

Focused research. Expanded offerings.

# Market opportunities.

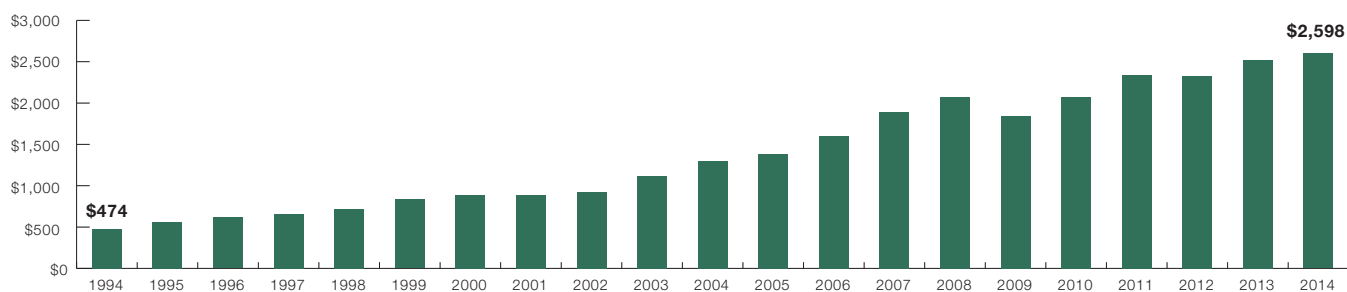
2014 Annual Report/Form 10-K



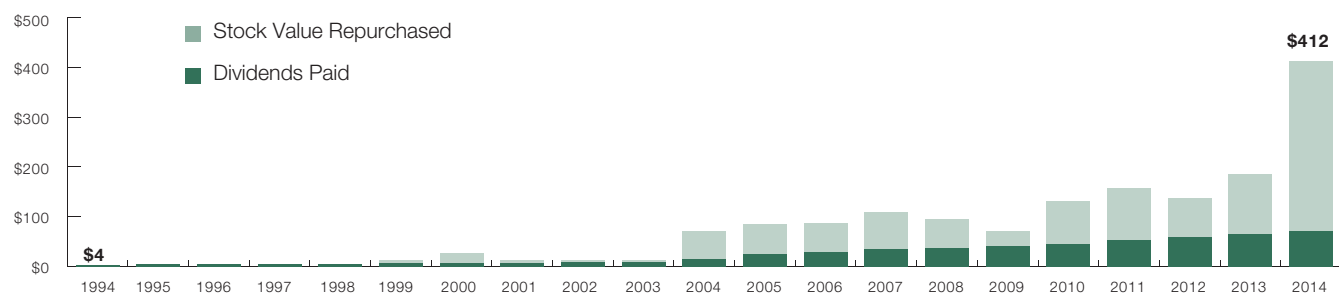
# financial highlights

YEARS ENDED DECEMBER 31	2014	2013	% CHANGE
Net Sales	\$ 2,597.8	\$ 2,520.0	3.1%
Operating Income	306.4	284.6	7.7%
Net Income Attributable to AptarGroup	191.7	172.0	11.5%
Percent of Net Sales	7.4%	6.8%	
Net Income per Common Share (Diluted)	\$ 2.85	\$ 2.52	13.1%
Cash Dividends Declared per Common Share	1.09	1.00	9.0%
AptarGroup Stockholders' Equity	1,103.4	1,479.8	-25.4%

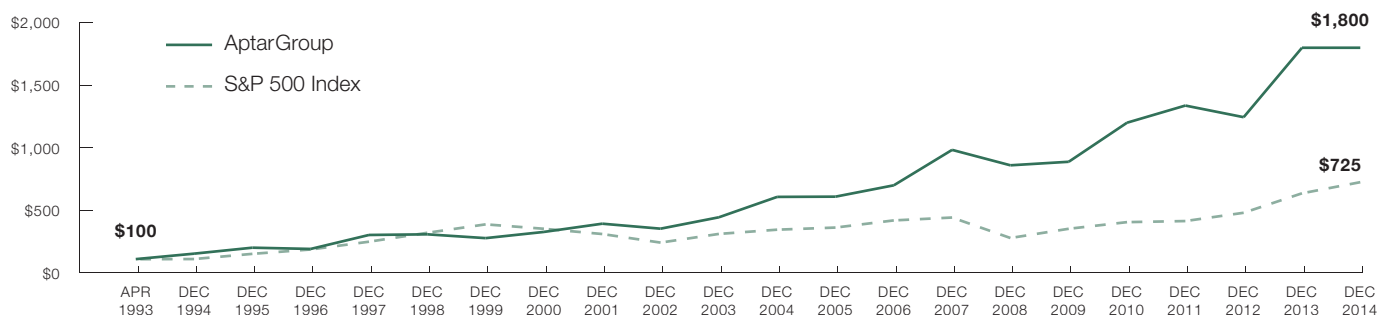
## SALES (IN MILLIONS)



## DIVIDENDS PAID AND STOCK VALUE REPURCHASED (IN MILLIONS)



## TOTAL SHAREHOLDER RETURNS (DIVIDENDS REINVESTED)



# letter to shareholders

## **LETTER TO SHAREHOLDERS:**

2014 was a year filled with tremendous achievements and certain challenges for AptarGroup. We delivered another strong financial performance, despite softer macroeconomic conditions, inventory destocking in some markets and negative currency effects. Even with these challenges, our long-term strategy ensures that we progressively adapt to the needs of marketers and consumers and this approach has brought us much success over the past 50 years. In 2014, we continued our legacy of success by helping our customers launch numerous new products into the market featuring our leading-edge dispensing solutions. We remain focused on developing innovative dispensing solutions that improve the lives of millions of consumers each year, and we are confident that our long-term strategy, along with our diverse product portfolio and talented workforce, will continue to deliver value to our customers, shareholders, and consumers around the globe.

In 2014, AptarGroup had record reported sales of \$2.6 billion, an increase of 3% over the prior year. Core sales, excluding the negative impact from changes in currency exchange rates, increased 5%. We completed the year with increased core sales in each business segment, end-market and geographic region. AptarGroup also reported record earnings per share of \$2.85 compared to \$2.52 a year ago.

For over half a century, innovation has been one of AptarGroup's strategic advantages. We have leveraged our technical expertise and broad product portfolio to extend our growth into newer market categories such as infant formula, liquid concentrated flavorings, pain treatment and eye care. We also introduced several new, innovative technologies including our new liner-less hot fill beverage closure, our dual-spray trigger and our new cosmetic precision pen-like applicator. In addition, we opened new facilities in Colombia and Brazil to better serve our customers in Latin America and to position us for future growth in this important region.

In 2014, we took steps to enhance our communication regarding our sustainability programs and we published our first Corporate Sustainability Overview. Developing innovative product solutions that use fewer resources and require less packaging is important to AptarGroup, our customers, and end-consumers. In the Overview, we shared information about our environmental and social initiatives. We highlighted our ongoing work to reduce landfill waste, water consumption and greenhouse gas emissions. We also shared certain social sustainability efforts such as our focus on the professional development of our employees, and our support of the communities in which they live and work.

AptarGroup has an extremely talented and dedicated global workforce which enthusiastically supports not only our sustainability programs, but our innovative approach to dispensing technology. With 13,000 employees in 20 countries dedicated to adapting to, and designing around, ever-changing market needs, our customer-oriented approach has made us a global leader in the dispensing and packaging industry. Our teams' proprietary knowledge, technical expertise, and persistent emphasis on innovation allow us to expand into new markets, driving our continued growth.

## **SEGMENT GROWTH**

Our Beauty + Home segment faced several challenges during the year including select market softness and currency headwinds. However, our broad product offering and customer-driven strategy boosted sales to \$1.5 billion, a core increase of 3%. Earnings growth was under pressure as we had certain start-up costs related to our expansion in Latin America, negative currency transaction effects and the negative impact on margins from softer volumes at different times throughout the year. In addition, we recognized certain costs related to a fire at one of our Brazilian facilities that are expected to be reimbursed in future periods. The profitability for this segment decreased 10% to \$98 million in 2014. Going forward, we will continue to focus on cost containment and improving operational efficiencies in this segment.

Throughout the year we participated in several new product launches within the beauty market. Our airless, pen-like system was chosen by L'Oreal for its new Helena Rubinstein and Revitalift anti-wrinkle serums. Our light-pressure actuator, which provides a long-lasting fine mist spray, is featured on Bulgari's line of prestige fragrances. We also participated in several new fragrance launches in Europe, the U.S., and Brazil, including fragrances by LVMH, Cartier® and Coty. In the personal care market, Procter & Gamble featured our aerosol actuator on its Gillette® and Old Spice® spray deodorants in Latin America. In the home care market, a new line of cleaning solutions by Simple Solution®, features our award-winning, dual-spray valve actuator and our dispensing closure was chosen for OxiClean's™ dishwasher detergent product.

Our Pharma segment had an excellent year in 2014. Sales for the year grew to \$751 million, a core increase of 7% over the prior year. Profits were up 8% to \$205 million. AptarGroup continues to be very well positioned to help our customers adapt to the changing healthcare landscape, including the rise in generic prescription drugs, as well as prescription drugs going over-the-counter.

We had several new product launches in the consumer health care market including CVS Pharmacy® stores featuring our bag-on-valve system for their store-brand nasal saline mist. Procter and Gamble is also using our bag-on-valve technology with a special actuator for a new line of Vicks® brand nasal saline. In addition, our successful Ophthalmic Squeeze Dispenser was featured on many new eye lubricant products in Europe. In the prescription drug market we continue to see good growth in the asthma inhaled treatment category. Recently, a generic equivalent to Advair has launched in the prescription drug market in Europe using our metered dose inhaler valve system. In the U.S., Apotex has introduced a new generic allergy treatment using our nasal pump. Also, the over-the-counter nasal allergy treatments continue to be a promising new category. In 2014, Nasacort® Allergy 24-Hour, featuring our nasal spray pump, was launched in the market and in early 2015, Flonase® Allergy Relief was introduced as an over-the-counter treatment.

Our Food + Beverage segment had a very successful 2014. Sales for the year rose to \$348 million, up 9% on a core basis over the prior year. Profits for the segment were up 7%, finishing the year at \$38 million. Our Food + Beverage segment continues to be our fastest growing segment as it enters new geographical markets, as well as new product categories. We saw an increase in the use of AptarGroup products on infant formula, as well as liquid concentrates for beverages. We also saw continued success of the sales of our products in the beverage area worldwide, particularly in Asia.

AptarGroup participated in several new product launches for the food market, including Abbott's introduction of a new package for infant formula in China featuring our customized closure with a bi-injected elastomeric sealing ring. In addition, we were excited to announce that the first food product using our bag-on-valve technology launched in Europe this year. A world leader in the production of olive oil based in Spain has chosen this dispensing solution for its spray vinegar product. In the U.S., AptarGroup manufactures the new inverted closure for Unilever's Hellmann's® brand of mayonnaise, featuring our SimpliSqueeze® valve technology for clean and controlled dispensing. In the beverage market, drink enhancers and concentrated flavorings continue to be an area where our flow control expertise is taking us to new accounts and new regions. In the U.S., our dispensing closure, combined with SimpliSqueeze, are featured on a new product in the dairy category called MilkSplash®. In the U.K., our closure and valve technology is also featured on a water enhancer, Robinsons® Squash'd™. In Europe, we leveraged our pump technology to further penetrate the concentrated flavorings category. Britvic converted the packaging of a leading concentrated liquid flavoring to a more user-friendly package that uses an AptarGroup pump. We also participated in several new flavored water and nutritional drinks for children in the U.S., Asia and Latin America.

#### **EXPANDING OUR GLOBAL PRESENCE**

In 2014, we began manufacturing from our new Cajamar, Brazil facility, which enables us to further participate in the growing Brazilian marketplace, and we shipped our first products from our new facility in Cali, Colombia. Also, our project to expand our capacity in France to produce elastomer components for the injectables market is going very well. We expect that the equipment and the facility modifications will be completed in the second half of 2015, and we will begin to obtain qualification by our customers after that time.

#### **ENHANCING SHAREHOLDER RETURNS**

In 2014, our strong financial condition also allowed us to take steps to continue to enhance shareholder value. In January, we increased our quarterly dividend by 12% and we are proud that 2014 was our 21st consecutive year of paying an increased annual dividend. For the year, we paid shareholders approximately \$71 million in dividends. In addition, we spent approximately \$341 million related to our stock repurchase programs during the year.

#### **BOARD OF DIRECTORS ADDITION**

The AptarGroup Board of Directors welcomed a new board member, Andreas Kramvis, in March 2014. Mr. Kramvis is currently the Vice Chairman of Honeywell International, a producer of a variety of commercial and consumer products, engineering services and aerospace systems. He is the former President and Chief Executive Officer of Honeywell Performance Materials and Technologies, which develops and manufactures high-purity, high-quality performance chemicals and materials. Mr. Kramvis serves on AptarGroup's Board Audit Committee.

#### **CONSISTENT STRATEGY**

In closing, AptarGroup's long-term success is attributed to our market-focused approach, diversified business model, and our motivated and talented global workforce. We will continue the upward momentum of our market expansion by focusing on AptarGroup's key competitive advantage – innovation.

Looking to the future, we are concentrating on areas such as cost containment and improving operational efficiencies. We will continue to invest in new ideas, new solutions, and seek to leverage existing technologies across the different markets, ultimately bringing value to our customers and consumers around the globe.

A handwritten signature in black ink, appearing to read "Stephen J. Hagge". The signature is fluid and cursive, with a large initial "S" and "H".

**STEPHEN J. HAGGE**

President and Chief Executive Officer

February 27, 2015

United States Securities and Exchange Commission  
Washington, D.C. 20549

# FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER 1-11846

# Aptargroup

## AptarGroup, Inc.

DELAWARE

36-3853103

475 WEST TERRA COTTA AVENUE, SUITE E, CRYSTAL LAKE, 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

New York Stock Exchange

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

**NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes

No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes

No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

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

Yes

No

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

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

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

Indicate by check mark whether the registrant is a shell company (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, 2014 was \$4,258,697,782.

The number of shares outstanding of common stock, as of February 23, 2015, was 62,334,070 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 6, 2015 are incorporated by reference into Part III of this report.

# FORM 10-K

For the Year Ended December 31, 2014

## INDEX

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	<u>Page</u>
<b>Part I</b>	
Item 1. Business	1
Item 1A. Risk Factors	7
Item 1B. Unresolved Staff Comments	9
Item 2. Properties	9
Item 3. Legal Proceedings	11
Item 4. Mine Safety Disclosures	11
<b>Part II</b>	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	11
Item 6. Selected Financial Data	13
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 7A. Quantitative and Qualitative Disclosure about Market Risk	26
Item 8. Financial Statements and Supplementary Data	27
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	60
Item 9A. Controls and Procedures	60
Item 9B. Other Information	60
<b>Part III</b>	
Item 10. Directors, Executive Officers and Corporate Governance	60
Item 11. Executive Compensation	61
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	61
Item 13. Certain Relationships and Related Transactions, and Director Independence	61
Item 14. Principal Accountant Fees and Services	61
<b>Part IV</b>	
Item 15. Exhibits and Financial Statement Schedules	61
Signatures	62

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## PART I

### ITEM 1. BUSINESS

#### BUSINESS OF APTARGROUP

We are a leading global solution provider of a broad range of innovative packaging delivery solutions primarily for the beauty, personal care, home care, prescription drug, consumer health care, injectables, food and beverage markets. Our creative packaging solutions enhance the convenience, safety and security of consumers around the globe and allow our customers to differentiate their products in the market.

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. In this report, we may refer to AptarGroup, Inc. and its subsidiaries as "AptarGroup" or the "Company".

We have manufacturing facilities located throughout the world including North America, Europe, Asia and South America. We have approximately 5,000 customers with no single customer or group of affiliated customers accounting for greater than 5% of our 2014 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 dispensing systems that offer the benefit of enhanced shelf appeal, convenience, cleanliness or accuracy of dosage. We expect this trend to continue.

While we offer a wide variety of dispensing and sealing solutions, our primary products are dispensing pumps, closures, aerosol valves and elastomer primary packaging components.

Dispensing pumps are finger-actuated dispensing systems that dispense a spray or lotion from non-pressurized containers. 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.

Closures are primarily dispensing closures but to a lesser degree can include non-dispensing closures. Dispensing closures are plastic caps, primarily for plastic containers such as bottles and tubes, which allow a product to be dispensed without removing the cap.

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 inhaler valves.

We also manufacture and sell elastomer primary packaging components. These components are used in the injectables market. Products include stoppers for infusion, antibiotic, lyophilization and diagnostic vials. Our elastomer components also include pre-filled syringe components, such as plungers, needle shields, tip caps and cartridges, as well as dropper bulbs and disposable syringe plungers.

#### AVAILABLE INFORMATION

Our periodic and current reports are available, free of charge, through a link on the Investors page of our website ([www.aptar.com](http://www.aptar.com)), as soon as reasonably practicable after the material is electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Also posted on our website are the charters for our Audit, Compensation, Governance and Executive Committees, our Governance Principles, our Code of Business Conduct & Ethics, our Director Independence Standards and our Conflict Minerals Statement. Within the time period required by the SEC and the New York Stock Exchange ("NYSE"), we will post on our website any amendment or waiver to the Code of Business Conduct & Ethics applicable to any executive officer or director. The information provided on our website is not part of this report and is therefore not incorporated herein by reference.

#### DESCRIPTION OF APTARGROUP'S REPORTING SEGMENTS

##### **FINANCIAL INFORMATION ABOUT SEGMENTS**

AptarGroup's organizational structure consists of three market-focused business segments which are Beauty + Home, Pharma and Food + Beverage. This is a strategic structure which allows us to be more closely aligned with our customers and the markets in which they operate. Operations that sell dispensing systems primarily to the beauty, personal care and home care markets form the Beauty + Home segment. Operations that sell dispensing systems or primary packaging components to the prescription drug, consumer health care and injectables markets form the Pharma segment. Operations that sell dispensing systems to the food and beverage markets form the Food + Beverage segment. Each of these three business segments is described more fully below. A summary of sales, segment income and total assets based upon this reporting structure for each of the last three years is shown in Note 17 to the Consolidated Financial Statements in Item 8 (which is incorporated by reference herein).

## BEAUTY + HOME

The Beauty + Home segment is our largest segment in terms of net sales and total assets representing 58% and 49% of AptarGroup's Net Sales and Total Assets, respectively. The Beauty + Home segment primarily sells pumps, closures, aerosol valves and accessories to the personal care and home care markets and pumps and decorative components to the beauty market. We believe we are a leading supplier for the majority of the products we sell primarily to the beauty, personal care and home care markets.

**Beauty.** Sales to the beauty market accounted for approximately 46% of the segment's total net sales in 2014. The beauty market requires a broad range of spray pumps and sampling dispensing systems to meet functional as well as aesthetic requirements. A considerable amount of research, time and coordination with our customers 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 cosmetics and sampling sectors of this market. In the cosmetic sector, packaging for certain products such as natural and organic cosmetics and anti-aging lotions continue to provide us with growth opportunities. We are a leading provider of packaging solutions for prestige and mass market fragrance products. Our cosmetic lotion pumps, airless dispensing systems and lotion sampling devices, and decorative capabilities will also provide growth opportunities. We have experienced significant growth in recent years in Latin America, particularly in the sales of our products to the beauty market, and we believe there are significant opportunities for growth in the sale of our products for cosmetic applications in Asia.

**Personal Care.** Sales to the personal care market accounted for approximately 45% of the segment's total net sales in 2014 and primarily included sales of fine mist spray pumps, lotion pumps, closures and continuous spray aerosol valves. Personal care spray pump applications include hair care, body care and sun care products. Typical lotion pump applications include skin moisturizers, hand sanitizers and soap. Personal care closures applications include shampoos and conditioners. Personal care continuous spray aerosol valve applications include hair care products, deodorants, shaving creams and sun care products. Our research and development teams continue to design unique accessories that increase the value of our continuous spray aerosol valve offerings.

**Home Care.** Sales to the home care market accounted for approximately 8% of the segment's total net sales in 2014 and primarily included sales of continuous or metered dose spray aerosol valves, closures and to a lesser degree spray and lotion pumps. Applications for continuous spray valves include disinfectants, spray paints, insecticides and automotive products. Metered dose valves are used for air fresheners. Closure applications include liquid detergents and household cleansers. Spray and lotion pump applications primarily include household and industrial cleaners. There is a trend towards concentrated cleaners and laundry care products that could provide opportunities for incorporating our dosing dispensing technologies.

## PHARMA

The Pharma segment is our second largest segment in terms of net sales and total assets, accounting for 29% and 25% of AptarGroup's Net Sales and Total Assets, respectively, and is our most profitable segment. We believe we are the leading supplier of pumps and metered dose inhaler valves ("MDI's") to the pharmaceutical market worldwide and we believe we are the number three supplier of elastomer for injectables primary packaging components worldwide. 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 Argentina, China, France, Germany, India, Switzerland and the United States. We believe that providing an alternative to traditional medication forms such as pills with value-added, convenient dispensing systems will continue to offer opportunities for our business. In addition, with the trend towards health care reform we believe there are opportunities for growth in the over the counter and generic pharmaceutical categories.

**Prescription Drug.** Sales to the prescription drug market accounted for approximately 54% of the segment's total net sales in 2014. Pumps sold to the prescription drug market deliver medications nasally, orally or topically. Currently the majority of our pumps sold are for nasal allergy treatments. Recently, there is a trend of nasal allergy products moving from prescription-only to being sold over the counter without a prescription. This trend could provide us with growth opportunities as this movement could allow customers easier access to these types of treatments. Our nasal pumps and unit dose device are also used to deliver pain management products. Potential opportunities for providing alternatives to the traditional pill and injectable dosage forms of medication include pump dispensing systems for vaccine treatment, additional cold and flu treatments, central nervous systems applications and hormone replacement therapies.

MDI's are used for dispensing precise amounts of medication. This aerosol technology allows medication to be broken up into very fine particles, which enables the drug to be delivered typically via the pulmonary system. Currently the majority of our MDI's sold are used for respiratory ailments such as asthma and COPD.

We continue to develop new dispensing systems and accessories in this segment. We have developed new delivery device technologies featuring lock-out capabilities. We also provide single dose delivery devices suitable for central nervous system applications and hormone replacement therapies. While we expect that these new products will come to market in the

future, it is difficult to estimate when, as the rigors of pharmaceutical regulations affect the timing of product introductions by our pharmaceutical customers which use our dispensing systems.

**Consumer Health Care.** Sales to the consumer health care market accounted for approximately 27% of the segment's total net sales in 2014. Applications for this market are similar to the pharmaceutical market; however, these applications are sold over the counter without a prescription. Typical consumer health care spray pump applications include nasal decongestants, nasal salines and cough and cold applications. Typical consumer health care valve applications include nasal saline using our bag-on valve technology. We have developed a new multi dose ophthalmic dispensing device suitable for unpreserved medicinal formulations. This technology is successfully marketed in Europe and is under development for other markets. Other products sold to this market include airless pump systems for dermal applications. We have recently seen a trend to more child resistant and senior-friendly packaging solutions and are developing products to meet these market needs.

**Injectables.** Sales to the injectables market accounted for approximately 19% of the segment's total net sales in 2014. Injectables are elastomer primary packaging components for injectable drug delivery. Injectable products offered include stoppers for vials. Injectables also include pre-filled syringe components, such as plungers, needle shields, tip caps and components for cartridges, as well as disposable syringe plungers. Pharmaceutical applications for this market include vaccines, anti-thrombotic, small molecules and biologics.

#### **FOOD + BEVERAGE**

The Food + Beverage segment is our smallest segment in terms of net sales and total assets representing 13% and 11% of AptarGroup's Net Sales and Total Assets, respectively, but has been our fastest growing segment. We primarily sell dispensing closures and, to a lesser degree, non-dispensing closures, spray pumps and aerosol valves primarily to the food and beverage markets.

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 bonded to plastic aluminum liners, flow-control and no-drip dispensing, inverted packaging and directional flow to make packages simpler to use, cleaner and more appealing to consumers.

**Food.** Sales to the food market accounted for approximately 55% of the segment's total net sales in 2014 and primarily include sales of dispensing closures and elastomeric flow-control components. To a lesser degree we also sell non-dispensing closures, continuous spray aerosol valves and spray pumps to this market. Applications for dispensing closures include sauces, condiments and food products. Applications for non-dispensing closures include granular and powder food products along with baby food closures. Applications for continuous spray aerosol valves include cooking sprays. Spray pump applications primarily include butter or salad dressing sprays.

**Beverage.** Sales to the beverage market accounted for approximately 43% of the segment's total net sales in 2014 and primarily include sales of dispensing closures and elastomeric flow-control components. Sales of dispensing closures to the beverage market have increased significantly over the last several years as we continue to see an increase of interest from marketers using dispensing closures for their products. Examples of beverage products currently utilizing dispensing closures include bottled water, sport and energy drinks, juices and concentrated water flavorings. Examples of beverage products currently utilizing lotion pump technologies include syrups and concentrates.

#### **GENERAL BUSINESS INFORMATION**

##### **GROWTH STRATEGY**

We seek to enhance our position as a leading global solution provider of innovative packaging delivery solutions by (i) expanding geographically, (ii) converting less convenient or non-dispensing applications to convenient dispensing systems or replacing current dispensing applications with more value-added dispensing products and (iii) developing or acquiring new dispensing, safety or security technologies.

We are committed to expanding geographically to serve local and multinational customers in existing and emerging areas. In 2014, we opened manufacturing operations in Colombia to better serve the Andean region.

We believe opportunities exist to introduce our dispensing systems to replace non-dispensing applications. Examples of these opportunities in the food and beverage markets include single and multi-serve non-carbonated beverages, condiments, cooking oils, infant formula and pouch dispensing fitments. In the beauty market, potential conversion opportunities include creams and lotions currently packaged in jars or tubes using removable non-dispensing closures, converting to lotion pumps or dispensing closures. Other opportunities in the beauty and personal care markets include replacing closures on skin care applications with spray technology and creating new ways for our consumers to dispense beauty products such as our bulb atomizers for fragrances and pen-like applicators for high-end cosmetic serums. We also continue to believe there are growth opportunities for convenient dispensing pump or MDI systems for pharmaceutical

applications such as vaccines, cold and flu treatments, hormone replacement therapies, pain medication, sleep aids and ophthalmic applications.

