

AMERISOURCEBERGEN CORP
Form 11-K
June 12, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-16671

AMERISOURCEBERGEN EMPLOYEE INVESTMENT PLAN
(Full title of the plan)

AMERISOURCEBERGEN CORPORATION
(Name of issuer of the securities held pursuant to the plan)

1300 Morris Drive, Chesterbrook, PA 19087-5594
(Address of principal executive offices of issuer of securities) (Zip code)

AmerisourceBergen Employee Investment Plan
Financial Statements and Supplemental Schedule
December 31, 2017 and 2016 and for the year ended December 31, 2017

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Report of Independent Registered Public Accounting Firm

To the Plan Participants and the Plan Administrator of the AmerisourceBergen Employee Investment Plan

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the AmerisourceBergen Employee Investment Plan (the Plan) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2017 and 2016, and the changes in its net assets available for benefits for the year ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Schedule

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

We have served as the Plan's auditor since 1986
Philadelphia, PA
June 12, 2018

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Statements of Net Assets Available for Benefits

| | As of December 31, | |
|------------------------------------|--------------------|---------------|
| | 2017 | 2016 |
| Assets | | |
| Investments at fair value | | |
| Registered investment companies | \$296,362,374 | \$251,084,708 |
| Common collective trust fund | 72,894,249 | 73,666,861 |
| Commingled funds | 667,217,918 | 550,293,179 |
| Common stock fund | 87,250,311 | 82,805,208 |
| Total investments | 1,123,724,852 | 957,849,956 |
| Receivables | | |
| Unsettled trades | 52,408 | 17,352 |
| Notes receivable from participants | 25,568,327 | 22,462,391 |
| Employer contributions | 1,417,799 | 2,863,021 |
| Employee contributions | 2,295,014 | 2,062,188 |
| Total receivables | 29,333,548 | 27,404,952 |
| Net assets available for benefits | \$1,153,058,400 | \$985,254,908 |

See accompanying notes.

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AmerisourceBergen Employee Investment Plan
Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2017

Changes to net assets attributed to investment income:

| | |
|---|---------------|
| Interest and dividend income | \$ 13,522,196 |
| Net appreciation in fair value of investments | 160,382,304 |
| Total investment income | 173,904,500 |

| | |
|---|---------|
| Interest income on notes receivable from participants | 963,667 |
|---|---------|

Contributions:

| | |
|---------------------|-------------|
| Participant | 66,052,386 |
| Employer | 25,213,205 |
| Rollover | 10,336,288 |
| Total contributions | 101,601,879 |

| | |
|-------------------------------|----------------|
| Benefits paid to participants | (107,408,510) |
| Administrative expenses | (1,258,044) |

| | |
|---|-------------|
| Net increase in net assets available for benefits | 167,803,492 |
|---|-------------|

Net assets available for benefits:

| | |
|-------------------|------------------|
| Beginning of year | 985,254,908 |
| End of year | \$ 1,153,058,400 |

See accompanying notes.

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AmerisourceBergen Employee Investment Plan
Notes to Financial Statements
December 31, 2017

NOTE 1 - DESCRIPTION OF PLAN

The following description of the AmerisourceBergen Employee Investment Plan (the "Plan") provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan that covers eligible employees of AmerisourceBergen Corporation and affiliated companies (collectively, the "Company" or "Employer"), who have at least 30 days of continuous employment or 1,000 hours of service during 12 consecutive months, beginning with the first hour of service. If not already enrolled, eligible full-time employees are automatically enrolled in the Plan on the first day of the month after 90 days of continuous employment (30 days of continuous employment for rehired participants who had previously met the eligibility requirements) unless they waive participation. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The AmerisourceBergen Corporation Benefits Committee is responsible for the general administration of the Plan.

Contributions

Each year, participants are entitled to contribute 1% to 25% of their pretax annual compensation, as defined in the Plan. Effective January 1, 2017, a Roth feature was added to the Plan (a Roth conversion feature was added effective January 1, 2018). If automatically enrolled, a participant's deferral is set at 5% pretax contribution rate of eligible compensation until changed by the participant. The automatic deferral percentage increases by 1% each year on the anniversary date of the participant's automatic enrollment date that occurs after January 1, 2016, but will not exceed 10% of compensation. Participants who have attained age 50 before the end of the year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions and/or transfers from other qualified defined benefit or defined contribution plans. Effective January 1, 2017, the Company contributes to the Plan for each participating employee an amount equal to 100% of the participant's contributions up to 3% of participant's eligible pretax compensation. All contributions are subject to certain limitations of the Internal Revenue Code ("IRC").

At the discretion of the Company, additional amounts may be contributed to each eligible participating employee's account annually. The Company did not make discretionary contributions for the 2017 Plan year.

Upon enrollment, a participant may direct the investment of employee and employer contributions to any of the Plan's fund options. However, the Plan limits the amount a participant can invest in the Company's stock fund to encourage diversification of participants' accounts. Participants may change their investment options at any time. Participants that are automatically enrolled have their initial contributions invested in a Fidelity Institutional Asset Management Target Date Commingled Pool - Class S retirement date fund based upon their anticipated retirement dates until they change their election. The Company's contributions are invested in the same manner as that of the participant's elective contributions.

