

AmerisourceBergen Reports Record Revenues and Earnings for Fiscal Fourth Quarter and Fiscal Year 2001; Fourth Quarter EPS Up 21 percent to \$0.64 Before Special Items

November 8, 2001

VALLEY FORGE, Pa., Nov 8, 2001 (BUSINESS WIRE) -- AmerisourceBergen Corporation (NYSE:ABC) today reported record results for its fiscal fourth quarter and fiscal year ended September 30, 2001.

With AmeriSource Health Corporation and Bergen Brunswig Corporation merging on August 29, 2001 to form the new company, AmerisourceBergen's results, under purchase accounting rules, include the full fourth quarter and 2001 fiscal year of AmeriSource and approximately one month of Bergen Brunswig.

AmerisourceBergen's operating revenue, which excludes bulk shipments, was a record \$5.5 billion in the fourth quarter compared to \$3.0 billion for the same period last year, an 82 percent increase. Excluding the revenue impact from the merger, operating revenue in the quarter increased 20 percent compared to the prior year.

Income before special items for the fiscal fourth quarter increased 69 percent to \$47.2 million from \$28.0 million in the previous year's fourth quarter. Diluted earnings per share before special items for the quarter were \$0.64, a 21 percent increase.

Special items, which include merger costs, facility consolidations and employee severance related to the merger, and the positive impact of a reduction in an environmental liability, were a net charge of \$12.6 million in the quarter after tax. Net income and diluted earnings per share for the quarter, including special items, were \$34.6 million and \$0.48, respectively.

AmerisourceBergen had 77.6 million weighted average diluted shares outstanding for the fiscal fourth quarter.

For fiscal year 2001, operating revenue was a record \$15.8 billion, a 36 percent increase over the prior year's \$11.6 billion. Excluding the revenue impact from the merger, operating revenue was up 20 percent for the full fiscal year.

Income before special items for 2001 fiscal year was up 39 percent to \$137.0 million from \$98.3 million in the prior year. Diluted earnings per share before special items for fiscal 2001 increased 22 percent to \$2.31. For fiscal year 2001, special items were a net \$13.2 million charge after tax.

Net income and diluted earnings per share for fiscal 2001 including special items were \$123.8 million and \$2.10, respectively. AmerisourceBergen had 62.8 million weighted average diluted shares outstanding in fiscal 2001.

The following discussion of the fourth quarter and full year results, including segment data, does not include the impact of the special items in 2001 or the reversal of restructuring reserves in fiscal year 2000.

R. David Yost, AmerisourceBergen President and Chief Executive Officer, said, "This was an outstanding performance by AmerisourceBergen in both the quarter and the year. In its first report as a new company, AmerisourceBergen delivered strong revenue growth, record earnings per share, and a very strong return on committed capital (ROCC) of 26.7 percent.

"Quarterly revenue on a pro forma basis for AmeriSource and Bergen was up strongly over fourth quarter last year, reflecting the continuing momentum of both former companies.

"In the last two months we have moved quickly to integrate the two companies. We have announced our seven operating regions, named the key executives in the organization, established an integration office to coordinate our synergy capture efforts, and have begun to operate as one company in the marketplace."

Segment Discussion

AmerisourceBergen operates in two segments: Pharmaceutical Distribution (which includes AmerisourceBergen Drug Company and AmerisourceBergen Specialty Group) and PharMerica, its institutional pharmacy.

Pharmaceutical Distribution Segment

Operating revenue in the fourth quarter of fiscal 2001 increased 80 percent to \$5.5 billion compared with \$3.0 billion, in the previous year's fourth quarter. For fiscal year 2001, operating revenue was \$15.8 billion, a 36 percent increase over last year.

On a pro forma basis operating revenue in the fourth quarter for AmeriSource and Bergen increased 20 percent and 13 percent, respectively. For fiscal 2001, pro forma operating revenue was up 20 percent for AmeriSource and 11 percent for Bergen compared to the previous fiscal year. Pharmaceutical distribution customer mix on a prospective pro forma basis is 52 percent institutional and 48 percent retail.