We are committed to developing or acquiring new dispensing technologies that can lead to the development of completely new dispensing systems or can complement our existing product offerings. In the consumer health care market we have developed a multi-use preservative free dispensing product for eye wetting applications to replace single-use packaging. We have liner-less hot-fill dispensing technologies, which are being used on a variety of single-serve beverages and we have developed coating technologies for our elastomer components that will expand our offerings within the injectables market.

#### **RESEARCH AND DEVELOPMENT**

One of our competitive strengths is our commitment to innovation. Our commitment to innovation has resulted in an emphasis on research and development. Our research and development activities are directed toward developing affordable, new, innovative packaging delivery solutions and adapting existing products for new markets or customer requirements. In certain cases, our customers share in the research and development expenses of customer initiated projects. Occasionally, we acquire or license from third parties technologies or products that are in various stages of development. Expenditures for research and development activities, net of certain research and development credits, were \$76.2 million, \$71.8 million and \$65.4 million in 2014, 2013 and 2012, respectively.

#### **PATENTS AND TRADEMARKS**

We customarily seek patent and trademark protection for our products and brands. We own and currently have numerous applications pending for patents and trademarks in many regions of the world. 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 make it difficult for a competitor to duplicate. While valuable to our overall product portfolio, sales of any one individually patented product are not considered material to any specific segment or to the Company's consolidated results.

#### **TECHNOLOGY**

We have technical expertise regarding injection molding, robotics, cleanroom facilities and high-speed assembly. We also have expertise regarding the formulation and finishing of elastomer and silicone components. In addition, we offer a variety of sterilization options for elastomer components for the pharmaceutical industry. Pumps and aerosol valves require the assembly of several 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. We are able to mold within tolerances as small as one one-thousandth of an inch and we assemble products in a high-speed, cost-effective manner. Our injection molding capabilities include recent advances such as spin-stack and cube molding which utilize high-efficiency rotating molds. We are also utilizing In-Molding Assembly Technology (IMAT) which allows us to assemble products within the molding process. We are experts in molding liquid silicone that is used in certain dispensing closures as well as rubber gasket formulation and production primarily for the prescription drug and consumer health care markets. We also have technology to decorate plastic and metal components sold primarily to the beauty and personal care markets.

#### **MANUFACTURING AND SOURCING**

More than half of our worldwide production is located outside of the United States. In order to augment capacity and to maximize 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, rubber 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 or contractual commitments. Our pharmaceutical products often use resin and rubber components specifically approved by our customers. Significant delays in receiving components from these suppliers or discontinuance of an approved raw material 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. While most orders placed with us are ready for delivery within 120 days, we continue to experience a trend towards shorter lead times requested by our customers. 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 beauty, personal care, pharmaceutical, home care, food and beverage marketers in the world. We have approximately 5,000 customers with no single customer or group of affiliated customers accounting for greater than 5% of 2014 net sales. A consolidation of our customer base has occurred and this trend is expected to continue. A concentration of customers presents opportunities for increasing sales due to the breadth of our product line, our international presence and our long-term relationships with certain customers. However, this situation also may result in pricing pressures, concentration of credit risk or a loss of volume.

#### **INTERNATIONAL BUSINESS**

We have grown geographically by serving both large multi-national customers and local customers in developing regions. Sales in Europe for the years ended December 31, 2014, 2013 and 2012 were approximately 58%, 58% and 54%, respectively, of net sales. We manufacture the majority of units sold in Europe at facilities in the Czech Republic, England, France, Germany, Ireland, Italy, Russia, Spain and Switzerland. Other countries in which we operate include Argentina, Brazil, China, Colombia, India, Indonesia, Japan, Mexico and Thailand which when aggregated represented approximately 17%, 17% and 18% of our consolidated sales for the years ended December 31, 2014, 2013 and 2012, respectively. Export sales from the United States were \$161.4 million, \$143.9 million and \$152.9 million in 2014, 2013 and 2012, respectively. For additional financial information about geographic areas, please refer to Note 17 in the Notes to the Consolidated Financial Statements in Item 8 (which is incorporated by reference herein).

#### **FOREIGN CURRENCY**

Because of our international presence, movements in exchange rates may have a significant impact on the translation of the financial statements of our foreign subsidiaries. Our primary foreign exchange exposure is to the Euro, but we have foreign exchange exposure to the Brazilian Real, British Pound, Swiss Franc and other South American and Asian currencies, among others. A strengthening U.S. dollar relative to foreign currencies has a dilutive translation effect on our financial statements. Conversely, a weakening U.S. dollar has an additive effect. In some cases, we sell products denominated in a currency different from the currency in which the related costs are incurred. We manage our exposures to foreign exchange principally with forward exchange contracts to economically hedge recorded transactions and firm purchase and sales commitments denominated in foreign currencies. 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. We have also seen an increasing trend in pressure from certain customers to lengthen their payment terms or completely outsource their payable function. As the majority of our products are made to order, we have not needed to keep significant amounts of finished goods inventory to meet customer requirements.

#### **EMPLOYEE AND LABOR RELATIONS**

AptarGroup has approximately 13,000 full-time employees. Of the full-time employees, approximately 7,400 are located in Europe, 3,500 are located in Asia and South America and the remaining 2,100 are located in North America. The majority of our European and Latin American employees are covered by collective bargaining arrangements made at either the local or national level in their respective countries and approximately 200 of the North American employees are covered by a collective bargaining agreement. Termination of employees at certain of our international operations could be costly due to local regulations regarding severance benefits. There were no material work stoppages in 2014 and management considers our employee relations to be satisfactory.

#### **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 that range from regional to international companies. We expect the market for our products to remain competitive. We believe our 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 and formulate and finish elastomer and silicone components in a cost-effective manner and to assemble products at high speeds. Our business is capital intensive and it is becoming more important to our customers to have global manufacturing capabilities. Both of these serve as barriers to entry for new competitors wanting to enter our business.

While we have experienced some competition in Europe, Latin America and the United States from low cost Asian suppliers, particularly in the low-end beauty and personal care market, this has not been significant. Indirectly, some

fragrance marketers are sourcing their manufacturing requirements, including filling of their product, in Asia and importing the finished product back into the United States or Europe. However, some customers who had bought dispensing packaging products from low cost Asian suppliers in the past have reverted to purchasing our dispensing products, citing the higher quality offered by our products and the logistical advantage of being closer to the customer.

#### ENVIRONMENT

Our manufacturing operations primarily involve plastic injection molding, automated assembly processes, elastomer and silicone formulation and finishing and, to a limited degree, metal anodization and vacuum metallization of plastic components. 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.

Recently there is increased interest and awareness from the public and our customers in sustainability or producing environmentally sustainable products and measuring carbon footprints. We are focused on becoming more energy efficient and improving our carbon footprint. We are also designing products that improve recyclability and use less material. Future regulations on environmental matters regarding recycling or sustainability policies could impact our business.

#### GOVERNMENT REGULATION

Certain of our products are indirectly affected by government regulation. Demand for aerosol and pump packaging is affected by government regulations regarding the release of volatile organic compounds (“VOCs”) into the atmosphere. Europe and the United States have regulations that require the reduction in the amount of VOCs that can be released into the atmosphere and the potential exists for this type of regulation to expand worldwide. These regulations required certain of 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.

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.

#### EXECUTIVE OFFICERS

Our executive officers as of February 27, 2015 are as follows:

<b>Name</b>	<b>Age</b>	<b>Position with the Company</b>
<b>Stephen Hagge</b>	<b>63</b>	<b>President and Chief Executive Officer</b>
Mr. Hagge has been President and Chief Executive Officer since January 2012. Prior to this, Mr. Hagge was Chief Operating Officer from 2008 to 2011, Executive Vice President from 1993 to 2011, Secretary from 1993 to June 2011 and Chief Financial Officer of AptarGroup from 1993 to 2007.		
<b>Robert Kuhn</b>	<b>52</b>	<b>Executive Vice President, Chief Financial Officer and Secretary</b>
Mr. Kuhn has been Executive Vice President and Chief Financial Officer since September 2008. Mr. Kuhn has been Secretary since June 2011. Prior to this, Mr. Kuhn was Vice President Financial Reporting from 2000 to 2008.		
<b>Patrick Doherty</b>	<b>59</b>	<b>President, Aptar Beauty + Home</b>
Mr. Doherty has been President of Aptar Beauty + Home since October 2010. Prior to this, Mr. Doherty was Co-President of Aptar Beauty + Home from January 2010 to October 2010 and served as President of SeaquistPerfect Dispensing Group from 2000 to 2009.		
<b>Eldon Schaffer</b>	<b>49</b>	<b>President, Aptar Food + Beverage</b>
Mr. Schaffer has been President of Aptar Food + Beverage since January 2012. Prior to this, Mr. Schaffer was President of Aptar Beauty + Home North America from 2010 to 2011 and was Seaquist Closures’ General Manager of North America from 2004 to 2009.		
<b>Salim Haffar</b>	<b>41</b>	<b>President, Aptar Pharma</b>
Mr. Haffar has been President of Aptar Pharma since January 2014. From 2012 to 2013 Mr. Haffar worked with Capsugel, a leading pharmaceutical supplier of gelatin capsules for the oral drug delivery industry. From 2010 to 2012, he was President of Aptar Pharma’s Prescription division. From 2008 to 2010, he was Co-President of the Company’s Valois Group and President of Valois’ Pharma division. Prior to 2008, Mr. Haffar held various sales and marketing positions within the Company’s Valois Pharma division.		
<b>Ursula Saint-Léger</b>	<b>51</b>	<b>Vice President of Human Resources</b>
Ms. Saint-Léger has been Vice President of Human Resources since October 2010. Prior to joining AptarGroup in 2010, Ms. Saint-Léger was Sr. Group Vice President Human Resources at TAQA (industrialization and energy services) from 2009 to 2010 and was Senior Vice President Human Resources at Umicore S.A. from 2004 to 2009.		

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

## ITEM 1A. RISK FACTORS

Set forth below and elsewhere in this report and in other documents we file with the Securities and Exchange Commission are risks and uncertainties that could cause our actual results to materially differ from the results contemplated by the forward-looking statements contained in this report and in other documents we file with the Securities and Exchange Commission. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. You should carefully consider the following factors in addition to other information contained in this report on Form 10-K before purchasing any shares of our common stock.

### FACTORS AFFECTING OPERATIONS OR OPERATING RESULTS

**We have foreign currency translation and transaction risks that may materially adversely affect our operating results.**

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 the Brazilian Real, British Pound, Swiss Franc, and other South American and Asian currencies, among others. A strengthening U.S. dollar relative to foreign currencies has a dilutive translation effect on our financial statements. Conversely, a weakening U.S. dollar has an additive translation effect. In some cases, we sell products denominated in a currency different from the currency in which the related costs are incurred. We manage our exposures to foreign exchange principally with forward exchange contracts to economically hedge certain transactions and firm purchase and sales commitments denominated in foreign currencies. The volatility of currency exchange rates may materially affect our operating results.

**If there is deterioration in economic conditions in a particular region or market, our business and operating results could be materially adversely impacted.**

Due to our strong balance sheet, diverse product offerings, various end-markets served, and our broad geographic presence, we believe we are well positioned to withstand slowness in any one particular region or market. However, economic uncertainties affect businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. A tightening of credit in financial markets or other factors may lead consumers and businesses to postpone spending, which may cause our customers to cancel, decrease or delay their existing and future orders with us. In addition, financial difficulties experienced by our suppliers, customers or distributors could result in product delays, increased accounts receivable defaults, inventory or supply challenges and pricing pressures. An interruption in supply may also impact our ability to meet customer demands. Consumer demand for our customers' products and shifting consumer preferences are unpredictable and could have a negative impact on our customers and our customers' demand for our products. A disruption in the credit markets could also restrict our access to capital.

**Geopolitical conditions, such as recent events in Eastern Europe, could have a material adverse effect on our operations and financial results.**

Our operations could be disrupted by geopolitical conditions such as international boycotts, acts of war, terrorist activity or other similar events. Such events could make it difficult or impossible to manufacture or deliver products to our customers, receive production materials from our suppliers, or perform critical functions, which could adversely affect our business globally or in certain regions. While we maintain similar manufacturing capacities at different locations and coordinate multi-source supplier programs on many of our materials which would better enable us to respond to these types of events, we cannot be sure that our plans will fully protect us from all such disruptions. In addition, our customers may export their finished products using our dispensing devices that were sold in other regions and an adverse geopolitical event such as recent conflicts in Eastern Europe, may impact the sales of our customers' products and thus indirectly negatively impact the demand for our dispensing solutions.

**If our expansion initiatives are unsuccessful, our operating results and reputation may suffer.**

We are expanding our operations in a number of new and existing markets and jurisdictions, including facilities expansions in France and Latin America. Expansion of our operations will continue to require a significant amount of time and attention from our senior management and capital investment. Our expansion activities present considerable challenges and risks, including the general economic and political conditions existing in new markets and jurisdictions that we enter, attracting, training and retaining qualified and talented employees, infrastructure and labor disruptions, fluctuations in currency exchange rates, the imposition of restrictions by governmental authorities, compliance with current, new and changing governmental laws and regulations and the cost of such compliance activities. We may have limited or no prior experience in certain of these new markets and there is no assurance any of our expansion efforts will be successful. If any of our expansion efforts are unsuccessful, our operating results and reputation may suffer.

**Higher raw material costs and other inputs and an inability to increase our selling prices may materially adversely affect our operating results and financial condition.**

The cost of raw materials and other inputs (particularly resin, rubber, metal, anodization costs and transportation and energy costs) are volatile and susceptible to rapid and substantial changes due to factors beyond our control, such as changing economic conditions, currency fluctuations, weather conditions, political unrest and instability in energy-producing nations, and supply and demand pressures. Raw material costs may increase in the coming years and, although we have generally been able to increase selling prices to cover increased costs,

future market conditions may prevent us from passing these increased costs on to our customers through timely price increases. In addition, we may not be able to improve productivity or realize savings from our cost reduction programs sufficiently enough to offset the impact of increased raw material costs. As a result, higher raw material costs could result in declining margins and operating results.

**In difficult market conditions, our fixed costs structure combined with potentially lower revenues may negatively impact our results.** Our business is characterized by high fixed costs and, notwithstanding our utilization of third-party manufacturing capacity, most of our production requirements are met by our own manufacturing facilities. In difficult environments, we are generally faced with a decline in the utilization rates of our manufacturing facilities due to decreases in product demand. During such periods, our plants do not operate at full capacity and the costs associated with this excess capacity are charged directly to cost of sales. Difficult market conditions in the future may adversely affect our utilization rates and consequently our future gross margins, and this, in turn, could have a material negative impact on our business, financial condition and results of operations.

**We face strong global competition and our market share could decline.** All of the markets in which we operate are highly competitive and we continue to experience price competition in all product lines and segments. Competitors include privately and publicly held entities. Our competitors mainly range from regional to international companies, and we also experience some local competition mainly in Asia and Latin America. Some fragrance marketers are sourcing their manufacturing requirements including filling of their product in Asia and importing the finished product back into the United States or Europe. If we are unable to compete successfully, our market share may decline, which could materially adversely affect our results of operations and financial condition.

**If our unionized employees were to engage in a strike or other work stoppage, our business, operating results and financial condition could be materially adversely affected.** The majority of our European and Latin American employees are covered by collective bargaining arrangements made either at the local or national level in their respective countries and approximately 200 of our North American employees are covered by a collective bargaining agreement. Although we believe that our relations with our employees are satisfactory, no assurance can be given that this will continue. If disputes with our unions arise, or if our unionized workers engage in a strike or other work stoppage, we could incur higher labor costs or experience a significant disruption of operations, which could have a material adverse effect on our business, operating results and financial position.

**If we were to incur a significant product liability claim above our current insurance coverage, our business, operating results and financial condition could be materially adversely affected.** Approximately 29% of our net sales are made to customers in the pharmaceutical industry. If our devices fail to operate as intended, medication prescribed for patients may be under administered, or may be over administered. The failure of our devices to operate as intended may result in a product liability claim against us. We believe we maintain adequate levels of product liability insurance coverage. A product liability claim or claims in our Pharma segment or our other segments in excess of our insurance coverage or not covered by existing insurance may materially adversely affect our business, operating results and financial condition.

**The success or failure of our customers' products, particularly in the pharmaceutical market, may materially affect our operating results and financial condition.** In the pharmaceutical market, the proprietary nature of our customers' products and the success or failure of their products in the market using our dispensing systems may have a material impact on our operating results and financial condition. We may potentially work for years on modifying our dispensing device to work in conjunction with a customer's drug formulation. If the customer's pharmaceutical product is not approved by regulatory bodies or it is not successful on the market, the associated costs may not be recovered.

**Single sourced materials and manufacturing sites could adversely impact our ability to deliver product.** The Company sources certain materials, especially some resins and rubber components for our pharmaceutical segment, from a single source. Any disruption in the supply of these materials could adversely impact our ability to deliver product to our customers. Similarly, we have certain components and / or products that are manufactured at a single location or from a single machine or mold. Any disruption to the manufacturing process could also adversely impact our ability to deliver product to our customers.

**We have approximately \$330 million in recorded goodwill and changes in future business conditions could cause this asset to become impaired, requiring write-downs that would reduce our operating income.** We evaluate the recoverability of goodwill amounts annually, or more frequently when evidence of potential impairment exists. The impairment test is based on several factors requiring judgment. A decrease in expected reporting unit cash flows or changes in market conditions may indicate potential impairment of recorded goodwill and, as a result, our operating results could be materially adversely affected. See "Critical Accounting Estimates" in Part II, Item 7 for additional information.

**Government regulation on environmental matters regarding recycling or environmental sustainability policies could impact our business.** Future government regulations mandating the use or limitations of certain materials could impact our



manufacturing processes or the technologies we use forcing us to reinvest in alternative materials or assets used in the production of our products.

**Increased cybersecurity threats could pose a risk to our operations.** Increased global information security threats and more sophisticated, targeted computer crime pose a risk to the confidentiality, availability and integrity of our data, operations and infrastructure. While we do not believe we have experienced a specific cyber incident such as unauthorized access to our systems or disruption of functionality, we attempt to mitigate these types of risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems. We also periodically test our systems for vulnerabilities and have recently on occasion used a third party to conduct such tests. Even with these mitigations, our information systems remain potentially vulnerable to sophisticated cybersecurity threats. Depending on their nature and scope, such threats could potentially lead to the compromise of confidential information, improper use of our systems and networks, manipulation and destruction of data, production downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

**Consolidation of customer base could impact of business.** We believe mergers and acquisitions within our customer base create opportunities for increasing sales due to the breadth of our product line, our international presence and our long-term relationships with certain customers. However, consolidation of our customers could lead to pricing pressures, concentration of credit risk and fewer opportunities to introduce new products to the market.

#### **FACTOR AFFECTING APTARGROUP STOCK**

**Ownership by Certain Significant Shareholders.** Currently, Aptar has six shareholders who each own between 5% and 11% of our outstanding common stock. If one of these significant shareholders decides to sell significant volumes of our stock, this could put downward pressure on the price of the stock.

### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

The Company has no unresolved comments from the SEC.

### **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**

Florencio Varela (1 & 2)  
Tortuguitas (1 & 3)

**BRAZIL**

Cajamar (1)  
Maringá Paraná (1 & 3)  
Jundiá (1)

**CHINA**

Suzhou (1, 2 & 3)

**COLOMBIA**

Cali (1)

**CZECH REPUBLIC**

Ckyne (1 & 3)

**FRANCE**

Annecy (1 & 2)  
Brecey (2)  
Charleval (1 & 2)  
Granville (2)  
Le Neubourg (1)  
Le Vaudreuil (2)  
Oyonnax (1)  
Poincy (1 & 3)  
Verneuil Sur Avre (1)

**GERMANY**

Böhringen (1 & 2)  
Dortmund (1)  
Eigeltingen (2)  
Freyung (1 & 3)  
Menden (1)

**INDIA**

Himachal Pradesh (1)  
Hyderabad (1 & 3)  
Mumbai (2)

**INDONESIA**

Cikarang, Bekasi (1)

**IRELAND**

Ballinasloe, County Galway (1)

**ITALY**

Manoppello (1)  
San Giovanni Teatino (Chieti) (1 & 3)

**MEXICO**

Queretaro (1 & 3)

**RUSSIA**

Vladimir (1 & 3)

**SPAIN**

Madrid (1)  
Torello (1 & 3)

**SWITZERLAND**

Mezzovico (2)

**THAILAND**

Chonburi (1)

**UNITED KINGDOM**

Leeds, England (1 & 3)

**UNITED STATES**

Cary, Illinois (1, 2 & 3)  
Congers, New York (2)  
Libertyville, Illinois (1 & 3)  
Lincolnton, North Carolina (3)  
McHenry, Illinois (1 & 2)  
Midland, Michigan (1 & 3)  
Mukwonago, Wisconsin (1, 2 & 3)  
Stratford, Connecticut (1 & 3)  
Torrington, Connecticut (1 & 3)  
Watertown, Connecticut (1 & 3)

- (1) Locations of facilities manufacturing for the Beauty + Home segment.
- (2) Locations of facilities manufacturing for the Pharma segment.
- (3) Locations of facilities manufacturing for the Food + Beverage segment.

We also have sales personnel in Canada and Japan. Our corporate office is located in Crystal Lake, Illinois.

### ITEM 3. LEGAL PROCEEDINGS

The Company, in the normal course of business, is subject to a number of lawsuits and claims both actual and potential in nature. While management believes the resolution of these claims and lawsuits will not have a material adverse effect on the Company's financial position or results of operations or cash flows, claims and legal proceedings are subject to inherent uncertainties, and unfavorable outcomes could occur that could include amounts in excess of any accruals which management has established. Were such unfavorable final outcomes to occur, it is possible that they could have a material adverse effect on our financial position, results of operations and cash flows.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

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

#### MARKET FOR REGISTRANT'S COMMON EQUITY

Information regarding market prices of our Common Stock and dividends declared may be found in Note 21 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 10, 2015, there were approximately 300 holders of record of our Common Stock.

#### RECENT SALES OF UNREGISTERED SECURITIES

The employees of AptarGroup S.A.S. and Aptar France S.A.S., our subsidiaries, are eligible to participate in the FCP Aptar Savings Plan (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 Fund Services. 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. During the quarter ended December 31, 2014, the Plan purchased 800 shares of our common stock on behalf of the participants at an average price of \$68.38 per share, for an aggregate amount of \$54.7 thousand, and sold 3,980 shares of our Common Stock on behalf of the participants at an average price of \$64.33 per share, for an aggregate amount of \$256.0 thousand. At December 31, 2014, the Plan owned 46,356 shares of our Common Stock.

#### ISSUER PURCHASES OF EQUITY SECURITIES

The Company announced the repurchase program in effect through October 30, 2014 on July 18, 2013, which authorized the Company to repurchase up to four million shares of our outstanding Common Stock. Under this program, the Company repurchased approximately 1.4 million shares of its outstanding Common Stock in 2014 at a total cost of \$91 million.

On October 30, 2014, the Company announced a new share repurchase authorization of up to \$350 million of Common Stock. This new authorization replaces previous authorizations and has no expiration date. AptarGroup may repurchase shares through the open market, privately negotiated transactions or other programs, subject to market conditions.

On December 16, 2014, the Company entered into an agreement to repurchase approximately \$250 million of its Common Stock under an accelerated share repurchase program (the "ASR program"). On that date, the Company paid \$250 million to Wells Fargo Bank N.A. ("Wells Fargo") in exchange for approximately 3.1 million shares, currently estimated to represent approximately 80% of the total number of shares expected to be purchased in the ASR program based on market prices at that time. The ultimate number of shares to be repurchased under the ASR program will be based on the volume-weighted average price of the Company's common stock during the term of the ASR program, less a discount. Final settlement of the ASR program is expected to be completed by the end of September 2015, although the settlement may be accelerated at Wells Fargo's option. The ASR program is part of the Company's \$350 million share repurchase authorization.

For the year ended December 31, 2014, Aptar spent \$341 million to repurchase approximately 4.5 million shares.

The following table summarizes the Company's purchases of its securities for the quarter ended December 31, 2014:

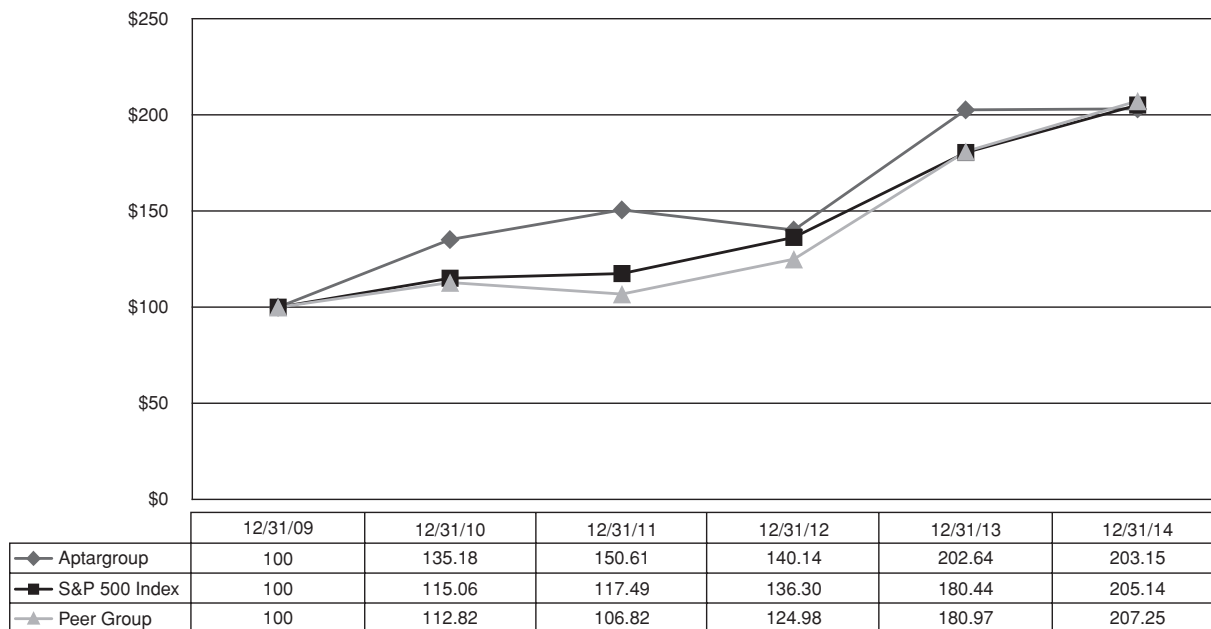
Period	Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (in millions)
10/1 - 10/31/14	—	\$ —	—	\$ 350.0
11/1 - 11/30/14	—	—	—	350.0
12/1 - 12/31/14	3,133,814(a)	63.82	3,133,814	100.0
Total	3,133,814(a)	\$ 63.82	3,133,814	\$ 100.0

(a) Represents shares delivered under our accelerated share repurchase program (the "ASR program") as described above.

