SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL QUARTER ENDED **MARCH 31, 2002**

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 (State or other jurisdiction of incorporation or organization)	**23-3079390** (IRS Employer Identification No.)
1300 Morris Drive, Suite 100, Chesterbrook, PA (Address of principal executive offices)	**19087-5594** (Zip Code)
Registrant's telephone number, including area code	**(610) 727-7000**

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 [x] No [ ]

The number of shares of common stock of AmerisourceBergen Corporation outstanding as of March 31, 2002 was 104,879,728.

AMERISOURCEBERGEN CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements (Unaudited)

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

ASSETS	March 31, 2002	September 30, 2001
	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 463,815	$ 297,626
Accounts receivable, less allowance for doubtful accounts: $200,316 at March 31, 2002 and $188,586 at September 30, 2001	2,061,331	2,142,663
Merchandise inventories	5,295,924	5,056,257
Prepaid expenses and other	17,831	15,956
Total current assets	7,838,901	7,512,502
Property and equipment, at cost:		
Land	24,952	25,177
Buildings and improvements	128,093	129,436
Machinery, equipment and other	240,610	223,583
Total property and equipment	393,655	378,196
Less accumulated depreciation	116,180	88,627
Property and equipment, net	277,475	289,569
Other assets:		
Goodwill	2,126,121	2,125,258
Deferred income taxes	19,413	22,326
Intangibles, deferred charges and other	338,309	341,590
Total other assets	2,483,843	2,489,174
TOTAL ASSETS	$ 10,600,219	$ 10,291,245

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - (Continued)

(in thousands, except share and per share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 2002	September 30, 2001
	(Unaudited)	
Current liabilities:		
Accounts payable	$ 5,076,767	$ 4,991,884
Accrued expenses and other	402,945	359,131
Current portion of long-term debt	30,000	2,468
Accrued income taxes	50,440	16,655
Deferred income taxes	163,240	162,315
Total current liabilities	5,723,392	5,532,453
Long-term debt, net of current portion	1,508,889	1,597,295
Other liabilities	43,260	48,317
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debt securities of the Company	274,952	274,616
Stockholders' equity:		
Common stock, $.01 par value - authorized: 300,000,000 shares; issued and outstanding: 104,879,728 shares at March 31, 2002 and 103,544,519 shares at September 30, 2001	1,049	1,035
Additional paid-in capital	2,766,314	2,709,687
Retained earnings	282,733	128,178
Accumulated other comprehensive loss	(370)	(336)
Total stockholders' equity	3,049,726	2,838,564
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 10,600,219	$ 10,291,245

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands, except per share data)

	Three months ended March 31,		Six months ended March 31,	
	2002	**2001**	**2002**	**2001**
Operating revenue	$ 9,918,609	$ 3,480,685	$ 19,604,885	$ 6,787,436
Bulk deliveries to customer warehouses	1,025,658	313	2,408,162	757
Total revenue	10,944,267	3,480,998	22,013,047	6,788,193
Cost of goods sold	10,429,774	3,329,829	21,027,121	6,499,591
Gross profit	514,493	151,169	985,926	288,602
Operating expenses:				
Distribution, selling and administrative	304,576	82,462	602,168	162,107
Depreciation	13,851	3,680	28,098	6,978
Amortization	551	601	1,351	1,197
Merger costs	4,741	-	12,238	-
Operating income	190,774	64,426	342,071	118,320
Equity in (income) loss of affiliates and other	(354)	1,801	1,377	2,575
Interest expense	32,734	11,793	63,709	22,669
Income before taxes and distributions on preferred securities of subsidiary trust	158,394	50,832	276,985	93,076
Income taxes	62,891	19,316	109,969	35,369
Income before distributions on preferred securities of subsidiary trust	95,503	31,516	167,016	57,707
Distributions on preferred securities of subsidiary trust, net of income tax benefit of $2,389 and $4,777, respectively	3,629	-	7,259	-
Net income	$ 91,874	$ 31,516	$ 159,757	$ 57,707
Earnings per share:				
Basic	$ 0.88	$ 0.60	$ 1.54	$ 1.10
Diluted	$ 0.84	$ 0.57	$ 1.48	$ 1.07
Weighted average common shares outstanding:				
Basic	104,404	52,701	104,070	52,528
Diluted	111,704	59,349	111,443	56,939
Cash dividends declared per share on common stock	$ 0.025	$ -	$ 0.050	$ -

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)

	Six months ended March 31, 2002	Six months ended March 31, 2001
OPERATING ACTIVITIES		
Net income	$ 159,757	$ 57,707
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	28,098	6,978
Amortization, including amounts charged to interest expense and preferred distributions	4,052	2,846
Provision for loss on accounts receivable	32,704	7,363
Loss (gain) on disposal of property and equipment	336	(163)
Equity in losses of affiliates and other	1,377	2,575
Gain on sale of a business	-	(454)
Provision for deferred income taxes	6,037	7,365
Employee stock compensation	411	-
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Accounts and notes receivable	58,207	(67,656)
Merchandise inventories	(239,538)	(256,384)
Prepaid expenses and other	(1,862)	(250)
Accounts payable, accrued expenses and income taxes	179,533	180,728
Other	2,192	(1,078)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	231,304	(60,423)
INVESTING ACTIVITIES		
Capital expenditures	(20,999)	(12,245)
Purchase of equity interests in businesses	(13,879)	(3,282)
Proceeds from sales of property and equipment	1,518	310
Proceeds from sale of a business	-	12,993
NET CASH USED IN INVESTING ACTIVITIES	(33,360)	(2,224)
FINANCING ACTIVITIES		
Net repayments under revolving credit and receivables securitization facilities	(37,000)	(233,709)
Long-term debt borrowings	-	300,000
Long-term debt repayments	(23,119)	(6,353)
Deferred financing costs and other	(1,118)	(9,350)
Distributions on preferred securities of subsidiary trust	(5,850)	-
Exercise of stock options	40,534	17,509
Cash dividends on common stock	(5,202)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(31,755)	68,097
INCREASE IN CASH AND CASH EQUIVALENTS	166,189	5,450
Cash and cash equivalents at beginning of period	297,626	120,818
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 463,815	$ 126,268

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Basis of Presentation

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

The Company was formed in connection with the merger of AmeriSource Health Corporation ("AmeriSource") and Bergen Brunswig Corporation ("Bergen"), which was consummated on August 29, 2001 (the "Merger"), as described further in Note 2. As a result of the Merger, AmeriSource and Bergen became wholly owned subsidiaries of the Company.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position as of March 31, 2002 and the results of operations and cash flows for the interim periods ended March 31, 2002 and 2001 have been included. Certain information and footnote disclosures normally included in financial statements presented in accordance with accounting principles generally accepted in the United States, 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, 2001.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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-year amounts in order to conform to the current-year presentation.

Note 2. Merger

The merger of AmeriSource and Bergen into the Company was consummated on August 29, 2001, upon the affirmative vote of the AmeriSource and Bergen stockholders. The Merger occurred pursuant to a merger agreement between AmeriSource and Bergen dated March 16, 2001. In connection with the Merger, the AmeriSource stockholders received one share of the Company's common stock for each AmeriSource common share, while the Bergen stockholders received 0.37 of a share of Company common stock for each Bergen common share. As a result, AmeriSource and Bergen became wholly owned subsidiaries of the Company and the stockholders of AmeriSource and Bergen became the stockholders of the Company.

The Merger was accounted for under the purchase method of accounting for business combinations pursuant to Statement of Financial Accounting Standards No. 141 (see Note 3). Since the former AmeriSource stockholders owned approximately 51% of the Company immediately after the Merger (with the former Bergen stockholders owning the remaining 49%), the Company accounted for the Merger as an acquisition by AmeriSource of Bergen. In accordance with the purchase method, the Company included Bergen's financial results in the consolidated financial statements beginning with the consummation date of the Merger. Accordingly, the accompanying consolidated statements of operations and cash flows for the three and six months ended March 31, 2001 include only the amounts for AmeriSource.

Note 3. Recently-Issued Financial Accounting Standards

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." SFAS No. 141 applies to all business combinations completed after June 30, 2001 and requires the use of the purchase method of accounting. SFAS No. 141 also establishes new criteria for determining whether intangible assets should be recognized separately from goodwill. The Company accounted for the Merger, which was consummated in August 2001, in accordance with SFAS No. 141.

As of October 1, 2001, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which revises the accounting and financial reporting standards for goodwill and other intangible assets. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment on at least an annual basis. In accordance with the transition provisions of SFAS No. 142, the Company did not amortize goodwill arising from the Merger in fiscal 2001. In fiscal 2002, the Company has discontinued the amortization of all goodwill. Had the Company not amortized goodwill during fiscal 2001, net income for the quarter and six months ended March 31, 2001 would have been approximately $0.2 million and $0.5 million higher than the respective reported amounts, and diluted earnings per share would have been unchanged from the reported amount for the quarter and $0.01 higher than the reported amount for the six months. Pursuant to SFAS No. 142, the Company was required to complete an initial impairment test of goodwill within six months of adopting the standard, with any impairment charges recorded as a cumulative effect of a change in accounting principle. The Company completed its initial impairment test in the quarter ended March 31, 2002 and determined that no impairment existed.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This standard sets forth the accounting for the impairment of long-lived assets, whether they are held and used or are disposed of by sale or other means. It also broadens and modifies the presentation of discontinued operations. The standard will be effective for the Company's fiscal year 2003, although early adoption is permitted, and its provisions are generally to be applied prospectively. The Company is in the process of evaluating the adoption of this standard, but does not believe it will have a material impact on its consolidated financial statements.

Note 4. Earnings Per Share

Basic earnings per share is computed on the basis of the weighted average number of shares of common stock outstanding during the periods presented. Diluted earnings per share is computed on the basis of the weighted average number of shares of common stock outstanding during the periods plus the dilutive effect of stock options. Additionally, the diluted calculations consider the 5% convertible subordinated notes (which were issued in December 2000) as if converted and, therefore, the after-tax effect of interest expense related to these notes is added back to net income in determining income available to common stockholders.

	Three months ended March 31,		Six months ended March 31,	
(in thousands)	2002	2001	2002	2001
Net income	$ 91,874	$ 31,516	$ 159,757	$ 57,707
Interest expense - convertible subordinated notes, net of income taxes	2,481	2,528	4,961	3,086
Income available to common stockholders	$ 94,355	$ 34,044	$ 164,718	$ 60,793
Weighted average common shares outstanding - basic	104,404	52,701	104,070	52,528
Effect of dilutive securities:				
Options to purchase common stock	1,636	984	1,709	988
Convertible subordinated notes	5,664	5,664	5,664	3,423
Weighted average common shares outstanding - diluted	111,704	59,349	111,443	56,939

Note 5. Goodwill and Other Intangible Assets

Following is a summary of the changes in the carrying value of goodwill, by reportable segment, for the six months ended March 31, 2002 (in thousands):

	Pharmaceutical Distribution	PharMerica	Total
Goodwill at September 30, 2001	$ 1,854,158	$ 271,100	$ 2,125,258
Adjustments to the fair value of net assets acquired in connection with the Merger	(5,302)	(793)	(6,095)
Goodwill recognized in connection with the acquisition of additional equity interests in businesses	6,958	-	6,958
Goodwill at March 31, 2002	$ 1,855,814	$ 270,307	$ 2,126,121

As shown in the above table, adjustments to the fair value of net assets acquired in connection with the Merger resulted in a corresponding reduction in goodwill. Such adjustments consisted of the favorable resolution of legal matters and other contingencies, partially offset by the cost of facility consolidation and employee severance related to former Bergen facilities and employees as described in Note 7.

Following is a summary of other intangible assets as of March 31, 2002 and September 30, 2001 (in thousands):

	March 31, 2002			September 30, 2001		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Unamortized intangibles:						
Tradenames	$ 219,190	$ -	$ 219,190	$ 219,000	$ -	$ 219,000
Amortized intangibles:						
Customer lists and other	18,375	(5,554)	12,821	17,375	(4,203)	13,172
Total other intangible assets	$ 237,565	$ (5,554)	$ 232,011	$ 236,375	$ (4,203)	$ 232,172

Amortization expense for other intangible assets was $1.4 million and $0.5 million in the six months ended March 31, 2002 and 2001, respectively.

Note 6. Long-Term Debt

Long-term debt consisted of the following (in thousands):

	March 31, 2002	September 30, 2001
8 1/8% senior notes due 2008	$ 500,000	$ 500,000
AmeriSource 5% convertible subordinated notes due 2007	300,000	300,000
Bergen 7 3/8% senior notes due 2003	151,126	151,832
Bergen 7 1/4% senior notes due 2005	99,713	99,668
PharMerica 8 3/8% senior subordinated notes due 2008	124,625	124,719
Term loan facility at 4.14% and 5.01%, respectively	300,000	300,000
AmeriSource receivables securitization financing due 2004, at 3.89%	-	22,000
Bergen receivables securitization financing due 2005, at 3.69%	-	15,000
Revolving credit facilities averaging 3.85% and 5.14%, respectively	55,000	55,000
Bergen 7% convertible subordinated debentures due 2006	-	20,609
Bergen 6 7/8% exchangeable subordinated debentures due 2011	8,425	8,425
Other	-	2,510
Total	1,538,889	1,599,763
Less current portion	30,000	2,468
Total, net of current portion	$ 1,508,889	$ 1,597,295

A description of the principal terms of the aforementioned debt is set forth in Note 4 of the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001.

The Company's $150 million 7 3/8% senior notes, which are due in January 2003, and its Puerto Rican subsidiary's $55 million revolving credit facility, which expires in late May 2002, are not classified in the current portion of long-term debt on the accompanying consolidated balance sheet at March 31, 2002 because the Company has the ability and intent to refinance them on a long-term basis. The Company presently intends to replace the 7 3/8% senior notes by issuing new term debt in late calendar year 2002. If the Company decides not to issue new term debt, the Company believes it will have adequate availability under its Senior Credit Agreement, which expires in August 2006, to finance the retirement of the 7 3/8% senior notes. The Company is in the process of renewing the Puerto Rican facility for an additional one-year term expiring in May 2003. Additionally, borrowings under the Puerto Rican facility are secured by a standby letter of credit under the Senior Credit Agreement, and therefore the Company is effectively financing this debt on a long-term basis through that arrangement.

Note 7. Merger Costs and Facility Consolidations and Employee Severance

Merger Costs

During the quarter and six months ended March 31, 2002, the Company expensed approximately $4.7 million and $12.2 million of merger costs, respectively, primarily related to integrating the operations of AmeriSource and Bergen. Such costs were comprised primarily of consulting fees, which amounted to $3.4 million in the quarter and $9.4 million in the six months. Additional costs related to the Merger, including integration and employee retention costs, will be charged to expense in subsequent periods when incurred.

Facility Consolidations and Employee Severance

In connection with the Merger, the Company has developed integration plans to consolidate its distribution network and eliminate duplicate administrative functions, which are expected to result in synergies of approximately $150 million annually by the end of the third year following the Merger. The Company intends to reduce the number of pharmaceutical distribution facilities from 51 at September 30, 2001 to approximately 30 over the next three to four years.

In September 2001, the Company announced plans to close seven distribution facilities in fiscal 2002, including six former AmeriSource facilities and one former Bergen facility. A charge of $10.9 million was recognized in the fourth quarter of fiscal 2001 related to the AmeriSource facilities, and included $6.2 million of severance for approximately 260 warehouse and administrative personnel to be terminated, $2.3 million in lease and contract cancellations, and $2.4 million for the write-down of assets related to the facilities to be closed. Approximately $0.2 million of costs related to the Bergen facility were included in the purchase price allocation.