For the fourth quarter of fiscal 2001, gross margin as a percentage of operating revenue was 4.15 percent versus 4.58 percent in the prior year's last quarter. The gross margin decrease was due to customer mix, a competitive environment, and the inventory write-downs in the quarter of \$5.6 million or 10 basis points, primarily related to the cosmetic distribution subsidiary.

For the fiscal year, gross margin was 4.19 percent versus 4.48 percent in the prior year.

Total operating expenses as a percentage of operating revenue declined 30 basis points to 2.42 percent in the fourth quarter of fiscal 2001 from 2.72 percent a year ago. For the full fiscal year, the ratio declined 29 basis points to 2.45 percent compared to 2.74 percent last year.

Operating income advanced 68 percent to \$94.8 million in the fourth quarter of fiscal year 2001 from \$56.4 million for the same quarter last year. For the fiscal fourth quarter, operating income, as a percentage of operating revenue was 1.73 percent compared to 1.86 percent for the prior year period.

Operating margin was down 13 basis points, due primarily to the inclusion of the corporate and administrative costs of Bergen in the quarter.

"As the leader in the Health Systems, Alternate Site, Community Pharmacy, and Regional Drugstore Chain customer groups, AmerisourceBergen Drug Company has a broad, diversified customer base that continues to provide the opportunity to grow our drug company revenue," said Kurt Hilzinger, AmerisourceBergen Executive Vice President and Chief Operating Officer. "The Drug Company continued to show strong forward momentum as it expands current accounts and adds new business.

"Growth also continues to be strong in the Specialty Group as it builds on its strong positions in oncology, blood plasma and vaccine distribution," he said.

Commenting on integration activities, Hilzinger said, "We continue to move forward in an aggressive, but measured manner. Our integration plans reflect our commitment to consolidate seven facilities in fiscal year 2002, beginning with two smaller distribution centers next month.

"We are developing the information systems to effectively implement the other distribution center consolidations, and we are consolidating our procurement activities to improve our inventory productivity and vendor margin contribution."

PharMerica

PharMerica's revenue and operating income for the reported fourth quarter and the fiscal year 2001 represents the month of September. Revenues and operating income for each of the quarter and fiscal year were \$116.7 million and \$6.5 million, respectively.

On a pro forma basis, fiscal 2001 fourth quarter revenue increased 5 percent to \$338.1 million from \$323.5 million in the same period last year. Revenues for the year increased 6 percent to \$1.35 billion.

"PharMerica continues to improve its performance through a combination of disciplined growth and expense control," said Hilzinger. "Asset management has improved as illustrated by reductions in gross days-sales-outstanding (DSO), which were 65 in the quarter, down from 83 in the same quarter last year. Net DSOs dropped from 55 in the prior year's fourth quarter to 47 in the current fourth quarter."

Looking Ahead

"In fiscal 2002, we expect continued strong performance for AmerisourceBergen with revenue growth of 15 percent to 17 percent, ROCC in excess of 20 percent, and earnings per share growth of 20 percent, excluding the impact of merger-related special items and elimination of goodwill amortization," said Yost. "The merger is complete, the integration is well under way, and we feel confident in our ability to drive shareholder value over the long term."

Conference Call

The Company will host a conference call to discuss the results at 11:00 am Eastern Standard Time on November 8, 2001. Participating in the conference call will be: R. David Yost, President & Chief Executive Officer; Kurt J. Hilzinger, Executive Vice President & Chief Operating Officer; Neil F. Dimick, Executive Vice President & Chief Financial Officer.

To access the live conference call via telephone:

Dial in: 800/230-1092 from inside the U.S. no access code required
or 612/332-0107 from outside the U.S. no access code
required.