### SHARE PERFORMANCE

The following graph shows a five year comparison of the cumulative total stockholder return on AptarGroup's common stock as compared to the cumulative total return of the Standard & Poor's 500 Composite Stock Price Index and to an index of peer group companies we selected. The companies included in the peer group are: AEP Industries Inc., Bemis Company, Inc., Crown Holdings, Inc., Graphic Packaging Holding Company, Greif Inc., MeadWestvaco Corporation, Owen's-Illinois, Inc., Packaging Corporation of America, Rock-Tenn Company, Sealed Air Corporation, Silgan Holdings, Inc., Sonoco Products Company, and West Pharmaceutical Services Inc.

Comparison of 5 Year Cumulative Stockholder Returns



The graph and other information furnished in the section titled "Share Performance" under this Part II, Item 5 of this Form 10-K shall not be deemed to be "soliciting" material or to be "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

## ITEM 6. SELECTED FINANCIAL DATA

### FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

Dollars in millions, except per share data

Years Ended December 31,	2014	2013	2012	2011	2010
Statement of Income Data:					
Net Sales	<b>\$2,597.8</b>	\$2,520.0	\$2,331.0	\$2,337.2	\$2,076.7
Cost of sales (exclusive of depreciation and amortization shown below)	<b>1,755.3</b>	1,708.9	1,590.4	1,568.3	1,378.8
% of Net Sales	<b>67.6%</b>	67.8%	68.2%	67.1%	66.4%
Selling, research & development and administrative	<b>383.9</b>	364.7	341.6	347.6	296.9
% of Net Sales	<b>14.8%</b>	14.4%	14.7%	14.9%	14.3%
Depreciation and amortization (1)	<b>152.2</b>	150.0	137.0	134.2	133.0
% of Net Sales	<b>5.8%</b>	6.0%	5.9%	5.7%	6.4%
Restructuring initiatives	—	11.8	3.1	(0.1)	0.1
% of Net Sales	—	0.5%	0.1%	—	—
Operating Income	<b>306.4</b>	284.6	258.9	287.1	268.0
% of Net Sales	<b>11.8%</b>	11.3%	11.1%	12.3%	12.9%
Net Income	<b>191.6</b>	171.9	162.4	183.6	173.6
% of Net Sales	<b>7.4%</b>	6.8%	7.0%	7.9%	8.4%
Net Income Attributable to AptarGroup, Inc.	<b>191.7</b>	172.0	162.6	183.7	173.5
% of Net Sales	<b>7.4%</b>	6.8%	7.0%	7.9%	8.4%
Net Income Attributable to AptarGroup, Inc. per Common Share:					
Basic	<b>2.95</b>	2.60	2.45	2.76	2.58
Diluted	<b>2.85</b>	2.52	2.38	2.65	2.48
Balance Sheet and Other Data:					
Capital Expenditures	<b>\$ 161.9</b>	\$ 151.5	\$ 174.1	\$ 179.7	\$ 118.8
Total Assets	<b>2,437.2</b>	2,497.8	2,324.4	2,159.3	2,032.7
Long-Term Obligations	<b>588.9</b>	354.8	352.9	254.9	258.8
Net Debt (2)	<b>441.1</b>	184.7	197.8	61.0	(22.1)
AptarGroup, Inc. Stockholders' Equity	<b>1,103.4</b>	1,479.8	1,379.9	1,289.8	1,278.9
Capital Expenditures % of Net Sales	<b>6.2%</b>	6.0%	7.5%	7.7%	5.7%
Interest Bearing Debt to Total Capitalization (3)	<b>43.2%</b>	25.1%	23.7%	25.4%	21.7%
Net Debt to Net Capitalization (4)	<b>28.6%</b>	11.1%	12.5%	4.5%	(1.8%)
Cash Dividends Declared per Common Share	<b>1.09</b>	1.00	.88	.80	.66

(1) Depreciation and amortization includes \$2.7 million and \$1.6 million of accelerated depreciation related to the European restructuring plan for the year ended December 31, 2013 and 2012, respectively.

(2) Net Debt is interest bearing debt less cash and cash equivalents.

(3) Total Capitalization is AptarGroup, Inc. Stockholders' Equity plus Interest Bearing Debt.

(4) Net Capitalization is AptarGroup, Inc. Stockholders' Equity plus Net Debt.

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

(In thousands, except per share amounts or otherwise indicated)

The objective of the following Management's Discussion and Analysis of Consolidated Results of Operations and Financial Condition ("MD&A") is to help the reader understand the financial performance of AptarGroup, Inc. MD&A is presented in eight sections: Overview, Results of Operations, Liquidity and Capital Resources, Off-Balance Sheet Arrangements, Overview of Contractual Obligations, Recently Issued Accounting Pronouncements, Critical Accounting Estimates, Operations Outlook and Forward-Looking Statements. MD&A should be read in conjunction with our consolidated financial statements and accompanying Notes to Consolidated Financial Statements contained elsewhere in this Annual Report on Form 10-K.

In MD&A, "we," "our," "us," "AptarGroup," "AptarGroup, Inc." and "the Company" refer to AptarGroup, Inc. and its consolidated subsidiaries.

### OVERVIEW

#### **GENERAL**

We are a leading global solution provider of a broad range of innovative packaging delivery solutions primarily for the beauty, personal care, home care, prescription drug, consumer health care, injectables, food and beverage markets. Our creative packaging solutions enhance the convenience, safety and security of consumers around the globe and allow our customers to differentiate their products in the market.

We define core sales as net sales excluding acquisitions and changes in foreign currency rates. Core sales is a non-GAAP financial measure. We present this measure as supplemental information to help our investors better understand the trends in our business results over time. Our management uses core sales to evaluate our business on a consistent basis. A reconciliation of core sales growth to net sales growth, the most comparable GAAP measure, can be found on page 15.

Our diverse product offering and broad global reach drove core sales growth in 2014. In spite of softer macroeconomic conditions and inventory destocking in certain markets, we were able to grow core sales by 5% over the prior year. We saw improvement in year over year core sales growth in each of our business segments, end markets and geographic regions. Earnings growth was under pressure, particularly within our Beauty + Home segment, as we had certain start-up costs related to our expansion in Latin America, negative currency transaction effects and the negative impact on margins from softer volumes at different times throughout the year. However, strong results from our Pharma and Food + Beverage segments drove record annual earnings per share. On a geographic basis excluding currency effects, we benefitted from strong sales growth rates in Latin America and Asia while we had more moderate growth in Europe the U.S.

#### **2014 HIGHLIGHTS**

- Diluted earnings per share increased 13% to a record \$2.85 per share compared to \$2.52 per share in the prior year.
- Core sales increased 5%, while reported sales increased 3% due to foreign currency headwinds.
- Sales growth across all three business segments, end markets and geographic regions drove results.
- Pharma and Food + Beverage segments reported strong results.
- Beauty + Home segment sales growth was affected by soft demand in several markets, start-up costs for our Colombian operations and a fire in one of our Brazilian facilities.
- We spent approximately \$341 million to repurchase 4.5 million shares of our common stock, including 3.1 million shares that were acquired as part of our accelerated share repurchase program executed during the fourth quarter.
- We increased the quarterly dividend by 12% making this our 21<sup>st</sup> consecutive year of paying an increased annual dividend. We made total dividend payments to our shareholders totaling approximately \$71 million.

## RESULTS OF OPERATIONS

The following table sets forth the consolidated statements of income and the related percentages of net sales for the periods indicated:

Years Ended December 31,	2014		2013		2012	
	Amount in \$ Thousands	% of Net Sales	Amount in \$ Thousands	% of Net Sales	Amount in \$ Thousands	% of Net Sales
Net sales	\$ 2,597,809	100.0%	\$ 2,520,013	100.0%	\$ 2,331,036	100.0%
Cost of sales (exclusive of depreciation shown below)	1,755,266	67.6	1,708,936	67.8	1,590,365	68.2
Selling, research & development and administrative	383,909	14.8	364,747	14.4	341,634	14.7
Depreciation and amortization	152,218	5.8	149,956	6.0	137,022	5.9
Restructuring initiatives	—	—	11,800	0.5	3,102	0.1
Operating income	306,416	11.8	284,574	11.3	258,913	11.1
Other expense	(20,115)	(0.8)	(20,191)	(0.8)	(17,540)	(0.8)
Income before income taxes	286,301	11.0	264,383	10.5	241,373	10.3
Net Income	191,624	7.4	171,926	6.8	162,420	7.0
Effective tax rate	33.1%		35.0%		32.7%	

### NET SALES

We reported net sales of \$2.6 billion for 2014, 3% above 2013 reported net sales of \$2.5 billion. The negative translation effect of 2% mainly relates to the strength of the U.S. Dollar compared to Latin American and Asian currencies as the Euro rates remained relatively stable when compared to the U.S. Dollar for the full year. All three operating segments saw core sales increases in 2014, but the consolidated 5% core sales growth was mainly driven by the strong results of our Food + Beverage and Pharma segments.

In 2013, we reported net sales of \$2.5 billion for 2013, 8% above 2012 reported net sales of \$2.3 billion. Stelmi, which was acquired in July of 2012, reported sales for the first six months of 2013 of \$74.0 million which contributed 3% to the reported increase in 2013 net sales. The negative translation effect from weakening Latin American and Asian currencies was offset by the stronger Euro compared to prior year. This resulted in a 1% positive impact from changes in exchange rates on our reported sales growth. Although all three operating segments saw core sales increases in 2013, the 4% core sales growth was mainly driven by the strong results of our Food + Beverage and Pharma segments.

Net Sales Change over Prior Year	2014	2013
Core Sales	5%	4%
Currency Effects	(2%)	1%
Acquisitions	—	3%
Total Reported Net Sales Growth	3%	8%

Foreign currency effects are approximations of the adjustment necessary to state the prior year earnings per share using current period exchange rates. For further discussion on net sales by reporting segment, please refer to the segment analysis of net sales and operating income on the following pages.

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

Years Ended December 31,	2014	% of Total	2013	% of Total	2012	% of Total
Domestic	\$ 642,060	25%	\$ 634,418	25%	\$ 650,637	28%
Europe	1,506,992	58%	1,452,041	58%	1,269,289	54%
Other Foreign	448,757	17%	433,554	17%	411,110	18%

### COST OF SALES (EXCLUSIVE OF DEPRECIATION SHOWN BELOW)

Our cost of sales as a percentage of net sales decreased in 2014 to 67.6% compared to 67.8% in 2013.

The following factors positively impacted our cost of sales percentage in 2014:

**Mix of Products Sold.** Our Pharma segment sales represented a higher percentage of our overall sales in 2014 compared to 2013. This positively impacts our cost of sales percentage as margins on our pharmaceutical products typically are higher than the overall Company average.

**Incremental Cost Savings from Restructuring Plan.** On November 1, 2012, the Company announced a plan to optimize certain capacity in Europe. Due to increased production efficiencies and to better position the Company for future growth in Europe, AptarGroup transferred and consolidated production capacity involving twelve facilities. The plan was substantially completed in 2013 and in 2014 we realized a full year of savings primarily in our Beauty & Home segment.

The following factors negatively impacted our cost of sales percentage in 2014:

**U.S. Overhead Utilization.** Soft demand in certain product lines negatively impacted our North American cost of sales, mainly in our Beauty + Home segment.

**Additional Latin American Costs.** During 2014, our cost of sales was negatively impacted by several events in Latin America which primarily impacted our Beauty + Home segment. We recognized approximately \$3.0 million in one-time costs related to the start-up of our Colombian operations. Due to the significant devaluation of certain Latin American currencies, we recognized approximately \$3.3 million of negative transaction effects related to the importing of components from different regions. In addition, we incurred \$1.3 million of expenses related to a fire that occurred in one of our Brazilian facilities. The expenses related to the fire are expected to be reimbursed in future periods by insurance proceeds which will be recognized in the period they are realizable in accordance with accounting rules.

Our cost of sales as a percentage of net sales decreased in 2013 to 67.8% compared to 68.2% in 2012.

The following factors positively impacted our cost of sales percentage in 2013:

**Mix of Products Sold.** Excluding acquisitions and foreign currency, our Pharma segment sales represented a higher percentage of our overall sales. This positively impacts our cost of sales percentage as margins on our pharmaceutical products typically are higher than the overall Company average.

**Stelmi Acquisition.** In 2012, approximately \$3.8 million of inventory fair value adjustments related to the acquisition of Steimi negatively impacted our cost of sales percentage. However, Steimi margins are also higher than our Company average margins. Therefore, the strong sales volumes for a full year in 2013 also have a positive impact on the 2013 cost of sales percentage.

The following factors negatively impacted our cost of sales percentage in 2013:

**Weakening of the U.S. Dollar.** We are a net importer from Europe into the U.S. of products produced in Europe with costs denominated in Euros. As a result, when the U.S. dollar or other currencies weaken against the Euro, products produced in Europe (with costs denominated in Euros), and sold in currencies that are weaker compared to the Euro, have a negative impact on cost of sales as a percentage of net sales.

**U.S. Overhead Utilization.** Soft demand in certain product lines, along with costs related to our enterprise system rollouts, negatively impacted our North American cost of sales, mainly in our Beauty + Home segment.

#### SELLING, RESEARCH & DEVELOPMENT AND ADMINISTRATIVE

Our Selling, Research & Development and Administrative expenses ("SG&A") increased approximately 5% or \$19.2 million in 2014 compared to the same period a year ago. Excluding changes in foreign currency rates, SG&A increased by approximately \$24.2 million compared to the same period a year ago. The increase is due to several factors, including higher research and development costs mainly related to our bonded aluminum to plastic technology. We also realized higher information technology costs associated with our ongoing enterprise resource planning system roll-ins along with higher stock compensation expense. For 2014, SG&A as a percentage of net sales increased to 14.8% compared to 14.4% of net sales in the same period of the prior year due primarily due to higher expenses during the current year.

In 2013, our SG&A expenses increased approximately 7% or \$23.1 million compared to the same period a year ago. Excluding changes in foreign currency rates, SG&A increased by approximately \$20.3 million compared to the same period a year ago. Part of the increase is related to the Steimi acquisition. In the first half of 2013, the Steimi Group contributed approximately \$9.9 million to our SG&A expense totals, while in 2012, we recorded \$5.9 million of professional fees related to the acquisition. Also contributing to the increase were additional personnel costs and professional fees related to our North American enterprise system rollouts along with facility start-up costs in Latin America. For 2013, SG&A as a percentage of net sales decreased to 14.4% compared to 14.7% of net sales in the same period of the prior year due primarily to the increase in sales noted above.



#### **DEPRECIATION AND AMORTIZATION**

Depreciation and amortization expense increased approximately 2% or \$2.3 million in 2014. Excluding changes in foreign currency rates, depreciation and amortization increased by approximately \$3.6 million compared to the same period a year ago. The investments in our new products and the continued roll-out of our global enterprise resource planning system mentioned above exceeded exceptional charges incurred in 2013. Depreciation and amortization as a percentage of net sales decreased slightly to 5.8% compared to 6.0% for the same period a year ago mainly due to the increase in sales in the current year.

In 2013, depreciation and amortization expense increased approximately 9% or \$12.9 million. Excluding changes in foreign currency rates, depreciation and amortization increased by approximately \$11.1 million compared to the same period a year ago. Incremental Stelmi depreciation and amortization for the first six months of 2013 represented \$4.8 million of this increase while the accelerated depreciation on certain corporate assets and the European restructuring plan represented \$4.2 million. Additional investments in our business make up the remaining increase. Excluding acquisitions, depreciation and amortization as a percentage of net sales increased slightly to 6.0% compared to 5.9% for the same period a year ago mainly due to the increase in expenses noted above.

#### **RESTRUCTURING INITIATIVES**

On November 1, 2012, the Company announced a plan to optimize certain capacity in Europe. Due to increased production efficiencies and to better position the Company for future growth in Europe, AptarGroup transferred and consolidated production capacity involving twelve facilities. Under the plan, two facilities closed which impacted approximately 170 employees. During 2013, we recognized \$11.8 million of restructuring expenses along with \$2.7 million accelerated depreciation of assets mentioned above. The plan was substantially completed at the end of 2013 with total costs of approximately \$19.5 million.

#### **OPERATING INCOME**

Operating income increased approximately \$21.8 million or 8% to \$306.4 million in 2014. Excluding changes in currency rates, operating income increased by approximately \$22.7 million in 2014. 2013 results included the negative impact of the European restructuring plan charges of \$11.8 million. The remaining \$10.9 million increase in operating income over the prior year is due to additional operating income from our sales growth, primarily from the Pharma and Food + Beverage segments. Reported operating income as a percentage of net sales increased to 11.8% in 2014 compared to 11.3% for the same period in the prior year due to the costs associated with our European restructuring plan in 2013.

In 2013, operating income increased approximately \$25.7 million or 10% to \$284.6 million. Excluding acquisitions and restructuring costs operating income increased by \$11.3 million. The increase is mainly related to the sales growth across all three segments as discussed above. In 2013, the positive impact of Stelmi, which had operating income of \$14.4 million in the first six months of 2013, was offset by the negative impact related to restructuring plan charges of \$14.6 million. The 2012 results were negatively impacted by restructuring plan charges of \$4.9 million, \$5.9 million of Stelmi acquisition costs and \$3.8 million related to Stelmi inventory fair value adjustments as mentioned above. Reported operating income, as a percentage of sales, increased slightly to 11.3% in 2013 compared to 11.1% in 2012 mainly due to the increase in sales discussed above.

#### **NET OTHER EXPENSES**

Net other expenses in 2014 decreased slightly to \$20.1 million compared to \$20.2 million in 2013. Higher interest income and lower hedging costs were mostly offset by the recognition of a \$1.5 million write-down on a non-controlling investment taken during the first quarter of 2014 to align with the current fair value.

In 2013, net other expenses increased to \$20.2 million compared to \$17.5 million in 2012. This increase is mainly due to \$1.6 million higher interest expense and increased losses in the fourth quarter on foreign currency transactions mainly due to the significant devaluation of the Argentine Peso, Brazilian Real and Indian Rupee when compared to the U.S. Dollar.

#### **EFFECTIVE TAX RATE**

The reported effective tax rate on net income for 2014 and 2013 was 33.1% and 35.0%, respectively. The Company did not repatriate any earnings from foreign jurisdictions to the U.S. in 2014 and this reduced our reported effective tax rate compared to the prior year.

The reported effective tax rate on net income for 2013 and 2012 was 35.0% and 32.7%, respectively. The higher tax rate for 2013 is primarily the result of tax regulation changes enacted in France, offset partially by the tax benefits resulting from an Italian tax law change as well as the expected use of a Brazilian net operating loss.

#### **NET INCOME ATTRIBUTABLE TO APTARGROUP, INC.**

We reported net income of \$191.7 million compared to \$172.0 million reported in 2013 and \$162.6 million reported in 2012.

**BEAUTY + HOME SEGMENT**

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>% Change 2014 vs. 2013</b>	<b>% Change 2013 vs. 2012</b>
Net Sales	\$ 1,498,297	\$ 1,488,145	\$ 1,453,940	0.7%	2.4%
Segment Income (1)	<b>98,368</b>	109,272	123,527	(10.0)	(11.5)
Segment Income as a percentage of Net Sales	<b>6.6%</b>	7.3%	8.5%		

- (1) Segment income is defined as earnings before net interest expense, certain corporate expenses, restructuring initiatives and income taxes. The Company evaluates performance of its business units and allocates resources based upon segment income. For a reconciliation of segment income to income before income taxes, see Note 17 to the Consolidated Financial Statements in Item 8.

Net sales increased approximately 1% in 2014 to \$1.50 billion compared to \$1.49 billion in 2013. Changes in foreign currency negatively impacted reported sales for 2014 by 2%. Excluding changes in exchange rates, sales increased 3% in 2014 compared to the prior year. Sales of our products, excluding foreign currency changes, to the beauty market increased approximately 4% while sales to the personal care and home care markets increased approximately 3% and 4%, respectively, in 2014 compared to 2013. The increase in beauty sales is primarily due to growth of our prestige fragrance and skin care products. Personal care increased over the prior year due to stronger sales to our personal cleansing and sun care customers while the home care market increased mainly due to improved laundry care sales. Geographically, all four regions reported increases in net sales with strong core sales growth in our emerging markets along with moderate growth in Europe and the U.S. Customer tooling sales, excluding foreign currency changes, decreased in 2014 to \$33.9 million compared to \$37.7 million in the prior year.

In 2013, net sales increased approximately 2% to \$1.49 billion compared to \$1.45 billion in 2012. Changes in foreign currency rates did not have a material impact on reported sales for 2013. Sales of our products, excluding foreign currency changes, to the beauty market increased approximately 2% while sales to the personal care market increased approximately 4% in 2013 compared to 2012. Softer sun care sales due to cooler weather conditions were offset by strong sales growth in Asia and Latin America. Sales of our home care products, excluding foreign currency changes, decreased approximately 4% mainly due to exiting certain unprofitable businesses in Europe. Geographically, increases in Europe, Asia and Latin America offset the softness in North America. Customer tooling sales, excluding foreign currency changes, decreased in 2013 to \$38.6 million compared to \$42.8 million in the prior year.

Segment income for 2014 decreased approximately 10% to \$98.4 million from \$109.3 million reported in 2013. Soft demand in certain product lines negatively impacted our North American region. We also recognized approximately \$3.0 million in one-time costs related to the start-up of our Colombian operations. Due to the significant devaluation of certain Latin American currencies, we recognized approximately \$3.3 million of negative transaction effects related to the importing of components from different regions. In addition, we incurred \$1.3 million of expense related to a fire that occurred in one of our Brazilian facilities. The expenses related to the fire are expected to be reimbursed in future periods by insurance proceeds which will be recognized in the period they are realizable.

In 2013, segment income decreased approximately 12% to \$109.3 million from \$123.5 million reported in 2012. Increased earnings from the strong sales in Europe, Asia and Latin America were not able to offset the higher labor costs and operational inefficiencies brought on by softness in the North American region and facility start-up costs in Brazil and Colombia. Additional personnel costs and professional fees related to our North American enterprise system rollouts also negatively impacted segment income in 2013.

**PHARMA SEGMENT**

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>% Change 2014 vs. 2013</b>	<b>% Change 2013 vs. 2012</b>
Net Sales	\$ 751,226	\$ 708,774	\$ 588,693	6.0%	20.4%
Segment Income	<b>204,698</b>	189,689	141,912	7.9	33.7
Segment Income as a percentage of Net Sales	<b>27.2%</b>	26.8%	24.1%		

Net sales increased 6% in 2014 to \$751.2 million compared to \$708.8 million in 2013. Foreign currency changes negatively impacted total segment sales by 1%. Excluding changes in exchange rates, sales increased 7% in 2014 compared to the prior year. Excluding foreign currency rate changes, sales of our products increased in each end market and geographic region we serve. Sales to the prescription drug market increased 6% on strong demand for our metered dose inhaler valves for various asthma and COPD treatments, including new generic launches in developing regions. We also continued to see

strong demand for our consumer health care products, which increased 12% partially due to preservative free eye care launches in Europe using our innovative ophthalmic squeeze dispenser along with strong sales of our products used for nasal decongestant. Excluding foreign currency rate changes, sales to the injectables market increased 1%. Customer tooling sales, excluding foreign currency changes, decreased in 2014 to \$16.9 million compared to \$21.1 million in the prior year.

In 2013, net sales increased 20% to \$708.8 million compared to \$588.7 million in 2012. Stelmi sales were \$74.0 million during the first half of 2013 and represented 12% of the increase. Foreign currency changes had a positive impact of 2% on total segment sales. Excluding acquisitions and changes in exchange rates, sales increased 6% in 2013 compared to the prior year. Excluding acquisitions and foreign currency rate changes, sales of our products to the prescription drug and consumer health care markets increased 2% and 11%, respectively, in 2013 compared to the prior year. Decreases in the first quarter related to destocking of inventory by our customers serving the generic allergy market, especially in North America, and softness in the consumer health care market in Europe were more than offset by the increase in sales during the last nine months of the year. We also increased second half injectables sales during 2013 compared to 2012 due to strong volumes and selective pricing increases. Customer tooling sales, excluding foreign currency changes, also increased in 2013 to \$22.0 million compared to \$18.6 million in the prior year.

Segment income increased 8% to \$204.7 million in 2014 compared to \$189.7 million in 2013. This increase is mainly attributed to higher sales for the prescription and consumer health care markets discussed above. The Pharma segment also recognized a \$1.5 million expense in the first quarter of 2014 related to the write-down of a non-controlling investment to fair value.

In 2013, segment income increased 34% to \$189.7 million compared to \$141.9 million in 2012. Stelmi segment income was \$14.5 million in the first six months of 2013. We also reported the \$5.9 million of acquisition fees and \$3.8 million of fair value adjustments related to Stelmi during 2012. Excluding Stelmi and the related acquisition fees, segment income increased \$23.6 million in 2013 compared to the prior year. This increase is attributed to the higher sales in each of the markets we serve by this segment along with improved overhead absorption at our Pharma operating facilities.

