employment Period remained in effect until the second anniversary of the date of the Executive's death, at the times such amounts would have been paid.
- (ii) supplementary long-term disability coverage in an amount which will increase maximum covered annual compensation to 66 2/3% of the executive's annual salary; but only if and so long as supplementary coverage is available at standard rates from the insurer providing long-term disability coverage under the executive benefit program or a comparable insurer acceptable to the Company.

4. Termination of Employment. (a) The Employment Period shall end upon the first to occur of: (i) the expiration of the term of this Agreement pursuant to Section 1 hereof, (ii) retirement of the Executive ("Retirement"), (iii) termination of the Executive's employment by the Company on account of the Executive's having become unable (as determined by the Board in good faith) to regularly perform his duties hereunder by reason of illness or incapacity for a period of more than six consecutive months ("Termination for Disability"), (iv) termination of the Executive's employment by the Company for Cause ("Termination for Cause"), (v) termination of the executive's employment by the Company other than a Termination for Disability or a Termination for Cause ("Termination Without Cause"), (vi) the Executive's death or (vii) termination of the Executive's employment by the Executive for any reason following written notice to the Company at least 90 days prior to the date of such termination ("Termination by the Executive").

(b) For purposes of this Agreement, "Cause" shall mean (i) the commission of a felony involving moral turpitude, (ii) the commission of a fraud, (iii) the commission of any act involving dishonesty with respect to the Company or any of its subsidiaries or affiliates, (iv) gross negligence or willful misconduct with respect to the Company or any of its subsidiaries or

affiliates, (v) breach of any provision of Section 5 or Section 6 hereof or (vi) any other breach of this Agreement which is material and which is not cured within 30 days following written notice thereof to the Executive by the Company.

(c) If the Employment Period ends for any reason set forth in Section 4(a), except as otherwise provided in this Section 4, the Executive shall cease to have any rights to salary, bonus (if any) or benefits hereunder, other than (i) any unpaid salary accrued through the date of such termination, (ii) any bonus payable, but only if such termination occurs during the third or fourth quarter of the Company's fiscal year, such bonus to be prorated in accordance with Company policy, (iii) any unpaid expenses which shall have been incurred as of the date of such termination and (iv) to the extent provided in any benefit plan in which the Executive has participated, any plan benefits which by their terms extend beyond termination of the Executive's employment. Notwithstanding the foregoing, if the Employment Period ends on account of Termination by the Executive other than for Good Reason (as defined in Section 4(i) hereof) pursuant to Section 4(h) hereof or Termination for Cause, the Executive shall not be entitled to any unpaid bonus accrued through the date of such termination.

(d) If the Employment Period ends on account of Retirement, the Company shall make no payments to the Executive other than as provided in Section 4(c) hereof.

(e) If the Employment Period ends on account of Termination for Disability, in addition to the amounts described in Section 4(c) hereof, the Executive shall receive the disability benefits to which he is entitled under any disability benefit plan in which the Executive has participated as an employee of the Company.

(f) If the Employment Period ends on account of the Executive's death, the Company shall pay to the Executive's estate (or such person or persons as the Executive may designate in a written instrument signed by him and delivered to the Company prior to his death) amounts equal to one-half of the amounts the Executive would have received as salary (based on the Executive's salary then in effect) had the Employment Period remained in effect until the second anniversary of the date of the Executive's death, at the times such amounts would have been paid.

(g) If the Employment Period ends on account of Termination without Cause, in addition to the amounts described in Section 4(c) hereof, the Company shall pay to the Executive amounts equal to the amounts the Executive would have received as salary (based on the Executive's salary then in effect) had the Employment Period remained in effect until the date on which (without any extension thereof, or, if previously extended, without any further extension thereof) it was then scheduled to end, at the times such amounts would have been paid, less any payments to which the Executive shall be entitled during such salary continuation period under any disability benefit plan in which the Executive has participated as an employee of the Company; provided, however, that in the event of the Executive's death during the salary continuation period, the Company shall pay to the Executive's estate (or such person or persons as the Executive may designate in a written instrument signed by him and delivered to the Company prior to his death) amounts during the remainder of the salary continuation period equal to one-half of the amounts which would have been paid to the Executive but for his death.

It is expressly understood that the Company's payment obligations under this Section 4(g) shall cease in the event the Executive shall breach any provision of Section 5 or Section 6 hereof.

(h) Notwithstanding the foregoing provisions of this Section 4, in the event of a Change in Control (as defined in Appendix A hereto), the employment of the Executive hereunder shall not be terminated by the Company or any successor to the Company within two years following such Change in Control unless the Executive receives written notice of such termination from the Company or such successor at least 30 days prior to the date of such termination. In the event of such termination of employment by the Company or such successor other than a Termination for Cause, Retirement, a Termination for Disability or due to the Executive's death (in which case the provisions of Section 4(c), 4(d), 4(e) or 4(f), as the case may be, shall apply), within two years following a Change in Control, or in the event that the Executive terminates his employment hereunder for Good Reason (as defined in Section 4(i) hereof) within two years following a Change in Control:

(1) the Company shall pay to the Executive within 30 days following the date of termination, in addition to the amounts and benefits described in Sections 4(c)(i), (iii) and (iv) hereof:

(A) a cash amount equal to the sum of (i) the Executive's annual bonus in an amount at least equal to the highest annualized (for any fiscal year consisting of less than 12 full months or with respect to which the Executive has been employed by the Company for less than 12 full months) bonus paid or payable, including by reason of any deferral, to the Executive by the Company and its affiliated companies in respect of the three fiscal years of the Company (or such portion thereof during which the Executive performed services for the Company if the Executive shall have been employed by the Company for less than such three fiscal year period) immediately preceding the fiscal year in which the Change in Control occurs, multiplied by a fraction, the numerator of which is the number of days in the fiscal year in which the Change in Control occurs through the date of termination and the denominator of which is 365 or 366, as applicable, and (ii) any compensation previously deferred by the Executive (together with any interest and earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid; plus

(B) a lump-sum cash amount (subject to any applicable payroll or other taxes required to be withheld) in an amount equal to (i) two (2) times the Executive's highest annual base salary from the Company and its affiliated companies in effect during the 12-month period prior to the date of termination, plus (ii) two (2) times the Executive's highest annualized (for any fiscal year consisting of less than 12 full months or with respect to which the Executive has been employed by the Company for less than 12 full months) bonus, paid or payable, including by reason of any deferral, to the Executive by the Company and its affiliated companies in respect of the three fiscal years of the Company (or such portion thereof during which the Executive performed services for the Company if the Executive shall have been employed by the Company for less than such three fiscal year period) immediately preceding the fiscal year in which

the Change in Control occurs; provided, however, that any amount paid pursuant to this Section 4(h)(1)(B) shall be paid in lieu of any other amount of severance relating to salary or bonus continuation to be received by the Executive upon termination of employment of the Executive under any severance plan, policy or arrangement of the Company; and

(2) for a period of two years commencing on the date of termination, the Company shall continue to keep in full force and effect all policies of medical, disability and life insurance with respect to the Executive and his dependents with the same level of coverage, upon the same terms and otherwise to the same extent as such policies shall have been in effect immediately prior to the date of termination or, if more favorable to the Executive, as provided generally with respect to other peer executives of the Company, and the Company and the Executive shall share the costs of the continuation of such insurance coverage in the same proportion as such costs were shared immediately prior to the date of termination.

The Executive agrees that he shall not terminate his employment hereunder, other than for Good Reason, within one year following a Change in Control unless the Company or any successor to the Company receives written notice of such termination from the Executive at least six months prior to the date of such termination.

(i) For purposes of this Agreement “Good Reason” shall mean (x) a reduction by the Company in the Executive’s rate of annual salary in effect immediately prior to the Change in Control, (y) a material reduction in any benefit afforded to the Executive pursuant to any benefit plan of the Company in effect immediately prior to the Change in Control, unless all comparable executives of the Company suffer a substantially similar reduction or (z) the relocation of the Executive’s office to a location more than 60 miles from his current office.

(j) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution by the Company or its affiliated companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 4(j) or Appendix B hereto) (a “Payment”) would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”), or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), then the Executive shall be entitled to receive an additional payment (a “Gross-Up Payment”) in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 4(j), if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least \$50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax proceeds to the Executive resulting from an elimination of the Gross-Up Payment and a

reduction of the Payments, in the aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. All procedures relating to the determination and payment of the Gross-Up Payment are set forth in Appendix B hereto.

(k) If the Employment Period ends solely on account of the expiration of the term of this Agreement pursuant to Section 1 hereof and not for any other reason set forth in this Section 4, the Executive shall be entitled to receive the amounts the Executive would have received as salary (based on the Executive's salary then in effect) at the times such amounts would otherwise have been paid, and the medical and life insurance benefits the Executive and his dependents otherwise would have received, had the Employment Period remained in effect for one year following the date of such termination. It is expressly understood that the Company's payment obligations under this Section 4(k) shall cease in the event the Executive shall breach any provision of Section 5 or Section 6 hereof.

5. Confidential Information. The Executive acknowledges that the information, observations and data obtained by him while employed by the Company pursuant to this Agreement, as well as those obtained by him while employed by the Company or any of its subsidiaries or affiliates or any predecessor thereof prior to the date of this Agreement, concerning the business or affairs of the Company or any of its subsidiaries or affiliates or any predecessor thereof ("Confidential Information") are the property of the Company or such subsidiary or affiliate. Therefore, the Executive agrees that he shall not disclose to any unauthorized person or use for his own account any Confidential Information without the prior written consent of the Company CEO unless and except to the extent that such Confidential Information becomes generally known to and available for use by the public other than as a result of the Executive's acts or omissions to act. The Executive shall deliver to the Company at the termination of the Employment Period, or at any other time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the business of the Company or any of its subsidiaries or affiliates which he may then possess or have under his control.