To access the live webcast:

Go to the Quarterly Webcasts section on the Investor Relations page at <http://www.amerisourcebergen.net>.

A replay of the telephone call and webcast will be available from 2:30 pm November 8, 2001 until 11:59 pm November 15, 2001.

To access the replay via telephone:

Dial in: 800/475-6701 from within the U.S., access code: 607336
320/365-3844 from outside the U.S., access code: 607336

To access the archived webcast:

Go to the Quarterly Webcasts section on the Investor Relations page at <http://www.amerisourcebergen.net>.

About AmerisourceBergen

AmerisourceBergen (NYSE:ABC) is the largest pharmaceutical services company in the United States dedicated solely to the pharmaceutical supply chain. It is the leading distributor of pharmaceutical products and services to the hospital systems/acute care market, alternative care facilities, independent community pharmacies, and regional chains.

The Company is also a leader in the institutional pharmacy marketplace. With approximately \$35 billion in annualized operating revenues, AmerisourceBergen is headquartered in Valley Forge, PA, and employs more than 13,000 people serving over 25,000 customers.

Forward-Looking Statements

This press release may contain certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances.

Actual results may vary materially from the expectations contained in the forward-looking statements. The forward-looking statements herein include statements addressing future financial and operating results of AmerisourceBergen and the benefits and other aspects of the merger.

The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: the risk that the businesses of AmeriSource and Bergen Brunswig will not be integrated successfully; failure to obtain and retain expected synergies; and other economic, business, competitive and/or regulatory factors affecting the business of AmerisourceBergen generally.

More detailed information about these factors is set forth in AmeriSource's and Bergen Brunswig's filings with the Securities and Exchange Commission, including each of their Annual Reports on Form 10-K for fiscal 2000, their most recent quarterly reports on Form 10-Q, and their joint proxy statement-prospectus dated August 1, 2001.

AmerisourceBergen, AmeriSource and Bergen Brunswig are under no obligation to (and expressly disclaim any such obligation to) update or alter their forward-looking statements whether as a result of new information, future events or otherwise.

AMERISOURCEBERGEN CORPORATION
FINANCIAL SUMMARY

(In thousands, except per share data)
(unaudited)

	Three Months Ended September 30, 2001	Three Months Ended September 30, 2000	% of Operating Revenue	Three Months Ended September 30, 2000	% of Operating Revenue	% Change
Revenue:						
Operating revenue	\$5,516,347	\$3,027,776	100.00%	100.00%	82%	
Bulk deliveries to customer warehouses	367,884	3,954				
Total revenue	5,884,231	3,031,730				
Cost of goods sold	5,617,654	2,893,112		94%		
Gross profit	266,577	138,618	4.83%	4.58%	92%	
Operating expenses:						
Distribution, selling and administrative	156,103	77,958	2.83%	2.57%	100%	
Depreciation and amortization	9,209	4,283	0.17%	0.14%	115%	
Facility consolidations and employee severance	10,912	-	0.20%	0.00%	-	
Merger costs	12,206	-	0.22%	0.00%	-	
Environmental remediation	(2,716)	-	-0.05%	0.00%	-	
Operating income	80,863	56,377	1.47%	1.86%	43%	
Equity in losses of affiliates and other	6,285	568	0.11%	0.02%	N/A	
Interest expense	15,647	10,654	0.28%	0.35%	47%	
Income before taxes and distributions on preferred securities of						

subsidiary						
trust	58,931	1.07%	45,155	1.49%	31%	
Taxes on income	23,042	0.42%	17,159	0.57%	34%	

Income before distributions on preferred securities of subsidiary trust	35,889	0.65%	27,996	0.92%	28%	
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Distributions on preferred securities of subsidiary trust, net of income tax benefit of \$871	1,306	0.02%	-	0.00%	N/A	
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Net income	\$34,583	0.63%	\$27,996	0.92%	24%	
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Earnings per share:						
Basic	\$0.49		\$0.54			
Assuming dilution	\$0.48		\$0.53			
Weighted average common shares outstanding:						
Basic	70,628		51,967			
Assuming dilution	77,613		52,770			