#### FOOD + BEVERAGE SEGMENT

Years Ended December 31,	2014	2013	2012	% Change 2014 vs. 2013	% Change 2013 vs. 2012
Net Sales	\$ 348,286	\$ 323,094	\$ 288,403	7.8%	12.0%
Segment Income	37,728	35,186	30,415	7.2	15.7
Segment Income as a percentage of Net Sales	10.8%	10.9%	10.5%		

Net sales increased by approximately 8% in 2014 to \$348.3 million compared to \$323.1 million in 2013. Excluding changes in foreign currency rates, sales increased 9%. Sales of our products, excluding foreign currency changes, to the food market increased 7% and sales of our products to the beverage market increased approximately 11% in 2014 compared to the prior year. The food sales increase is mainly due to improving sales of our products used to dispense sauces/condiments and dairy creamers. The beverage sales increase is driven by the continued success of our products used on functional beverages in the Asian region as well as growth in the concentrate flavoring market in Europe. Customer tooling sales, excluding foreign currency changes, also increased in 2014 to \$28.5 million compared to \$27.2 million in the prior year.

In 2013, net sales increased by approximately 12% to \$323.1 million compared to \$288.4 million in 2012. Excluding changes in foreign currency rates, sales increased 11%. Sales of our products, excluding foreign currency changes, to the food market increased 10% and sales of our products to the beverage market increased approximately 13% in 2013 compared to the prior year. The sales increase to the food market is driven by strong product sales to the condiment, dairy and infant formula markets along with tooling sales, which increased \$2.2 million over 2012. The increase in sales to the beverage market is mainly due to increased product sales globally, especially in Asia for the functional bottled water market.

Segment income increased 7% to \$37.7 million in 2014 compared to \$35.2 million in 2013. This increase is mainly driven by the increase in product sales to both the food and beverage markets.

In 2013, segment income increased 16% to \$35.2 million compared to \$30.4 million in 2012. Strong growth in product sales along with improved manufacturing productivity and cost absorption contributed to the improvements in 2013 compared to the prior year.

#### CORPORATE & OTHER

Certain costs that are not allocated to our three operating business segments are classified as "Corporate & Other," which is presented separately in Note 17 of the Notes to the Consolidated Financial Statements. Corporate & Other primarily includes certain corporate compensation, professional fees, certain information system costs and LIFO inventory adjustments.

Corporate & Other expense in 2014 increased slightly to \$38.3 million compared to \$38.0 million in 2013. The increase is mainly due to increases in professional fees associated with our legal entity reorganization project in 2014. The 2013 Corporate & Other expense included a \$1.5 million adjustment for accelerated depreciation recognized on certain corporate assets in 2013.

In 2013, Corporate & Other expense increased to \$38.0 million compared to \$33.8 million in 2012. The increase is mainly due to a \$1.5 million adjustment for accelerated depreciation on certain corporate assets and increased realized foreign currency translation losses due to the devaluation of certain currencies relative to the U.S. Dollar.

## LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash flows provided by our operations and our revolving credit facility. In 2014, our operations provided cash flows that totaled \$314.6 million compared to \$285.4 million in 2013 and \$313.9 million in 2012. The increase in cash flow from operations in 2014 is mainly due to lower cash used for working capital compared to the prior year. A majority of the operating cash flows were utilized to finance capital expenditures. Comparing 2013 to 2012, the decrease in cash flow from operations relates to an increase in working capital needs in 2013 compared to 2012 mainly due to higher sales levels.

We used \$159.2 million in cash for investing activities during 2014, compared to \$157.1 million during 2013 and \$359.5 million during 2012. The increase was primarily related to the increase in capital expenditures of approximately \$10.4 million during the year. Comparing 2013 to 2012, the decrease in cash used for investing activities is primarily due a decrease in capital expenditures of approximately \$22.5 million as well as the Stelmi acquisition in July of 2012 which utilized \$188 million in cash. We estimate that we will spend approximately \$150 million (assuming current exchange rates) on capital expenditures in 2015.

Our net cash used for financing activities in 2014 was \$19.0 million compared to \$67.1 million in 2013 and \$99.4 million in 2012. In 2014, the decrease in cash used for financing activities was due to an increase in our proceeds from long-term debt which was primarily used to fund share repurchases through our accelerated share repurchase program. Comparing 2013 to 2012, the decrease in cash used for financing activities was primarily due to an increase in our borrowings which was used in part to fund a \$39.0 million increase in share repurchases.

Cash and equivalents increased \$89.9 million to \$399.8 million at the end of 2014 from \$309.9 million at the end of 2013. Total short and long-term interest bearing debt increased to \$840.9 million at the end of 2014 from \$494.6 million at the end of 2013. The ratio of our Net Debt (interest bearing debt less cash and cash equivalents) to Net Capital (Stockholders' Equity plus Net Debt) increased to 28.6% compared to 11.1% as of December 31, 2013.

On January 31, 2012, we entered into a revolving credit facility that provides for unsecured financing of up to \$300 million. Each borrowing under this credit facility will bear interest at rates based on LIBOR, prime rates or other similar rates, in each case plus an applicable margin. A facility fee on the total amount of the facility is also payable quarterly, regardless of usage. The applicable margins for borrowings under the new credit facility and the facility fee percentage may change from time to time depending on changes in AptarGroup's consolidated leverage ratio. On January 31, 2013, we amended the revolving credit facility to, among other things, add a swingline loan sub-facility and extend the maturity date for the revolving credit facility by one year, to January 31, 2018. On January 31, 2014, we amended the revolving credit facility to, among other things, increase the amount of permitted receivables transactions from \$100 to \$150 million, reduce the cost of committed funds by 12.5 basis points and uncommitted funds by 2.5 basis points, and extend the maturity date of the revolving credit facility by one year, to January 31, 2019. On December 16, 2014, we amended the credit facility to, among other things, change our financial covenants to the leverage and interest coverage ratios shown in the table below, and extend the maturity date of the revolving credit facility to December 16, 2019. The outstanding balance under the credit facility was \$230 million at December 31, 2014 and \$110 million at December 31, 2013 and is reported as notes payable in the current liabilities section of the Consolidated Balance Sheets. We incurred approximately \$2.7 million and \$1.0 million in interest and fees related to this credit facility during 2014 and 2013, respectively.

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

	<b>Requirement</b>	<b>Level at December 31, 2014</b>
Consolidated Leverage Ratio (a)	Maximum of 3.50 to 1.00	1.09 to 1.00
Consolidated Interest Coverage Ratio (a)	Minimum of 3.00 to 1.00	21.80 to 1.00

(a) Definitions of ratios are included as part of the revolving credit facility agreement.

Based upon the above consolidated leverage ratio covenant, we would have the ability to borrow approximately an additional \$1.1 billion before the 3.50 to 1.00 ratio requirement was exceeded.

Our foreign operations have historically met cash requirements with the use of internally generated cash or borrowings. These foreign subsidiaries have financing arrangements with several foreign banks to fund operations located outside the U.S., but the majority of these arrangements are uncommitted. Cash generated by foreign operations has generally been reinvested locally. The majority of our \$399.8 million in cash and equivalents is located outside of the U.S. We manage our global cash requirements considering (i) available funds among the many subsidiaries through which we conduct business, (ii) the geographic location of our liquidity needs, and (iii) the cost to access international cash balances. The repatriation of non-U.S. cash balances from certain subsidiaries could have adverse tax consequences as we may be required to pay income tax on those funds. Historically, the tax consequences associated with repatriating current year earnings to the U.S. has been between 10% and 14% of the repatriated amount. We do not expect future impacts to be materially different.

We believe we are in a strong financial position and have the financial resources to meet our business requirements in the foreseeable future. We have historically used cash flow from operations as our primary source of liquidity. Our primary uses of liquidity are to invest in equipment and facilities that are necessary to support our growth and to make acquisitions that will contribute to the achievement of our strategic objectives. Other uses of liquidity include paying dividends to shareholders and repurchasing shares of our common stock. 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, as well as evaluate our acquisition strategy and dividend and share repurchase programs. 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 2027. 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. 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, 2014:

<b>Payment Due by Period</b>	<b>Total</b>	<b>2015</b>	<b>2016-2017</b>	<b>2018-2019</b>	<b>2020 and After</b>
Long-term debt (1)	\$ 605,160	\$ 18,057	\$ 51,217	\$ 75,000	\$ 460,886
Capital lease obligations (1)	2,424	635	1,296	493	—
Operating leases	84,873	19,292	26,308	17,916	21,357
Notes payable (2)	233,284	233,284	—	—	—
Purchase obligations (3)	31,850	21,084	—	10,766	—
Interest obligations (4)	165,373	24,561	43,257	35,044	62,511
Required minimum pension contribution (5)	—	—	—	—	—
Other liabilities reflected on the balance sheet under GAAP (6)	—	—	—	—	—
<b>Total Contractual Obligations</b>	<b>\$ 1,122,964</b>	<b>\$ 316,913</b>	<b>\$ 122,078</b>	<b>\$ 139,219</b>	<b>\$ 544,754</b>

- (1) The future payments listed above for capital lease obligations and long-term debt repayments reflect only principal payments.
- (2) Notes payable mainly includes our revolving credit facility. The future payments listed above assume that the amounts under this credit facility will be paid in 2015; however the final maturity date of the facility is in 2019. The future payments listed above also assume that no additional amounts will be drawn under this credit facility.
- (3) Purchase obligations are agreements to purchase goods or services that are enforceable and legally binding on the Company that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transactions.
- (4) Approximately 0.3% of our total interest bearing long-term debt has variable interest rates. Using our long-term variable rate debt outstanding as of December 31, 2014 of approximately \$1.7 million at an average rate of approximately 6.7%, we included approximately \$0.1 million of variable interest rate obligations in 2014. No variable interest rate obligations were included in subsequent years.
- (5) This line represents the required minimum pension contribution obligation for the Company's U.S. plans. At this time, the Company is not required to make a contribution. The Company also makes contributions to its foreign pension plans but amounts are expected to be discretionary in 2015 and future years. Therefore amounts related to these plans are not included in the preceding table.
- (6) This line represents the current portion of the liability for uncertain tax positions. Aside from deferred income taxes, we have approximately \$110.6 million of other deferred long-term liabilities on the balance sheet, which consist primarily of retirement plan obligations as described in Note 8 to the Consolidated Financial Statements. The Company is not able to reasonably estimate the timing of the long-term payments or the amount by which the liability will increase or decrease over time. Therefore, the long-term portion of the liability is excluded from the preceding table.

## RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

We have reviewed the recently issued accounting standards updates to the FASB's Accounting Standards Codification that have future effective dates. Standards which are effective for 2014 are discussed in Note 1 of the Notes to Consolidated Financial Statements.

In May 2014, the FASB amended the guidance for recognition of revenue from customer contracts. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance will be effective for the Company's fiscal year beginning after December 15, 2016. Early application is not permitted. We are currently evaluating the effect that the guidance will have on our financial statements.

Other accounting standards that have been issued by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on our consolidated financial statements upon adoption.

## CRITICAL ACCOUNTING 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 current accounting standards, goodwill has an indefinite life and is not amortized. We evaluate our goodwill for impairment at the reporting unit level on an annual basis, or whenever indicators of impairment exist. We have determined that our business segments represent our reporting units except for Injectables which, based on our review, qualifies as a separate reporting unit for goodwill impairment testing. As of December 31, 2014, we have \$329.7 million of goodwill, which is allocated as follows: \$35.0 million is allocated to the Pharma reporting unit, \$106.6 million is allocated to the Injectables reporting unit, \$171.1 million is allocated to the Beauty + Home reporting unit and \$17.0 million is allocated to the Food + Beverage reporting unit.

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 all the segments of our business.

For our goodwill impairment assessment we have adopted a standard that provides an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (greater than 50 percent chance) that the fair value of a reporting unit is less than its carrying amount. Such qualitative factors may include the following: macroeconomic conditions; industry and market considerations; cost factors; overall financial performance; and other relevant entity-specific events. In the absence of sufficient qualitative factors, goodwill impairment is determined utilizing a two-step process. If it is determined that the fair value of a reporting unit is below its carrying amount, where necessary, goodwill will be impaired at that time.

We performed our annual goodwill impairment assessment as of December 31, 2014 for each of our reporting units. Based on our qualitative assessment of macroeconomic, industry, and market events and circumstances as well as the overall financial performance of the reporting units, we determined it was more likely than not that the fair value of goodwill attributed to these reporting units was greater than its carrying amount. As such, the annual two-step impairment test was deemed not necessary to be performed for our reporting units for the year ended December 31, 2014.

### **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 report of the accounts receivable in each entity within the Company. The aging report lists past due amounts according to invoice terms. In addition, we consider historical experience with the customers, 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 all of our segments.

When we determine that a customer is unlikely to pay, we 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 driven by the customer filing for bankruptcy) we write off the receivable by removing the accounts receivable amount and reducing the allowance for doubtful accounts accordingly. In 2014, we increased the allowance for doubtful accounts by approximately \$741 thousand and we wrote off doubtful accounts of \$906 thousand. Please refer to Schedule II—Valuation and Qualifying Accounts for activity in the allowance for doubtful accounts over the past three years.

We had approximately \$407.0 million in net accounts receivable at December 31, 2014. At December 31, 2014, we had approximately \$4.3 million recorded in the allowance for doubtful accounts to cover 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 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 we expect the largest potential customer balance at any one time would not exceed \$26 million. An additional loss of \$26 million would reduce our Total Assets as of December 31, 2014 by approximately 1% and would have reduced Income Before Income Taxes by approximately 9%.

If we had been required to recognize an additional \$26 million in bad debt expense, it would likely not have significantly affected our liquidity and capital resources because, in spite of any such 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, rate of employee compensation increases, 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 rate for our foreign plans, we review a number of relevant interest rates including Aa corporate bond yields. In establishing the discount rate for our domestic plans, we match the hypothetical duration of our plans, using a weighted average duration that is based upon projected cash payments, to a simulated bond portfolio (Citigroup Pension Index Curve). At December 31, 2014, the discount rates for our domestic and foreign plans were 3.83% and 1.90%, 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 all of our segments.

To the extent the discount rates increase (or decrease), our PBO and net periodic benefit cost will decrease (or increase) accordingly. The estimated effect of a 1% decrease in each discount rate would be a \$54.3 million increase in the PBO (\$39.7 million for the domestic plans and \$14.6 million for the foreign plans) and a \$5.7 million increase in net periodic benefit cost (\$4.5 million for the domestic plans and \$1.2 million for the foreign plans). To the extent the PBO increases, the after-tax effect of such increase could reduce Other Comprehensive Income and Stockholders' Equity. The estimated effect of a 1% increase in each discount rate would be a \$41.9 million decrease in the PBO (\$30.2 million for the domestic plans and \$11.7 million for the foreign plans) and a \$4.6 million decrease in net periodic benefit cost (\$3.6 million for the domestic plans and \$1.0 million for the foreign plans). A decrease of this magnitude in the PBO would eliminate the current year reduction recognized in Other Comprehensive Income and Stockholders' Equity as related to pension assumptions.

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 47% was invested in equities, 27% was invested in fixed income securities, 3% was invested in money market funds, 15% was invested in hedge funds and 8% was invested in infrastructure securities at December 31, 2014. Of foreign plan assets, approximately 80% was invested in investment funds, 12% was invested in corporate securities, 1% was invested in fixed income securities, 5% was invested in equity securities and 2% was invested in cash at December 31, 2014.

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 or less than the assumed rate, that year's net periodic benefit cost is not affected. Rather, this gain (or loss) reduces (or 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 (or increase) in each expected long-term rate of return on assets would be a \$1.4 million increase (or 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 \$6.2 million decrease in the PBO (\$1.7 million for the domestic plans and \$4.5 million for the foreign plans) and a \$1.0 million decrease to the net periodic benefit cost. The estimated effect of a 0.5% increase in each rate of expected compensation increase would be a \$6.7 million increase in the PBO (\$1.8 million for the domestic plans and \$4.9 million for the foreign plans) and a \$1.1 million increase to the net periodic benefit cost.

Our primary pension related assumptions as of December 31, 2014 and 2013 were as follows:

<b>Actuarial Assumptions as of December 31,</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Discount rate:			
Domestic plans	<b>3.83%</b>	4.75%	3.80%
Foreign plans	<b>1.90%</b>	3.24%	3.19%
Expected long-term rate of return on plan assets:			
Domestic plans	<b>7.00%</b>	7.00%	7.00%
Foreign plans	<b>3.54%</b>	3.79%	3.78%
Rate of compensation increase:			
Domestic plans	<b>4.00%</b>	4.00%	4.00%
Foreign plans	<b>3.00%</b>	3.00%	3.00%

In order to determine the 2015 net periodic benefit cost, the Company expects to use the December 31, 2014 discount rates, December 31, 2014 rates of compensation increase assumptions and expected long-term returns on domestic and foreign plan assets assumptions used for the 2014 net periodic benefit cost. The estimated impact of the changes to the assumptions as noted in the table above on our 2015 net periodic benefit cost is expected to be an increase of approximately \$5.8 million.

#### **SHARE-BASED COMPENSATION**

The Company uses the Black-Scholes option-valuation model to value stock options, which requires the input of subjective assumptions. These assumptions include the length of time employees will retain their vested stock options before exercising them ("expected term"), the estimated volatility of the Company's stock price, risk-free interest rate, the expected dividend yield and stock price. The expected term of the options is based on historical experience of similar awards, giving consideration to the contractual terms, vesting schedules and expectations of future employee behavior. The expected term determines the period for which the risk-free interest rate and volatility must be applied. The risk-free interest rate is based on the expected U.S. Treasury rate over the expected term. Expected stock price volatility is based on historical volatility of the Company's stock price. Dividend yield is management's long-term estimate of annual dividends to be paid as a percentage of share price.

For 2014, expense related to share-based compensation was \$18.0 million. Future changes in the subjective assumptions used in the Black-Scholes option-valuation model or estimates associated with forfeitures could impact our share-based compensation expense. For example, a one year reduction in the expected term of the options would decrease the Black-Scholes valuation and reduce share-based compensation by approximately \$0.7 million. In comparison, a one year increase in the expected term of the option would increase the Black-Scholes valuation and increase share-based compensation by approximately \$0.6 million. In addition, changes in the share price at the date of the grant would impact our share-based compensation expense. For example, a \$5 decrease in the stock price would decrease the Black-Scholes valuation and reduce share-based compensation by approximately \$0.8 million. In comparison, a \$5 increase in the share price would increase the Black-Scholes valuation and increase share-based compensation by approximately \$0.8 million.

#### **OPERATIONS OUTLOOK**

We currently anticipate that certain foreign currency exchange rates, especially with the Euro, will continue to be a significant headwind on our translated results. Also, the soft demand in select markets that we saw in the fourth quarter could continue into the first quarter and make for difficult comparisons to our strong performance a year ago.

AptarGroup expects earnings per share for the first quarter to be in the range of \$0.60 to \$0.65 per share compared to \$0.71 per share reported in the prior year. Assuming a comparable foreign currency exchange rate environment, we estimate that comparable earnings per share for the prior year would have been approximately \$0.60 per share.



## FORWARD-LOOKING STATEMENTS

Certain statements in Management's Discussion and Analysis and other sections of this Form 10-K are forward-looking and involve a number of risks and uncertainties, including certain statements set forth in the Liquidity and Capital Resources, Off-Balance Sheet Arrangements, and Operations Outlook sections of this Form 10-K. 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:

- economic conditions worldwide, including potential deflationary conditions in regions we rely on for growth;
- political conditions worldwide, including current conflicts in Eastern Europe;
- changes in customer and/or consumer spending levels;
- financial conditions of customers and suppliers;
- fluctuations in the cost of materials, components and other input costs (particularly resin, metal, anodization costs and transportation and energy costs);
- the availability of raw materials and components (particularly from sole sourced suppliers) as well as the financial viability of these suppliers;
- our ability to contain costs and improve productivity;
- our ability to successfully implement facility expansions and new facility projects, including the Stelmi expansion;
- our ability to increase prices, contain costs and improve productivity;
- significant fluctuations in foreign currency exchange rates;
- changes in capital availability or cost, including interest rate fluctuations;
- volatility of global credit markets;
- the timing and magnitude of capital expenditures;
- our ability to identify potential new acquisitions and to successfully acquire and integrate such operations or products;
- direct or indirect consequences of acts of war or terrorism;
- cybersecurity threats that could impact our networks and reporting systems;
- the impact of natural disasters and other weather-related occurrences;
- fiscal and monetary policies and other regulations, including changes in worldwide tax rates;
- changes or difficulties in complying with government regulation;
- changing regulations or market conditions regarding environmental sustainability;
- work stoppages due to labor disputes;
- competition, including technological advances;
- our ability to protect and defend our intellectual property rights, as well as litigation involving intellectual property rights;
- the outcome of any legal proceeding that has been or may be instituted against us and others;
- our ability to meet future cash flow estimates to support our goodwill impairment testing;
- the demand for existing and new products;
- our ability to manage worldwide customer launches of complex technical products, in particular in developing markets;
- the success of our customers' products, particularly in the pharmaceutical industry;
- difficulties in product development and uncertainties related to the timing or outcome of product development;
- significant product liability claims; and
- 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, except as required by law. Please refer to Item 1A ("Risk Factors") of Part I included in this Form 10-K for additional risk factors affecting the Company.

## 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 the Brazilian Real, British Pound and Swiss Franc, among others. Recently we have experienced volatility in certain currencies, including the Argentine Peso, Brazilian Real, Indian Rupee and the Russian Ruble. A strengthening U.S. dollar relative to foreign currencies has a dilutive translation effect on our financial condition and results of operations. Conversely, a weakening U.S. dollar has an additive 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.

The table below provides information, as of December 31, 2014, about our forward currency exchange contracts. The majority of the contracts expire before the end of the first quarter of 2015.

#### In thousands

#### Year Ended December 31, 2014

Buy/Sell	Contract Amount	Average Contractual Exchange Rate	Min/Max Notional Volumes
Swiss Franc/Euro	\$ 67,876	0.8307	51,404-67,876
Euro/Brazilian Real	17,664	3.3226	17,664-24,449
Euro/U.S. Dollar	16,490	1.2364	8,135-23,570
British Pound/Euro	9,182	1.2602	7,850-10,014
Czech Koruna/Euro	8,787	0.0363	5,165-8,787
Euro/Mexican Peso	8,693	18.8756	4,398-10,448
Euro/Colombian Peso	6,574	2,959.3783	0-6,574
Euro/Indian Rupee	5,265	86.2674	3,012-5,495
U.S. Dollar/Brazilian Real	4,053	2.6518	760-4,053
U.S. Dollar/Euro	2,111	0.8121	200-3,891
Euro/Indonesian Rupiah	2,077	16,598.8238	0-2,077
Euro/Thai Baht	1,891	44.9300	280-1,974
U.S. Dollar/Chinese Yuan	1,870	6.2413	1,870-10,840
Other	2,518		
Total	\$ 155,051		

As of December 31, 2014, the Company has recorded the fair value of foreign currency forward exchange contracts of \$1.0 million in prepayments and other, \$700 thousand in miscellaneous other assets, \$2.4 million in accounts payable and accrued liabilities and \$0.1 million in deferred and other non-current liabilities in the Consolidated Balance Sheets.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### AptarGroup, Inc. CONSOLIDATED STATEMENTS OF INCOME

In thousands, except per share amounts

Years Ended December 31,	2014	2013	2012
Net Sales	\$ 2,597,809	\$ 2,520,013	\$ 2,331,036
Operating Expenses:			
Cost of sales (exclusive of depreciation and amortization shown below)	1,755,266	1,708,936	1,590,365
Selling, research & development and administrative	383,909	364,747	341,634
Depreciation and amortization	152,218	149,956	137,022
Restructuring initiatives	—	11,800	3,102
	<u>2,291,393</u>	<u>2,235,439</u>	<u>2,072,123</u>
Operating Income	<u>306,416</u>	<u>284,574</u>	<u>258,913</u>
Other (Expense) Income:			
Interest expense	(21,029)	(20,514)	(18,950)
Interest income	4,797	3,233	2,996
Equity in results of affiliates	(1,917)	(883)	(457)
Miscellaneous, net	(1,966)	(2,027)	(1,129)
	<u>(20,115)</u>	<u>(20,191)</u>	<u>(17,540)</u>
Income before Income Taxes	<u>286,301</u>	<u>264,383</u>	<u>241,373</u>
Provision for Income Taxes	<u>94,677</u>	<u>92,457</u>	<u>78,953</u>
Net Income	<u>\$ 191,624</u>	<u>\$ 171,926</u>	<u>\$ 162,420</u>
Net Loss Attributable to Noncontrolling Interests	<u>34</u>	<u>68</u>	<u>192</u>
Net Income Attributable to AptarGroup, Inc.	<u>\$ 191,658</u>	<u>\$ 171,994</u>	<u>\$ 162,612</u>
Net Income Attributable to AptarGroup, Inc. per Common Share:			
Basic	<u>\$ 2.95</u>	<u>\$ 2.60</u>	<u>\$ 2.45</u>
Diluted	<u>\$ 2.85</u>	<u>\$ 2.52</u>	<u>\$ 2.38</u>

See accompanying notes to consolidated financial statements.

**AptarGroup, Inc.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**In thousands**

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net Income	\$ 191,624	\$ 171,926	\$ 162,420
Other Comprehensive (Loss) Income:			
Foreign currency translation adjustments	(192,824)	29,879	19,507
Changes in treasury locks, net of tax	24	45	209
Net loss on derivatives, net of tax	—	—	(7)
Defined benefit pension plan, net of tax			
Actuarial (loss) / gain, net of tax	(29,842)	14,791	(22,316)
Amortization of prior service cost included in net income, net of tax	206	234	239
Amortization of net loss included in net income, net of tax	2,632	4,130	2,737
Total defined benefit pension plan, net of tax	(27,004)	19,155	(19,340)
Total other comprehensive (loss) income	(219,804)	49,079	369
Comprehensive (Loss) Income	(28,180)	221,005	162,789
Comprehensive Loss Attributable to Noncontrolling Interests	42	57	188
Comprehensive (Loss) Income Attributable to AptarGroup, Inc.	\$ (28,138)	\$ 221,062	\$ 162,977

See accompanying notes to consolidated financial statements.