6. Noncompetition; Nonsolicitation. (a) The Executive acknowledges that in the course of his employment with the Company pursuant to this Agreement he will become familiar, and during the course of his employment by the Company or any of its subsidiaries or affiliates or any predecessor thereof prior to the date of this Agreement he has become familiar, with trade secrets and customer lists of and other confidential information concerning the Company and its subsidiaries and affiliates and predecessors thereof and that his services have been and will be of special, unique and extraordinary value to the Company.

(b) The Executive agrees that during the Employment Period and for one year thereafter in the case of either Termination for Good Reason following a Change in Control or Termination without Cause, or for two years thereafter in the case of termination of employment for any other reason, the ("Noncompetition Period") he shall not in any manner, directly or indirectly, through any person, firm or corporation, alone or as a member of a partnership or as an officer, director, stockholder, investor or employee of or in any other corporation or enterprise or otherwise, engage or be engaged, or assist any other person, firm corporation or enterprise in

engaging or being engaged, in any business then actively being conducted by the Company in any geographic area in which the Company is conducting such business (whether through manufacturing or production, calling on customers or prospective customers, or otherwise). Notwithstanding the foregoing, subsequent to the Employment Period the Executive may engage or be engaged, or assist any other person, firm, corporation or enterprise in engaging or being engaged, in any business activity which is not competitive with a business activity being conducted by the Company at the time subsequent to the Employment Period that the Executive first engages or assists in such business activity.

(c) The Executive further agrees that during the Noncompetition Period he shall not in any manner, directly or indirectly (i) induce or attempt to induce any employee of the Company or of any of its subsidiaries or affiliates to terminate or abandon his employment, or any customer of the Company or any of its subsidiaries or affiliates to terminate or abandon its relationship, for any purpose whatsoever, or (ii) in connection with any business to which Section 6(b) applies, call on, service, solicit or otherwise do business with any then current or prospective customer of the Company or of any of its subsidiaries or affiliates.

(d) Nothing in this Section 6 shall prohibit the Executive from being (i) a stockholder in a mutual fund or a diversified investment company or (ii) a passive owner of not more than 2% of the outstanding stock of any class of a corporation any securities of which are publicly traded, so long as the Executive has no active participation in the business of such corporation.

(e) If, at the time of enforcement of this Section 6, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law.

7. Enforcement. Because the services of the Executive are unique and the Executive has access to confidential information of the Company, the parties hereto agree that the Company would be damaged irreparably in the event any provision of Section 5 or Section 6 hereof were not performed in accordance with its terms or were otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Therefore, the Company or its successors or assigns shall be entitled, in addition to other rights and remedies existing in their favor, to an injunction or injunctions to prevent any breach or threatened breach of any of such provisions and to enforce such provisions specifically (without posting a bond or other security).

8. Survival. Sections 5, 6 and 7 hereof shall survive and continue in full force and effect in accordance with their respective terms, notwithstanding any termination of the Employment Period.

9. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or sent by certified mail, return receipt requested, postage prepaid, addressed (a) if to the Executive, to 6703 Concord Trail, Crystal Lake, IL

60012, and if to the Company, to AptarGroup, Inc., 475 West Terra Cotta Avenue, Suite E, Crystal Lake, Illinois 60014, attention: Carl A. Siebel, President and Chief Executive Officer or (b) to such other address as either party shall have furnished to the other in accordance with this Section 9.

10. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

11. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or between the parties, written or oral, which may have related in any manner to the subject matter hereof.

12. Successors and Assigns. This Agreement shall inure to the benefit of and be enforceable by the Executive and his heirs, executors and personal representatives, and the Company and its successors and assigns. Any successor or assignee of the Company shall assume the liabilities of the Company hereunder.

13. Governing Law. This Agreement shall be governed by the internal laws (as opposed to the conflicts of law provisions) of the State of Illinois.

14. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and the Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

APTARGROUP, INC.

By: s/ Carl A. Siebel
Name: Carl A. Siebel
Title: President and Chief Executive Officer

EXECUTIVE:

/s/ Stephen J. Hagge
Stephen J. Hagge

DEFINITION OF CHANGE IN CONTROL

“Change in Control” means:

(1) the acquisition by any individual, entity or group (a “Person”), including any “person” within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of more than 50% of either (i) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from the Company), (B) any acquisition by the Company, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (D) any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving the Company, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (i), (ii) and (iii) of subsection (3) of this Appendix A shall be satisfied; and provided further that, for purposes of clause (B), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of more than 50% of the Outstanding Company Common Stock or more than 50% of the Outstanding Company Voting Securities by reason of an acquisition by the Company and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Company Common Stock or any additional Outstanding Company Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(2) individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of such Board; provided, however, that any individual who becomes a director of the Company subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed to have been a member of the Incumbent Board; and provided further, that no individual who was initially elected as a director of the Company as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall be deemed to have been a member of the Incumbent Board;

(3) consummation of a reorganization, merger or consolidation unless, in any such case, immediately after such reorganization, merger or consolidation, (i) 50% or more of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and 50% or more of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals or entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation and in substantially the same proportions relative to each other as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or the corporation resulting from such reorganization, merger or consolidation (or any corporation controlled by the Company) and any Person which beneficially owned, immediately prior to such reorganization, merger or consolidation, directly or indirectly, more than 50% of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, more than 50% of the then outstanding shares of common stock of such corporation or more than 50% of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such reorganization, merger or consolidation; or

(4) consummation of (i) a plan of complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, immediately after such sale or other disposition, (A) 50% or more of the then outstanding shares of common stock thereof and 50% or more of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such sale or other disposition and in substantially the same proportions relative to each other as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or such corporation (or any corporation controlled by the Company) and any Person which beneficially owned, immediately prior to such sale or other disposition, directly or indirectly, more than 50% of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, more than 50% of the then outstanding shares of common stock thereof or more than 50% of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition.

PROVISIONS RELATING TO
GROSS-UP PAYMENT

(a) Subject to the provisions of Paragraph (b) of this Appendix B, all determinations required to be made under Section 4(j), including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's public accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to Section 4(j) and this Appendix B shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Paragraph (b) of this Appendix B and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(b) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (1) give the Company any information reasonably requested by the Company relating to such claim,
- (2) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (3) cooperate with the Company in good faith in order effectively to contest such claim, and
- (4) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Paragraph (b), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees 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 further, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(c) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph (b) of this Appendix B, the Executive becomes entitled to receive, and receives, any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Paragraph (b)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph (b) of this Appendix B, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment, dated as of January 9, 2004 (this "Amendment"), to the Employment Agreement, dated as of February 17, 1999 (the "agreement"), is entered into between AptarGroup, Inc. a Delaware corporation (the "Company"), and Emil Meshberg (the "Executive").

WHEREAS, the Company and the Executive desire to amend the Agreement in order to modify certain terms of the Agreement as provided herein;

NOW, THEREFORE, in consideration of the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive hereby agree as follows:

1. Section 3. Compensation , (e) Life Insurance of the Agreement is amended by deleting the first sentence thereof and substituting therefore the following sentence:

"During the Employment Period, the Company shall cause Emson Research, Inc. at it's cost, to provide the Executive with a term life insurance policy with a Face Value of \$1,200,000."

2. In all other respects, the Agreement, and previous Amendment, shall not be amended and shall remain in full force and effect.

IN WITNESS WHEREOF, the Company and the Executive have executed this Amendment as of the date first above written.

APTARGROUP, INC.

By: /s/ Stephen J. Hagge
Stephen J. Hagge

EXECUTIVE

/s/ Emil Meshberg
Emil Meshberg

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT between AptarGroup, Inc., a Delaware corporation (the "Company"), and Patrick F. Doherty (the "Executive") is entered into on December 1, 2003. In consideration of the covenants contained herein, the parties agree as follows:

1. **Employment.** The Company shall employ the Executive, and the Executive agrees to be employed by the Company, upon the terms and subject to the conditions set forth herein for the period beginning on December 1, 2003 and ending on December 1, 2006, unless earlier terminated pursuant to Section 4 hereof; **provided, however,** that such term shall automatically be extended as of each December 1, commencing December 1, 2004, for one additional year unless either the Company or the Executive shall have terminated this automatic extension provision by written notice to the other party at least 30 days prior to the automatic extension date; and **provided further** that in no event shall such term extend beyond December 1, 2013. The term of employment in effect from time to time hereunder is hereinafter called the "Employment Period."

2. **Position and Duties.** During the Employment Period, the Executive shall serve as the President of SeaquistPerfect Dispensing LLC or in such other executive position as determined by the Chief Executive Officer of the Company (the "Company CEO") and shall have the normal duties, responsibilities and authority of an executive serving in such position, subject to the direction of the Company CEO. The Executive shall have the title of President or such other title denoting an executive office as determined by the Company CEO and shall report to the Company CEO or such other executive officer of the Company as determined by the Company CEO. During the Employment Period, the Executive shall devote his best efforts and his full business time to the business and affairs of the Company.

3. **Compensation and Benefits.** (a) The Company shall pay the Executive a salary during the Employment Period, in monthly installments, initially at the rate of \$260,000 per annum. The Company CEO may, in his sole discretion (i) increase (but not decrease) such salary from time to time and (ii) award a bonus to the Executive for any calendar year during the Employment Period.

(b) The Company shall reimburse the Executive for all reasonable expenses incurred by him in the course of performing his duties under this Agreement which are consistent with the Company's policies in effect from time to time.

(c) During the Employment Period, the Executive shall be entitled to participate in the Company's executive benefit programs on the same basis as other executives of the Company having the same level of responsibility, which programs consist of those benefits (including insurance, vacation, company car or car allowance and/or other benefits) for which substantially all of the executives of the Company are from time to time generally eligible, as determined from time to time by the Board of Directors of the Company (the "Board").

