

2017 Summary Annual Report



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About AmerisourceBergen

AmerisourceBergen is one of the largest global pharmaceutical sourcing and distribution services companies, helping both healthcare providers and pharmaceutical and biotech manufacturers improve patient access to products and enhance patient care. With services ranging from drug distribution and niche premium logistics to reimbursement and pharmaceutical consulting services, AmerisourceBergen delivers innovative programs and solutions across the pharmaceutical supply channel in human and animal health. With over \$153 billion in annual revenue, AmerisourceBergen is headquartered in Valley Forge, PA, and employs approximately 21,000 people around the world. AmerisourceBergen is ranked #11 on the Fortune 500 list.

We distribute a comprehensive offering of brand name and generic pharmaceuticals - including specialty pharmaceutical products, over-the-counter healthcare products, homehealthcare supplies and equipment, outsourced compounded sterile preparations, and related services to a wide variety of healthcare providers located in the United States and select global markets. Our customers include chain retail and independent pharmacies, mail order pharmacies, acute care hospitals and health systems, physician practices, medical and dialysis clinics, long-term care and other alternate site pharmacies, veterinarians, and others. Additionally, we furnish healthcare providers and pharmaceutical manufacturers with an assortment of related high-value services, including reimbursement and pharmaceutical consulting services, niche premium logistics services, inventory management, pharmacy automation, and pharmacy management.

Highly Differentiated & Strongly Positioned for Growth



Best Customer Base



Innovative Services & Solutions



Leadership in Specialty Distribution & Services



Successful Financial Stewardship

Creating Healthier Futures

We are a global pharmaceutical sourcing and distribution services company, helping both healthcare providers and pharmaceutical manufacturers improve patient access to products and enhance patient care.

How We Will Continue to Drive Value



Leverage Scale



Enhance Access



**Drive Performance
& Execute**



Expand Advantage

Please visit our website, investor.amerisourcebergen.com for the most current corporate news and financial results.

CEO Statement

To our Stockholders:



Steve Collis
President, Chairman & CEO

I am pleased to report strong financial and operational performance in fiscal 2017. We are extremely proud of this execution, especially against the backdrop of a dynamic and ever-evolving healthcare landscape. We grew our revenues a solid 4% to \$153.1 billion and, on the basis of U.S. generally accepted accounting principles, diluted earnings per share was \$1.64. Adjusted diluted earnings per share increased 5% to \$5.88 due to AmerisourceBergen's ability to successfully

navigate current market conditions, maintain our operating income level and thoughtfully deploy capital.¹ Over the course of my six years as CEO, we have continued to build and grow AmerisourceBergen into a market-leading healthcare services company. In 2017, for the second consecutive year, our performance earned us the #1 spot on the Barron's 500 list. We ranked #11 on the 2017 Fortune 500 list and we now have more than 150 offices in 50 countries and 20,000 dedicated associates worldwide.



We grew our revenues a solid 4% to \$153.1 billion, and on the basis of U.S. generally accepted accounting principles, diluted earnings per share was \$1.64. Adjusted diluted earnings per share increased 5% to \$5.88.

We continue to believe that AmerisourceBergen has a differentiated value proposition in the industry. We have a fast-growing base of key, strategic customer relationships, including Walgreens Boots Alliance, Express Scripts Holding Co., Kaiser Permanente, Humana Inc. and Compliant Pharmacy Alliance Cooperative. We offer the most innovative services and solutions to both our downstream provider customers and upstream manufacturer partners. AmerisourceBergen is the undeniable leader in Specialty product distribution and services. Additionally, we have a proven track record of successful financial stewardship. AmerisourceBergen's strong operating platform supports growth for our customers and, ultimately, enhances patient access to quality healthcare.

¹ See page 14 for more information regarding the non-GAAP financial measure adjusted diluted earnings per share.



In fiscal 2017, our Pharmaceutical Distribution Services segment had solid revenue growth of 4%. Despite significant market headwinds, this segment successfully increased customer compliance and grew Generic product volume, offsetting higher than historical average deflation rates. We also brought five of our seven planned new, state-of-the-art distribution centers online, increasing our network's size, scale and efficiency. In June, we seamlessly on-boarded and began servicing the AllianceRx Walgreens Prime business and are fully prepared to service the nearly 2,000 Rite Aid stores that will be acquired by Walgreens in fiscal 2018.