Participant Accounts

A separate account is maintained for each investment option of a participant by type of contribution. Each participant's account is credited with the participant's contributions and the Company's contributions and allocations of Plan earnings, and is charged with the investment fund's underlying administrative expenses. Plan earnings are allocated

based upon the participant's share of net earnings or losses of their respective elected investment options. Allocations of administrative expenses are based on the participant's account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants immediately vest in their own contributions and actual earnings or losses thereon. In addition, participants are immediately vested in their Company matching contributions and actual earnings or losses thereon, except for certain participants merged into the Plan whose former matching contributions continue to vest according to the predecessor plan's vesting provisions.

The vesting of the Company's discretionary contributions, if any, is based on a graded schedule as follows:

| Years of Service | Vested Percentage |
|-------------------------------|-------------------|
| Less than 2 years | 0% |
| 2 years but less than 3 years | 25% |
| 3 years but less than 4 years | 50% |
| 4 years but less than 5 years | 75% |
| 5 years or more | 100% |

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000, reduced by the highest outstanding loan balance in the last twelve months, or 50% of their vested account balance. This amount will be transferred from the participant's account and placed in a separate participant loan fund. Interest charged on participant loans is credited to the individual participant accounts.

The term of the loan may not exceed five years unless it qualifies as a primary residence loan, in which case the loan may not exceed ten years. A participant may not have more than one loan outstanding at any point in time, and, effective January 1, 2018, a participant must wait at least three months before applying for a new loan following repayment in full of the prior loan. Participant loans are collateralized by the vested balance in the participant's account and bear interest at the Prime Rate (as determined by the Plan administrator as of the date the loan is processed), plus one percent. Foreclosure on defaulted participant loans does not occur until a distributable event, as defined in the Plan, occurs. As of December 31, 2017 and 2016, participant loans are shown as a receivable of the Plan. Interest rates on loans outstanding as of December 31, 2017 ranged from 3.25% to 10.50%.

Payment of Benefits

Upon termination of service, death, disability, or retirement, the vested portion of a participant's account, less any loans outstanding, may be distributed in a lump sum (or, in certain defined situations, in annual installments). A participant whose vested account balance is \$1,000 or less shall immediately receive the entire vested account balance. In addition, hardship withdrawals are permitted if certain criteria are met. Hardship withdrawals require a suspension from contributions to the Plan for a period of six months after receipt of the distribution.

Forfeited Accounts

If participants separate from service before becoming fully vested in their accounts, the portion of the account attributable to nonvested Employer discretionary contributions, plus/minus actual earnings or losses thereon is not forfeited until the earlier of the date the participant receives a distribution or the date the participant incurs a five-year break in service. Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions. During the year ended December 31, 2017, employer matching contributions were reduced by \$903,660 from forfeited nonvested accounts. Forfeited nonvested balances totaled \$2,258,366 and \$395,632 as of December 31, 2017 and 2016, respectively.

Administrative Expenses

The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the Plan's provisions. Administrative expenses paid by the Plan include recordkeeping and trustee fees. Expenses relating to purchases, sales, and transfers of the Plan's investments are charged to the particular investment fund to which the expenses relate. All other administrative expenses of the Plan are paid by the Company and are excluded from these financial statements.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the Plan's net assets available for benefits, after Plan expenses, will be distributed to each participant according to his or her account balance, which will be immediately 100% vested.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles ("GAAP").

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates that affect the amounts reported in the financial statements, accompanying notes, and supplemental schedule. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). See Note 3 for further discussion and disclosures related to fair value measurements.

Shares of registered investment companies are quoted at market prices, which represent the net asset value of shares held by the Plan at year-end. The Plan's interest in the commingled funds and common collective trust fund is valued at net asset value per unit, which is determined by dividing the fund's net assets at fair value by its units outstanding at the valuation date. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) of the commingled funds and the common collective trust fund may occur daily. The AmerisourceBergen common stock fund is valued at its year-end closing price (constituting market value of shares owned, plus a small percentage of un-invested cash position).

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are recorded as a component of dividend income. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held, during the year.

Payment of Benefits

Benefits are recorded when paid.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance, plus any accrued but unpaid interest. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative

expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2017 and 2016.

NOTE 3 - FAIR VALUE MEASUREMENTS

In accordance with ASC 820, Fair Value Measurements and Disclosures, assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

Level 1 Financial assets and liabilities whose values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Financial assets and liabilities whose values are based on the following:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets or liabilities in non-active markets;
- c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3 Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's own judgment about the assumptions that a market participant would use in pricing the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level of input that is significant to the fair value measure in its entirety.

Below are the Plan's financial instruments carried at fair value on a recurring basis by their ASC 820 fair value hierarchy levels:

| | Assets at Fair Value as of December 31, 2017 | | | |
|--|--|---------|---------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Registered investment companies | \$296,362,374 | \$ | -\$ | -\$296,362,374 |
| Common stock fund | 87,250,311 | — | — | 87,250,311 |
| Total assets in the fair value hierarchy | 383,612,685 | — | — | 383,612,685 |
| Common collective trust fund ^{(a)(b)} | — | — | — | 72,894,249 |
| Commingled funds ^{(a)(c)} | — | — | — | 667,217,918 |
| Investments measured at net asset value | — | — | — | 740,112,167 |
| Investments at fair value | \$383,612,685 | \$ | — | |