**AptarGroup, Inc.**  
**CONSOLIDATED BALANCE SHEETS**

**In thousands**

<b>December 31,</b>	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Current Assets:		
Cash and equivalents	\$ 399,762	\$ 309,861
Accounts and notes receivable, less allowance for doubtful accounts of \$4,251 in 2014 and \$4,416 in 2013	406,976	438,221
Inventories	311,072	353,159
Prepayments and other	96,128	97,170
	<b>1,213,938</b>	<b>1,198,411</b>
Property, Plant and Equipment:		
Buildings and improvements	353,683	377,300
Machinery and equipment	1,919,507	1,982,195
	<b>2,273,190</b>	<b>2,359,495</b>
Less: Accumulated depreciation	<b>(1,484,546)</b>	<b>(1,518,894)</b>
	<b>788,644</b>	<b>840,601</b>
Land	23,011	24,061
	<b>811,655</b>	<b>864,662</b>
Other Assets:		
Investments in affiliates	5,760	8,243
Goodwill	329,741	358,865
Intangible assets	40,045	49,951
Miscellaneous	36,051	17,630
	<b>411,597</b>	<b>434,689</b>
<b>Total Assets</b>	<b>\$ 2,437,190</b>	<b>\$ 2,497,762</b>

See accompanying notes to consolidated financial statements.

**AptarGroup, Inc.**  
**CONSOLIDATED BALANCE SHEETS**

**In thousands, except per share amounts**

<b>December 31,</b>	<b>2014</b>	<b>2013</b>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Notes payable	\$ 233,284	\$ 138,445
Current maturities of long-term obligations	18,692	1,325
Accounts payable and accrued liabilities	352,762	403,051
	<b>604,738</b>	<b>542,821</b>
Long-Term Obligations	<b>588,892</b>	<b>354,814</b>
Deferred Liabilities and Other:		
Deferred income taxes	25,521	42,072
Retirement and deferred compensation plans	109,517	71,883
Deferred and other non-current liabilities	4,606	5,864
Commitments and contingencies	—	—
	<b>139,644</b>	<b>119,819</b>
Stockholders' Equity:		
AptarGroup, Inc. stockholders' equity		
Common stock, \$.01 par value, 199 million shares authorized, and 86.3 and 85.4 million shares issued at 2014 and 2013, respectively	862	853
Capital in excess of par value	507,313	493,947
Retained earnings	1,740,005	1,619,419
Accumulated other comprehensive (loss) income	(110,045)	109,751
Less: Treasury stock at cost, 24.3 million and 20.0 million shares in 2014 and 2013, respectively	(1,034,728)	(744,213)
Total AptarGroup, Inc. Stockholders' Equity	<b>1,103,407</b>	<b>1,479,757</b>
Noncontrolling interests in subsidiaries	509	551
Total Stockholders' Equity	<b>1,103,916</b>	<b>1,480,308</b>
Total Liabilities and Stockholders' Equity	<b>\$ 2,437,190</b>	<b>\$ 2,497,762</b>

See accompanying notes to consolidated financial statements.

**AptarGroup, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**In thousands, brackets denote cash outflows**

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Cash Flows from Operating Activities:</b>			
Net income	<b>\$ 191,624</b>	\$ 171,926	\$ 162,420
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	<b>146,893</b>	144,923	133,845
Amortization	<b>5,325</b>	5,033	3,177
Stock option based compensation	<b>17,971</b>	13,728	12,695
Provisions for/(recoveries of) bad debts	<b>741</b>	(385)	(595)
Deferred income taxes	<b>(18,973)</b>	6,844	(9,015)
Defined benefit plan expense	<b>16,699</b>	19,408	14,611
Equity in results of affiliates	<b>1,917</b>	883	457
Changes in balance sheet items, excluding effects from foreign currency adjustments and impact of acquisition:			
Accounts and other receivables	<b>(16,322)</b>	(32,806)	16,689
Inventories	<b>5,205</b>	(29,918)	(19,712)
Prepaid and other current assets	<b>(6,496)</b>	(6,394)	10,124
Accounts payable and accrued liabilities	<b>(24,319)</b>	1,144	(824)
Income taxes payable	<b>(10,949)</b>	16,712	2,969
Retirement and deferred compensation plan liabilities	<b>(370)</b>	(19,441)	(2,073)
Other changes, net	<b>5,605</b>	(6,221)	(10,876)
<b>Net cash provided by operations</b>	<b>314,551</b>	285,436	313,892
<b>Cash Flows from Investing Activities:</b>			
Capital expenditures	<b>(161,940)</b>	(151,510)	(174,053)
Disposition of property and equipment	<b>5,106</b>	436	2,629
Intangible assets	<b>(9)</b>	(725)	—
Acquisition of business, net of cash acquired	<b>—</b>	—	(187,840)
Investment in unconsolidated affiliate	<b>—</b>	(5,256)	(279)
Notes receivable, net	<b>(2,357)</b>	(65)	84
<b>Net cash used by investing activities</b>	<b>(159,200)</b>	(157,120)	(359,459)
<b>Cash Flows from Financing Activities:</b>			
Proceeds from notes payable	<b>95,816</b>	94,184	—
Repayments of notes payable	<b>—</b>	—	(134,034)
Proceeds from long-term obligations	<b>253,520</b>	2,994	125,000
Repayments of long-term obligations	<b>(778)</b>	(28,320)	(3,042)
Dividends paid	<b>(71,072)</b>	(66,133)	(58,442)
Credit facility costs	<b>(720)</b>	(498)	(1,518)
Proceeds from stock option exercises	<b>37,793</b>	43,348	44,637
Purchase of treasury stock	<b>(340,517)</b>	(118,813)	(79,793)
Excess tax benefit from exercise of stock options	<b>6,998</b>	6,104	7,809
<b>Net cash used by financing activities</b>	<b>(18,960)</b>	(67,134)	(99,383)
<b>Effect of Exchange Rate Changes on Cash</b>	<b>(46,490)</b>	18,924	(2,911)
<b>Net increase/(decrease) in Cash and Equivalents</b>	<b>89,901</b>	80,106	(147,861)
<b>Cash and Equivalents at Beginning of Period</b>	<b>309,861</b>	229,755	377,616
<b>Cash and Equivalents at End of Period</b>	<b>\$ 399,762</b>	\$ 309,861	\$ 229,755
<b>Supplemental Cash Flow Disclosure:</b>			
Interest paid	<b>\$ 20,352</b>	\$ 20,679	\$ 17,464
Income taxes paid	<b>94,578</b>	47,445	64,523

See accompanying notes to consolidated financial statements.

**AptarGroup, Inc.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
Years Ended December 31, 2014, 2013 and 2012

In thousands

	AptarGroup, Inc. Stockholders' Equity						
	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Common Stock Par Value	Treasury Stock	Capital in Excess of Par Value	Non-Controlling Interest	Total Equity
Balance – December 31, 2011:	\$ 1,409,388	\$ 60,318	\$ 827	\$ (545,612)	\$ 364,855	\$ 796	\$ 1,290,572
Net income	162,612					(192)	162,420
Foreign currency translation adjustments		19,503				4	19,507
Changes in unrecognized pension gains/losses and related amortization, net of tax		(19,340)					(19,340)
Changes in treasury locks, net of tax		209					209
Net loss on derivatives, net of tax		(7)					(7)
Stock option exercises & restricted stock vestings			13	4	65,355		65,372
Cash dividends declared on common stock	(58,442)						(58,442)
Treasury stock purchased				(79,793)			(79,793)
<b>Balance – December 31, 2012:</b>	<b>\$ 1,513,558</b>	<b>\$ 60,683</b>	<b>\$ 840</b>	<b>\$ (625,401)</b>	<b>\$ 430,210</b>	<b>\$ 608</b>	<b>\$ 1,380,498</b>
Net income	171,994					(68)	171,926
Foreign currency translation adjustments		29,868				11	29,879
Changes in unrecognized pension gains/losses and related amortization, net of tax		19,155					19,155
Changes in treasury locks, net of tax		45					45
Stock option exercises & restricted stock vestings			13	1	63,737		63,751
Cash dividends declared on common stock	(66,133)						(66,133)
Treasury stock purchased				(118,813)			(118,813)
<b>Balance – December 31, 2013:</b>	<b>\$ 1,619,419</b>	<b>\$ 109,751</b>	<b>\$ 853</b>	<b>\$ (744,213)</b>	<b>\$ 493,947</b>	<b>\$ 551</b>	<b>\$ 1,480,308</b>
Net income	191,658					(34)	191,624
Foreign currency translation adjustments		(192,816)				(8)	(192,824)
Changes in unrecognized pension gains/losses and related amortization, net of tax		(27,004)					(27,004)
Changes in treasury locks, net of tax		24					24
Stock option exercises & restricted stock vestings			9	2	63,366		63,377
Cash dividends declared on common stock	(71,072)						(71,072)
Treasury stock purchased				(290,517)	(50,000)		(340,517)
<b>Balance – December 31, 2014:</b>	<b>\$ 1,740,005</b>	<b>\$ (110,045)</b>	<b>\$ 862</b>	<b>\$ (1,034,728)</b>	<b>\$ 507,313</b>	<b>\$ 509</b>	<b>\$ 1,103,916</b>

See accompanying notes to consolidated financial statements.



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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF BUSINESS**

We create dispensing solutions that enhance the convenience, safety and security of consumers around the globe and allow our customers to differentiate their products in the market. The Company focuses on providing value-added packaging delivery systems to a variety of global consumer product marketers in the beauty, personal care, home care, prescription drug, consumer health care, injectables, food and beverage industries. The Company has manufacturing facilities located throughout the world including North America, Europe, Asia and Latin 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.

AptarGroup’s organizational structure consists of three market-focused lines of business which are Beauty + Home, Pharma and Food + Beverage. This is a strategic structure which allows us to be more closely aligned with our customers and the markets in which they operate.

On November 1, 2012, the Company initiated our European restructuring plan (see Note 20 Restructuring Initiatives for further details). During 2013, the Company recognized approximately \$14.6 million of expense related to the plan, of which \$2.7 million was accelerated depreciation. For presentation purposes, the accelerated depreciation related to this plan is reported in Depreciation and Amortization within the Consolidated Statements of Income.

**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 investments which are readily convertible to known amounts of cash with an original maturity of three months or less when purchased to be cash equivalents.

**INVENTORIES**

Inventories are stated at lower of cost or 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. There were no dividends received from affiliated companies in 2014, 2013 and 2012. The Company accounts for its investments less than 20% on the cost method.

**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, 3 to 10 years for machinery and equipment, and 3 to 7 years for software.

**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 3 to 20 years.

**GOODWILL**

Management believes the excess purchase price over the fair value of the net assets acquired (“Goodwill”) in purchase transactions has continuing value. Goodwill is not amortized and must be tested annually, or more frequently as circumstances dictate, for impairment. The annual goodwill impairment test may first consider qualitative factors to determine whether it is more likely than not (i.e. greater than 50 percent chance) that the fair value of a reporting unit is less than its book value. This is sometimes referred to as the “step zero” approach and is an optional step in the annual goodwill impairment analysis. Management has performed this qualitative assessment as of December 31, 2014 for all four of our reporting units.

Based on our review of macroeconomic, industry, and market events and circumstances as well as the overall financial performance of the reporting units, we determined it was more likely than not that the fair value of goodwill attributed to all four of our reporting units was greater than its carrying amount. Therefore, no impairment of goodwill has been recorded.

#### **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. During 2013, we recognized a \$1.5 million adjustment for accelerated depreciation on certain corporate assets to reduce the carrying amount to the 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, net of any customer funded research and development or government research and development credits, are expensed as incurred. These costs amounted to \$76.2 million, \$71.8 million and \$65.4 million in 2014, 2013 and 2012, respectively.

#### **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 timing 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.

In its determination of which foreign earnings are permanently reinvested in foreign operations, the Company considers numerous factors, including the financial requirements of the U.S. parent company and those of its foreign subsidiaries, the U.S. funding needs for dividend payments and stock repurchases, and the tax consequences of remitting earnings to the U.S. From this analysis, current year repatriation decisions are made in an attempt to provide a proper mix of debt and shareholder capital both within the U.S. and for non-U.S. operations. The Company's policy is to permanently reinvest its accumulated foreign earnings and will only make a distribution to the U.S. out of current year earnings in order to meet the cash needs at the parent company. As such, the Company does not provide taxes on earnings that are deemed to be permanently reinvested.

The Company provides a liability for the amount of tax benefits realized from uncertain tax positions. This liability is provided whenever the Company determines that a tax benefit will not meet a more-likely-than-not threshold for recognition. See Note 5 for more information.

#### **TRANSLATION OF FOREIGN CURRENCIES**

The functional currencies of the majority of the Company's foreign operations are the local currencies. Assets and liabilities of the Company's foreign operations 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 \$37 thousand in 2014, a loss of \$6.3 million in 2013, and a loss of \$1.6 million in 2012.

#### **STOCK BASED COMPENSATION**

Accounting standards require the application of the non-substantive vesting approach which means that an award is fully vested when the employee's retention of the award is no longer contingent on providing subsequent service. Under this approach, compensation costs are recognized over the requisite service period of the award instead of ratably over the vesting period stated in the grant. As such, costs are recognized immediately if the employee is retirement eligible on the date of grant or over the period from the date of grant until retirement eligibility if retirement eligibility is reached before the end of the vesting period stated in the grant. See Note 15 for more information.

#### **REVENUE RECOGNITION**

**Product Sales.** The Company's policy is to recognize revenue from product sales when price is fixed and determinable, when the title and risk of loss has transferred to the customer, when the Company has no remaining obligations regarding the transaction and when collection is reasonably assured. The majority of the Company's products shipped from the U.S. transfers title and risk of loss when the goods leave the Company's shipping location. The majority of the Company's

products shipped from non-U.S. operations transfer title and risk of loss when the goods reach their destination. Tooling revenue is also recognized when the title and risk of loss transfers to the customer.

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

#### ADOPTION OF RECENT ACCOUNTING PRONOUNCEMENTS

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates to the FASB's Accounting Standards Codification.

In July 2013, the FASB issued authoritative guidance on the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This standard requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The guidance is effective for the Company's fiscal years beginning after December 15, 2013. This standard did not impact our current year financial statements as this was already the Company's existing reporting treatment.

In March 2013, the FASB issued authoritative guidance which permits an entity to release cumulative translation adjustments into net income when a reporting entity (parent) ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided, or if a controlling financial interest is no longer held. The guidance is effective for the Company's fiscal years beginning after December 15, 2013. This standard did not have a material impact on our current year financial statements.

In February 2013, the FASB issued authoritative guidance that amends the presentation of accumulated other comprehensive income and clarifies how to report the effect of significant reclassifications out of accumulated other comprehensive income. The guidance requires footnote disclosures regarding the changes in accumulated other comprehensive income by component and the line items affected in the statements of earnings. The adoption of this standard had no impact on the Consolidated Financial Statements other than disclosure. Additional information can be found in Note 9 of the Notes to the Consolidated Financial Statements.

In January 2013, the FASB issued authoritative guidance requiring new asset and liability offsetting disclosures for derivatives, repurchase agreements and security lending transactions to the extent that they are offset in the financial statements or are subject to an enforceable master netting arrangement or similar agreement. We do not have any repurchase agreements and do not participate in securities lending transactions. Our derivative instruments are not offset in the financial statements. Accordingly, the adoption of this standard had no impact on the Consolidated Financial Statements other than disclosure. Additional information can be found in Note 10 of the Notes to the Consolidated Financial Statements.

Other accounting standards that have been issued by the FASB or other standards-setting bodies are not expected to have a material impact on our Consolidated Financial Statements.

#### NOTE 2 INVENTORIES

At December 31, 2014 and 2013, approximately 19% and 20%, respectively, of the total inventories are accounted for by the LIFO method. Inventories, by component, consisted of:

	2014	2013
Raw materials	\$ 108,618	\$ 114,359
Work in process	94,414	108,924
Finished goods	115,809	137,591
Total	318,841	360,874
Less LIFO reserve	(7,769)	(7,715)
Total	\$ 311,072	\$ 353,159

**NOTE 3 GOODWILL AND OTHER INTANGIBLE ASSETS**

The changes in the carrying amount of goodwill for the year ended December 31, 2014 are as follows by reporting segment:

	<b>Beauty + Home</b>	<b>Pharma</b>	<b>Food + Beverage</b>	<b>Corporate &amp; Other</b>	<b>Total</b>
Goodwill	\$ 179,890	\$ 153,978	\$ 17,684	\$ 1,615	\$ 353,167
Accumulated impairment losses	—	—	—	(1,615)	(1,615)
Balance as of December 31, 2012	\$ 179,890	\$ 153,978	\$ 17,684	\$ —	\$ 351,552
Foreign currency exchange effects	1,112	5,971	230	—	7,313
Goodwill	\$ 181,002	\$ 159,949	\$ 17,914	\$ 1,615	\$ 360,480
Accumulated impairment losses	—	—	—	(1,615)	(1,615)
Balance as of December 31, 2013	\$ 181,002	\$ 159,949	\$ 17,914	\$ —	\$ 358,865
Foreign currency exchange effects	(9,853)	(18,357)	(914)	—	(29,124)
Goodwill	\$ 171,149	\$ 141,592	\$ 17,000	\$ 1,615	\$ 331,356
Accumulated impairment losses	—	—	—	(1,615)	(1,615)
Balance as of December 31, 2014	<b>\$ 171,149</b>	<b>\$ 141,592</b>	<b>\$ 17,000</b>	<b>\$ —</b>	<b>\$ 329,741</b>

The Company has also completed the annual impairment analysis of its reporting units as of December 31, 2014 using a qualitative analysis of goodwill commonly referred to as the “step zero” approach. Based on our review of macroeconomic, industry, and market events and circumstances as well as the overall financial performance of the reporting units, we determined it was more likely than not that the fair value of goodwill attributed to all four of our reporting units was greater than its carrying amount. Therefore, no impairment of goodwill has been recorded.

The table below shows a summary of intangible assets for the years ended December 31, 2014 and 2013.

	<b>Weighted Average Amortization Period (Years)</b>	<b>2014</b>			<b>2013</b>		
		<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Value</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Value</b>
Amortization intangible assets:							
Patents	7	\$ 17,001	\$ (16,852)	\$ 149	\$ 20,165	\$ (19,732)	\$ 433
Acquired Technology	15	35,701	(5,950)	29,751	40,546	(4,055)	36,491
License agreements and other	5	32,804	(22,659)	10,145	35,259	(22,232)	13,027
Total intangible assets	10	<b>\$ 85,506</b>	<b>\$ (45,461)</b>	<b>\$ 40,045</b>	<b>\$ 95,970</b>	<b>\$ (46,019)</b>	<b>\$ 49,951</b>

Aggregate amortization expense for the intangible assets above for the years ended December 31, 2014, 2013 and 2012 was \$5,325, \$5,033 and \$3,177, respectively.

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

2015	\$ 4,467
2016	3,887
2017	3,431
2018	3,432
2019 and thereafter	24,828

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, 2014.

NOTE 4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At December 31, 2014 and 2013, accounts payable and accrued liabilities consisted of the following:

	2014	2013
Accounts payable, principally trade	\$ 116,374	\$ 150,122
Accrued employee compensation costs	125,227	126,845
Customer deposits and other unearned income	42,641	37,084
Other accrued liabilities	68,520	89,000
<b>Total</b>	<b>\$ 352,762</b>	<b>\$ 403,051</b>

NOTE 5 INCOME TAXES

Income before income taxes consists of:

Years Ended December 31,	2014	2013	2012
United States	\$ 31,681	\$ 28,968	\$ 58,250
International	254,620	235,415	183,123
<b>Total</b>	<b>\$ 286,301</b>	<b>\$ 264,383</b>	<b>\$ 241,373</b>

The provision (benefit) for income taxes is comprised of:

Years Ended December 31,	2014	2013	2012
<b>Current:</b>			
U.S. Federal	\$ 14,023	\$ 7,174	\$ 17,027
State/Local	42	(631)	491
International	99,585	79,070	70,450
	<b>\$ 113,650</b>	<b>\$ 85,613</b>	<b>\$ 87,968</b>
<b>Deferred:</b>			
U.S. Federal/State	\$ (10,130)	\$ 9,575	\$ 8,757
International	(8,843)	(2,731)	(17,772)
	<b>\$ (18,973)</b>	<b>\$ 6,844</b>	<b>\$ (9,015)</b>
<b>Total</b>	<b>\$ 94,677</b>	<b>\$ 92,457</b>	<b>\$ 78,953</b>

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 2014, 2013 and 2012 to income before income taxes is as follows:

Years Ended December 31,	2014	2013	2012
Income tax at statutory rate	\$ 100,205	\$ 92,534	\$ 84,481
State income taxes (benefits), net of federal benefit (tax)	770	(610)	717
Provision for distribution of current foreign earnings	695	11,388	9,552
Rate differential on earnings of foreign operations	(5,478)	(10,167)	(14,865)
Other items, net	(1,515)	(688)	(932)
<b>Actual income tax provision</b>	<b>\$ 94,677</b>	<b>\$ 92,457</b>	<b>\$ 78,953</b>
<b>Effective income tax rate</b>	<b>33.1%</b>	<b>35.0%</b>	<b>32.7%</b>

In 2014, we did not repatriate foreign earnings to the U.S. Therefore, the 2014 tax provision is lower than the prior year as 2013 included \$10.1 million of net additional tax expense due to repatriations.

The tax provision for 2013 reflects an increase of \$6.7 million due to tax law changes in France. These changes were enacted on December 31, 2013 but retroactive to January 1, 2013. An additional \$2.3 million of tax was incurred as a result of

new French distribution taxes effective for distributions after August 17, 2012. The increases were partially offset by a benefit of \$3.6 million from the expected use of net operating losses in Brazil and a benefit of \$1.4 million from a tax law change in Italy.

The tax provision for 2012 reflects the benefit of \$0.7 million in Brazil related to claims filed under a program to encourage equity funding of Brazilian entities and deferred tax benefits of \$1.8 million, due in part to the merger of some of the company's Indian operations. These benefits were partially offset by \$0.7 million of additional expense created by tax law changes enacted in 2012 in France.

Significant deferred tax assets and liabilities as of December 31, 2014 and 2013 are comprised of the following temporary differences:

	2014	2013
Deferred Tax Assets:		
Pension liabilities	\$ 35,582	\$ 21,106
Stock options	15,672	10,785
Foreign tax credit carryforward	10,348	—
Net operating loss carryforwards	7,896	6,675
U.S. state tax credits	7,641	6,192
Vacation	5,892	6,109
Workers compensation	4,526	4,180
Other	9,584	15,709
Total gross deferred tax assets	97,141	70,756
Less valuation allowance	(7,734)	(4,840)
Net deferred tax assets	89,407	65,916
Deferred Tax Liabilities:		
Depreciation, amortization and leases	53,121	61,316
Acquisition related intangibles	18,058	20,100
Total gross deferred tax liabilities	71,179	81,416
Net deferred tax assets / (liabilities)	\$ 18,228	\$ (15,500)

The foreign tax credit carryforward will expire in the years 2023 and 2024. There is no expiration date on \$6.2 million of the tax-effected net operating loss carry forwards and \$1.7 million (tax effected) will expire in the years 2015 to 2034. The U.S. state tax credit carryforwards of \$7.6 million (tax effected) will expire in the years 2015 to 2029. The total amount of both net operating losses and state tax credit carryforwards that will expire in 2015 is \$0.1 million. This amount is not expected to be used.

The Company evaluates the deferred tax assets and records a valuation allowance when it is believed it is more likely than not that the benefit will not be realized. The Company has established a valuation allowance of \$2.2 million of the \$7.9 million of tax effected net operating loss carry forwards. These losses are generally in start-up jurisdictions or locations that have not produced an operating profit to date. A valuation allowance of \$5.4 million has been established against the \$7.6 million of U.S. state tax credit carry forwards. A valuation allowance of \$0.1 million has been established related to other future tax deductions in non-U.S. jurisdictions, the benefit of which management believes will not be realized.

The Company repatriated a portion of foreign subsidiary earnings in 2013 and 2012 in the amount of \$79 million each year. All of these amounts were received from our European operations except for \$1.3 million from Canada in 2012. All repatriations from Europe were from current year earnings and not from funds previously considered permanently reinvested. The \$1.3 million of Canadian funds were distributed as the result of the completion of our 2009 restructuring activities within Canada. The tax effects related to these repatriations were recorded in the period the repatriation decision was made. The Company made no distributions of foreign earnings to the U.S. in 2014.

As of December 31, 2014, the Company had \$1.3 billion of undistributed earnings from non-U.S. subsidiaries which have been designated as permanently reinvested. The Company has not made a provision for U.S. or additional foreign taxes on this amount. However, we estimate the amount of additional tax that might be payable on these earnings to be in the range of \$100 million to \$125 million. These earnings will continue to be reinvested indefinitely and could become subject to the 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.

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 \$2.2 million would become payable in the event the terms of the grant are not fulfilled.

## INCOME TAX UNCERTAINTIES

The Company provides a liability for the amount of tax benefits realized from uncertain tax positions. A reconciliation of the beginning and ending amount of income tax uncertainties is as follows:

	2014	2013	2012
Balance at January 1	\$ 7,988	\$ 8,464	\$ 9,071
Increases based on tax positions for the current year	113	110	245
Increases based on tax positions of prior years	228	381	107
Decreases based on tax positions of prior years	(1,073)	(92)	(257)
Settlements	(407)	(515)	(21)
Lapse of statute of limitations	(441)	(360)	(681)
Balance at December 31	\$ 6,408	\$ 7,988	\$ 8,464

The amount of income tax uncertainties that, if recognized, would impact the effective tax rate is \$6.3 million. The Company estimates that it is reasonably possible that the liability for uncertain tax positions will decrease no more than \$5.0 million in the next twelve months from the resolution of various uncertain positions as a result of the completion of tax audits, litigation and the expiration of the statute of limitations in various jurisdictions.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits as a component of income taxes. As of December 31, 2014, 2013 and 2012, the Company had approximately \$0.7 million, \$0.9 million and \$1.3 million, respectively, accrued for the payment of interest and penalties, of which approximately (\$0.2) million, (\$0.4) million and (\$0.1) million was recognized in income tax expense in the years ended December 31, 2014, 2013 and 2012, respectively.