We are the leader in the distribution of Specialty drugs and our legacy Specialty business delivered another year of excellent growth. In fact, in the fourth quarter of fiscal 2017, the legacy Specialty business marked its 15th straight quarter of revenue growth at or above 10%. Throughout the year, this business drove strong performance and increased volumes, especially in oncology and the growing immunology space. Given the critical role of Specialty in the healthcare landscape, our strong leadership in the space and its compelling growth profile, we believe Specialty is core to what we do across all of our businesses.

We also undertook a comprehensive quality assurance and quality control initiative at PharMEDium in fiscal 2017.

This strategic investment in enhanced testing systems and procedures resulted in a reduction in our production levels, but ultimately will optimize our quality procedures and practices. We believe this will better position PharMEDium in the long run to continue to be the trusted, high quality sterile compounding partner for our customers.

In fiscal 2017, Other—Global Commercialization Services & Animal Health—continued to deliver very strong results,



AmerisourceBergen's strong operating platform supports growth for our customers and, ultimately, enhances patient access to quality healthcare.

with impressive revenue growth of 10%. Overall, we are very pleased with the core fundamentals of the three businesses in Other. All remain the undisputed market leaders in their respective sectors. In consulting and patient services, we are proud of the deep expertise we have in developing patient access and adherence programs and the proven experience we bring to bear for our customers in the regulatory, compliance and policy areas. This year, we began the implementation of our innovative Fusion technology system in our Lash Consulting business. Fusion is a game-changer; we believe it is a best-in-class patient support system that will provide a significant competitive advantage for Lash, and should be highly valued by our manufacturer partners and also enable a better patient experience. And, because of this, we believe it will help drive growth and long-term efficiency for our Consulting business.

The AmerisourceBergen global footprint is vastly expanded by our growing World Courier business. The undisputed leader in premium clinical trial logistics, World Courier is an important part of the high value services we provide to manufacturers as they work to research, develop and commercialize new pharmaceutical products. World Courier continues to be a strong performer for AmerisourceBergen—it set another new record for the number of shipments in fiscal 2017—and we anticipate continued growth and leadership from the business.

Finally, our MWI Animal Health business continues to be not only the largest, but also the fastest-growing, U.S. animal health distributor. MWI offers our manufacturer customers a best-in-class sales force and proven commercialization services. As a result, the business consistently delivers strong volume and revenue growth, especially in the rapidly expanding companion pet market. As we move into fiscal 2018, MWI is further differentiating itself, working to launch the next





generation of its innovative e-commerce platform, which is growing at two times the business's organic growth rate.

We are continuing to innovate and evolve as we execute and grow. In 2017, AmerisourceBergen announced a transformation designed to further align the organization to its customer needs in a more seamless and unified way, while supporting corporate strategy and accelerating growth. We are evolving our business to provide both our upstream manufacturer and downstream provider customers with an integrated experience that makes it easier for them to not only do business with AmerisourceBergen, but to operate their business. We are reshaping our business to maximize efficiency and streamline interaction. In fiscal 2018, the Company's customer-facing offerings are now aligned under two groups that are integrated, collaborative and optimized:

- Pharmaceutical Distribution & Strategic Global Sourcing—includes services to retail chain and independent pharmacies, health systems, physician practices and alternate care sites as well as AmerisourceBergen's sourcing, repackaging and specialty pharmacy capabilities.
- Global Commercialization Services & Animal Health—includes solutions for product commercialization and patient access, international development and animal health.

Our transformation efforts will strongly position AmerisourceBergen as we move forward. We are utilizing our scale and expertise to maximize our portfolio. We are leveraging our scale, enhancing access, driving performance and execution and continuing to build advantage—all to

most effectively serve our customers and patients while driving growth and delivering value to our shareholders.