During the six months ended March 31, 2002, the Company announced further integration initiatives, related to the closure of Bergen's repackaging facility and the elimination of certain Bergen administrative functions. The cost of these initiatives of approximately $8.1 million, which included $7.0 million of severance for approximately 150 employees to be terminated and $1.1 million for the write-down of assets related to the facility to be closed, resulted in additional goodwill being recorded during the six months.

During the six months ended March 31, 2002, two distribution facilities and the repackaging facility were closed. One additional distribution facility was closed in April 2002, and another four distribution facilities are scheduled for closure by the end of fiscal 2002. Approximately 135 employees were terminated during the six months. The Company paid a total of $4.2 million for employee severance and lease and contract cancellation costs with respect to its integration initiatives during the six months. Remaining accrued expenses of $10.0 million for employee severance and lease obligations are included in the accompanying consolidated balance sheet at March 31, 2002. Severance for some employees will be paid over periods of up to eighteen months after their respective termination dates. Additional amounts for integration initiatives will be recognized in subsequent periods as facilities to be consolidated are identified and specific plans are approved and announced.

Note 8. Legal Matters and Contingencies

In the ordinary course of its business, the Company becomes involved in lawsuits, administrative proceedings and governmental investigations, including antitrust, environmental, product liability, regulatory agency and other matters. In some of these proceedings, plaintiffs may seek to recover large and sometimes unspecified amounts and the matters may remain unresolved for several years. On the basis of information furnished by counsel and others, the Company does not believe that these matters, individually or in the aggregate, will have a material adverse effect on its business or financial condition.

Antitrust Actions

In 1993, two of the Company's subsidiaries, AmeriSource and Bergen, were named defendants, along with a number of other wholesale distributors and pharmaceutical manufacturers, in a series of purported class action antitrust lawsuits brought in federal court by retail pharmacies. In October 1994, the Company entered into a Judgment Sharing Agreement (covering both the federal and parallel state actions) with the other wholesaler and manufacturer defendants addressing the issues of reimbursement of litigation costs and indemnification for any judgment. In 1997, the Company and several other wholesale distributors were also added as defendants in a series of related antitrust lawsuits brought by independent pharmacies and chain drugstores which had opted out of the class action cases and in parallel suits filed in several state courts. In essence, all of these lawsuits claimed that the manufacturer and wholesaler defendants conspired to fix the prices charged to retail pharmacies for prescription brand name pharmaceuticals. In the federal class action cases, the Court granted all of the defendants' motions for judgment as a matter of law and dismissed all claims against the Company and the other defendants. This judgment was affirmed on appeal. In November 2000, the Court granted the distributors' motion for summary judgment in the opt-out cases. This judgment was affirmed on appeal by the Seventh Circuit. Two of the state cases are proceeding but are inactive; the rest have been settled or dismissed. The Company believes it has meritorious defenses to the claims asserted and intends to vigorously defend itself in all of these cases.

Environmental Remediation

The Company's AmeriSource subsidiary is subject to contingencies pursuant to environmental laws and regulations at one of its former distribution centers that may require the Company to make remediation efforts. In fiscal 1994, the Company accrued $4.1 million to cover future consulting, legal, remediation and ongoing monitoring costs. Approximately $0.4 million of such costs have been paid through March 31, 2002. Based on an engineering analysis prepared by outside consultants that was completed in September 2001, environmental reserves of $2.7 million were reversed into income during the fourth quarter of fiscal 2001. The remaining accrued liability of $1.0 million is reflected in other liabilities in the accompanying consolidated balance sheet at March 31, 2002. The accrued liability represents the current estimate of the extent of contamination and choice of remedy based on existing technology and presently enacted laws and regulations. However, changes in remediation standards, improvements in cleanup technology and discovery of additional information concerning the site could affect the estimated liability in the future.

Proposition 65

In February 1999, Perry Gottesfeld, an individual, filed a lawsuit against the Company's Bergen Brunswig Drug Company subsidiary ("BBDC") and approximately sixteen other defendants alleging that manufacturers and distributors of over-the-counter dandruff shampoos containing coal tar expose consumers to coal tar, a Proposition 65-listed carcinogen, without providing a warning. Shortly after Gottesfeld filed suit, the California Attorney General filed a separate action covering the same products. The cases have been consolidated and are pending in state court. The Company has filed an answer to both plaintiffs' claims and responded to discovery requests. In March 2000, Gottesfeld filed a citizen's petition with the Food and Drug Administration ("FDA") requesting the FDA to restrict the sale of pharmaceuticals containing coal tar to prescription only and to require additional warnings for cancer. In September 2000, the Court granted the Company's request for a stay of the action pending FDA review of the Gottesfeld petition. In February 2001, the FDA rejected Gottesfeld's petition, finding that the scientific studies and data on which Gottesfeld based his request for the FDA to restrict the sale of coal tar products and/or require them to be sold with warnings was not valid. The FDA reaffirmed the current regulations, including formulation and labeling requirements. The FDA specifically stated that cancer warnings on coal tar shampoo were not warranted. The Company filed a motion for summary judgment in November 2001. In December 2001, Gottesfeld and the California Attorney General reached a tentative settlement agreement with BBDC to dismiss the Company from this litigation. Pursuant to the tentative agreement, the Court vacated the pending January 2002 trial date. The settlement has now been finalized and a motion to approve the settlement is pending before the Court.

In October 2001, the Center for Environmental Health filed a lawsuit against BBDC and several other defendants. The complaint alleged violations of California's Proposition 65 and Unfair Trade Practices Act for failure to provide clear and reasonable warnings regarding the carcinogenicity and reproductive toxicity of lead and the reproductive toxicity of cadmium to the users of FDA-approved anti-diarreal medicines. The Company tendered its defense to the manufacturer of its private label medicines. In January 2002, the California Attorney General served an amended complaint against BBDC and several of the defendants covering the same products and asserting similar allegations and damages. On January 29, 2002, the State filed a motion to consolidate the two actions in San Francisco County Superior Court. Settlement discussions are ongoing.

Contract Dispute

In January 2002, BBDC was served with a complaint filed in the United States District Court for the District of New Jersey by one of its manufacturer vendors, Bracco Diagnostics Inc. ("Bracco"). The complaint, which includes claims for fraud, breach of New Jersey's Consumer Fraud Act, breach of contract and unjust enrichment, involves disputes relating to chargebacks and credits. The Company filed a motion to dismiss the fraud and New Jersey Consumer Fraud Act counts and answered the remaining counts of the complaint. Bracco has served the Company with discovery requests and the Company is preparing discovery to serve on Bracco.

PharMerica Matters

In November 1998 and February 1999, two putative securities class actions were filed in federal court against the Company's PharMerica subsidiary and certain individuals. These cases were later consolidated. The proposed classes consist of all persons who purchased or acquired stock of PharMerica between January 7, 1998 and July 24, 1998. The complaint, which includes claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, alleges that defendants made various material misrepresentations and omissions in connection with an alleged violation of generally accepted accounting principles and the withholding of information related to the costs associated with certain acquisitions. Defendants' motion to dismiss is pending.

Prior to the acquisition of PharMerica by the Company's Bergen Brunswig subsidiary, the United States Department of Health and Human Services ("HHS"), during the course of a Medicare audit of various nursing homes, requested PharMerica to produce records related to intravenous pharmaceuticals provided to certain nursing homes in 1997 and 1998. PharMerica has learned that HHS auditors alleged that during the 1997-1998 time frame, certain nursing homes, primarily operating in Texas, improperly billed Medicare for intravenous pharmaceuticals and related services. In June 2000, the government sued Sensitive Care, a former chain of thirteen Texas nursing homes, alleging that Sensitive Care filed false claims for Medicare reimbursement. Because Sensitive Care has filed for bankruptcy, the government's case has been filed in bankruptcy court as a creditor's claim. In its answer to the government's lawsuit, Sensitive Care has denied liability and has brought a third-party complaint alleging that PharMerica is liable for any false claims liabilities that may be imposed against Sensitive Care under an indemnification clause contained in the pharmacy services contracts between PharMerica and the nursing homes Sensitive Care formerly operated. PharMerica denies that it has any liability for fraudulent billings that Sensitive Care, an independent third-party organization, may have submitted to the government. However, PharMerica has entered into preliminary settlement discussions in the interest of expeditiously resolving this matter.

Note 9. Business Segment Information

The Company is organized based upon the products and services it provides to its customers. The Company's operations have been aggregated into two reportable segments: Pharmaceutical Distribution and PharMerica.

The Pharmaceutical Distribution segment includes AmerisourceBergen Drug Company ("ABDC") and AmerisourceBergen Specialty Group ("ABSG"). ABDC includes the full-service pharmaceutical distribution facilities, American Health Packaging, and other healthcare related businesses. ABDC sells pharmaceuticals, over-the-counter medicines, health and beauty aids, and other health-related products to hospitals, alternate care and mail order facilities, and independent and chain retail pharmacies. American Health Packaging packages oral solid medications for nearly any need in virtually all settings of patient care. ABDC also provides promotional, inventory management and information services to its customers. ABSG sells specialty pharmaceutical products to physicians, clinics and other providers in the nephrology, oncology, plasma and vaccines sectors. ABSG also provides third party logistics and reimbursement consulting services to healthcare product manufacturers.

The PharMerica segment consists solely of the Company's PharMerica operations. PharMerica provides institutional pharmacy products and services to patients in long-term care and alternate site settings, including skilled nursing facilities, assisted living facilities, and residential living communities. PharMerica also provides mail order pharmacy services to chronically and catastrophically ill patients under workers' compensation programs, and provides pharmaceutical claims administration services for payors.

All of the Company's operations are located in the United States, except for one ABDC subsidiary, which operates in Puerto Rico.

The following tables present segment information for the three and six months ended March 31 (in thousands):

	Revenue			
	Three months ended March 31,		Six months ended March 31,	
	2002	2001	2002	2001
Pharmaceutical Distribution	$ 9,750,903	$ 3,480,685	$ 19,272,979	$ 6,787,436
PharMerica	359,761	-	715,176	-
Intersegment Eliminations	(192,055)	-	(383,270)	-
Operating revenue	9,918,609	3,480,685	19,604,885	6,787,436
Bulk deliveries of pharmaceuticals to customer warehouses	1,025,658	313	2,408,162	757
Total revenue	$ 10,944,267	$ 3,480,998	$ 22,013,047	$ 6,788,193

Management evaluates segment performance based on revenues excluding bulk deliveries to customer warehouses. Intersegment Eliminations represent the elimination of the Pharmaceutical Distribution segment's sales to PharMerica. ABDC is the principal supplier of pharmaceuticals to PharMerica.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

	Operating Income			
	Three months ended March 31,		Six months ended March 31,	
	2002	2001	2002	2001
Pharmaceutical Distribution	$ 175,968	$ 64,426	$ 315,452	$ 118,320
PharMerica	19,547	-	38,857	-
Merger costs	(4,741)	-	(12,238)	-
Total operating income	190,774	64,426	342,071	118,320
Equity in (income) loss of affiliates and other	(354)	1,801	1,377	2,575
Interest expense	32,734	11,793	63,709	22,669
Income before taxes and distributions on preferred securities of subsidiary trust	$ 158,394	$ 50,832	$ 276,985	$ 93,076

Segment operating income is evaluated before equity in (income) loss of affiliates, interest expense and special items such as merger costs. All corporate office expenses are allocated to the two reportable segments.

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

The following discussion should be read in conjunction with the Consolidated Financial Statements and notes thereto contained herein:

Impact of the Merger

AmerisourceBergen Corporation (the "Company") is a leading national wholesale distributor of pharmaceutical products and related healthcare services and solutions with approximately $39 billion in annualized operating revenue. The Company was formed in connection with the merger of AmeriSource Health Corporation ("AmeriSource") and Bergen Brunswig Corporation ("Bergen"), which was consummated on August 29, 2001 (the "Merger").

The Merger was accounted for as an acquisition of Bergen under the purchase method of accounting using the new guidelines for business combinations issued by the Financial Accounting Standards Board (see Note 3 to the consolidated financial statements). Under the purchase method of accounting, the cost of approximately $2.4 billion to acquire Bergen, including transaction costs, was allocated to Bergen's underlying net assets based on their respective estimated fair values. The $2.3 billion excess of the purchase price over the estimated fair value of the tangible net assets acquired was recorded as goodwill and other intangible assets.

The Company is organized based upon the products and services it provides to its customers. The Company's operating segments have been aggregated into two reportable segments: Pharmaceutical Distribution and PharMerica.

The Pharmaceutical Distribution segment includes AmerisourceBergen Drug Company ("ABDC") and AmerisourceBergen Specialty Group ("ABSG"). ABDC includes the full-service pharmaceutical distribution facilities, American Health Packaging, and other healthcare related businesses. ABDC sells pharmaceuticals, over-the-counter medicines, health and beauty aids, and other health-related products to hospitals, alternate care and mail order facilities, and independent and chain retail pharmacies. American Health Packaging packages oral solid medications for nearly any need in virtually all settings of patient care. ABDC also provides promotional, inventory management and information services to its customers. ABSG sells specialty pharmaceutical products to physicians, clinics and other providers in the nephrology, oncology, plasma and vaccines sectors. ABSG also provides third party logistics and reimbursement consulting services to healthcare product manufacturers.

The PharMerica segment consists solely of the Company's PharMerica operations. PharMerica provides institutional pharmacy products and services to patients in long-term care and alternate site settings, including skilled nursing facilities, assisted living facilities, and residential living communities. PharMerica also provides mail order pharmacy services to chronically and catastrophically ill patients under workers' compensation programs, and provides pharmaceutical claims administration services for payors.

Comparative Pro Forma Information for Fiscal 2001

The accompanying historical consolidated statement of operations for the quarter and six months ended March 31, 2001 and statement of cash flows for the six months ended March 31, 2001 reflect only the results of AmeriSource, as predecessor to the Company. In order to enhance comparability with the financial information for the quarter and six months ended March 31, 2002, the following schedules include the results of operations for the quarter and six months ended March 31, 2001 on a pro forma basis by reportable segment. Within these schedules and the following discussion, pro forma refers to the combined results of AmeriSource and Bergen and are not intended to be consolidated financial statements of AmerisourceBergen prepared in accordance with accounting principles generally accepted in the United States, and do not represent the consolidated results as if the Merger had occurred at the beginning of fiscal 2001. In addition, they are not necessarily indicative of the actual results which might have occurred had the operations and management of AmeriSource and Bergen been combined at the beginning of fiscal 2001.

In addition, to further improve the comparability between fiscal years, the pro forma combined information for the second quarter and six months of fiscal 2001 excludes amortization of goodwill (see Note 3 to the consolidated financial statements) and reflects the full allocation of Bergen's former Corporate segment to the Company's Pharmaceutical Distribution and PharMerica segments.

Such pro forma information and the related discussion is limited to the line items comprising operating income. Due to the changes in the Company's debt structure which occurred in connection with the Merger, pro forma combined interest expense for fiscal 2001 would not be directly comparable to the Company's fiscal 2002 interest expense.