The Company or its subsidiaries file income tax returns in the U.S. Federal jurisdiction and various state and foreign jurisdictions. The major tax jurisdictions the Company files in, with the years still subject to income tax examinations, are listed below:

<u>Major Tax Jurisdiction</u>	<u>Tax Years Subject to Examination</u>
United States — Federal	2011 – 2014
United States — State	2009 – 2014
France	2012 – 2014
Germany	2011 – 2014
Italy	2010 – 2014
China	2012 – 2014

## NOTE 6 DEBT

Average borrowings under short-term notes payable were \$198.3 million and \$61.4 million for 2014 and 2013, respectively. The average annual interest rate on short-term notes payable, which is included in the notes payable caption under current liabilities of the balance sheet was approximately 1.5% for 2014 and 3.1% for 2013. There are no compensating balance requirements associated with short-term borrowings.

On January 31, 2012, we entered into a revolving credit facility that provides for unsecured financing of up to \$300 million. Each borrowing under this credit facility will bear interest at rates based on LIBOR, prime rates or other similar rates, in each case plus an applicable margin. A facility fee on the total amount of the facility is also payable quarterly, regardless of usage. The applicable margins for borrowings under the new credit facility and the facility fee percentage may change from time to time depending on changes in AptarGroup's consolidated leverage ratio. On January 31, 2013, we amended the revolving credit facility to, among other things, add a swingline loan sub-facility and extend the maturity date for the revolving credit facility by one year, to January 31, 2018. On January 31, 2014, we amended the revolving credit facility to, among other things, increase the amount of permitted receivables transactions from \$100 to \$150 million, reduce the cost of committed funds by 12.5 basis points and uncommitted funds by 2.5 basis points, and extend the maturity date of the revolving credit facility by one year, to January 31, 2019. On December 16, 2014, we amended the credit facility to, among other things, change our financial covenants to leverage and interest coverage ratios, and extend the maturity date of the revolving credit facility to December 16, 2019. The outstanding balance under the credit facility was \$230 million and \$110 million at December 31, 2014 and 2013, respectively, and is reported as notes payable in the current liabilities section of the Consolidated Balance Sheets. We incurred approximately \$2.7 million and \$1.0 million in interest and fees related to this credit facility during 2014 and 2013, respectively. The revolving credit and the senior unsecured debt agreements contain covenants, with which the Company is in compliance, that include certain financial tests.

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

	2014	2013
Notes payable 0.61% – 31.25%, due in monthly and annual installments through 2027	\$ 5,160	\$ 3,230
Senior unsecured notes 2.3%, due in 2015	16,000	16,000
Senior unsecured notes 6.0%, due in 2016	50,000	50,000
Senior unsecured notes 6.0%, due in 2018	75,000	75,000
Senior unsecured notes 3.8%, due in 2020	84,000	84,000
Senior unsecured notes 3.2%, due in 2022	75,000	75,000
Senior unsecured notes 3.5%, due in 2023	125,000	—
Senior unsecured notes 3.4%, due in 2024	50,000	50,000
Senior unsecured notes 3.6%, due in 2025	125,000	—
Capital lease obligations	2,424	2,909
	<b>607,584</b>	356,139
Current maturities of long-term obligations	<b>(18,692)</b>	(1,325)
Total long-term obligations	<b>\$ 588,892</b>	<b>\$ 354,814</b>

Aggregate long-term maturities, excluding capital lease obligations, which is discussed in Note 7, due annually for the five years beginning in 2015 are \$18,057, \$51,217, \$0, \$75,000, \$0 and \$460,886 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 2027. Most of the operating leases contain renewal options and certain leases include options to purchase during or at the end of the lease term.

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 \$30,813, \$30,720 and \$26,911 in 2014, 2013 and 2012, respectively.

Assets recorded under capital leases consist of:

	2014	2013
Buildings	\$ 2,434	\$ 15,162
Machinery and equipment	1,076	—
	<b>\$ 3,510</b>	\$ 15,162
Accumulated depreciation	<b>(758)</b>	(11,705)
	<b>\$ 2,752</b>	<b>\$ 3,457</b>

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, 2014:

	Capital Leases	Operating Leases
2015	\$ 695	\$ 19,292
2016	733	14,465
2017	674	11,843
2018	512	9,248
2019	—	8,668
Subsequent to 2019	—	21,357
Total minimum lease payments	2,614	<b>\$ 84,873</b>
Amounts representing interest	(190)	
Present value of future minimum lease payments	2,424	
Lease amount due in one year	(635)	
Total	<b>\$ 1,789</b>	



**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 at least equal to the minimum funding amounts required by the Employee Retirement Income Security Act of 1974, as amended (ERISA). Certain pension commitments under its foreign plans are also funded according to local requirements or at the Company's discretion.

The following table presents the changes in the benefit obligations and plan assets for the most recent two years for the Company's domestic and foreign plans.

	<b>Domestic Plans</b>		<b>Foreign Plans</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Change in benefit obligation:</b>				
Benefit obligation at beginning of year	\$ 129,448	\$ 136,321	\$ 84,660	\$ 80,610
Service cost	8,042	8,539	4,186	3,901
Interest cost	5,928	4,992	2,711	2,676
Business acquired	—	—	—	—
Curtailment/Settlement	—	—	—	(1,342)
Actuarial (gain) loss	33,058	(14,260)	14,765	(1,752)
Benefits paid	(4,975)	(6,144)	(3,111)	(2,952)
Foreign currency translation adjustment	—	—	(12,051)	3,519
Benefit obligation at end of year	\$ 171,501	\$ 129,448	\$ 91,160	\$ 84,660
	<b>Domestic Plans</b>		<b>Foreign Plans</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Change in plan assets:</b>				
Fair value of plan assets at beginning of year	\$ 100,567	\$ 84,587	\$ 54,075	\$ 47,876
Actual return on plan assets	5,431	12,063	2,875	1,742
Employer contribution	10,071	10,061	8,016	5,419
Business acquired	—	—	—	—
Benefits paid	(4,975)	(6,144)	(3,111)	(2,952)
Foreign currency translation adjustment	—	—	(6,461)	1,990
Fair value of plan assets at end of year	\$ 111,094	\$ 100,567	\$ 55,394	\$ 54,075
<b>Funded status at end of year</b>	\$ (60,407)	\$ (28,881)	\$ (35,766)	\$ (30,585)

The following table presents the funded status amounts recognized in the Company's Consolidated Balance Sheets as of December 31, 2014 and 2013.

	<b>Domestic Plans</b>		<b>Foreign Plans</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current liabilities	\$ (471)	\$ (809)	\$ —	\$ —
Non-current liabilities	(59,936)	(28,072)	(35,766)	(30,585)
	\$ (60,407)	\$ (28,881)	\$ (35,766)	\$ (30,585)

The following table presents the amounts not recognized as components of periodic benefit cost that are recognized in accumulated other comprehensive loss as of December 31, 2014 and 2013.

	<b>Domestic Plans</b>		<b>Foreign Plans</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Net actuarial loss	\$ 64,272	\$ 32,930	\$ 36,219	\$ 24,844
Net prior service cost	—	—	3,471	3,784
Tax effects	(24,102)	(12,349)	(12,762)	(9,116)
	\$ 40,170	\$ 20,581	\$ 26,928	\$ 19,512

Changes in benefit obligations and plan assets recognized in other comprehensive income in 2014 are as follows:

	<u>Domestic Plans</u>	<u>Foreign Plans</u>
Current year actuarial loss	\$ (34,211)	\$ (12,589)
Amortization of net loss	2,869	1,214
Amortization of prior service cost	—	313
	<u>\$ (31,342)</u>	<u>\$ (11,062)</u>

The following table presents the amounts in accumulated other comprehensive loss as of December 31, 2014 expected to be recognized as components of periodic benefit cost in 2015.

	<u>Domestic Plans</u>	<u>Foreign Plans</u>
Amortization of net loss	\$ 5,536	\$ 1,826
Amortization of prior service cost	—	279
	<u>\$ 5,536</u>	<u>\$ 2,105</u>

**Components of net periodic benefit cost:**

	<u>Domestic Plans</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Service cost	\$ 8,042	\$ 8,539	\$ 7,217
Interest cost	5,928	4,992	4,913
Expected return on plan assets	(6,585)	(5,775)	(5,604)
Amortization of net loss	2,869	5,103	3,854
Amortization of prior service cost	—	3	4
Net periodic benefit cost	<u>\$ 10,254</u>	<u>\$ 12,862</u>	<u>\$ 10,384</u>
Curtailment	—	—	—
Total Net periodic benefit cost	<u>\$ 10,254</u>	<u>\$ 12,862</u>	<u>\$ 10,384</u>

	<u>Foreign Plans</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Service cost	\$ 4,186	\$ 3,901	\$ 2,244
Interest cost	2,711	2,676	2,658
Expected return on plan assets	(1,979)	(1,821)	(1,538)
Amortization of net loss	1,214	1,416	475
Amortization of prior service cost	313	373	361
Net periodic benefit cost	<u>\$ 6,445</u>	<u>\$ 6,545</u>	<u>\$ 4,200</u>
Curtailment	—	1	—
Total Net periodic benefit cost	<u>\$ 6,445</u>	<u>\$ 6,546</u>	<u>\$ 4,200</u>

The accumulated benefit obligation (“ABO”) for the Company’s domestic defined benefit pension plans was \$153.8 million and \$114.6 million at December 31, 2014 and 2013, respectively. The accumulated benefit obligation for the Company’s foreign defined benefit pension plans was \$70.7 million and \$67.0 million at December 31, 2014 and 2013, respectively.

The following table provides the projected benefit obligation (“PBO”), ABO, and fair value of plan assets for all pension plans with an ABO in excess of plan assets as of December 31, 2014 and 2013.

	<u>Domestic Plans</u>		<u>Foreign Plans</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Projected benefit obligation	\$ 171,501	\$ 129,448	\$ 87,759	\$ 77,475
Accumulated benefit obligation	153,778	114,592	67,317	60,707
Fair value of plan assets	111,094	100,567	51,993	47,753

The following table provides the PBO, ABO, and fair value of plan assets for all pension plans with a PBO in excess of plan assets as of December 31, 2014 and 2013.

	Domestic Plans		Foreign Plans	
	2014	2013	2014	2013
Projected benefit obligation	\$ 171,501	\$ 129,448	\$ 87,759	\$ 81,158
Accumulated benefit obligation	153,778	114,592	67,317	63,527
Fair value of plan assets	111,094	100,567	51,993	50,573

**Assumptions:**

	Domestic Plans			Foreign Plans		
	2014	2013	2012	2014	2013	2012
Weighted-average assumptions used to determine benefit obligations at December 31:						
Discount rate	3.83%	4.75%	3.80%	1.90%	3.24%	3.19%
Rate of compensation increase	4.00%	4.00%	4.00%	3.00%	3.00%	3.00%
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31:						
Discount rate	4.75%	3.80%	4.40%	3.24%	3.19%	5.10%
Expected long-term return on plan assets	7.00%	7.00%	7.00%	3.79%	3.79%	3.83%
Rate of compensation increase	4.00%	4.00%	4.00%	3.00%	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.

In order to determine the 2015 net periodic benefit cost, the Company expects to use the December 31, 2014 discount rates, December 31, 2014 rates of compensation increase assumptions and the same assumed long-term returns on domestic and foreign plan assets used for the 2014 net periodic benefit cost.

The Company's domestic and foreign pension plan weighted-average asset allocations at December 31, 2014 and 2013 by asset category are as follows:

**Plan Assets:**

	Domestic Plans Assets at December 31,		Foreign Plans Assets at December 31,	
	2014	2013	2014	2013
Equity securities	47%	49%	5%	5%
Fixed income securities	27%	24%	1%	4%
Corporate debt securities	—	—	12%	12%
Infrastructure	8%	8%	—	—
Hedge funds	15%	10%	—	—
Money market	3%	9%	2%	1%
Investment Funds	—	—	80%	78%
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 2015 is 60% equity securities and 40% fixed income securities and infrastructure. The foreign plan target allocation for 2015 is 99% investment funds and 1% money market.

Authoritative guidelines require the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

(In Thousands \$)	Domestic Fair Value Measurement at December 31, 2014				Foreign Fair Value Measurement at December 31, 2014			
	Total	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)
<b>Cash and Short Term</b>								
<b>Securities (a)</b>	\$ 3,190	\$ 3,190	\$ —	\$ —	\$ 1,289	\$ 1,289	\$ —	\$ —
USD	—	3,190	—	—	—	—	—	—
EUR	—	—	—	—	—	1,289	—	—
<b>Equity Securities (a)</b>	\$ 52,840	\$ 52,840	—	—	\$ 2,625	\$ 2,625	—	—
US Large Cap Equities	—	29,381	—	—	—	—	—	—
US Small Cap Equities	—	8,493	—	—	—	—	—	—
International Equities	—	14,966	—	—	—	2,625	—	—
<b>Fixed Income (a)</b>	\$ 29,762	\$ 19,713	10,049	—	\$ 574	\$ 574	—	—
<b>Corporate debts securities</b>	—	—	—	—	\$ 6,758	\$ 6,758	—	—
Euro Corporate Bonds (a)	—	—	—	—	—	6,758	—	—
<b>Hedge Fund (b &amp; c)</b>	\$ 16,371	—	16,099	\$ 272	—	—	—	—
<b>Investment Funds</b>	—	—	—	—	\$ 44,148	\$ 14,643	\$ 29,505	—
Mutual Funds in Equities (a)	—	—	—	—	—	2,687	—	—
Mutual Funds in Bonds (a)	—	—	—	—	—	11,386	—	—
Mutual Funds Diversified (a & b)	—	—	—	—	—	570	29,505	—
<b>Infrastructure (c)</b>	\$ 8,931	—	—	\$ 8,931	—	—	—	—
<b>Total Investments</b>	<b>\$ 111,094</b>	<b>\$ 75,743</b>	<b>\$ 26,148</b>	<b>\$ 9,203</b>	<b>\$ 55,394</b>	<b>\$ 25,889</b>	<b>\$ 29,505</b>	<b>\$ —</b>

(In Thousands \$)	Domestic Fair Value Measurement at December 31, 2013				Foreign Fair Value Measurement at December 31, 2013			
	Total	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)
<b>Cash and Short Term</b>								
<b>Securities (a)</b>	\$ 9,070	\$ 9,070	\$ —	\$ —	\$ 757	\$ 757	\$ —	\$ —
USD	—	9,070	—	—	—	—	—	—
EUR	—	—	—	—	—	757	—	—
<b>Equity Securities (a)</b>	\$ 49,261	\$ 49,261	—	—	\$ 2,547	\$ 2,547	—	—
US Large Cap Equities	—	20,159	—	—	—	—	—	—
US Small Cap Equities	—	14,521	—	—	—	—	—	—
International Equities	—	14,581	—	—	—	2,547	—	—
<b>Core Fixed Income (a)</b>	\$ 23,918	\$ 23,918	—	—	1,950	1,950	—	—
<b>Corporate debts securities</b>	—	—	—	—	\$ 6,560	\$ 6,560	—	—
Euro Corporate Bonds (a)	—	—	—	—	—	6,560	—	—
<b>Hedge Fund (c)</b>	\$ 9,731	—	—	\$ 9,731	—	—	—	—
<b>Investment Funds</b>	—	—	—	—	\$ 42,261	\$ 15,501	\$ 26,760	—
Mutual Funds in Equities (a)	—	—	—	—	—	3,628	—	—
Mutual Funds in Bonds (a)	—	—	—	—	—	10,040	—	—
Mutual Funds Diversified (a & b)	—	—	—	—	—	1,833	26,760	—
<b>Infrastructure (c)</b>	\$ 8,587	—	—	\$ 8,587	—	—	—	—
<b>Total Investments</b>	<b>\$ 100,567</b>	<b>\$ 82,249</b>	<b>\$ —</b>	<b>\$ 18,318</b>	<b>\$ 54,075</b>	<b>\$ 27,315</b>	<b>\$ 26,760</b>	<b>\$ —</b>

(a) Based on third party quotation from financial institution.

(b) Based on observable market transactions.

(c) Based on a quarterly statement prepared by the fund manager that reflects contributions, distributions and realized/unrealized gains and losses.

The following table sets forth a summary of changes in fair value of the pension plan investments classified as Level 3 for the year ended December 31, 2014.

	<b>Infrastructure Fund</b>	<b>Hedge Fund</b>
Balance, 12/31/12	\$ 8,015	\$ 8,575
Return on assets held	725	1,156
Admin fees and other	(153)	—
Balance, 12/31/13	<u>\$ 8,587</u>	<u>\$ 9,731</u>
Purchases, sales and settlements, net	—	(9,387)
Return on assets held	476	(72)
Admin fees and other	(132)	—
Balance, 12/31/14	<u>\$ 8,931</u>	<u>\$ 272</u>

#### CONTRIBUTIONS

Annual cash contributions to fund pension costs accrued under the Company's domestic plans are generally at least equal to the minimum funding amounts required by ERISA. The Company contributed \$10.1 million to its domestic defined benefit plans in 2014 and although the Company has no minimum funding requirement, we plan to contribute approximately \$10.0 million in 2015. Contributions to fund pension costs accrued under the Company's foreign plans are made in accordance with local laws or at the Company's discretion. The Company contributed approximately \$8.0 million to its foreign defined benefit plan in 2014 and expects to contribute approximately \$13.7 million in 2015.

#### ESTIMATED FUTURE BENEFIT PAYMENTS

As of December 31, 2014, the Company expects the plans to make the following estimated benefit payments relating to its defined benefit plans over the next ten years:

	<b>Domestic Plans</b>	<b>Foreign Plans</b>
2015	\$ 6,777	\$ 1,951
2016	8,275	1,877
2017	8,925	2,470
2018	9,436	2,921
2019	9,617	4,569
2020 – 2024	62,132	22,853

#### 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 domestic pension plan if it were not for limitations imposed by income tax regulations. The liability for this plan, which is not funded, was \$8.5 million and \$6.5 million at December 31, 2014 and 2013, 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, 2014, 2013 and 2012, total contributions made by the Company to these plans were approximately \$2.8 million, \$2.6 million and \$2.6 million, respectively.

The Company has several foreign defined contribution plans, which require the Company to contribute a percentage of the participating employee's salary according to local regulations. For each of the years ended December 31, 2014, 2013 and 2012, total contributions made by the Company to these plans were approximately \$2.3 million, \$2.1 million and \$1.8 million, respectively.

The Company has no additional postretirement or postemployment benefit plans.

NOTE 9 ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

**Changes in Accumulated Other Comprehensive Income by Component:**

	<b>Foreign Currency</b>	<b>Defined Benefit Pension Plans</b>	<b>Other</b>	<b>Total</b>
Balance — December 31, 2012	\$ 120,097	\$ (59,248)	\$ (166)	\$ 60,683
Other comprehensive income before reclassifications	29,868	14,791	—	44,659
Amounts reclassified from accumulated other comprehensive income	—	4,364	45	4,409
Net current-period other comprehensive income	29,868	19,155	45	49,068
Balance — December 31, 2013	\$ 149,965	\$ (40,093)	\$ (121)	\$ 109,751
Other comprehensive income before reclassifications	(192,476)	(29,842)	—	(222,318)
Amounts reclassified from accumulated other comprehensive income	(340)	2,838	24	2,522
Net current-period other comprehensive income	(192,816)	(27,004)	24	(219,796)
Balance — December 31, 2014	<b>\$ (42,851)</b>	<b>\$ (67,097)</b>	<b>\$ (97)</b>	<b>\$ (110,045)</b>

**Reclassifications Out of Accumulated Other Comprehensive Income:**

<b>Details about Accumulated Other Comprehensive Income Components Years Ended December 31,</b>	<b>Amount Reclassified from Accumulated Other Comprehensive Income</b>		<b>Affected Line in the Statement Where Net Income is Presented</b>
	<b>2014</b>	<b>2013</b>	
Defined Benefit Pension Plans			
Amortization of net loss	\$ 4,083	\$ 6,519	(a)
Amortization of prior service cost	313	376	(a)
	<u>4,396</u>	6,895	Total before tax
	<u>(1,558)</u>	(2,531)	Tax benefit
	<u>\$ 2,838</u>	\$ 4,364	Net of tax
Foreign Currency			
Foreign currency gain	<u>(340)</u>	—	Miscellaneous, net
	<u>(340)</u>	—	Total before tax
	—	—	Tax benefit
	<u>\$ (340)</u>	\$ —	Net of tax
Other			
Changes in treasury locks	38	69	Interest Expense
Net loss on derivatives	—	—	Interest Income
	<u>38</u>	69	Total before tax
	<u>(14)</u>	(24)	Tax benefit
	<u>\$ 24</u>	\$ 45	Net of tax
Total reclassifications for the period	<u>\$ 2,522</u>	\$ 4,409	

(a) These accumulated other comprehensive income components are included in the computation of net periodic benefit costs, net of tax (see Note 8—Retirement and Deferred Compensation Plans for additional details).

NOTE 10 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

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 or intercompany loans can 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.

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.

#### **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 strengthening U.S. dollar relative to foreign currencies has a dilutive translation effect on the Company's financial condition and results of operations. Conversely, a weakening U.S. dollar has an additive 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, 2014, the Company has recorded the fair value of foreign currency forward exchange contracts of \$1.0 million in prepayments and other, \$7 thousand in miscellaneous other assets, \$2.4 million in accounts payable and accrued liabilities and \$0.1 million in deferred and other non-current liabilities in the balance sheet. All forward exchange contracts outstanding as of December 31, 2014 had an aggregate contract amount of \$155 million.

**Fair Value of Derivative Instruments in the Consolidated Balance Sheets as of December 31, 2014 and December 31, 2013**

<b>Derivative Contracts Not Designated as Hedging Instruments</b>	<b>Balance Sheet Location</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Derivative Assets</b>			
Foreign Exchange Contracts	Prepayments and other	\$ 1,037	\$ 3,003
Foreign Exchange Contracts	Miscellaneous Other Assets	7	985
		<u>\$ 1,044</u>	<u>\$ 3,988</u>
<b>Derivative Liabilities</b>			
Foreign Exchange Contracts	Accounts payable and accrued liabilities	\$ 2,378	\$ 522
Foreign Exchange Contracts	Deferred and other non-current liabilities	115	110
		<u>\$ 2,493</u>	<u>\$ 632</u>

**The Effect of Derivative Instruments on the Consolidated Statements of Income for the Fiscal Years Ended December 31, 2014 and December 31, 2013**

<b>Derivatives Not Designated as Hedging Instruments</b>	<b>Location of (Loss) Gain Recognized in Income on Derivative</b>	<b>Amount of (Loss) Gain Recognized in Income on Derivative 2014</b>	<b>2013</b>
Foreign Exchange Contracts	Other (Expense) Income		
	Miscellaneous, net	\$ (2,368)	\$ 3,307
		<u>\$ (2,368)</u>	<u>\$ 3,307</u>

<b>Description</b>	<b>Gross Amount</b>	<b>Gross Amounts Offset in the Financial Position</b>	<b>Net Amounts Presented in the Statement of Financial Position</b>	<b>Gross Amounts not Offset in the Statement of Financial Position</b>		<b>Net Amount</b>
				<b>Financial Instruments</b>	<b>Cash Collateral Received</b>	
<b>December 31, 2014</b>						
Derivative Assets	\$ 1,044	—	\$ 1,044	—	—	\$ 1,044
<b>Total Assets</b>	<u>\$ 1,044</u>	<u>—</u>	<u>\$ 1,044</u>	<u>—</u>	<u>—</u>	<u>\$ 1,044</u>
Derivative Liabilities	\$ 2,493	—	\$ 2,493	—	—	\$ 2,493
<b>Total Liabilities</b>	<u>\$ 2,493</u>	<u>—</u>	<u>\$ 2,493</u>	<u>—</u>	<u>—</u>	<u>\$ 2,493</u>
<b>December 31, 2013</b>						
Derivative Assets	\$ 3,988	—	\$ 3,988	—	—	\$ 3,988
<b>Total Assets</b>	<u>\$ 3,988</u>	<u>—</u>	<u>\$ 3,988</u>	<u>—</u>	<u>—</u>	<u>\$ 3,988</u>
Derivative Liabilities	\$ 632	—	\$ 632	—	—	\$ 632
<b>Total Liabilities</b>	<u>\$ 632</u>	<u>—</u>	<u>\$ 632</u>	<u>—</u>	<u>—</u>	<u>\$ 632</u>



## NOTE 11 FAIR VALUE

Authoritative guidelines require the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

As of December 31, 2014, the fair values of our financial assets and liabilities were categorized as follows:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>				
Forward exchange contracts (1)	\$ 1,044	\$ —	\$ 1,044	\$ —
<b>Total assets at fair value</b>	<u>\$ 1,044</u>	<u>\$ —</u>	<u>\$ 1,044</u>	<u>\$ —</u>
<b>Liabilities</b>				
Forward exchange contracts (1)	\$ 2,493	\$ —	\$ 2,493	\$ —
<b>Total liabilities at fair value</b>	<u>\$ 2,493</u>	<u>\$ —</u>	<u>\$ 2,493</u>	<u>\$ —</u>

As of December 31, 2013, the fair values of our financial assets and liabilities were categorized as follows:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>				
Forward exchange contracts (1)	\$ 3,988	\$ —	\$ 3,988	\$ —
<b>Total assets at fair value</b>	<u>\$ 3,988</u>	<u>\$ —</u>	<u>\$ 3,988</u>	<u>\$ —</u>
<b>Liabilities</b>				
Forward exchange contracts (1)	\$ 632	\$ —	\$ 632	\$ —
<b>Total liabilities at fair value</b>	<u>\$ 632</u>	<u>\$ —</u>	<u>\$ 632</u>	<u>\$ —</u>

(1) Market approach valuation technique based on observable market transactions of spot and forward rates.

The carrying amounts of the Company's other current financial instruments such as cash and equivalents, notes payable and current maturities of long-term obligations approximate fair value due to the short-term maturity of the instrument. The Company considers its long-term obligations a Level 2 liability and utilizes the market approach valuation technique based on interest rates that are currently available to the Company for issuance of debt with similar terms and maturities. The estimated fair value of the Company's long-term obligations was \$606 million as of December 31, 2014 and \$363 million as of December 31, 2013.