(d) In addition to participation in the Company's executive benefit programs pursuant to Section 3(c), the Executive shall be entitled during the Employment Period to:

- (i) additional term life insurance coverage in an amount equal to the Executive's salary, but only if and so long as such additional coverage is available at standard rates from the insurer providing term life insurance coverage under the executive benefit programs or a comparable insurer acceptable to the Company; provided, that if the Executive is not participating in such additional life insurance coverage and if the Employment Period ends on account of the Executive's death, the Company shall pay to the Executive's estate (or such person or persons as the Executive may designate in a written instrument signed by him and delivered to the Company prior to his death) amounts equal to one-half of the amounts the Executive would have received as salary (based on the Executive's salary then in effect) had the Employment Period remained in effect until the second anniversary of the date of the Executive's death, at the times such amounts would have been paid.
- (ii) supplementary long-term disability coverage in an amount which will increase maximum covered annual compensation to 66 2/3% of the executive's annual salary; but only if and so long as supplementary coverage is available at standard rates from the insurer providing long-term disability coverage under the executive benefit program or a comparable insurer acceptable to the Company.

4. Termination of Employment. (a) The Employment Period shall end upon the first to occur of: (i) the expiration of the term of this Agreement pursuant to Section 1 hereof, (ii) retirement of the Executive at ("Retirement"), (iii) termination of the Executive's employment by the Company on account of the Executive's having become unable (as determined by the Board in good faith) to regularly perform his duties hereunder by reason of illness or incapacity for a period of more than six consecutive months ("Termination for Disability"), (iv) termination of the Executive's employment by the Company for Cause ("Termination for Cause"), (v) termination of the executive's employment by the Company other than a Termination for Disability or a Termination for Cause ("Termination Without Cause"), (vi) the Executive's death or (vii) termination of the Executive's employment by the Executive for any reason following written notice to the Company at least 90 days prior to the date of such termination ("Termination by the Executive").

(b) For purposes of this Agreement, "Cause" shall mean (i) the commission of a felony involving moral turpitude, (ii) the commission of a fraud, (iii) the commission of any act involving dishonesty with respect to the Company or any of its subsidiaries or affiliates, (iv) gross negligence or willful misconduct with respect to the Company or any of its subsidiaries or affiliates, (v) breach of any provision of Section 5 or Section 6 hereof or (vi) any other breach of this Agreement which is material and which is not cured within 30 days following written notice thereof to the Executive by the Company.

(c) If the Employment Period ends for any reason set forth in Section 4(a), except as otherwise provided in this Section 4, the Executive shall cease to have any rights to salary, bonus (if any) or benefits hereunder, other than (i) any unpaid salary accrued through the date of such termination, (ii) any bonus payable, but only if such termination occurs during the third or fourth quarter of the Company's fiscal year, such bonus to be prorated in accordance with Company policy, (iii) any unpaid expenses which shall have been incurred as of the date of such termination and (iv) to the extent provided in any benefit plan in which the Executive has participated, any plan benefits which by their terms extend beyond termination of the Executive's employment. Notwithstanding the foregoing, if the Employment Period ends on account of Termination by the Executive other than for Good Reason (as defined in Section 4(i) hereof) pursuant to Section 4(h) hereof or Termination for Cause, the Executive shall not be entitled to any unpaid bonus accrued through the date of such termination.

(d) If the Employment Period ends on account of Retirement, the Company shall make no payments to the Executive other than as provided in Section 4(c) hereof.

(e) If the Employment Period ends on account of Termination for Disability, in addition to the amounts described in Section 4(c) hereof, the Executive shall receive the disability benefits to which he is entitled under any disability benefit plan in which the Executive has participated as an employee of the Company.

(f) If the Employment Period ends on account of the Executive's death, the Company shall pay to the Executive's estate (or such person or persons as the Executive may designate in a written instrument signed by him and delivered to the Company prior to his death) amounts equal to one-half of the amounts the Executive would have received as salary (based on the Executive's salary then in effect) had the Employment Period remained in effect until the second anniversary of the date of the Executive's death, at the times such amounts would have been paid.

(g) If the Employment Period ends on account of Termination without Cause, in addition to the amounts described in Section 4(c) hereof, the Company shall pay to the Executive amounts equal to the amounts the Executive would have received as salary (based on the Executive's salary then in effect) had the Employment Period remained in effect until the date on which (without any extension thereof, or, if previously extended, without any further extension thereof) it was then scheduled to end, at the times such amounts would have been paid, less any payments to which the Executive shall be entitled during such salary continuation period under any disability benefit plan in which the Executive has participated as an employee of the Company; provided, however, that in the event of the Executive's death during the salary continuation period, the Company shall pay to the Executive's estate (or such person or persons as the Executive may designate in a written instrument signed by him and delivered to the Company prior to his death) amounts during the remainder of the salary continuation period equal to one-half of the amounts which would have been paid to the Executive but for his death. It is expressly understood that the Company's payment obligations under this Section 4(g) shall cease in the event the Executive shall breach any provision of Section 5 or Section 6 hereof.

(h) Notwithstanding the foregoing provisions of this Section 4, in the event of a Change in Control (as defined in Appendix A hereto), the employment of the Executive

hereunder shall not be terminated by the Company or any successor to the Company within two years following such Change in Control unless the Executive receives written notice of such termination from the Company or such successor at least 30 days prior to the date of such termination. In the event of such termination of employment by the Company or such successor other than a Termination for Cause, Retirement, a Termination for Disability or due to the Executive's death (in which case the provisions of Section 4(c), 4(d), 4(e) or 4(f), as the case may be, shall apply), within two years following a Change in Control, or in the event that the Executive terminates his employment hereunder for Good Reason (as defined in Section 4(i) hereof) within two years following a Change in Control:

(1) the Company shall pay to the Executive within 30 days following the date of termination, in addition to the amounts and benefits described in Sections 4(c)(i), (iii) and (iv) hereof:

(A) a cash amount equal to the sum of (i) the Executive's annual bonus in an amount at least equal to the highest annualized (for any fiscal year consisting of less than 12 full months or with respect to which the Executive has been employed by the Company for less than 12 full months) bonus paid or payable, including by reason of any deferral, to the Executive by the Company and its affiliated companies in respect of the three fiscal years of the Company (or such portion thereof during which the Executive performed services for the Company if the Executive shall have been employed by the Company for less than such three fiscal year period) immediately preceding the fiscal year in which the Change in Control occurs, multiplied by a fraction, the numerator of which is the number of days in the fiscal year in which the Change in Control occurs through the date of termination and the denominator of which is 365 or 366, as applicable, and (ii) any compensation previously deferred by the Executive (together with any interest and earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid; plus

(B) a lump-sum cash amount (subject to any applicable payroll or other taxes required to be withheld) in an amount equal to (i) two (2) times the Executive's highest annual base salary from the Company and its affiliated companies in effect during the 12-month period prior to the date of termination, plus (ii) two (2) times the Executive's highest annualized (for any fiscal year consisting of less than 12 full months or with respect to which the Executive has been employed by the Company for less than 12 full months) bonus, paid or payable, including by reason of any deferral, to the Executive by the Company and its affiliated companies in respect of the three fiscal years of the Company (or such portion thereof during which the Executive performed services for the Company if the Executive shall have been employed by the Company for less than such three fiscal year period) immediately preceding the fiscal year in which the Change in Control occurs; provided, however, that any amount paid pursuant to this Section 4(h)(1)(B) shall be paid in lieu of any other amount of severance relating to salary or bonus continuation to be received by the Executive upon termination of employment of the Executive under any severance plan, policy or arrangement of the Company; and

(2) for a period of two years commencing on the date of termination, the Company shall continue to keep in full force and effect all policies of medical, disability and life insurance with respect to the Executive and his dependents with the same level of coverage, upon the same terms and otherwise to the same extent as such policies shall have been in effect immediately prior to the date of termination or, if more favorable to the Executive, as provided generally with respect to other peer executives of the Company, and the Company and the Executive shall share the costs of the continuation of such insurance coverage in the same proportion as such costs were shared immediately prior to the date of termination.

The Executive agrees that he shall not terminate his employment hereunder, other than for Good Reason, within one year following a Change in Control unless the Company or any successor to the Company receives written notice of such termination from the Executive at least six months prior to the date of such termination.

(i) For purposes of this Agreement "Good Reason" shall mean (x) a reduction by the Company in the Executive's rate of annual salary in effect immediately prior to the Change in Control, (y) a material reduction in any benefit afforded to the Executive pursuant to any benefit plan of the Company in effect immediately prior to the Change in Control, unless all comparable executives of the Company suffer a substantially similar reduction or (z) the relocation of the Executive's office to a location more than 60 miles from his current office.

(j) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution by the Company or its affiliated companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 4(j) or Appendix B hereto) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 4(j), if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least \$50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax proceeds to the Executive resulting from an elimination of the Gross-Up Payment and a reduction of the Payments, in the aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. All procedures relating to the determination and payment of the Gross-Up Payment are set forth in Appendix B hereto.

(k) If the Employment Period ends solely on account of the expiration of the term of this Agreement pursuant to Section 1 hereof and not for any other reason set forth in this Section 4, the Executive shall be entitled to receive the amounts the Executive would have received as salary (based on the Executive's salary then in effect) at the times such amounts would otherwise have been paid, and the medical and life insurance benefits the Executive and his dependents otherwise would have received, had the Employment Period remained in effect for one year following the date of such termination. It is expressly understood that the Company's payment obligations under this Section 4(k) shall cease in the event the Executive shall breach any provision of Section 5 or Section 6 hereof.

