

AmeriSource Reports Record Revenue and Earnings for Fiscal Fourth Quarter and Year 2000

November 2, 2000

For the Quarter, Operating Revenue Increased 18 percent, EPS Up 18 Percent to \$.53

VALLEY FORGE, Pa.--(BW HealthWire)--Nov. 2, 2000--AmeriSource Health Corporation (NYSE:AAS) today reported record results for its fiscal fourth quarter and year, ended September 30, 2000. In the quarter, income before special charges and extraordinary items was a record \$28.0 million, a 21 percent increase over the \$23.0 million in the prior year's quarter. Earnings per diluted share in the fiscal 2000 fourth quarter were \$0.53, 18 percent ahead of the comparable quarter's earnings per diluted share of \$0.45, excluding special charges and extraordinary items in 1999. Operating revenue in the fiscal 2000 fourth quarter increased 18 percent, or \$0.46 billion, to a record \$3.03 billion compared with \$2.57 billion for the same period last year.

For fiscal 2000, operating revenue reached a record \$11.6 billion, a 19 percent increase over the \$9.8 billion last fiscal year. Excluding special charges and extraordinary items in both years, fiscal 2000 income increased 19 percent over the previous fiscal year to a record \$98.3 million and earnings per diluted share were up 17 percent to \$1.89 per diluted share. Special charges in fiscal 2000 reflected a net positive impact of \$0.7 million for the reversal of restructuring reserves in the third quarter, and in the previous fiscal year, they resulted in a net \$12.0 million negative impact from merger and restructuring costs in the fourth quarter. Also in the fourth quarter of fiscal 1999, the Company recorded an extraordinary charge, after tax, of \$3.4 million related to the extinguishment of debt linked to the acquisition of C.D. Smith. Net income in fiscal 2000 was \$99.0 million, a 47 percent increase from the \$67.5 million in the previous fiscal year, and earnings per diluted share were up 45 percent to \$1.90 from \$1.31 in the comparable year.

R. David Yost, AmeriSource President and Chief Executive Officer, said, "This record quarterly and yearly performance again demonstrates our ability to deliver solid, consistent growth as we continue to focus on pharmaceutical distribution and the related healthcare solutions needed by our customers and suppliers. Our annual return on committed capital, our key financial measurement of success, was a record 25.2 percent, again exceeding our goal. Equally impressive was our robust cash flow (from operations net of capital expenditures) of almost \$200 million for fiscal 2000. We are especially pleased with the results of the quarter because we are comparing against a strong 1999 fourth quarter, which was favorably impacted by the timing of manufacturers' pricing decisions relating to Y2K.

"Revenue growth continued strong and profitable across our four customer groups and across all regions. At the same time, we continue to lower our expenses as a percent of revenue, firm in the belief that success requires lean, highly efficient, focused operations.

"All four of our customer groups recorded double-digit increases in revenue during the year. Health Systems, our market-leading acute-care business, continued to build sales momentum through buying group alliances such as Novation and Premier. Novation members have nearly completed their every-third-year distributor selection process. AmeriSource expects to increase its Novation business by more than \$500 million in annual revenue from new business which will begin to ramp up during the first quarter of fiscal 2001. Key to these wins was our reputation for exceptional customer service. In two independent surveys of hospital executives, one by Novation members and the other by a major investment company, AmeriSource was voted the best distributor in customer service.

"Our Alternate Site business accelerated its growth by winning major three-year contracts from Anthem Prescription Management and Option Care. Our new five-year agreement with Medi-Cap Pharmacies leads our efforts with the non-warehousing Chain Retailers, and Independent Retail Pharmacies, where AmeriSource is a major player, continued to grow same store sales in double digits."

Kurt J. Hilzinger, AmeriSource Chief Operating Officer, continued, "Fiscal 2000 also saw the completion of our centralization initiative begun about two years ago, the successful integration of our C.D. Smith acquisition, and the introduction of numerous new value-added offerings for our customers.

