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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO_____

Commission file number 1-16671

AMERISOURCEBERGEN CORPORATION
(Exact name of registrant as specified in its charter)

Delaware			**23-3079390**
(State or other jurisdiction of incorporation or organization)			(I.R.S. Employer Identification No.)
1300 Morris Drive	**Chesterbrook,**	**PA**	**19087-5594**
(Address of principal executive offices)			(Zip Code)

(610) 727-7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered	
Common stock	ABC	New York Stock Exchange	(NYSE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock of AmerisourceBergen Corporation outstanding as of January 31, 2021 was 204,706,150.

AMERISOURCEBERGEN CORPORATION

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PART I. FINANCIAL INFORMATION
ITEM I. Financial Statements (Unaudited)

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	December 31, 2020	September 30, 2020
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,890,918	$ 4,597,746
Accounts receivable, less allowances for returns and doubtful accounts: $1,299,459 as of December 31, 2020 and $1,417,308 as of September 30, 2020	14,886,252	13,846,301
Inventories	13,178,958	12,589,278
Right to recover assets	1,191,767	1,344,649
Income tax receivable	317,656	488,428
Prepaid expenses and other	234,670	189,300
Total current assets	34,700,221	33,055,702
Property and equipment, net	1,477,040	1,484,808
Goodwill	6,709,471	6,706,719
Other intangible assets	1,862,190	1,886,107
Deferred income taxes	326,820	361,640
Other assets	771,026	779,854
TOTAL ASSETS	$ 45,846,768	$ 44,274,830
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 33,449,690	$ 31,705,055
Accrued expenses and other	1,535,390	1,646,763
Short-term debt	59,371	501,259
Total current liabilities	35,044,451	33,853,077
Long-term debt	3,640,741	3,618,261
Accrued income taxes	287,244	284,845
Deferred income taxes	703,646	686,485
Accrued litigation liability	6,198,943	6,198,943
Other liabilities	483,291	472,855
Commitments and contingencies (Note 9)		
Stockholders' deficit:		
Common stock, $0.01 par value - authorized, issued, and outstanding: 600,000,000 shares, 289,115,051 shares, and 204,692,947 shares as of December 31, 2020, respectively, and 600,000,000 shares, 287,790,479 shares, and 204,226,465 shares as of September 30, 2020, respectively	2,891	2,878
Additional paid-in capital	5,187,669	5,081,776
Retained earnings	780,971	518,335
Accumulated other comprehensive loss	(70,467)	(108,830)
Treasury stock, at cost: 84,422,104 shares as of December 31, 2020 and 83,564,014 shares as of September 30, 2020	(6,598,286)	(6,513,083)
Total AmerisourceBergen Corporation stockholders' deficit	(697,222)	(1,018,924)
Noncontrolling interest	185,674	179,288
Total deficit	(511,548)	(839,636)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 45,846,768	$ 44,274,830

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands, except per share data)	Three months ended December 31, 2020	2019
Revenue	$ 52,516,556	$ 47,864,742
Cost of goods sold	51,064,326	46,633,528
Gross profit	1,452,230	1,231,214
Operating expenses:		
Distribution, selling, and administrative	735,068	685,953
Depreciation	73,945	69,244
Amortization	25,608	35,271
Employee severance, litigation, and other	70,381	39,309
Impairment of PharMEDium assets	—	138,000
Operating income	547,228	263,437
Other (income) loss, net	(14,268)	2,842
Interest expense, net	33,614	31,007
Income before income taxes	527,882	229,588
Income tax expense	149,175	43,020
Net income	378,707	186,568
Net (income) loss attributable to noncontrolling interest	(3,862)	1,072
Net income attributable to AmerisourceBergen Corporation	$ 374,845	$ 187,640
Earnings per share:		
Basic	$ 1.83	$ 0.91
Diluted	$ 1.81	$ 0.90
Weighted average common shares outstanding:		
Basic	204,683	206,008
Diluted	206,801	207,517
Cash dividends declared per share of common stock	$ 0.44	$ 0.40

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three months ended December 31,	
(in thousands)	**2020**	**2019**
Net income	$ 378,707	$ 186,568
Other comprehensive income		
Foreign currency translation adjustments	44,158	25,453
Other	—	19
Total other comprehensive income	44,158	25,472
Total comprehensive income	422,865	212,040
Comprehensive income attributable to noncontrolling interest	(9,657)	(166)
Comprehensive income attributable to AmerisourceBergen Corporation	$ 413,208	$ 211,874

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

(in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interest	Total
September 30, 2020	$ 2,878	$ 5,081,776	$ 518,335	$ (108,830)	$ (6,513,083)	$ 179,288	$ (839,636)
Adoption of ASC 326, net of tax (Note 1)	—	—	(21,106)		—	(2,988)	(24,094)
Net income	—	—	374,845		—	3,862	378,707
Other comprehensive income	—	—	—	38,363	—	5,795	44,158
Cash dividends, $0.44 per share	—	—	(91,103)	—	—	—	(91,103)
Exercises of stock options	7	58,209	—	—	—	—	58,216
Share-based compensation expense	—	48,317	—	—	—	—	48,317
Purchases of common stock	—	—	—	—	(61,954)	—	(61,954)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(23,249)	—	(23,249)
Other	6	(633)	—	—	—	(283)	(910)
December 31, 2020	$ 2,891	$ 5,187,669	$ 780,971	$ (70,467)	$ (6,598,286)	$ 185,674	$ (511,548)

(in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Noncontrolling Interest	Total
September 30, 2019	$ 2,853	$ 4,850,142	$ 4,235,491	$ (111,965)	$ (6,097,604)	$ 114,289	$ 2,993,206
Adoption of ASC 842	—	—	35,138	—	—	—	35,138
Net income (loss)	—	—	187,640	—	—	(1,072)	186,568
Other comprehensive income	—	—	—	24,234	—	1,238	25,472
Cash dividends, $0.40 per share	—	—	(83,088)	—	—	—	(83,088)
Exercises of stock options	3	20,110	—	—	—	—	20,113
Share-based compensation expense	—	31,374	—	—	—	—	31,374
Purchases of common stock	—	—	—	—	(129,775)	—	(129,775)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(9,596)	—	(9,596)
Other	4	(335)	—	—	—	—	(331)
December 31, 2019	$ 2,860	$ 4,901,291	$ 4,375,181	$ (87,731)	$ (6,236,975)	$ 114,455	$ 3,069,081

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)	Three months ended December 31, 2020	2019
OPERATING ACTIVITIES		
Net income	$ 378,707	$ 186,568
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, including amounts charged to cost of goods sold	77,143	71,846
Amortization, including amounts charged to interest expense	27,140	37,499
Provision for doubtful accounts	6,452	2,189
Provision for deferred income taxes	72,912	29,355
Share-based compensation	48,317	31,374
LIFO (credit) expense	(25,727)	13,281
Impairment of PharMEDium assets	—	138,000
Other, net	28,480	17,476
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Accounts receivable	(906,495)	(307,204)
Inventories	(545,459)	(630,980)
Income taxes receivable	170,771	(1,474)
Prepaid expenses and other assets	(3,121)	1,363
Accounts payable	1,721,495	787,037
Income taxes payable	(8,091)	1,669
Accrued expenses and other liabilities	(139,471)	(235,189)
NET CASH PROVIDED BY OPERATING ACTIVITIES	903,053	142,810
INVESTING ACTIVITIES		
Capital expenditures	(65,410)	(67,305)
Other, net	—	4,966
NET CASH USED IN INVESTING ACTIVITIES	(65,410)	(62,339)
FINANCING ACTIVITIES		
Loan borrowings	31,393	18,538
Loan repayments	(462,643)	(29,023)
Borrowings under revolving and securitization credit facilities	—	50,584
Repayments under revolving and securitization credit facilities	—	(54,080)
Purchases of common stock	(56,175)	(135,128)
Exercises of stock options	58,216	20,113
Cash dividends on common stock	(91,103)	(83,088)
Tax withholdings related to restricted share vesting	(23,249)	(9,596)
Other	(910)	(381)
NET CASH USED IN FINANCING ACTIVITIES	(544,471)	(222,061)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	293,172	(141,590)
Cash and cash equivalents at beginning of period	4,597,746	3,374,194
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 4,890,918	$ 3,232,604

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements present the consolidated financial position, results of operations, and cash flows of AmerisourceBergen Corporation and its subsidiaries, including less-than-wholly-owned subsidiaries in which AmerisourceBergen Corporation has a controlling financial interest (the "Company"), as of the dates and for the periods indicated. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") for interim financial information, the instructions to Form 10-Q, and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments (consisting only of normal recurring accruals, except as otherwise disclosed herein) considered necessary to present fairly the financial position as of December 31, 2020 and the results of operations and cash flows for the interim periods ended December 31, 2020 and 2019 have been included. Certain information and footnote disclosures normally included in financial statements presented in accordance with U.S. GAAP, but which are not required for interim reporting purposes, have been omitted. The accompanying unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2020.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual amounts could differ from these estimated amounts. Certain reclassifications have been made to prior-period amounts in order to conform to the current year presentation.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. ASU 2016-13 was effective for annual reporting periods beginning after December 15, 2019, including interim periods within those fiscal years, and a modified retrospective approach was required, with a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance was effective.

The Company adopted ASU 2016-13 as of October 1, 2020. In connection with the adoption of ASU 2016-13, the Company recognized a $21.1 million, net of tax of $6.1 million, cumulative adjustment to retained earnings. The Company evaluates its receivables for risk of loss by grouping its receivables with similar risk characteristics. Expected losses are determined based on a combination of historical loss trends, current economic conditions, and forward-looking risk factors.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2019, the FASB issued ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" ("ASU 2019-12"). ASU 2019-12 removes certain exceptions to the general principles in ASC 740 in order to reduce the cost and complexity of its application. ASU 2019-12 is effective for annual reporting periods beginning after December 15, 2020, including interim periods within those fiscal years, with certain amendments applied on a modified retrospective basis, with a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption, and others prospectively. Early adoption of this guidance is permitted, including the adoption in any interim period for public companies for periods for which financial statements have not yet been issued. The Company is currently evaluating the impact of adopting this new accounting guidance.

As of December 31, 2020, there were no other recently-issued accounting standards that may have a material impact on the Company's financial position, results of operations, or cash flows upon their adoption.

Note 2. Variable Interest Entity

The Company has substantial governance rights over Profarma Distribuidora de Produtos Farmacêuticos S.A. ("Profarma"), which allow it to direct the activities that significantly impact Profarma's economic performance. As such, the Company consolidates the operating results of Profarma in its consolidated financial statements. The Company is not obligated to provide future financial support to Profarma.

The following assets and liabilities of Profarma are included in the Company's Consolidated Balance Sheets:

(in thousands)	December 31, 2020	September 30, 2020
Cash and cash equivalents	$ 69,214	$ 96,983
Accounts receivables, net	147,215	120,486
Inventories	157,804	144,059
Prepaid expenses and other	64,247	52,885
Property and equipment, net	26,687	23,584
Goodwill	82,309	82,309
Other intangible assets	72,434	73,543
Other long-term assets	59,370	53,513
Total assets	$ 679,280	$ 647,362
Accounts payable	$ 179,645	$ 141,147
Accrued expenses and other	35,977	34,415
Short-term debt	53,013	98,399
Long-term debt	67,700	44,144
Deferred income taxes	38,437	38,854
Other long-term liabilities	47,991	43,413
Total liabilities	$ 422,763	$ 400,372

Profarma's assets can only be used to settle its obligations, and its creditors do not have recourse to the general credit of the Company.

Note 3. Income Taxes

Swiss Tax Reform

In November 2020, the Canton of Bern approved its Budget 2021, which called for lowering its corporate income tax rate applicable to the Company's Swiss operations effective October 1, 2020. As a result, the Company recognized a deferred tax expense to reduce its Swiss deferred tax asset for the change in tax rate.

Other Information

The Company files income tax returns in U.S. federal and state jurisdictions as well as various foreign jurisdictions. As of December 31, 2020, the Company had unrecognized tax benefits, defined as the aggregate tax effect of differences between tax return positions and the benefits recognized in the Company's financial statements, of $501.2 million ($454.3 million, net of federal benefit). If recognized, $436.0 million of these tax benefits would have reduced income tax expense and the effective tax rate. Included in this amount is $20.0 million of interest and penalties, which the Company records in Income Tax Expense in the Company's Consolidated Statements of Operations. In the three months ended December 31, 2020, unrecognized tax benefits increased by $2.9 million. Over the next 12 months, it is reasonably possible that tax authority audit resolutions and the expiration of statutes of limitations could result in a reduction of unrecognized tax benefits of approximately $16.7 million.