5. Confidential Information. The Executive acknowledges that the information, observations and data obtained by him while employed by the Company pursuant to this Agreement, as well as those obtained by him while employed by the Company or any of its subsidiaries or affiliates or any predecessor thereof prior to the date of this Agreement, concerning the business or affairs of the Company or any of its subsidiaries or affiliates or any predecessor thereof ("Confidential Information") are the property of the Company or such subsidiary or affiliate. Therefore, the Executive agrees that he shall not disclose to any unauthorized person or use for his own account any Confidential Information without the prior written consent of the Company CEO unless and except to the extent that such Confidential Information becomes generally known to and available for use by the public other than as a result of the Executive's acts or omissions to act. The Executive shall deliver to the Company at the termination of the Employment Period, or at any other time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the business of the Company or any of its subsidiaries or affiliates which he may then possess or have under his control.

6. Noncompetition; Nonsolicitation. (a) The Executive acknowledges that in the course of his employment with the Company pursuant to this Agreement he will become familiar, and during the course of his employment by the Company or any of its subsidiaries or affiliates or any predecessor thereof prior to the date of this Agreement he has become familiar, with trade secrets and customer lists of and other confidential information concerning the Company and its subsidiaries and affiliates and predecessors thereof and that his services have been and will be of special, unique and extraordinary value to the Company.

(b) The Executive agrees that during the Employment Period and for one year thereafter in the case of either Termination for Good Reason following a Change in Control or Termination without Cause, or for two years thereafter in the case of termination of employment for any other reason, the ("Noncompetition Period") he shall not in any manner, directly or indirectly, through any person, firm or corporation, alone or as a member of a partnership or as an officer, director, stockholder, investor or employee of or in any other corporation or enterprise or otherwise, engage or be engaged, or assist any other person, firm corporation or enterprise in engaging or being engaged, in any business then actively being conducted by the Company in any geographic area in which the Company is conducting such business (whether through manufacturing or production, calling on customers or prospective customers, or otherwise). Notwithstanding the foregoing, subsequent to the Employment Period the Executive may engage or be engaged, or assist any other person, firm, corporation or enterprise in engaging or being engaged, in any business activity which is not competitive with a business activity being

conducted by the Company at the time subsequent to the Employment Period that the Executive first engages or assists in such business activity.

(c) The Executive further agrees that during the Noncompetition Period he shall not in any manner, directly or indirectly (i) induce or attempt to induce any employee of the Company or of any of its subsidiaries or affiliates to terminate or abandon his employment, or any customer of the Company or any of its subsidiaries or affiliates to terminate or abandon its relationship, for any purpose whatsoever, or (ii) in connection with any business to which Section 6(b) applies, call on, service, solicit or otherwise do business with any then current or prospective customer of the Company or of any of its subsidiaries or affiliates.

(d) Nothing in this Section 6 shall prohibit the Executive from being (i) a stockholder in a mutual fund or a diversified investment company or (ii) a passive owner of not more than 2% of the outstanding stock of any class of a corporation any securities of which are publicly traded, so long as the Executive has no active participation in the business of such corporation.

(e) If, at the time of enforcement of this Section 6, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law.

7. Enforcement. Because the services of the Executive are unique and the Executive has access to confidential information of the Company, the parties hereto agree that the Company would be damaged irreparably in the event any provision of Section 5 or Section 6 hereof were not performed in accordance with its terms or were otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Therefore, the Company or its successors or assigns shall be entitled, in addition to other rights and remedies existing in their favor, to an injunction or injunctions to prevent any breach or threatened breach of any of such provisions and to enforce such provisions specifically (without posting a bond or other security).

8. Survival. Sections 5, 6 and 7 hereof shall survive and continue in full force and effect in accordance with their respective terms, notwithstanding any termination of the Employment Period.

9. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or sent by certified mail, return receipt requested, postage prepaid, addressed (a) if to the Executive, to 4614 Amy Dr., Crystal Lake, IL 60014, and if to the Company, to AptarGroup, Inc., 475 West Terra Cotta Avenue, Suite E, Crystal Lake, Illinois 60014, attention: Stephen J. Hagge, Executive Vice President, Chief Financial Officer, and Secretary, or (b) to such other address as either party shall have furnished to the other in accordance with this Section 9.

10. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

11. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or between the parties, written or oral, which may have related in any manner to the subject matter hereof.

12. Successors and Assigns. This Agreement shall inure to the benefit of and be enforceable by the Executive and his heirs, executors and personal representatives, and the Company and its successors and assigns. Any successor or assignee of the Company shall assume the liabilities of the Company hereunder.

13. Governing Law. This Agreement shall be governed by the internal laws (as opposed to the conflicts of law provisions) of the State of Illinois.

14. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and the Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

APTARGROUP, INC.

By: /s/ Carl A. Siebel
Name: Carl A. Siebel
Title: President and Chief Executive Officer

EXECUTIVE:

/s/ Patrick F. Doherty
Patrick F. Doherty

DEFINITION OF CHANGE IN CONTROL

“Change in Control” means:

(1) the acquisition by any individual, entity or group (a “Person”), including any “person” within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of more than 50% of either (i) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from the Company), (B) any acquisition by the Company, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (D) any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving the Company, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (i), (ii) and (iii) of subsection (3) of this Appendix A shall be satisfied; and provided further that, for purposes of clause (B), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of more than 50% of the Outstanding Company Common Stock or more than 50% of the Outstanding Company Voting Securities by reason of an acquisition by the Company and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Company Common Stock or any additional Outstanding Company Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(2) individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of such Board; provided, however, that any individual who becomes a director of the Company subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed to have been a member of the Incumbent Board; and provided further, that no individual who was initially elected as a director of the Company as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall be deemed to have been a member of the Incumbent Board;

(3) consummation of a reorganization, merger or consolidation unless, in any such case, immediately after such reorganization, merger or consolidation, (i) 50% or more of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and 50% or more of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals or entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation and in substantially the same proportions relative to each other as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or the corporation resulting from such reorganization, merger or consolidation (or any corporation controlled by the Company) and any Person which beneficially owned, immediately prior to such reorganization, merger or consolidation, directly or indirectly, more than 50% of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, more than 50% of the then outstanding shares of common stock of such corporation or more than 50% of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such reorganization, merger or consolidation; or

(4) consummation of (i) a plan of complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, immediately after such sale or other disposition, (A) 50% or more of the then outstanding shares of common stock thereof and 50% or more of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such sale or other disposition and in substantially the same proportions relative to each other as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or such corporation (or any corporation controlled by the Company) and any Person which beneficially owned, immediately prior to such sale or other disposition, directly or indirectly, more than 50% of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, more than 50% of the then outstanding shares of common stock thereof or more than 50% of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition.

PROVISIONS RELATING TO
GROSS-UP PAYMENT

(a) Subject to the provisions of Paragraph (b) of this Appendix B, all determinations required to be made under Section 4(j), including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's public accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to Section 4(j) and this Appendix B shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Paragraph (b) of this Appendix B and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(b) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (1) give the Company any information reasonably requested by the Company relating to such claim,
- (2) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (3) cooperate with the Company in good faith in order effectively to contest such claim, and
- (4) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Paragraph (b), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees 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 further, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(c) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph (b) of this Appendix B, the Executive becomes entitled to receive, and receives, any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Paragraph (b)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph (b) of this Appendix B, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

Permanent Employment Contract

Between

Seaquist Perfect Dispensing SAS,

Registered Office: 11C quai Conti, Louveciennes (78430), France.

Company registration number: 510783500033L

Represented by François Boutan, acting as "Président",

and

Mr. Jacques Blanié,

Address: 9 chemin de la Coulette, L'Etang-le-Ville (78620), France.

Social security number: 1 46 11 47 001 004 61,

French nationality

The parties hereto agree as follows:

Article 1 – General Context

The company Seaquist Perfect Dispensing SAS is a member of the AptarGroup group.

Jacques BLANIE has been employed by the subsidiaries and affiliates of the AptarGroup since July 1st, 1973.

On July 1st, 1986, he was appointed as "Geschäftsführer" of Seaquist Perfect Dispensing GmbH in Germany.

Jacques BLANIE also managed the sub-division "Seaquist Perfect Dispensing France" which was created in 1996 as part of the French company VALOIS. He received by way of compensation for this responsibility a subsidiary salary paid directly by VALOIS. The Seaquist Perfect Dispensing France sub-division had grown significantly since then, and in 2002, it was transformed into a full and separate legal entity, known as SEAQUIST PERFECT DISPENSING SAS.

Consequent to this reorganization and to the fact that this activity had become predominant in Jacques Blanié's career, it was decided that the new French company, SEAQUIST PERFECT DISPENSING SAS, would be Jacques Blanié's main Employer as from January 1st, 2003, and that the German function of "Geschäftsführer" of Seaquist Perfect Dispensing GmbH would become a subsidiary employment.

Article 2 – Collective Bargaining Agreement

This contract is governed by the French Collective Bargaining Agreement of the Plastic Industry and by the internal rules of SEAQUIST PERFECT DISPENSING SAS.

Given that SEAQUIST PERFECT DISPENSING SAS is a subsidiary of AptarGroup, Inc., and the nature of Mr. Blanié's functions, this contract shall also be bound by rules and policies directly issued by AptarGroup, Inc. in respect of executives of the group.

Article 3 – Functions

Jacques Blanié holds the position of *Directeur Délégué* of SEAQUIST PERFECT DISPENSING SAS.

Jacques Blanié reports to the Company's "*Président*". Moreover, given that the AptarGroup is organized into several divisions, and given that SEAQUIST PERFECT DISPENSING SAS is related to the SeaquistPerfect Division, Mr Jacques Blanié shall also report, for operational purposes, to Mr. Patrick Doherty, who is President of the aforementioned division.

Mr. Jacques Blanié's functions may evolve according to the organization and the activities of the SeaquistPerfect division, and according to those of the AptarGroup in general.

Mr. Jacques Blanié's is classified as executive, "VII C, 880" of the French Collective Bargaining Agreement of the Plastic Industry

Article 4 – Term of Contract – Period of Notice

This contract shall remain in full force and effect for an unlimited period. It is effective as of January 1, 2003.

