AmeriSource Announces Preliminary Fourth Quarter Results

October 21, 1999

MALVERN, Pa.--(BUSINESS WIRE)--Oct. 21, 1999--AmeriSource Health Corporation (NYSE: AAS -news), one of the nation's leading pharmaceutical distributors, announced preliminary earnings results for its fourth quarter ended September 30, 1999.

All results have been restated to reflect the pooling-of-interests method of accounting for the acquisition of C. D. Smith Healthcare. Preliminary results show that operating revenue was $2.57 billion in the quarter.

Excluding the impact of approximately $200 million in revenue resulting from the acquisition of C. D. Smith Healthcare, this represents a 16% increase over the prior year fourth quarter.

While the Company continued to gain incremental market share throughout the quarter, operating revenue was slightly less than expected partly due to delays in new business conversions attributable to customer reluctance to change their pharmaceutical wholesaler service provider prior to the millennium; and, a later than expected start up on several new accounts.

AmeriSource expects to report fully diluted earnings per share of $.43 to $.45 for the fourth quarter of fiscal 1999 before the effects of the previously announced special charges in fiscal 1999 relating to the merger of C.D. Smith and the extinguishment of long-term debt. The analyst forecasts for the fourth quarter range from $.45 to $.50 per share.

The AmeriSource numbers are still preliminary and are subject to final adjustments.

Subsequent to the close of the quarter, one of the Company's regional chain customers announced a reorganization under Chapter 11 of the U.S. Bankruptcy code. AmeriSource is anticipating an additional bad debt expense of approximately $2.2 million in the fourth quarter relating to the outstanding receivables of this customer. The estimated results reflect this charge of approximately $.03 per share.

The Company expects to recognize a LIFO credit for the fourth quarter of approximately $1.0 million versus a credit of $7.8 million in the same quarter of fiscal 1998. For the fiscal year ended September 30, 1999, AmeriSource expects a LIFO charge of $2.8 million versus a $4.6 million credit reported in the prior year.

R. David Yost, AmeriSource President and CEO said, "Our underlying fundamentals continue to be strong and we remain bullish on AmeriSource and the industry going into fiscal 2000. The quality of the Company's earnings showed strong improvement during the quarter and for the year.

Excluding the one-time charges relating to C. D. Smith, we are very encouraged by the fact that FIFO operating income, one of our key internal management metrics, advanced more than 25% for the quarter even after absorbing the anticipated $2.2 million bad debt reserve, thereby validating the strength of our business."

At this time, the Company is still in the process of assessing the quarter's financial results and has no further details to provide until the final results are released on November 3, 1999 following completion of the regular annual audit. Investors can expect management to conduct its regularly scheduled conference call and presentation via the Internet on November 3rd at 11:00 a.m. ET. The URL address to view the presentation is www.vcall.com.

AmeriSource Health Corporation is a Fortune 200 company with revenue of $8.7 billion for fiscal year 1998. The Company is one of the nation's leading wholesale pharmaceutical distributors and serves the healthcare industry from a nationwide network of 25 strategically located distribution centers. News and additional information about the company are available at 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 initiatives, continued industry consolidation, changes in customer mix, changes in pharmaceutical manufacturers' pricing and distribution policy, the loss of one or more key customer or supplier relationships and other matters contained in the Company's Form 10-K for fiscal year 1998 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.

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