The Company's effective tax rates were 28.3% and 18.7% for the three months ended December 31, 2020 and 2019, respectively. The effective tax rate in the three months ended December 31, 2020 was higher than the U.S. statutory rate primarily due to U.S. state income taxes, as well as the discrete tax expense associated with the Swiss deferred tax asset, offset in part by discrete tax benefits resulting from the permanent shutdown of PharMEDium Healthcare Holdings, Inc. ("PharMEDium"). The effective tax rate in the three months ended December 31, 2019 was lower than the U.S. statutory rate due to a higher mix of foreign earnings at lower tax rates in Switzerland and Ireland since U.S. earnings were lower principally due to the $138.0 million impairment of PharMEDium assets.

Note 4. Goodwill and Other Intangible Assets

The following is a summary of the changes in the carrying value of goodwill, by reportable segment, for the three months ended December 31, 2020:

(in thousands)	Pharmaceutical Distribution Services	Other	Total
Goodwill as of September 30, 2020	$ 4,852,775	$ 1,853,944	$ 6,706,719
Foreign currency translation	—	2,752	2,752
Goodwill as of December 31, 2020	$ 4,852,775	$ 1,856,696	$ 6,709,471

The following is a summary of other intangible assets:

		December 31, 2020			September 30, 2020		
(in thousands)	Weighted Average Remaining Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived trade names		$ 685,411	$ —	$ 685,411	$ 685,312	$ —	$ 685,312
Finite-lived:							
Customer relationships	13 years	1,673,536	(588,264)	1,085,272	1,671,888	(565,372)	1,106,516
Trade names and other	14 years	211,076	(119,569)	91,507	210,394	(116,115)	94,279
Total other intangible assets		$ 2,570,023	$ (707,833)	$ 1,862,190	$ 2,567,594	$ (681,487)	$ 1,886,107

Amortization expense for finite-lived intangible assets was $25.6 million and $35.3 million in the three months ended December 31, 2020 and 2019, respectively. Amortization expense for finite-lived intangible assets is estimated to be $102.0 million in fiscal 2021, $100.5 million in fiscal 2022, $99.0 million in fiscal 2023, $97.5 million in fiscal 2024, $96.7 million in fiscal 2025, and $706.7 million thereafter.

Note 5. Debt

Debt consisted of the following:

(in thousands)	December 31, 2020	September 30, 2020
Revolving credit note	$ —	$ —
Term loan due in October 2020	—	399,982
Overdraft facility due 2021 (£30,000)	—	—
Receivables securitization facility due 2022	350,000	350,000
Multi-currency revolving credit facility due 2024	—	—
$500,000, 3.40% senior notes due 2024	498,355	498,232
$500,000, 3.25% senior notes due 2025	497,160	496,990
$750,000, 3.45% senior notes due 2027	744,150	743,940
$500,000, 2.80% senior notes due 2030	494,198	494,045
$500,000, 4.25% senior notes due 2045	494,784	494,730
$500,000, 4.30% senior notes due 2047	492,822	492,755
Nonrecourse debt	128,643	148,846
Total debt	3,700,112	4,119,520
Less AmerisourceBergen Corporation current portion	—	399,982
Less nonrecourse current portion	59,371	101,277
Total, net of current portion	$ 3,640,741	$ 3,618,261

Multi-Currency Revolving Credit Facility

The Company has a $1.4 billion multi-currency senior unsecured revolving credit facility ("Multi-Currency Revolving Credit Facility"), which is scheduled to expire in September 2024, with a syndicate of lenders. Interest on borrowings under the Multi-Currency Revolving Credit Facility accrues at specified rates based on the Company's debt rating and ranges from 70 basis points to 112.5 basis points over CDOR/LIBOR/EURIBOR/Bankers Acceptance Stamping Fee, as applicable (91 basis points over CDOR/LIBOR/EURIBOR/Bankers Acceptance Stamping Fee as of December 31, 2020) and from 0 basis points to 12.5 basis points over the alternate base rate and Canadian prime rate, as applicable. The Company pays facility fees to maintain the availability under the Multi-Currency Revolving Credit Facility at specified rates based on its debt rating, ranging from 5 basis points to 12.5 basis points, annually, of the total commitment (9 basis points as of December 31, 2020). The Company may choose to repay or reduce its commitments under the Multi-Currency Revolving Credit Facility at any time. The Multi-Currency Revolving Credit Facility contains covenants, including compliance with a financial leverage ratio test, as well as others that impose limitations on, among other things, indebtedness of subsidiaries and asset sales, with which the Company was compliant as of December 31, 2020.

Commercial Paper Program

The Company has a commercial paper program whereby it may from time to time issue short-term promissory notes in an aggregate amount of up to $1.4 billion at any one time. Amounts available under the program may be borrowed, repaid, and re-borrowed from time to time. The maturities on the notes will vary, but may not exceed 365 days from the date of issuance. The notes will bear interest, if interest bearing, or will be sold at a discount from their face amounts. The commercial paper program does not increase the Company's borrowing capacity as it is fully backed by the Company's Multi-Currency Revolving Credit Facility. There were no borrowings outstanding under the commercial paper program as of December 31, 2020.

Receivables Securitization Facility

The Company has a $1,450 million receivables securitization facility ("Receivables Securitization Facility"), which is scheduled to expire in September 2022. The Company has available to it an accordion feature whereby the commitment on the Receivables Securitization Facility may be increased by up to $250 million, subject to lender approval, for seasonal needs during the December and March quarters. Interest rates are based on prevailing market rates for short-term commercial paper or LIBOR, plus a program fee. The Company pays a customary unused fee at prevailing market rates, annually, to maintain the availability under the Receivables Securitization Facility. The Receivables Securitization Facility contains similar covenants to the Multi-Currency Revolving Credit Facility, with which the Company was compliant as of December 31, 2020.

Revolving Credit Note and Overdraft Facility

The Company has an uncommitted, unsecured line of credit available to it pursuant to a revolving credit note ("Revolving Credit Note"). The Revolving Credit Note provides the Company with the ability to request short-term unsecured revolving credit loans from time to time in a principal amount not to exceed $75 million. The Revolving Credit Note may be decreased or terminated by the bank or the Company at any time without prior notice. The Company also has a £30 million uncommitted U.K. overdraft facility ("Overdraft Facility"), which expires in February 2021, to fund short-term normal trading cycle fluctuations related to its MWI business.

Term Loan

The $400 million October 2018 Term Loan matured and was repaid in October 2020.

Nonrecourse Debt

Nonrecourse debt is comprised of short-term and long-term debt belonging to the Brazil subsidiaries and is repaid solely from the Brazil subsidiaries' cash flows and such debt agreements provide that the repayment of the loans (and interest thereon) is secured solely by the capital stock, physical assets, contracts, and cash flows of the Brazil subsidiaries.

Note 6. Stockholders' Equity and Earnings per Share

In October 2018, the Company's board of directors authorized a share repurchase program allowing the Company to purchase up to $1.0 billion of its outstanding shares of common stock, subject to market conditions. During the three months ended December 31, 2020, the Company purchased 0.6 million shares of its common stock for a total of $55.5 million to complete its authorization under this program.

In May 2020, the Company's board of directors authorized a share repurchase program allowing the Company to purchase up to $500 million of its outstanding shares of common stock, subject to market conditions. During the three months ended December 31, 2020, the Company purchased 0.1 million shares of its common stock for a total of $6.4 million, which included $5.8 million of December 2020 purchases that cash settled in January 2021. As of December 31, 2020, the Company had $493.6 million of availability remaining under this program.

Basic earnings per share is computed by dividing net income attributable to AmerisourceBergen Corporation by the weighted average number of shares of common stock outstanding during the periods presented. Diluted earnings per share is computed by dividing net income attributable to AmerisourceBergen Corporation by the weighted average number of shares of common stock outstanding, plus the dilutive effect of stock options and restricted stock units during the periods presented.

The following illustrates the components of diluted weighted average shares outstanding for the periods indicated:

	Three months ended December 31,	
(in thousands)	2020	2019
Weighted average common shares outstanding - basic	204,683	206,008
Dilutive effect of stock options and restricted stock units	2,118	1,509
Weighted average common shares outstanding - diluted	206,801	207,517

The potentially dilutive stock options and restricted stock units that were antidilutive for the three months ended December 31, 2020 and 2019 were 0.3 million and 4.4 million, respectively.

Note 7. Related Party Transactions

Walgreens Boots Alliance, Inc. ("WBA") owns more than 10% of the Company’s outstanding common stock and is, therefore, considered a related party. The Company operates under various agreements and arrangements with WBA, including a pharmaceutical distribution agreement pursuant to which the Company distributes pharmaceutical products to WBA and an agreement that provides the Company the ability to access favorable economic pricing and generic products through a generic purchasing services arrangement with Walgreens Boots Alliance Development GmbH. Both of these agreements expire in 2026. In connection with the closing of the announced acquisition by the Company of a majority of WBA's Alliance Healthcare businesses, the Company and WBA have agreed to extend the aforementioned agreements through 2029 (see Note 13).

Revenue from the various agreements and arrangements with WBA was $16.2 billion and $15.6 three months ended December 31, 2020 and 2019, respectively. The Company’s receivable from WBA, net of incentives, was $6.8 billion and $6.6 billion as of December 31, 2020 and September 30, 2020, respectively.

Note 8. Employee Severance, Litigation, and Other

The following illustrates the charges incurred by the Company relating to Employee Severance, Litigation, and Other for the periods indicated:

	Three months ended December 31,	
(in thousands)	2020	2019
Employee severance	$ —	$ 839
Litigation and opioid-related costs	32,062	24,666
Acquisition-related deal and integration costs	18,924	455
Business transformation efforts	12,442	8,460
Other restructuring initiatives	6,953	4,889
Total employee severance, litigation, and other	$ 70,381	$ 39,309

Litigation and opioid-related costs in the three months ended December 31, 2020 and 2019 related to legal fees in connection with opioid lawsuits and investigations.

Acquisition-related deal and integration costs in the three months ended December 31, 2020 primarily related to costs associated with the announced acquisition of a majority of WBA’s Alliance Healthcare businesses (see Note 13).

Business transformation efforts in the three months ended December 31, 2020 and 2019 primarily related to costs associated with reorganizing the Company to further align the organization to its customers' needs. The majority of these costs related to services provided by third-party consultants, including certain technology initiatives.

Note 9. Legal Matters and Contingencies

In the ordinary course of its business, the Company becomes involved in lawsuits, administrative proceedings, government subpoenas, government investigations, stockholder demands, and other disputes, including antitrust, commercial, product liability, intellectual property, regulatory, employment discrimination, and other matters. Significant damages or penalties may be sought from the Company in some matters, and some matters may require years for the Company to resolve. The Company records a reserve for these matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

For those matters for which the Company has not recognized a liability, the Company cannot predict the outcome of their impact on the Company as uncertainty remains with regard to whether such matters will proceed to trial, whether settlements will be reached, and the amount and terms of any such settlements. Outcomes may include settlements in significant amounts that are not currently estimable, limitations on the Company's conduct, the imposition of corporate integrity agreement obligations, consent decrees, and/or other civil and criminal penalties. From time to time, the Company is also involved in disputes with its customers, which the Company generally seeks to resolve through commercial negotiations. If negotiations are unsuccessful, the parties may litigate the dispute or otherwise attempt to settle the matter.

With respect to the specific legal proceedings and claims described below, unless otherwise noted, the amount or range of possible losses is not reasonably estimable. There can be no assurance that the settlement, resolution, or other outcome of one or more matters, including the matters set forth below, during any subsequent reporting period will not have a material adverse effect on the Company's results of operations or cash flows for that period or on the Company's financial condition.

Opioid Lawsuits and Investigations

A significant number of counties, municipalities, and other governmental entities in a majority of U.S. states and Puerto Rico, as well as numerous states and tribes, have filed lawsuits in various federal, state and other courts against pharmaceutical wholesale distributors (including the Company and certain subsidiaries, such as AmerisourceBergen Drug Corporation ("ABDC") and H.D. Smith), pharmaceutical manufacturers, retail chains, medical practices, and physicians relating to the distribution of prescription opioid pain medications. Other lawsuits regarding the distribution of prescription opioid pain medications have been filed by: third-party payors and similar entities; hospitals; hospital groups; and individuals, including cases styled as putative class actions. The lawsuits, which have been and continue to be filed in federal, state, and other courts, generally allege violations of controlled substance laws and various other statutes as well as common law claims, including negligence, public nuisance, and unjust enrichment, and seek equitable relief and monetary damages. An initial group of cases was consolidated for Multidistrict Litigation ("MDL") proceedings before the United States District Court for the Northern District of Ohio (the "Court") in December 2017. Additional cases have been, and will likely continue to be, transferred to the MDL. Further, in June 2018, the Court granted a motion permitting the United States, through the Department of Justice ("DOJ"), to participate in settlement discussions and as a friend of the Court by providing information to facilitate non-monetary remedies.

