

AMERISOURCEBERGEN CORP

Form 11-K

June 28, 2007

Table of Contents

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 11-K**

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

For the fiscal year ended December 31, 2006

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 333-86012

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**AMERISOURCEBERGEN EMPLOYEE INVESTMENT PLAN**

(Full title of the plan)

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**AMERISOURCEBERGEN CORPORATION**

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

1300 Morris Drive, Chesterbrook, PA  
(Address of principal executive offices of issuer of securities)

19087-5594  
(Zip code)



**Table of Contents**

AmerisourceBergen Employee Investment Plan

Financial Statements and Supplemental Schedule

December 31, 2006 and 2005 and for the year ended December 31, 2006 with Report of Independent Registered Public Accounting Firm

**Table of Contents**

AmerisourceBergen Employee Investment Plan

Financial Statements and Supplemental Schedule

December 31, 2006 and 2005 and for the year ended December 31, 2006

**Table of Contents**

<u>Report of Independent Registered Public Accounting Firm</u>	1
Audited Financial Statements	
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statement of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to Financial Statements</u>	4
Supplemental Schedule and Additional Information	
<u>Schedule 1 Schedule of Assets (Held at End of Year)</u>	11
<u>Signature</u>	12
Exhibit:	
<u>23 Consent of Independent Registered Public Accounting Firm</u>	13

**Table of Contents**

Report of Independent Registered Public Accounting Firm

To the AmerisourceBergen Corporation Benefits Committee

AmerisourceBergen Employee Investment Plan

We have audited the accompanying statements of net assets available for benefits of the AmerisourceBergen Employee Investment Plan as of December 31, 2006 and 2005, and the related statement of changes in net assets available for benefits for the year ended December 31, 2006. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2006 and 2005, and the changes in its net assets available for benefits for the year ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the financial statements, in 2006, the Plan adopted Financial Accounting Standards Board Staff Position AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* as of December 31, 2006 and 2005.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2006, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania

June 26, 2007

**Table of Contents**

## AmerisourceBergen Employee Investment Plan

## Statements of Net Assets Available for Benefits

	<b>As of December 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
Investments		
Registered investment companies	\$ 225,158,612	\$ 192,850,427
Common collective trust fund, at fair value (See Note 2)	79,671,401	81,436,903
AmerisourceBergen common stock fund	41,530,288	40,144,697
Participant loans	8,110,401	7,260,196
<b>Total investments</b>	<b>354,470,702</b>	<b>321,692,223</b>
Receivables		
Participant contributions	719,354	606,920
Employer contributions	4,941,058	337,437
<b>Total receivables</b>	<b>5,660,412</b>	<b>944,357</b>
Net assets available for benefits at fair value	360,131,114	322,636,580
Adjustment from fair value to contract value for interest in common collective trust fund relating to fully benefit-responsive investment contracts	955,268	1,211,492
Net assets available for benefits	\$ 361,086,382	\$ 323,848,072

See notes to financial statements.

**Table of Contents**

AmerisourceBergen Employee Investment Plan

Statement of Changes in Net Assets Available for Benefits

**Year ended December 31, 2006**

**Additions:**

Additions to net assets attributed to:

Investment income:

Interest and dividend income	\$ 11,898,232
Net appreciation in fair value of investments	20,545,185
	32,443,417

**Contributions:**

Participant	20,368,346
Employer	14,912,602
Rollover	2,870,008

38,150,956

Transfers in from other plans	11,872,854
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<b>Total additions</b>	<b>82,467,227</b>
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**Deductions:**

Deductions from net assets attributed to:

Benefits paid to participants	45,062,668
Administrative expenses	166,249

Total deductions	45,228,917
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<b>Net increase</b>	<b>37,238,310</b>
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Net assets available for plan benefits:

Beginning of year	323,848,072
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End of year	\$ 361,086,382
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See notes to financial statements.

**Table of Contents**

AmerisourceBergen Employee Investment Plan

Notes to Financial Statements

**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 Agreement 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), 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, and are age 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan trustee, record keeper and asset custodian is Fidelity Management Trust Company (Fidelity). The AmerisourceBergen Corporation Benefits Committee administers the Plan.

**Contributions**

Each year, participants are entitled to contribute 1% to 25% of their pretax annual compensation, as defined in the Plan, to the extent that the contributions comply with Internal Revenue Code (IRC) limitations. Participants may also contribute amounts representing distributions and/or transfers from other qualified defined benefit or defined contribution plans. The Company contributes to the Plan for each participating employee an amount equal to 100% of the participant's contributions up to 3% of eligible pretax compensation and 50% of the participant's contributions for the next 2% of eligible pretax compensation.

