AMERISOURCEBERGEN CORP
Form 424B3
March 31, 2003
Table of Contents

PROSPECTUS

Pursuant to Rule 424(b)(3)
Registration Statement No. 333-103254

OFFER TO EXCHANGE

7¼% Senior Notes Due 2012 for all outstanding

7¼% Senior Notes Due 2012

of

AMERISOURCEBERGEN CORPORATION

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME ON May 2, 2003, UNLESS EXTENDED.

Terms of the exchange offer:

We will exchange all old notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.

You may withdraw tenders of old notes at any time prior to the expiration of the exchange offer.

We believe that the exchange of old notes will not be a taxable event for U.S. federal income tax purposes, but you should see United States Federal Income Tax Considerations on page 76 for more information.

We will not receive any proceeds from the exchange offer.

The terms of the new notes are substantially identical to the old notes, except that the new notes are registered under the Securities Act of 1933 and the transfer restrictions and registration rights applicable to the old notes do not apply to the new notes.

See Risk Factors beginning on page 13 for a discussion of risks that should be considered by holders prior to tendering their old notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus.

Any representation to the contrary is a criminal offense.

The date of this prospectus is March 31, 2003.

Table of Contents

TABLE OF CONTENTS

	Page
Forward-Looking Statements	ii
Prospectus Summary	1
Risk Factors	13
Use of Proceeds	21
Ratio of Earnings to Fixed Charges	21
AmerisourceBergen and Bergen Selected Consolidated Financial Data	22
The Exchange Offer	25
Description of Capital Stock	33
Description of Other Indebtedness	33
Description of New Notes	38
Certain United States Federal Tax Consequences	76
Plan of Distribution	81
Where You Can Find Additional Information	82
Legal Matters	82
Experts	82
Incorporation of Documents by Reference	83

This prospectus incorporates important business and financial information that is not included in or delivered with this document. This information is available without charge upon written or oral request. See Incorporation of Documents by Reference.

You should rely only on the information contained in this document and any supplement, including the periodic reports and other information we file with the Securities and Exchange Commission or to which we have referred you. See Where You Can Find Additional Information and Incorporation of Documents by Reference. We have not authorized anyone to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus or any supplement.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of new notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended, which we refer to as the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where the old notes were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. The statements contained in this prospectus that are not statements of historical fact may include forward-looking statements that involve a number of risks and uncertainties.

We have used the words anticipate, believe, could, estimate, expect, intend, may, plan, predict, project, will and similar te including references to assumptions, in this prospectus to identify forward-looking statements. These forward-looking statements are made based on our management s expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements. The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- changes in general economic, business and industry conditions;
- changes in pharmaceutical manufacturer pricing and distribution policies;
- changes in political and social conditions and corresponding laws and regulations;
- changes in governmental support of, and reimbursement for, pharmaceutical products and healthcare services;
- new laws and regulations or changes in laws and regulations governing prescription drug pricing, healthcare services or mandated benefits;
- competition;
- changes in sales mix;
- difficulty of forecasting sales at various times in various markets;
- disruptions of established supply channels;
- degree of acceptance of new products;
- significant litigation;

- acquisitions and dispositions;
- the availability, terms and deployment of capital; and
- the other factors discussed below under the heading Risk Factors and elsewhere in this prospectus.

All of our forward-looking statements should be considered in light of these factors. We undertake no obligation to update our forward-looking statements or risk factors to reflect new information, future events or otherwise.

Table of Contents

PROSPECTUS SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial statements (including the accompanying notes) appearing elsewhere in this prospectus. Unless the context otherwise requires:

- we, us, AmerisourceBergen and the Company refer to AmerisourceBergen Corporation and its subsidiaries on a consolidated basis;
- AmeriSource refers to the former AmeriSource Health Corporation and its subsidiaries on a consolidated basis;
- Bergen refers to the former Bergen Brunswig Corporation and its subsidiaries on a consolidated basis; and
- all industry statistics in this prospectus were obtained from data prepared or provided by Healthcare Distribution Management Association (HDMA) and other recognized industry sources.

The Exchange Offer

On November 18, 2002, we issued and sold $300.0 million aggregate principal amount of 7¼% Senior Notes Due 2012, referred to as the old notes. In connection with that sale, we entered into a registration rights agreement with the initial purchasers of the old notes in which we agreed to deliver this Prospectus to you and to complete an exchange offer for the old notes. As required by the registration rights agreement, we are offering to exchange $300.0 million aggregate principal amount of our new 7¼% Senior Notes Due 2012, referred to as the new notes, the issuance of which has been registered under the Securities Act, for a like aggregate principal amount of our old notes. We refer to this offer to exchange new notes for old notes in accordance with the terms set forth in this prospectus and the accompanying letter of transmittal as the exchange offer. You are entitled to exchange your old notes for new notes. We urge you to read the discussions under the headings The Exchange Offer and The New Notes in this Summary for further information regarding the exchange offer and the new notes.

AmerisourceBergen

We are a leading national wholesale distributor of pharmaceutical products and related healthcare services and solutions with operating revenue (excluding bulk shipments) over $40 billion and operating income of approximately $718 million for the fiscal year ended September 30, 2002.

We were formed in connection with the merger of AmeriSource and Bergen, which was consummated in August 2001. As a result of the merger, AmerisourceBergen is the largest pharmaceutical services company in the United States that is dedicated solely to the pharmaceutical supply chain. We distribute pharmaceutical products and provide services to hospital systems (hospitals and acute care facilities), alternate site customers (mail order facilities, physicians offices, long-term care institutions, and clinics), independent community pharmacies, and national and regional drugstore and food merchandising chains. Also a leader in the institutional pharmacy marketplace, we provide outsourced pharmacies to long-term care and workers compensation programs.

We currently serve customers throughout the United States and Puerto Rico through a geographically diverse network of distribution centers. We are typically the primary source of supply for pharmaceutical and related products to our customers. We offer a broad range of solutions to our customers and suppliers designed to enhance the efficiency and effectiveness of their operations, allowing them to improve the delivery of healthcare to patients and consumers.

Our customer base is geographically diverse and balanced with no single customer representing more than 10% of fiscal 2002 operating revenue. We have one of the leading market positions in pharmaceutical distribution to the hospital systems/acute care facilities market and the alternate site facilities market, which represented approximately 53% of fiscal 2002 operating revenue, and the independent community pharmacies and national and regional retail pharmacy chains, which represented approximately 47% of fiscal 2002 operating revenue.

We are organized based upon the products and services we provide our customers. We have two operating segments: Pharmaceutical Distribution and PharMerica.

The Pharmaceutical Distribution segment includes AmerisourceBergen Drug Company (AB Drug) and AmerisourceBergen Specialty Group (AB Specialty). AB Drug includes the full-service pharmaceutical distribution facilities, American Health Packaging, and other healthcare related businesses. AB Drug sells pharmaceuticals, over-the-counter medicines, health and beauty aids, and other health-related products to hospitals, alternate site 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. AB Drug also provides promotional, inventory management, pharmacy automation and information services to its customers. AB Specialty sells specialty pharmaceutical products and services to physicians, clinics and other providers in the oncology, nephrology, plasma and vaccines sectors. AB Specialty also provides third party logistics and reimbursement consulting services to healthcare product manufacturers.

The PharMerica segment consists solely of our 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.

Industry Overview

We have benefited from the significant growth of the full service wholesale drug industry in the United States. According to an independent third party provider of information to the pharmaceutical and healthcare industry, industry sales grew from approximately $73 billion in 1995 to an estimated $196 billion in 2002 and are expected to grow to approximately $287 billion in 2005.

The factors contributing to the growth of the full service wholesale drug industry in the United States, and other favorable industry trends, include:

- an aging population;
- the introduction of new pharmaceuticals;
- the increased use of outpatient drug therapy;

rising pharmaceutical prices; and

the expiration of patents for brand name pharmaceuticals.

