

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2015	September 30, 2014
	(In thousands, except share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,167,442	\$ 1,808,513
Accounts receivable, less allowances for returns and doubtful accounts:		
2015 — \$899,764; 2014 — \$998,383	8,222,951	6,312,883
Merchandise inventories	9,755,094	8,593,852
Prepaid expenses and other	189,001	84,957
Total current assets	20,334,488	16,800,205
Property and equipment, at cost:		
Land	39,499	37,538
Buildings and improvements	413,854	359,037
Machinery, equipment and other	1,449,545	1,295,854
Total property and equipment	1,902,898	1,692,429
Less accumulated depreciation	(923,647)	(792,847)
Property and equipment, net	979,251	899,582
Goodwill and other intangible assets	6,123,944	3,481,744
Other assets	298,474	350,652
TOTAL ASSETS	\$ 27,736,157	\$ 21,532,183
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 20,886,439	\$ 15,592,834
Accrued expenses and other	679,309	561,863
Deferred income taxes	1,135,017	1,095,463
Total current liabilities	22,700,765	17,250,160
Long-term debt	3,493,048	1,995,632
Deferred income taxes	819,188	241,205
Other liabilities	89,636	88,287
Stockholders' equity:		
Common stock, \$0.01 par value — authorized, issued and outstanding:		
600,000,000 shares, 274,991,824 shares and 206,891,873 shares at September 30, 2015, respectively, and 600,000,000 shares, 271,126,753 shares and 221,908,650 shares at September 30, 2014, respectively	2,750	2,711
Additional paid-in capital	3,736,477	2,749,185
Retained earnings	1,181,623	1,570,429
Accumulated other comprehensive loss	(136,333)	(52,046)
Treasury stock, at cost: 2015 — 68,099,951 shares; 2014 — 49,218,103 shares	(4,150,997)	(2,313,380)
Total stockholders' equity	633,520	1,956,899
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 27,736,157	\$ 21,532,183

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended September 30,		
	2015	2014	2013
	(In thousands, except per share data)		
Revenue	\$135,961,803	\$119,569,127	\$ 87,959,167
Cost of goods sold	132,432,490	116,586,761	85,451,348
Gross profit	3,529,313	2,982,366	2,507,819
Operating expenses:			
Distribution, selling and administrative	1,918,045	1,587,261	1,333,712
Depreciation	186,789	159,328	135,047
Amortization	56,491	25,962	27,139
Warrants	912,724	422,739	90,055
Employee severance, litigation and other	37,894	8,192	23,467
Operating income	417,370	778,884	898,399
Other loss (income)	13,598	(4,360)	44
Impairment charge on equity investment	30,622	—	—
Interest expense, net	99,001	76,862	73,897
Loss on early retirement of debt	—	32,954	—
Income from continuing operations before income taxes	274,149	673,428	824,458
Income taxes	409,036	389,398	331,023
(Loss) income from continuing operations	(134,887)	284,030	493,435
Loss from discontinued operations, net of income tax expense of \$0 and \$9,638 for fiscal 2014 and 2013, respectively	—	(7,546)	(59,728)
Net (loss) income	<u>\$ (134,887)</u>	<u>\$ 276,484</u>	<u>\$ 433,707</u>
Earnings per share:			
Basic earnings per share:			
Continuing operations	\$ (0.62)	\$ 1.25	\$ 2.14
Discontinued operations	—	(0.03)	(0.26)
Total	<u>\$ (0.62)</u>	<u>\$ 1.22</u>	<u>\$ 1.88</u>
Diluted earnings per share:			
Continuing operations	\$ (0.62)	\$ 1.21	\$ 2.10
Discontinued operations	—	(0.03)	(0.25)
Rounding	—	(0.01)	(0.01)
Total	<u>\$ (0.62)</u>	<u>\$ 1.17</u>	<u>\$ 1.84</u>
Weighted average common shares outstanding:			
Basic	217,786	227,367	231,067
Diluted	217,786	235,405	235,345