Each party has the right to terminate this contract according to the conditions in this respect provided for by the law and subject, except in the event of gross misconduct, to the legal and conventional provisions in respect of notification of dismissal or resignation.

Article 5 – Compensation

Jacques Blanié will receive a base gross annual salary equal to €120,000 (One Hundred and Twenty Thousand Euros), settled in 12 (twelve) equal monthly payments, in addition to which, he is entitled to the usual AptarGroup annual bonus for executives.

Article 6 – Seniority

Jacques Blanié was hired on July 1, 1973. His seniority within the AptarGroup shall be taken into account as far as rights and obligations are concerned.

Article 7 – Place of Work

Jacques Blanié's main place of work is the Company's registered office.

Depending on the needs of the position he holds, Jacques Blanié may undertake business trips and temporary missions, either in France or abroad; such business trips shall not bring about any change of place of residence or any additional compensation, but will be subject to reimbursement of professional expenses on presentation of the corresponding receipts.

Moreover, it is obvious that for reasons relating to the organization and the smooth functioning of the Company, Jacques Blanié's main place of work could be transferred in France, in case a new establishment is set up or in case the main place of business of SEAQUIST PERFECT DISPENSING SAS is transferred. Such transfer shall comply with the AptarGroup's relocating policy.

Given the level of initiative that is required by the position that Jacques Blanié holds, the latter should devote all the time that is necessary in this respect.

Article 8 – Vacation

Jacques Blanié benefits from the same rights in respect of paid vacation as what is common to all employees of the Company. If these rights differ from those in Seaquist Perfect Dispensing GmbH, the most favorable will apply.

Article 9 – Terms and Conditions

Jacques Blanié shall strictly and absolutely refrain from disclosing any information or confidential material he might obtain in the course of his function, regardless of their nature or origin. This obligation shall survive and continue in full force and effect despite termination and regardless of the reason of its termination.

Jacques Blanié is also bound by the various AptarGroup policies that affect the category of executives he belongs to, such as, and without limitation, the "Conflict of Interest Policy" and "Insider Trader Policy".

Finally, Jacques Blanié shall inform the Company, without delay, of any change that might occur in respect of his civil status, family situation, address, military status, etc...

Article 10 – Intellectual Property

During the term of the present contract, Jacques Blanié hereby agrees and acknowledges, without reservation or exception, and without any additional compensation other than what is provided for in this contract:

- To inform the Company of all inventions, improvements or plans carried out by himself;
- To vest in the Company or in any company within AptarGroup requesting it, the exclusive ownership in France or abroad of such inventions, improvements or plans;
- To fill in for that purpose all formalities and procedures necessary to allow the Company to be the legitimate owner of the abovementioned inventions, improvements, plans etc...

Furthermore Jacques Blanié shall waive to the Company or to any company within AptarGroup requesting it, all title and rights, he may have in France or abroad, to an invention made with a third party and within the scope materials, machines or products manufactured and sold by AptarGroup.

In return for such transfer and waiver of ownership, SEAQUIST PERFECT DISPENSING SAS shall, any time it deems it fair and possible, have the name of Jacques Blanié figure in the summary of the patent that will be filed by the said company to protect Jacques Blanié's invention.

Furthermore, both parties will discuss in equity the possibility of compensation, the amount and the form of which will be, in any case, appraised by the said company.

Article 11 – Non Competition

11.1 Because of SEAQUIST PERFECT DISPENSING SAS' need to protect all its techniques, methods, processes, know-how and other information that may be conveyed to

Jacques Blanié and that contribute to the efficiency of its business, Jacques Blanié, given the nature of his responsibilities, shall refrain from:

- Working, either directly or indirectly, in any form whatsoever or through any intermediary, for the benefit of private individuals or corporate entities or any other organisation having a Competing or Similar Activity.
- Acquiring an interest, whether directly, indirectly or through any intermediary, in any form whatsoever (e.g. creating a business, acquiring a stake) in any private individual or corporate entity or any other organisation having a Competing or Similar Activity.

“Competing or Similar Activity” shall be understood as anything with a direct or indirect relation to the activity of the Company, i.e. realization and production of dispensing systems for the packaging industry.

- Soliciting or having anybody solicit, whether directly or indirectly, in the framework of an activity outside the Company or the AptarGroup, the services of the Company’s employees, whether full-time or part-time.

11.2 This non-competition obligation shall apply to the entire territory of the European Union in its 2004 boundaries.

The geographic scope of this clause shall apply both to the location of the domicile or registered office of the above-mentioned private individual or corporate entity having a Competing or Similar Activity and to the pursuit of the Competing or Similar Activity as such.

11.3 The present clause shall apply for a period of 2 (two) years commencing on the date of the effective termination of the present contract, whether or not Jacques Blanié works for the duration of his period of notice and regardless of the reason for the termination of the present contract.

11.4 In consideration for this non-competition obligation, Jacques Blanié shall receive, except in the event of gross misconduct, a fixed amount for special compensation equal to 50% (fifty percent) of the average monthly salary received by him during his last 3 (three) months’ presence in the Company. This compensation shall be paid as from the effective end of his activity.

11.5 In the event Jacques Blanié does not comply with the present clause, the Company shall be released from its obligation to pay financial compensation.

Furthermore, Jacques Blanié shall automatically owe a sum corresponding to 2 (two) years’ salary based on the average monthly salary received by him during the last 3 (three) months’ presence in the Company. Such sum shall be paid to the Company for each infringement observed, without formal notice to end the competing activity being necessary.

The payment of such sum does not exclude any right that the Company reserves to sue Jacques Blanié for compensation for the harm actually caused and to take out an injunction to ensure that he ends the Competing or Similar Activity.

11.6 However, the Company reserves the option of releasing Jacques Blanié from the non-competition obligation.

In this case, the Company shall inform Jacques Blanié accordingly by registered letter, return receipt requested, within one month of notification of the termination of his employment contract.

The Company shall then be released from its obligation to pay the financial compensation provided for in paragraph 4 above.

Article 12 – Miscellaneous

- 12.1 The cancellation of any one of the provisions of this contract shall not terminate the contract as long as the litigious clause is not considered by both parties as essential and determining to the agreement herein, and the cancellation does not challenge the general balance of the contract. In the event of cancellation of any of the provisions herein, the parties shall, in any case, endeavor to negotiate in good faith the drawing up of an economically equivalent clause.
- 12.2 The failure of either party to enforce at any time any provision of this contract shall not be construed as a waiver of such provision.
- 12.3 Any waiver by a party of any of its rights, or any change of any provision of this contract, shall not come into force except in writing, and if duly signed by both parties.
- 12.4 Any dispute, controversy or claim arising out of or in connection with this contract, or the breach, termination or invalidity hereof, that the parties are unable to resolve between themselves, shall be submitted to the French Conciliation Board ("*Conseil des Prud'hommes*") or to any court having jurisdiction thereof on the date the dispute is filed.
- 12.5 This employment contract is drawn up in two original copies.

Executed in Louveciennes
On January 10, 2003,

On behalf of
Seaquist Perfect Dispensing SAS

/s/ François Boutan

François Boutan
Président

(«Read and Approved»)

/s/ Jacques Blanie

Jacques Blanie

CONTRACT OF EMPLOYMENT

Perfect-Valois Ventil GmbH,
Hildebrandstr. 20, 4600 Dortmund 13,
hereinafter referred to in short as “Company”
represented by its shareholder, Pittway GmbH,
Dortmund, this represented by its sole managing
director, Mr Carl Alexander Siebel, with sole powers of representation,
Paris/Lüdenscheid.

and

Mr. Jacques Achille Blanié,
Leyenhaus 30a, 5063 Overath,
und 9, chemin de la Coulette
78620 L’Etang-la-Ville, France,
in the following shortly named as
“Managing Director”,

herewith enter into the following contract:

§ 1
SCOPE OF DUTIES

- (1)
- a) Effective as of 1 January 1989 Mr. Blanié is appointed as managing director of the Company, with the right to represent the Company in conjunction with the other managing directors or an authorized signatory.
 - b) Mr. Blanié shall assume the position as Chairman of the Management of the Company and report directly to the sole managing director, with sole powers of representation, of Pittway GmbH, Mr Carl Alexander Siebel.
 - c) The rights and duties of the managing director shall be determined according to the Articles of Association in the respective applicable version and the supplementary legal regulations.
- (2) The managing director undertakes to put all his efforts into exclusively managing the business of the Company. The prior, express, written consent of Pittway GmbH, represented by its managing directors, must be obtained before undertaking any and all secondary activities including such at affiliated companies.
- (3) The managing director may neither directly nor indirectly carry out any rival business for own or third party account during the term of this contract.
-

§ 2**BUSINESS WHICH REQUIRES APPROVAL**

The managing director shall exercise his office with the due care and attention of an ordinary businessman. He shall require the prior consent of Pittway GmbH for the following business:

- a) Approval of the annual financial, business and investment plan.
 - b) Acquisition, sale, encumbrance of properties and rights equivalent to properties; the same shall apply for the corresponding executory transactions.
 - c) Undertaking of structural measures, whether it be new buildings, conversions or changes.
 - d) Acquisitions or sales of fixtures, which may in an individual case exceed a value of DM 10.000.
 - e) Conclusion of leasing or rental contracts.
 - f) Employment and dismissal of employees with monthly salaries of more than DM 5.000.
 - g) Participation of employees in profit, turnover or assets of the company and pension assurances of all kinds.
 - h) The undertaking of commitments from bills of exchange and sureties and to borrow loans in an individual case of more than DM 10.000; this shall not include current commercial credits.
-

- i) Approval of loans or granting of securities of all kinds.
- j) Set-up of branches, acquisition of other companies and participation in such.
- k) Sale of the company either in whole or of part plants of such.
- l) Conclusion, revocation or amendment to contracts with relations and relations by marriage.
- m) Granting and revocation of general commercial powers of representation and powers of attorney.