We expect wholesale drug revenue, gross margins and profitability will continue to benefit from these trends. For example, sales of pharmaceuticals to individuals over age 55, who suffer from a greater incidence of chronic illnesses and disabilities and account for higher annual pharmaceutical expenditures, are expected to increase. The population in this age group is projected to increase from approximately 59 million in 2000 to more than 75 million by the year 2010. Also, the introduction of new compounds through traditional research and

2

development as well as the advent of new research, production and delivery methods, such as biotechnology and gene research and therapy, have been responsible for significant increases in pharmaceutical sales. We expect this trend to continue as manufacturers strive to generate new compounds and delivery methods that are more effective in treating diseases. We also expect that, consistent with historical trends, price increases on pharmaceutical products will continue to equal or exceed the overall Consumer Price Index. These price increases create opportunities for appreciation on inventory acquired in advance of price increases, thereby enhancing profitability.

Business Strategy

Our business strategy is anchored in national pharmaceutical distribution and services, reinforced by the value-added healthcare solutions we provide our customers and suppliers. This focused strategy has significantly expanded our business and we believe we are well-positioned to continue to grow revenue and increase operating income through the execution of the following key elements of our business strategy:

Continue Growth in Existing Markets. We believe that we are well-positioned to continue to grow in our existing markets by: (i) providing superior distribution services to our customers and suppliers, which is reflected in the high rankings we have achieved in customer service surveys; (ii) delivering value-added solutions which improve the efficiency and competitiveness of both customers and suppliers, allowing the supply chain to better deliver healthcare to patients and consumers; (iii) maintaining our low-cost operating structure to ensure that our services are priced competitively in the marketplace; and (iv) maintaining our decentralized operating structure to respond to customers needs more quickly and efficiently and to ensure the continued development of local and regional management talent.

Expand Growth Opportunities through Healthcare Solutions for Customers. We are continually enhancing our services and packaging these services into programs designed to enable customers to improve sales and compete more effectively. These solutions also increase customer loyalty and strengthen AmerisourceBergen s overall role in the pharmaceutical supply chain. They include: iECHO® and iBergen, our proprietary internet-based ordering systems; Family Pharmacy® and Good Neighbor Pharmacy®, which enable independent community pharmacies and small chain drugstores to compete more effectively through access to pharmaceutical benefit and merchandising programs, disease management services and pharmaceutical care programs, and best-priced generic product purchasing services; Pharmacy Healthcare Solutions, which provides hospital pharmacy consulting to improve operational efficiencies; AB Specialty, which delivers a comprehensive supply of disease-state based products and services in oncology, nephrology, vaccines, injectables and plasma to a variety of providers of healthcare; American Health Packaging, which delivers unit dose, punch card and unit-of-use packaging for institutional and retail pharmacy customers; and Rita Ann, our cosmetics distributor.

Expand Growth Opportunities through Healthcare Solutions for Our Suppliers. We have been developing solutions for our suppliers to improve the efficiency of the healthcare supply chain. Programs for suppliers to assist with rapid new product launches, promotional and marketing services to accelerate product sales, custom packaging and product data reporting are examples of value-added solutions we currently offer. We believe these services will continue to expand, further contributing to our revenue and income growth. We also intend to acquire companies that deliver complementary value-added products and services to our existing customers and suppliers to enhance our position in the pharmaceutical supply chain.

Improve Operating and Capital Efficiencies. We believe we have one of the lowest operating cost structures among our major national competitors. We have developed merger integration plans to

consolidate our existing pharmaceutical distribution facility network and establish new, more efficient distribution centers. More specifically, our plan is to have a distribution facility network consisting of 30 facilities in the next four to five years. We plan to accomplish this by building six new facilities, expanding seven facilities, closing 28 facilities and implementing a new warehouse operating system. During fiscal 2002, we closed seven facilities. We also intend to further reduce operating expenses as a percentage of revenue by eliminating duplicate administrative functions. These measures are designed to reduce marginal operating costs, provide greater access to financing sources and reduce the cost of capital. In addition, we believe we will continue to achieve productivity and operating income gains as we invest in and continue to implement warehouse automation technology, adopt best practices in warehousing activities and increase operating leverage due to increased volume per full-service distribution facility.

Recent Developments

Acquisition of Bridge Medical, Inc.

In January 2003, we acquired Bridge Medical, Inc. (Bridge), a leading provider of barcode-enabled point-of-care software designed to reduce medication errors, for a base purchase price of approximately $28 million. The acquisition also provides for contingent payments of up to a maximum of $55 million based on Bridge achieving defined earnings targets through the end of calendar 2004. We paid 83% of the base purchase price by issuing 401,780 shares of Common Stock. The remaining 17% of the base purchase price was paid in cash. We also intend to pay contingent amounts, if any, that may become due primarily in shares of Common Stock. At the closing of the acquisition, we issued an additional 401,780 shares of Common Stock into an escrow account that may be used for the payment of any contingent amounts that may become due in the future. We will retire any unused shares remaining in the escrow account after the end of calendar 2004 upon the completion of the contingent payment determinations.

Acquisition of US Bioservices Corporation

In January 2003, we acquired US Bioservices Corporation (US Bio), a national pharmaceutical services provider focused on the management of high-cost complex therapies and reimbursement support with revenues of approximately $120 million in calendar 2002, for a base purchase price of approximately $159 million, which included the repayment of US Bio debt of approximately $15 million. We issued 2,399,091 shares of Common Stock with an aggregate market value of approximately $131 million and paid the remaining $28 million of the base purchase price in cash. The agreement also provides for contingent payments of up to $27.6 million in cash based on US Bio achieving defined earnings targets through the end of the first quarter of calendar 2004.

Table of Contents

The Exchange Offer

Notes Offered	$300,000,000 aggregate principal amount of 7¼%Senior Notes Due 2012. The terms of the new notes and old notes are identical in all material respects, except for transfer restrictions and registration rights relating to the old notes.
The Exchange Offer	We are offering the new notes to you in exchange for a like principal amount of old notes. Old notes may be exchanged only in integral multiples of $1,000. We intend by the issuance of the new notes to satisfy our obligations contained in the Registration Rights Agreement.
Expiration Date; Withdrawal of Tender	The exchange offer will expire at 5:00 p.m., New York City time, on May 2, 2003, or such later date and time to which it may be extended by us. The tender of old notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date of the exchange offer. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder thereof as promptly as practicable after the expiration or termination of the exchange offer.
Conditions to the Exchange Offer	Our obligation to accept for exchange, or to issue new notes in exchange for, any old notes is subject to customary conditions relating to compliance with any applicable law or any applicable interpretation by the staff of the Securities and Exchange Commission, the receipt of any applicable governmental approvals and the absence of any actions or proceedings of any governmental agency or court which could materially impair our ability to consummate the exchange offer. We currently expect that each of the conditions will be satisfied and that no waivers will be necessary. See The Exchange Offer Conditions to the Exchange Offer.
Procedures for Tendering Old Notes	If you wish to accept the exchange offer and tender your old notes, you must complete, sign and date the Letter of Transmittal, or a facsimile of the Letter of Transmittal, in accordance with its instructions and the instructions in this prospectus, and mail or otherwise deliver such Letter of Transmittal, or the facsimile, together with the old notes and any other required documentation, to the exchange agent at the address set forth herein. See The Exchange Offer Procedures for Tendering Old Notes.
Use of Proceeds	We will not receive any proceeds from the exchange offer.
Exchange Agent	J.P. Morgan Trust Company, National Association is serving as the exchange agent in connection with the exchange offer.
Federal Income Tax Consequences	The exchange of notes pursuant to the exchange offer should not be a taxable event for federal income tax purposes. See United States Federal Income Tax Consequences.