"The centralization initiative was focused on improving costs and productivity by standardizing those activities which did not directly touch the customer. The effort was anchored in the conversion of our 21 distribution facilities to a common information technology platform. It also included centralizing procurement, which has improved our supply-side margin contribution, reduced replenishment inventory days on hand, and positioned us to provide value-added solutions to our customers and suppliers.

"The C.D. Smith integration, which included upgrading two facilities, closing another and converting to the AmeriSource IT platform, was completed on plan, and the resulting business performance exceeded our expectations for both the quarter and the year.

"To boost our value-added offerings we acquired Pharmacy Healthcare Solutions, a consulting company with a turn-key solution for helping hospitals recover the pharmaceutical costs for indigent patients. In the year ahead, we will continue to seek to add other value-adding solutions.

"Most new offerings this year were dominated by technology as we launched iEcho, our Internet-based ordering system built on our market-leading Echo electronic ordering system, and VIP, our Virtual Internet Pharmacy. VIP lets consumers shop online to our retail customer's website using our large inventory of products and next-day delivery capability. Our technology efforts were recently recognized by Information Week Magazine, which named us as one of the 200 most innovative companies in the use of technology among 24 different industry groups."

Gross margin for the fourth quarter of fiscal 2000 as a percentage of operating revenue was 4.58 percent versus 4.90 percent in the comparable quarter. For the year, gross margin was 4.48 percent versus 4.85 percent in fiscal 1999. This expected year-to-year decline in gross margin primarily reflects a shift in customer mix to a higher level of institutional business and larger institutional accounts. The Company's customer mix for fiscal 2000 consists of 51 percent institutional, which includes Health Systems and Alternate Site, and 49 percent retail, including independent and chain pharmacies. Last year the percentages were reversed with institutional contributing 48 percent and retail 52 percent.

Operating expenses as a percentage of operating revenue continued its downward trend to 2.73 percent in the fourth quarter of fiscal 2000 from 3.10 percent in last year's fourth quarter. For the year, the Company established a new annual low of 2.75 percent for operating expenses as a percentage of revenue, down 32 basis points from last year's 3.07 percent.

AmeriSource operating margin before special charges, as a percentage of operating revenue for the quarter, improved to 1.84 percent versus 1.80 percent in last year's fourth quarter. For the 2000 fiscal year, operating margin before special charges was 1.73 percent versus 1.78 percent last year.

For the quarter, interest expense increased 12 percent to \$10.7 million from \$9.5 million in the previous year's fourth quarter, reflecting higher interest rates, lower borrowing spreads and lower average levels of debt. For fiscal 2000, interest expense was \$41.9 million up 6 percent from last year's \$39.4 million.

Looking ahead, Yost said, "We continue to be well-positioned for further growth. We are in an industry with strong fundamentals and we have sales and marketing programs designed to expand our business in both the institutional and retail marketplaces. We are investing in the future with a new warehouse management system, expansion of our packaging subsidiary, on-going technology investments, and other activities to continue to improve productivity, lower our operating costs and better meet customer needs.

"These and other initiatives make me confident that for fiscal year 2001 we will deliver strong revenue and earnings growth while we continue to display the discipline in running our business that will achieve a return on committed capital of well over 20 percent. This solid performance is anchored in our commitment to being recognized by our customers as the highest quality service provider, to delivering strong and consistent financial performance, and to building value for our shareholders."

AmeriSource will host a conference call to discuss the fourth quarter and fiscal year 2000 results at 11:00 a.m. Eastern Standard Time today, November 2, 2000. In order to ensure the widest distribution possible, the company will be broadcasting the conference call over the Internet. The call will be accessible through Street Events, www.streetevents.com, and also through AmeriSource's web site, www.amerisource.com. Users are encouraged to log on to the call approximately 15 minutes in advance. The call may not be recorded without permission from AmeriSource. Replays of the webcast will be posted on www.amerisource.com approximately two hours after the completion of the call and will remain available until December 2, 2000.