In April 2018, the Court issued an order creating a litigation track, which includes dispositive motion practice, discovery, and trials in certain bellwether jurisdictions. In December 2018, the Court issued an order selecting two additional cases for a second bellwether discovery and trial track. In November 2019 and January 2020, the Court filed Suggestions of Remand with the Judicial Panel on Multidistrict Litigation that identified four cases filed against the Company, including the two additional bellwether cases, for potential transfer from the MDL back to federal courts in California, Oklahoma, and West Virginia for the completion of discovery, motion practice, and trial. All four cases have now been remanded to those federal district courts and discovery has commenced. The two consolidated cases in West Virginia that were scheduled to commence trial on January 4, 2021 were postponed to May 3, 2021 due to COVID-19. No trial date has been established for the Oklahoma case, in which the plaintiff is the Cherokee Nation. On January 26, 2021, the California case was stayed as to the Company and several other defendants. As such, there is no applicable trial date for that case.

On October 21, 2019, the Attorneys General for North Carolina, Pennsylvania, Tennessee, and Texas announced certain proposed settlement terms intended to provide a potential framework for a global resolution of the state and local government entity lawsuits in the MDL and in state courts, including cases currently filed and that could be filed. The attorneys general's announcement outlined that the three largest U.S. pharmaceutical distributors would be expected to pay an aggregate amount of up to $18.0 billion over 18 years, of which the Company's portion would be 31.0%, in addition to the development and participation in a program for free or rebated distribution of opioid-abuse medications for a period of 10 years and the implementation of industry-wide changes to be specified to controlled substance anti-diversion programs. Since that time, the

Company has engaged in discussions that include the four attorneys general, as well as other attorneys general, plaintiffs' lawyers representing local governments, and other parties with the objective of reaching potential terms for a global resolution.

The Company is currently in advanced discussions with the Attorneys General of multiple states and various plaintiffs' representatives in an effort to reach a global settlement of the MDL and related state-court litigation brought by certain state and local governmental entities, which would provide for payments by the three largest U.S. pharmaceutical distributors of $21.0 billion over 18 years. The Company's payment would be $6.5 billion assuming all parties participate. A portion of this amount relating to plaintiff attorney fees would be payable over a shorter time period. The discussions also involve certain changes to the Company's anti-diversion programs. While a global settlement remains subject to contingencies that could impact whether the parties ultimately decide to move forward, the Company believes a global settlement is probable and its loss related thereto can be reasonably estimated. The Company recorded a charge of $6.6 billion in the fourth quarter of the fiscal year ended September 30, 2020 within Employee Severance, Litigation and Other in its Statement of Operations related to the global settlement as well as other opioid-related litigation. There was no change to the estimated liability as of December 31, 2020. The Company currently estimates that $408.0 million will be paid prior to December 31, 2021, which is recorded in Accrued Expenses and Other on the Company's Consolidated Balance Sheet. The remaining liability of $6.2 billion is recorded in Accrued Litigation Liability on the Company's Consolidated Balance Sheet. While the Company has accrued its estimated liability for this matter, it is unable to estimate the range of possible loss associated with these opioid litigation matters. Because loss contingencies are inherently unpredictable and unfavorable developments or resolutions can occur, the assessment is highly subjective and requires judgments about future events. The Company will regularly review these opioid litigation matters to determine whether its accrual is adequate. The amount of ultimate loss may differ materially from the $6.6 billion accrual. Until such time as a plaintiff participates in a global settlement or otherwise resolves its lawsuit, the Company will continue to litigate and prepare for trial in the cases pending in the MDL, those remanded from the MDL to federal district courts, as well as in state courts where lawsuits have been filed, and intends to continue to vigorously defend itself in all such cases. Since these matters are still developing, the Company is unable to predict the outcome, but the result of these lawsuits could include excessive monetary verdicts and/or injunctive relief that may affect the Company's operations. Further, any final settlement among parties may differ materially from the Company's advanced discussions related to global resolution of the MDL and related state-court litigation involving certain state and local governmental entities.

In June 2019, attorneys for some of the plaintiffs filed a motion proposing a procedure to certify a nationwide "negotiation class" of cities and counties for the purpose of negotiating and settling with defendants engaged in the nationwide manufacturing, sale, or distribution of opioids. The attorneys subsequently withdrew the motion and refiled an amended motion on July 9, 2019. The Court granted the motion on September 11, 2019 and certain defendants, including ABDC filed an appeal with the U.S. Court of Appeals for the Sixth Circuit. On September 24, 2020, the Sixth Circuit reversed the Court's prior order. On October 8, 2020, certain of the plaintiffs filed a petition asking the Sixth Circuit to rehear the matter *en banc*, which the Sixth Circuit denied on December 29, 2020.

Notwithstanding the Company's accrual of $6.6 billion, several cases filed in various state courts have trial dates scheduled in 2021 and later, although all such dates are subject to change. A trial in New York state for cases brought by Nassau and Suffolk Counties and the New York Attorney General against a variety of defendants, including the Company, was scheduled to begin on March 20, 2020. The trial is not part of the MDL and has been delayed due to the COVID-19 outbreak. The court has not yet set a new trial date but has expressed an intention to commence trial in 2021, if possible. A trial in Ohio state court for a case brought by the Ohio Attorney General against ABDC and certain other pharmaceutical wholesale distributors was scheduled to begin trial on March 8, 2021 but has been postponed to September 7, 2021. A trial in Washington state court for a case brought by the Washington Attorney General against ABDC and certain other pharmaceutical wholesale distributors is scheduled to begin trial on May 17, 2021.

Aside from those parties that have already filed suit, other entities, including additional attorneys general's offices, counties, and cities in multiple states, may continue to file additional lawsuits or enforcement proceedings. The Company is vigorously defending itself in the pending lawsuits and intends to vigorously defend itself against any threatened lawsuits or enforcement proceedings.

The Company has also received subpoenas, civil investigative demands, and other requests for information, requesting the production of documents regarding the distribution of prescription opioid pain medications from government agencies in other jurisdictions, including certain states. The Company has engaged in discussions with representatives from these government agencies regarding the requests and has been producing responsive documents. The Company cannot predict how these matters would be affected by a global settlement.

Since July 2017, the Company has received subpoenas from several U.S. Attorney's Offices, including grand jury subpoenas from the U.S. Attorney's Office for the District of New Jersey ("USAO-NJ") and the U.S. Attorney's Office for the Eastern District of New York ("USAO-EDNY"). Those subpoenas request the production of a broad range of documents pertaining to the Company's distribution of controlled substances through its various subsidiaries, including ABDC, and its diversion control programs. The Company has been engaged in discussions with the various U.S. Attorney's Offices, including

the Health Care and Government Fraud Unit of the Criminal Division of the USAO-NJ, and has been producing documents in response to the subpoenas.

Subpoenas, Ongoing Investigations, and Other Contingencies

From time to time, the Company receives subpoenas or requests for information from various government agencies relating to the Company's business or to the business of a customer, supplier, or other industry participant. The Company's responses often require time and effort and can result in considerable costs being incurred. Most of these matters are resolved without incident; however, such subpoenas or requests can lead to the assertion of claims or the commencement of civil or criminal legal proceedings against the Company and other members of the healthcare industry, as well as to substantial settlements.

In January 2017, the Company's subsidiary U.S. Bioservices Corporation ("U.S. Bio") received a subpoena for information from the USAO-EDNY relating to its activities in connection with billing for products and making returns of potential overpayments to government payers. A filed qui tam complaint related to the investigation was unsealed in April 2019 and the relator filed an amended complaint under seal in the U.S. District Court for the Eastern District of New York. In December 2019, the government filed a notice that it was declining to intervene. The court ordered that the relator's complaint against the Company, including subsidiaries AmerisourceBergen Specialty Group, LLC and U.S. Bio, be unsealed. The relator's complaint alleged violations of the federal False Claims Act and the false claims acts of various states. The relator filed a second amended complaint, removing one state false claims act count. The Company filed a motion to dismiss the second amended complaint and all briefing on the motion was filed with the court on October 9, 2020.

On October 11, 2019, Teamsters Local 443 Health Services & Insurance Plan, St. Paul Electrical Construction Pension Plan, St. Paul Electrical Construction Workers Supplemental Pension Plan (2014 Restatement), Retirement Medical Funding Plan for the St. Paul Electrical Workers, and San Antonio Fire & Police Pension Fund filed a complaint for a purported derivative action in the Delaware Court of Chancery against the Company and certain of its current and former officers and directors (collectively, "Defendants"). The complaint alleges that the Defendants breached their fiduciary duties by failing to oversee the compliance by certain of the Company's subsidiaries (including the Company's former subsidiary Medical Initiatives, Inc. ("MII")) with federal regulations, allegedly resulting in the payment of fines and penalties in connection with the settlements with the USAO-EDNY in fiscal 2017 and 2018 that resolved claims arising from MII's pre-filled syringe program. In December 2019, Defendants filed a motion to dismiss the complaint. After briefing and oral argument, on August 24, 2020 the Delaware Court of Chancery denied Defendants' motion to dismiss. On September 24, 2020, the Board of Directors of the Company established a Special Litigation Committee to conduct an investigation concerning the plaintiffs' allegations. On October 28, 2020, the Special Litigation Committee filed a motion to stay the litigation pending completion of its investigation. On November 10, 2020, the Delaware Court of Chancery granted the Special Litigation Committee's motion to stay the litigation.

On July 17, 2020, CCAR Investments, Inc. filed a complaint for a purported derivative action in the United States District Court for the District of Delaware against the Company and certain of its current and former officers and directors ("CCAR Defendants"). The complaint alleges claims for breach of fiduciary duty, corporate waste and unjust enrichment allegedly arising from the Company's controlled substance diversion control programs and violation of Section 14(a) of the Securities Exchange Act of 1934. On August 14, 2020, the CCAR Defendants answered the complaint and filed a motion for judgment on the pleadings. On October 29, 2020 the parties filed a stipulation permitting CCAR Investments, Inc. to file an amended complaint on or before November 20, 2020. On December 4, 2020, the parties filed a stipulation staying the deadline for CCAR Investments, Inc. to file an amended complaint pending the Company's production of certain documents to CCAR Investments, Inc.

In December 2019, Reliable Pharmacy, together with other retail pharmacies and North Sunflower Medical Center, filed a civil antitrust complaint against multiple generic drug manufacturers, and also included claims against the Company, H.D. Smith, and other drug distributors and industry participants. The case is filed as a putative class action and plaintiffs purport to represent a class of drug purchasers including other retail pharmacies and healthcare providers. The case has been consolidated for multidistrict litigation proceedings before the United States District Court for the Eastern District of Pennsylvania. The complaint alleges that the Company and others in the industry participated in a conspiracy to fix prices, allocate markets and rig bids regarding generic drugs. In March 2020, the plaintiffs filed a further amended complaint. On July 15, 2020, the Company and other industry participants filed a motion to dismiss the complaint. The motion to dismiss is fully briefed and the parties are awaiting a ruling from the court.

Note 10. Litigation Settlements

Antitrust Settlements

Numerous lawsuits have been filed against certain brand pharmaceutical manufacturers alleging that the manufacturer, by itself or in concert with others, took improper actions to delay or prevent generic drugs from entering the market. These lawsuits are generally brought as class actions. The Company is not typically named as a plaintiff in these lawsuits, but has been a member of the direct purchasers' class (i.e., those purchasers who purchase directly from these pharmaceutical manufacturers). None of the lawsuits have gone to trial, but some have settled in the past with the Company receiving proceeds from the settlement funds. The Company recognized no gains during the three months ended December 31, 2020 related to these lawsuits. The Company recognized gains of $8.5 million during the three months ended December 31, 2019 related to these lawsuits. These gains, which are net of attorney fees and estimated payments due to other parties, were recorded as reductions to cost of goods sold in the Company’s Consolidated Statements of Operations.