Table of Contents

Consequences of Exchanging Old Notes Pursuant to the Exchange Offer

Based on certain interpretive letters issued by the staff of the Securities and Exchange Commission to third parties in unrelated transactions, we are of the view that holders of old notes (other than any holder who is an affiliate of our company within the meaning of Rule 405 under the Securities Act) who exchange their old notes for new notes pursuant to the exchange offer generally may offer the new notes for resale, resell such new notes and otherwise transfer the new notes without compliance with the registration and prospectus delivery provisions of the Securities Act, provided:

- the new notes are acquired in the ordinary course of the holders business;
- the holders have no arrangement with any person to participate in a distribution of the new notes; and
- neither the holder nor any other person is engaging in or intends to engage in a distribution of the new notes.

Each broker-dealer that receives new notes for its own account in exchange for old notes must acknowledge that it will deliver a prospectus in connection with any resale of the new notes. See Plan of Distribution. In addition, to comply with the securities laws of applicable jurisdictions, the new notes may not be offered or sold unless they have been registered or qualified for sale in the applicable jurisdiction or in compliance with an available exemption from registration or qualification. We have agreed, under the registration rights agreement and subject to limitations specified in the registration rights agreement, to register or qualify the new notes for offer or sale under the securities or blue sky laws of the applicable jurisdictions as any holder of the notes reasonably requests in writing. If a holder of old notes does not exchange the old notes for new notes according to the terms of the exchange offer, the old notes will continue to be subject to the restrictions on transfer contained in the legend printed on the old notes. In general, the old notes may not be offered or sold, unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Holders of old notes do not have any appraisal or dissenters rights under the Delaware General Corporation Law in connection with the exchange offer. See The Exchange Offer Consequences of Failure to Exchange; Resales of New Notes.

The old notes are currently eligible for trading in the Private Offerings, Resales and Trading through Automated Linkages (PORTAL) market. Following commencement of the exchange offer but prior to its completion, the old notes may continue to be traded in the PORTAL market. Following completion of the exchange offer, the new notes will not be eligible for PORTAL trading.

Table of Contents

The New Notes

The terms of the new notes and the old notes are identical in all material respects, except for transfer restrictions and registration rights relating to the old notes.

Issuer	AmerisourceBergen Corporation.
Notes Offered	$300,000,000 aggregate principal amount of 7 1/4% Senior Notes due 2012.
Maturity Date	November 15, 2012.
Interest	7 1/4% per annum, payable semiannually in arrears on May 15 and November 15, commencing May 15, 2003.
Interest Computation	Interest on the new notes will be paid on the basis of a 360-day year comprised of twelve 30-day months.
Ranking	The new notes and the subsidiary guarantees will rank: effectively junior to all of our and the guarantors existing and future secured indebtedness, including any borrowings under our senior credit facility; equally with any of our and the guarantors existing and future unsecured senior indebtedness; and senior to any of our and the guarantors existing and future subordinated indebtedness. At December 31, 2002, the new notes and the guarantees would have effectively ranked junior to: $285.0 million of secured indebtedness under our senior credit facility; $55.0 million of secured indebtedness under the Blanco revolving credit facility; and $937.6 million of additional borrowings that were available under our senior credit facility after deducting $62.4 million of outstanding letters of credit.
Optional Redemption	We may redeem any of the new notes at any time at the prices set forth in this prospectus, plus accrued and unpaid interest and liquidated damages, if any, to the date of redemption. See Description of New Notes Optional Redemption.
Change of Control	If a change of control occurs we will be required to make an offer to purchase the new notes at a purchase price of 101% of the principal amount of the new notes on the date of purchase, plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase. See Description of New Notes Repurchase at the Option of Holders Change of Control.
Subsidiary Guarantees	The new notes are jointly and severally guaranteed on an unsecured senior basis by certain of our existing and future domestic restricted subsidiaries.

Table of Contents

Certain Covenants	The indenture governing the new notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: incur additional indebtedness; create liens; pay dividends or make other equity distributions; purchase or redeem capital stock; make investments; sell assets or consolidate or merge with or into other companies; and engage in transactions with affiliates. These limitations are subject to a number of important qualifications and exceptions. See Description of New Notes Certain Covenants.

* * *

Our executive offices are located at 1300 Morris Drive, Suite 100, Chesterbrook, Pennsylvania 19087-5594. Our telephone number is (610) 727-7000. Our website is http://www.amerisourcebergen.com. Any Internet addresses provided in this prospectus are for information purposes only and are not intended to be hyperlinks. Accordingly, no information in any of these Internet addresses is included herein.

Table of Contents

SUMMARY HISTORICAL FINANCIAL DATA

AMERISOURCEBERGEN

On August 29, 2001, AmeriSource and Bergen merged to form the Company. The merger was accounted for as an acquisition of Bergen under the purchase method of accounting. Accordingly, the results of operations and the balance sheet information in the table below reflect only the operating results and financial position of AmeriSource for fiscal years ended September 30, 2000 and prior. The financial data for the fiscal year ended September 30, 2001 reflects the operating results for the full year of AmeriSource and approximately one month of Bergen, and the financial position of the combined company. The following table should be read in conjunction with the Consolidated Financial Statements, including the notes thereto, incorporated by reference in this prospectus.

	As of or for the Year Ended September 30,					As of or for the Three Months Ended December 31,	
	1998(a)	1999(b)	2000(c)	2001(d)	2002(e)	2001(f)	2002(g)
	(dollars in thousands, except per share data)						
Statement of Operations Data:							
Operating revenue	$ 9,373,482	$ 9,760,083	$ 11,609,995	$ 15,822,635	$ 40,240,714	$ 9,686,276	$ 11,106,905
Bulk deliveries to customers warehouses	129,555	47,280	35,026	368,718	4,994,080	1,382,504	1,327,628
Total revenue	9,503,037	9,807,363	11,645,021	16,191,353	45,234,794	11,068,780	12,434,533
Net income(h)(i)	46,030	67,466	99,014	123,796	344,941	67,883	92,739
Earnings per share diluted	.91	1.31	1.90	2.10	3.16	0.63	0.84
Cash dividends declared per common share					0.10	0.025	0.025
Balance Sheet Data:							
Cash and cash equivalents and restricted cash	$ 90,344	$ 59,497	$ 120,818	$ 297,626	$ 663,340	$ 256,689	$ 366,776
Total assets	1,726,272	2,060,599	2,458,567	10,291,245	11,213,012	10,933,320	11,959,172
Total debt, including current portion(j)	540,327	559,127	413,675	1,874,379	1,817,313	2,264,141	2,202,704
Stockholders equity	$ 75,355	$ 166,277	$ 282,294	$ 2,838,564	$ 3,316,338	$ 2,918,053	$ 3,420,024
Other Operating Information:							
EBITDA(k)	$ 155,816	$ 176,375	$ 217,666	$ 270,099	$ 773,932	$ 164,613	$ 204,941
Ratio of EBITDA to interest expense(l)	2.7x	3.9x	5.2x	5.6x	5.5x	4.4x	6.0x
Ratio of total debt to EBITDA	3.5x	3.2x	1.9x	6.9x	2.3x	n/a	n/a
Ratio of earnings to fixed charges(m)	2.3x	3.2x	4.3x	4.6x	4.6x	3.7x	4.9x
Capital expenditures	$ 12,101	$ 15,793	$ 16,619	$ 23,363	$ 64,159	$ 10,069	$ 16,487

(a) Includes $11.2 million of merger costs, net of income tax benefit of $7.2 million, and $5.1 million of costs related to facility consolidations and employee severance, net of income tax benefit of $3.2 million.

(b) Includes $9.3 million of costs related to facility consolidations and employee severance, net of income tax benefit of $2.4 million, and $2.7 million of merger costs, net of income tax benefit of $0.5 million. Additionally, includes $3.4 million of costs related to the extinguishment of debt, net of income tax benefit of $2.0 million.

