

## AmeriSource Reports Record Fiscal Second Quarter Revenues and Earnings

April 27, 2000

MALVERN, Pa.--(BUSINESS WIRE)--April 27, 2000--AmeriSource Health Corporation (NYSE:AAS) today reported record results for its second fiscal quarter and six months ended March 31, 2000. Operating revenue increased 19 percent, or \$459.2 million, to \$2.8 billion in the quarter compared to \$2.4 billion for the same period last year. Net income for the quarter was up 20 percent to \$24.3 million from \$20.2 million, and earnings per share increased 21 percent to \$.47 per diluted share from \$.39 per diluted share in the prior year.

For the first six months of fiscal 2000, operating revenue increased 20 percent to \$5.7 billion compared to \$4.7 billion in the prior year. Net income for the first six months of fiscal 2000 increased by 20 percent to \$45.9 million or \$.89 per diluted share from \$38.1 million or \$.74 per diluted share for the same period one year ago.

R. David Yost, AmeriSource President and Chief Executive Officer, said, "This was an outstanding quarter for AmeriSource. We demonstrated strong revenue momentum with nearly all of our key performance metrics meeting or exceeding our internal expectations. We continue to add new business with solid returns across our geography and customer segments, and our centralization initiatives are nearly finished.

"In addition, two significant activities occurred following the end of the quarter. First, we agreed, with four other companies, to form the New Health Exchange, an internet initiative that will focus on efficiency and connectivity across the healthcare supply chain, enabling the participants to collectively achieve what no single company acting on its own could accomplish. The Exchange will move to streamline the chargeback and rebate process, standardize product information and product content descriptions, and augment each company's existing Internet strategy.

"Second, our acute-care hospital business, where we are the U.S. leader, is growing ever stronger as we expand our buying group alliances. Novation, the supply company of VHA Inc. and the University Health System Consortium, again selected us as one of its primary suppliers, and the members of VHA and UHC, in a customer service satisfaction survey, voted us the top pharmaceutical distributor. We also strengthened our already powerful relationship with Premier. These new initiatives will add to our momentum going forward."

For the second quarter of fiscal 2000, the Company's gross margin as a percentage of operating revenue was 4.64 percent versus 5.18 percent in the prior year. This expected year-to-year decline in gross margin primarily reflects a shift in customer mix to a higher level of institutional/hospital business and was partly offset by a decrease in operating expenses. The Company's customer mix in the current quarter consists of 51 percent institutions/hospitals, 37 percent independent pharmacies, and 12 percent retail chains.

Operating expenses as a percentage of operating revenue declined by 38 basis points to 2.84 percent in the second quarter of fiscal 2000 from 3.22 percent a year ago. This significant reduction was driven by cost reductions related to centralization efforts, increasingly more efficient warehouse operations and the shift in customer mix.

The Company's operating income advanced 10 percent to \$51.1 million in the second quarter of fiscal year 2000 from \$46.5 million for the same quarter last year. For the first six months of fiscal year 2000 operating income increased 12 percent over the same period last year. For the second quarter, operating margin, as a percentage of operating revenue, was 1.80 percent compared to 1.96 percent for the prior year period.

Interest expense, excluding the adjustment of a common stock put warrant to fair value in fiscal 1999, increased by 3 percent to \$11.9 million, reflecting the net impact of higher interest rates, lower borrowing spreads and lower average levels of debt. Cash flow for the quarter was strong, reflecting the liquidation of Y2K inventories as well as normal seasonal patterns. Debt was reduced by \$251 million from \$720 million at December 31, 1999 to \$469 million at March 31, 2000. The Company's return on committed capital--ROCC-- for the quarter continued strong at a 24.2 percent.

In looking ahead, Mr. Yost said, "The best metric of our success continues to be our return on committed capital, which measures the effectiveness of our asset management. At 24.2 percent, our ROCC exceeded our goals as we continue to make the right business decisions. We operate in a solid industry with good fundamentals, and AmeriSource is exceptionally well-positioned in the healthcare supply channel. We remain committed to our long-term goals of being recognized by our customers as the highest quality service provider, delivering strong and consistent financial performance, and building value for our shareholders."

AmeriSource, with over \$10 billion in operating revenue, is one of the nation's leading, full-service wholesale distributors of pharmaceutical products and related healthcare services. Headquartered in Malvern, PA, the Company serves its base of 21,000 customers accounts through a national network of 24 strategically located distribution facilities. AmeriSource is the industry's largest provider of pharmaceuticals to the acute care/institutional market. For more information about AmeriSource, visit our website at [www.amerisource.com](http://www.amerisource.com).

Certain information contained in this press release includes forward-looking statements (as defined in Section 27A of the Securities Act and Section 21E of the Exchange Act) that reflect the Company's current views with respect to future events and financial performance. Certain factors such as competitive pressures, success of restructuring initiatives, continued industry consolidation, changes in customer mix, changes in pharmaceutical manufacturers' pricing and distribution policies, the loss of one or more key customer or supplier relationships and other matters contained in the Company's 10-K for fiscal year 1999 and other public documents could cause actual results to differ materially from those in the forward-looking statements. The company assumes no obligation to update the matters discussed in this press release.

