

## **AmeriSource Reports Record Revenue and Earnings for Fiscal Second Quarter; Operating Revenue Up 23 Percent, Net Income Up 30 Percent, EPS Hits \$.57**

April 26, 2001

VALLEY FORGE, Pa.--(BW HealthWire)--April 26, 2001--AmeriSource Health Corporation (NYSE:AAS) today reported record results for its second fiscal quarter and six months ended March 31, 2001.

Operating revenue for the quarter increased 23 percent to a record of \$3.5 billion compared to \$2.8 billion for the same period last year. Net income for the quarter was up 30 percent to \$31.5 million, from \$24.3 million in the previous year's second quarter. Earnings per share for the fiscal second quarter were also a record at \$.57 per diluted share, a 21 percent increase over the prior year.

For the first six months of fiscal 2001, operating revenue increased 20 percent to a six-month record \$6.8 billion compared to \$5.7 billion in the prior year. Net income for the first six months of fiscal 2001 increased 26 percent to \$57.7 million from \$45.9 million in the year-ago period. Earnings per share for the six-month period, also a record, were up 20 percent to \$1.07 per diluted share compared to \$0.89 per diluted share for the same period one year ago.

R. David Yost, AmeriSource Chairman and Chief Executive Officer, said, "This was another outstanding, record-setting quarter and six-month performance for AmeriSource, with robust revenue growth, significantly lower expense ratios, excellent return on committed capital (ROCC), and record earnings per share. All customer groups contributed to strong revenue growth. Total operating expenses as a percentage of operating revenue were below 2.50 percent for the first time. ROCC increased to 26.2 percent, well ahead of our 20 percent target, and earnings per share continued to show strong year over year growth in line with our long-term goals.

"Our solid performance continues to reflect the growth of the pharmaceutical marketplace and our ability to grow our current account base and capture new business while achieving our profitability goals.

"Industry growth, which is driven by favorable demographics more than general economic conditions, remains strong. Overall pharmaceutical dollar sales are projected to increase at a compounded annual growth rate of 13.8 percent over the next five years, according to IMS Health, a leading healthcare data service.

"Our strong revenue growth reflects our exceptional customer service. Our customer service performance continues to be anchored in execution at the distribution center level. We also continued to deliver on productivity improvement, both through the implementation of cost reduction programs and by holding down costs, while growing revenue."

Commenting on specifics of the quarter, Kurt J. Hilzinger, AmeriSource President and Chief Operating Officer, said, "Our Health Systems group, which leads the acute-care market, continued to build revenue momentum this quarter, as we completed assimilating \$500 million in annualized, incremental business from Novation, a major hospital group purchasing organization. In the fast-growing Alternate Site group, we continued to add new accounts to our growing base.

"Our chain drugstore and independent community pharmacy customer groups continued to contribute to our revenue growth for the quarter. The recently announced three-year contract with Horizon Pharmacies, Inc., a national drugstore chain, and yesterday's announcement of the three-year agreement with Universal Health, LLC, a buying group for community pharmacies, will contribute to future growth in our retail businesses.

"Our centralization initiatives completed last year contributed to strong levels of procurement performance, expense control and capital productivity."

For the second quarter of fiscal 2001, the Company's gross margin as a percentage of operating revenue was 4.34 percent versus 4.64 percent in the prior year. This expected year-to-year decline in gross margin primarily reflects a shift in customer mix and a competitive marketplace. The Company's customer mix in the current quarter was 53 percent institutional, which encompasses Health Systems and Alternate Site customer groups, and 47 percent retail, including Independent Community Pharmacies and Chain Drugstores. In the same period last year, the customer mix was 51 percent institutional and 49 percent retail.

Total operating expenses as a percentage of operating revenue declined 35 basis points to a record low 2.49 percent in the second quarter of fiscal 2001 from 2.84 percent a year ago. For the comparable six-month periods, the ratio declined 22 basis points to a record 2.51 percent in fiscal 2001 from 2.73 percent last year. This reduction, which was accomplished while continuing to invest in future initiatives, was driven by the shift in customer mix, efficiencies of scale, and cost reductions aided by the centralization efforts.