(c) Includes a $0.7 million reversal of costs related to facility consolidations and employee severance, net of income taxes of $0.4 million.

(d) Includes $8.0 million of merger costs, net of income tax benefit of $5.1 million, $6.8 million of costs related to facility consolidations and employee severance, net of income tax benefit of $4.1 million, and a $1.7 million reduction in a reserve for an environmental liability, net of income taxes of $1.0 million.

(e) Includes $14.6 million of merger costs, net of income tax benefit of $9.6 million.

(f) Includes $4.5 million of merger costs, net of income tax benefit of $3.0 million.

(g) Includes $0.7 million of costs related to employee severance, net of income tax benefit of $0.4 million. Additionally includes a $1.5 million reversal of costs related to facility consolidations and employee severance, net of income taxes of $1.0 million.

(h) In April 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 145 Rescission of FASB Statements No. 4,44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections (SFAS No. 145). The adoption of SFAS No. 145 required that previously reported losses on extinguishment of debt, that were classified as extraordinary items, be reclassified. The provisions of SFAS No. 145 related to the rescission of Statement No. 4 were effective for fiscal years beginning after May 15, 2002. Accordingly, we have reclassified $3.4 million, net of taxes, of losses on the extinguishment of debt in fiscal 1999 to interest expense.

(i) As of October 1, 2001, we 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, we did not amortize goodwill arising from the merger in fiscal 2001. In fiscal 2002, we discontinued the amortization of all goodwill. Pursuant to SFAS No. 142, we were 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. We completed our initial impairment test in the quarter ended March 31, 2002 and determined that no impairment existed. We completed our annual impairment

Table of Contents

test in the fourth quarter of fiscal 2002 and determined that no impairment existed. Had the Company not amortized goodwill during fiscal 1997 through fiscal 2001 and for the three months ended December 31, 2001, diluted earnings per share would have been unchanged or $0.01 to $0.02 higher than the reported amounts for the respective periods.

(j) Total debt includes company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debt securities of the Company.

(k) EBITDA represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because AmerisourceBergen believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry. However, other companies in the industry may calculate EBITDA differently than AmerisourceBergen does. EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States (US GAAP) and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of AmerisourceBergen s operating performance or any other measures of performance derived in accordance with US GAAP. The table below presents the reconciliation of net income reported in accordance with US GAAP to EBITDA.

	For the Year Ended September 30,					For the Three Months Ended December 31,	
	1998	1999	2000	2001	2002	2001	2002
Net income	$ 46,030	$ 67,466	$ 99,014	$ 123,796	$ 344,941	$ 67,883	$ 92,739
Adjustments:							
Interest(h)	58,179	45,132	41,857	47,853	140,734	36,993	34,385
Income taxes(h)	34,722	46,404	60,686	76,861	227,106	44,690	60,548
Depreciation	14,810	15,387	14,129	18,604	58,250	14,247	15,803
Amortization	2,075	1,986	1,980	2,985	2,901	800	1,466
Total adjustments	109,786	108,909	118,652	146,303	428,991	96,730	112,202
EBITDA	$ 155,816	$ 176,375	$ 217,666	$ 270,099	$ 773,932	$ 164,613	$ 204,941

(l) Interest expense includes distributions made on company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debt securities of the Company.

(m) The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings include income before taxes and fixed charges (adjusted for interest capitalized during the period). Fixed charges include interest, whether expensed or capitalized, amortization of deferred financing costs and the portion of rental expense that is representative of the interest factor in these rentals.

Table of Contents

SUMMARY HISTORICAL FINANCIAL DATA

BERGEN

The summary historical financial data of Bergen has been derived from the consolidated financial statements and related notes of Bergen for each of the fiscal years in the three-year period ended September 30, 2000 and the consolidated financial statements for the nine months ended June 30, 2001 and 2000. Merger costs in all periods relate to merger activity other than the AmeriSource merger. The following table should be read in conjunction with the Consolidated Financial Statements, including the notes thereto, incorporated by reference in this prospectus.

	As of or for the Year Ended September 30,			As of or for the Nine Months Ended June 30,	
	1998(a)(b)	1999(c)	2000(d)	2000	2001
	(in thousands, except per share data)				
Statement of Earnings Data:					
Net sales and other revenue:					
Excluding bulk shipments to customers warehouses	$ 12,943,739	$ 16,137,864	$ 18,725,611	$ 13,888,268	$ 15,240,338
Bulk shipments to customers warehouses	3,401,651	4,056,479	4,217,291	3,109,046	3,187,009
Total net sales and other revenue	16,345,390	20,194,343	22,942,902	16,997,314	18,427,347
Earnings (loss) from continuing operations(e)	95,247	84,380	(481,026)	64,309	84,717
Earnings (loss) per share from continuing operations diluted	.93	.71	(3.58)	.48	.62
Cash dividends declared per Class A Common share	.315	.225	.170	.160	.030
Balance Sheet Data:					
Cash and cash equivalents	$ 79,003	$ 116,356	$ 94,032	$ 191,504	$ 60,804
Total assets	2,929,622	5,399,452	4,571,424	5,355,092	5,010,373
Total debt, including current portion(f)	448,323	1,837,604	1,389,646	1,643,917	1,412,800
Shareowners equity	$ 629,064	$ 1,495,490	$ 723,249	$ 1,269,192	$ 809,509
Other Operating Information:					
EBITDA(g)	$ 219,160	$ 264,058	$ (232,662)	$ 279,356	$ 313,668
Ratio of EBITDA to interest expense(h)	7.8x	4.1x	(1.7)x	2.8x	2.7x
Ratio of total debt to EBITDA	2.0x	7.0x	(6.0)x	n/a	n/a
Ratio of earnings to fixed charges(i)	5.6x	2.9x	n/a	2.1x	2.1x
Capital expenditures	$ 20,835	$ 40,918	$ 69,309	$ 61,095	$ 24,069

(a) Includes special charges for merger expenses of $8.6 million, net of income tax benefit of $6.0 million, primarily relating to the termination of a previously proposed merger; and abandonment of capitalized software of $3.2 million, net of income tax benefit of $2.1 million.
(b) Includes a cash dividend of $0.075 per share declared September 24, 1998 and paid December 1, 1998.
(c) Includes a special provision for doubtful receivables of $27.8 million, net of income tax benefit of $18.2 million.
(d) Includes special charges for goodwill impairment of $505.3 million, no income tax effect; provision for doubtful receivables associated with two customers of $40.4 million, net of income tax benefit of $26.3 million; restructuring charge of $6.4 million, net of income tax benefit of $4.3 million; abandonment of capitalized software of $3.8 million, net of income tax benefit of $2.5 million; officer severance of $2.4 million, net of income tax benefit of $1.6 million and impairment of investment of $3.0 million, net of income tax benefit of $2.0 million.
(e) The following table summarizes the special charges described in notes (a), (c), and (d) above:

For the Year Ended September 30,			For the Nine Months Ended June 30,	
1998	1999	2000	2000	2001

			(in thousands)		
Goodwill impairment	$	$	$ (505,300)	$	$
Special provision for doubtful receivables		(46,000)	(66,700)		
Restructuring charge			(10,670)		
Abandonment of capitalized software	(5,307)		(6,309)		
Impairment of investment			(5,000)		
Officer severance			(3,973)		
Merger-related expenses	(14,635)				
Total pre-tax effect	(19,942)	(46,000)	(597,952)		
Income tax benefit	8,178	18,170	36,598		
Effect on earnings from continuing operations	$ (11,764)	$ (27,830)	$ (561,354)	$	$

Table of Contents

(f) Total debt includes company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debt securities of Bergen.