Pro forma results excluding merger costs, costs related to facility consolidations and employee severance and environmental remediation included in the three months ended September 30, 2001:

Operating income	\$101,265		\$56,377		
Net income	\$47,230		\$27,996		

Earnings per share:					
Basic	\$0.67		\$0.54		
Assuming dilution	\$0.64		\$0.53		

AMERISOURCEBERGEN CORPORATION
FINANCIAL SUMMARY

(In thousands, except per share data)

Year Ended	% of	Year Ended	% of
Sept, 30,	Operating	Sept. 30,	Operating
2001	Revenue	2000	Revenue
			Change

Revenue:					
Operating revenue	15,822,635	100.00%	\$11,609,995	100.00%	36%
Bulk deliveries to customer warehouses	368,718		35,026		
Total revenue	16,191,353		11,645,021		
Cost of goods sold	15,491,235		11,125,440		39%
Gross profit Operating	700,118	4.42%	519,581	4.48%	35%

expenses:					
Distribution, selling and administrative	397,848	2.51%	302,470	2.61%	32%
Depreciation and amortization	21,589	0.14%	16,109	0.14%	34%
Facility consolidations and employee severance	10,912	0.07%	(1,123)	-0.01%	N/A
Merger costs	13,109	0.08%	-	0.00%	-
Environmental remediation	(2,716)	-0.02%	-	0.00%	-

Operating income	259,376	1.64%	202,125	1.74%	28%
Equity in losses of affiliates and other	10,866	0.07%	568	0.00%	N/A
Interest expense	45,677	0.29%	41,857	0.36%	9%

Income before taxes and distributions on preferred securities of subsidiary trust	202,833	1.28%	159,700	1.38%	27%
Taxes on income	77,731	0.49%	60,686	0.52%	28%

Income before distributions on preferred securities of subsidiary trust	125,102	0.79%	99,014	0.85%	26%
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Distributions on preferred securities of subsidiary trust, net of income tax benefit of \$871	1,306	0.01%	-	0.00%	-
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Net income	\$123,796	0.78%	\$99,014	0.85%	25%
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Earnings per share:		
Basic	\$2.16	\$1.92
Assuming dilution	\$2.10	\$1.90

Weighted average common shares outstanding:		
Basic	57,185	51,552
Assuming dilution	62,807	52,020

Pro forma results excluding merger costs, costs related to facility consolidations and employee severance and environmental remediation included in the years ended September 30, 2001 and 2000, respectively:

Operating income	\$280,681	\$201,002
Net income	\$137,003	\$98,318

Earnings per share:		
Basic	\$2.40	\$1.91
Assuming dilution	\$2.31	\$1.89

AMERISOURCEBERGEN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

ASSETS

	September 30, 2001	September 30, 2000	\$ Change
Current assets:			
Cash and cash equivalents	\$ 297,626	\$ 120,818	\$ 176,808
Accounts receivable, net	2,127,663	623,961	1,503,702
Merchandise inventories	5,056,257	1,570,504	3,485,753
Prepaid expenses and other	15,956	5,336	10,620
Total current assets	7,497,502	2,320,619	5,176,883
Long-term assets	2,752,178	137,948	2,614,230
Total assets	\$10,249,680	\$ 2,458,567	\$ 7,791,113

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Accounts payable	\$ 4,991,884	\$ 1,584,133	\$ 3,407,751
Other current liabilities	532,739	167,336	365,403
Total current liabilities	5,524,623	1,751,469	3,773,154
Long-term debt, less current portion	1,582,295	413,217	1,169,078
Other liabilities	29,582	11,587	17,995
Company-obligated mandatorily redeemable preferred securities of subsidiary trust	274,616	--	274,616
Stockholders' equity	2,838,564	282,294	2,556,270
Total liabilities and stockholders' equity	\$10,249,680	\$ 2,458,567	\$ 7,791,113