Additional amounts may be contributed to each participating employee's account for those employees currently employed by the Company on the last day of the last pay period of the Plan year, at the discretion of the Company. The Company elected to make a discretionary contribution of \$4,380,106 for the 2006 Plan year. This contribution payment was made by the Company to the Plan in February 2007. No discretionary contributions were made for the 2005 Plan year.

Upon enrollment, a participant may direct the investment of employee and employer contributions to any of the Plan's fund options. Participants may change their investment options at any time.



**Table of Contents**

AmerisourceBergen Employee Investment Plan

Notes to Financial Statements (continued)

**Transfers In From Other Plans**

During 2006, assets of \$9,532,034 were transferred in from the PharMerica, Inc. 401(k) Profit Sharing Plan. Also, during 2006, assets of \$207,206 and \$2,133,614 were transferred in from the International Rheumatology, LLC 401(k) Profit Sharing Plan and the NMCR 401(k) Plan, respectively.

**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 allocations of (a) the Company's contributions and, (b) Plan earnings, and is charged with an allocation of (a) administrative expenses and (b) Plan losses. Allocations are based on participant earnings or 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. The vesting of the Company discretionary contribution, if any, is based on a graded schedule as follows:

<b>Years of Service</b>	<b>Vested Percentage</b>
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%

**Participant Loans**

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 12 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.

**Table of Contents**

AmerisourceBergen Employee Investment Plan

Notes to Financial Statements (continued)

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 10 years. Participant loans are collateralized by the vested balance in the participant's account and bear interest at the Prime Rate (as determined by the 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, occurs. At December 31, 2006, participant loans are shown as separate investments of the Plan, with interest rates ranging from 5.00% 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). In addition, hardship withdrawals are permitted if certain criteria are met.

**Forfeited Accounts**

If participants separate from service before becoming fully vested in their accounts, the portion of the account attributable to nonvested employer 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 matching contributions. During the year ended December 31, 2006, employer matching contributions were reduced by \$662,956 from forfeited nonvested accounts. Forfeited nonvested accounts totaled \$10,974 and \$611,459 at December 31, 2006 and 2005, respectively.

**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.

**Table of Contents**

AmerisourceBergen Employee Investment Plan

Notes to Financial Statements (continued)

**New Accounting Pronouncement**

In December 2005, the Financial Accounting Standards Board ( FASB ) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined Contribution Health and Welfare and Pension Plans* (the FSP ). The FSP defines the circumstances in which an investment contract is considered fully benefit-responsive and provides certain reporting and disclosure requirements for fully benefit-responsive investment contracts in defined contribution health and welfare and pension plans. The financial statement presentation and disclosure provisions of the FSP are effective for financial statements issued for annual periods ending after December 15, 2006 and are required to be applied retroactively to all prior periods presented for comparative purposes. The Plan has adopted the provisions of the FSP at December 31, 2006.

As required by the FSP, investments in the accompanying Statements of Net Assets Available for Benefits include fully benefit-responsive investment contracts recognized at fair value. AICPA Statement of Position 94-4-1, *Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans*, as amended, requires fully benefit-responsive investment contracts to be reported at fair value in the Plan s Statement of Net Assets Available for Benefits with a corresponding adjustment to reflect these investments at contract value. The requirements of the FSP have been applied retroactively to the Statement of Net Assets Available for Benefits as of December 31, 2005 presented for comparative purposes. Adoption of the FSP had no effect on the Statement of Changes in Net Assets Available for Benefits for any period presented.

**Use of Estimates**

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition**

The Plan s investments are stated at fair market value. Shares of registered investment companies are valued at market prices, which represent the net asset value of shares held by the Plan at year-end. The fair value of participation units in the common collective trust fund is based on quoted redemption prices on the last day of the Plan year. The AmerisourceBergen Common Stock Fund is valued at its year-end closing price (constituting market value of shares owned, plus un-invested cash position). Participant loans are valued at their outstanding balances, which approximate fair value. 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.

**Table of Contents**

## AmerisourceBergen Employee Investment Plan

## Notes to Financial Statements (continued)

**Payment of Benefits**

Benefits are recorded when paid.

**NOTE 3 RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities, including Amerisource Bergen common stock. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the statements of net assets available for benefits.

**NOTE 4 PARTY-IN-INTEREST TRANSACTIONS**

The Plan invests in shares of registered investment companies and a common collective trust fund managed by an affiliate of Fidelity. Fidelity acts as trustee for investments in the Plan. Transactions in such investments qualify as party-in-interest transactions and are exempt from the prohibited transaction rules.

The Plan held investments in AmerisourceBergen common stock with a fair value of \$41,530,288 and \$40,144,697 as of December 31, 2006 and 2005, respectively. Dividends of approximately \$127,066 were received during the year ended December 31, 2006.

As discussed in Note 1, certain assets of affiliated plans were transferred into the Plan during the year ended December 31, 2006.