(g) EBITDA represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because Bergen believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry. However, other companies in the industry may calculate EBITDA differently than Bergen does. EBITDA is not a measurement of financial performance under US GAAP and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of Bergen s operating performance or any other measures of performance derived in accordance with US GAAP. The table below presents the reconciliation of operating earnings (loss) from continuing operations reported in accordance with US GAAP to EBITDA.

	For the Year Ended September 30,			For the Nine Months Ended June 30,	
	1998	1999	2000	2000	2001
			(in thousands)		
Operating earnings (loss) from continuing operations	$ 188,667	$ 215,290	$ (309,600)	$ 217,449	$ 264,288
Adjustments:					
Depreciation	22,230	29,877	45,594	34,012	33,866
Amortization	9,756	21,165	37,104	27,905	17,407
Impairment of investment			(5,000)		
Equity in loss of affiliates	(1,493)	(2,274)	(760)	(10)	(1,893)
Total adjustments	30,493	48,768	76,938	61,907	49,380
EBITDA	$ 219,160	$ 264,058	$ (232,662)	$ 279,356	$ 313,668

(h) Interest expense includes distributions made on company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debt securities of Bergen.

(i) The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings include income (loss) before taxes and fixed charges (adjusted for interest capitalized during the period). Fixed charges include interest, whether expensed or capitalized, amortization of deferred financing costs, distributions on trust preferred securities and the portion of rental expense that is representative of the interest factor in these rentals. For the year ended September 30, 2000, earnings before fixed charges were insufficient to cover fixed charges by approximately $451.2 million.

Table of Contents

RISK FACTORS

You should consider carefully the following risk factors, in addition to the other information set forth in this prospectus, before making an investment decision.

Risks Related to the New Notes

Our substantial indebtedness could adversely affect our financial health and adversely impact our ability to repay the new notes.

We are, and will continue after this offering to be, highly leveraged. On December 31, 2002, we had total indebtedness of approximately $2.2 billion and stockholders equity of approximately $3.4 billion. We and our subsidiaries will be permitted to incur substantial additional indebtedness in the future. See Summary Financial Data AmerisourceBergen, Capitalization, Description of Other Indebtedness and Description of New Notes.

Our substantial indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the notes;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to obtain additional financing to fund future working capital, capital expenditures, and other general corporate requirements, or to carry out other aspects of our business plan;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, or other general corporate purposes, or to carry out other aspects of our business plan;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

In addition, the indenture and our credit facility contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including these notes, and to fund planned capital expenditures and efforts will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Based on our current level of operations and anticipated cost savings and operating improvements, we believe that cash flow from operations and available cash, together with available borrowings under our credit facility, will be adequate to meet our future liquidity needs for at least the next few years. We may, however, need to refinance all or a portion of the principal amount of the notes on or prior to maturity.

We cannot assure you, however, that our business will generate sufficient cash flow from operations, that anticipated revenue growth and operating improvements will be realized or that future borrowings will be

Table of Contents

available under our credit facility in an amount sufficient to enable us to service our indebtedness, including these notes, or to fund our other liquidity needs. In addition, we cannot assure you that we will be able to refinance any of our indebtedness, including our credit facility and these notes, on commercially reasonable terms or at all.

Your right to receive payments on the new notes is effectively subordinated to our and the subsidiary guarantors existing and future secured indebtedness.

The new notes, like the old notes, are unsecured and therefore will be effectively subordinated in right of payment to all of our and the subsidiary guarantors current and future secured indebtedness, as well as all of the non-guarantors indebtedness.

Upon any distribution to our creditors or the creditors of the guarantors in a bankruptcy, liquidation or reorganization or similar proceeding relating to us or the guarantors or our or their property, the holders of our secured indebtedness or the secured indebtedness of the guarantors will be entitled to be paid in full from the proceeds of their collateral before any such proceeds may be distributed to the holders of these notes. As a result, our secured creditors will likely recover more in a bankruptcy or similar proceeding than the holders of these notes.

As of December 31, 2002, the aggregate amount of our secured indebtedness and the secured indebtedness of our subsidiaries was approximately $285.0 million under our senior credit facility and $55 million under our Blanco revolving credit facility, and approximately $937.6 million was available for additional borrowing under our credit facility after giving effect to the letters of credit of $62.4 million. We will be permitted to borrow substantial additional indebtedness, including secured indebtedness, in the future under the terms of the indenture. See Description of Other Indebtedness Senior Credit Facility.

Not all of our subsidiaries will guarantee the new notes.

Certain of our subsidiaries will not guarantee the notes. Additionally, under the terms of the indenture, we may, under certain circumstances, designate additional subsidiaries as unrestricted subsidiaries and/or as designated non-guarantors. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. Assuming we had completed the exchange of the old notes for the new notes on December 31, 2002, the new notes would have been effectively subordinated to $168 million of indebtedness and other liabilities (including trade payables) of these non-guarantor subsidiaries. The non-guarantor subsidiaries generated less than 1.0% of our operating revenue for the quarter ended December 31, 2002.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture.

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of the principal amount thereof plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make any required repurchases of notes or that restrictions in our credit facility will not allow such repurchases. Certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a Change of Control under the indenture. See Description of New Notes Repurchase at the Option of Holders.

14

Table of Contents

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require noteholders to return payments received from guarantors.

Under the federal bankruptcy law or comparable provisions of state fraudulent transfer laws, a note or guarantee could be voided, or claims in respect of a note or guarantee could be subordinated to all other debts of us or that of the guarantor, as the case may be, if, among other things, we or the guarantor, at the time it incurred the indebtedness evidenced by the note or the guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness; and
- was insolvent or rendered insolvent by reason of such incurrence; or
- was engaged in a business or transaction for which our or the guarantor s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment made by us pursuant to the notes or by a guarantor pursuant to a subsidiary guarantee could be voided and required to be returned to the person making such payment, or to a fund for the benefit of our creditors or the guarantor, as the case may be.

The measures of insolvency for purposes of the foregoing considerations will vary depending upon the law applied in any proceeding with respect to the foregoing. Generally, however, we or a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, were greater than the saleable value of all of its assets; or
- the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that we and each guarantor, after giving effect to the indebtedness incurred in connection with this offering, will not be insolvent, will not have unreasonably small capital for the businesses in which we and they are engaged and will not incur debts beyond our and their ability to pay such debts as they mature. There can be no assurance, however, as to what standard a court would apply in making such determinations or that a court would agree with our conclusions in this regard.

There is no public trading market for the new notes and an active trading market may not develop for the new notes.

The new notes are new securities for which there is no established trading market. We do not intend to apply for listing or quotation of the notes on any securities exchange or stock market. Credit Suisse First Boston, Banc of America Securities LLC and JP Morgan acted as initial purchasers in connection with the offer and sale of the old notes. The initial purchasers have informed us that they intend to make a market in the new notes. However, these initial purchasers may cease their market-making at any time. In addition, the liquidity of the trading market in the new notes, and the market price quoted for the new notes, may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will develop for the new notes.

Failure to tender your old notes for new notes could limit your ability to resell the old notes.

The old notes were not registered under the Securities Act or under the securities laws of any state and may not be resold, offered for resale or otherwise transferred unless they are subsequently registered or resold under an exemption from the registration requirements of the Securities Act and applicable state securities laws. If you do not exchange your old notes for new notes under the exchange offer, you will not be able to resell, offer to resell or otherwise transfer the old notes unless they are registered under the Securities Act or unless you resell them, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act. In addition, we will no longer be under an obligation to register the old notes under the Securities Act except in the limited circumstances provided under the registration rights agreement. In addition, if you want to exchange your old notes in the exchange offer for the purpose of participating in a distribution of the new notes, you may be deemed to have received restricted securities, and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Risks Related to Our Business

AmerisourceBergen may not realize all of the anticipated benefits of the merger of AmeriSource and Bergen.