AmerisourceBergen Corporation
Summary Segment Information

	Operating Revenue Three Months Ended March 31,				
(dollars in thousands)	**Actual 2002**	**Actual 2001**	**Pro forma 2001** (1)	**Actual % Change**	**Pro forma % Change**
Pharmaceutical Distribution	$ 9,750,903	$ 3,480,685	$ 8,335,337	180%	17%
PharMerica	359,761	-	339,924	-	6
Intersegment Eliminations	(192,055)	-	(207,285)	-	(7)
Total	$ 9,918,609	$ 3,480,685	$ 8,467,976	185%	17%

	Operating Income (2) **Three Months Ended March 31,**				
(dollars in thousands)	**Actual 2002**	**Actual 2001**	**Pro forma 2001** (1)	**Actual % Change**	**Pro forma % Change**
Pharmaceutical Distribution	$ 175,968	$ 64,426	$ 144,714	173%	22%
PharMerica	19,547	-	16,114	-	21
Total	$ 195,515	$ 64,426	$ 160,828	203%	22%

Percentages of operating revenue (2):

Pharmaceutical Distribution			
Gross profit	4.04%	4.34%	4.30%
Operating expenses	2.23%	2.49%	2.56%
Operating income	1.80%	1.85%	1.74%
PharMerica			
Gross profit	33.52%	-	35.81%
Operating expenses	28.09%	-	31.07%
Operating income	5.43%	-	4.74%
AmerisourceBergen Corporation			
Gross profit	5.19%	4.34%	5.67%
Operating expenses	3.22%	2.49%	3.77%
Operating income	1.97%	1.85%	1.90%

(1) Represents the combination of AmeriSource Health Corporation's and Bergen Brunswig Corporation's previously reported financial information.

(2) Excludes merger costs.

AmerisourceBergen Corporation
Summary Segment Information (continued)

	Operating Revenue Six Months Ended March 31,				
(dollars in thousands)	**Actual 2002**	**Actual 2001**	**Pro forma 2001** (1)	**Actual % Change**	**Pro forma % Change**
Pharmaceutical Distribution	$ 19,272,979	$ 6,787,436	$ 16,265,303	184%	18%
PharMerica	715,176	-	675,090	-	6
Intersegment Eliminations	(383,270)	-	(388,882)	-	(1)
Total	$ 19,604,885	$ 6,787,436	$ 16,551,511	189%	18%

	Operating Income (2) Six Months Ended March 31,				
(dollars in thousands)	**Actual 2002**	**Actual 2001**	**Pro forma 2001** (1)	**Actual % Change**	**Pro forma % Change**
Pharmaceutical Distribution	$ 315,452	$ 118,320	$ 260,804	167%	21%
PharMerica	38,857	-	33,221	-	17
Total	$ 354,309	$ 118,320	$ 294,025	199%	21%

Percentages of operating revenue (2):			
Pharmaceutical Distribution			
Gross profit	3.87%	4.25%	4.18%
Operating expenses	2.23%	2.51%	2.58%
Operating income	1.64%	1.74%	1.60%
PharMerica			
Gross profit	33.57%	-	35.83%
Operating expenses	28.14%	-	30.91%
Operating income	5.43%	-	4.92%
AmerisourceBergen Corporation			
Gross profit	5.03%	4.25%	5.57%
Operating expenses	3.22%	2.51%	3.80%
Operating income	1.81%	1.74%	1.78%

(1) Represents the combination of AmeriSource Health Corporation's and Bergen Brunswig Corporation's previously reported financial information.

(2) Excludes merger costs.

Results of Operations

Consolidated Results

Operating revenue, which excludes bulk deliveries, for the quarter ended March 31, 2002 increased 185% to $9.9 billion from $3.5 billion in the respective prior-year quarter. For the six months ended March 31, 2002, operating revenue increased 189% to $19.6 billion compared to $6.8 billion in the prior-year period. These increases are primarily due to increased operating revenue in the Pharmaceutical Distribution segment as a result of the Merger. Operating revenue increased 17% compared to $8.5 billion of pro forma combined operating revenue in the prior-year quarter and increased 18% compared to $16.6 billion of pro forma combined operating revenue in the prior-year six-month period. These increases are primarily due to increases in Pharmaceutical Distribution pro forma combined operating revenue.

The Company reports as revenue bulk deliveries to customer warehouses, whereby the Company acts as an intermediary in the ordering and delivery of pharmaceutical products. As a result of the Merger, bulk deliveries increased to $1.0 billion in the second quarter and $2.4 billion in the first six months of fiscal 2002 compared to $0.3 million and $0.8 million in the prior-year quarter and six-month period respectively. Revenue from bulk deliveries increased 12% versus $0.9 billion in the prior-year quarter and 21% versus $2.0 billion in the prior-year six-month period on a pro forma combined basis. Due to the insignificant service fees generated from these bulk deliveries, fluctuations in volume have no significant impact on operating margins.

Gross profit of $514.5 million in the quarter ended March 31, 2002 reflects an increase of 240% from $151.2 million in the prior-year quarter on a historical basis and an increase of 7% from $480.0 million in the prior-year quarter on a pro forma combined basis. As a percentage of operating revenue, gross profit in the second quarter of fiscal 2002 was 5.19%, as compared to prior-year percentages of 4.34% on a historical basis and 5.67% on a pro forma combined basis. For the six months ended March 31, 2002, the gross profit percentage was 5.03% as compared to 4.25% on a historical basis and 5.57% on a pro forma combined basis. The increases in gross profit percentage from the prior-year historical results was primarily due to the inclusion of PharMerica in the current year. PharMerica, due to the nature of its prescription fulfillment business, has significantly higher gross margins and operating expense ratios than the Company's Pharmaceutical Distribution segment. The decreases in gross profit percentage in comparison with the prior-year pro forma combined percentages reflect declines in both the Pharmaceutical Distribution and PharMerica segments due to changes in customer mix and competitive selling price pressures.

Distribution, selling and administrative expenses, depreciation and amortization ("DSAD&A") of $319.0 million in the quarter ended March 31, 2002 reflects an increase of 268% compared to $86.7 million in the prior-year quarter on a historical basis and was comparable to the $319.2 million in the prior-year quarter on a pro forma combined basis. As a percentage of operating revenue, DSAD&A in the second quarter of fiscal 2002 was 3.22%, as compared to prior-year percentages of 2.49% on a historical basis and 3.77% on a pro forma combined basis. For the first six months of fiscal 2002, DSAD&A as a percentage of operating revenue was 3.22% as compared to prior-year period percentages of 2.51% on a historical basis and 3.80% on a pro forma combined basis. The increases in the DSAD&A percentage from the prior-year historical results were primarily due to the inclusion of PharMerica in the current year, as explained above. The decreases in the DSAD&A percentage from the prior-year pro forma combined ratios reflect improvements in both the Pharmaceutical Distribution and PharMerica segments due to customer mix changes, operational efficiencies and benefits from the merger integration effort.

In connection with the Merger, the Company has developed integration plans to consolidate its distribution network and eliminate duplicate administrative functions, which are expected to result in synergies of approximately $150 million annually by the end of the third year following the Merger. The Company intends to reduce the number of pharmaceutical distribution facilities from 51 at September 30, 2001 to approximately 30 over the next three to four years.

In September 2001, the Company announced plans to close seven distribution facilities in fiscal 2002, including six former AmeriSource facilities and one former Bergen facility. A charge of $10.9 million was recognized in the fourth quarter of fiscal 2001 related to the AmeriSource facilities, and included $6.2 million of severance for approximately 260 warehouse and administrative personnel to be terminated, $2.3 million in lease and contract cancellations, and $2.4 million for the write-down of assets related to the facilities to be closed. Approximately $0.2 million of costs related to the Bergen facility were included in the purchase price allocation.

During the six months ended March 31, 2002, the Company announced further integration initiatives, related to the closure of former Bergen's repackaging facility and the elimination of certain Bergen administrative functions. The cost of these initiatives of approximately $8.1 million, which included $7.0 million of severance for approximately 150 employees to be terminated and $1.1 million for the write-down of assets related to the facility to be closed, resulted in additional goodwill being recorded during the six months.

During the six months ended March 31, 2002, two distribution facilities and the repackaging facility were closed. One additional distribution facility was closed in April 2002 and another four distribution facilities are scheduled for closure by the end of fiscal 2002. Approximately 135 employees were terminated and the Company paid a total of $4.2 million for employee severance and lease and contract cancellation costs with respect to its integration initiatives during the first six months of fiscal 2002. Remaining accrued expenses of $10.0 million for employee severance and lease obligations are included in the accompanying consolidated balance sheet at March 31, 2002. Severance for some employees will be paid over periods of up to eighteen months after their respective termination dates. Additional amounts for integration initiatives will be recognized in subsequent periods as facilities to be consolidated are identified and specific plans are approved and announced.

In connection with the Merger, the Company expensed merger costs in the quarter and six months ended March 31, 2002 of $4.7 million and $12.2 million, respectively, consisting primarily of integration consulting fees of $3.4 million and $9.4 million, respectively. Additional merger costs, including integration and employee retention costs, will be charged to expense in subsequent periods when incurred. Merger costs are expected to be between $20 million and $30 million for the year ending September 30, 2002.

Operating income of $190.8 million for the quarter ended March 31, 2002 reflects an increase of 196% from $64.4 million in the prior-year quarter. Excluding the aforementioned merger costs, the Company's operating income in the quarter ended March 31, 2002 was $195.5 million, which represents a 22% increase compared to $160.8 million in the prior-year quarter on a pro forma combined basis. Excluding the merger costs, the Company's operating income as a percentage of operating revenue was 1.97% in the quarter ended March 31, 2002, as compared to prior-year percentages of 1.85% on a historical basis and 1.90% on a pro forma combined basis. The improvements are due to the aforementioned DSAD&A expense percentage reductions more than offsetting the reductions in gross margin.

Interest expense increased 178% in the second quarter of fiscal 2002 to $32.7 million compared to $11.8 million in the prior-year quarter, primarily as a result of the Merger. Average borrowings under the Company's debt facilities during the second quarter of fiscal 2002 were $2.4 billion as compared to average borrowings of $760 million in the prior-year quarter. Average borrowing rates under the Company's variable-rate debt facilities decreased to 3.13% in the current year quarter from 6.45% in the prior-year quarter, due to lower market interest rates. Interest expense for the six months ended March 31, 2002, increased to $63.7 million from $22.7 million in the prior-year period. This increase reflects similar trends as those affecting the quarter, including higher average borrowings due to the Merger and lower borrowing rates under the Company's variable-rate debt facilities.

Income tax expense of $62.9 million and $110.0 million in the quarter and six months ended March 31, 2002, respectively, reflects an effective tax rate of 39.7% versus 38.0% in the prior-year periods. The tax provisions for the quarter and six months ended March 31, 2002 were computed based on an estimate of the annual effective rate, which is expected to be higher than the prior year's rate as a result of the Merger.

In the quarter and six months ended March 31, 2002, respectively, the Company incurred $3.6 million and $7.3 million of expense, net of tax benefits, related to distributions on preferred securities of a subsidiary trust. The Company acquired these preferred securities in connection with the Merger.

Net income of $91.9 million for the quarter ended March 31, 2002 reflects an increase of 192% from $31.5 million in the prior-year quarter. Net income of $159.8 million for the six months ended March 31, 2002 reflects an increase of 177% from the prior-year period. Diluted earnings per share of $0.84 in the quarter ended March 31, 2002 reflects a 47% increase as compared to $0.57 per share in the prior-year quarter. Excluding merger costs, net income and diluted earnings per share for the quarter ended March 31, 2002 were $94.7 million and $0.87, reflecting increases of 201% and 53%, respectively, compared to the prior-year quarter. Diluted earnings per share for the quarter and six months ended March 31, 2002 include the impact of the shares issued to effect the Merger and the assumed conversion to common stock of the 5% convertible subordinated notes which were issued in December 2000.

Segment Information

Pharmaceutical Distribution Segment

Pharmaceutical Distribution operating revenue of $9.8 billion for the quarter ended March 31, 2002 reflects an increase of 180% from $3.5 billion in the prior-year quarter on a historical basis and an increase of 17% from $8.3 billion in the prior-year quarter on a pro forma combined basis despite the impact of one less selling day during the quarter. Operating revenue of $19.3 billion for the six months ended March 31, 2002 reflects an increase of 184% from $6.8 billion in the prior-year period on a historical basis and an increase of 18% from $16.3 billion in the prior-year period on a pro forma combined basis. During the quarter ended March 31, 2002, 52% of operating revenue was from sales to institutional customers and 48% was from retail customers; this compares to a customer mix in the prior-year quarter of 54% institutional and 46% retail on a historical basis and 52% institutional and 48% retail on a pro forma combined basis. In comparison with the prior-year pro forma combined results, sales to institutional customers increased 19% for the quarter primarily due to higher revenues from alternate care facilities, ABSG's specialty pharmaceutical business, and mail order facilities. Sales to retail customers increased 15% over the prior-year quarter on a pro forma combined basis, principally due to higher revenues from regional chain customers. This segment's growth largely reflects national industry economic conditions, including increases in prescription drug usage and higher pharmaceutical prices. In addition, growth was favorably impacted by sales to a large institutional mail order customer added in the third quarter last year, which accounted for approximately one-fourth of the 18% growth in the first six months on a pro forma combined basis. Revenue growth in the second half of fiscal 2002 is expected to be less than in the first half of the fiscal year as the Company passes the anniversary date of the addition of this mail order customer. Additionally, future operating revenue growth may be impacted by customer consolidation and competition within the industry, as well as by industry growth rates.

Pharmaceutical Distribution gross profit of $393.9 million in the quarter ended March 31, 2002 reflects an increase of 161% from $151.2 million in the prior-year quarter on a historical basis and an increase of 10% from $358.3 million in the prior-year quarter on a pro forma combined basis. As a percentage of operating revenue, gross profit in the second quarter of fiscal 2002 was 4.04%, as compared to prior-year percentages of 4.34% on a historical basis and 4.30% on a pro forma combined basis. Pharmaceutical Distribution gross profit of $745.9 million in the six months ended March 31, 2002 represented an increase of 158% from $288.6 million in the prior-year period on a historical basis and an increase of 10% from $680.4 million in the prior-year period on a pro forma combined basis. As a percentage of operating revenue, gross profit for the six months ended March 31, 2002 was 3.87%, as compared to prior-year percentages of 4.25% on a historical basis and 4.18% on a pro forma combined basis. The year-to-year declines reflect the net impact of a number of factors, including the change in customer mix to a higher percentage of large institutional, mail order and chain accounts, and the continuing competitive pricing environment, offset, in part, by higher buy-side margins than in the prior year. Downward pressures on sell-side gross profit margin are expected to continue and there can be no assurance that increases in the buy-side component of the gross margin, including manufacturer price increases and negotiated deals, will be available in the future to fully or partially offset the anticipated decline. The Company's cost of goods sold for interim periods includes a last-in, first-out ("LIFO") provision that is based on the Company's estimated annual LIFO provision. The annual LIFO provision is affected by changes in inventory quantities, product mix, and manufacturer pricing practices, which may be impacted by market and other external influences.