Note 11. Fair Value of Financial Instruments

The recorded amounts of the Company's cash and cash equivalents, accounts receivable, and accounts payable as of December 31, 2020 and September 30, 2020 approximate fair value based upon the relatively short-term nature of these financial instruments. Within Cash and Cash Equivalents, the Company had $2,298.0 million of investments in money market accounts as of December 31, 2020 and had $2,548.0 million of investments in money market accounts as of September 30, 2020. The fair value of the money market accounts was determined based upon unadjusted quoted prices in active markets for identical assets, otherwise known as Level 1 inputs.

The recorded amount of long-term debt (see Note 5) and the corresponding fair value as of December 31, 2020 were $3,640.7 million and $4,090.9 million, respectively. The recorded amount of long-term debt and the corresponding fair value as of September 30, 2020 were $3,618.3 million and $4,026.4 million, respectively. The fair value of long-term debt was determined based upon inputs other than quoted prices, otherwise known as Level 2 inputs.

Note 12. Business Segment Information

The Company is organized based upon the products and services it provides to its customers. The Company's operations are comprised of the Pharmaceutical Distribution Services reportable segment and other operating segments that are not significant enough to require separate reportable segment disclosure and, therefore, have been included in Other for the purpose of reportable segment presentation. Other consists of operating segments that focus on global commercialization services and animal health (MWI Animal Health). The operating segments that focus on global commercialization services include AmerisourceBergen Consulting Services and World Courier.

The following illustrates reportable and operating segment disaggregated revenue as required by Accounting Standards Codification 606 for the periods indicated:

	Three months ended December 31,	
(in thousands)	**2020**	**2019**
Pharmaceutical Distribution Services	$ 50,492,510	$ 46,036,828
Other:		
MWI Animal Health	1,120,557	1,028,318
Global Commercialization Services	931,717	818,666
Total Other	2,052,274	1,846,984
Intersegment eliminations	(28,228)	(19,070)
Revenue	$ 52,516,556	$ 47,864,742

Intersegment eliminations primarily represent the elimination of certain Pharmaceutical Distribution Services reportable segment sales to MWI.

The following illustrates reportable segment operating income for the periods indicated:

	Three months ended December 31,	
(in thousands)	**2020**	**2019**
Pharmaceutical Distribution Services	$ 496,067	$ 391,694
Other	121,647	104,479
Intersegment eliminations	(798)	(907)
Total segment operating income	$ 616,916	$ 495,266

The following reconciles total segment operating income to income before income taxes for the periods indicated:

(in thousands)	Three months ended December 31, 2020	2019
Total segment operating income	$ 616,916	$ 495,266
Gain from antitrust litigation settlements	—	8,492
LIFO credit (expense)	25,727	(13,281)
PharMEDium remediation costs	—	(16,165)
Acquisition-related intangibles amortization	(25,034)	(33,566)
Employee severance, litigation, and other	(70,381)	(39,309)
Impairment of PharMEDium assets	—	(138,000)
Operating income	547,228	263,437
Other (income) loss, net	(14,268)	2,842
Interest expense, net	33,614	31,007
Income before income taxes	$ 527,882	$ 229,588

Segment operating income is evaluated by the chief operating decision maker ("CODM") of the Company before gain from antitrust litigation settlements; LIFO credit (expense); PharMEDium remediation costs; acquisition-related intangibles amortization; employee severance, litigation, and other; and impairment of PharMEDium assets. All corporate office expenses are allocated to the operating segment level.

The Company recorded a foreign currency gain of $14.0 million on the remeasurement of the deferred tax assets relating to Swiss tax reform.

Note 13. Subsequent Events

Acquisition

In January 2021, the Company entered into a share purchase agreement with WBA pursuant to which the Company will acquire a majority of WBA's Alliance Healthcare businesses for approximately $6.5 billion, comprised of $6.275 billion in cash, subject to certain purchase price adjustments, and 2 million shares of Company common stock (the "Transaction"). WBA's operations in China, Italy, and Germany are not part of this transaction. The Company expects to fund the cash purchase price through a combination of cash on hand and new debt financing and has obtained $3.025 billion in bridge financing commitments in connection with the Transaction. The Transaction is subject to the satisfaction of customary closing conditions, including receipt of applicable regulatory approvals.

Other Strategic Transactions

In connection with the closing of the Transaction, the Company and WBA have agreed to a three-year extension (through 2029) of the Company's existing pharmaceutical distribution agreement with WBA and the arrangement pursuant to which the Company has access to generic drugs and related pharmaceutical products through Walgreens Boots Alliance Development GmbH, as well as a distribution agreement pursuant to which the Company will supply branded and generic pharmaceutical products to WBA's Boots UK Ltd. (through 2031) following closing. In January 2021, the Company and WBA also entered into an agreement to explore a series of strategic initiatives designed to create incremental growth and efficiencies in sourcing, logistics, and distribution.

See Part II. Other Information-Item 1A. Risk Factors on page 30 of this Quarterly Report on Form 10-Q for additional risk factors related to the Company's strategic transactions with WBA.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following discussion should be read in conjunction with the Consolidated Financial Statements and notes thereto contained herein and in conjunction with the financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2020.

We are 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. We deliver innovative programs and services designed to increase the effectiveness and efficiency of the pharmaceutical supply chain in both human and animal health. We are organized based upon the products and services we provide to our customers. Our operations are comprised of the Pharmaceutical Distribution Services reportable segment and other operating segments that are not significant enough to require separate reportable segment disclosure, and, therefore, have been included in Other for the purpose of our reportable segment presentation.

Pharmaceutical Distribution Services Segment

The Pharmaceutical Distribution Services reportable segment distributes a comprehensive offering of brand-name, specialty brand-name and generic pharmaceuticals, over-the-counter healthcare products, home healthcare supplies and equipment, and related services to a wide variety of healthcare providers, including acute care hospitals and health systems, independent and chain retail pharmacies, mail order pharmacies, medical clinics, long-term care and alternate site pharmacies, and other customers. Through a number of operating businesses, the Pharmaceutical Distribution Services reportable segment provides pharmaceutical distribution (including plasma and other blood products, injectable pharmaceuticals, vaccines, and other specialty pharmaceutical products) and additional services to physicians who specialize in a variety of disease states, especially oncology, and to other healthcare providers, including hospitals and dialysis clinics. Additionally, the Pharmaceutical Distribution Services reportable segment provides data analytics, outcomes research, and additional services for biotechnology and pharmaceutical manufacturers. The Pharmaceutical Distribution Services reportable segment also provides pharmacy management, staffing and additional consulting services, and supply management software to a variety of retail and institutional healthcare providers. Additionally, it delivers packaging solutions to institutional and retail healthcare providers.

Other

Other consists of operating segments that focus on global commercialization services and animal health (MWI Animal Health or "MWI"). The operating segments that focus on global commercialization services include AmerisourceBergen Consulting Services ("ABCS") and World Courier.

MWI is a leading animal health distribution company in the United States and in the United Kingdom. MWI sells pharmaceuticals, vaccines, parasiticides, diagnostics, micro feed ingredients, and various other products to customers in both the companion animal and production animal markets. Additionally, MWI offers demand-creating sales force services to manufacturers. ABCS, through a number of operating businesses, provides a full suite of integrated manufacturer services that range from clinical trial support to product post-approval and commercialization support. World Courier, which operates in over 50 countries, is a leading global specialty transportation and logistics provider for the biopharmaceutical industry.

Recent Developments

In January 2021, we entered into a share purchase agreement with Walgreens Boots Alliance, Inc. ("WBA") pursuant to which we will acquire a majority of WBA's Alliance Healthcare businesses ("Alliance Healthcare") for approximately $6.5 billion, comprised of $6.275 billion in cash, subject to certain purchase price adjustments, and 2 million shares of our common stock (the "Transaction"). WBA's operations in China, Italy, and Germany are not part of this transaction. We expect to fund the cash purchase price through a combination of cash on hand and new debt financing and have obtained $3.025 billion in bridge financing commitments in connection with the Transaction (the "Transaction"). The Transaction is subject to the satisfaction of customary closing conditions, including receipt of applicable regulatory approvals.

In connection with the closing of the Transaction, we and WBA have agreed to a three-year extension (through 2029) of our existing pharmaceutical distribution agreement with WBA and the arrangement pursuant to which we have access to generic drugs and related pharmaceutical products through Walgreens Boots Alliance Development GmbH, as well as a distribution agreement pursuant to which we will supply branded and generic pharmaceutical products to WBA's Boots UK Ltd. (through 2031) following closing. In January 2021, we also entered into an agreement with WBA to explore a series of strategic initiatives designed to create incremental growth and efficiencies in sourcing, logistics, and distribution.

See Part II. Other Information-Item 1A. Risk Factors on page 30 of this Quarterly Report on Form 10-Q for additional risk factors related to our strategic transactions with WBA.

Executive Summary

This executive summary provides highlights from the results of operations that follow:

- Revenue increased by 9.7% from the prior year quarter primarily due to the revenue growth in our Pharmaceutical Distribution Services segment. The Pharmaceutical Distribution Services segment grew its revenue 9.7% from the prior year quarter primarily due to increased sales of specialty products (which generally have higher selling prices), including COVID-19 treatments, the organic growth of some of its largest customers, and overall market growth principally driven by unit volume growth;

- Total gross profit increased 18.0%, or $221.0 million, from the prior year quarter. Gross profit was favorably impacted by the 16.5% increase in gross profit in Pharmaceutical Distribution Services, a last-in, first-out ("LIFO") credit in the current year quarter in comparison to a LIFO expense in the prior year quarter, and a 10.3% increase in gross profit in Other. Pharmaceutical Distribution Services' gross profit increased from the prior year quarter primarily due to revenue growth, including an increase in specialty product sales. Gross profit in Other increased from the prior year quarter primarily due to the revenue growth at World Courier and MWI;

- Distribution, selling, and administrative expenses increased 7.2% compared to the prior year quarter primarily due to an increase in operating costs to support our revenue growth. Total operating expenses decreased by 6.5%, or $62.8 million, from the prior year quarter primarily due to the $138.0 million impairment of PharMEDium assets recorded in the prior year quarter;

- Operating income increased by 107.7%, or $283.8 million, from the prior year quarter due to the increase in total gross profit and the decline in total operating expenses; and

- Our effective tax rates were 28.3% and 18.7% for the three months ended December 31, 2020 and 2019, respectively. The effective tax rate in the three months ended December 31, 2020 was higher than the U.S. statutory rate primarily due to U.S. state income taxes, as well as a discrete tax expense associated with our Swiss deferred tax asset (see Note 3 of the Notes to Consolidated Financial Statements), offset in part by discrete tax benefits resulting from the permanent shutdown of PharMEDium. The effective tax rate in the three months ended December 31, 2019 was lower than the U.S. statutory rate due to a higher mix of foreign earnings at lower tax rates in Switzerland and Ireland since U.S. earnings were lower principally due to the $138.0 million impairment of PharMEDium assets.

Results of Operations

Revenue

(dollars in thousands)	Three months ended December 31, 2020	2019	Change
Pharmaceutical Distribution Services	$ 50,492,510	$ 46,036,828	9.7%
Other:			
MWI Animal Health	1,120,557	1,028,318	9.0%
Global Commercialization Services	931,717	818,666	13.8%
Total Other	2,052,274	1,846,984	11.1%
Intersegment eliminations	(28,228)	(19,070)	
Revenue	$ 52,516,556	$ 47,864,742	9.7%

We expect our revenue growth percentage to be in the high single digits in fiscal 2021. Our future revenue growth will continue to be affected by various factors, such as industry growth trends, including drug utilization, the introduction of new, innovative brand therapies, the likely increase in the number of generic drugs and biosimilars that will be available over the next few years as a result of the expiration of certain drug patents held by brand-name pharmaceutical manufacturers and the rate of conversion from brand products to those generic drugs and biosimilars, price inflation and price deflation, general economic conditions in the United States, competition within the industry, customer consolidation, changes in pharmaceutical manufacturer pricing and distribution policies and practices, increased downward pressure on government and other third-party reimbursement rates to our customers, changes in government rules and regulations, and the impact of the COVID-19 pandemic.

Revenue increased by 9.7% from the prior year quarter primarily due to the revenue growth in our Pharmaceutical Distribution Services segment.

The Pharmaceutical Distribution Services segment grew its revenue by 9.7%, or $4.5 billion, from the prior year quarter primarily due to increased sales of specialty products (which generally have higher selling prices), including COVID-19 treatments, the organic growth of some of its largest customers, and overall market growth principally driven by unit volume growth.

More specifically, the increase in the Pharmaceutical Distribution Services segment revenue was largely attributable to the following (in billions):

Increased sales to Walgreens, our largest customer	$0.6
Increased sales to specialty physician practices	$0.5
Increased sales to other customers, including COVID-19 treatments	$3.4

Revenue in Other increased 11.1%, or $205.3 million, from the prior year quarter due to growth at all three operating segments: MWI, ABCS, and World Courier.