Importantly, as we enter 2018, AmerisourceBergen continues to be a diverse, inclusive, purpose-driven organization that cares for the communities it serves. We are united in our responsibility to create healthier futures. In 2017, the Company earned a perfect score of 100% on the Corporate Equality Index, a national benchmarking survey and report on corporate policies related to LGBTQ workplace equality, administered by the Human Rights Campaign Foundation.



We are evolving.
We are growing and
we are united in our
responsibility to create
healthier futures.
Our associates are
experienced, dedicated
and helping to shape
our culture, power our
corporate transformation
and drive our growth.



In 2017 we also stood shoulder-to-shoulder with communities to face and address numerous challenges. For example, Texas, Florida, Puerto Rico and other areas were battered by some of the worst hurricanes in recent history. I am so proud of the way our entire team worked together seamlessly, collaboratively and tirelessly during the storms. AmerisourceBergen's preparedness and rapid action ensured that our associates and their families were safe and that we were able to continue to operate, deliver products and services and ensure access to critical—sometimes life-saving—treatments for patients. Due to the preventative steps and comprehensive preparations of our operations team, I am also happy to report that none of our AmerisourceBergen facilities sustained material damage and that our business was not dramatically impacted.

There is another challenge that is critically important to AmerisourceBergen and that affects all of us—opioids and the rising levels of their abuse. AmerisourceBergen understands and appreciates the enormity of this epidemic—both for the healthcare industry and for the country more broadly—and we are mobilized to address it. We are working diligently at ABC, collaboratively across our industry with other distributors and the Healthcare Distribution Alliance (HDA) and very closely with legislators, policy makers and regulatory agencies to continue to monitor and stop suspicious orders and minimize and deter diversion. We continue to invest millions of dollars in our best-in-class Diversion Control Team. In addition to our continued reporting and stopping of orders determined to be suspicious, we also continue to provide daily reports about the quantity, type and receiving pharmacy of every single order of controlled substances we distribute to regulatory and enforcement professionals. Additionally, along with our partner Walgreens, we have expanded the Safe Medication Disposal Kiosks take-back program and our

Good Neighbor Pharmacy safe drug disposal program in conjunction with the national DEA Prescription Drug Take-Back Day. Our AmerisourceBergen Foundation is also actively working to support a broader range of grants and educational programs. AmerisourceBergen takes very seriously our role in the supply chain and our responsibility to patients—getting FDA-approved drugs from pharmaceutical companies that manufacturer them to DEA-registered pharmacies that dispense them based on prescriptions written by licensed healthcare providers. We will continue to work diligently and collaboratively to address this challenge in 2018 and beyond.

In summary, AmerisourceBergen is strong. We are evolving. We are growing and we are united in our responsibility to create healthier futures. Our associates are experienced, dedicated and helping to shape our culture, power our corporate transformation and drive our growth.

At AmerisourceBergen, we will continue to think, plan and act strategically to serve our customers and patients, accomplish our goals and build long-term sustainable shareholder value.

Sincerely,

Steven H. Collis
Chairman, President & Chief Executive Officer

2017 Overview

\$150+
billion



in annual
revenue



21,000
associates

11

on the 2017
FORTUNE 500

14%
5 YEAR



adjusted
diluted
EPS CAGR

Daily delivery to



>50,000
healthcare
facilities

150+

office
locations



1.5M

product
lines

delivered from

30+

distribution
centers

Provide global
specialty logistics
services to

50+
countries



Largest
distributor

of Animal Health
products to

35,000

customers



Largest distributor
of specialty
pharmaceuticals

Management Team



Steven H. Collis
Chairman, President and
Chief Executive Officer



Tim Guttman
Executive Vice President and
Chief Financial Officer



John G. Chou
Executive Vice President and
Chief Legal & Business Officer



Gina K. Clark
Executive Vice President and
Chief Communications &
Administration Officer



James F. Cleary, Jr.
Executive Vice President and
Group President, Global
Commercialization Services &
Animal Health



Dale B. Danilewitz
Executive Vice President and
Chief Information Officer



Kathy H. Gaddes
Executive Vice President and
Chief Human
Resources Officer



Robert P. Mauch
Executive Vice President
and Group President,
Pharmaceutical Distribution &
Strategic Global Sourcing



Sun Park
Executive Vice President,
Strategy and Development



Al Morales
Senior Vice President,
Chief Transformation Officer



Rich Tremonte
Senior Vice President,
President, Strategic Global
Sourcing

Corporate Officers

Steven H. Collis

Chairman, President and Chief Executive Officer

Tim G. Guttman

EVP and Chief Financial Officer

John G. Chou

EVP and Chief Legal & Business Officer

Gina K. Clark

EVP and Chief Communications &
Administration Officer

James F. Cleary, Jr.