Pharmaceutical Distribution operating expenses, excluding merger costs, of $217.9 million in the quarter ended March 31, 2002 reflect an increase of 151% from $86.7 million in the prior-year quarter on a historical basis and an increase of 2% from $213.6 million in the prior-year quarter on a pro forma combined basis. As a percentage of operating revenue, operating expenses excluding merger costs in the second quarter of fiscal 2002 were 2.23%, as compared to prior-year percentages of 2.49% on a historical basis and 2.56% on a pro forma combined basis. Pharmaceutical Distribution operating expenses, excluding merger costs, of $430.4 million in the six months ended March 31, 2002 represented an increase of 153% from $170.3 million in the prior-year period on a historical basis and an increase of 3% from $419.6 million in the prior-year period on a pro forma combined basis. As a percentage of operating revenue, operating expenses excluding merger costs in the first six months of fiscal 2002 were 2.23%, as compared to prior-year percentages of 2.51% on a historical basis and 2.58% on a pro forma combined basis. These decreases in expense percentages reflect the changing customer mix described above, efficiencies of scale, the elimination of redundant costs through the merger integration process and the continued emphasis on productivity throughout the Company's distribution network.

Pharmaceutical Distribution operating income of $176.0 million in the quarter ended March 31, 2002 reflects an increase of 173% from $64.4 million in the prior-year quarter on a historical basis and 22% from $144.7 million in the prior-year quarter on a pro forma combined basis. As a percentage of operating revenue, operating income before merger costs was 1.80% in the quarter ended March 31, 2002, as compared to prior-year percentages of 1.85% on a historical basis and 1.74% on a pro forma combined basis. Pharmaceutical Distribution operating income of $315.5 million in the six months ended March 31, 2002 represented an increase of 167% from $118.3 million in the prior-year period on a historical basis and 21% from $260.8 million in the prior-year period on a pro forma combined basis. As a percentage of operating revenue, operating income before merger costs was 1.64% in the six months ended March 31, 2002, as compared to prior-year percentages of 1.74% on a historical basis and 1.60% on a pro forma combined basis. The improvement over the prior-year pro forma combined percentage was due to a reduction in the operating expense ratio, which was greater than the reduction in gross profit margin. While management historically has been able to lower expense ratios and expects to continue to do so, there can be no assurance that reductions will occur in the future, or that expense ratio reductions will exceed possible declines in gross margins. Additionally, there can be no assurance that merger integration efforts will proceed as planned and result in the desired synergies.

PharMerica Segment

The PharMerica segment was acquired in connection with the Merger and thus there are no comparative historical amounts for the quarter and six months ended March 31, 2001. Accordingly, the discussion below focuses on comparisons with the prior-year pro forma combined amounts.

PharMerica's operating revenue increased 6% for both the quarter and six months ended March 31, 2002 to $359.8 million for the quarter compared to $339.9 million in the prior-year quarter and to $715.2 million for the six months compared to $675.1 million in the prior-year period. These increases are attributable to growth in PharMerica's workers' compensation business.

PharMerica's gross profit of $120.6 million for the quarter ended March 31, 2002 reflects a 1% decrease from the pro forma gross profit of $121.7 million in the prior-year quarter. PharMerica's gross profit of $240.1 million for the six months ended March 31, 2002 reflects a 1% decrease from the pro forma gross profit of $241.9 million in the prior-year period. PharMerica's gross profit margin declined to 33.52% for the quarter ended March 31, 2002 from 35.81% in the prior-year quarter, and to 33.57% for the six months ended March 31, 2002 from 35.83% in the prior year period. This decrease is primarily the result of a change in the sales mix, with a greater proportion of PharMerica's current year revenues coming from its workers' compensation business, which has lower gross profit margins and lower operating expenses than its long-term care business. In addition, industry competitive pressures continue to adversely affect gross profit margins.

PharMerica's operating expenses of $101.1 million for the quarter ended March 31, 2002 reflect a 4% decrease from pro forma operating expenses of $105.6 million in the prior-year quarter. PharMerica's operating expenses of $201.2 million for the six months ended March 31, 2002 reflect a 4% decrease from pro forma operating expenses of $208.7 million in the prior-year period. As a percentage of operating revenue, operating expenses were reduced to 28.09% in the quarter ended March 31, 2002 from 31.07% in the prior-year quarter, and to 28.14% in the six months ended March 31, 2002 from 30.91% in the prior year period. These reductions reflect the effect of several factors, including the consolidation of technology platforms, the consolidation or sale of several pharmacies, a reduction in bad debt expense, and the aforementioned shift in customer mix towards the workers' compensation business.

PharMerica's operating income of $19.5 million for the quarter ended March 31, 2002 reflects a 21% increase compared to pro forma operating income of $16.1 million in the prior-year quarter. As a percentage of operating revenue, operating income was 5.43% in the quarter ended March 31, 2002, an increase of 69 basis points from 4.74% in the prior-year quarter. PharMerica's operating income of $38.9 million for the six months ended March 31, 2002 reflects a 17% increase compared to pro forma operating income of $33.2 million in the prior-year period. As a percentage of operating revenue, operating income was 5.43% in the six months ended March 31, 2002, an increase of 51 basis points from 4.92% in the prior-year period. The improvements over the prior-year quarter and six-month operating income percentages were due to the aforementioned reductions in the operating expense ratio, which were greater than the reductions in gross profit margin.

Intersegment Eliminations

These amounts represent the elimination of the Pharmaceutical Distribution segment's sales to PharMerica. AmerisourceBergen Drug Company is the principal supplier of pharmaceuticals to PharMerica.

Liquidity and Capital Resources

The following table sets forth the Company's debt structure at March 31, 2002, including availability under revolving credit agreements and receivables securitization facilities (in thousands):

	Outstanding Balance	Additional Availability
Fixed-Rate Debt:		
8 1/8% senior notes due 2008	$ 500,000	$ -
AmeriSource 5% convertible subordinated notes due 2007	300,000	-
Bergen 7 3/8% senior notes due 2003	151,126	-
Bergen 7 1/4% senior notes due 2005	99,713	-
PharMerica 8 3/8% senior subordinated notes due 2008	124,625	-
Bergen 6 7/8% exchangeable subordinated debentures due 2011	8,425	-
Total fixed-rate debt	1,183,889	-
Variable-Rate Debt:		
Revolving credit facility	-	938,015
Term loan facility	300,000	-
AmeriSource receivables securitization financing due 2004	-	400,000
Bergen receivables securitization financing due 2005	-	600,000
Blanco revolving credit facility	55,000	-
Total variable-rate debt	355,000	1,938,015
Total long-term debt, including current portion	$ 1,538,889	$ 1,938,015

The Company's working capital usage fluctuates widely during the year, generally peaking in the second fiscal quarter due to seasonal inventory buying requirements and buy-side purchasing opportunities. During the second quarter of fiscal 2002, the Company's highest utilization was 79% of the $2.0 billion of aggregate availability under its revolving credit facility and receivables securitization facilities, which are described below.

The Company has a $1.3 billion senior secured credit agreement (the "Senior Credit Agreement") with a syndicate of lenders. The Senior Credit Agreement consists of a $1.0 billion revolving credit facility (the "Revolving Facility") and a $300 million term loan facility (the "Term Facility"), both maturing in August 2006. The Term Facility has scheduled maturities on a quarterly basis beginning on December 31, 2002, totaling $60 million in each of fiscal 2003 and 2004, and $80 million and $100 million in fiscal 2005 and 2006, respectively. Interest on borrowings under the Senior Credit Agreement accrues at specified rates based on the Company's debt ratings. Such rates range from 1.0% to 2.5% over LIBOR or 0% to 1.5% over prime. Currently, the rate is 1.5% over LIBOR or .50% over prime. Availability under the Revolving Facility is reduced by the amount of outstanding letters of credit ($62.0 million at March 31, 2002). The Company pays quarterly commitment fees to maintain the availability under the Revolving Facility at specified rates based on the Company's debt ratings ranging from .25% to .50% of the unused availability. Currently, the rate is .375%. The Senior Credit Agreement contains restrictions on, among other things, additional indebtedness, distributions and dividends to stockholders, investments and capital expenditures. Additional covenants require compliance with financial tests, including leverage and fixed charge coverage ratios, and maintenance of minimum tangible net worth. The Company can choose to repay or reduce its commitments under the Senior Credit Facility at any time.

At March 31, 2002, there were no borrowings under the AmeriSource $400 million receivables securitization facility. The facility has an expiration date of May 2004 and interest rates are based on prevailing market rates for short-term commercial paper plus a program fee of 38.5 basis points. The $450 million Bergen securitization facility expires in December 2005, and interest rates are based on prevailing market rates for short-term commercial paper plus a program fee of 75 basis points. In December 2001, the Company increased its availability under the Bergen facility to $600 million through June 2002. At March 31, 2002, there were no borrowings under the Bergen receivables securitization financing. The receivables securitization facilities represent financing vehicles utilized by the Company because of the availability of attractive interest rates relative to other financing sources. The Company securitizes its trade accounts and notes receivable, which are generally non-interest bearing, in transactions that are accounted for as financing transactions under Statement of Financial Accounting Standards ("SFAS") No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities."

In connection with the Merger, the Company assumed Bergen's Capital I Trust (the "Trust"), a wholly owned subsidiary of Bergen. In May 1999, the Trust issued 12,000,000 shares of 7.80% trust originated preferred securities (SM) (TOPrS(SM)) (the "Trust Preferred Securities") at $25 per security. The proceeds of such issuances were invested by the Trust in $300 million aggregate principal amount of Bergen's 7.80% subordinated deferrable interest notes due June 30, 2039 (the "Subordinated Notes"). The Subordinated Notes represent the sole assets of the Trust and bear interest at the annual rate of 7.80%, payable quarterly, and are redeemable by the Company beginning in May 2004 at 100% of the principal amount thereof. The obligations of the Trust related to the Trust Preferred Securities are fully and unconditionally guaranteed by the Company. Holders of the Trust Preferred Securities are entitled to cumulative cash distributions at an annual rate of 7.80% of the liquidation amount of $25 per security. The Trust Preferred Securities will be redeemable upon any repayment of the Subordinated Notes at 100% of the liquidation amount beginning in May 2004.

The Company's most significant market risk is the effect of changing interest rates. The Company manages this risk by using a combination of fixed- and variable-rate debt. At March 31, 2002, the Company had approximately $1.2 billion of fixed-rate debt with a weighted average interest rate of 7.2% and $355 million of variable-rate debt with a weighted average interest rate of 4.1%. The amount of variable-rate debt fluctuates during the year based on the Company's working capital requirements. The Company periodically evaluates various financial instruments that could mitigate a portion of its exposure to variable interest rates. However, there are no assurances that such instruments will be available on terms acceptable to the Company. There were no such financial instruments in effect at March 31, 2002. For every $100 million of unhedged variable-rate debt outstanding, a 41 basis-point increase in interest rates (one-tenth of the average variable rate at March 31, 2002) would increase the Company's annual interest expense by $.41 million.

The Company's operating results have generated sufficient cash flow which, together with borrowings under its debt agreements and credit terms from suppliers, have provided sufficient capital resources to finance working capital and cash operating requirements, fund capital expenditures, and fund the payment of interest on outstanding debt. The Company's primary ongoing cash requirements will be to finance working capital, fund the payment of interest on indebtedness, finance Merger integration initiatives and fund capital expenditures and routine growth and expansion through new business opportunities. Future cash flows from operations and borrowings are expected to be sufficient to fund the Company's ongoing cash requirements.

Following is a summary of the Company's contractual obligations for future principal payments on its debt and preferred securities and future minimum rental payments on its noncancelable operating leases at March 31, 2002 (in thousands):

	Payments Due by Period				
	Total	**Within 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Long-term debt	$ 1,536,909	$ 235,000	$ 130,000	$ 240,000	$ 931,909
Company-obligated mandatorily redeemable preferred securities of subsidiary trust.....................	300,000	-	-	-	300,000
Operating leases.........................	140,330	44,959	56,545	25,810	13,016
Total...	$ 1,977,239	$ 279,959	$ 186,545	$ 265,810	$ 1,244,925

The debt and preferred securities amounts in the above table differ from the related carrying amounts on the consolidated balance sheet due to the purchase accounting adjustments recorded in order to reflect Bergen's obligations at fair value on the effective date of the Merger. These differences are being amortized over the terms of the respective obligations.

In addition, the Company's $150 million 7 3/8% senior notes, which are due in January 2003, and its Puerto Rican subsidiary's $55 million revolving credit facility, which expires in late May 2002, are included in the Within One Year column in the above repayment table. However, these two borrowings are not classified in the current portion of long-term debt on the accompanying consolidated balance sheet at March 31, 2002 because the Company has the ability and intent to refinance them on a long-term basis. The Company presently intends to replace the 7 3/8% senior notes by issuing new term debt in late calendar year 2002. If the Company decides not to issue new term debt, the Company believes it will have adequate availability under its Senior Credit Agreement, which expires in August 2006, to finance the retirement of the 7 3/8% senior notes. The Company is in the process of renewing the Puerto Rican facility for an additional one-year term expiring in May 2003. Additionally, borrowings under the Puerto Rican facility are secured by a standby letter of credit under the Senior Credit Agreement, and therefore the Company is effectively financing this debt on a long-term basis through that arrangement.

During the six months ended March 31, 2002, the Company's operating activities generated $231.3 million in cash. This positive operating cash flow was the result of $159.8 million of net income and $73.0 million of non-cash items affecting net income. There was a $1.5 million negative cash flow effect from changes in operating assets and liabilities during the six months, as an increase in merchandise inventories of $239.5 million was substantially offset by an increase in accounts payable, accrued expenses and income taxes of $179.5 million and a decrease in accounts and notes receivable of $58.2 million. The increase in merchandise inventories reflects inventory required to support the strong revenue increase, as well as inventory purchased to take advantage of buy-side gross profit opportunities including manufacturer price increases and negotiated deals. Accounts and notes receivable were lower at March 31, 2002 than at September 30, 2001, despite higher revenues in the second quarter of fiscal 2002 than in the fourth quarter of fiscal 2001, primarily due to lower days sales outstanding in both the Pharmaceutical Distribution and PharMerica segments as a result of continued emphasis on receivable management at the local level. Operating cash uses during the six months ended March 31, 2002 included $63.0 million in interest payments and $48.2 million in income tax payments, net of refunds.

During the six months ended March 31, 2001, the Company's operating activities used $60.4 million in cash. Such cash usage primarily resulted from an increase in merchandise inventories of $256.4 million and an increase in accounts receivable of $67.7 million, offset in part by an increase in accounts payable, accrued expenses and income taxes of $180.7 million. Merchandise inventories were increased to support a 20% operating revenue increase, including new Novation business. Operating cash uses during the six months ended March 31, 2001 included $19.4 million in interest payments and $22.4 million in income tax payments, net of refunds.

Capital expenditures for the six months ended March 31, 2002 were $21.0 million and relate principally to investments in warehouse improvements, information technology and warehouse automation. Capital expenditures are expected to be approximately $60 million to $70 million for the year ending September 30, 2002.

During the six months ended March 31, 2002, the Company used cash of $9.4 million to purchase additional equity interests in four businesses related to the Pharmaceutical Distribution segment. The Company also invested an additional $4.5 million in January 2002 to acquire the majority of the remaining equity interest in a pharmaceutical distribution services entity in which the Company previously had a 19.9% ownership interest. Accordingly, the operating results of this entity have been included in the Company's consolidated financial statements beginning with the acquisition date. The inclusion of the entity's operating results did not have a significant impact on consolidated revenues or net income in the quarter ended March 31, 2002.

During the six months ended March 31, 2001, the Company sold the net assets of one of its specialty products distribution facilities for approximately $13.0 million and recognized a gain of approximately $0.5 million.