A number of our contracts with customers, including group purchasing organizations, are typically subject to expiration each year. We may lose a significant customer if an existing contract with such customer expires without being extended, renewed, or replaced. During the three months ended December 31, 2020, no significant contracts expired. Over the next twelve months, there are no significant contracts scheduled to expire. Additionally, from time to time, significant contracts may be terminated in accordance with their terms or extended, renewed, or replaced prior to their expiration dates. If those contracts are extended, renewed, or replaced at less favorable terms, they may also negatively impact our revenue, results of operations, and cash flows.

Gross Profit

(dollars in thousands)	Three months ended December 31, 2020	2019	Change
Pharmaceutical Distribution Services	$ 1,039,913	$ 892,913	16.5%
Other	387,389	351,132	10.3%
Intersegment eliminations	(799)	(907)	
Gain from antitrust litigation settlements	—	8,492	
LIFO credit (expense)	25,727	(13,281)	
PharMEDium remediation costs	—	(7,135)	
Gross profit	$ 1,452,230	$ 1,231,214	18.0%

Gross profit increased 18.0%, or $221.0 million, from the prior year quarter. Gross profit was favorably impacted by the increase in gross profit in Pharmaceutical Distribution Services, a LIFO credit in the current year quarter in comparison to a LIFO expense in the prior year quarter, and an increase in gross profit in Other.

Pharmaceutical Distribution Services' gross profit increased 16.5%, or $147.0 million, from the prior year quarter primarily due to revenue growth, including an increase in specialty product sales. As a percentage of revenue, Pharmaceutical Distribution Services' gross profit margin was 2.06% in the current year quarter, a 12-basis point increase from the prior year quarter primarily due to an increase in specialty product sales.

Gross profit in Other increased 10.3%, or $36.3 million, from the prior year quarter primarily due to growth at World Courier and MWI. As a percentage of revenue, gross profit margin in Other of 18.88% in the current year quarter decreased from 19.01% in the prior year quarter.

We recognized no gains from antitrust litigation settlements with pharmaceutical manufacturers in the three months ended December 31, 2020. We recognized $8.5 million of gains from antitrust litigation settlements during the three months ended December 31, 2019. The gains were recorded as reductions to Cost of Goods Sold (see Note 10 of the Notes to Consolidated Financial Statements).

Our cost of goods sold for interim periods includes a LIFO provision that is recorded ratably on a quarterly basis and is based on our estimated annual LIFO provision. The annual LIFO provision, which we estimate on a quarterly basis, is affected by manufacturer pricing practices, which may be impacted by market and other external influences, expected changes in inventory quantities, and product mix, many of which are difficult to predict. Changes to any of the above factors may have a material impact to our annual LIFO provision.

Operating Expenses

(dollars in thousands)	Three months ended December 31, 2020	2019	Change
Distribution, selling, and administrative	$ 735,068	$ 685,953	7.2%
Depreciation and amortization	99,553	104,515	(4.7)%
Employee severance, litigation, and other	70,381	39,309	
Impairment of PharMEDium assets	—	138,000	
Total operating expenses	$ 905,002	$ 967,777	(6.5)%

Distribution, selling, and administrative expenses increased 7.2%, or $49.1 million, compared to the prior year quarter primarily due to an increase in operating costs to support our revenue growth. As a percentage of revenue, distribution, selling, and administrative expenses were 1.40% in the current year quarter, a 3-basis point decline compared to the prior year quarter.

Depreciation expense increased 6.8% from the prior year quarter primarily due to an increase in capital projects being depreciated. Amortization expense decreased 27.4% from the prior year quarter primarily due to the fiscal 2020 impairments of PharMEDium intangible assets.

Employee severance, litigation, and other in the three months ended December 31, 2020 included $32.1 million of litigation costs related to legal fees in connection with opioid lawsuits and investigations, $18.9 million of acquisition-related deal and integration costs primarily related to costs associated with the announced acquisition of a majority of WBA's Alliance Healthcare businesses (see Note 13 of the Notes to Consolidated Financial Statements), $12.4 million related to our business transformation efforts, and $7.0 million of other restructuring initiatives. Employee severance, litigation, and other in the three months ended December 31, 2019 included $24.7 million of litigation costs related to legal fees in connection with opioid lawsuits and investigations, $8.5 million related to our business transformation efforts, $4.9 million of other restructuring initiatives, $0.8 million of severance costs, and $0.5 million of acquisition-related deal and integration costs.

Operating Income

	Three months ended December 31,		
(dollars in thousands)	**2020**	**2019**	**Change**
Pharmaceutical Distribution Services	$ 496,067	$ 391,694	26.6%
Other	121,647	104,479	16.4%
Intersegment eliminations	(798)	(907)	
Total segment operating income	616,916	495,266	24.6%
Gain from antitrust litigation settlements	—	8,492	
LIFO credit (expense)	25,727	(13,281)	
PharMEDium remediation costs	—	(16,165)	
Acquisition-related intangibles amortization	(25,034)	(33,566)	
Employee severance, litigation, and other	(70,381)	(39,309)	
Impairment of PharMEDium assets	—	(138,000)	
Operating income	$ 547,228	$ 263,437	107.7%

Segment operating income is evaluated before gain from antitrust litigation settlements; LIFO credit (expense); PharMEDium remediation costs; acquisition-related intangibles amortization; employee severance, litigation, and other; and impairment of PharMEDium assets.

Pharmaceutical Distribution Services' operating income increased 26.6%, or $104.4 million, from the prior year quarter primarily due to the increase in gross profit, as noted above, and was offset in part by an increase in operating expenses. As a percentage of revenue, Pharmaceutical Distribution Services' operating income margin was 0.98% in the quarter ended December 31, 2020 and represented an increase of 13 basis points compared to the prior year quarter primarily due to the increase in specialty product sales.

Operating income in Other increased 16.4%, or $17.2 million, from the period quarter due to the increase in gross profit, as noted above, and was offset in part by an increase in operating expenses.

Interest expense, net and the respective weighted average interest rates in the three months ended December 31, 2020 and 2019 were as follows:

	2020		2019	
(dollars in thousands)	**Amount**	**Weighted Average Interest Rate**	**Amount**	**Weighted Average Interest Rate**
Interest expense	$ 34,578	3.32%	$ 41,602	3.60%
Interest income	(964)	0.10%	(10,595)	1.38%
Interest expense, net	$ 33,614		$ 31,007	

Interest expense, net increased 8.4%, or $2.6 million, from the prior year quarter due to a decline in interest income primarily resulting from a decline in investment interest rates. The decrease in interest income was offset in part by the decrease in interest expense, which was driven primarily by lower interest rates and the repayment of our $400 million term loan upon maturity in October 2020.

Our effective tax rates were 28.3% and 18.7% for the three months ended December 31, 2020 and 2019, respectively. The effective tax rate in the three months ended December 31, 2020 was higher than the U.S. statutory rate primarily due to U.S. state income taxes, as well as a discrete tax expense associated with our Swiss deferred tax asset (see Note 3 of the Notes to Consolidated Financial Statements), offset in part by discrete tax benefits resulting from the permanent shutdown of PharMEDium. The effective tax rate in the three months ended December 31, 2019 was lower than the U.S. statutory rate due to a higher mix of foreign earnings at lower tax rates in Switzerland and Ireland since U.S. earnings were lower principally due to the $138.0 million impairment of PharMEDium's assets.

Liquidity and Capital Resources

The following table illustrates our debt structure as of December 31, 2020, including availability under the multi-currency revolving credit facility, the receivables securitization facility, the revolving credit note, and the overdraft facility:

(in thousands)	Outstanding Balance	Additional Availability
Fixed-Rate Debt:		
$500,000, 3.40% senior notes due 2024	$ 498,355	$ —
$500,000, 3.25% senior notes due 2025	497,160	—
$750,000, 3.45% senior notes due 2027	744,150	—
$500,000, 2.80% senior notes due 2030	494,198	—
$500,000, 4.25% senior notes due 2045	494,784	—
$500,000, 4.30% senior notes due 2047	492,822	—
Nonrecourse debt	41,203	—
Total fixed-rate debt	3,262,672	—
Variable-Rate Debt:		
Revolving credit note	—	75,000
Overdraft facility due 2021 (£30,000)	—	40,995
Receivables securitization facility due 2022	350,000	1,100,000
Multi-currency revolving credit facility due 2024	—	1,400,000
Nonrecourse debt	87,440	—
Total variable-rate debt	437,440	2,615,995
Total debt	$ 3,700,112	$ 2,615,995

Our operating results have generated cash flows, which, together with availability under our debt agreements and credit terms from suppliers, have provided sufficient capital resources to finance working capital and cash operating requirements, and to fund capital expenditures, acquisitions, repayment of debt, the payment of interest on outstanding debt, dividends, and purchases of shares of our common stock.

Our primary ongoing cash requirements will be to finance working capital, fund the repayment of debt, fund the payment of interest on debt, fund purchases of our common stock, fund the payment of dividends, finance acquisitions, and fund capital expenditures and routine growth and expansion through new business opportunities. We intend to finance the acquisition of Alliance Healthcare using a combination of cash, a bank term loan, and the issuance of senior notes (see Note 13 of the Notes to Consolidated Financial Statements). Future cash flows from operations and borrowings are expected to be sufficient to fund our ongoing cash requirements, including the opioid litigation payments that are expected to be made over 18 years (see below).

As discussed in Note 9 of the Notes to Consolidated Financial Statements, in the fourth quarter of fiscal 2020, with regard to litigation relating to the distribution of prescription opioid pain medications, we recorded a $6.6 billion liability ($5.5 billion, net of income tax benefit). We are in advanced discussions, which are ongoing, to reach a global settlement of the Multidistrict Litigation and related state-court litigation brought by certain state and local governmental entities in which our payment would be over 18 years to resolve cases currently filed and that could be filed by states, counties, municipalities, and other government entities. A portion of this amount relating to plaintiff attorney fees would be payable over a shorter time period. The aforementioned litigation liability has not and is not expected to have an impact on our compliance with our debt covenants or our ability to pay dividends.

As of December 31, 2020 and September 30, 2020, our cash and cash equivalents held by foreign subsidiaries were $1,090.6 million and $675.9 million, respectively, and are generally based in U.S. dollar denominated holdings. We have the ability to repatriate the majority of our cash and cash equivalents held by our foreign subsidiaries without incurring significant additional taxes upon repatriation.

We have increased seasonal needs related to our inventory build during the December and March quarters that, depending on our cash balance, may require the use of our credit facilities to fund short-term capital needs. Our cash balance in the three months ended December 31, 2020 was not supplemented by intra-period credit facility borrowings to cover short-term working capital needs. Our cash balance in the three months ended December 31, 2019 was supplemented by intra-period credit facility borrowings to cover short-term working capital needs. The largest amount of intra-period borrowings under our

revolving and securitization credit facilities that was outstanding at any one time during the three months ended December 31, 2019 was $39.6 million. We had $21.5 million of cumulative intra-period borrowings that were repaid under our credit facilities during the three months ended December 31, 2019.

We have a $1.4 billion multi-currency senior unsecured revolving credit facility ("Multi-Currency Revolving Credit Facility"), which is scheduled to expire in September 2024, with a syndicate of lenders. Interest on borrowings under the Multi-Currency Revolving Credit Facility accrues at specified rates based on our debt rating and ranges from 70 basis points to 112.5 basis points over CDOR/LIBOR/EURIBOR/Bankers Acceptance Stamping Fee, as applicable (91 basis points over CDOR/LIBOR/EURIBOR/Bankers Acceptance Stamping Fee as of December 31, 2020) and from 0 basis points to 12.5 basis points over the alternate base rate and Canadian prime rate, as applicable. We pay facility fees to maintain the availability under the Multi-Currency Revolving Credit Facility at specified rates based on our debt rating, ranging from 5 basis points to 12.5 basis points, annually, of the total commitment (9 basis points as of December 31, 2020). We may choose to repay or reduce our commitments under the Multi-Currency Revolving Credit Facility at any time. The Multi-Currency Revolving Credit Facility contains covenants, including compliance with a financial leverage ratio test, as well as others that impose limitations on, among other things, indebtedness of subsidiaries and asset sales, with which we were compliant as of December 31, 2020.