**NOTE 5 INVESTMENTS**

The fair values of individual investments that represent 5% or more of the Plan's net assets are as follows:

	<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>
Fidelity Magellan Fund*	\$	\$ 48,798,585
Legg Mason Value Trust Fund, Inc. Financial Intermediary Class*	48,691,449	
Fidelity Growth Company Fund	21,460,986	18,271,259
Fidelity Diversified International Fund	32,120,232	21,548,296
Fidelity Freedom 2020 Fund	21,542,139	19,736,977
Fidelity Managed Income Portfolio II Class II (stated at contract value)	80,626,669	82,648,395
AmerisourceBergen Common Stock Fund	41,530,288	40,144,697

\* During 2006, the Plan replaced investments in Fidelity Magellan Fund with that of Legg Mason Value Trust Fund, Inc. Financial Intermediary Class.

**Table of Contents**

AmerisourceBergen Employee Investment Plan

Notes to Financial Statements (continued)

During the year ended December 31, 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

Registered investment companies	\$ 17,007,176
AmerisourceBergen common stock fund	3,538,009
	<b>\$ 20,545,185</b>

**NOTE 6 TAX STATUS**

The Plan received a determination letter from the Internal Revenue Service ( IRS ) dated March 20, 2003, stating that the Plan is qualified under Section 401(a) of the IRC and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax-exempt.

**NOTE 7 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500**

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	December 31,	
	2006	2005
Net assets available for benefits per the financial statements	\$ 361,086,382	\$ 323,848,072
Adjustment from contract value to fair value for interest in common collective trust relating to fully benefit-responsive investment contracts	(955,268)	
Participant loans deemed distributed	(87,461)	(97,153)
Net assets available for benefits per Form 5500	\$ 360,043,653	\$ 323,750,919

**Table of Contents**

AmerisourceBergen Employee Investment Plan

Notes to Financial Statements (continued)

The following is a reconciliation of benefits paid to participants per the financial statements to Form 5500:

	<b>Year Ended</b>
	<b>December 31,</b>
	<b>2006</b>
Benefits paid to participants per the financial statements	\$ 45,062,668
Add: Amounts allocated on Form 5500 to deemed distributions of participant loans	20,871
Less: Amounts allocated on Form 5500 to repayments on participant loans previously deemed distributed	(30,563)
Benefits paid to participants per Form 5500	\$ 45,052,976

**Table of Contents**

Schedule 1

## AmerisourceBergen Employee Investment Plan

EIN: 23-2353106 Plan: 010

Schedule H, line 4i Schedule of Assets (Held At End of Year)

December 31, 2006

<b>Identity of Issue, Borrower, Lessor, or Similar Party</b>	<b>Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value</b>	<b>Current Value</b>
* Fidelity Growth Company Fund	Registered Investment Company	\$ 21,460,986
* Fidelity Low-Priced Stock Fund	Registered Investment Company	12,895,735
* Fidelity Diversified International Fund	Registered Investment Company	32,120,232
* Fidelity Freedom Income Fund	Registered Investment Company	792,319
* Fidelity Freedom 2000 Fund	Registered Investment Company	575,884
* Fidelity Freedom 2010 Fund	Registered Investment Company	4,786,887
* Fidelity Freedom 2020 Fund	Registered Investment Company	21,542,139
* Fidelity Freedom 2030 Fund	Registered Investment Company	6,103,747
* Fidelity Freedom 2040 Fund	Registered Investment Company	4,458,677
* Fidelity Spartan U.S. Equity Index Fund	Registered Investment Company	17,841,087
Morgan Stanley Institutional Fund, Inc. Small Company Growth Portfolio - Class B	Registered Investment Company	5,507,539
Oakmark Select Fund	Registered Investment Company	7,991,093
PIMCO Total Return Fund - Institutional Class	Registered Investment Company	13,788,580
American Funds Washington Mutual Investors Fund - Class R5	Registered Investment Company	16,316,592
TCW Value Opportunities Fund - Class I	Registered Investment Company	961,041
Legg Mason Value Trust, Inc. - Financial Intermediary Class	Registered Investment Company	48,691,449
Munder Mid-Cap Core Growth Fund - Class Y	Registered Investment Company	9,324,625
* Fidelity Managed Income Portfolio II Class II	Common Collective Trust Fund	79,671,401
* AmerisourceBergen Common Stock Fund	Common Stock Fund	41,530,288
* Participant Loans	Interest rates from 5.00% to 10.50%	8,110,401
<b>Total</b>		<b>\$ 354,470,702</b>

\* Party in Interest

Note: Cost information has not been presented as all investments are participant directed.

**Table of Contents**

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

AmerisourceBergen Employee Investment Plan

By: /s/ Jeanne B. Fisher  
Jeanne B. Fisher  
Senior Vice President,  
Human Resources  
AmerisourceBergen Corporation

June 28, 2007