§ 3
REMUNERATION

- (1) As a remuneration for his activity the managing director shall receive from 1 January 1989 a monthly gross salary in the amount of DM 8.000,—

(in words: eight thousand German Marks)

plus a Christmas bonus of DM 4.000 for the first time on 30 November 1989 and vacation allowance of DM 4.000 for the first time on 30 June 1989. The above remuneration shall be paid after deduction of the legal duties at the end of each calendar month.

- (2) Insofar as within the European Division of the Pittway Corporation an annual bonus is paid according to the regulations, which may be fixed again each year, the managing director shall receive a bonus according to the following computation base:
- a) 50% of the amount to which he is entitled according to the above regulation and additionally:
-

- b) up to 25% of the annual salary (Basis 1989: DM 96.000), dependent on the increase in the profits of the Company compared with the previous year, which must however be at least 5% and further based on the performance of the managing director compared with the objectives laid down between him and the managing director of Pittway GmbH each year, except the objective for the profits.

The above computation bases are to be deemed as directives. The final exact stipulation of the possible annual bonus is at the discretion of the managing director of Pittway GmbH.

- (3) As the managing director intends to carry out certain secondary activities for other companies according to § 1 (2) of this contract, agreements may be reached between the Company and affiliated companies relating to:

Payment of a part or the whole remuneration for the managing director by affiliated companies, insofar as these do not result in a change of the rights and duties of the managing director towards the Company stipulated in this contract. The possible settlement of payments of an affiliated company to the managing director with the Company remains at the discretion of the participating companies.

§ 4

SECONDARY PAYMENTS

- (1) The directives of the Company shall apply for the reimbursement of the costs due to business trips, which are insofar a part of this contract. All settlements of the managing director for such secondary payments must be counter-signed by the managing director of Pittway GmbH before payment.
-

- (2) The Company shall make available to the managing director a company car (currently Mercedes 230 1E) for the duration of the contract of employment, which he may also use for private trips. All costs shall be borne by the Company. The taxation of the monetary benefit for the private use shall be borne by the managing director.
- (3) The Company shall take out an accident insurance for the benefit of the managing director according to the rules of the Company for members of the management.
- (4) The Company shall reimburse in full and against provision of proof the cost for telephone calls conducted in the line of business.

§ 5
LEAVE

The managing director shall be entitled to annual paid leave of 30 working days. The leave shall be taken so that the needs of the Company are not impaired.

§ 6
SECRECY

- (1) The managing director undertakes to maintain absolute secrecy on all business and operational matters, in particular business and trade secrets of which he shall become aware within the framework of his activity. This duty to maintain secrecy shall also continue insofar as permitted by law after termination of the employment relationship.
-

- (2) He undertakes when he leaves to return to the company all documents in his possession, associated with his activity. If necessary, he shall make a declaration in lieu of an oath that he has destroyed all documents in this respect, so that no third party may acquire any know-how from said documents. He shall not be entitled to a right of retention for these documents.

§ 7

TERM OF THE CONTRACT

- (1) The contract may be terminated for the first time with a period of notice of 9 months to 31 December 1991. If it is not terminated by this date, an unlimited contract will apply from 1 January 1992 with a period of notice of 12 months to the end of the year.
 - (2) The termination must be made in writing to be valid.
 - (3) Without the need for a special termination this contract shall end with the expiry of the month in which the managing director shall attain the age of 65.
-

§ 8
FINAL PROVISIONS

- (1) Any changes and supplements must be made in writing to be valid.
- (2) Should individual provisions of this contract be or become invalid then this shall have no effect on the validity of the remaining provisions. A reasonable provision shall be agreed upon to replace the invalid provision and to complete possible loopholes in the contract, which shall as far as possible satisfy the intended commercial purpose of the parties.
- (3) Place of jurisdiction shall be Düsseldorf.

Dortmund, 1 January 1989

Date: 1 January 1989

/s/ Carl A. Siebel
Carl A. Siebel

/s/ Jacques Blanié
Jacques Blanié

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT between AptarGroup, Inc., a Delaware corporation (the "Company"), and Eric Ruskoski (the "Executive") is entered into on December 1, 2003. In consideration of the covenants contained herein, the parties agree as follows:

1. **Employment.** The Company shall employ the Executive, and the Executive agrees to be employed by the Company, upon the terms and subject to the conditions set forth herein for the period beginning on December 1, 2003 and ending on December 1, 2006, unless earlier terminated pursuant to Section 4 hereof; **provided, however,** that such term shall automatically be extended as of each December 1, commencing December 1, 2004, for one additional year unless either the Company or the Executive shall have terminated this automatic extension provision by written notice to the other party at least 30 days prior to the automatic extension date; and **provided further** that in no event shall such term extend beyond December 1, 2013. The term of employment in effect from time to time hereunder is hereinafter called the "Employment Period."

2. **Position and Duties.** During the Employment Period, the Executive shall serve as the President of Seaquist Closures or in such other executive position as determined by the Chief Executive Officer of the Company (the "Company CEO") and shall have the normal duties, responsibilities and authority of an executive serving in such position, subject to the direction of the Company CEO. The Executive shall have the title of President or such other title denoting an executive office as determined by the Company CEO and shall report to the Company CEO or such other executive officer of the Company as determined by the Company CEO. During the Employment Period, the Executive shall devote his best efforts and his full business time to the business and affairs of the Company.

3. **Compensation and Benefits.** The Company shall pay the Executive a salary during the Employment Period, in monthly installments, initially at the rate of \$302,000 per annum. The Company CEO may, in his sole discretion (i) increase (but not decrease) such salary from time to time and (ii) award a bonus to the Executive for any calendar year during the Employment Period.

(b) The Company shall reimburse the Executive for all reasonable expenses incurred by him in the course of performing his duties under this Agreement which are consistent with the Company's policies in effect from time to time.

(c) During the Employment Period, the Executive shall be entitled to participate in the Company's executive benefit programs on the same basis as other executives of the Company having the same level of responsibility, which programs consist of those benefits (including insurance, vacation, company car or car allowance and/or other benefits) for which substantially all of the executives of the Company are from time to time generally eligible, as determined from time to time by the Board of Directors of the Company (the "Board").

(d) In addition to participation in the Company's executive benefit programs pursuant to Section 3(c), the Executive shall be entitled during the Employment Period to:

- (i) additional term life insurance coverage in an amount equal to the Executive's salary, but only if and so long as such additional coverage is available at standard rates from the insurer providing term life insurance coverage under the executive benefit programs or a comparable insurer acceptable to the Company; provided, that if the Executive is not participating in such additional life insurance coverage and if the Employment Period ends on account of the Executive's death, the Company shall pay to the Executive's estate (or such person or persons as the Executive may designate in a written instrument signed by him and delivered to the Company prior to his death) amounts equal to one-half of the amounts the Executive would have received as salary (based on the Executive's salary then in effect) had the Employment Period remained in effect until the second anniversary of the date of the Executive's death, at the times such amounts would have been paid.
- (ii) supplementary long-term disability coverage in an amount which will increase maximum covered annual compensation to 66 2/3% of the executive's annual salary; but only if and so long as supplementary coverage is available at standard rates from the insurer providing long-term disability coverage under the executive benefit program or a comparable insurer acceptable to the Company.

4. Termination of Employment. The Employment Period shall end upon the first to occur of: (i) the expiration of the term of this Agreement pursuant to Section 1 hereof, (ii) retirement of the Executive ("Retirement"), (iii) termination of the Executive's employment by the Company on account of the Executive's having become unable (as determined by the Board in good faith) to regularly perform his duties hereunder by reason of illness or incapacity for a period of more than six consecutive months ("Termination for Disability"), (iv) termination of the Executive's employment by the Company for Cause ("Termination for Cause"), (v) termination of the executive's employment by the Company other than a Termination for Disability or a Termination for Cause ("Termination Without Cause"), (vi) the Executive's death or (vii) termination of the Executive's employment by the Executive for any reason following written notice to the Company at least 90 days prior to the date of such termination ("Termination by the Executive").

(b) For purposes of this Agreement, "Cause" shall mean (i) the commission of a felony involving moral turpitude, (ii) the commission of a fraud, (iii) the commission of any act involving dishonesty with respect to the Company or any of its subsidiaries or affiliates, (iv) gross negligence or willful misconduct with respect to the Company or any of its subsidiaries or affiliates, (v) breach of any provision of Section 5 or Section 6 hereof or (vi) any other breach of this Agreement which is material and which is not cured within 30 days following written notice thereof to the Executive by the Company.

(c) If the Employment Period ends for any reason set forth in Section 4(a), except as otherwise provided in this Section 4, the Executive shall cease to have any rights to salary, bonus (if any) or benefits hereunder, other than (i) any unpaid salary accrued through the date of such termination, (ii) any bonus payable, but only if such termination occurs during the third or fourth quarter of the Company's fiscal year, such bonus to be prorated in accordance with Company policy, (iii) any unpaid expenses which shall have been incurred as of the date of such termination and (iv) to the extent provided in any benefit plan in which the Executive has participated, any plan benefits which by their terms extend beyond termination of the Executive's employment. Notwithstanding the foregoing, if the Employment Period ends on account of Termination by the Executive other than for Good Reason (as defined in Section 4(i) hereof) pursuant to Section 4(h) hereof or Termination for Cause, the Executive shall not be entitled to any unpaid bonus accrued through the date of such termination.

(d) If the Employment Period ends on account of Retirement, the Company shall make no payments to the Executive other than as provided in Section 4(c) hereof.

(e) If the Employment Period ends on account of Termination for Disability, in addition to the amounts described in Section 4(c) hereof, the Executive shall receive the disability benefits to which he is entitled under any disability benefit plan in which the Executive has participated as an employee of the Company.