We have a commercial paper program whereby we may from time to time issue short-term promissory notes in an aggregate amount of up to $1.4 billion at any one time. Amounts available under the program may be borrowed, repaid, and re-borrowed from time to time. The maturities on the notes will vary, but may not exceed 365 days from the date of issuance. The notes will bear interest, if interest bearing, or will be sold at a discount from their face amounts. The commercial paper program does not increase our borrowing capacity as it is fully backed by our Multi-Currency Revolving Credit Facility. There were no borrowings outstanding under our commercial paper program as of December 31, 2020.

We have a $1,450 million receivables securitization facility ("Receivables Securitization Facility"), which is scheduled to expire in September 2022. We have available to us an accordion feature whereby the commitment on the Receivables Securitization Facility may be increased by up to $250 million, subject to lender approval, for seasonal needs during the December and March quarters. Interest rates are based on prevailing market rates for short-term commercial paper or LIBOR plus a program fee. We pay a customary unused fee at prevailing market rates, annually, to maintain the availability under the Receivables Securitization Facility. The Receivables Securitization Facility contains similar covenants to the Multi-Currency Revolving Credit Facility, with which we were compliant as of December 31, 2020.

We have an uncommitted, unsecured line of credit available to us pursuant to a revolving credit note ("Revolving Credit Note"). The Revolving Credit Note provides us with the ability to request short-term unsecured revolving credit loans from time to time in a principal amount not to exceed $75 million. The Revolving Credit Note may be decreased or terminated by the bank or us at any time without prior notice. We also have a £30 million uncommitted U.K. overdraft facility ("Overdraft Facility"), which expires in February 2021, to fund short term normal trading cycle fluctuations related to our MWI business.

Our $400 million Term Loan matured and was repaid in October 2020.

Nonrecourse debt is comprised of short-term and long-term debt belonging to the Brazil subsidiaries and is repaid solely from the Brazil subsidiaries' cash flows and such debt agreements provide that the repayment of the loans (and interest thereon) is secured solely by the capital stock, physical assets, contracts, and cash flows of the Brazil subsidiaries.

In October 2018, our board of directors authorized a share repurchase program allowing us to purchase up to $1.0 billion of outstanding shares of our common stock, subject to market conditions. During the three months ended December 31, 2020, we purchased $55.5 million of our common stock to complete our authorization under this program.

In May 2020, our board of directors authorized a share repurchase program allowing us to purchase up to $500 million of our outstanding shares of common stock, subject to market conditions. During the three months ended December 31, 2020, we purchased $6.4 million of our common stock, which included $5.8 million of December 2020 purchases that cash settled in January 2021. As of December 31, 2020, we had $493.6 million of availability remaining under this program.

We have market risk exposure to interest rate fluctuations relating to our debt. We manage interest rate risk by using a combination of fixed-rate and variable-rate debt. The amount of variable-rate debt fluctuates during the year based on our working capital requirements. We had $437.4 million of variable-rate debt outstanding as of December 31, 2020. We periodically evaluate financial instruments to manage our exposure to fixed and variable interest rates. However, there are no assurances that such instruments will be available in the combinations we want and/or on terms acceptable to us. There were no such financial instruments in effect as of December 31, 2020.

We also have market risk exposure to interest rate fluctuations relating to our cash and cash equivalents. We had $4,890.9 million in cash and cash equivalents as of December 31, 2020. The unfavorable impact of a hypothetical decrease in interest rates on cash and cash equivalents would be partially offset by the favorable impact of such a decrease on variable-rate debt. For every $100 million of cash invested that is in excess of variable-rate debt, a 10-basis point decrease in interest rates would increase our annual net interest expense by $0.1 million.

We have minimal exposure to foreign currency and exchange rate risk from our non-U.S. operations. Our largest exposure to foreign exchange rates exists primarily with the Brazilian Real, the Euro, the U.K. Pound Sterling, and the Canadian Dollar. Revenue from our foreign operations is less than two percent of our consolidated revenue. We may utilize foreign currency denominated forward contracts to hedge against changes in foreign exchange rates. We may use derivative instruments to hedge our foreign currency exposure, but not for speculative or trading purposes.

The following is a summary of our contractual obligations for future principal and interest payments on our debt, minimum rental payments on our noncancellable operating leases, and minimum payments on our other commitments as of December 31, 2020:

Payments Due by Period (in thousands)	Debt, Including Interest Payments	Operating Leases	Other Commitments	Total
Within 1 year	$ 176,814	$ 121,243	$ 87,050	$ 385,107
1-3 years	643,752	219,797	96,282	959,831
4-5 years	1,206,436	181,867	84,765	1,473,068
After 5 years	3,254,234	365,606	58,251	3,678,091
Total	$ 5,281,236	$ 888,513	$ 326,348	$ 6,496,097

The 2017 Tax Act requires a one-time transition tax to be recognized on historical foreign earnings and profits. We expect to pay $182.6 million, net of overpayments and tax credits, related to the transition tax as of December 31, 2020, which is payable in installments over a six-year period commencing in January 2021. The transition tax commitment is included in "Other Commitments" in the above table.

Our liability for uncertain tax positions was $501.2 million (including interest and penalties) as of December 31, 2020. This liability represents an estimate of tax positions that we have taken in our tax returns which may ultimately not be sustained upon examination by taxing authorities. Since the amount and timing of any future cash settlements cannot be predicted with reasonable certainty, the estimated liability has been excluded from the above contractual obligations table.

During the three months ended December 31, 2020, our operating activities provided cash of $903.1 million in comparison to $142.8 million in the prior year period. Cash provided by operations during the three months ended December 31, 2020 was principally the result of an increase in accounts payable of $1,721.5 million, net income of $378.7 million, and non-cash items of $234.7 million, offset in part by increases in accounts receivable of $906.5 million and inventories of $545.5 million. The increase in accounts payable was primarily driven by the increase in our inventories and the timing of scheduled payments to suppliers. The increase in accounts receivable was the result of increased sales and the timing of payments from our customers, and the increase in inventories reflects the increase in business volume and, consistent with prior years, due to seasonal needs.

During the three months ended December 31, 2019, our operating activities provided cash of $142.8 million. Cash provided by operations during the three months ended December 31, 2019 was principally the result of an increase in accounts payable of $787.0 million, non-cash items of $341.0 million, and net income of $186.6 million, offset in part by increases in inventories of $631.0 million and accounts receivable of $307.2 million. The increase in accounts payable was primarily driven by the increase in inventories and the timing of scheduled payments to suppliers. The non-cash items were comprised primarily of a $138.0 million impairment of PharMEDium's long-lived assets. The increase in our inventories reflects the increase in business volume and, consistent with prior years, due to seasonal needs. The increase in accounts receivable was the result of our revenue growth and the timing of payments from our customers.

We use days sales outstanding, days inventory on hand, and days payable outstanding to evaluate our working capital performance. The below financial metrics are calculated based upon a quarterly average and can be impacted by the timing of cash receipts and disbursements, which can vary significantly depending upon the day of the week on which the month ends.

	Three months ended December 31,	
	2020	2019
Days sales outstanding	25.3	24.3
Days inventory on hand	27.6	27.8
Days payable outstanding	56.8	56.3

Our cash flows from operating activities can vary significantly from period to period based upon fluctuations in our period-end working capital account balances. Additionally, any changes to payment terms with a significant customer or manufacturer supplier could have a material impact to our cash flows from operations. Operating cash flows during the three months ended December 31, 2020 included $44.7 million of interest payments and $98.2 million of income tax refunds, net of payments. Operating cash flows during the three months ended December 31, 2019 included $49.4 million of interest payments and $28.4 million of income tax payments, net of refunds.

Capital expenditures in the three months ended December 31, 2020 and 2019 were $65.4 million and $67.3 million, respectively. Significant capital expenditures in the three months ended December 31, 2020 and 2019 included costs associated with facility expansions, various technology initiatives, including costs related to enhancing and upgrading our primary information technology operating systems. We currently expect to invest approximately $400 million for capital expenditures during fiscal 2021.

Net cash used in financing activities in the three months ended December 31, 2020 principally resulted from $91.1 million in cash dividends paid on our common stock and $56.2 million in purchases of our common stock, and was offset in part by $58.2 million of exercises of stock options. Net cash used in financing activities in the three months ended December 31, 2019 principally resulted from $135.1 million in purchases of our common stock and $83.1 million in cash dividends paid on our common stock.

In November 2020, our board of directors increased the quarterly dividend paid on common stock by 5% from $0.42 per share to $0.44 per share. We anticipate that we will continue to pay quarterly cash dividends in the future. However, the payment and amount of future dividends remains within the discretion of our board of directors and will depend upon future earnings, financial condition, capital requirements, and other factors.

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report 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 changes in circumstances and speak only as of the date hereof. These statements are not guarantees of future performance and are based on assumptions and estimates 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 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; declining reimbursement rates for pharmaceuticals; continued federal and state government enforcement initiatives to detect and prevent suspicious orders of controlled substances and the diversion of controlled substances; continued prosecution or suit by federal, state and other governmental entities of alleged violations of laws and regulations regarding controlled substances, including due to failure to achieve a global resolution of the multi-district opioid litigation and other related state court litigation, 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; failure to comply with the Corporate Integrity Agreement; 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, including as a result of the COVID-19 impact on such payment terms; the Company’s ability to consummate the proposed acquisition of WBA's Alliance Healthcare businesses and related strategic transactions; the regulatory approvals required for the proposed acquisition and related strategic transactions not being obtained on the terms expected or on the anticipated schedule or at all; the integration of the Alliance Healthcare businesses into the Company being more difficult, time consuming or costly than expected; the Company’s or Alliance Healthcare’s failure to achieve expected or targeted future financial and operating performance and results; the effects of disruption from the proposed acquisition and related strategic transactions on the respective businesses of the Company and Alliance Healthcare and the fact that the announcement or pendency of the proposed acquisition and related strategic transactions may make it more difficult to establish or maintain relationships with employees, suppliers and other business partners; the acquisition of businesses, including the proposed acquisition of the Alliance Healthcare businesses and related strategic transactions, that do not perform as expected, or that are difficult to integrate or control, or the inability to capture all of the anticipated synergies related thereto or to capture the anticipated synergies within the expected time period; risks associated with the strategic, long-term relationship between WBA and the Company, including with respect to the pharmaceutical distribution agreement and/or the global generic purchasing services arrangement; managing foreign expansion, including non-compliance with the U.S. Foreign Corrupt Practices Act, anti-bribery laws, economic sanctions and import laws and regulations; financial market volatility and disruption; 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; substantial defaults in payment, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer, including as a result of COVID-19; the loss, bankruptcy or insolvency of a major supplier, including as a result of COVID-19; financial and other impacts of COVID-19 on our operations or business continuity; 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 any additional impairments with respect to foreign operations), resulting in a charge to earnings; the Company's ability to manage and complete divestitures; 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; declining economic conditions in the United States and abroad; 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) elsewhere in this report (including in Item 1A (Risk Factors)), (ii) in Item 1A (Risk Factors), in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2020 and elsewhere in that report and (iii) in other reports filed by the Company pursuant to the Securities Exchange Act. The Company undertakes no obligation to publicly update or revise any forward-looking statements, except as required by the federal securities laws.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's most significant market risks are the effects of changing interest rates, foreign currency risk, and changes in the price and volatility of the Company's common stock. See the discussion under "Liquidity and Capital Resources" in Item 2 on page 24.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are intended to ensure that information required to be disclosed in the Company's reports submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These controls and procedures also are intended to ensure that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

The Company's Chief Executive Officer and Chief Financial Officer, with the participation of other members of the Company's management, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a — 15(e) and 15d — 15(e) under the Exchange Act) and have concluded that the Company's disclosure controls and procedures were effective for their intended purposes as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

During the first quarter of fiscal 2021, there was no change in AmerisourceBergen Corporation's internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, other than the replacement of one of our legacy General Ledger (GL) systems relating to certain of our business units onto our primary GL system and the implementation of a new financial planning and reporting tool. The implementation of the new systems was not in response to any identified deficiency or material weakness in our internal control over financial reporting. The system implementations were designed, in part, to enhance the overall system of internal control over financial reporting through further standardization of various business processes.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

See Note 9 (Legal Matters and Contingencies) of the Notes to Consolidated Financial Statements set forth under Item 1 of Part I of this report for the Company's current description of legal proceedings.

ITEM 1A. Risk Factors

Except as supplemented by the additional risk factors disclosed below, our significant business risks are described in Item 1A to Form 10-K for the fiscal year ended September 30, 2020 to which reference is made herein.

Risks Related to Our Strategic Transactions with Walgreens Boots Alliance, Inc. ("WBA")

We may not complete the strategic transactions with WBA within the time frame we anticipate, or at all.