EVP and Group President, Global
Commercialization Services & Animal Health

Dale B. Danilewitz

EVP and Chief Information Officer

Kathy H. Gaddes

EVP and Chief Human Resources Officer

Robert P. Mauch

EVP and Group President, Pharmaceutical
Distribution & Strategic Global Sourcing

Sun Park

EVP, Strategy and Development

Lazarus Krikorian

SVP and Corporate Controller

Hyung Bak

SVP, Group General Counsel and Secretary

J.F. Quinn

VP and Corporate Treasurer

Board of Directors



Steven H. Collis



Jane E. Henney, M.D.



Ornella Barra



Douglas R. Conant



D. Mark Durcan



Richard W. Gochbauer



Lon R. Greenberg



Kathleen W. Hyle



Michael J. Long



Henry W. McGee

Steven H. Collis^{5*}

Chairman of the Board, President and Chief Executive Officer

Jane E. Henney, M.D.^{5**}

Retired Professor, Internal Medicine and Public Health Service, College of Medicine at the University of Cincinnati

Ornella Barra³

Co-Chief Operating Officer for Walgreens Boots Alliance, Inc.

Douglas R. Conant^{2,4}

Founder and Chief Executive Officer of ConantLeadership

D. Mark Durcan^{1,3}

Retired Chief Executive Officer of Micron Technology, Inc.

Richard W. Gochbauer^{2,3*,5}

Retired President & CEO of United Stationers

Lon R. Greenberg^{1*,3,5}

Retired Chairman of the Board and Chief Executive Officer of UGI Corporation

Kathleen W. Hyle^{2,3}

Former Senior Vice President of Constellation Energy and Chief Operating Officer of Constellation Energy Resources

Michael J. Long^{2*,4,5}

Chairman, President and Chief Executive Officer of Arrow Electronics, Inc.

Henry W. McGee^{1,2,4*,5}

Senior Lecturer, Harvard Business School

COMMITTEES OF THE BOARD

As of February 28, 2018

- 1 Audit Committee
- 2 Compensation and Succession Planning Committee
- 3 Finance Committee
- 4 Governance and Nominating Committee
- 5 Executive Committee

* Denotes Committee Chair

** Dr. Jane Henney, as Lead Independent Director, serves as an ex-officio member of each of the Committees.

GAAP / Non-GAAP Financial Measures

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), AmerisourceBergen uses certain non-GAAP financial measures. This report includes the non-GAAP financial measure adjusted diluted earnings per share. This non-GAAP financial measure should be viewed in addition to, and not in lieu of, financial measures calculated in accordance with GAAP. This supplemental measure may vary from, and may not be comparable to, similarly titled measures by other companies.

We have defined the non-GAAP financial measure of adjusted diluted earnings per share as follows: diluted earnings per share, excluding the dilutive impact of the warrants issued to Walgreens Boots Alliance (the "Warrants") prior to their exercise, and the shares purchased under our special share repurchase programs, net of the weighted average number of shares issued related to the March 2016 and August 2016 Warrants exercises. In connection with the fiscal 2014 special \$650 million share repurchase program, we issued \$600

million of 1.15% senior notes that were repaid in May 2017. The per share impact of interest expense incurred related to this borrowing has been excluded from adjusted diluted earnings per share. Adjusted diluted earnings per share also excludes the per share impact of Warrants expense/income, gain from antitrust litigation settlements; LIFO expense/credit; acquisition-related intangibles amortization; employee severance, litigation and other; a charge related to a pension settlement, an impairment charge on an equity investment, and the loss on early retirement of debt; in each case, net of the tax effect calculated using the applicable effective tax rate for those items. We prepare adjusted diluted earnings per share to eliminate the per share impact of items that we consider to not be indicative of our ongoing operating performance due to their inherent unusual, non-operating, unpredictable, non-recurring, or non-cash nature.