(f) If the Employment Period ends on account of the Executive's death, the Company shall pay to the Executive's estate (or such person or persons as the Executive may designate in a written instrument signed by him and delivered to the Company prior to his death) amounts equal to one-half of the amounts the Executive would have received as salary (based on the Executive's salary then in effect) had the Employment Period remained in effect until the second anniversary of the date of the Executive's death, at the times such amounts would have been paid.

(g) If the Employment Period ends on account of Termination without Cause, in addition to the amounts described in Section 4(c) hereof, the Company shall pay to the Executive amounts equal to the amounts the Executive would have received as salary (based on the Executive's salary then in effect) had the Employment Period remained in effect until the date on which (without any extension thereof, or, if previously extended, without any further extension thereof) it was then scheduled to end, at the times such amounts would have been paid, less any payments to which the Executive shall be entitled during such salary continuation period under any disability benefit plan in which the Executive has participated as an employee of the Company; provided, however, that in the event of the Executive's death during the salary continuation period, the Company shall pay to the Executive's estate (or such person or persons as the Executive may designate in a written instrument signed by him and delivered to the Company prior to his death) amounts during the remainder of the salary continuation period equal to one-half of the amounts which would have been paid to the Executive but for his death. It is expressly understood that the Company's payment obligations under this Section 4(g) shall cease in the event the Executive shall breach any provision of Section 5 or Section 6 hereof.

(h) Notwithstanding the foregoing provisions of this Section 4, in the event of a Change in Control (as defined in Appendix A hereto), the employment of the Executive

hereunder shall not be terminated by the Company or any successor to the Company within two years following such Change in Control unless the Executive receives written notice of such termination from the Company or such successor at least 30 days prior to the date of such termination. In the event of such termination of employment by the Company or such successor other than a Termination for Cause, Retirement, a Termination for Disability or due to the Executive's death (in which case the provisions of Section 4(c), 4(d), 4(e) or 4(f), as the case may be, shall apply), within two years following a Change in Control, or in the event that the Executive terminates his employment hereunder for Good Reason (as defined in Section 4(i) hereof) within two years following a Change in Control:

(1) the Company shall pay to the Executive within 30 days following the date of termination, in addition to the amounts and benefits described in Sections 4(c)(i), (iii) and (iv) hereof:

(A) a cash amount equal to the sum of (i) the Executive's annual bonus in an amount at least equal to the highest annualized (for any fiscal year consisting of less than 12 full months or with respect to which the Executive has been employed by the Company for less than 12 full months) bonus paid or payable, including by reason of any deferral, to the Executive by the Company and its affiliated companies in respect of the three fiscal years of the Company (or such portion thereof during which the Executive performed services for the Company if the Executive shall have been employed by the Company for less than such three fiscal year period) immediately preceding the fiscal year in which the Change in Control occurs, multiplied by a fraction, the numerator of which is the number of days in the fiscal year in which the Change in Control occurs through the date of termination and the denominator of which is 365 or 366, as applicable, and (ii) any compensation previously deferred by the Executive (together with any interest and earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid; plus

(B) a lump-sum cash amount (subject to any applicable payroll or other taxes required to be withheld) in an amount equal to (i) two (2) times the Executive's highest annual base salary from the Company and its affiliated companies in effect during the 12-month period prior to the date of termination, plus (ii) two (2) times the Executive's highest annualized (for any fiscal year consisting of less than 12 full months or with respect to which the Executive has been employed by the Company for less than 12 full months) bonus, paid or payable, including by reason of any deferral, to the Executive by the Company and its affiliated companies in respect of the three fiscal years of the Company (or such portion thereof during which the Executive performed services for the Company if the Executive shall have been employed by the Company for less than such three fiscal year period) immediately preceding the fiscal year in which the Change in Control occurs; provided, however, that any amount paid pursuant to this Section 4(h)(1)(B) shall be paid in lieu of any other amount of severance relating to salary or bonus continuation to be received by the Executive upon termination of employment of the Executive under any severance plan, policy or arrangement of the Company; and

(2) for a period of two years commencing on the date of termination, the Company shall continue to keep in full force and effect all policies of medical, disability and life insurance with respect to the Executive and his dependents with the same level of coverage, upon the same terms and otherwise to the same extent as such policies shall have been in effect immediately prior to the date of termination or, if more favorable to the Executive, as provided generally with respect to other peer executives of the Company, and the Company and the Executive shall share the costs of the continuation of such insurance coverage in the same proportion as such costs were shared immediately prior to the date of termination.

The Executive agrees that he shall not terminate his employment hereunder, other than for Good Reason, within one year following a Change in Control unless the Company or any successor to the Company receives written notice of such termination from the Executive at least six months prior to the date of such termination.

(i) For purposes of this Agreement "Good Reason" shall mean (x) a reduction by the Company in the Executive's rate of annual salary in effect immediately prior to the Change in Control, (y) a material reduction in any benefit afforded to the Executive pursuant to any benefit plan of the Company in effect immediately prior to the Change in Control, unless all comparable executives of the Company suffer a substantially similar reduction or (z) the relocation of the Executive's office to a location more than 60 miles from his current office.

(j) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any payment or distribution by the Company or its affiliated companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 4(j) or Appendix B hereto) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 4(j), if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least \$50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax proceeds to the Executive resulting from an elimination of the Gross-Up Payment and a reduction of the Payments, in the aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. All procedures relating to the determination and payment of the Gross-Up Payment are set forth in Appendix B hereto.

(k) If the Employment Period ends solely on account of the expiration of the term of this Agreement pursuant to Section 1 hereof and not for any other reason set forth in this Section 4, the Executive shall be entitled to receive the amounts the Executive would have received as salary (based on the Executive's salary then in effect) at the times such amounts would otherwise have been paid, and the medical and life insurance benefits the Executive and his dependents otherwise would have received, had the Employment Period remained in effect for one year following the date of such termination. It is expressly understood that the Company's payment obligations under this Section 4(k) shall cease in the event the Executive shall breach any provision of Section 5 or Section 6 hereof.

5. Confidential Information. The Executive acknowledges that the information, observations and data obtained by him while employed by the Company pursuant to this Agreement, as well as those obtained by him while employed by the Company or any of its subsidiaries or affiliates or any predecessor thereof prior to the date of this Agreement, concerning the business or affairs of the Company or any of its subsidiaries or affiliates or any predecessor thereof ("Confidential Information") are the property of the Company or such subsidiary or affiliate. Therefore, the Executive agrees that he shall not disclose to any unauthorized person or use for his own account any Confidential Information without the prior written consent of the Company CEO unless and except to the extent that such Confidential Information becomes generally known to and available for use by the public other than as a result of the Executive's acts or omissions to act. The Executive shall deliver to the Company at the termination of the Employment Period, or at any other time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the business of the Company or any of its subsidiaries or affiliates which he may then possess or have under his control.

6. Noncompetition; Nonsolicitation. The Executive acknowledges that in the course of his employment with the Company pursuant to this Agreement he will become familiar, and during the course of his employment by the Company or any of its subsidiaries or affiliates or any predecessor thereof prior to the date of this Agreement he has become familiar, with trade secrets and customer lists of and other confidential information concerning the Company and its subsidiaries and affiliates and predecessors thereof and that his services have been and will be of special, unique and extraordinary value to the Company.

(b) The Executive agrees that during the Employment Period and for one year thereafter in the case of either Termination for Good Reason following a Change in Control or Termination without Cause, or for two years thereafter in the case of termination of employment for any other reason, the ("Noncompetition Period") he shall not in any manner, directly or indirectly, through any person, firm or corporation, alone or as a member of a partnership or as an officer, director, stockholder, investor or employee of or in any other corporation or enterprise or otherwise, engage or be engaged, or assist any other person, firm corporation or enterprise in engaging or being engaged, in any business then actively being conducted by the Company in any geographic area in which the Company is conducting such business (whether through manufacturing or production, calling on customers or prospective customers, or otherwise). Notwithstanding the foregoing, subsequent to the Employment Period the Executive may engage or be engaged, or assist any other person, firm, corporation or enterprise in engaging or being engaged, in any business activity which is not competitive with a business activity being

conducted by the Company at the time subsequent to the Employment Period that the Executive first engages or assists in such business activity.

(c) The Executive further agrees that during the Noncompetition Period he shall not in any manner, directly or indirectly (i) induce or attempt to induce any employee of the Company or of any of its subsidiaries or affiliates to terminate or abandon his employment, or any customer of the Company or any of its subsidiaries or affiliates to terminate or abandon its relationship, for any purpose whatsoever, or (ii) in connection with any business to which Section 6(b) applies, call on, service, solicit or otherwise do business with any then current or prospective customer of the Company or of any of its subsidiaries or affiliates.

(d) Nothing in this Section 6 shall prohibit the Executive from being (i) a stockholder in a mutual fund or a diversified investment company or (ii) a passive owner of not more than 2% of the outstanding stock of any class of a corporation any securities of which are publicly traded, so long as the Executive has no active participation in the business of such corporation.

(e) If, at the time of enforcement of this Section 6, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances shall be substituted for the stated period, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law.

7. Enforcement. Because the services of the Executive are unique and the Executive has access to confidential information of the Company, the parties hereto agree that the Company would be damaged irreparably in the event any provision of Section 5 or Section 6 hereof were not performed in accordance with its terms or were otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Therefore, the Company or its successors or assigns shall be entitled, in addition to other rights and remedies existing in their favor, to an injunction or injunctions to prevent any breach or threatened breach of any of such provisions and to enforce such provisions specifically (without posting a bond or other security).

8. Survival. Sections 5, 6 and 7 hereof shall survive and continue in full force and effect in accordance with their respective terms, notwithstanding any termination of the Employment Period.