The success of the merger will depend in part on our ability to realize the anticipated synergies of $150 million per year by the end of fiscal 2004 and growth opportunities from integrating the businesses of AmeriSource and Bergen. Our success in realizing these synergies and growth opportunities, and the timing of this realization, depends on the successful integration of AmeriSource s and Bergen s operations. Even if we are able to integrate the business operations of AmeriSource and Bergen successfully, we cannot assure you that this integration will result in the realization of the full benefits of the synergies and growth opportunities that we currently expect to result from this integration or that these benefits will be achieved within the anticipated time frame. For example, the elimination of duplicative costs may not be possible or may take longer than anticipated and the benefits from the merger may be offset by costs incurred in integrating the companies.

Intense competition may erode our profit margins.

The wholesale distribution of pharmaceuticals and related healthcare services is highly competitive. We compete primarily with the following:

- national wholesale distributors of pharmaceuticals such as Cardinal Health, Inc. and McKesson Corporation;
- regional and local distributors of pharmaceuticals;
- chain drugstores that warehouse their own pharmaceuticals;
- manufacturers who distribute their products directly to customers; and
- other specialty distributors.

Some of our competitors have greater financial resources than we have. Competitive pressures have contributed to a decline in our pharmaceutical distribution segment gross profit margins on operating revenue to 3.9% in fiscal 2002. This trend may continue and our business could be adversely affected as a result.

PharMerica faces competitive pressure from many other market participants. These competitive pressures could lead to a decline in gross profit margins for PharMerica in the future. In addition, there are relatively few barriers to entry in the local markets served by PharMerica, and PharMerica may encounter substantial competition from new local market entrants. These factors could adversely affect PharMerica s business in the future.

The changing United States healthcare environment may impact our revenue and income.

Our products and services are intended to function within the structure of the healthcare financing and reimbursement system currently existing in the United States. In recent years, the healthcare industry has undergone significant changes in an effort to reduce costs and government spending. These changes include an increased reliance on managed care, cuts in Medicare funding affecting our healthcare provider customer base, consolidation of competitors, suppliers and customers, and the development of large, sophisticated purchasing groups. We expect the healthcare industry to continue to change significantly in the future. Some of these potential changes, such as a reduction in governmental support of healthcare services or adverse changes in legislation or regulations governing prescription drug pricing, healthcare services or mandated benefits, may cause healthcare industry participants to greatly reduce the amount of our products and services they purchase or the price they are willing to pay for our products and services. Changes in pharmaceutical manufacturers pricing or distribution policies could also significantly reduce our income.

Our operating revenue and profitability may suffer upon our loss of, or the bankruptcy or insolvency of, a significant customer.

During the fiscal year ended September 30, 2002, sales to the federal government (including sales under separate contracts with different departments and agencies of the federal government), accounted for approximately 9% of our operating revenue. In addition, we have contracts with group purchasing organizations (GPOs) which represent a concentration of buying power among multiple healthcare providers. The loss of a major federal government customer or GPO could lead to a significant reduction in revenue. However, other than the federal government, we have no individual customer that accounted for more than 5% of our fiscal 2002 operating revenue. Including the federal government, our top 10 customers represented approximately 32% of operating revenue during fiscal 2002. Our revenues generated from sales to Merck-Medco Managed Care LLC in fiscal 2002 were approximately 11% of total revenue and 99% of bulk deliveries to customer warehouses.

Failure in our information technology systems could significantly disrupt our operations, which could reduce our customer base and result in lost revenue.

Our success depends, in part, on the continued and uninterrupted performance of our information technology, or IT, systems. Our computer systems are vulnerable to damage from a variety of sources, including telecommunications failures, malicious human acts and natural disasters. Moreover, despite network security measures, our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautions we have taken, unanticipated problems affecting our systems could cause failures in our IT systems. Sustained or repeated system failures that interrupt our ability to process orders or otherwise meet our business obligations in a timely manner would adversely affect our reputation and result in a loss of customers and net revenue.

We operate our full-service pharmaceutical distribution facilities on two different centralized management information systems. One is the former AmeriSource system and the other is the former Bergen system. We continue to integrate the systems into the former Bergen system, while maintaining our customers ability to access the system through the order-entry system used by either company. During systems conversions of this type, workflow may be temporarily interrupted, which may cause interruptions in customer service. In addition, the implementation process, including the transfer of databases and master files to new data centers, presents significant conversion risks which could cause failures in our IT systems and disrupt our operations.

Our operations may suffer if government regulations regarding pharmaceuticals change.

The healthcare industry is highly regulated at the local, state and federal level. Consequently, we are subject to the risk of changes in various local, state, federal and international laws, which include the operating and security standards of the United States Drug Enforcement Administration, or DEA, the United States Food and Drug Administration, or FDA, various state boards of pharmacy and comparable agencies. These changes may affect our operations, including distribution of prescription pharmaceuticals (including certain controlled substances), operation of pharmacies and packaging of pharmaceuticals. A review of our business by regulatory authorities may result in determinations that could adversely affect the operations of the business.

If we fail to comply with extensive laws and regulations in respect of healthcare fraud, we could suffer penalties or be required to make significant changes to our operations.

We are subject to extensive and frequently changing local, state and federal laws and regulations relating to healthcare fraud. The federal government continues to strengthen its position and scrutiny over practices involving healthcare fraud affecting the Medicare, Medicaid and other government healthcare programs. Contractual relationships with pharmaceutical manufacturers and healthcare providers subject our business to provisions of the federal Social Security Act which, among other things, (i) preclude persons from soliciting, offering, receiving or paying any remuneration in order to induce the referral of a patient for treatment or for

18

inducing the ordering or purchasing of items or services that are in any way paid for by Medicare, Medicaid or other government-sponsored healthcare programs and (ii) impose a number of restrictions upon referring physicians and providers of designated health services under Medicare and Medicaid programs. Legislative provisions relating to healthcare fraud and abuse give federal enforcement personnel substantially increased funding, powers and remedies to pursue suspected fraud and abuse. While we believe that we are in material compliance with all applicable laws, many of the regulations applicable to us, including those relating to marketing incentives offered by pharmaceutical suppliers, are vague or indefinite and have not been interpreted by the courts. They may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could require us to make changes in our operations. If we fail to comply with applicable laws and regulations, we could suffer civil and criminal penalties, including the loss of licenses or our ability to participate in Medicare, Medicaid and other federal and state healthcare programs.

If key managers leave the Company, our operating results may be adversely affected.

We depend on our senior management. If some of these employees leave us, operating results could be adversely affected. We cannot be assured that we will be able to retain these or any other key employees.

Federal and state laws that protect patient health information may increase our costs and limit our ability to collect and use that information.

Our activities subject us to numerous federal and state laws and regulations governing the collection, dissemination, use, security and confidentiality of patient-identifiable health information, including the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, and related rules and regulations, or Privacy Laws. For example, as part of PharMerica s pharmaceutical dispensing, medical record keeping, third party billing and other services, we collect and maintain patient-identifiable health information, which activities may trigger certain requirements under the Privacy Laws. The costs associated with our efforts to comply with the Privacy Laws could be substantial. Moreover, if we fail to comply with certain Privacy Laws, we could suffer civil and criminal penalties. We can provide no assurance that the costs incurred in complying or penalties we may incur for failure to comply with the Privacy Laws will not have a material effect on us.

Our growth may be limited and our operating results and/or financial condition may be adversely affected if we are unable to identify suitable acquisition candidates or if we undertake acquisitions of businesses that do not perform as we expect.