AMERISOURCE HEALTH CORPORATION
EARNINGS PER SHARE

(In thousands, except per share data)
(unaudited)

Earnings per share is computed on the basis of the weighted average number of shares of common stock outstanding during the periods presented. Earnings per share-assuming dilution is computed on the basis of the weighted average number of shares of common stock outstanding during the period plus the dilutive effect of stock options. Additionally, the fiscal 2001 calculations consider the convertible subordinated notes as if converted and, therefore, the effect of interest expense related to those notes is added back to net income in determining income available to common stockholders.

	Three months ended September 30,	Year ended September 30,		
	2001	2000	2001	2000
Net income	\$ 34,583	\$ 27,996	\$123,796	\$ 99,014
Interest expense -				

convertible subordinated notes, net of income tax	2,513	--	8,112	--

Income available to common stockholders	\$ 37,096	\$ 27,996	\$131,908	\$ 99,014
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Weighted average number of shares of common stock outstanding	70,628	51,967	57,185	51,552
Effect of dilutive securities:				
Stock options	1,321	803	1,076	468
Convertible subordinated notes	5,664	--	4,546	--

Weighted average number of shares of common stock and dilutive potential common stock	77,613	52,770	62,807	52,020
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Earnings per share				
Basic	\$ 0.49	\$ 0.54	\$ 2.16	\$ 1.92
Assuming dilution	\$ 0.48	\$ 0.53	\$ 2.10	\$ 1.90

AMERISOURCEBERGEN CORPORATION
SUMMARY SEGMENT INFORMATION
(dollars in thousands)
Three Months Ended
September 30,

		%	
Operating Revenue	2001	2000	Change

Pharmaceutical			
Distribution	\$ 5,463,754	\$ 3,027,776	80%
PharMerica	116,719	--	N/M
Intersegment			
Eliminations	(64,126)	--	N/M

Operating revenue	\$ 5,516,347	\$ 3,027,776	82%
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Year Ended
September 30,

		%	
Operating Revenue	2001	2000	Change

Pharmaceutical			
Distribution	\$ 15,770,042	\$ 11,609,995	36%
PharMerica	116,719	--	N/M
Intersegment			
Eliminations	(64,126)	--	N/M

Operating revenue	\$ 15,822,635	\$ 11,609,995	36%
=====			

Three Months Ended
September 30,

		%	
Operating Income(a)	2001	2000	Change

Pharmaceutical			
Distribution	\$ 94,793	\$ 56,377	68%

PharMerica	6,472	--	N/M

Operating income	\$ 101,265	\$ 56,377	80%
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Percentages of operating revenue(a):

Pharmaceutical

Distribution

Gross profit	4.15%	4.58%
Operating expenses	2.42%	2.72%
Operating income	1.73%	1.86%

PharMerica

Gross profit	34.06%	--
Operating expenses	28.51%	--
Operating income	5.55%	--

AmerisourceBergen

Corporation

Gross profit	4.83%	4.58%
Operating expenses	3.00%	2.72%
Operating income	1.84%	1.86%

(a) Before special items

Year Ended
September 30,

		%	
Operating Income(a)	2001	2000	Change

Pharmaceutical

Distribution \$ 274,209 \$ 201,002 36%

PharMerica 6,472 -- N/M

Operating income	\$ 280,681	\$ 201,002	40%
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Percentages of operating revenue(a):

Pharmaceutical

Distribution

Gross profit	4.19%	4.48%
Operating expenses	2.45%	2.74%
Operating income	1.74%	1.73%

PharMerica

Gross profit	34.06%	--
Operating expenses	28.51%	--
Operating income	5.55%	--

AmerisourceBergen

Corporation

Gross profit	4.42%	4.48%
Operating expenses	2.65%	2.74%
Operating income	1.77%	1.73%

(a) Before special items

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