

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	September 30,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,435,115	\$ 2,741,832
Accounts receivable, less allowances for returns and doubtful accounts: 2017 — \$1,050,361; 2016 — \$905,345	10,303,324	9,175,876
Merchandise inventories	11,461,428	10,723,920
Prepaid expenses and other	103,432	210,219
Total current assets	24,303,299	22,851,847
Property and equipment, at cost:		
Land	40,302	40,290
Buildings and improvements	979,589	859,148
Machinery, equipment, and other	2,071,314	1,717,298
Total property and equipment	3,091,205	2,616,736
Less accumulated depreciation	(1,293,260)	(1,086,054)
Property and equipment, net	1,797,945	1,530,682
Goodwill	6,044,281	5,991,497
Other intangible assets	2,833,281	2,967,849
Other assets	337,664	295,626
TOTAL ASSETS	\$ 35,316,470	\$ 33,637,501
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 25,404,042	\$ 23,926,320
Accrued expenses and other	1,402,002	743,839
Short-term debt	12,121	610,210
Total current liabilities	26,818,165	25,280,369
Long-term debt	3,429,934	3,576,493
Long-term financing obligation	351,635	275,991
Deferred income taxes	2,492,612	2,214,774
Other liabilities	159,663	160,470
Stockholders' equity:		
Common stock, \$0.01 par value — authorized, issued, and outstanding: 2017 — 600,000,000 shares, 280,584,076 shares and 217,993,598 shares; 2016 — 600,000,000 shares, 277,753,762 shares and 220,050,502 shares	2,806	2,778
Additional paid-in capital	4,517,635	4,333,001
Retained earnings	2,395,218	2,303,941
Accumulated other comprehensive loss	(95,850)	(114,308)
Treasury stock, at cost: 2017 — 62,590,478 shares; 2016 — 57,703,260 shares	(4,755,348)	(4,396,008)
Total stockholders' equity	2,064,461	2,129,404
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 35,316,470	\$ 33,637,501

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)	Fiscal Year Ended September 30,		
	2017	2016	2015
Revenue	\$ 153,143,826	\$ 146,849,686	\$ 135,961,803
Cost of goods sold	148,597,824	142,577,080	132,432,490
Gross profit	4,546,002	4,272,606	3,529,313
Operating expenses:			
Distribution, selling, and administrative	2,128,730	2,091,237	1,907,840
Depreciation	237,100	212,242	192,144
Amortization	160,503	152,493	56,491
Warrants	—	140,342	912,724
Employee severance, litigation, and other	959,327	102,911	37,894
Pension settlement	—	47,607	—
Operating income	1,060,342	1,525,774	422,220
Other (income) loss	(2,730)	(5,048)	13,598
Impairment charge on equity investment	—	—	30,622
Interest expense, net	145,185	139,912	109,036
Income before income taxes	917,887	1,390,910	268,964
Income tax expense (benefit)	553,403	(37,019)	407,129
Net income (loss)	\$ 364,484	\$ 1,427,929	\$ (138,165)
Earnings per share:			
Basic	\$ 1.67	\$ 6.73	\$ (0.63)
Diluted	\$ 1.64	\$ 6.32	\$ (0.63)
Weighted average common shares outstanding:			
Basic	218,375	212,206	217,786
Diluted	221,602	225,959	217,786

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Fiscal Year Ended September 30,		
	2017	2016	2015
Net income (loss)	\$ 364,484	\$ 1,427,929	\$ (138,165)
Other comprehensive income (loss):			
Net change in foreign currency translation adjustments	16,540	(9,311)	(84,142)
Benefit plan funded status adjustments net of tax of \$928, \$333, and \$1,055, respectively	1,657	(562)	(4,607)
Pension plan adjustment, net of tax of \$19,054	—	31,538	—
Other	261	360	4,462
Total other comprehensive income (loss)	18,458	22,025	(84,287)
Total comprehensive income (loss)	\$ 382,942	\$ 1,449,954	\$ (222,452)

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands)	Fiscal Year Ended September 30,		
	2017	2016	2015
OPERATING ACTIVITIES			
Net income (loss)	\$ 364,484	\$ 1,427,929	\$ (138,165)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, including amounts charged to cost of goods sold	262,420	232,538	193,290
Amortization, including amounts charged to interest expense	169,911	159,628	62,698
Provision for doubtful accounts	8,934	13,124	8,119
Provision (benefit) for deferred income taxes	319,069	(130,927)	20,826
Warrants expense	—	140,342	912,724
Share-based compensation expense	62,206	64,992	60,944
LIFO (credit) expense	(157,782)	200,230	542,807
Pension settlement	—	47,607	—
(Gain) loss on sale of businesses	(3,677)	—	12,953
Impairment charge on equity investment	—	—	30,622
Other	11,421	(5,171)	(11,604)
Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures:			
Accounts receivable	(1,277,896)	(912,724)	(1,478,793)
Merchandise inventories	(431,454)	(1,107,252)	(1,379,189)
Prepaid expenses and other assets	33,646	(46,159)	(37,131)
Accounts payable	1,473,389	3,011,508	4,957,227
Accrued expenses	661,174	(43,267)	152,762
Income taxes and other liabilities	8,293	126,099	12,138
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,504,138	3,178,497	3,922,228
INVESTING ACTIVITIES			
Capital expenditures	(466,397)	(464,616)	(231,585)
Cost of acquired companies, net of cash acquired	(61,648)	(2,731,356)	(2,633,412)
Cost of equity investments	(11,347)	(19,034)	—
Proceeds from sales of businesses	12,094	—	17,163
Proceeds from sales of investment securities available-for-sale	74,778	101,829	—
Purchases of investment securities available-for-sale	(48,635)	(42,083)	(86,214)
Other	3,114	(13,919)	2,883
NET CASH USED IN INVESTING ACTIVITIES	(498,041)	(3,169,179)	(2,931,165)
FINANCING ACTIVITIES			
Term loan and senior notes borrowings	—	1,000,000	1,996,390
Senior notes and term loan repayments	(750,000)	(800,000)	(500,000)
Borrowings under revolving and securitization credit facilities	9,336,400	8,846,876	111,100
Repayments under revolving and securitization credit facilities	(9,335,953)	(8,333,662)	(111,100)
Purchases of common stock	(329,929)	(2,266,344)	(1,859,106)
Exercises of warrants	—	2,360,479	—
Exercises of stock options, including excess tax benefits of \$88,116 in fiscal 2015	102,923	74,768	193,991
Cash dividends on common stock	(320,270)	(288,477)	(253,919)
Purchases of call options	—	—	(180,000)
Employee tax withholdings related to restricted share vesting	(9,411)	(22,148)	(14,511)
Other	(6,574)	(6,420)	(14,979)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(1,312,814)	565,072	(632,134)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(306,717)	574,390	358,929
Cash and cash equivalents at beginning of year	2,741,832	2,167,442	1,808,513
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,435,115	\$ 2,741,832	\$ 2,167,442

See notes to consolidated financial statements.