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year Ended September 30,		
	2015	2014	2013
	(In thousands)		
Net (loss) income	\$ (134,887)	\$ 276,484	\$ 433,707
Other comprehensive loss:			
Net change in foreign currency translation adjustments	(84,142)	(18,544)	(14,181)
Benefit plan funded status adjustments net of tax of \$1,055, \$1,361, and \$7,992, respectively	(4,607)	2,400	11,216
Other	4,462	(419)	139
Total other comprehensive loss	(84,287)	(16,563)	(2,826)
Total comprehensive (loss) income	<u>\$ (219,174)</u>	<u>\$ 259,921</u>	<u>\$ 430,881</u>

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended September 30,		
	2015	2014	2013
	(In thousands)		
OPERATING ACTIVITIES			
Net (loss) income	\$ (134,887)	\$ 276,484	\$ 433,707
Loss from discontinued operations	—	7,546	59,728
(Loss) income from continuing operations	(134,887)	284,030	493,435
Adjustments to reconcile (loss) income from continuing operations to net cash provided by operating activities:			
Depreciation, including amounts charged to cost of goods sold	187,935	162,089	138,690
Amortization, including amounts charged to interest expense	61,665	30,644	32,103
Provision for doubtful accounts	8,119	26,634	20,118
Provision for deferred income taxes	22,733	39,312	25,573
Warrant expense	912,724	422,739	90,055
Share-based compensation	60,944	43,107	36,275
Loss on sale of business	12,953	—	—
Impairment charge on equity investment	30,622	—	—
Loss on early retirement of debt	—	32,954	—
Other	(11,604)	(6,539)	3,727
Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures:			
Accounts receivable	(1,478,793)	(938,286)	(2,312,518)
Merchandise inventories	(836,382)	(956,506)	(1,486,572)
Prepaid expenses and other assets	(37,131)	21,107	(169,745)
Accounts payable, accrued expenses, and income taxes	5,125,914	2,317,589	3,818,288
Other liabilities	(4,433)	(8,175)	12,559
Net cash provided by operating activities-continuing operations	3,920,379	1,470,699	701,988
Net cash (used in) provided by operating activities-discontinued operations	—	(7,546)	86,137
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,920,379	1,463,153	788,125
INVESTING ACTIVITIES			
Capital expenditures	(231,585)	(264,457)	(202,450)
Cost of acquired companies, net of cash acquired	(2,633,412)	(9,103)	—
Cost of equity investments	—	(117,794)	—
Proceeds from sales of businesses	17,163	—	329,980
Purchases of investment securities available-for-sale	(86,214)	—	—
Other	2,883	7,199	1,402
Net cash (used in) provided by investing activities-continuing operations	(2,931,165)	(384,155)	128,932
Net cash used in investing activities-discontinued operations	—	—	(11,672)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(2,931,165)	(384,155)	117,260
FINANCING ACTIVITIES			
Long-term debt borrowings	1,996,390	1,097,927	—
Long-term debt repayments	(500,000)	(531,525)	—
Borrowings under revolving and securitization credit facilities	111,100	17,584,500	2,330,000
Repayments under revolving and securitization credit facilities	(111,100)	(17,584,500)	(2,330,000)
Purchases of common stock	(1,859,106)	(753,926)	(484,176)
Exercises of stock options, including excess tax benefits of \$88,116, \$46,341, and \$41,222, in fiscal 2015, 2014, and 2013, respectively	193,991	127,906	155,713
Cash dividends on common stock	(253,919)	(214,469)	(195,716)
Purchases of call options	(180,000)	(211,397)	(157,295)
Debt issuance costs and other	(27,641)	(16,007)	(8,975)
Net cash used in financing activities-continuing operations	(630,285)	(501,491)	(690,449)
Net cash used in financing activities-discontinued operations	—	—	(50,538)
NET CASH USED IN FINANCING ACTIVITIES	(630,285)	(501,491)	(740,987)
INCREASE IN CASH AND CASH EQUIVALENTS	358,929	577,507	164,398
Cash and cash equivalents at beginning of year	1,808,513	1,231,006	1,066,608
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,167,442	\$ 1,808,513	\$ 1,231,006

See notes to consolidated financial statements.