In January 2021, we entered into several strategic agreements with WBA, including an agreement to acquire a majority of WBA's Alliance Healthcare businesses for approximately $6.5 billion, comprised of $6.275 billion in cash, subject to certain purchase price adjustments, and 2 million shares of our common stock, three-year extensions of our existing distribution agreement with WBA and our access to generic drugs and related pharmaceutical products through Walgreens Boots Alliance Development GmbH, and an agreement to explore a series of strategic initiatives with WBA designed to create incremental growth and efficiencies in sourcing, logistics and distribution.

The completion of our acquisition of the majority of WBA's Alliance Healthcare businesses is subject to a number of customary closing conditions, including receipt of applicable regulatory approvals. We previously announced that we expect to close the acquisition by September 30, 2021. Failure to satisfy all required closing conditions could delay the completion of the acquisition for a significant period of time or prevent it from occurring. Our ability to expand our strategic relationship with WBA to create incremental growth and efficiencies in sourcing, logistics and distribution is subject to the inherent uncertainty of exploring new strategic initiatives, so it may not be entered into within the time frame expected, or at all. A delay in completing the acquisition or expanding our strategic initiatives with WBA could cause us to realize some or all of the benefits later than we expect. Any such delay could result in additional costs or in other negative effects associated with uncertainty about our ability to complete the acquisition or expand our strategic initiatives with WBA in sourcing, logistics and distribution.

The combined business may underperform our expectations or may cause our financial results to differ from those expectations.

We believe that our acquisition of the majority of WBA's Alliance Healthcare businesses, as one of the largest pharmaceutical wholesalers in Europe, will extend our core wholesale, distribution and related solutions capabilities, enhance our existing global platform of manufacturer services, and further our ability to support global patient access to pharmaceutical products. However, our integration of the acquired Alliance Healthcare businesses may be more difficult, time consuming or costly than expected, especially with respect to initiatives related to enhancing and upgrading our information technology and security systems. We may also not be able to retain or integrate the Alliance Healthcare employees necessary to efficiently manage the combined company or we may suffer customer loss and business disruption. We may fail to achieve expected or targeted future financial and operating performance and results, and the combined company may fail to achieve expected benefits, synergies and operating efficiencies following the closing of the acquisition within the expected timeframes or at all.

The acquisition will expand our core wholesale and specialty distribution business from the US, Canada and Brazil to Europe and additional countries with the addition of Alliance Healthcare's wholesale and pre-wholesale business in 13 countries. These international operations may be adversely affected by laws and regulations reducing reimbursement rates for pharmaceuticals and/or medical treatments or services. In addition, we will encounter increased risks relating to compliance with domestic laws relating to foreign corrupt practices and foreign laws and regulations relating to labor and employment, pharmacy, licensing, tax, trade, intellectual property, privacy and data protection and other matters, and if we fail to comply with such laws and regulations, we could be subject to civil and criminal penalties.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities

The following table sets forth the number of shares purchased, the average price paid per share, the total number of shares purchased as part of publicly announced programs, and the approximate dollar value of shares that may yet be purchased under the programs during each month in the first quarter ended December 31, 2020. See Note 6. Stockholders' Equity and Earnings per Share contained in "Notes to Condensed Consolidated Financial Statements" in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
October 1 to October 31	—	$ —	—	$ 555,518,116
November 1 to November 30	241,262	$ 102.59	15,156	$ 554,003,182
December 1 to December 31	616,828	$ 97.99	616,690	$ 493,573,869
Total	858,090		631,846	

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

(a) Exhibits:

Exhibit Number	Description
10.1	Form of 2020 Restricted Stock Unit Agreement to Employee under the AmerisourceBergen Corporation Omnibus Incentive Plan.
10.2	Amended and Restated Receivables Sale Agreement, dated as of October 16, 2020, among AmeriSource Receivables Financial Corporation, as buyer, and AmerisourceBergen Drug Corporation and ASD Specialty Healthcare, LLC, as originators (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 19, 2020).
10.3	Fifteenth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of October 16, 2020, among AmeriSource Receivables Financial Corporation, as seller, AmerisourceBergen Drug Corporation, as servicer, the Purchaser Agents and Purchasers party thereto, and MUFG Bank, Ltd., as administrator (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on October 19, 2020).
10.4	Second Amended and Restated Performance Undertaking Agreement, dated as of October 16, 2020, executed by AmerisourceBergen Corporation, as performance guarantor (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on October 19, 2020).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer.
101	Financial statements from the Quarterly Report on Form 10-Q of AmerisourceBergen Corporation for the quarter ended December 31, 2020, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERISOURCEBERGEN CORPORATION

February 4, 2021

/s/ Steven H. Collis

Steven H. Collis
Chairman, President & Chief Executive Officer

February 4, 2021

/s/ James F. Cleary

James F. Cleary
Executive Vice President & Chief Financial Officer

Exhibit 10.1

AMERISOURCEBERGEN CORPORATION

RESTRICTED STOCK UNIT AWARD TO EMPLOYEE

Participant: **<Participant Name>**

Number of Restricted Stock Units Granted: **<Number of Shares Granted>**

Date of Grant: **<Grant Date>**

Vesting Date: **< [Number of Shares] on Each of the First Three Anniversaries of the Date of Grant>**

RECITALS

This Restricted Stock Unit Award (the "Award Agreement") is made by AmerisourceBergen Corporation, a Delaware corporation (the "Company"), pursuant to the AmerisourceBergen Corporation Omnibus Incentive Plan (the "Plan").

WHEREAS, the Company has agreed to grant to the Participant Restricted Stock Units, subject to certain restrictions and on the terms and conditions contained in this Award Agreement.

NOW, THEREFORE, in consideration of the foregoing and the premises contained herein and intending to be legally bound hereby:

1. **Definitions.** Unless otherwise defined herein, capitalized terms used in this Award Agreement shall have the meanings ascribed to them in the Plan. As used herein:

   (a) **"Award"** means an award of Restricted Stock Units hereby granted.

   (b) **"Date of Grant"** means the date on which the Company awarded the Restricted Stock Units to the Participant pursuant to the Plan.

   (c) **"Qualifying Change in Control"** means a Change in Control that is a "change in the ownership or effective control" or a " change in the ownership of a substantial portion of the assets" within the meaning of Treasury Regulation 1.409A-3(i)(5).

   (d) **"Restricted Stock Units"** means the Restricted Stock Units which are the subject of the Award hereby granted.

   (e) **"Shares"** mean shares of the Company's Common Stock.

   (f) **"Taxes"** means the federal, state and local income and employment taxes required to be withheld in connection with the vesting and issuance of the Shares (or other amounts or property) under the Award.

   (g) **"Vesting Period"** means, with respect to each Restricted Stock Unit, the period beginning on the Date of Grant and ending on the third anniversary thereof.

   (h) **"Voluntary Retirement"** means any voluntary termination by the Participant as an employee of the Company (or any Parent or Subsidiary) (i) after reaching age sixty-two (62) and completing sixty (60) full months of continuous Service with the Company or its Parent or Subsidiaries or (ii) after reaching age fifty-five (55), where the Participant's age plus years of continuous employment with the Company or its Parent or Subsidiaries equals at least seventy (70).

2. **Grant of Restricted Stock Units.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the Restricted Stock Units. Each Restricted Stock Unit represents an unfunded unsecured right of the Participant, upon vesting of the Restricted Stock Unit, to receive one Share.

3. **Vesting.** Subject to the terms and conditions set forth herein and in the Plan, the Restricted Stock Units shall vest in three (3) substantially equal installments on each of the first three (3) anniversaries of the Date of Grant (each, a "Vesting Date"), provided the Participant has remained in Service from the Date of Grant through the applicable Vesting Date.

   Notwithstanding the foregoing,

   (a) if the Participant ceases to be in Service during the Vesting Period as a result of the Participant's death or Disability, the Restricted Stock Units shall become 100% vested as of the date of such cessation of Service;

   (b) if the Participant's Service terminates during the Vesting Period due to the Participant's Voluntary Retirement, then the Restricted Stock Units shall continue to vest as if the Participant had continued in Service through each Vesting Date; provided, however, that (i) if the Participant's Service terminates due to the Participant's Voluntary Retirement prior to the date of a Qualifying Change in Control that occurs after the Date of Grant, the Restricted Stock Units shall become 100% vested as of the date of the Qualifying Change in Control and (ii) if the Participant's Service terminates due to the Participant's Voluntary Retirement after the date of a Qualifying Change in Control that occurs after the Date of Grant, the Restricted Stock Units to the extent outstanding shall become 100% vested as of the date of such termination; and

   (c) if within two (2) years following a Change in Control that occurs after the Date of Grant, the Participant's Service as an employee is involuntarily terminated by the Company (or successor thereto, or a Parent or Subsidiary), whether or not for Cause, the Restricted Stock Units to the extent outstanding shall become 100% vested as of the date of such cessation of Service**.**

4. **Forfeiture of Restricted Stock Units.** If at any time the Participant ceases Service for any reason other than death, Disability or Voluntary Retirement during the Vesting Period, the Restricted Stock Units shall be forfeited by the Participant and deemed canceled by the Company and the Participant shall thereupon cease to have any right or be entitled to receive any Shares under those forfeited Restrict Stock Units.

5. **Rights of Participant.** The Participant shall not have the rights of a stockholder of the Company with respect the Shares represented by the Restricted Stock Units, including, without limitation, the right to vote the Shares represented by the Restricted Stock Units, unless and until such Shares have been delivered to the Participant in accordance with Paragraph 9.

6. **Dividend Equivalents.** The Participant shall not receive cash dividends on the Restricted Stock Units, but instead shall, with respect to each Restricted Stock Unit, be entitled to a cash payment from the Company determined on each cash dividend payment date with respect to the Shares with a record date occurring at any time following the Date of Grant but prior to the date that the Shares represented by the Restricted Stock Units are delivered to the Participant in accordance with Paragraph 9. Such cash payment shall be equal to the dividend that would have been paid on the Share represented by each Restricted Stock Unit had the Share been issued and outstanding and entitled to the dividend. Cash payments for each cash dividend payment date with respect to the Shares with a record date occurring prior to the date that the Shares represented by the Restricted Stock Units vest are delivered to the Participant in accordance with Section 9 shall be accrued until such delivery date and paid to the Participant at the same time delivery of the Shares represented by the Restricted Stock Units is made to the Participant in accordance with Section 9, subject to applicable withholding. However, no such dividend equivalent payments shall be paid if the Participant does not vest in the Restricted Stock Units.

7. **Notices.** Any notice to the Company provided for in this instrument shall be addressed to the Compensation Committee at 1300 Morris Drive, Chesterbrook, PA 19087, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by overnight courier or telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

8. **Securities Laws, etc.** The Administrator may from time to time impose any conditions on the Restricted Stock Units, and the Shares represented by the Restricted Stock Units, as it deems necessary or advisable to ensure that the Plan and this Award satisfy the conditions of Rule 16b-3, and that such Shares are issued and resold in compliance with the Securities Act of 1933, as amended. The Company may require that the Participant represent that the Participant is holding the Shares for the Participant's own account and not with a view to or for sale in connection with any distribution of the Shares, or such other representation as the Administrator deems appropriate.

9. Delivery of Shares.

(a) Notwithstanding any provision of this Award Agreement or the Plan to the contrary (other than Section 11 and Section 14(b) hereof and Section 17 of the Plan), the Shares represented by the Restricted Stock Units (or such other consideration as permitted by Section 21(b) of the Plan) that have become nonforfeitable shall only be delivered to or on behalf of the Participant (in certificate or electronic form) on the earliest of:

(i) the applicable Vesting Date;

(ii) the date that the Participant's Service ceases due to the Participant's death or Disability;

(iii) if the Participant's Service as an employee is involuntarily terminated by the Company (or successor thereto or Parent Subsidiary), whether or not for Cause, within two (2) years following a Change in Control, the date of such termination;

(iv) the date of a Change in Control that occurs after the Date of Grant if such Change in Control constitutes a Qualifying Change in Control and if the Participant's Service has terminated by reason of Voluntary Retirement on or prior to the date of such Change in Control; or

(v) if the Participant's Service has not terminated by reason of Voluntary Retirement on or prior to a Change in Control that occurs after the Date of Grant, as of the earliest of (A) the date that the Participant's Service terminates by reason of Voluntary Retirement following such Change in Control, (B) the date that the Restricted Stock Units become vested pursuant to Section 21(a) of the Plan or (C) the date that the Administrator exercises its discretion to vest and deliver such Shares (or other consideration) to the Participant pursuant to Section 21(b) of the Plan.