The following is a reconciliation of the GAAP diluted earnings per share to adjusted diluted earnings per share.

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Diluted EPS from Continuing Operations	\$1.64	\$ 6.32	\$(0.63)	\$ 1.20	\$ 2.09	\$ 2.96
Gain from Antitrust Litigation Settlements	–	(0.35)	(0.18)	(0.06)	(0.06)	(0.04)
Warrants ¹	0.02	(1.66)	3.91	1.73	0.32	–
Acquisition-related Intangibles Amortization	0.45	0.39	0.15	0.06	0.06	0.04
LIFO (credit) / expense	(0.46)	0.53	1.46	0.92	0.72	–
Employee Severance, Litigation & Other ²	4.23	0.27	0.10	0.02	0.06	0.11
Pension Settlement	–	0.13	–	–	–	–
Impairment Charge on Equity Investment	–	–	0.13	–	–	–
Loss on Early Retirement of Debt	–	–	–	0.09	–	–
Rounding	–	(0.01)	–	–	0.01	0.01
Adjusted Diluted EPS from Continuing Operations	\$5.88	\$ 5.62	\$ 4.94	\$ 3.96	\$ 3.20	\$ 3.08

1 For the reconciling items and the non-GAAP presentation, diluted earnings per share from continuing operations and diluted shares outstanding have been adjusted to exclude the dilutive impact from the Warrants prior to their exercise, and the shares repurchased under special share repurchase programs, net of the weighted average number of shares issued related to the March 2016 and August 2017 Warrants exercises. In connection with the special share repurchase program, the Company issued \$600 million of 1.15% senior notes that were repaid in May 2017. The interest expense incurred relating to this borrowing has been excluded from the non-GAAP presentation. In addition, the Company received a private letter ruling from the Internal Revenue Service in November 2015, which entitled it to an income tax deduction equal to the fair value of the Warrants on the date of exercise. As a result, the Company recognized a tax benefit adjustment of approximately \$456 million for the fiscal year ended September 30, 2016, which represented the estimated tax deduction for the increase in the fair value of the Warrants from the issuance date through September 30, 2015.