The Company's operating income advanced 26 percent to \$64.4 million in the second quarter of fiscal year 2001 from \$51.1 million for the same quarter last year. For the fiscal second quarter, operating margin as a percentage of operating revenue, improved to

- 1.85 percent compared to 1.80 percent for the prior year period. Interest expense was down slightly to \$11.8 million, reflecting the combined impact of higher average levels of debt, lower borrowing spreads and rates, as well as the impact of the Company's \$300 million of fixed rate convertible notes issued in mid-December of last year.

In looking ahead, Mr. Yost said, "AmeriSource is extremely well-positioned in the healthcare supply channel. Differentiated by exceptional customer service, disciplined operational expertise and the strongest balance sheet in our history, we continue to grow our diverse customer portfolio both internally and by adding new accounts. We continue to move forward under our recently announced agreement to combine with Bergen Brunswig to create a new company, called AmeriSource-Bergen Corporation. As planned, we have begun regulatory filings and high-level integration planning, even as each company remains focused on its business. This prospective business combination enhances our confidence that we can sustain a long-term earnings per share growth rate of 20 percent for our shareholders."

AmeriSource Health Corporation, with approximately \$14 billion in annualized operating revenue, is a leading distributor of pharmaceutical and related healthcare products and 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](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 and system initiatives, market interest rates, regulatory changes, 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 2000 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.

In connection with their proposed merger, AmeriSource and Bergen Brunswig will file a joint proxy statement/prospectus with the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain a free copy of the joint proxy statement/prospectus (when available) and other documents filed by AmeriSource and Bergen Brunswig at the Securities and Exchange Commission's web site at [www.sec.gov](http://www.sec.gov).

The joint proxy statement/prospectus and such other documents may also be obtained for free from AmeriSource by directing such request to AmeriSource Health Corporation, General Counsel, 1300 Morris Drive, Suite 100, Chesterbrook, Pennsylvania 19087-5594, Telephone: (610) 727-7000. AmeriSource's directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from its stockholders in connection with the proposed merger. Information concerning AmeriSource's participants in the solicitation is set forth in AmeriSource's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 19, 2001.

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

	Three Months Ended March 31, 2001	% of Operating Revenue	Three Months Ended March 31, 2000	% of Operating Revenue	%
					Change
	-----		-----		
Revenue:					
Operating revenue	\$3,480,685	100.00%	\$2,832,041	100.00%	23%
Bulk deliveries to customer warehouses	313		10,162		
	-----		-----		
Total revenue	3,480,998		2,842,203		
Cost of goods sold:					
Operating cost of goods sold	3,329,516	95.66%	2,700,635	95.36%	23%
Cost of goods sold - bulk deliveries	313		10,162		
	-----		-----		
Total cost of goods sold	3,329,829		2,710,797		
	-----		-----		
Gross profit	151,169	4.34%	131,406	4.64%	15%
Operating expenses:					
Selling and administrative	82,462	2.37%	76,323	2.69%	8%
Depreciation and amortization	4,281	0.12%	3,969	0.14%	8%

Operating income	64,426	1.85%	51,114	1.80%	26%
Equity in net loss of unconsolidated affiliate	1,801		0		
Interest expense	11,793	0.34%	11,922	0.42%	-1%
Income before taxes	50,832	1.46%	39,192	1.38%	30%
Taxes on income	19,316	0.55%	14,893	0.53%	30%
Net income	\$ 31,516	0.91%	\$ 24,299	0.86%	30%

Earnings per share:					
Basic	\$ 0.60		\$ 0.47		
Assuming dilution	\$ 0.57		\$ 0.47		

Weighted average common shares outstanding:					
Basic	52,701		51,370		
Assuming dilution	59,349		51,732		

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

	Six Months Ended March 31, 2001	% of Operating Revenue	Six Months Ended March 31, 2000	% of Operating Revenue	% Change
Revenue:					
Operating revenue	\$6,787,436	100.00%	\$5,660,795	100.00%	20%
Bulk deliveries to customer warehouses	757		20,790		
Total revenue	6,788,193		5,681,585		
Cost of goods sold:					
Operating cost of goods sold	6,498,834	95.75%	5,409,462	95.56%	20%
Cost of goods sold - bulk deliveries	757		20,790		