(b) The Shares will be delivered without payment from the Participant and without any legend or restrictions, except for such restrictions as may be imposed by the Administrator, in its sole judgment, under Paragraph 8, provided that no certificates for Shares will be delivered to the Participant until appropriate arrangements have been made with the Company for the withholding of any Taxes which may be due with respect to such Shares. The Company may condition delivery of certificates for Shares upon the prior receipt from the Participant of any undertakings which it may determine are required to ensure that the certificates are being issued in compliance with federal and state securities laws.

(c) The right to payment of any fractional Shares shall be satisfied in cash, measured by the product of the fractional amount times the Fair Market Value of a Share on the Vesting Date (or the date that the cessation of the Participant's Service due to the Participant's death or Disability or other date on which the Restricted Stock Units become vested under Section 3, if earlier) determined by the Administrator.

10. Withholding Taxes.

(a) The issuance of the Shares shall be subject to the collection of all applicable Taxes. The Taxes may be paid in one or both of the following forms:

(i) delivery of a check to the Company in the amount of such Taxes, or

(ii) through a Share withholding procedure pursuant to which the Company will withhold, at the time of such issuance, a portion of the Shares with a Fair Market Value (measured as of the applicable issuance date) equal to the amount of those Taxes; provided, however, that the amount of any Shares so withheld shall not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory

withholding rates for federal and state tax purposes that are applicable to supplemental taxable income.

(b) Notwithstanding the foregoing provisions of this Section 10, the employee portion of the federal, state and local employment taxes required to be withheld by the Company in connection with the vesting (or deemed vesting by reason of the Participant being or becoming eligible for Voluntary Retirement) of the Shares or any other amounts hereunder (the "Employment Taxes") shall in all events be collected from the Participant no later than the last business day of the calendar year in which the Shares or other amounts vest (or are deemed vested) hereunder. Accordingly, to the extent one or more vested Shares are issued, or other amounts are distributed, in a year subsequent to the calendar year in which those Shares or other amounts vest (or are deemed vested), the Participant shall, on or before the last business day of the calendar year in which the Shares or other amounts vest (or are deemed vested), deliver to the Company a check payable to its order in the dollar amount equal to the Employment Taxes required to be withheld with respect to those Shares or other amounts. The provisions of this Section 10(b) shall be applicable only to the extent necessary to comply with the applicable tax withholding requirements of Code Section 3121(v).

(c) The Company shall collect the Taxes with respect to each non-Share distribution (including a dividend-equivalent payment) by withholding a portion of that distribution equal to the amount of the applicable Taxes, with the cash portion of the distribution to be the first portion so withheld.

11. <u>Special Forfeiture and Repayment Rules.</u>

(a) The Participant hereby acknowledges and agrees that in the event that the Participant experiences a Triggering Event (as defined in the Plan and including, without limitation, the occurrence of a breach by the Participant of the non-competition or non-solicitation covenants set forth in Attachment A of the Plan) and unless the Administrator or its delegate determines otherwise, then:

(i) any of the Restricted Stock Units (and related dividend equivalents) that remain unvested as of the date the Administrator or its delegate determines that the Participant has experienced a Triggering Event, and any Restricted Stock Units (or related dividend equivalents) that have so vested but the Shares represented by such Restricted Stock Units (or related dividend equivalents) have not yet been delivered in accordance with Section 9, shall be immediately and automatically forfeited; and

(ii) if the Restricted Stock Units have vested and the Shares represented by such Restricted Stock Units (and related dividend equivalents) have been delivered to the Participant in accordance with Section 9 within the 12-month period immediately prior to the date of the acts or omissions that gave rise to such Triggering Event or anytime thereafter, within 10 days of receiving written notice from the Company that a Triggering Event has occurred, the Participant shall deliver to the Company a number of unrestricted Shares equal to the number of Shares and any cash delivered to the Participant in respect of the Restricted Stock Units (and related dividend equivalents) during such period; provided that if, at the time delivery of the Shares by the Participant is required, the Participant cannot deliver a number of unrestricted Shares equal to the number of Shares delivered to the Participant in respect of the Restricted Stock Units during such period, in addition to the delivery of the number of unrestricted Shares by the Participant at such time, the Participant shall be required to pay to the Company an amount equal to the product of the number of such Shares delivered to the Participant in respect of the Restricted Stock Units during such period (less the number of Shares contemporaneously delivered by the Participant to the Company), multiplied by the Fair Market Value of one Share as of the date the Restricted Stock Units became vested.

(b) The Administrator shall determine in its sole discretion whether a Triggering Event has occurred with respect to the Participant.

(c) The Participant hereby acknowledges and agrees that the restrictions contained in the Plan are being made for the benefit of the Company in consideration of the Participant's receipt of the Award. The Participant further acknowledges that the receipt of the Award is a voluntary action on the part of the Participant and that the Company is unwilling to provide the Award to the Participant without including the restrictions contained in the Plan.

(d) The Participant hereby consents to a deduction from, and set-off against, any amounts owed to the Participant by the Company or its affiliates from time to time (including, but not limited to, amounts owed to the Participant as wages, severance payments or other fringe benefits) to the extent of the amounts owed to the Company by the Participant under this Award Agreement.

(e) The Special Forfeiture and Repayment Rules provisions of this Award Agreement and the Plan are in addition to, not in lieu of, any other obligation and/or restriction that the Participant may have with respect to the Company, whether by operation of law, contract, or otherwise, including, without limitation, any non-competition and non-solicitation obligations contained in an employment agreement entered into by and between the Participant and the Company or any of its affiliates.

(f) The Participant hereby further agrees that the Participant and this Award shall be subject to the Incentive Compensation Restriction and Financial Recoupment Program of the Company's Corporate Integrity Agreement, to the extent applicable, and any applicable clawback, recoupment or other similar policy that the Company adopts (each, a "Policy"), and the Participant acknowledges and agrees that the Award (and related dividend equivalents) hereunder granted, the Shares issued or to be issued and/or amounts paid or to be paid hereunder and/or amounts received with respect to any sale of such Shares, shall be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of such Policy. The Participant agrees and consents to the Company's application, implementation and enforcement of (i) any such Policy established by the Company that may apply to the Participant and (ii) any provisions of applicable law relating to cancellation, rescission, payback or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate such Policy or applicable law without further consent or action being required by the Participant. To the extent that the terms of this Agreement and such Policy conflict, the terms of such Policy shall prevail.

12. **Transferability.** The Restricted Stock Units (and the underlying Shares (and related dividend equivalents)) may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 12 shall be void and unenforceable. However, any Shares (and related dividend equivalents) which vest hereunder but otherwise remain unissued at the time of the Participant's death, shall be issued to the Participant's designated beneficiary or beneficiaries of this Award or in the absence of such designated beneficiaries, pursuant to the provisions of the Participant's will or laws of descent and distribution.

13. **Restrictive Covenants and Other Attachments.** The Participant hereby agrees to the Restrictive Covenants set forth in Attachment A of the Plan and acknowledges and agrees to the provisions of Attachment B of the Plan.

14. **Section 409A.**

(a) It is the intention of the parties that the provisions of this Agreement shall, to the maximum extent possible, be exempt from Code Section 409A. Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the requirements or limitations of Code Section 409A and the Treasury Regulations applicable thereunder, then those provisions shall be interpreted and applied in a manner that does not result in a violation of the requirements or limitations of Code Section 409A and the Treasury Regulations thereunder.

(b) However, to the extent this Agreement should be deemed to create a deferred compensation arrangement subject to the requirements of Code Section 409A, then no Shares or other amounts which become issuable or distributable under this Agreement by reason of the Participant's cessation of Service shall actually be issued or distributed to the Participant until the date of the Participant's separation from service within the meaning of Treasury Regulation 1.409A-1(h) or as soon thereafter as administratively practicable, but in no event later the fifteenth day of the third calendar month following the date of such separation from service, unless a delayed commencement date is otherwise required pursuant to Section 14(c).

(c) No Shares or other amounts which become issuable or distributable under this Agreement by reason of the Participant's separation from service shall actually be issued or distributed to the Participant prior to the earlier of (i) the first day of the seventh (7th) month following the date of such separation from service or (ii) the date of the Participant's death, if the Participant is deemed

at the time of such separation from service to be a specified employee under Treasury Regulation 1.409A-1(i), as determined by the Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Company, and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The deferred Shares or other distributable amount shall be issued or distributed in a lump sum on the first day of the seventh (7th) month following the date of the Participant's separation from service or, if earlier, the first day of the month immediately following the date the Company receives proof of the Participant's death. In no event shall the Participant have the right to determine the calendar year in which any such issuance or distribution is to occur.

15. Miscellaneous.

(a) The Award granted hereunder shall not confer upon the Participant any right to continue in Service and shall not interfere in any way with the right of the Company (or any Parent or Subsidiary) to terminate the Participant's Service at any time. The right of the Company (or any Parent or Subsidiary) to terminate at will the Participant's Service at any time for any reason is specifically reserved.

(b) The Award granted hereunder is subject to the approval of the Plan by the shareholders of the Company to the extent that such approval (i) is required pursuant to the rules and regulations of the New York Stock Exchange, or (ii) is required to satisfy the conditions of Rule 16b-3.

(c) The Participant acknowledges that the Company has not advised the Participant regarding the Participant's tax liability in connection with the grant or vesting of the Restricted Stock Units (and related dividend equivalents) or the delivery of the Shares represented by the Restricted Stock Units (and related dividend equivalents). The Participant is not relying on any statements or representations of the Company or any of its agents in regard to such liability. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of the transactions contemplated by this Award Agreement.

(d) The validity, performance, construction and effect of this Award shall be governed by and determined in accordance with the law of the State of Delaware, without giving effect to conflicts of laws principles thereof.

(e) Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and the Participant, the Participant's assigns, the legal representatives, heirs and legatees of the Participant's estate and any beneficiaries of the Award designated by the Participant.

(f) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

(g) The Participant has received a copy of the Plan, a copy of which is attached hereto, has been provided with the opportunity to read the Plan and is familiar with the terms and provisions thereof and hereby accepts this Award subject to all of the terms and provisions of this Award Agreement and the Plan, including, without limitation, the Special Forfeiture and Repayment Rule provisions of the Plan. The Participant hereby acknowledges the receipt of the prospectus for the Plan, a copy of which is attached hereto. All decisions or interpretations of the Administrator upon any questions arising under the Plan or this Award Agreement shall be binding, conclusive and final.

16. GRANT ACCEPTANCE. YOU MUST ACCEPT THE TERMS OF THIS AWARD AGREEMENT WITHIN 364 DAYS OF RECEIPT IN ACCORDANCE WITH THE PROCEDURES SPECIFIED BY THE COMPANY. ***IF YOU DO NOT ACCEPT THE TERMS AS INSTRUCTED, THIS AGREEMENT WILL AUTOMATICALLY, WITHOUT FURTHER ACTION OF THE COMPANY OR THE ADMINISTRATOR, TERMINATE AND THE AWARD WILL BE FORFEITED AT MIDNIGHT ON THE 364TH DAY***. ACCEPTANCE OF THIS AWARD AGREEMENT CONSTITUTES YOUR CONSENT TO ANY ACTION TAKEN UNDER THE PLAN AND THIS AWARD AGREEMENT AND YOUR AGREEMENT TO BE BOUND BY THE COVENANTS AND AGREEMENTS CONTAINED IN ATTACHMENT A AND ATTACHMENT B OF THE PLAN.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Award Agreement effective as of the Date of Grant.

AMERISOURCEBERGEN CORPORATION

Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

I, Steven H. Collis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "Report") of AmerisourceBergen Corporation (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant’s board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 4, 2021

/s/ Steven H. Collis
Steven H. Collis
Chairman, President and Chief Executive Officer

Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

I, James F. Cleary, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "Report") of AmerisourceBergen Corporation (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   (d) Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 4, 2021

/s/ James F. Cleary
James F. Cleary
Executive Vice President and Chief Financial Officer

Exhibit 32

Section 1350 Certification of Chief Executive Officer

In connection with the Quarterly Report of AmerisourceBergen Corporation (the "Company") on Form 10-Q for the quarter ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven H. Collis, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven H. Collis
Steven H. Collis
Chairman, President and Chief Executive Officer

February 4, 2021

Section 1350 Certification of Chief Financial Officer

In connection with the Quarterly Report of AmerisourceBergen Corporation (the "Company") on Form 10-Q for the quarter ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James F. Cleary, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James F. Cleary
James F. Cleary
Executive Vice President and Chief Financial Officer

February 4, 2021