9. Notices. Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or sent by certified mail, return receipt requested, postage prepaid, addressed (a) if to the Executive, to 21865 N. Old Farm Rd., Barrington, IL 60012, and if to the Company, to AptarGroup, Inc., 475 West Terra Cotta Avenue, Suite E, Crystal Lake, Illinois 60014, attention: Stephen J. Hagge, Executive Vice President, Chief Financial Officer, and Secretary, or (b) to such other address as either party shall have furnished to the other in accordance with this Section 9.

10. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

11. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or between the parties, written or oral, which may have related in any manner to the subject matter hereof.

12. Successors and Assigns. This Agreement shall inure to the benefit of and be enforceable by the Executive and his heirs, executors and personal representatives, and the Company and its successors and assigns. Any successor or assignee of the Company shall assume the liabilities of the Company hereunder.

13. Governing Law. This Agreement shall be governed by the internal laws (as opposed to the conflicts of law provisions) of the State of Illinois.

14. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and the Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

APTARGROUP, INC.

By: /s/ Carl A. Siebel

Name: Carl A. Siebel

Title: President and Chief Executive Officer

EXECUTIVE:

/s/ Eric Ruskoski

Eric Ruskoski

DEFINITION OF CHANGE IN CONTROL

“Change in Control” means:

(1) the acquisition by any individual, entity or group (a “Person”), including any “person” within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of more than 50% of either (i) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from the Company), (B) any acquisition by the Company, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (D) any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving the Company, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (i), (ii) and (iii) of subsection (3) of this Appendix A shall be satisfied; and provided further that, for purposes of clause (B), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of more than 50% of the Outstanding Company Common Stock or more than 50% of the Outstanding Company Voting Securities by reason of an acquisition by the Company and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Company Common Stock or any additional Outstanding Company Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(2) individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of such Board; provided, however, that any individual who becomes a director of the Company subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed to have been a member of the Incumbent Board; and provided further, that no individual who was initially elected as a director of the Company as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall be deemed to have been a member of the Incumbent Board;

(3) consummation of a reorganization, merger or consolidation unless, in any such case, immediately after such reorganization, merger or consolidation, (i) 50% or more of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and 50% or more of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals or entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation and in substantially the same proportions relative to each other as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or the corporation resulting from such reorganization, merger or consolidation (or any corporation controlled by the Company) and any Person which beneficially owned, immediately prior to such reorganization, merger or consolidation, directly or indirectly, more than 50% of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, more than 50% of the then outstanding shares of common stock of such corporation or more than 50% of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such reorganization, merger or consolidation; or

(4) consummation of (i) a plan of complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, immediately after such sale or other disposition, (A) 50% or more of the then outstanding shares of common stock thereof and 50% or more of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such sale or other disposition and in substantially the same proportions relative to each other as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan (or related trust) sponsored or maintained by the Company or such corporation (or any corporation controlled by the Company) and any Person which beneficially owned, immediately prior to such sale or other disposition, directly or indirectly, more than 50% of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, more than 50% of the then outstanding shares of common stock thereof or more than 50% of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition.

PROVISIONS RELATING TO
GROSS-UP PAYMENT

(a) Subject to the provisions of Paragraph (b) of this Appendix B, all determinations required to be made under Section 4(j), including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's public accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to Section 4(j) and this Appendix B shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Paragraph (b) of this Appendix B and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(b) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than 10 business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (1) give the Company any information reasonably requested by the Company relating to such claim,
- (2) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (3) cooperate with the Company in good faith in order effectively to contest such claim, and
- (4) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Paragraph (b), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees 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 further, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(c) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph (b) of this Appendix B, the Executive becomes entitled to receive, and receives, any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Paragraph (b)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph (b) of this Appendix B, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after

such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

List of Subsidiaries

APTARGROUP, INC.

LIST OF SUBSIDIARIES

	State or Other Jurisdiction of Incorporation	Percentage Owned
AptarGroup International L.L.C.	Delaware	100%
AptarGroup International Holding B.V.	Netherlands	100%
Valois (Ireland) Limited	Ireland	100%
AptarGroup Holding S.A.S.	France	100%
Aptar GmbH	Germany	100%
Ing. Erich Pfeiffer GmbH	Germany	100%
Pfeiffer Vaporisateurs France SARL	France	100%
P & S Japan Ltd.	Japan	100%
Pfeiffer U.K. Limited	United Kingdom	100%
P&P Promotion of German Manufacturing Technologies GmbH	Germany	100%
Vallis Leasobjekt GmbH	Germany	99%
Seaplast S.A.	Spain	50%
Seaquist-Löffler Kunststoffwerk GmbH	Germany	100%
Seaquist Loeffler Kunststoffwerk spol. s.r.o.	Czech Republic	100%
SeaquistPerfect Dispensing GmbH	Germany	100%
Valois Deutschland GmbH	Germany	100%
SeaquistPerfect Plastic GmbH	Germany	100%
AptarGroup S.A.S.	France	100%
Seaquist Perfect Dispensing S.A.S.	France	100%
Aptar South Europe SARL	France	100%
Novares S.p.A.	Italy	100%
EMSAR S.p.A.	Italy	100%
EMSAR France SCA	France	100%
AptarGroup SAR Finance Unlimited	Ireland	100%
EMSAR GmbH	Germany	100%
SAR (U.K.) Limited	United Kingdom	100%
Somova S.r.l.	Italy	100%
Sprühventile GmbH	Germany	100%
Caideil M.P. Teoranta	Ireland	100%
Seaquist General Plastics S.A.S.	France	100%
Graphocolor S.A.	France	60%
Seaquist M.P.N. S.A.	France	100%
Aptar U.K. Ltd.	United Kingdom	100%
Valois U.K. Limited	United Kingdom	100%
SeaquistPerfect Dispensing Limited	United Kingdom	100%
Seaquist Closures, Ltd.	United Kingdom	100%
Valois S.A.S.	France	100%
Airlessystems S.A.S.	France	50%
Valois Dispray S.A.	Switzerland	100%
Valois España S.A.	Spain	100%
Valois Italiana S.r.l.	Italy	100%

Seaquist Closures Russia	Russia	100%
Microflow Engineering S.A.	Switzerland	100%
Asia Pacific Inspection Center (Suzhou) Co., Ltd.	China	5 5%
Aptar India Private Limited	India	9 9%
Valois India Private Ltd.	India	100%
EMSAR Dispensing Systems Ltd.	Hong Kong	100%
EMSAR Brasil Ltda.	Brazil	100%
EMSAR S.A.	Argentina	100%
Seaquist Canada Ltd.	Canada	100%
Seaquist Finance Unlimited	Ireland	100%
Seaquist-Valois Australia Pty. Ltd.	Australia	100%
Seaquist-Valois do Brasil Ltda.	Brazil	100%
Seaquist-Valois Japan, Inc.	Japan	100%
SeaquistPerfect Dispensing de Mexico S.A. de C.V.	Mexico	100%
Aptar Suzhou Dispensing Systems Co., Ltd.	P.R. China	100%
SeaquistPerfect Molding L.L.C.	Illinois	100%
Emson Research, Inc.	Connecticut	100%
EMSAR UK Ltd.	United Kingdom	100%
EMSAR, Inc.	Connecticut	100%
EMSAR Ventures, Inc.	Connecticut	100%
P.T. Emsar Indonesia	Indonesia	100%
Emson Spraytech India Private Ltd.	India	100%
Global Precision, Inc.	Florida	100%
Liquid Molding Systems, Inc.	Delaware	100%
Philson, Inc.	Connecticut	100%
Pfeiffer of America, Inc.	Delaware	100%
P Merger Corporation	Connecticut	100%
Seaquist Closures L.L.C.	Delaware	100%
Seaquist Closures Foreign, Inc.	Delaware	100%
Seaquist de Mexico S.A. de C.V.	Mexico	80%
SeaquistPerfect Dispensing L.L.C.	Delaware	100%
SeaquistPerfect Dispensing Foreign, Inc.	Delaware	100%
Valois of America, Inc.	Connecticut	100%

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 33-64320, 33-80408, 333-40326, 333-05325 and 333-107253) of AptarGroup, Inc. of our report dated February 10, 2004 relating to the financial statements, which appears in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 10, 2004 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP
PricewaterhouseCoopers LLP

Chicago, Illinois
March 3, 2004

CERTIFICATION

I, Carl A. Siebel, certify that:

1. I have reviewed this annual report on Form 10-K of AptarGroup, 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 annual 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 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)) for the registrant and we 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) evaluated the effectiveness of the registrant's disclosure controls 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
 - c) 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 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 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:
 - 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.

Date: March 3, 2004

By: /s/ Carl A. Siebel

Carl A. Siebel

President and Chief Executive Officer

CERTIFICATION

I, Stephen J. Hagge, certify that:

1. I have reviewed this annual report on Form 10-K of AptarGroup, 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 annual 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 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)) for the registrant and we 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) evaluated the effectiveness of the registrant's disclosure controls 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
 - c) 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 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 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:
 - 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.

Date: March 3, 2004

By: /s/ Stephen J. Hagge

Stephen J. Hagge
Executive Vice President, Chief Financial Officer and
Secretary

Certificate Pursuant to 18 U.S.C. Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Carl A. Siebel, the president and chief executive officer of AptarGroup, Inc., certify that (i) the Annual Report on Form 10-K of AptarGroup, Inc. for the year ended December 31, 2003 (the "Form 10-K") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of AptarGroup, Inc.

By: /s/ Carl A. Siebel

Carl A. Siebel
President and Chief Executive Officer
March 3, 2004

Certificate Pursuant to 18 U.S.C. Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Stephen J. Hagge, executive vice president and chief financial officer of AptarGroup, Inc., certify that (i) the Annual Report on Form 10-K of AptarGroup, Inc. for the year ended December 31, 2003 (the "Form 10-K") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of AptarGroup, Inc.

By: /s/ Stephen J. Hagge

Stephen J. Hagge
Executive Vice President and
Chief Financial Officer

March 3, 2004