## NOTE 12 COMMITMENTS AND CONTINGENCIES

The Company, in the normal course of business, is subject to a number of lawsuits and claims both actual and potential in nature. While management believes the resolution of these claims and lawsuits will not have a material adverse effect on the Company's financial position or results of operations or cash flows, claims and legal proceedings are subject to inherent uncertainties, and unfavorable outcomes could occur that could include amounts in excess of any accruals which management has established. Were such unfavorable final outcomes to occur, it is possible that they could have a material adverse effect on our financial position, results of operations and cash flows.

Under its Certificate of Incorporation, the Company has agreed to indemnify its officers and directors for certain events or occurrences while the officer or director is, or was serving, at its request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a directors and officers liability insurance policy that covers a portion of its exposure. As a result of its insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. The Company has no liabilities recorded for these agreements as of December 31, 2014.

### NOTE 13 STOCK REPURCHASE PROGRAM

On October 30, 2014, the Company announced a new share repurchase authorization of up to \$350 million of common stock. This new authorization replaces previous authorizations and has no expiration date. AptarGroup may repurchase shares through the open market, privately negotiated transactions or other programs, subject to market conditions.

On December 17, 2014, the Company entered into an agreement to repurchase approximately \$250 million of its common stock under an accelerated share repurchase program (the "ASR program"). The ASR program is part of the Company's \$350 million share repurchase authorization. The Company paid \$250 million to Wells Fargo Bank N.A. in exchange for approximately 3.1 million shares, currently estimated to represent approximately 80% of the total number of shares expected to be purchased in the ASR program based on market prices at that time. The ultimate number of shares to be repurchased under the ASR program will be based on the volume-weighted average price of the Company's common stock during the term of the ASR program, less a discount.

The Company repurchased approximately 4.5 million and 2.0 million shares of its outstanding common stock in 2014 and 2013, respectively, at a total cost of \$340.5 million and \$118.8 million in 2014 and 2013, respectively. Shares repurchased are returned to Treasury Stock.

### NOTE 14 CAPITAL STOCK

We have 199 million authorized shares of common stock. The number of shares of common stock and treasury stock and the share activity were as follows:

	Common Shares		Treasury Shares	
	2014	2013	2014	2013
Balance at the beginning of the year	<b>85,364,303</b>	84,086,341	<b>19,979,833</b>	18,158,002
Employee option exercises	<b>851,396</b>	1,217,583	<b>(177,280)</b>	(179,169)
Director option exercises	<b>41,844</b>	48,333	—	—
Restricted stock vestings	<b>9,924</b>	12,046	—	—
Common stock repurchases	—	—	<b>4,533,814</b>	2,001,000
Balance at the end of the year	<b><u>86,267,467</u></b>	<u>85,364,303</u>	<b><u>24,336,367</u></b>	<u>19,979,833</u>

The cash dividends paid on the common stock for the years ended December 31, 2014, 2013, and 2012 aggregated \$71.1 million, \$66.1 million and \$58.4 million, respectively.

### NOTE 15 STOCK-BASED COMPENSATION

The Company issues stock options and restricted stock units to employees under Stock Awards Plans approved by shareholders. Stock options are issued to non-employee directors for their services as directors under Director Stock Option Plans approved by shareholders. Options are awarded with the exercise price equal to the market price on the date of grant and generally become exercisable over three years and expire 10 years after grant. Restricted stock units generally vest over three years.

Compensation expense recorded attributable to stock options for the year ended December 31, 2014 was approximately \$18.0 million (\$11.7 million after tax). The income tax benefit related to this compensation expense was approximately \$6.3 million. Approximately \$16.0 million of the compensation expense was recorded in selling, research & development and administrative expenses and the balance was recorded in cost of sales. Compensation expense recorded attributable to stock options for the year ended December 31, 2013 was approximately \$13.7 million (\$9.2 million after tax). The income tax benefit related to this compensation expense was approximately \$4.5 million. Approximately \$12.1 million of the compensation expense was recorded in selling, research & development and administrative expenses and the balance was recorded in cost of sales. Compensation expense recorded attributable to stock options for the year ended December 31, 2012 was approximately \$12.7 million (\$8.5 million after tax). The income tax benefit related to this compensation expense was approximately \$4.2 million. Approximately \$11.3 million of the compensation expense was recorded in selling, research & development and administrative expenses and the balance was recorded in cost of sales.

The Company uses historical data to estimate expected life and volatility. The weighted-average fair value of stock options granted under the Stock Awards Plans was \$14.82, \$10.16 and \$10.35 per share in 2014, 2013 and 2012,

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

Stock Awards Plans: Years ended December 31,	2014	2013	2012
Dividend Yield	1.7%	1.8%	1.8%
Expected Stock Price Volatility	22.2%	22.7%	22.9%
Risk-free Interest Rate	2.3%	1.3%	1.3%
Expected Life of Option (years)	6.9	6.9	6.9

The fair value of stock options granted under the Director Stock Option Plan was \$14.07, \$10.89 and \$10.59 per share in 2014, 2013 and 2012, respectively. These values were estimated on the respective date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Director Stock Option Plans: Years ended December 31,	2014	2013	2012
Dividend Yield	1.8%	1.9%	1.7%
Expected Stock Price Volatility	22.2%	23.0%	22.5%
Risk-free Interest Rate	2.2%	1.3%	1.3%
Expected Life of Option (years)	6.9	6.9	6.9

A summary of option activity under the Company's stock option plans as of December 31, 2014, and changes during the period then ended is presented below:

	Stock Awards Plans		Director Stock Option Plans	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<b>Outstanding, January 1, 2014</b>	7,815,932	\$ 41.26	313,834	\$ 48.85
<b>Granted</b>	1,379,850	67.93	95,000	66.59
<b>Exercised</b>	(1,028,676)	33.23	(40,166)	47.96
<b>Forfeited or expired</b>	(59,300)	51.46	—	—
<b>Outstanding at December 31, 2014</b>	<u>8,107,806</u>	<u>\$ 46.74</u>	<u>368,668</u>	<u>\$ 53.52</u>
<b>Exercisable at December 31, 2014</b>	<u>5,468,032</u>	<u>\$ 40.26</u>	<u>188,159</u>	<u>\$ 45.98</u>

Weighted-Average Remaining Contractual Term (Years):

<b>Outstanding at December 31, 2014</b>	6.0	7.3
<b>Exercisable at December 31, 2014</b>	4.8	5.9

Aggregate Intrinsic Value:

<b>Outstanding at December 31, 2014</b>	\$ 164,487	\$ 4,912
<b>Exercisable at December 31, 2014</b>	\$ 145,338	\$ 3,924

Intrinsic Value of Options Exercised During the Years Ended:

<b>December 31, 2014</b>	\$ 33,059	\$ 741
December 31, 2013	\$ 37,822	\$ 732
December 31, 2012	\$ 42,226	\$ 1,674

The fair value of shares vested during the years ended December 31, 2014, 2013 and 2012 was \$14.1 million, \$13.0 million and \$12.1 million, respectively. Cash received from option exercises was approximately \$37.8 million and the actual tax benefit realized for the tax deduction from option exercises was approximately \$10.0 million in the year ended December 31, 2014. As of December 31, 2014, the remaining valuation of stock option awards to be expensed in future periods was \$13.2 million and the related weighted-average period over which it is expected to be recognized is 1.4 years.

The fair value of restricted stock grants is the market price of the underlying shares on the grant date. A summary of restricted stock unit activity as of December 31, 2014, and changes during the period then ended is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
<b>Nonvested at January 1, 2014</b>	<b>25,681</b>	<b>\$53.49</b>
<b>Granted</b>	<b>47,671</b>	<b>67.08</b>
<b>Vested</b>	<b>(11,602)</b>	<b>52.96</b>
<b>Nonvested at December 31, 2014</b>	<b><u>61,750</u></b>	<b><u>\$64.09</u></b>

Compensation expense recorded attributable to restricted stock unit grants for the years ended December 31, 2014, 2013 and 2012 was approximately \$1.8 million, \$664 thousand and \$501 thousand, respectively. The fair value of units vested during the years ended December 31, 2014, 2013 and 2012 was \$614 thousand, \$571 thousand and \$316 thousand, respectively. The intrinsic value of units vested during the years ended December 31, 2014, 2013 and 2012 was \$761 thousand, \$661 thousand and \$448 thousand, respectively. As of December 31, 2014, there was \$1.9 million of total unrecognized compensation cost relating to restricted stock unit awards which is expected to be recognized over a weighted average period of 1.5 years.

During the first quarter of 2014, the Company approved a new long-term incentive program for certain employees. The program is based on the cumulative total stockholder return of our common stock during a three year performance period. Total expense related to this program is expected to be approximately \$1.0 million over the performance period, of which \$530 thousand was recognized for the year ended December 31, 2014.

#### NOTE 16 EARNINGS PER SHARE

The reconciliation of basic and diluted earnings per share for the years ended December 31, 2014, 2013 and 2012 are as follows:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
<b>For the Year Ended December 31, 2014</b>			
<b>Basic EPS</b>			
Income available to common stockholders	\$ 191,658	65,009	\$ 2.95
<b>Effect of Dilutive Securities</b>			
Stock options		2,248	
Restricted stock	—	35	
<b>Diluted EPS</b>			
Income available to common stockholders	<u>\$ 191,658</u>	<u>67,292</u>	<u>\$ 2.85</u>
<b>For the Year Ended December 31, 2013</b>			
<b>Basic EPS</b>			
Income available to common stockholders	\$ 171,994	66,090	\$ 2.60
<b>Effect of Dilutive Securities</b>			
Stock options		2,106	
Restricted stock	—	12	
<b>Diluted EPS</b>			
Income available to common stockholders	<u>\$ 171,994</u>	<u>68,208</u>	<u>\$ 2.52</u>
<b>For the Year Ended December 31, 2012</b>			
<b>Basic EPS</b>			
Income available to common stockholders	\$ 162,612	66,392	\$ 2.45
<b>Effect of Dilutive Securities</b>			
Stock options		1,990	
Restricted stock	—	13	
<b>Diluted EPS</b>			
Income available to common stockholders	<u>\$ 162,612</u>	<u>68,395</u>	<u>\$ 2.38</u>

NOTE 17 SEGMENT INFORMATION

The Company operates in the packaging components industry, which includes the development, manufacture and sale of consumer product dispensing solutions. The Company is organized into three reporting segments. Operations that sell dispensing solutions primarily to the personal care, beauty and home care markets form the Beauty + Home segment. Operations that sell dispensing solutions to the prescription drug, consumer health care and injectables markets form the Pharma segment. Operations that sell dispensing solutions primarily to the food and beverage markets form the Food + Beverage segment.

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 segments and allocates resources based upon segment income. Segment income is defined as earnings before net interest expense, certain corporate expenses, restructuring initiatives and income taxes.

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

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Total Sales:			
Beauty + Home	\$ 1,522,444	\$ 1,501,611	\$ 1,468,599
Pharma	751,226	709,058	588,853
Food + Beverage	349,297	323,469	288,995
Total Sales	\$ 2,622,967	\$ 2,534,138	\$ 2,346,447
Less: Intersegment Sales:			
Beauty + Home	\$ 24,147	\$ 13,466	\$ 14,659
Pharma	—	284	160
Food + Beverage	1,011	375	592
Total Intersegment Sales	\$ 25,158	\$ 14,125	\$ 15,411
Net Sales:			
Beauty + Home	\$ 1,498,297	\$ 1,488,145	\$ 1,453,940
Pharma	751,226	708,774	588,693
Food + Beverage	348,286	323,094	288,403
Net Sales	\$ 2,597,809	\$ 2,520,013	\$ 2,331,036
Segment Income (1):			
Beauty + Home	\$ 98,368	\$ 109,272	\$ 123,527
Pharma	204,698	189,689	141,912
Food + Beverage	37,728	35,186	30,415
Restructuring Initiatives and Related Depreciation	—	(14,525)	(4,678)
Corporate & Other	(38,261)	(37,958)	(33,849)
Income before interest and taxes	\$ 302,533	\$ 281,664	\$ 257,327
Interest expense, net	(16,232)	(17,281)	(15,954)
Income before income taxes	\$ 286,301	\$ 264,383	\$ 241,373
Depreciation and Amortization (1):			
Beauty + Home	\$ 85,469	\$ 83,328	\$ 82,828
Pharma	41,690	39,812	33,122
Food + Beverage	20,179	18,871	15,605
Restructuring Initiatives	—	2,725	1,576
Corporate & Other	4,880	5,220	3,891
Depreciation and Amortization	\$ 152,218	\$ 149,956	\$ 137,022

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Capital Expenditures:			
Beauty + Home	\$ 76,544	\$ 81,247	\$ 97,010
Pharma	37,455	32,643	24,953
Food + Beverage	32,148	19,339	32,282
Corporate & Other	15,793	18,281	19,808
Capital Expenditures	\$ 161,940	\$ 151,510	\$ 174,053
Total Assets:			
Beauty + Home	\$ 1,193,370	\$ 1,318,933	\$ 1,240,101
Pharma	619,304	676,420	659,132
Food + Beverage	263,742	253,774	233,553
Corporate & Other	360,774	248,635	191,626
Total Assets	\$ 2,437,190	\$ 2,497,762	\$ 2,324,412

(1) The Company evaluates performance of its business units and allocates resources based upon segment income. Segment income is defined as earnings before net interest expense, certain corporate expenses, restructuring initiatives and income taxes. Restructuring Initiatives and related Depreciation includes the following income/(expense) items for the twelve months ended December 31, 2014, 2013 and 2012 as follows:

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
European Restructuring Plan			
Depreciation	\$ —	\$ 2,725	\$1,576
Employee Severance and Other Costs	—	11,844	3,314
Prior Year Initiatives	—	(44)	(212)
Total Restructuring Initiatives and Related Depreciation Expense	\$ —	\$ 14,525	\$4,678
Restructuring Initiatives and Related Depreciation Expense by Segment			
Beauty + Home	\$ —	\$ 14,548	\$4,787
Pharma	—	—	—
Food + Beverage	—	(23)	(109)
Total Restructuring Initiatives and Related Depreciation Expense	\$ —	\$ 14,525	\$4,678

## GEOGRAPHIC INFORMATION

The following are net sales and long-lived asset information by geographic area and product information for the years ended December 31, 2014, 2013 and 2012:

	2014	2013	2012
Net Sales to Unaffiliated Customers (1):			
United States	\$ 642,060	\$ 634,418	\$ 650,637
Europe:			
France	850,817	810,528	650,226
Germany	363,898	339,858	311,205
Italy	141,808	136,617	144,163
Other Europe	150,469	165,038	163,695
Total Europe	1,506,992	1,452,041	1,269,289
Other Foreign Countries	448,757	433,554	411,110
Total	\$ 2,597,809	\$ 2,520,013	\$ 2,331,036
Plant, Property & Equipment:			
United States	\$ 192,265	\$ 226,917	\$ 191,697
Europe:			
France	228,049	263,913	251,015
Germany	136,491	156,970	137,203
Italy	48,940	57,729	65,743
Other Europe	57,946	72,297	72,404
Total Europe	471,426	550,909	526,365
Other Foreign Countries	147,964	86,836	130,171
Total	\$ 811,655	\$ 864,662	\$ 848,233
Product Net Sales Information:			
Pumps	\$ 1,111,536	\$ 1,093,514	\$ 1,044,226
Closures	611,144	594,135	605,493
Valves	350,106	327,635	327,251
Injectables (2)	143,631	142,116	56,465
Other	381,392	362,613	297,601
Total	\$ 2,597,809	\$ 2,520,013	\$ 2,331,036

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

(2) Injectables represent six month sales in 2012 from the date of acquisition.

No single customer represents 10% or more of the Company's net sales in 2014, 2013 or 2012.

### NOTE 18 NONRECURRING EVENTS

A fire caused damages to the roof and production area of an AptarGroup subsidiary, Graphocolor do Brasil Embalagens Ltda, on September 1, 2014. Graphocolor is located in Jundiai, Brazil. There were no reported injuries. Graphocolor is primarily an internal supplier to AptarGroup of anodized aluminum components for certain dispensing systems sold to the regional beauty and personal care markets. Repairs of the facility are progressing as planned and this event has not impacted our ability to service our customers. AptarGroup is insured for the damages caused by the fire, including business interruption insurance, and it does not expect this incident to have a material impact on its financial results. Costs, including the write-off of damaged fixed assets and inventory along with labor and other direct costs related to the fire, of \$5.5 million were incurred during 2014, for which we have already received advanced insurance proceeds of \$1.8 million. We have established an additional insurance receivable of \$2.4 million for known losses for which insurance reimbursement is probable. In many cases, our insurance coverage exceeds the amount of these covered losses. No gain contingencies have been recognized as our ability to realize those gains remains uncertain. Therefore, we are reporting net expenses of \$1.3 million related to the Graphocolor fire during 2014. These costs are included in the Beauty + Home segment.

## NOTE 19 ACQUISITIONS

On July 3, 2012, the Company completed its acquisition of Rumpler—Technologies S.A., together with its direct and indirect subsidiaries (“Stelmi”). Stelmi is a producer of elastomer primary packaging components for injectable drug delivery and operates two manufacturing plants located in the Normandy region of France and also has a research and development facility located near Paris. The Company acquired all of the shares of Stelmi. The purchase price paid for Stelmi (net of cash acquired) was approximately \$188 million and was funded by cash on hand.

Stelmi contributed net sales of \$144.1 million, \$143.1 million and \$56.8 million and pretax income of \$23.9 million, \$24.7 million and \$1.5 million (including \$6.6 million of fair value and other acquisition adjustments) for the years ended December 31, 2014, December 31, 2013 and December 31, 2012, respectively. The results of the acquired business for the period from the acquisition date are included in the accompanying consolidated financial statements and are reported in the Pharma reporting segment.

For the year ended December 31, 2012, we recognized \$5.9 million in transaction costs related to the acquisition of Stelmi. These costs are reflected in the selling, research & development and administrative section of the Consolidated Statements of Income.

The following table summarizes the assets acquired and liabilities assumed at estimated fair value.

	<b>July 3, 2012</b>
<b>Assets</b>	
Cash and equivalents	\$ 68,335
Accounts receivable	23,540
Inventories	16,826
Prepaid and other	3,256
Property, plant and equipment	42,073
Goodwill	111,031
Intangible assets	47,134
Other miscellaneous assets	6,092
<b>Liabilities</b>	
Current maturities of long-term obligations	675
Accounts payable and accrued liabilities	26,064
Long-term obligations	885
Deferred income taxes	22,440
Retirement and deferred compensation plans	12,049
<b>Net assets acquired</b>	<b>\$ 256,174</b>

The following table is a summary of the fair value estimates of the acquired identifiable intangible assets and weighted-average useful lives as of the acquisition date:

	<b>Weighted-Average Useful Life (in years)</b>	<b>Estimated Fair Value of Asset</b>
Customer relationships	15	\$ 7,438
Technology	15	37,191
Trademark	4	2,505
<b>Total</b>		<b>\$ 47,134</b>



Goodwill in the amount of \$111.0 million was recorded for the acquisition of Stelmi and is included in the Pharma segment. Goodwill is calculated as the excess of the consideration transferred over the net assets acquired and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Goodwill largely consists of leveraging the Company's commercial presence in selling the Stelmi line of products in markets where Stelmi didn't previously operate and the ability of Stelmi to maintain its competitive advantage from a technical viewpoint. Goodwill will not be amortized, but will be tested for impairment at least annually. We do not expect any of the goodwill will be deductible for tax purposes.

The unaudited pro forma results presented below include the effects of the Stelmi acquisition as if it had occurred as of January 1, 2011. The unaudited pro forma results reflect certain adjustments related to the acquisition, such as the amortization associated with estimates for the acquired intangible assets and fair value adjustments for inventory. The 2012 supplemental pro forma earnings were adjusted to exclude \$4.2 million (after tax) of transaction costs, including consulting, legal, and advisory fees. The 2012 supplemental pro forma earnings were also adjusted to exclude \$2.5 million (after tax) of nonrecurring expense related to the fair value adjustment to acquisition-date inventory.

The pro forma results do not include any synergies or other expected benefits of the acquisition. Accordingly, the unaudited pro forma financial information below is not necessarily indicative of either future results of operations or results that might have been achieved had the acquisition been completed on the dates indicated.

<b>Years Ended December 31,</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net Sales	\$ 2,598	\$ 2,520	\$ 2,395
Net Income Attributable to AptarGroup Inc.	192	172	174
Net Income per common share — basic	2.95	2.60	2.62
Net Income per common share — diluted	2.85	2.52	2.54

In December 2013, AptarGroup acquired a 20% non-controlling investment in Bapco Closures Holding Limited (Bapco) for approximately \$5.2 million. In addition to this equity stake, the Company secured an exclusive global license related to innovative closures sealing technology that provides package integrity and tamper evidence. This investment is being accounted for under the equity method of accounting from the date of acquisition and, since it does not have a material impact on the results of operations in 2014 or 2013, pro forma information is not presented.

#### NOTE 20 RESTRUCTURING INITIATIVES

In November 2012, the Company announced a plan to optimize certain capacity in Europe. Due to increased production efficiencies and to better position the Company for future growth in Europe, AptarGroup transferred and consolidated production capacity involving twelve facilities. Two facilities have closed impacting approximately 170 employees. The locations involved in the plan are facilities serving the beauty, personal care, food, beverage, and consumer health care markets. As of December 31, 2013, the plan was substantially complete. The cumulative expense incurred was \$19.5 million. As of December 31, 2014 we have recorded the following activity associated with our plan:

	<b>Beginning Reserve at 12/31/13</b>	<b>Net Charges for the Year Ended 12/31/14</b>	<b>Cash Paid</b>	<b>FX Impact</b>	<b>Ending Reserve at 12/31/14</b>
Employee severance	\$ 2,521	\$ —	\$ (2,049)	\$ (113)	\$ 359
Other costs	1,735	—	(1,695)	(40)	—
<b>Totals</b>	<b>\$ 4,256</b>	<b>\$ —</b>	<b>\$ (3,744)</b>	<b>\$ (153)</b>	<b>\$ 359</b>

NOTE 21 QUARTERLY DATA (UNAUDITED)

Quarterly results of operations and per share information for the years ended December 31, 2014 and 2013 are as follows:

	Quarter				Total for Year
	First	Second	Third	Fourth	
<b>Year Ended December 31, 2014:</b>					
Net sales	\$ 676,051	\$ 670,631	\$ 651,942	\$ 599,185	\$ 2,597,809
Gross profit (1)	186,791	182,483	171,547	154,829	695,650
Net Income	48,408	53,084	48,620	41,512	191,624
Net Income Attributable to AptarGroup, Inc.	48,389	53,076	48,595	41,598	191,658
<b>Per Common Share — 2014:</b>					
<b>Net Income Attributable to AptarGroup, Inc.</b>					
Basic	\$ .74	\$ .81	\$ .75	\$ .65	\$ 2.95
Diluted	.71	.79	.73	.63	2.85
Dividends declared	.25	.28	.28	.28	1.09
Stock price high (2)	68.78	67.84	68.00	68.67	68.78
Stock price low (2)	61.18	64.54	60.52	55.59	55.59
<b>Average number of shares outstanding:</b>					
Basic	65,468	65,328	64,886	64,368	65,009
Diluted	68,232	67,438	66,845	66,121	67,292
<b>Year Ended December 31, 2013:</b>					
Net sales	\$ 617,633	\$ 641,441	\$ 623,644	\$ 637,295	\$ 2,520,013
Gross profit (1)	164,213	172,721	163,677	165,543	666,154
Net Income	39,978	49,880	45,232	36,836	171,926
Net Income Attributable to AptarGroup, Inc.	40,029	49,802	45,264	36,899	171,994
<b>Per Common Share — 2013:</b>					
<b>Net Income Attributable to AptarGroup, Inc.</b>					
Basic	\$ .61	\$ .75	\$ .68	\$ .56	\$ 2.60
Diluted	.59	.73	.67	.54	2.52
Dividends declared	.25	.25	.25	.25	1.00
Stock price high (2)	57.47	57.76	60.75	67.86	67.86
Stock price low (2)	48.14	54.13	55.36	59.19	48.14
<b>Average number of shares outstanding:</b>					
Basic	66,155	66,420	66,092	65,700	66,090
Diluted	68,296	68,106	67,986	67,853	68,208

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

(2) The stock price high and low amounts are based upon intra-day New York Stock Exchange composite price history.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

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

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

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

/s/ PRICEWATERHOUSECOOPERS LLP

Chicago, Illinois  
February 27, 2015

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

None.

### ITEM 9A. CONTROLS AND PROCEDURES

#### DISCLOSURE CONTROLS AND PROCEDURES

The Company's management has evaluated, with the participation of the chief executive officer and chief financial officer of the Company, the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of December 31, 2014. Based on that evaluation, the chief executive officer and chief financial officer have concluded that these controls and procedures were effective as of such date.

#### MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The Company's management has evaluated, with the participation of the chief executive officer and chief financial officer of the Company, the effectiveness of our internal control over financial reporting as of December 31, 2014 based on the framework in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation under the framework in *Internal Control—Integrated Framework*, management has concluded that our internal control over financial reporting was effective as of December 31, 2014.

PricewaterhouseCoopers LLP, independent registered public accounting firm, has issued an attestation report on the effectiveness of our internal control over financial reporting. This report appears on page 59.

#### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

No changes in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during the Company's fiscal quarter ended December 31, 2014 that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### ITEM 9B. OTHER INFORMATION

On February 26, 2015, the Company completed the issuance and sale of \$100,000,000 aggregate principal amount of 3.49% Series 2014-A-2 Senior Notes due February 26, 2024 and \$125,000,000 aggregate principal amount 3.61% Series-A-4 Senior Notes due February 26, 2026 from a previously announced private placement.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to directors may be found under the caption "Proposal 1—Election of Directors" in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on May 6, 2015 (the "2015 Proxy Statement") 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 and is incorporated herein by reference.

Information with respect to audit committee members and audit committee financial experts may be found under the caption "Corporate Governance—Audit Committee" in the 2015 Proxy Statement 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—Code of Business Conduct and Ethics" in the 2015 Proxy Statement and is incorporated herein by reference. Our Code of Business Conduct and Ethics is available through the Corporate Governance link on the Investor Relations page of our website ([www.aptar.com](http://www.aptar.com)).