Total cost of goods sold	6,499,591		5,430,252		
Gross profit	288,602	4.25%	251,333	4.44%	15%
Operating expenses:					
Selling and administrative	162,107	2.39%	146,568	2.59%	11%
Depreciation and amortization	8,175	0.12%	7,916	0.14%	3%
Operating income	118,320	1.74%	96,849	1.71%	22%
Equity in net loss of unconsolidated affiliate	2,575		0		
Interest expense	22,669	0.33%	22,820	0.40%	-1%
Income before taxes	93,076	1.37%	74,029	1.31%	26%
Taxes on income	35,369	0.52%	28,131	0.50%	26%
Net income	\$ 57,707	0.85%	\$ 45,898	0.81%	26%
Earnings per share:					
Basic	\$ 1.10		\$ 0.89		
Assuming dilution	\$ 1.07		\$ 0.89		
Weighted average common shares outstanding:					
Basic	52,528		51,329		
Assuming dilution	56,939		51,612		

AMERISOURCE HEALTH CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(dollars in thousands)

ASSETS	(unaudited)		
	March 31, 2001	Sept. 30, 2000	Increase (Decrease)
Current assets:			
Cash and cash equivalents	\$ 126,268	\$ 120,818	\$ 5,450
Accounts receivable, less allowance for doubtful accounts	676,654	623,961	52,693

Merchandise inventories	1,820,202	1,570,504	249,698
Prepaid expenses and other	4,341	5,336	(995)
	-----	-----	-----
Total current assets	2,627,465	2,320,619	306,846
Property and equipment, net	69,154	64,962	4,192
Other assets, less accumulated amortization	87,791	72,986	14,805
	-----	-----	-----
Total assets	\$ 2,784,410	\$ 2,458,567	\$ 325,843
	=====	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 1,756,364	\$ 1,584,133	\$ 172,231
Accrued expenses and other	51,733	49,398	2,335
Accrued income taxes	11,257	12,284	(1,027)
Deferred income taxes	118,472	105,654	12,818
	-----	-----	-----
Total current liabilities	1,937,826	1,751,469	186,357

Long-term debt:

Revolving credit facility	0	20,000	(20,000)
Receivables securitization financing	171,181	385,000	(213,819)
Convertible subordinated notes	300,000	0	300,000
Other debt	2,432	8,217	(5,785)
Other liabilities	7,534	11,587	(4,053)

Stockholders' equity:

Common stock and capital in excess of par value	309,568	284,132	25,436
Retained earnings	62,089	4,382	57,707
Cost of common stock in treasury	(6,220)	(6,220)	0
	-----	-----	-----
Total stockholders' equity	365,437	282,294	83,143
	-----	-----	-----

Total liabilities

and stockholders' equity	\$ 2,784,410	\$ 2,458,567	\$ 325,843
	=====	=====	=====

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		Six months ended	
	March 31,		March 31,	
	2001	2000	2001	2000
	-----	-----	-----	-----
Net income	\$31,516	\$24,299	\$57,707	\$45,898
Interest expense - convertible subordinated notes, net of income taxes	2,528	--	3,086	--
	-----	-----	-----	-----
Income available to common stockholders	\$34,044	\$24,299	\$60,793	\$45,898
	=====	=====	=====	=====

Weighted average number of shares of common stock outstanding	52,701	51,370	52,528	51,329
Effect of dilutive securities:				
Stock options	984	362	988	283
Convertible subordinated notes	5,664	--	3,423	--
	-----	-----	-----	-----

Weighted average number of shares of common stock and dilutive potential common stock	59,349	51,732	56,939	51,612
	=====	=====	=====	=====

Earnings per share:				
Basic	\$ 0.60	\$ 0.47	\$ 1.10	\$ 0.89
Assuming dilution	\$ 0.57	\$ 0.47	\$ 1.07	\$ 0.89

**CONTACT:** AmeriSource Health Corporation  
Michael N. Kilpatric, 610/727-7118  
mkilpatric@amerisource.com