Since 1995, and prior to the merger of AmeriSource and Bergen, each of AmeriSource and Bergen completed several acquisitions. Through these acquisitions and other investments, AmeriSource and Bergen expanded their respective geographic presence and breadth of service offerings. Since the merger, AmerisourceBergen has continued, and expects to continue, to acquire companies as an element of our growth strategy. Acquisitions are among the ways by which we seek to expand our presence in strategically important markets and to expand the breadth and scope of our ancillary businesses and service offerings. At any particular time, we may be in various stages of assessment, discussion and negotiation with regard to one or more potential acquisitions, many of which will not proceed beyond the assessment, discussion and/or negotiation stages. We make public disclosure of pending and completed acquisitions when appropriate and required by applicable securities laws and regulations.

Acquisitions involve numerous risks and uncertainties. If we complete one or more acquisitions, our business, results of operations and financial condition may be adversely affected by a number of factors, including:

the difficulties in the integration of the operations, technologies, services and products of the acquired companies;

the diversion of our management s attention from other business concerns;

Table of Contents

- the assumption of unknown liabilities;
- the failure to achieve the strategic objectives of these acquisitions or the projected results of the acquired businesses; and
- other unforeseen difficulties.

We cannot assure you that we will be able to consummate any future acquisitions. Our acquisition strategy may be limited, among other things, by the availability of suitable acquisition candidates and our ability to consummate future acquisitions on terms satisfactory to us. Furthermore, we cannot assure you that completed acquisitions will perform as we expect.

Table of Contents

USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. In consideration for issuing the new notes, we will receive in exchange old notes of like principal amount, the terms of which are identical in all material respects to the new notes. The old notes surrendered in exchange for new notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the new notes will not result in any increase in our indebtedness. We have agreed to bear the expenses of the exchange offer. No underwriter is being used in connection with the exchange offer.

The net proceeds from the sale of the old notes was about $295 million. We used the net proceeds from the sale of the old notes to repay $15 million of the term loan under our senior credit facility and to repay $150 million in aggregate principal amount of Bergen 7 $^{3}/8$% senior notes due 2003. In addition, we intend to redeem approximately $124 million in aggregate principal amount of PharMerica 8 $^{3}/8$% senior subordinated notes due 2008, at a redemption price equal to 104.19% of the principal amount thereof, when they become callable on April 1, 2003.

RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended September 30, 1998	Year Ended September 30, 1999	Year Ended September 30, 2000	Year Ended September 30, 2001	Year Ended September 30, 2002	Three Months Ended December 31, 2002
Ratio of Earnings to Fixed Charges	2.3x	3.2x	4.3x	4.6x	4.6x	4.9x

The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. For this purpose, earnings include income before taxes and fixed charges (adjusted for interest capitalized during the period). Fixed charges include interest, whether expensed or capitalized, amortization of deferred financing costs and the portion of rental expense that is representative of the interest factor in these rentals.

Table of Contents

AMERISOURCEBERGEN AND BERGEN

SELECTED CONSOLIDATED FINANCIAL DATA

Selected Historical Financial Data

The following tables present (i) selected historical financial data of AmerisourceBergen and (ii) selected historical financial data of Bergen.

AmerisourceBergen

Selected Historical Financial Data

On August 29, 2001, AmeriSource and Bergen merged to form the Company. The merger was accounted for as an acquisition of Bergen under the purchase method of accounting. Accordingly, the results of operations and the balance sheet information in the table below reflect only the operating results and financial position of AmeriSource for fiscal years ended September 30, 2000 and prior. The financial data for the fiscal year ended September 30, 2001 reflects the operating results for the full year of AmeriSource and approximately one month of Bergen, and the financial position of the combined company. The following table should be read in conjunction with the Consolidated Financial Statements, including the notes thereto, incorporated by reference in this prospectus.

	As of or for the Year Ended September 30,					As of or for the Three Months Ended December 31,	
	1998(a)	1999(b)	2000(c)	2001(d)	2002(e)	2001(f)	2002(g)
	(in thousands, except per share amounts)						
Statement of Operations Data:							
Operating revenue	$ 9,373,482	$ 9,760,083	$ 11,609,995	$ 15,822,635	$ 40,240,714	$ 9,686,276	$ 11,106,905
Bulk deliveries to customers warehouses	129,555	47,280	35,026	368,718	4,994,080	1,382,504	1,327,628
Total revenue	9,503,037	9,807,363	11,645,021	16,191,353	45,234,794	11,068,780	12,434,533
Net income(h)(i)	46,030	67,466	99,014	123,796	344,941	67,883	92,739
Earnings per share diluted	.91	1.31	1.90	2.10	3.16	0.63	0.84
Cash dividends declared per common share					0.10	0.025	0.025
Balance Sheet Data:							
Cash and cash equivalents and restricted cash	$ 90,344	$ 59,497	$ 120,818	$ 297,626	$ 663,340	$ 256,689	$ 366,776
Total assets	1,726,272	2,060,599	2,458,567	10,291,245	11,213,012	10,933,320	11,959,172
Total debt, including current portion(j)	540,327	559,127	413,675	1,874,379	1,817,313	2,264,141	2,202,704
Stockholders equity	$ 75,355	$ 166,277	$ 282,294	$ 2,838,564	$ 3,316,338	$ 2,918,053	$ 3,420,024

(a)

Includes $11.2 million of merger costs, net of income tax benefit of $7.2 million and $5.1 million of costs related to facility consolidations and employee severance, net of income tax benefit of $3.2 million.

(b) Includes $9.3 million of costs related to facility consolidations and employee severance, net of income tax benefit of $2.4 million and $2.7 million of merger costs, net of income tax benefit of $0.5 million. Additionally, includes $3.4 million of costs related to the extinguishment of debt, net of income tax benefit of $2.0 million.

(c) Includes a $0.7 million reversal of costs related to facility consolidations and employee severance, net of income taxes of $0.4 million.

(d) Includes $8.0 million of merger costs, net of income tax benefit of $5.1 million, $6.8 million of costs related to facility consolidation and employee severance, net of income tax benefit of $4.1 million, and a $1.7 million reduction in a reserve for an environmental liability, net of income taxes of $1.0 million.

(e) Includes $14.6 million of merger costs, net of income tax benefits of $9.6 million.

(f) Includes $4.5 million of merger costs, net of income tax benefits of $3.0 million.

(g) Includes $0.7 million of costs related to employee severance, net of income tax benefit of $0.4 million. Additionally includes a $1.5 million reversal of costs related to facility consolidations and employee severance, net of income taxes of $1.0 million.

Table of Contents

(h) In April 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 145 Rescission of FASB Statements No. 4,44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections (SFAS No. 145). The adoption of SFAS No. 145 required that previously reported losses on extinguishment of debt, that were classified as extraordinary items, be reclassified. The provisions of SFAS No. 145 related to the rescission of Statement No. 4 were effective for fiscal years beginning after May 15, 2002. Accordingly, we have reclassified $3.4 million, net of taxes, of losses on the extinguishment of debt in fiscal 1999 to interest expense.

(i) As of October 1, 2001, we 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, we did not amortize goodwill arising from the merger in fiscal 2001. In fiscal 2002, we discontinued the amortization of all goodwill. Pursuant to SFAS No. 142, we were 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. We completed our initial impairment test in the quarter ended March 31, 2002 and determined that no impairment existed. We completed our annual impairment test in the fourth quarter of fiscal 2002 and determined that no impairment existed. Had the Company not amortized goodwill during fiscal 1997 through fiscal 2001 and for the three months ended December 31, 2001, diluted earnings per share would have been unchanged or $0.01 to $0.02 higher than the reported amounts for the respective periods.

(j) Total debt includes company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debt securities of the Company.

Bergen

Selected Historical Financial Data

The selected historical financial data of Bergen has been derived from the consolidated financial statements and related notes of Bergen for each of the fiscal years in the four-year period ended September 30, 2000 and the consolidated financial statements for the nine months ended June 30, 2001 and 2000. Merger costs in all periods relate to merger activity other than the AmeriSource merger. The following table should be read in conjunction with the Consolidated Financial Statements, including the notes thereto, incorporated by reference in this prospectus.