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AMERISOURCE HEALTH CORPORATION  
FINANCIAL SUMMARY  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended March 31, 2000	% of Operating Revenue	Three Months Ended March 31, 1999(a)	% of Operating Revenue	% Change
Revenue:					
Operating revenue	\$2,832,041	100.00%	\$2,372,872	100.00%	19%
Bulk deliveries to customer warehouses	10,162		12,299		
Total revenue	2,842,203		2,385,171		
Cost of goods sold:					
Operating cost of goods sold	2,700,635	95.36%	2,249,886	94.82%	20%
Cost of goods sold - bulk deliveries	10,162		12,299		
Total cost of goods sold	2,710,797		2,262,185		
Gross profit	131,406	4.64%	122,986	5.18%	7%
Operating expenses:					
Selling and administrative	76,323	2.69%	72,238	3.04%	6%
Depreciation and amortization	3,969	0.14%	4,268	0.18%	-7%
Operating income	51,114	1.80%	46,480	1.96%	10%
Interest expense	11,922	0.42%	11,582	0.49%	3%
Interest expense - adjustment of common stock put warrant to fair value	-		1,223	0.05%	-100%
Income before taxes	39,192	1.38%	33,675	1.42%	16%
Taxes on income	14,893	0.53%	13,456	0.57%	11%
Net income	\$24,299	0.86%	\$20,219	0.85%	20%
Earnings per share (a):					
Basic	\$0.47		\$0.40		
Assuming dilution	\$0.47		\$0.39		
Weighted average common shares outstanding (a):					
Basic	51,370		50,555		
Assuming dilution	51,732		51,574		

(a) Prior year restated for July 1999 C. D. Smith merger accounted for as a pooling of interests.

AMERISOURCE HEALTH CORPORATION  
 FINANCIAL SUMMARY  
 (In thousands, except per share data)  
 (Unaudited)

	Six Months Ended March 31, 2000	% of Operating Revenue	Six Months Ended March 31, 1999(a)	% of Operating Revenue	% Change
Revenue:					
Operating revenue	\$5,660,795	100.00%	\$4,735,520	100.00%	20%
Bulk deliveries to customer warehouses	20,790		24,386		
Total revenue	5,681,585		4,759,906		
Cost of goods sold:					
Operating cost of goods sold	5,409,462	95.56%	4,501,408	95.06%	20%
Cost of goods sold - bulk deliveries	20,790		24,386		
Total cost of goods sold	5,430,252		4,525,794		
Gross profit	251,333	4.44%	234,112	4.94%	7%
Operating expenses:					
Selling and administrative	146,568	2.59%	139,411	2.94%	5%
Depreciation and amortization	7,916	0.14%	8,557	0.18%	-7%
Operating income	96,849	1.71%	86,144	1.82%	12%
Interest expense	22,820	0.40%	21,666	0.46%	5%
Interest expense - adjustment of common stock put warrant to fair value	-		1,833	0.04%	-100%
Income before taxes	74,029	1.31%	62,645	1.32%	18%
Taxes on income	28,131	0.50%	24,531	0.52%	15%
Net income	\$45,898	0.81%	\$38,114	0.80%	20%
Earnings per share (a):					

Basic	\$0.89	\$0.76
Assuming dilution	\$0.89	\$0.74

Weighted average  
common shares  
outstanding (a):

Basic	51,329	50,444
Assuming dilution	51,612	51,295

(a) Prior year restated for July 1999 C. D. Smith merger accounted for as a pooling of interests.

AMERISOURCE HEALTH CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(dollars in thousands)

ASSETS (unaudited)	March 31, 2000	Sept. 30, 1999	Increase (Decrease)
Current assets:			
Cash and cash equivalents	\$ 49,240	\$ 59,497	(\$ 10,257)
Accounts receivable, less allowance for doubtful accounts	642,485	612,520	29,965
Merchandise inventories	1,272,795	1,243,153	29,642
Prepaid expenses and other	4,550	4,836	(286)
Total current assets	1,969,070	1,920,006	49,064
Property and equipment, net	63,400	64,384	(984)
Other assets, less accumulated amortization	69,226	76,209	(6,983)
Total assets	\$ 2,101,696	\$ 2,060,599	\$ 41,097

LIABILITIES AND  
STOCKHOLDERS' EQUITY

Current liabilities:			
Accounts payable	\$ 1,254,829	\$ 1,175,619	\$ 79,210
Accrued expenses and other	46,247	50,329	(4,082)
Accrued income taxes	8,628	10,854	(2,226)
Deferred income taxes	99,822	90,481	9,341
Total current liabilities	1,409,526	1,327,283	82,243
Long-term debt:			
Revolving credit facility	136,046	225,227	(89,181)
Receivables			

securitization			
financing	325,000	325,000	0
Other debt	8,352	8,478	(126)
Other liabilities	8,980	8,334	646
Stockholders' equity:			
Common stock and			
capital in excess			
of par value	268,746	267,315	1,431
Accumulated deficit	(48,734)	(94,632)	45,898
Cost of common stock			
in treasury	(6,220)	(6,220)	0
Note receivable			
from ESOP	--	(186)	186
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Total stockholders'			
equity	213,792	166,277	47,515
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Total liabilities			
and stockholders'			
equity	\$ 2,101,696	\$ 2,060,599	\$ 41,097
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