During the six months ended March 31, 2002, the Company made net repayments of $37.0 million on its receivables securitization facilities. The Company repaid debt of $23.1 million during the six-month period, principally consisting of $20.6 million for the retirement of Bergen's 7% debentures pursuant to a tender offer which was required as a result of the Merger. The first quarter cash distribution of $5.9 million on the Trust Preferred Securities was paid on December 31, 2001. The second quarter cash distribution of $5.9 million was paid on April 1, 2002 since the quarter-end payment date was not a business day.

A dividend of $0.025 was declared by the board of directors on October 31, 2001, and was paid on December 3, 2001 to stockholders of record at the close of business on November 19, 2001. A dividend of $0.025 was declared on January 30, 2002, and was paid on March 1, 2002 to stockholders of record at the close of business on February 21, 2002. A dividend of $0.025 was declared on April 24, 2002, and is payable on June 3, 2002 to stockholders of record at the close of business on May 20, 2002.

Recently-Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." SFAS No. 141 applies to all business combinations completed after June 30, 2001 and requires the use of the purchase method of accounting. SFAS No. 141 also establishes new criteria for determining whether intangible assets should be recognized separately from goodwill. The Company accounted for the Merger, which was consummated in August 2001, in accordance with SFAS No. 141.

As of October 1, 2001, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which revises the accounting and financial reporting standards for goodwill and other intangible assets. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment on at least an annual basis. In accordance with the transition provisions of SFAS No. 142, the Company did not amortize goodwill arising from the Merger in fiscal 2001. In fiscal 2002, the Company has discontinued the amortization of all goodwill. Had the Company not amortized goodwill during fiscal 2001, net income for the quarter and six months ended March 31, 2001 would have been approximately $0.2 million and $0.5 million higher than the respective reported amounts, and diluted earnings per share would have been unchanged from the reported amount for the quarter and $0.01 higher than the reported amount for the six months. Pursuant to SFAS No. 142, the Company was required to complete an initial impairment test of goodwill within six months of adopting the standard, with any impairment charges recorded as a cumulative effect of a change in accounting principle. The Company completed its initial impairment test in the quarter ended March 31, 2002 and determined that no impairment existed.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This standard sets forth the accounting for the impairment of long-lived assets, whether they are held and used or are disposed of by sale or other means. It also broadens and modifies the presentation of discontinued operations. The standard will be effective for the Company's fiscal year 2003, although early adoption is permitted, and its provisions are generally to be applied prospectively. The Company is in the process of evaluating the adoption of this standard, but does not believe it will have a material impact on its consolidated financial statements.

ITEM 2. **Management's Discussion and Analysis of Financial Condition and Results of Operations** (Continued)

Forward-Looking Statements

Certain information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations includes forward-looking statements (as defined in Section 27A of the Securities Act and Section 21E of the Exchange Act) that reflect the Company's current views with respect to future events and financial performance. Certain factors such as competitive pressures, success of integration, restructuring or systems initiatives, market interest rates, regulatory changes, changes in customer mix, changes in pharmaceutical manufacturers' pricing and distribution policies, changes in U.S. Government policies, customer insolvencies, or the loss of one or more key customer or supplier relationships could cause actual results to differ materially from those in forward-looking statements.

ITEM 3. **Quantitative and Qualitative Disclosures About Market Risk.**

See discussion under "Liquidity and Capital Resources" in Item 2 above.

PART II. OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of the Company was held on February 27, 2002 in Philadelphia, Pennsylvania and the following matters, as described in the Proxy Statement dated January 22, 2002, were voted upon:

(1) All of management's nominees for the Company's Board of Directors were elected to a three-year term expiring in 2005 by the following vote:

Nominee	For	Withheld
Rodney H. Brady	88,937,624	1,215,793
Charles H. Cotros	88,934,555	1,218,862
Jane E. Henney, M.D.	88,931,008	1,222,409
R. David Yost	88,947,436	1,205,981

Directors whose term of office continued after the Annual Meeting were: Richard C. Gozon, James R. Mellor, J. Lawrence Wilson, Edward E. Hagenlocker, Robert E. Martini, Francis G. Rodgers.

(2) Proposal to approve the AmerisourceBergen Corporation 2002 Employee Stock Purchase Plan was approved by the following vote:

For	Against	Abstained
83,821,245	5,825,766	506,406

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

4.1 Seventh Amendment, dated February 7, 2002, to the Receivables Purchase Agreement dated as of May 14, 1999 among AmeriSource Receivables Financial Corporation, AmeriSource Corporation, AmeriSource Health Corporation, Delaware Funding Corporation and JPMorgan Chase Bank.

10.1 Registrant's 2002 Management Stock Incentive Plan.

10.2 Registrant's 2001 Restricted Stock Plan.

(b) Reports on Form 8-K:

There were no reports filed on Form 8-K during the three months ended March 31, 2002.

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

By /s/ R. David Yost

R. David Yost
President and
Chief Executive Officer

By /s/ Michael D. DiCandilo

Michael D. DiCandilo
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

May 14, 2002

Exhibit 4.1

SEVENTH AMENDMENT
TO
RECEIVABLES PURCHASE AGREEMENT

THIS SEVENTH AMENDMENT, dated as of February 7, 2002 (this "Amendment"), to the Receivables Purchase Agreement dated as of May 14, 1999 (as in effect on the date hereof, the "Receivables Purchase Agreement"), among AMERISOURCE RECEIVABLES FINANCIAL CORPORATION, a Delaware corporation (the "Seller"), AMERISOURCE CORPORATION, a Delaware corporation (the "Servicer" or "AmeriSource"), AMERISOURCE HEALTH CORPORATION, a Delaware corporation (the "Guarantor"), DELAWARE FUNDING CORPORATION, a Delaware corporation (with its successors and assigns, the "Buyer") and JPMORGAN CHASE BANK (successor by merger to Morgan Guaranty Trust Company of New York), a banking corporation organized under the laws of the State of New York (with its successors and assigns, the "Administrative Agent") for the Owners (as defined in the Receivables Purchase Agreement), is by and among the parties listed above. Unless otherwise defined in this Amendment, capitalized terms shall have the meanings assigned to such terms in the Receivables Purchase Agreement.

R E C I T A L S

WHEREAS, the parties to the Receivables Purchase Agreement wish to make certain amendments to the Receivables Purchase Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, and for good and sufficient consideration, the parties hereto, intending to be legally bound, do hereby agree as follows:

SECTION 1. Amendment to Section 6.05(d) of the Receivables Purchase Agreement. Each reference to "the Guarantor" in clauses (i) and (ii) of Section 6.05(d) of the Receivables Purchase Agreement is hereby deleted and replaced with a reference to "AmerisourceBergen."

SECTION 2. Receivables Purchase Agreement in Full Force and Effect, as Amended. Except as specifically stated herein, all of the terms and conditions of the Receivables Purchase Agreement shall remain in full force and effect. All references to the Receivables Purchase Agreement in any Purchase Document or any other document or instrument shall be deemed to mean the Receivables Purchase Agreement, as amended by this Amendment. This Amendment shall not constitute a novation of the Receivables Purchase Agreement, but shall constitute an amendment thereto. The parties hereto agree to be bound by the terms and obligations of the Receivables Purchase Agreement, as amended by this Amendment, as though the terms and obligations of the Receivables Purchase Agreement were set forth herein.

SECTION 3. Effectiveness. This Amendment shall become effective as of the date hereof, upon receipt by the Administrative Agent of an executed counterpart of this Amendment from each party hereto.

SECTION 4. Counterparts. This Amendment may be executed in any number of counterparts and by separate parties hereto on separate counterparts (including by way of facsimile transmission), each of which when executed shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument.

SECTION 5. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above set forth.

DELAWARE FUNDING CORPORATION

By: JPMorgan Chase Bank, as attorney-in-fact for Delaware Funding Corporation

By: /s/ Bradley S. Schwartz
Name: Bradley S. Schwartz
Title: Managing Director

JPMORGAN CHASE BANK, as Administrative Agent

By: /s/ Lara Graff
Name: Lara Graff
Title: Vice President

AMERISOURCE RECEIVABLES FINANCIAL CORPORATION

By: /s/ Julie A. Frantz
Name: Julie A. Frantz
Title: Assistant Treasurer

AMERISOURCE CORPORATION

By: /s/ Michael D. DiCandilo
Name: Michael D. DiCandilo
Title: Vice President, Controller

AMERISOURCE HEALTH CORPORATION

By: /s/ Michael D. DiCandilo
Name: Michael D. DiCandilo
Title: Vice President, Controller

[Signature Page to Seventh Amendment to AmeriSource Receivables Purchase Agreement]

Exhibit 10.1

AMERISOURCEBERGEN CORPORATION

2002 MANAGEMENT STOCK INCENTIVE PLAN

1. Background and Purpose.

(a) *Background*. This AmerisourceBergen Corporation 2002 Management Stock Incentive Plan (the "Plan") is the result of the merger, effective April 24, 2002 (the "Effective Date"), of the Bergen Brunswig Corporation 1999 Management Stock Incentive Plan (the "Prior Bergen Plan") with and into the AmeriSource Health Corporation 2001 Stock Option Plan (the "Prior AmeriSource Plan") (collectively, with the Bergen Brunswig Corporation 1999 Management Stock Incentive Plan, the "Prior Plans"). Upon the merger of the Prior Plans, this Plan was amended and restated in the form set forth in this document and renamed the AmerisourceBergen Corporation 2002 Management Stock Incentive Plan (the "Plan"). The Prior AmeriSource Plan was approved by the shareholders of AmeriSource Health Corporation and the Prior Bergen Plan was approved by the shareholders of the Bergen Brunswig Corporation, in each case before the closing of the merger which created AmerisourceBergen Corporation. Upon the closing of such merger, the number of shares subject to rights granted under the Prior Plans and, as to stock options, the option price for such options, were adjusted in accordance with the terms of the merger agreement. Each of the Prior Plans was then adopted by AmerisourceBergen Corporation. This document applies to all grants made under this Plan on or after the Effective Date. Each grant made under either of the Prior Plans will remain subject to the terms of the applicable Prior Plan, as in existence immediately prior to the Effective Date, provided that upon the forfeiture or lapse of any right granted under either of the Prior Plans, the shares underlying such right shall again be available for issuance pursuant to this Plan.

(b) *Purpose*. The purpose of the AmerisourceBergen Corporation 2002 Management Stock Incentive Plan (the "Plan") is to provide designated employees of AmerisourceBergen Corporation (the "Company") and its subsidiaries with the opportunity to receive grants of stock awards and other incentive compensation as provided in the Plan. The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefiting the Company's shareholders, and will align the economic interests of the participants with those of the shareholders.

2. Definitions. For purposes of the Plan, the following terms shall be defined as follows:

"Administrator" means the individual or individuals, if any, to whom the Committee delegates authority under the Plan in accordance with Section 3(d). If no delegation of authority is in effect, the Committee shall serve as the Administrator.

"Award" means an award made pursuant to the terms of the Plan to an Eligible Individual in the form of Stock Options, Stock Appreciation Rights, Stock Awards, Performance Share Awards, Section 162(m) Awards or other awards determined by the Committee.

"Award Agreement" means a written agreement or certificate granting an Award. An Award Agreement shall be executed by an officer on behalf of the Company and shall contain such terms and conditions as the Committee deems appropriate and that are not inconsistent with the terms of the Plan. The Administrator may in its discretion require that an Award Agreement be executed by the Participant to whom the relevant Award is made.

"Board" means the Board of Directors of the Company.

A "*Change in Control*" shall be deemed to have occurred if:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 35% of the voting power of the then outstanding securities of the Company, and such person owns more aggregate voting power of the Company's then outstanding securities entitled to vote generally in the election of directors than any other person;

(ii) The shareholders of the Company approve (or, if shareholder approval is not required, the Board approves) an agreement providing for (x) the merger or consolidation of the Company with another corporation where the shareholders of the Company, immediately prior to the merger or consolidation, will not beneficially own, immediately after the merger or consolidation, shares entitling such shareholders to 50% or more of all votes to which all shareholders of the surviving corporation would be entitled in the election of directors (without consideration of the rights of any class of stock to elect directors by a separate class vote), (y) the sale or other disposition of all or substantially all of the assets of the Company, or (z) a liquidation or dissolution of the Company; or

(iii) After April 24, 2002, directors are elected such that a majority of the members of the Board shall have been members of the Board for less than two years, unless the election or nomination for election of each new director who was not a director at the beginning of such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable rulings and regulations thereunder.

"Committee" means the Compensation and Succession Planning Committee of the Board, any successor committee thereto or any other committee appointed by the Board to administer the Plan.

"Common Stock" means the Common Stock of the Company.

"Disability" means eligibility for disability benefits under the terms of the Company's long-term disability plan in effect at the time a Participant becomes disabled.

"Eligible Individuals" means the individuals described in Section 6 who are eligible for Awards under the Plan.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

"Fair Market Value."

(i) If Shares are publicly traded, then the Fair Market Value per Share shall be determined as follows: (x) if the principal trading market for the Shares is a national securities exchange or the Nasdaq National Market, the last reported sale price thereof on the latest date preceding the relevant date upon which a sale was reported, or (y) if the Shares are not principally traded on such exchange or market, the mean between the last reported "bid" and "asked" prices of Shares on the latest date preceding relevant date upon which a sale was reported, as reported on Nasdaq or, if not so reported, as reported by the National Daily Quotation Bureau, Inc. or as reported in a customary financial reporting service, as applicable and as the Committee determines.

(ii) If the Common Stock is not publicly traded or, if publicly traded, is not subject to reported transactions or "bid" or "asked" quotations as set forth above, the Fair Market Value per share shall be as determined by the Committee.

"Incentive Stock Option" means a Stock Option that is an "incentive stock option" within the meaning of Section 422 of the Code and designated by the Committee as an Incentive Stock Option in an Award Agreement.

"Nonqualified Stock Option" means a Stock Option that is not an Incentive Stock Option.

"Parent" means any corporation that is a "parent corporation" within the meaning of Section 424(e) of the Code with respect to the relevant entity.

"Participant" means an Eligible Individual to whom an Award has been granted under the Plan.

"Performance Period" means a fiscal year of the Company or such other period that may be specified by the Committee in connection with the grant of a Section 162(m) Award.

"Performance Share Award" means a conditional Award of shares of Common Stock granted to an Eligible Individual pursuant to Section 11 hereof.

"*Section 162(m) Award"* means an Award described in Section 13 hereof.

"Section 162(m) Participant" means, for a given fiscal year of the Company, any Participant designated by the Committee by not later than 90 days following the start of such year as a Participant (or such other time as may be required or permitted by Section 162(m) of the Code) whose compensation for such fiscal year may be subject to the limit on deductible compensation imposed by Section 162(m) of the Code.

"Stock Appreciation Right" means an Award to receive all or some portion of the appreciation on shares of Common Stock granted to an Eligible Individual pursuant to Section 9 hereof.

"Stock Award" means an Award of shares of Common Stock granted to an Eligible Individual pursuant to Section 10 hereof.

"Stock Option" means an Award to purchase shares of Common Stock granted to an Eligible Individual pursuant to Section 8 hereof.

"Subsidiary" means (i) any corporation which is a "subsidiary corporation" within the meaning of Section 424(f) of the Code with respect to the Company or (ii) any other corporation or other entity in which the Company, directly or indirectly, has an equity or similar interest and which the Administrator designates as a Subsidiary for the purposes of the Plan.