The information set forth under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2015 Proxy Statement is incorporated herein by reference.

## ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the headings “Board Compensation”, “Executive Officer Compensation” and “Compensation Committee Report” in the 2015 Proxy Statement is incorporated herein by reference. The information included under the heading “Compensation Committee Report” in the 2015 Proxy Statement shall not be deemed to be “soliciting” material or to be “filed” with the Securities and Exchange Commission or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.

## 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, Directors and Management” and “Equity Compensation Plan Information” in the 2015 Proxy Statement is incorporated herein by reference.

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

The information set forth under the heading “Transactions with Related Persons” and “Corporate Governance—Independence of Directors” in the 2015 Proxy Statement is incorporated herein by reference.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information with respect to the independent registered public accounting firm fees and services may be found under the caption “Proposal [4]—Ratification of the Appointment of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm for 2015” in the 2015 Proxy Statement. Such information is incorporated herein by reference.

## PART IV

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(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	27
Consolidated Statements of Comprehensive Income	28
Consolidated Balance Sheets	29
Consolidated Statements of Cash Flows	31
Consolidated Statements of Changes in Equity	32
Notes to Consolidated Financial Statements	33
Report of Independent Registered Public Accounting Firm	59
2) <i>II – Valuation and Qualifying Accounts</i>	63

All other schedules have been omitted because they are not applicable or not required.

(b) Exhibits required by Item 601 of Regulation S-K are incorporated by reference to the Exhibit Index on pages 63-66 of this report.

## SIGNATURES

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

AptarGroup, Inc.  
(Registrant)

Date: February 27, 2015

By /s/ ROBERT W. KUHN  
Robert W. Kuhn  
Executive Vice President,  
Chief Financial Officer and Secretary

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

Signature	Title	Date
<u>/s/ KING HARRIS</u> King Harris	Chairman of the Board and Director	February 27, 2015
<u>/s/ STEPHEN J. HAGGE</u> Stephen J. Hagge	President and Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2015
<u>/s/ ROBERT W. KUHN</u> Robert W. Kuhn	Executive Vice President, Chief Financial Officer and Secretary (Principal Accounting and Financial Officer)	February 27, 2015
<u>/s/ ALAIN CHEVASSUS</u> Alain Chevassus	Director	February 27, 2015
<u>/s/ LESLIE DESJARDINS</u> Leslie Desjardins	Director	February 27, 2015
<u>/s/ GEORGE L. FOTIADES</u> George L. Fotiades	Director	February 27, 2015
<u>/s/ LEO A. GUTHART</u> Leo A. Guthart	Director	February 27, 2015
<u>/s/ GIOVANNA KAMPOURI-MONNAS</u> Giovanna Kampouri-Monnas	Director	February 27, 2015
<u>/s/ ANDREAS KRAMVIS</u> Andreas Kramvis	Director	February 27, 2015
<u>/s/ PETER PFEIFFER</u> Peter Pfeiffer	Director	February 27, 2015
<u>/s/ DR. JOANNE C. SMITH</u> Dr. Joanne C. Smith	Director	February 27, 2015
<u>/s/ RALF WUNDERLICH</u> Ralf Wunderlich	Director	February 27, 2015

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

For the years ended December 31, 2014, 2013 and 2012

Dollars in thousands

	Balance at Beginning Of Period	Charged to Costs and Expenses	Deductions from Reserve (a)	Balance at End of Period
<b>2014</b>				
Allowance for doubtful accounts	\$ 4,416	\$ 741	\$ (906)	\$ 4,251
Deferred tax valuation allowance	4,840	3,396	(502)	7,734
<b>2013</b>				
Allowance for doubtful accounts	\$ 6,751	\$ (381)	\$ (1,954)	\$ 4,416
Deferred tax valuation allowance	7,033	2,708	(4,901)	4,840
<b>2012</b>				
Allowance for doubtful accounts	\$ 8,257	\$ (595)	\$ (911)	\$ 6,751
Deferred tax valuation allowance	6,326	1,362	(655)	7,033

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

INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Share Purchase Agreement, dated as of May 30, 2012, between Mr. Jean-Jacques Rumpler, Mr. Gérard Rumpler, Ms. Annette Pomerat, Ms. Evelyne Fournier Rumpler and Aptargroup Holding SAS, filed as Exhibit 2.1 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2012 (File No. 1-11846), is hereby incorporated by reference.
3(i)	Amended and Restated Certificate of Incorporation of AptarGroup, Inc., as amended, filed as Exhibit 4(a) to AptarGroup Inc.'s Registration Statement on Form S-8, Registration Number 333-152525, filed on July 25, 2008, 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. 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.
4.1	Note Purchase Agreement dated as of July 31, 2006, among AptarGroup, Inc. and the purchasers listed on Schedule A thereto, filed as Exhibit 4.2 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2006 (File No. 1-11846), is hereby incorporated by reference.
4.2	Form of AptarGroup, Inc. 6.04% Series 2006-A Senior Notes Due July 31, 2016, filed as Exhibit 4.3 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2006 (File No. 1-11846), is hereby incorporated by reference.
4.3	Note Purchase Agreement dated as of July 31, 2008, among AptarGroup, Inc. and the purchasers listed on Schedule A thereto, filed as Exhibit 4.1 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2008 (File No. 1-11846), is hereby incorporated by reference.
4.4	Form of AptarGroup, Inc. 6.03% Series 2008-A-2 Senior Notes Due July 31, 2018, filed as Exhibit 4.2 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2008 (File No. 1-11846), is hereby incorporated by reference.
4.5	First Amendment to 2006 Note Purchase Agreement, dated as of November 30, 2010, among the Company and each of the institutions listed as signatories thereto, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 1, 2010 (File No. 1-11846), is hereby incorporated by reference.
4.6	First Amendment to 2008 Note Purchase Agreement, dated as of November 30, 2010, among the Company and each of the institutions listed as signatories thereto, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 1, 2010 (File No. 1-11846), is hereby incorporated by reference.
4.7	Supplemental Note Purchase Agreement, dated as of November 30, 2010, among the Company and each of the purchasers listed in Exhibit A thereto, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on December 1, 2010 (File No. 1-11846), is hereby incorporated by reference.

<b>Exhibit Number</b>	<b>Description</b>
4.8	Form of AptarGroup, Inc. 2.33% Series 2008-B-1 Senior Notes due November 30, 2015, filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on December 1, 2010 (File No. 1-11846), is hereby incorporated by reference.
4.9	Form of AptarGroup, Inc. 3.78% Series 2008-B-2 Senior Notes due November 30, 2020, filed as Exhibit 4.5 to the Company's Current Report on Form 8-K filed on December 1, 2010 (File No. 1-11846), is hereby incorporated by reference.
4.10	Second Supplemental Note Purchase Agreement, dated as of September 5, 2012, among the Company and each of the purchasers listed in Exhibit A thereto, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 5, 2012 (File No. 1-11846), is hereby incorporated by reference.
4.11	Form of AptarGroup, Inc. 3.25% Series 2008-C-1 Senior Notes Due September 5, 2022, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 5, 2012 (File No. 1-11846), is hereby incorporated by reference.
4.12	Form of AptarGroup, Inc. 3.40% Series 2008-C-2 Senior Notes Due September 5, 2024, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on September 5, 2012 (File No. 1-11846), is hereby incorporated by reference.
4.13	Note Purchase Agreement, dated as of December 16, 2014, among the Company and each of the purchasers listed in Schedule B thereto, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 17, 2014 (File No. 1-11846), is hereby incorporated by reference.
4.14	Form of AptarGroup, Inc. 3.49% Series 2014-A-1 Senior Notes due December 16, 2023 (included as a part of Exhibit 4.13), filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 17, 2014 (File No. 1-11846), is hereby incorporated by reference.
4.15	Form of AptarGroup, Inc. 3.49% Series 2014-A-2 Senior Notes due February 26, 2024 (included as a part of Exhibit 4.13), filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on December 17, 2014 (File No. 1-11846), is hereby incorporated by reference.
4.16	Form of AptarGroup, Inc. 3.61% Series 2014-A-3 Senior Notes due December 16, 2025 (included as a part of Exhibit 4.13), filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on December 17, 2014 (File No. 1-11846), is hereby incorporated by reference.
4.17	Form of AptarGroup, Inc. 3.61% Series 2014-A-4 Senior Notes due February 26, 2026 (included as a part of Exhibit 4.13), filed as Exhibit 4.5 to the Company's Current Report on Form 8-K filed on December 17, 2014 (File No. 1-11846), is hereby incorporated by reference.
4.18	Second Amendment to 2006 Note Purchase Agreement, dated as of December 16, 2014, among the Company and each of the noteholders listed on the signature pages thereto, filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on December 17, 2014 (File No. 1-11846), is hereby incorporated by reference.
4.19	Second Amendment to 2008 Note Purchase Agreement, dated as of December 16, 2014, among the Company and each of the noteholders listed on the signature pages thereto, filed as Exhibit 4.7 to the Company's Current Report on Form 8-K filed on December 17, 2014 (File No. 1-11846), is hereby incorporated by reference.
10.1	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.**
10.2	AptarGroup, Inc. 2004 Stock Awards Plan, filed as Appendix A to the Company's Proxy Statement, dated March 26, 2004 (File No. 1-11846), is hereby incorporated by reference.**
10.3	AptarGroup, Inc. 2004 Director Stock Option Plan, filed as Appendix B to the Company's Proxy Statement, dated March 26, 2004 (File No. 1-11846), is hereby incorporated by reference.**
10.4	AptarGroup, Inc., Stock Option Agreement for Employees pursuant to the AptarGroup, Inc. 2004 Stock Awards Plan, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 1-11846), is hereby incorporated by reference.**
10.5	AptarGroup, Inc. Stock Option Agreement for Non-Employee Directors pursuant to the AptarGroup, Inc. 2004 Director Option Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 1-11846), is hereby incorporated by reference.**
10.6	AptarGroup, Inc. Stock Option Agreement for Employees pursuant to the AptarGroup, Inc. 2000 Stock Awards Plan, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 1-11846), is hereby incorporated by reference.**
10.7	AptarGroup, Inc. Restricted Stock Unit Award Agreement pursuant to the AptarGroup, Inc. 2000 Stock Awards Plan, filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 1-11846), is hereby incorporated by reference.**
10.8	Form of AptarGroup, Inc. Stock Option Agreement for Employees pursuant to the AptarGroup, Inc. 2014 Stock Awards Plan, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (File No. 1-11846), is hereby incorporated by reference.**



<b>Exhibit Number</b>	<b>Description</b>
10.9	Form of AptarGroup, Inc. Restricted Stock Unit Award Agreement pursuant to the AptarGroup, Inc. 2014 Stock Awards Plan, filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (File No. 1-11846), is hereby incorporated by reference.**
10.10	Supplementary Pension Plan—France dated August 24, 2001, filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (File No. 1-11846), is hereby incorporated by reference.**
10.11	AptarGroup, Inc. Supplemental Retirement Plan dated October 6, 2008, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 1-11846), is hereby incorporated by reference.**
10.12	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.**
10.13	Employment Agreement effective January 1, 2012 of Stephen J. Hagge, filed as Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2012 (File No. 1-11846), is hereby incorporated by reference.**
10.14	Employment Agreement effective January 1, 2012 of Robert W. Kuhn, filed as Exhibit 10.2 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2012 (File No. 1-11846), is hereby incorporated by reference.**
10.15	Employment Agreement effective January 1, 2012 of Patrick F. Doherty, filed as Exhibit 10.3 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2012 (File No. 1-11846), is hereby incorporated by reference.**
10.16	Employment Agreement effective January 1, 2012 of Eldon W. Schaffer, filed as Exhibit 10.4 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2012 (File No. 1-11846), is hereby incorporated by reference.**
10.17	Employment Agreement dated January 18, 2008 of Olivier Fourment, filed as Exhibit 10.9 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2008 (File No. 1-11846), is hereby incorporated by reference.**
10.18	Employment Agreement dated October 1, 2010 of Ursula Saint Léger, filed as Exhibit 10.21 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 2010 (File No. 1-11846), is hereby incorporated by reference. **
10.19	Employment Agreement effective August 1, 2014 of Salim Haffar, filed as Exhibit 10.4 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2014 (File No. 1-11846), is hereby incorporated by reference. **
10.20	AptarGroup, Inc. 2008 Stock Option Plan, filed as Exhibit 10.3 to AptarGroup, Inc.'s Current Report on Form 8-K filed on May 1, 2008, is hereby incorporated by reference.**
10.21	AptarGroup, Inc. 2008 Director Stock Option Plan, filed as Exhibit 10.1 to AptarGroup, Inc.'s Current Report on Form 8-K filed on May 1, 2008, is hereby incorporated by reference.**
10.22	Form of AptarGroup, Inc. Stock Option Agreement for Employees pursuant to the AptarGroup, Inc. 2008 Stock Option Plan, filed as Exhibit 10.4 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2008 (File No. 1-11846), is hereby incorporated by reference.**
10.23	Form of AptarGroup, Inc. Stock Option Agreement for Non-Employee Directors pursuant to the AptarGroup, Inc. 2008 Director Stock Option Plan, filed as Exhibit 10.5 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2008 (File No. 1-11846), is hereby incorporated by reference.**
10.24	Form of AptarGroup, Inc. Restricted Stock Unit Award Agreement pursuant to the AptarGroup, Inc. 2004 Stock Awards Plan, filed as Exhibit 10.6 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2008 (File No. 1-11846), and amended as of January 1, 2010.**
10.25	Form of AptarGroup, Inc. Stock Option Agreement for Employees pursuant to the AptarGroup, Inc. 2011 Stock Awards Plan, filed as Exhibit 10.2 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2011 (File No. 1-11846), is hereby incorporated by reference.**
10.26	Form of AptarGroup, Inc. Restricted Stock Unit Award Agreement pursuant to the AptarGroup, Inc. 2011 Stock Awards Plan, filed as Exhibit 10.3 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2011 (File No. 1-11846), is hereby incorporated by reference.**
10.27	AptarGroup, Inc. 2011 Stock Awards Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 10, 2011 (File No. 1-11846), is hereby incorporated by reference.**
10.28	AptarGroup, Inc. 2014 Stock Awards Plan, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 12, 2014 (File No. 1-11846), is hereby incorporated by reference.**
10.29	AptarGroup Performance Incentive Plan, filed as Exhibit 10.1 to AptarGroup, Inc.'s Current Report on Form 8-K filed on May 13, 2013 (File No. 1-11846), is hereby incorporated by reference.**

<b>Exhibit Number</b>	<b>Description</b>
10.30	AptarGroup, Inc. 2014 Long-Term Incentive Program (as Amended and Restated) under the AptarGroup, Inc. Performance Incentive Plan, filed as Exhibit 10.28 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 2013 (File No. 1-11846), is hereby incorporated by reference.**
10.31*	AptarGroup, Inc. 2014 Long-Term Incentive Program (as Amended and Restated) under the AptarGroup, Inc. Performance Incentive Plan.
10.32	Credit Agreement dated as of January 31, 2012 among AptarGroup, Inc. and the financial institutions party thereto as Lenders, Wells Fargo Bank, National Association, as administrative agent, Bank of America, N.A. and JPMorgan Chase Bank, N.A., as co-syndication agents, HSBC Bank USA, N.A. and Union Bank, N.A., as co-documentation agents, and Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as joint lead arrangers and joint bookrunners, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 3, 2012 (File No. 1-11846), is hereby incorporated by reference (replaced herein by Exhibit 10.33).
10.33	Amendment No. 1 to Credit Agreement dated as of January 31, 2013 by and among AptarGroup, Inc., and the financial institutions party thereto as Lenders and Wells Fargo Bank, National Association, as administrative agent and swingline lender, filed as Exhibit 4.4 to the Company's Annual Report on Form 10-K filed on February 28, 2013 (File No. 1-11846), is hereby incorporated by reference.
10.34	Amendment No. 2 to Credit Agreement dated as of January 31, 2014 by and among AptarGroup, Inc., and the financial institutions party thereto as Lenders and Wells Fargo Bank, National Association, as administrative agent and swingline lender, filed as Exhibit 10.31 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 2013 (File No. 1-11846), is hereby incorporated by reference.
10.35	Amendment No. 3 to Credit Agreement, dated as of December 16, 2014, among the Company, the financial institutions party thereto as Lenders and Wells Fargo Bank, National Association, as administrative agent and swingline lender, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 17, 2014 (File No. 1-11846), is hereby incorporated by reference.
10.36†*	Trade Confirmation, dated December 16, 2014, between AptarGroup, Inc. and Wells Fargo Bank, National Association.
21*	List of Subsidiaries.
23*	Consent of Independent Registered Public Accounting Firm.
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.
101*	The following financial information from AptarGroup, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on February 27, 2015, formatted in Extensible Business Reporting Language (XBRL): (1) the consolidated statements of income for the years ended December 31, 2014, 2013 and 2012, (2) the consolidated statements of comprehensive income for the years ended December 31, 2014, 2013 and 2012, (3) the consolidated balance sheets as of December 31, 2014 and 2013, (4) the consolidated statements of cash flows for the years ended December 31, 2014, 2013 and 2012, (5) the consolidated statements of changes in equity for the years ended December 31, 2014, 2013 and 2012 and (6) notes to the consolidated financial statements, tagged as blocks of text.

\* Filed herewith.

\*\* Management contract or compensatory plan or arrangement.

† Confidential portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment.

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# executive officers, directors and board committees

## **EXECUTIVE OFFICERS**

STEPHEN J. HAGGE

President and  
Chief Executive Officer

ROBERT KUHN

Executive Vice President,  
Chief Financial Officer, and Secretary

PATRICK DOHERTY

President,  
Aptar Beauty + Home

SALIM HAFFAR

President, Aptar Pharma

ELDON SCHAFFER

President,  
Aptar Food + Beverage

URSULA SAINT-LÉGER

Vice President,  
Human Resources

## **BOARD OF DIRECTORS**

ALAIN CHEVASSUS

President of COSFIBEL Group  
(flexible plastic packaging)

LESLIE A. DESJARDINS

Former Executive Vice President,  
Finance, of Amcor Ltd. (packaging)

GEORGE L. FOTIADES

Chairman and Operating Partner of  
Healthcare Investments at Diamond  
Castle Holdings, LLC (private equity  
investing); Director of Prologis (integrated  
distribution facilities and services) and  
Cantel Medical (infection prevention and  
control products)

LEO A. GUTHART

Managing Member of the General  
Partner of Topspin Partners L.P.  
(venture capital investing)

STEPHEN J. HAGGE

President and Chief Executive Officer

KING W. HARRIS

Chairman of the Board; Chairman,  
Harris Holdings, Inc. (investment  
holding company)

GIOVANNA KAMPOURI MONNAS

Independent Consultant; Member  
of Supervisory Board of Randstad  
Holding nv (human resource services);  
Director of Puig S.L. (fragrance,  
cosmetic and fashion products)

ANDREAS KRAMVIS

Vice-Chairman, Honeywell  
International Inc. (aerospace, auto-  
mation, materials); Director, Axalta  
Coating Systems Ltd.

PETER H. PFEIFFER

Member of the Advisory Boards of  
Eckert & Caine (software and consulting)  
and Deutsche Bank Freiburg; former  
President and Chief Executive Officer  
of AptarGroup, Inc.

DR. JOANNE C. SMITH

Physician and Chief Executive Officer  
of the Rehabilitation Institute of  
Chicago

RALF K. WUNDERLICH

President, Amcor Flexibles Asia Pacific  
(packaging) and member of Amcor's  
Global Executive Team; Director AMVIG  
Holdings Limited (cigarette packaging  
and printing)

## **BOARD COMMITTEES**

### **CORPORATE GOVERNANCE COMMITTEE:**

DR. JOANNE C. SMITH, CHAIR  
ALAIN CHEVASSUS  
RALF K. WUNDERLICH

### **AUDIT COMMITTEE:**

LEO A. GUTHART, CHAIR  
LESLIE A. DESJARDINS  
ANDREAS KRAMVIS

### **COMPENSATION COMMITTEE:**

GEORGE L. FOTIADES, CHAIR  
LEO A. GUTHART  
KING W. HARRIS  
GIOVANNA KAMPOURI MONNAS

### **EXECUTIVE COMMITTEE:**

KING W. HARRIS, CHAIR  
GEORGE L. FOTIADES  
STEPHEN J. HAGGE  
PETER H. PFEIFFER

# corporate information

## **CORPORATE HEADQUARTERS**

AptarGroup, Inc.  
475 West Terra Cotta Avenue, Suite E  
Crystal Lake, Illinois 60014  
+1-815-477-0424

## **EUROPEAN HEADQUARTERS**

AptarGroup SAS  
36-38 rue de la Princesse  
CS 10509  
78431 Louveciennes  
France

## **COUNSEL**

Sidley Austin LLP  
One South Dearborn Street  
Chicago, Illinois 60603

## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

PricewaterhouseCoopers LLP  
One North Upper Wacker Drive  
Chicago, Illinois 60606

## **STOCK EXCHANGE**

AptarGroup common stock is traded  
on the New York Stock Exchange  
(symbol: ATR)

## **ANNUAL MEETING**

The Annual Meeting of Stockholders will  
be held May 6, 2015 at the offices of  
Sidley Austin LLP  
One South Dearborn Street  
Chicago, Illinois 60603

## **STOCK TRANSFER AND STOCKHOLDER SERVICES**

Wells Fargo Shareowner Services  
P.O. Box 64854  
St. Paul, MN 55164-0854  
Telephone: 800-468-9716  
International: +1-651-450-4064  
Internet and email queries:  
[www.wellsfargo.com/shareownerservices](http://www.wellsfargo.com/shareownerservices)

## **BY COURIER OR EXPRESS DELIVERY:**

Wells Fargo Shareowner Services  
1110 Centre Pointe Curve  
Suite 101  
Mendota Heights, MN 55120-4100  
Telephone: 800-468-9716

Notices regarding changes of address  
and inquiries regarding lost or stolen  
certificates and transfers of stock should  
be directed to the transfer agent.

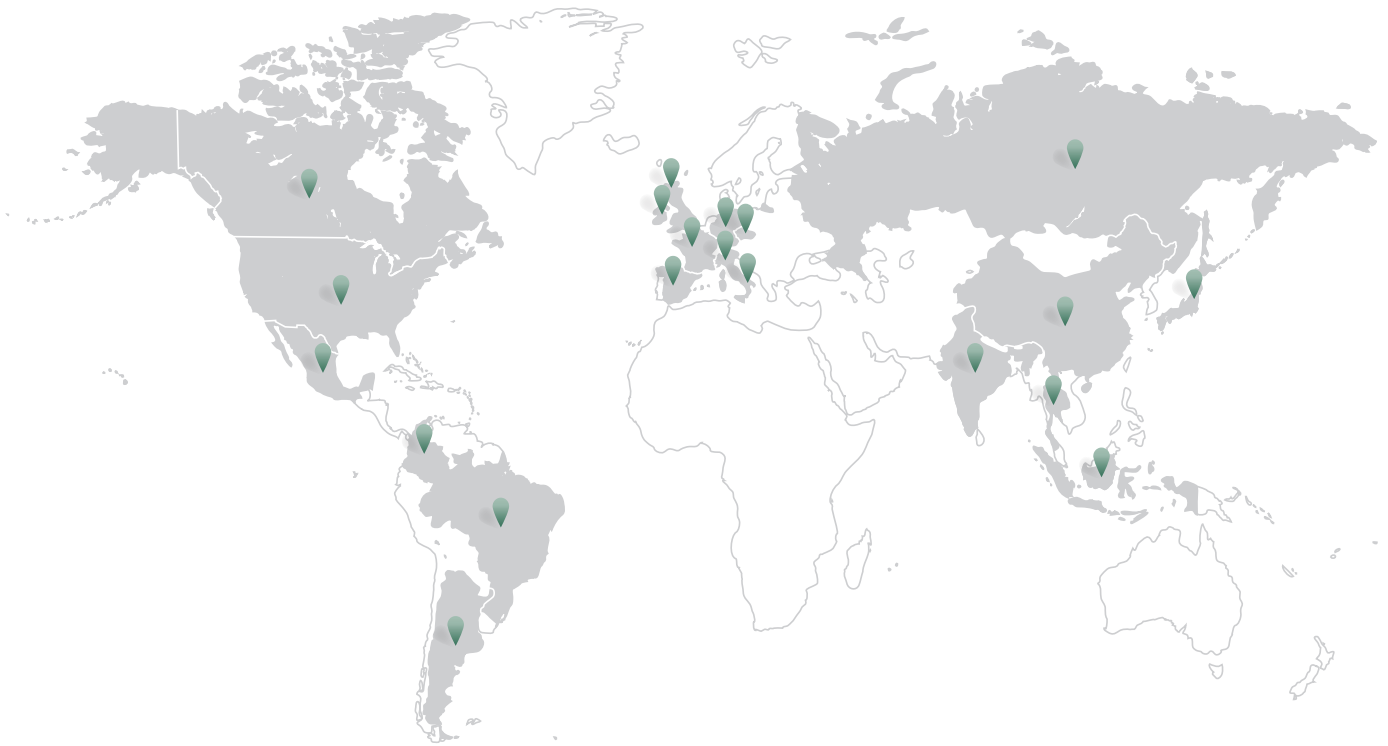
## **OTHER INFORMATION**

You may access a copy of the  
AptarGroup, Inc. Form 10-K Report  
filed with the Securities and Exchange  
Commission through the Reports & SEC  
Filings link on the Investor Relations page  
of our web site at [www.aptar.com](http://www.aptar.com) or you  
may receive a copy of the Report by  
writing to Investor Relations at the  
corporate office.

## **WEBSITE**

[www.aptar.com](http://www.aptar.com)

# global presence



## **LOCATIONS**

ARGENTINA

BRAZIL

CANADA

CHINA

COLOMBIA

CZECH REPUBLIC

FRANCE

GERMANY

INDIA

INDONESIA

IRELAND

ITALY

JAPAN

MEXICO

RUSSIAN FEDERATION

SPAIN

SWITZERLAND

THAILAND

UNITED KINGDOM

UNITED STATES OF AMERICA



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