About AmeriSource

AmeriSource Health Corporation, with nearly \$12 billion in operating revenue, is a leading distributor of pharmaceutical and related healthcare services and the industry's largest provider of pharmaceuticals to the acute care/health systems market. Headquartered in Valley Forge, PA, the Company serves its base of about 15,000 customer accounts through a national network of more than 20 strategically located distribution facilities. For news and additional information about the company, visit its web site at 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 or systems initiatives, market interest rates, regulatory changes, continued industry consolidation, changes in customer mix, changes in pharmaceutical manufacturers' pricing and distribution policies, changes in U.S. government policies, customer insolvencies, 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.

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

	Three Months Ended Sept. 30, 2000	% of Operating Revenue	Three Months Ended Sept. 30, 1999	% of Operating Revenue	%
					Change
Revenue:					
Operating revenue	\$3,027,776	100.00%	\$2,568,766	100.00%	18%
Bulk deliveries to customer warehouses	3,954		10,154		
Total revenue	3,031,730		2,578,920		
Cost of goods sold:					
Operating cost of goods sold	2,889,158	95.42%	2,442,838	95.10%	18%
Cost of goods sold - bulk deliveries	3,954		10,154		
Total cost of goods sold	2,893,112		2,452,992		

Gross profit	138,618	4.58%	125,928	4.90%	10%
Operating expenses:					
Selling and administrative	78,526	2.59%	75,057	2.92%	5%
Depreciation and amortization	4,283	0.14%	4,588	0.18%	-7%
Facility consolidations and employee severance	-	0.00%	11,730	0.46%	-100%
Merger Costs	-	0.00%	3,162	0.12%	-100%
Operating income	55,809	1.84%	31,391	1.22%	78%
Interest expense	10,654	0.35%	9,472	0.37%	12%
Income before taxes and extraordinary items	45,155	1.49%	21,919	0.85%	106%
Taxes on income	17,159	0.57%	10,878	0.42%	58%
Income before extraordinary items	27,996	0.92%	11,041	0.43%	154%
Extraordinary items-early retirement of debt, net of income tax benefit	-	0.00%	3,449	0.13%	-100%
Net income	\$27,996	0.92%	\$7,592	0.30%	269%
Earnings per share:					
Income before extraordinary items	\$0.54		\$0.22		
Extraordinary items	-		(0.07)		
Net income	\$0.54		\$0.15		
Earnings per share - assuming dilution:					
Income before extraordinary items	\$0.53		\$0.21		
Extraordinary items	-		(0.07)		
Net income	\$0.53		\$0.15 (a)		
Weighted average common shares outstanding:					

Basic	51,967	51,173
Assuming dilution	52,770	51,647

Pro forma results excluding \$14,892 of merger costs and costs related to facility consolidations and employee severance included in the three months ended September 30, 1999:

Operating income	\$55,809	\$46,283
Income before extraordinary items	\$27,996	\$23,048
Net income	\$27,996	\$19,599
Earnings per share:		
Income before extraordinary items	\$0.54	\$0.45
Net income	\$0.54	\$0.38
Earnings per share - assuming dilution:		
Income before extraordinary items	\$0.53	\$0.45
Net income	\$0.53	\$0.38

(a) Does not equal sum of amounts due to rounding

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

	Twelve Months Ended Sept. 30, 2000	% of Operating Revenue	Twelve Months Ended Sept. 30, 1999	% of Operating Revenue	% Change
Revenue:					
Operating revenue	\$ 11,609,995	100.00%	\$9,760,083	100.00%	19%
Bulk deliveries to customer warehouses	35,026		47,280		
Total revenue	11,645,021		9,807,363		
Cost of goods sold:					
Operating cost of goods sold	11,090,414	95.52%	9,287,018	95.15%	19%
Cost of					