"Substitute Award" means an Award granted upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of properly or stock.

3. Administration of the Plan.

(a) *Power and Authority of the Committee.* The Plan shall be administered by the Committee which shall have full power and authority, subject to the express provisions hereof, (i) to select Participants from the Eligible Individuals, (ii) to make Awards in accordance with the Plan, (iii) to determine the number of Shares subject to each Award or the cash amount payable in connection with an Award, (iv) to determine the terms and conditions of each Award, including, without limitation, those related to vesting, forfeiture, payment and exercisability, and the effect, if any, of a Participant's termination of employment with the Company or, subject to Section 16 hereof, of a Change in Control on the outstanding Awards granted to such Participant, and including the authority to amend the terms and conditions of an Award after the granting thereof to a Participant in a manner that is not prejudicial to the rights of such Participant in such Award, (v) to specify and approve the provisions of the Award Agreements delivered to Participants in connection with their Awards, (vi) to interpret any Award Agreement delivered under the Plan, (vii) to prescribe, amend and rescind rules and procedures relating to the Plan, (viii) to vary the terms of Awards to take account of tax, securities law and other regulatory requirements of foreign jurisdictions, (ix) subject to the provisions of the Plan and subject to such additional limitations and restrictions as the Committee may impose, to delegate to one or more officers at the Company some or all of its authority under the Plan, and (x) to make all other determinations and to formulate such procedures as may be necessary or advisable for the administration of the Plan.

(b) *Plan Construction and Interpretation.* The Committee shall have full power and authority, subject to the express provisions hereof, to construe and interpret the Plan.

(c) *Determinations of Committee Final and Binding.* All determinations by the Committee in carrying out and administering the Plan and in Construing and interpreting the Plan shall be final, binding and conclusive for all purposes and upon all persons interested herein.

(d) *Delegation of Authority.* The Committee may, but need not, from time to time delegate some or all of its authority under the Plan to an Administrator consisting of one or more members of the Committee or of one or more officers of the Company. The Committee may also delegate its authority to make Awards under the Plan to the Company's Chief Executive Officer, provided, however, that if the Committee so delegates its authority, the Chief Executive Officer shall not have the authority to make Awards (i) to any Eligible Individual respecting more than 25,000 shares of Common Stock in any calendar year, (ii) to all Eligible Individuals respecting more than 125,000 shares of Common Stock in the aggregate in any calendar year or (iii) to Eligible Individuals (A) who are subject on the date of the award to the reporting rules under Section 16(a) of the

Exchange Act, who are Section 162(m) Participants or (B) who are officers of the Company who are delegated authority by the Committee hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation or thereafter. Nothing in the Plan shall be construed as obligating the Committee to delegate authority to an Administrator, and the Committee may at any time rescind the authority delegated to an Administrator appointed hereunder or appoint a new Administrator. At all times, the Administrator appointed under this Section 3(d) shall serve in such capacity at the pleasure of the Committee. Any action undertaken by the Administrator in accordance with the Committee's delegation of authority shall have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the Committee shall, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to the Administrator.

(e) *Liability of Committee.* No member of the Committee shall be liable for anything whatsoever in connection with the administration of the Plan except such person's own willful misconduct. Under no circumstances shall any member of the Committee be liable for any act or omission of any other member of the Committee. In the performance of its functions with respect to the Plan, the Committee shall be entitled to rely upon information and advice furnished by the Company's officers, the Company's accountants, the Company's counsel and any other party the Committee deems necessary, and no member of the Committee shall be liable for any action taken or not taken in reliance upon any such advice.

4. Duration of Plan. The Plan shall remain in effect until terminated by the Board and thereafter until all Awards granted under the Plan are satisfied by the issuance of shares of Common Stock or the payment of cash or are terminated under the terms of the Plan or under the Award Agreement entered into In connection with the grant thereof. Notwithstanding the foregoing, no Awards may be granted under the Plan after the tenth anniversary of the original effective date of the Prior Bergen Plan.

5. Shares of Stock Subject to the Plan. Subject to adjustment as provided in Section 15(b) hereof, the number of shares of Common Stock that may be issued under the Plan pursuant to Awards (including Awards granted before the Effective Date, April 24, 2002, of this amended, restated and renamed Plan) shall not exceed, in the aggregate, 6,900,000 shares (the *"Section 5 Limit"*), of which the number of shares of Common Stock that may be issued under the Plan pursuant to Incentive Stock Options may not exceed, in the aggregate, 3,700,000 shares and the number of shares of Common Stock that may be issued under Sections 9, 10 and 11 of the Plan may not exceed in the aggregate, 185,000 shares. Such shares may be either authorized but unissued shares, treasury shares or any combination thereof. For purposes of determining the number of shares that remain available for issuance under the Plan, the following rules shall apply:

(a) the number of shares subject to outstanding Awards shall be charged against the Section 5 Limit; and

(b) the Section 5 Limit shall be increased by:

(i) the number of shares subject to an Award (or portion thereof) which lapses, expires or is otherwise terminated without the issuance of such shares or is settled by the delivery of consideration other than shares,

(ii) the number of shares tendered to pay the exercise price of a Stock Option or other Award, and

(iii) the number of shares withheld from any Award to satisfy a Participant's tax withholding obligations or, if applicable, to pay the exercise price of a Stock Option or other Award.

In addition, any shares underlying Substitute Awards shall not be counted against the Section 5 Limit set forth in the first sentence of this Section 5.

(c) For purposes of this Section 5 and Section 6(b), with respect to Awards of nonqualified stock options, the Section 5 Limit shall be deemed to be reduced first by shares of Common Stock attributable to the Prior AmeriSource Plan, to the extent of the first 125,000 shares of Common Stock subject to nonqualified stock options to any single Eligible Individual under the Plan for any calendar year until all shares of Common Stock attributable to the Prior AmeriSource Plan have been exhausted. Shares of Common Stock attributable to the Prior Bergen Plan shall be deemed to be reduced with respect to Awards of nonqualified stock options to any Eligible Individual for any calendar year in excess of 125,000 shares of Common Stock, or after all shares of Common Stock attributable to the Prior AmeriSource Plan have been exhausted. Shares of Common Stock attributable to the Prior Bergen Plan shall also be deemed to be reduced with respect to all Awards to Eligible Individuals other than Awards of nonqualified stock options.

6. Eligible Individuals.

(a) *Eligibility Criteria.* Awards may be granted by the Committee to individuals (*"Eligible Individuals"*) who are officers or other key employees or consultants of the Company or a Subsidiary with the potential to contribute to the future success of the Company or its Subsidiaries. Members of the Committee will not be eligible to receive Awards under the Plan. An individual's status as an Administrator will not affect his or her eligibility to participate in the Plan.

(b) *Maximum Number of Shares per Eligible Individual.* In accordance with the requirements under Section 162(m) of the Code, the Prior Bergen Plan provided for a limit on grants of Awards to Eligible Individuals of 370,000 shares of Common Stock (as calculated on a post-merger basis) in respect of any fiscal year of the Company, provided that any Award that is made as bonus compensation, or is made in lieu of compensation that otherwise would be payable to an Eligible Individual, shall be considered made in respect of the fiscal year to which such bonus or other compensation relates or otherwise was earned. In accordance with the requirements under Section 162(m) of the Code, the Prior AmeriSource Plan provided for a limit on grants of Awards to Eligible Individuals of 125,000 shares of Common Stock (as calculated on a post-merger basis) in respect of any calendar year. Under the Plan as amended, restated and renamed in this document effective as of April 24, 2002, the applicable limit on grants of Awards to Eligible Individuals in respect of any fiscal year of the Company shall be 370,000 shares of Common Stock to the extent that shares of Common Stock attributable to the Prior Bergen Plan remain available under the Section 5 Limit. After all of the shares of Common Stock attributable to the Prior Bergen Plan previously available under the Section 5 Limit have been exhausted, the limit on grants of Awards to Eligible Individuals in respect of any calendar year shall be 125,000 shares of Common Stock.

7. **Awards Generally.** Awards under the Plan may consist of Stock Options, Stock Appreciation Rights, Stock Awards, Performance Share Awards, Section 162(m) Awards or other awards determined by the Committee. The terms and provisions of an Award shall be set forth in a written Award Agreement approved by the Committee and delivered or made available to the Participant as soon as practicable following the date of the award. The vesting, exercisablity, payment and other restrictions applicable to an Award (which may include, without limitation restrictions on transferability or provision for mandatory resale to the Company) shall be determined by the Committee and set forth in the applicable Award Agreement. Notwithstanding the foregoing, the Committee may accelerate (i) the vesting or payment of any Award, (ii) the lapse of restrictions on any Award or (iii) the date on which any Option or Stock Appreciation Right first becomes exercisable. The date of a Participant's termination of employment for any reason shall be determined in the sole discretion of the Committee. The Committee shall also have full authority to determine and specify in the applicable Award Agreement the effect, if any, that a Participant's termination of employment for any reason will have on the vesting, exercisability, payment or lapse of restrictions applicable to an outstanding Award.

8. **Stock Options.**

(a) *Terms of Stock Options Generally.* Subject to the terms of the Plan and the applicable Award Agreement, each Stock Option shall entitle the Participant to whom such Stock Option was granted to purchase the number of shares of Common Stock specified in the applicable Award Agreement and shall be subject to the terms and conditions established by the Committee in connection with the Award and specified in the applicable Award Agreement. Upon satisfaction of the conditions to exercisability specified in the applicable Award Agreement, a Participant shall be entitled to exercise the Stock Option in whole or in part and to receive, upon satisfaction or payment of the exercise price or an irrevocable notice of exercise in the manner contemplated by Section 8(d) below, the number of shares of Common Stock in respect of which the Stock Option shall have been exercised. Stock Options may be either Nonqualified Stock Options or Incentive Stock Options. Notwithstanding anything contained in the Plan to the contrary:

(i) *Termination of Employment For Cause.* If a Participant is notified that the Participant will be involuntarily terminated from employment with the Company or any Subsidiary for Cause, then all unexercised stock options subject to any Award Agreement shall be forfeited as of the date of such notice, whether or not then exercisable, except to the extent otherwise specified in the applicable Award Agreement. For purposes of this Section 8, "Cause" shall mean a determination by the Board that any of the following has occurred: (A) an act or acts of dishonesty by the Participant constituting a felony under applicable law and resulting or intending to result directly or indirectly in gain to or personal enrichment of the Participant at the Company's expense; or (B) a material breach of subsection (1), (2) or (3) below.

(1) *Full-Time Employment.* The Participant shall devote his time, attention and effort during regular business hours to the business of the Company and shall not during the term of employment be engaged in any other substantial business activity whether or not such business activity is pursued for gain, profit or other pecuniary advantage; but this shall not be construed as preventing the Participant from investing his personal assets in businesses which do not compete with

the Company in such form or manner as will not require substantial services on the part of the Participant in the operation of the affairs of the companies in which such investments are made. Notwithstanding the foregoing, the Participant may purchase securities in any corporation whose securities are regularly traded, provided that such purchases shall not result in his owning beneficially at any time more than one percent (1%) of any class of securities of any corporation engaged in a business competitive with that of the Company.

(2) *Unauthorized Disclosure.* During the term of the Participant's employment with the Company, and for a period of two (2) years thereafter, the Participant shall not, without the written consent of the Board or the Executive Committee, disclose to any person, other than as required by law or court order, or other than to an employee of the Company or any of its affiliated corporations, or other than to a person to whom disclosure is necessary or appropriate in connection with the performance by the Participant of his duties (including but not limited to disclosure to the Company's outside accountants, attorneys or bankers of information properly requested by such persons), any confidential information obtained by Participant while the Participant is in the employ of the Company. For purposes of this Plan, "confidential information" shall mean any information of the Company that the Company treats as confidential as well as any information that a prudent officer of the Company would consider to be proprietary or confidential to the Company, including without limitation, information with respect to any of the Company's services, customers, suppliers, techniques, patents and patent applications, methods (including manufacturing methods), products, designs, financial projections, industry projections or analyses, planned or pending agreements or future plans; provided, however, that "confidential information" shall not include any information known generally to the public (other than as a result of unauthorized disclosure by the Participant) or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that conducted by the Company.

(3) *Works For Hire Acknowledgment; Assignment.* The Participant acknowledges that all of the Participant's work on and contributions to the Company's products (the "Products"), including, without limitation, any and all patterns, designs, artworks and other expressions in any tangible medium (collectively, the "Works") are within the scope of the Participant's employment and are a part of the services, duties and responsibilities of the Participant. All of the Participant's work on and contributions to the Works will be rendered and made by the Participant for, at the instigation of, and under the overall direction of the Company, and all of the Participant's said work and contributions, as well as the Works, are and at all times shall be regarded as "work made for hire" as that term is used in the United States Copyright Laws. Without curtailing or limiting this acknowledgment, the Participant hereby assigns, grants, and delivers exclusively to the Company, as to work on and contribution to the Products pursuant hereto all rights, titles, and interests in and to any such Works, and all copies and versions, including all copyrights and renewals. The Participant will execute and deliver to the Company, or its successors and assigns, such other and further assignments, instruments and documents as it from time to time reasonably may request for the purpose of establishing, evidencing, and enforcing or defending its complete, exclusive perpetual, and worldwide ownership of all rights, titles, and interests of every kind and nature whatsoever, including all copyrights in and to the Works. The Participant hereby constitutes and appoints the Company as its agent and attorney-in-fact, with full power of substitution, to execute and deliver said assignments, instruments or documents as the Participant may fail or refuse to execute and deliver, this power and agency being coupled with an interest and being irrevocable.

(ii) *Other Termination of Employment*. Except as otherwise provided above or in an Award Agreement, if a Participant terminates employment with the Company or any Subsidiary for any reason other than for "Cause" and such Participant has not satisfied the conditions to exercisability specified in the applicable Award Agreement, then the Participant shall forfeit those Stock Options which have not yet become exercisable as of the date of such termination of employment.

(b) *Exercise Price*. The exercise price per share of Common Stock purchasable under a Stock Option shall be determined by the Committee at the time of grant and set forth in the Award Agreement, provided, however, that the exercise price per share shall be no less than 100% of the Fair Market Value per share on the date of grant. Notwithstanding the foregoing, the exercise price per share of a Stock Option that is a Substitute Award may be less than the Fair Market Value per share on the date of award, provided that the excess of:

(i) the aggregate Fair Market Value (as of the date such Substitute Award is granted) of the shares subject to the Substitute Award, over

(ii) the aggregate exercise price thereof, does not exceed the excess of:

(iii) the aggregate fair market value (as of the time immediately preceding the transaction giving rise to the Substitute Award, such fair market value to be determined by the Committee) of the shares of the predecessor entity that were subject to the award assumed or substituted for by the Company, over

(iv) the aggregate exercise price of such shares.

(c) *Option Term*. The term of each Stock Option shall be fixed by the Committee and set forth in the Award Agreement provided, however, that a Stock Option shall not be exercisable after the expiration of ten (10) years after the date the Stock Option is granted. Notwithstanding the foregoing:

(i) *Termination of Employment Without Cause*. If a Participant is notified that the Participant will be involuntarily terminated from employment with the Company or any Subsidiary without Cause, then the term of the Participant's Stock Option shall end on the earlier of the date set forth in the applicable Award Agreement or one (1) year from the date of the Participant's termination of employment.