2 Fiscal 2017 includes \$914.4 million for litigation settlements and accruals with no corresponding income tax benefit.

Corporate Information

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained in this press release are “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. Words such as “expect,” “likely,” “outlook,” “forecast,” “would,” “could,” “should,” “can,” “project,” “intend,” “plan,” “continue,” “sustain,” “synergy,” “on track,” “believe,” “seek,” “estimate,” “anticipate,” “may,” “possible,” “assume,” variations of such words, and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and are subject to uncertainty and change in circumstances. These statements are not guarantees of future performance and are based on assumptions that could prove incorrect or could cause actual results to vary materially from those indicated. Among the factors that could cause actual results to differ materially from those projected, anticipated, or implied are the following: unfavorable trends in brand and generic pharmaceutical pricing, including in rate or frequency of price inflation or deflation; competition and industry consolidation of both customers and suppliers resulting in increasing pressure to reduce prices for our products and services; changes in pharmaceutical market growth rates; changes in the United States healthcare and regulatory environment, including changes that could impact prescription drug reimbursement under Medicare and Medicaid; increasing governmental regulations regarding the pharmaceutical supply channel and pharmaceutical compounding; declining reimbursement rates for pharmaceuticals; federal and state government enforcement initiatives to detect and prevent suspicious orders of controlled substances and the diversion of controlled substances; increased public concern over the abuse of opioid medications; prosecution or suit by federal, state and other governmental entities of alleged violations of laws and regulations regarding controlled substances, and any related disputes, including shareholder derivative lawsuits; increased federal scrutiny and litigation, including qui tam litigation, for alleged violations of laws and regulations governing the marketing, sale, purchase and/or dispensing of pharmaceutical products or services, and associated reserves and costs, including the reserve recorded in connection with the proceedings with the United States Attorney’s Office for the Eastern District of New York; material adverse resolution of pending legal proceedings; the retention of key customer or supplier relationships under less favorable economics or the adverse resolution of any contract or other dispute with customers or suppliers; changes to customer or supplier payment terms; risks associated with the strategic, long-term relationship between Walgreens Boots Alliance, Inc. and the Company, including principally with respect to the pharmaceutical distribution agreement and/or the global generic purchasing services arrangement; changes in tax laws or legislative initiatives that could adversely affect the Company’s tax positions and/or the Company’s tax liabilities or adverse resolution of challenges to the Company’s tax positions; regulatory action in connection with the production, labeling or packaging of products compounded by our compounded sterile preparations (CSP) business; suspension of production of CSPs, including at our Memphis 503B outsourcing facility; failure to realize the expected benefits from our reorganization and other business process initiatives; managing foreign expansion, including non-compliance with the U.S. Foreign Corrupt Practices Act, anti-bribery laws and economic sanctions and import laws and regulations; declining economic conditions in the United States and abroad; financial market volatility and disruption; substantial defaults in payment, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer; the loss, bankruptcy or insolvency of a major supplier; changes to the customer or supplier mix; malfunction, failure or breach of sophisticated information systems to operate as designed; risks generally associated with data privacy regulation and the international transfer of personal data; natural disasters or other unexpected events that affect the Company’s operations; the impairment of goodwill or other intangible assets (including with respect to foreign operations), resulting in a charge to earnings; the acquisition of businesses that do not perform as expected, or that are difficult to integrate or control, including the integration of H. D. Smith and PharMEDium, or the inability to capture all of the anticipated synergies related thereto or to capture the anticipated synergies within the expected time period; the effects of disruption from the transactions on the respective businesses of the Company and H. D. Smith and the fact that the transactions may make it more difficult to establish or maintain relationships with employees, suppliers, customers and other business partners; the disruption of the Company’s cash flow and ability to return value to its stockholders in accordance with its past practices; interest rate and foreign currency exchange rate fluctuations; and other economic, business, competitive, legal, tax, regulatory and/or operational factors affecting the Company’s business generally. Certain additional factors that management believes could cause actual outcomes and results to differ materially from those described in forward-looking statements are set forth (i) in Item 1A (Risk Factors) in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2017 and elsewhere in that report and (ii) in other reports filed by the Company pursuant to the Securities Exchange Act.

Stockholder Services

Our transfer agent, Computershare, can help you with a variety of stockholder services, including:

- Change of address
- Lost stock certificates
- Stock transfer
- Account consolidation

Computershare Can Be Reached At:

Telephone: 866-233-1957, or TDD 800-231-5469

Outside U.S.: 201-680-6578, or TDD 201-680-6610

Internet: www.computershare.com

Mail: AmerisourceBergen Corporation

c/o Computershare

P.O. Box 43078 Providence, RI 02940-3078

Email: Support.ServiceCenter@cpushareownerservices.com

Additional Information

Financial documents, such as our Annual Report on Form 10-K, and quarterly reports on Form 10-Q, and other reports and filings, such as the Company’s Code of Ethics and Business Conduct, may be obtained from the Company website at www.amerisourcebergen.com, or by calling the Company’s Investor Relations Department at 610-727-7000.

Investor Relations

Stockholders, security analysts, portfolio managers and other investors desiring further information about the Company should contact:

Bennett S. Murphy, Vice President, Investor Relations

Phone: 610-727-3693

Email: bmurphy@amerisourcebergen.com

Annual Meeting of Stockholders

March 1, 2018 at 2:00 p.m. Eastern Time at the Ritz-Carlton Golf Resort in Naples, Florida

Independent Registered Public Accounting Firm

Ernst & Young LLP, Philadelphia, Pennsylvania

Stock Listing

AmerisourceBergen Corporation is listed on The New York Stock Exchange under the symbol ABC.



Where knowledge,
reach and partnership
shape healthcare delivery.