goods sold					
- bulk					
deliveries	35,026		47,280		
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Total cost					
of goods					
sold	11,125,440		9,334,298		
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Gross profit	519,581	4.48%	473,065	4.85%	10%
Operating					
expenses:					
Selling and					
admini-					
strative	303,038	2.61%	281,798	2.89%	8%
Deprecia-					
tion and					
amortiza-					
tion	16,109	0.14%	17,373	0.18%	-7%
Facility					
consolida-					
tions and					
employee					
severance	(1,123)	-0.01%	11,730	0.12%	-110%
Merger					
Costs	--	0.00%	3,162	0.03%	-100%
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Operating					
income	201,557	1.74%	159,002	1.63%	27%
Interest					
expense	41,857	0.36%	39,356	0.40%	6%
Interest					
expense -					
adjustment					
of common					
stock put					
warrant to					
fair value	--	0.00%	334	0.00%	-100%
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Income					
before					
taxes and					
extra-					
ordinary					
items	159,700	1.38%	119,312	1.22%	34%
Taxes on					
income	60,686	0.52%	48,397	0.50%	25%
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Income					
before					
extra-					
ordinary					
items	99,014	0.85%	70,915	0.73%	40%
Extra-					
ordinary					
items-early					
retirement					
of debt,					

net of income tax benefit	--	0.00%	3,449	0.04%	-100%
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Net income	\$	99,014	0.85%	\$	67,466	0.69%	47%
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Earnings
per share:

Income before extra- ordinary items	\$1.92	\$1.40
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Extra- ordinary items	-	(0.07)
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Net income	\$1.92	\$1.33
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Earnings per
share -
assuming
dilution:

Income before extra- ordinary items	\$1.90	\$1.38
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Extra- ordinary items	-	(0.07)
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Net income	\$1.90	\$1.31
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Weighted
average
common
shares
outstand-
ing:

Basic	51,552	50,698
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Assuming dilution	52,020	51,683
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Pro forma results excluding (\$1,123) and \$14,892 of merger costs and costs related to facility consolidations and employee severance included in the years ended September 30, 2000 and 1999, respectively:

Operating income	\$200,434	\$173,894
Income before extra- ordinary items	\$98,318	\$82,922
Net income	\$98,318	\$79,473

Earnings per

share:		
Income before extra-ordinary items	\$1.91	\$1.64
Net income	\$1.91	\$1.57

Earnings per share - assuming dilution:		
Income before extra-ordinary items	\$1.89	\$1.61
Net income	\$1.89	\$1.54

AMERISOURCE HEALTH CORPORATION
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

ASSETS

	Sept. 30, 2000	Sept. 30, 1999	Increase (Decrease)
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Current assets:			
Cash and cash equivalents	\$ 120,818	\$ 59,497	\$ 61,321
Accounts receivable, less allowance for doubtful accounts	623,961	612,520	11,441
Merchandise inventories	1,570,504	1,243,153	327,351
Prepaid expenses and other	5,336	4,836	500
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Total current assets	2,320,619	1,920,006	400,613
Property and equipment, net	64,962	64,384	578
Other assets, less accumulated amortization	72,986	76,209	(3,223)
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Total assets	\$ 2,458,567	\$ 2,060,599	\$ 397,968
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LIABILITIES
AND STOCKHOLDERS'
EQUITY

Current liabilities:			
Accounts payable	\$ 1,584,133	\$ 1,175,619	\$ 408,514

Accrued expenses and other	49,398	50,329	(931)
Accrued income taxes	12,284	10,854	1,430
Deferred income taxes	105,654	90,481	15,173
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Total current liabilities	1,751,469	1,327,283	424,186
Long-term debt:			
Revolving credit facility	20,000	225,227	(205,227)
Receivables securitization financing	385,000	325,000	60,000
Other debt	8,217	8,478	(261)
Other liabilities	11,587	8,334	3,253
Stockholders' equity:			
Common stock and capital in excess of par value	284,132	267,315	16,817
Retained earnings (accumulated deficit)	4,382	(94,632)	99,014
Cost of common stock in treasury	(6,220)	(6,220)	0
Note receivable from ESOP	0	(186)	186
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Total stockholders' equity	282,294	166,277	116,017
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Total liabilities and stockholders' equity	\$ 2,458,567	\$ 2,060,599	\$ 397,968
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