(ii) *Disability*. If a Participant terminates employment with the Company or any Subsidiary due to Disability, then the term of the Participant's Stock Option shall end on the earlier of the date set forth in the applicable Award Agreement or one (1) year from the date of the Participant's termination of employment.

(iii) *Death*. If a Participant terminates employment with the Company or any Subsidiary due to death, such Participant's estate shall have the right to exercise the Participant's Stock Options for a period ending on the earlier of the term set forth in the applicable Award Agreement or one (1) year from the date of the Participant's death.

(iv) *Voluntary Termination of Employment*. If a Participant terminates employment with the Company or any Subsidiary and such Participant has satisfied the conditions to exercisability specified in the applicable Award Agreement as of the date of such voluntary termination, then the term of the Participant's Stock Options shall end on the earlier of the date set forth in the applicable Award Agreement or three (3) months from the date of the Participant's termination of employment.

(d) *Method of Exercise*. Subject to the provisions of the applicable Award Agreement the exercise price of a Stock Option may be paid in cash or previously owned shares or a combination thereof or in whole or in part through the withholding of shares subject to the Stock Option with a value equal to the exercise price. In accordance with the rules and procedures established by the Administrator for this purpose, the Stock Option may also be exercised through a "cashless exercise" procedure which is approved by the Administrator involving a broker or dealer approved by the Administrator, which affords Participants the opportunity to sell immediately some or all of the shares underlying the exercised portion of the Stock Option in order to generate sufficient cash to pay the Stock Option exercise price or to satisfy withholding tax obligations related to the Stock Option.

9. Stock Appreciation Rights. Stock Appreciation Rights shall be subject to the terms and conditions established by the Committee in connection with the Award thereof and specified in the applicable Award Agreement. Upon satisfaction of the conditions to the payment specified in the applicable Award Agreement, each Stock Appreciation Right shall entitle a Participant to an amount, if any, equal to the Fair Market Value of a share of Common Stock on the date of exercise over the Stock Appreciation Right exercise price specified in the applicable Award Agreement. At the discretion of the Administrator, payments to a Participant upon exercise of a Stock Appreciation Right may be made in Shares, cash or a combination thereof. A Stock Appreciation Right may be granted alone or in addition to other Awards, or in tandem with a Stock Option. If granted in tandem with a Stock Option, a Stock Appreciation Right shall cover the same number of shares of Common Stock as covered by the Stock Option (or such lesser number of shares as the Committee may determine) and shall be exercisable only at such time or times and to the extent the related Stock Option shall be exercisable, and shall have the same term and exercise price as the related Stock Option. Upon exercise of a Stock Appreciation Right granted in tandem with a Stock Option, the related Stock Option shall be canceled automatically to the extent of the number of shares covered by such exercise; conversely, if the related Stock Option is exercised as to some or all of the shares covered by the tandem grant, the tandem Stock Appreciation Right shall be canceled automatically to the extent of the number of shares covered by the Stock Option exercised.

10. Stock Awards. Stock Awards shall consist of one or more shares of Common Stock granted to an Eligible Individual, and shall be subject to the terms and conditions established by the Committee in connection with the Award and specified in the applicable Award Agreement. The shares of Common Stock subject to a Stock Award may, among other things, be subject to vesting requirements or restrictions on transferability.

11. Performance Share Awards. Performance Share Awards shall be evidenced by an Award Agreement in such form and containing such terms and conditions as the Committee deems appropriate and which are not inconsistent with the terms of the Plan. Each Award Agreement shall set forth the number of shares of Common Stock to be earned by a Participant upon satisfaction of certain specified performance criteria and subject to such other terms and conditions as the Committee deems appropriate. Payment in settlement of a Performance Share Award shall be made as soon as practicable following the conclusion of the applicable performance period, or at such other time as the Administrator shall determine, in shares of Common Stock, in an equivalent amount of cash or in a combination of Common Stock and cash, as the Administrator shall determine.

12. Other Awards. The Committee shall have the authority to specify the terms and provisions of other forms of equity-based or equity-related Awards not described above which the Committee determines to be consistent with the purpose of the Plan and the interests of the Company, which Awards may provide for cash payments based in whole or in part on the value or future value of Common Stock, for the acquisition or future acquisition of Common Stock, or any combination thereof. Other Awards shall also include cash payments (including the cash payment of dividend equivalents) under the Plan which may be based or one or more criteria determined by the Committee which are unrelated to the value of Common Stock and which may be granted in tandem with, or independent of, other Awards under the Plan.

13. Section 162(m) Awards.

(a) *Terms of Section 162(m) Awards Generally.* In addition to any other Awards under the Plan, the Company may make Awards that are intended to qualify as "qualified performance-based compensation" for purposes of Section 162(m) of the Code ("Section 162(m) Awards"). Section 162(m) Awards may consist of Stock Options, Stock Appreciation Rights, Stock Awards, Performance Share Awards or Other Awards the vesting, exercisability and/or payment of which is conditioned upon the attainment for the applicable Performance Period of specified performance targets related to designated performance goals for such period selected by the Committee from among the performance goals specified in Section 13(b) below. Section 162(m) Awards will be made in accordance with the procedures specified in applicable Treasury regulations for compensation intended to be "qualified performance-based compensation."

(b) *Performance Goals.* For purposes of this Section 13, performance goals shall be limited to one or more of the following: (i) net revenue, (ii) net earnings, (iii) operating earnings or income, (iv) absolute and/or relative return on equity or assets, (v) earnings per share, (vi) cash flow, (vii) pretax profits, (viii) earnings growth, (ix) revenue growth, (x) book value per share, (xi) stock price and (xii) performance relative to peer companies, each of which may be established on a corporate-wide basis or established with respect to one or more operating units, divisions, acquired businesses, minority investments, partnerships or joint ventures.

(c) *Other Performance-Based Compensation.* The Committee's decision to make, or not to make, Section 162(m) Awards within the meaning of this Section 13 shall not in any way prejudice the qualification of any other Awards as performance based compensation under Section 162(m). In particular, Awards of Stock Options may, pursuant to applicable regulations promulgated under Section 162(m), be qualified as performance-based compensation for Section 162(m) purposes without regard to this Section 13.

14. Non-transferability. No Award granted under the Plan or any rights or interests therein shall be sold, transferred, assigned, pledged or otherwise encumbered or disposed of except by will or by the laws of descent and distribution or as may otherwise be required by law; provided, however, that the Administrator may, subject to such terms and conditions as the Administrator shall specify, permit the transfer of an Award to a Participant's family members or to one or more trusts established in whole or in part for the benefit of one or more of such family members; *provided further*, that the restrictions in this sentence shall not apply to the shares received in connection with an Award after the date that the restrictions on transferability of such shares set forth in the applicable Award Agreement have lapsed. During the lifetime of a Participant, a Stock Option or Stock Appreciation Right shall be exercisable only by, and payments in settlement of Awards shall be payable only to the Participant, or, if applicable, the family member or trust to whom such Stock Option, Stock Appreciation Right or other Award has been transferred in accordance with the previous sentence.

15. Recapitalization or Reorganization.

(a) *Authority of the Company and Shareholders.* The existence of the Plan, the Award Agreements and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) *Change in Capitalization.* Notwithstanding any provision of the Plan or any Award Agreement, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, reorganization, merger, consolidation, stock split, combination or exchange of shares or any other significant corporate event affecting the Common Stock, the Committee, in its discretion, may make (i) such proportionate adjustments it considers appropriate (in the form determined by the Committee in its sole discretion) to prevent diminution or enlargement of the rights of Participants under the Plan with respect to the aggregate number of shares of Common Stock for which Awards in respect thereof may be granted under the Plan. The number of shares of Common Stock covered by each outstanding Award, and the exercise or Award prices in respect thereof and/or (ii) such other adjustments as it deems appropriate. The Committee's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants.

16. Change in Control.

(a) If, within two (2) years following a Change in Control which occurs after the Effective Date, a Participant's employment with the Company or any Subsidiary is involuntarily terminated by the Company or any Subsidiary, whether or not for Cause (as defined in Section 8) (unless the Change in Control occurs within two years after the Effective Date and such result would, in the reasonable opinion at the Company's Independent accountants delivered prior to the effective date of such Change in Control, preclude the event giving rise to such Change in Control from being accounted for as a pooling of interests) (i) all Stock Options or Stock Appreciation Rights of such Participant then outstanding shall become fully exercisable as of the date of the Change in Control, whether or not then exercisable, (ii) all restrictions and conditions of all Stock Awards of such Participant then outstanding shall lapse as of the date of the Change in Control, and (iii) all Performance Share Awards of such Participant shall be deemed to have been fully earned as of the date of the Change in Control. In addition, in the event of a Change in Control occurring after the Effective Date, the Board or the Committee may (unless the Change in Control occurs within two years after the Effective Date and such result would, in the reasonable opinion of the Company's independent accountants delivered prior to the effective date of such Change in Control, preclude the event giving rise to such Change in Control from being accounted for as a pooling of interests), in its sole discretion, make any or all of the following adjustments: (A) by written notice to each holder of a Stock Option (an "Optionee") provide that such Optionee's Stock Options shall be cancelled unless exercised within thirty (30) days (or such longer period as the Board or the Committee, as the case may be, shall determine) alter the date of such notice; (B) provide for the payment upon termination or cancellation of a Stock Option (whether or not such Stock Option is otherwise exercisable) of an amount in cash or Securities equal to: (x) the excess, if any, of the aggregate Fair Market Value as of the data of such Change in Control of the Common Stock then subject to the Stock Option over the product of the number of shares of Common Stock then subject to the Stock Option and the exercise price, less (y) an amount equal to the federal, state and local taxes, if any, required to be withheld or paid as a result of such payment; and (C) make any other adjustments, or take other reasonable action, as the Board or the Committee, as the case may be, deem appropriate provided that no such action impairs any rights that an Optionee has under the Plan without such Optionee's consent.

17. Amendment of the Plan. The Board or Committee may at any time and from time to time terminate, modify, suspend or amend the Plan in whole or in part; provided, however, that no such termination, modification, suspension or amendment shall be effective without shareholder approval if such approval is required to comply with any applicable law or stock exchange rule; and provided further, that the Board or Committee may not, without shareholder approval, increase the maximum number of shares issuable under the Plan. No termination, modification, suspension or amendment of the Plan shall, without the consent of a Participant to whom any Awards shall previously have been granted, adversely affect his or her rights under such Awards. Notwithstanding any provision herein to the contrary, the Board or Committee shall have broad authority to amend the Plan or any Stock Option to take into account changes in applicable tax laws, securities laws, accounting rules and other applicable state and federal laws.

18. Miscellaneous.

(a) *Tax Withholding*. No later than the date as of which an amount first becomes includible in the gross income of the Participant for applicable income tax withholding purposes with respect to any award under the Plan, the Participant shall pay to the Company or make arrangements satisfactory to the Administrator regarding the payment or any federal, state or local taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Administrator, in accordance with rules and procedures established by the Administrator, the minimum required withholding obligations may be settled with Common Stock, including Common Stock that is part of the award that gives rise to the withholding requirement. The obligation of the Company under the Plan shall be conditioned upon such payment or arrangements and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant.

(b) *Election to Withhold Shares*. If the Committee so permits, a Participant may elect to satisfy the Company's income tax withholding obligation with respect to a Stock Option by having shares withheld up to an amount that does not exceed the Participant's maximum marginal tax rate for federal (including FICA), state and local tax liabilities. The election must be in a form and manner prescribed by the Committee and shall be subject to the prior approval of the Committee.

(c) *No Right to Grants or Employment*. No Eligible Individual or Participant shall have any claim or right to receive grants of Awards under the Plan. Nothing in the Plan or in any Award or Award Agreement shall confer upon any employee of the Company or any Subsidiary any right to continued employment with the Company or any Subsidiary, as the case may be, or interfere in any way with the right of the Company or a Subsidiary to terminate the employment of any of its employees at any time, with or without cause.

(d) *Unfunded Plan*. The Plan is intended to constitute an unfunded plan for incentive compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or payments in lieu thereof with respect to awards hereunder.

(e) *Other Employee Benefit Plans*. Payments received by a Participant under any Award made pursuant to the provisions of the Plan shall not be included in, and shall not affect the determination of benefits under any other employee benefit plan or similar arrangement provided by the Company or any Subsidiary.

(f) *Securities Law Restrictions*. The Administrator may require each Eligible Individual purchasing or acquiring shares of Common Stock pursuant to a Stock Option or other Award under the Plan to represent to and agree with the Company in writing that such Eligible Individual is acquiring the shares for investment and not with a view to the distribution thereof. All certificates for shares of Common Stock delivered under the Plan shall be subject to such stock transfer orders and other restrictions as the Administrator may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, the New York Stock Exchange or any other exchange upon which the Common Stock is then listed, and any applicable federal or state securities law, and the Administrator may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions. No shares of Common Stock shall be issued hereunder unless the Company shall have determined that such issuance is in compliance with, or pursuant to an exemption from, all applicable federal and state securities laws.

(g) *Compliance with Rule 16b-3.*

(i) The Plan is intended to comply with Rule 16b-3 under the Exchange Act or its successors under the Exchange Act and the Administrator shall interpret and administer the provisions of the Plan or any Award Agreement in a manner consistent therewith. To the extent any provision of the Plan or Award Agreement or any action by the Administrator fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Administrator. Moreover, in the event the Plan or an Award Agreement does not include a provision required by Rule 16b-3 to be stated therein, such provision (other than one relating to eligibility requirements, or the price and amount of Awards) shall be deemed automatically to be incorporated by reference into the Plan or such Award Agreement insofar as Participants subject to Section 16 of the Exchange Act are concerned.

(ii) Notwithstanding anything contained in the Plan or any Award Agreement to the contrary, if the consummation of any transaction under the Plan would result in the possible imposition of liability on a Participant pursuant to Section 16(b) of the Exchange Act, the Administrator shall have the right, in its sole discretion, but shall not be obligated, to defer such transaction to the extent necessary to avoid such liability.

(h) *Award Agreement.* In the event of any conflict or inconsistency between the Plan and any Award Agreement, the Plan shall govern, and the Award Agreement shall be interpreted to minimize or eliminate any such conflict or inconsistency.

(i) *No Fractional Shares*. No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Option. The Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated

(j) *Headings*. Section headings are for reference only. In the event of a conflict between a title and the content of a Section, the content of the Section shall control.

(k) *Expenses.* The costs and expenses of administering the Plan shall be borne by the Company.

(l) *Applicable Law*. . The validity, construction, interpretation and effect of the Plan and Option Instruments issued under the Plan shall exclusively be governed by and determined in accordance with the law of the State of Delaware, without giving effect to the conflicts of laws principles thereof.

Effective Date. The Plan, as amended, restated and renamed as set forth in this document, shall be effective as of April 24, 2002.

As approved by the Compensation and Succession Planning Committee of the Board of Directors of AmerisourceBergen Corporation on April 23, 2002.

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Secretary

Exhibit 10.2

AMERISOURCEBERGEN CORPORATION
2001 RESTRICTED STOCK PLAN
(Effective September 11, 2001)

1. PURPOSE

The purpose of the Plan is to provide members of the Board of Directors of AmerisourceBergen Corporation (the "Company") who are not employees of the Company or its subsidiaries with grants of restricted stock. The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefiting the Company's shareholders, and will align the economic interests of the participants with those of the shareholders.

2. DEFINITIONS

(a) "Award" means an award of Restricted Stock granted under the Plan.

(b) "Board" means the Board of Directors of the Company.