	As of or for the Year Ended September 30,			As of or for the Nine Months Ended June 30,	
	1998(a)(b)	1999(c)	2000(d)	2000	2001
	(in thousands, except per share amounts)				
Statement of Earnings Data:					
Net sales and other revenue:					
Excluding bulk shipments to customers warehouses	$ 12,943,739	$ 16,137,864	$ 18,725,611	$ 13,888,268	$ 15,240,338
Bulk shipments to customers warehouses	3,401,651	4,056,479	4,217,291	3,109,046	3,187,009
Total net sales and other revenue	16,345,390	20,194,343	22,942,902	16,997,314	18,427,347
Earnings (loss) from continuing operations(e)	95,247	84,380	(481,026)	64,309	84,717
Earnings (loss) per share from continuing operations diluted	.93	.71	(3.58)	.48	.62
Cash dividends declared per Class A Common share	.315	.225	.170	.160	.030
Balance Sheet Data:					
Cash and cash equivalents	$ 79,003	$ 116,356	$ 94,032	$ 191,504	$ 60,804
Total assets	2,929,622	5,399,452	4,571,424	5,355,092	5,010,373
Total debt, including current portion(f)	448,323	1,837,604	1,389,646	1,643,917	1,412,800
Shareowners equity	$ 629,064	$ 1,495,490	$ 723,249	$ 1,269,192	$ 809,509

(a) Includes special charges for merger expenses of $8.6 million, net of income tax benefit of $6.0 million, primarily relating to the termination of a previously proposed merger; and abandonment of capitalized software of $3.2 million, net of income tax benefit of $2.1 million.

(b) Includes a cash dividend of $0.075 per share declared September 24, 1998 and paid December 1, 1998.

(c) Includes a special provision for doubtful receivables of $27.8 million, net of income tax benefit of $18.2 million.

(d) Includes special charges for goodwill impairment of $505.3 million, no income tax effect; provision for doubtful receivables associated with two customers of $40.4 million, net of income tax benefit of $26.3 million; restructuring charge of $6.4 million, net of income tax benefit of $4.3 million; abandonment of capitalized software of $3.8 million, net of income tax benefit of $2.5 million; officer severance of $2.4 million, net of income tax benefit of $1.6 million; and impairment of investment of $3.0 million, net of income tax benefit of $2.0 million.

Table of Contents

(e) The following table summarizes the special charges described in notes (a), (c), and (d) above:

	For the Year Ended September 30,			For the Nine Months Ended June 30,	
	1998	1999	2000	2000	2001
			(in thousands)		
Goodwill impairment	$	$	$ (505,300)	$	$
Special provision for doubtful receivables		(46,000)	(66,700)		
Restructuring charge			(10,670)		
Abandonment of capitalized software	(5,307)		(6,309)		
Impairment of investment			(5,000)		
Officer severance			(3,973)		
Merger-related expenses	(14,635)				
Total pre-tax effect	(19,942)	(46,000)	(597,952)		
Income tax benefit	8,178	18,170	36,598		
Effect on earnings from continuing operations	$ (11,764)	$ (27,830)	$ (561,354)	$	$

(f) Total debt includes company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debt securities of Bergen.

24

Table of Contents

THE EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

We issued and sold the old notes to the initial purchasers on November 18, 2002. The initial purchasers subsequently sold the old notes to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Because the old notes are subject to transfer restrictions, we, the subsidiary guarantors and the initial purchasers entered into a registration rights agreement dated November 18, 2002 under which we agreed:

- on or before February 14, 2003, to prepare and file with the Securities and Exchange Commission the registration statement of which this prospectus is a part;
- on or before May 16, 2003, to use our best efforts to cause the registration statement to become effective under the Securities Act;
- upon the effectiveness of the registration statement, to offer the new notes in exchange for surrender of the old notes; and
- to keep the exchange offer open for not less than 30 days (or longer if required by applicable law) after the date notice of the exchange offer is mailed to the holders of the old notes.

The registration statement to which this prospectus relates is intended to satisfy in part our obligations relating to the old notes under the registration rights agreement.

Under existing interpretations of the Securities and Exchange Commission, the new notes will be freely transferable by holders other than our affiliates after the exchange offer without further registration under the Securities Act if the holder of the new notes represents that:

- it is acquiring the new notes in the ordinary course of its business;
- it has no arrangement or understanding with any person to participate in the distribution of the new notes; and
- it is not our affiliate, as that term is interpreted by the Securities and Exchange Commission.

However, broker-dealers receiving new notes in the exchange offer will have a prospectus delivery requirement regarding resales of the new notes. The Securities and Exchange Commission has taken the position that broker-dealers receiving new notes in the exchange offer may fulfill their prospectus delivery requirements relating to new notes (other than a resale of an unsold allotment from the original sale of the old notes) with this prospectus. Under the registration rights agreement, we are required to allow broker-dealers receiving new notes in the exchange offer and other persons, if any, with similar prospectus delivery requirements to use this prospectus in connection with the resale of the new notes. Each broker-dealer that receives new notes for its own account in exchange for old notes, where the notes were acquired by the broker-dealer as

a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the new notes. See Plan of Distribution.

Terms of The Exchange Offer; Period For Tendering Old Notes

Upon the terms and subject to the conditions set forth in this prospectus and in the accompanying Letter of Transmittal (which together constitute the exchange offer), we will accept for exchange old notes which are properly tendered on or prior to the expiration date of the exchange offer and not withdrawn as permitted below. The expiration date of the exchange offer shall be 5:00 p.m., New York City time, on May 2, 2003, unless extended by us, in our sole discretion.

As of the date of this prospectus, $300.0 million aggregate principal amount of the old notes are outstanding. This prospectus, together with the Letter of Transmittal, is first being sent on or about March 31,

2003 to all holders of old notes known to us. Our obligation to accept old notes for exchange pursuant to the exchange offer is subject to conditions as set forth under Conditions to the Exchange Offer below.

We expressly reserve the right, at any time or from time to time, to extend the period of time during which the exchange offer is open, and thereby delay acceptance for any exchange of any old notes, by giving notice of the extension to the holders of old notes as described below. During any extension, all old notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified below under Conditions to the Exchange Offer. We will give notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable, the notice in the case of any extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date of the exchange offer.

Holders of old notes do not have any appraisal or dissenters rights under the Delaware General Corporation Law in connection with the exchange offer.

Procedures for Tendering Old Notes

The tender to us of old notes by a holder of old notes as set forth below and the acceptance of the tender by us will constitute a binding agreement between the tendering holder and us upon the terms and subject to the conditions set forth in this prospectus and in the accompanying Letter of Transmittal. Except as set forth below, a holder who wishes to tender old notes for exchange under the exchange offer must transmit a properly completed and duly executed Letter of Transmittal, including all other documents required by the Letter of Transmittal, to J.P. Morgan Trust Company, National Association at the address set forth below under Exchange Agent on or prior to the expiration date of the exchange offer. In addition, the exchange agent must receive:

- certificates for the old notes along with the Letter of Transmittal, or
- prior to the expiration date of the exchange offer, a timely confirmation of a book-entry transfer of the old notes into the exchange agent s account at The Depository Trust Company in accordance with the procedure for book-entry transfer described below, or
- the holder must comply with the guaranteed delivery procedure described below.

The method of delivery of old notes, Letters of Transmittal and all other required documents is at your election and risk. If delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send Letters of Transmittal or old notes to us.

Signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the old notes surrendered for exchange are tendered:

by a registered holder of the old notes who has not completed the box entitled Special Issuance Instruction or Special Delivery Instruction on the Letter of Transmittal; or