(c) "Change of Control." A "Change of Control" shall be deemed to have occurred if:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 35% of the voting power of the then outstanding securities of the Company, and such person owns more aggregate voting power of the Company's then outstanding securities entitled to vote generally in the election of directors than any other person;

(ii) The shareholders of the Company approve (or, if shareholder approval is not required, the Board approves) an agreement providing for (x) the merger or consolidation of the Company with another corporation where the shareholders of the Company, immediately prior to the merger or consolidation, will not beneficially own, immediately after the merger or consolidation, shares entitling such shareholders to 50% or more of all votes to which all shareholders of the surviving corporation would be entitled in the election of directors (without consideration of the rights of any class of stock to elect directors by a separate class vote), (y) the sale or other disposition of all or substantially all of the assets of the Company, or (z) a liquidation or dissolution of the Company; or

(iii) After the date this Plan is approved by the shareholders of the Company, directors are elected such that a majority of the members of the Board shall have been members of the Board for less than two years, unless the election or nomination for election of each new director who was not a director at the beginning of such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Compensation and Succession Planning Committee of the Board, or such other committee of the Board as may be designated by the Board for the purpose of administering the Plan from time to time.

(f) "Company" means AmerisourceBergen Corporation, a Delaware corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(g) "Date of Grant" means the date as of which an Award is granted.

(h) "Effective Date" means September 11, 2001.

(i) "Election" means a written election on a form provided by the Secretary of the Company, filed with the Secretary of the Company in accordance with Paragraph 8, pursuant to which a Grantee:

(i) Elects, within the time or times specified in Paragraph 8, to defer the distribution date of Restricted Stock; and

(ii) Designates the distribution date of Restricted Stock.

(j) "Eligible Director" means a member of the Board who is not an employee of the Company or any Subsidiary of the Company.

(k) "Fair Market Value."

(i) If Shares are publicly traded, then the Fair Market Value per Share shall be determined as follows: (x) if the principal trading market for the Shares is a national securities exchange or the Nasdaq National Market, the last reported sale price thereof on the latest date preceding the relevant date upon which a sale was reported, or (y) if the Shares are not principally traded on such exchange or market, the mean between the last reported "bid" and "asked" prices of Shares on the latest date preceding relevant date upon which a sale was reported, as reported on Nasdaq or, if not so reported, as reported by the National Daily Quotation Bureau, Inc. or as reported in a customary financial reporting service, as applicable and as the Committee determines.

(ii) If the Company Stock is not publicly traded or, if publicly traded, is not subject to reported transactions or "bid" or "asked" quotations as set forth above, the Fair Market Value per share shall be as determined by the Committee.

(l) "Grantee" means an Eligible Director who is granted an Award.

(m) "Plan" means the AmeriSourceBergen Corporation 2001 Restricted Stock Plan, as set forth herein, and as amended from time to time.

(n) "Restricted Stock" means Shares subject to the restrictions imposed pursuant to Paragraph 7(d) of the Plan and the Award.

(o) "Rule 16b-3" means Rule 16b-3 promulgated under the 1934 Act, as in effect from time to time.

(p) "Share" or "Shares" means a share or shares of the Company's common stock.

(q) "Subsidiary" means a corporation that, at the time in question, is a subsidiary corporation of the Company within the meaning of section 424(f) of the Code.

(r) "Vesting Period" means the three-year period measured from the Date of Grant; *provided that* the Committee may, in its sole discretion, accelerate the vesting of any Award in connection with the termination of service of an Eligible Director to reflect the pro-rata portion of the Vesting Period completed through the effective date of such termination of service; and *provided further*, that the Vesting Period shall end and all Awards shall be fully vested and nonforfeitable upon a Change of Control.

(s) "1933 Act" means the Securities Act of 1933, as amended.

(t) "1934 Act" means the Securities Exchange Act of 1934, as amended.

3. RIGHTS TO BE GRANTED

Rights that may be granted under the Plan are rights to Restricted Stock, which give the Grantee ownership rights in the Shares subject to the Award, subject to a substantial risk of forfeiture, as set forth in Paragraph 7.

4. SHARES SUBJECT TO THE PLAN

(a) The Shares issued under the Plan may, at the Company's option, be either Shares held in treasury or Shares originally issued for such purpose. Not more than Fifty Thousand Shares in the aggregate may be issued under the Plan.

(b) If Restricted Stock is forfeited pursuant to the terms of an Award, other Awards with respect to such Shares may be granted.

5. ADMINISTRATION OF THE PLAN

(a) Administration. The Plan shall be administered by the Committee.

(b) Right of Committee to Interpret the Plan. The Committee shall have the authority to interpret the Plan's provisions, prescribe, amend and rescind rules and regulations for the Plan, and make all other determinations necessary or advisable for the administration of the Plan. The determination of the Committee in all matters as stated above shall be conclusive.

(c) Meetings. The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.

(d) Exculpation. No member of the Committee shall be personally liable for monetary damages for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of Awards thereunder unless (i) the member of the Committee has breached or failed to perform the duties of his office, and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; *provided*, however, that the provisions of this Paragraph 5(d) shall not apply to the responsibility or liability of a member of the Committee pursuant to any criminal statute.

(e) Indemnification. Service on the Committee shall constitute service as a member of the Board. Each member of the Committee shall be entitled without further act on his part to indemnity from the Company to the fullest extent provided by applicable law and the Company's Articles of Incorporation and By-laws in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan or the granting of Awards thereunder in which he may be involved by reason of his being or having been a member of the Committee, whether or not he continues to be such member of the Committee at the time of the action, suit or proceeding.

6. ELIGIBILITY

Awards may be granted only to Eligible Directors. No Awards shall be granted to an individual who is not an Eligible Director of the Company or a Subsidiary of the Company.

7. RESTRICTED STOCK AWARDS

The terms and conditions of Awards shall be set forth in writing as determined from time to time by the Committee, consistent, however, with the following:

(a) Grants. Subject to the express terms and conditions set forth in the Plan, Awards shall be granted as follows:

(i) Each individual who is an Eligible Director on the Effective Date shall be granted an Award of Restricted Stock for Shares having a Fair Market Value of $50,000. The number of Shares subject to the Award shall be determined as the quotient of (x) $50,000 divided by (y) the Fair Market Value per Share, rounded to the nearest whole Share.

(ii) Each individual who first becomes a Director after the Effective Date and is an Eligible Director on such date shall be granted an Award of Restricted Stock for Shares having a Fair Market Value of $50,000. The number of Shares subject to the Award shall be determined as the quotient of (x) $50,000 divided by (y) the Fair Market Value per Share, rounded to the nearest whole Share.

(iii) An Eligible Director may elect to forego 50% or more of the annual retainer compensation payable to the Eligible Director for the period extending from February 1 to the next succeeding January 31; *provided that* in the case of the period beginning on the Effective Date and ending January 31, 2002, an Eligible Director may elect to forego 50% or more of the retainer compensation payable for such short period; and *provided further*, that an individual who first becomes an Eligible Director after the Effective Date may elect to forego 50% or more of the retainer compensation payable to such Eligible Director for the period beginning on the date such Eligible Director becomes a Director and ending the next succeeding January 31. An Eligible Director who elects to forego 50% or more of the retainer compensation as described in this Paragraph 7(a)(iii) will receive an Award of Restricted Stock for Shares having a Fair Market Value of 125% of the amount of the foregone retainer compensation. The number of Shares subject to the Award shall be determined as the quotient of (x) 125% of the amount of the foregone retainer compensation divided by (y) the Fair Market Value per Share on the effective date of the election. The Committee shall make uniform and nondiscriminatory rules regarding the timing of elections and the relevant dates for determination of Fair Market Value. In general, Restricted Stock Awards granted pursuant to Paragraph 7(a)(iii) will be treated as granted in advance on or about the date of the Annual Meeting of Stockholders.

(b) No Cash Payment Required. Except as otherwise provided in Paragraph 7(a), no cash or other consideration shall be required to be paid by the Grantee in exchange for an Award.

(c) Awards and Agreements. A certificate shall be issued to each Grantee in respect of Shares subject to an Award. Such certificate shall be registered in the name of the Grantee and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Award. The certificate evidencing such Restricted Stock shall be held by the Company until all restrictions on such Restricted Stock have lapsed.

(d) Restrictions on Restricted Stock. Unless provided otherwise by the terms of an Award, the Grantee shall not be permitted to sell, transfer, pledge or assign Restricted Stock awarded under the Plan during the Vesting Period.

(e) Lapse of Restrictions. Except as otherwise provided in Paragraph 12, the restrictions with respect to Restricted Stock subject to an Award shall lapse at the end of a Vesting Period; *provided*, however, that the Eligible Director continues in service through the last day of the Vesting Period. Notwithstanding the preceding, the Committee may, in its sole discretion, waive remaining restrictions on Restricted Stock to reflect the pro-rata portion of the Vesting Period completed through the effective date of termination of service in the case of an Eligible Director whose service as a director terminates before the last day of the Vesting Period.

(f) Forfeiture. Except as otherwise provided by the Committee in its sole discretion pursuant to Paragraph 7(e), if a Grantee's service as a director terminates during a Vesting Period, all Restricted Stock shall be forfeited by the Grantee and deemed canceled by the Company.

(g) Rights of the Grantee. Grantees may have such rights with respect to Shares subject to an Award as may be determined by the Committee and set forth in the Award, including the right to vote such Shares, and the right to receive dividends paid with respect to such Shares; *provided*, however, that dividends shall be held in escrow and subject to forfeiture in accordance with Paragraph 9.

(h) Delivery of Shares. Except as otherwise provided in Paragraph 8, when the Vesting Period has expired, the Company shall deliver to the Grantee (or the person to whom ownership rights may have passed by will or the laws of descent and distribution) a certificate for the number of Shares for which restrictions have lapsed. The right to payment of any fractional Shares that may have accrued shall be satisfied in cash, measured by the product of the fractional amount times the fair market value of a Share at the time the applicable restrictions lapse, as determined by the Committee.

8. DEFERRAL ELECTIONS

A Grantee may elect to defer the receipt of Restricted Stock as to which restrictions have lapsed as provided by the Committee in the Award, consistent, however, with the following:

(a) Deferral Election.

(i) Election. Each Grantee shall have the right to defer the receipt of all or any portion of the Restricted Stock (and dividends credited during the Vesting Period with respect to such Restricted Stock) as to which the Award provides for the potential lapse of applicable restrictions by filing an Election to defer the receipt of such Restricted Stock on a form provided by the Secretary of the Company for this purpose.

(ii) Deadline for Deferral Election. No Election to defer the receipt of Restricted Stock as to which the Award provides for the potential lapse of applicable restrictions shall be effective unless it is filed with the Secretary of the Company on or before the last day of the calendar year ending more than one year before the first day of the calendar year in which the applicable restrictions may lapse.

(b) Effect of Failure of Restrictions on Shares to Lapse. An Election shall be null and void if the restrictions on Restricted Stock do not lapse before the distribution date for such Restricted Stock identified in such Election by reason of the failure to satisfy any condition precedent to the lapse of the restrictions.

(c) Deferral Period. All Restricted Stock that is subject to an Election shall be delivered to the Grantee (or the person to whom ownership rights may have passed by will or the laws of descent and distribution) without any legend or restrictions (except those that may be imposed by the Committee, in its sole judgment, under Paragraph 10(a)), on the distribution date for such Restricted Stock designated by the Grantee on the Election. The distribution date may vary with each separate Election. The Committee may establish uniform and nondiscriminatory rules for the permitted duration of the deferral period and terms of any Election.

(d) Status of Deferred Shares. A Grantee's right to delivery of Shares subject to an Election under this Paragraph 8 shall at all times represent the general obligation of the Company. The Grantee shall be a general creditor of the Company with respect to this obligation, and shall not have a secured or preferred position with respect to such obligation. Nothing contained in the Plan or an Award shall be deemed to create an escrow, trust, custodial account or fiduciary relationship of any kind. Nothing contained in the Plan or an Award shall be construed to eliminate any priority or preferred position of a Grantee in a bankruptcy matter with respect to claims for wages.

(e) Non-Assignability, Etc. The right of a Grantee to receive Shares subject to an Election under this Paragraph 8 shall not be subject in any manner to attachment or other legal process for the debts of such Grantee; and no right to receive Shares hereunder shall be subject to anticipation, alienation, sale, transfer, assignment or encumbrance.

9. DIVIDENDS

During the Vesting Period applicable to an Award, any dividends paid on the Shares subject to such Award shall accrue, but shall be held in escrow by the Company until the expiration of the Vesting Period. The accrued dividends shall be paid to the Grantee at the same time that Share certificates are delivered in accordance with Paragraph 7(h); *provided that* all or a portion of such dividends shall be forfeited in the same proportion as Shares are forfeited, in accordance with Paragraph 7(e). Upon a Change of Control before the expiration of the Vesting Period, the accrued dividends shall be paid to the Grantee in full.

10. SECURITIES LAWS; TAXES

(a) Securities Laws. The Committee shall have the power to make each grant of Awards under the Plan subject to such conditions as it deems necessary or appropriate to comply with the then-existing requirements of the 1933 Act and the 1934 Act, including Rule 16b-3. Such conditions may include the delivery by the Grantee of an investment representation to the Company in connection with the lapse of restrictions and forfeiture provisions on Shares subject to an Award, or the execution of an agreement by the Grantee to refrain from selling or otherwise disposing of the Shares acquired for a specified period of time or on specified terms.

(b) Payment of Tax Liabilities. In connection with the grant of any Award or the lapse of restrictions and forfeiture provisions under any Award, the Company shall have the right to (i) require the Grantee to remit to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for Shares subject to such Award, or (ii) take any action whatever that it deems necessary to protect its interests with respect to tax liabilities. The Company shall not be obligated to make any delivery or transfer of Shares untilthe Grantee has complied, to the Company's satisfaction, with any withholding requirement, or until the Company has been indemnified to its satisfaction for any applicable tax, charge or assessment.

11. CHANGES IN CAPITALIZATION

The aggregate number of Shares and class of Shares as to which Awards may be granted and the number of Shares covered by each outstanding Award shall be appropriately adjusted in the event of a stock dividend, stock split, recapitalization or other change in the number or class of issued and outstanding equity securities of the Company resulting from a subdivision or consolidation of the Shares and/or other outstanding equity security or a recapitalization or other capital adjustment (not including the issuance of Shares and/or other outstanding equity securities on the conversion of other securities of the Company which are convertible into Shares and/or other outstanding equity securities) affecting the Shares which is effected without receipt of consideration by the Company. The Committee shall have authority to determine the adjustments to be made under this Paragraph 11 and any such determination by the Committee shall be final, binding and conclusive.

12. CHANGE OF CONTROL

Upon a Change of Control, any restrictions with respect to Restricted Stock (other than Restricted Stock that has previously been forfeited) shall lapse in full.

13. AMENDMENT AND TERMINATION

The Plan may be terminated by the Board at any time. The Plan may be amended by the Board or the Committee at any time, subject to shareholder approval, if required by applicable securities or tax laws. No Award shall be affected by any such termination or amendment without the written consent of the Grantee.

14. EFFECTIVE DATE

The effective date of the Plan is September 11, 2001.

15. GOVERNING LAW

The Plan and all determinations made and actions taken pursuant to the Plan shall be governed in accordance with Pennsylvania law.

As adopted by the Board of Directors effective as of September 11, 2001.

Dated: 02/27/02 /s/William D. Sprague