Cardinal Health: Essential to Care
Select awards in Fiscal 2013

Gartner Research
#1 Healthcare Supply Chain Organization
Three years in a row
Cautions concerning forward-looking statements

The presentations at the Cardinal Health 2013 Investor Day contain forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," "likely," and similar expressions, and include statements reflecting future results or guidance, statements of outlook and expense accruals. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These risks and uncertainties include competitive pressures in Cardinal Health's various lines of business; the ability to achieve the expected benefits from the AssuraMed acquisition; the timing of generic and branded pharmaceutical introductions and the frequency or rate of pharmaceutical price appreciation or deflation; the non-renewal, early termination or a default under one or more key customer or supplier arrangements or changes to the terms of or level of purchases under those arrangements; uncertainties due to government health care reform including federal health care reform legislation; changes in the distribution patterns or reimbursement rates for health care products and services; and the effects of any investigation or action by any regulatory authority; and changes in the cost of commodities such as oil-based resins, cotton, latex and diesel fuel. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports. These presentations reflect management's views as of December 10, 2013. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. In addition, these presentations contain Non-GAAP financial measure. Cardinal Health provides GAAP numbers, definitions and reconciling information in the Financial Appendix at the end of these presentations and on its Investors page at www.cardinalhealth.com. An audio replay of the Cardinal Health 2013 Investor Day will be available on the Investors page at www.cardinalhealth.com.
Cardinal Health:

George Barrett
Chairman and CEO
December 10, 2013
Proven track record of success

✓ Positioned for future growth in an evolving healthcare landscape

✓ Outstanding financial growth based on strong execution and focus on the right strategic priorities

✓ Thoughtful deployment of capital and substantial returns for shareholders

✓ The talent to make it all happen
Non-GAAP EPS\(^1\): Historical trend

### Non-GAAP EPS, Operating Earnings, and Operating Earnings Margin Rates\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-GAAP Diluted EPS</th>
<th>Non-GAAP Op Earnings</th>
<th>Non-GAAP Op Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>$1.4B</td>
<td>$1.60%</td>
<td>1.42%</td>
</tr>
<tr>
<td>FY11</td>
<td>$2.24</td>
<td>$2.80</td>
<td>1.60%</td>
</tr>
<tr>
<td>FY12</td>
<td>$3.21</td>
<td>$1.9B</td>
<td>1.73%</td>
</tr>
<tr>
<td>FY13</td>
<td>$3.73</td>
<td>$2.0B</td>
<td>2.02%</td>
</tr>
</tbody>
</table>

\(^1\) Please see the definitions and reconciling information at the end of this presentation.

\(^2\) The CAGR for GAAP diluted EPS from continuing operations from fiscal 2010 to fiscal 2013 was -15.7%.

\(^3\) The CAGR for GAAP operating earnings from fiscal 2010 to fiscal 2013 was -8.7%.
Taking the poll using texting on your cell

What you will text...

Type “22333” into “To” field

Type “Cardinal” into text message field

What will appear...

You’ve joined Employee Comm (CARDINAL)
Question:

Which of the following drivers will be most important to Cardinal Health sustaining growth over the next five years?

a. Demographic trends
b. Generics
c. Specialty
d. Preferred medical products
e. Alternate site and home
f. China

TEXT YOUR SELECTION TO 22333
Question:

Which of the following drivers are you most concerned about related to Cardinal Health sustaining growth over the next five years?

a. Industry dynamics
b. Sustaining generics
c. Specialty positioning
d. Medical segment overall position
e. Execution on preferred products

TEXT YOUR SELECTION TO 22333
Healthcare trends

Our priorities are driven by key trends in the healthcare marketplace . . .

- Demographics and public health issues driving demand
- Care delivery in more cost-effective settings
- Increased consumerism in healthcare
- Transition from fee-for-service to payment for outcomes
- Increased participation of government, both as payor and regulator

Continued innovation in healthcare
Serving the full continuum of care

- Surgery centers
- Clinics
- Hospitals
- Physician offices
- Imaging centers
- Laboratories
- Retail pharmacies
- Home
Our strategic priorities: Solutions for a system in transition

Generics
- Continue to build scale and capabilities to deliver value in generics
- Tailored programs to a segmented customer base

Specialty and biopharma
- Develop new models to address changing market needs
- Enhance and build programs to create value for providers and biopharma manufacturers

International
- Expand in China, Canada and Puerto Rico
- Continue to evaluate new markets

Health system and hospital solutions
- Reduce IDN pain points with scaled, cost-saving solutions
  - Physician preference products, medical consumables
  - Pharmacy solutions
- Explore additional services

Alternate sites of care
- Expand ability to serve physician offices, ambulatory surgery centers and the home
- Expand product lines and services
Positioned to support evolving health system needs

Don Casey
CEO, Medical Segment
December 10, 2013
Why we are excited

✓ Extraordinary changes in the healthcare system are creating unprecedented opportunities for Cardinal Health.

✓ We are uniquely positioned to help health systems due to the breadth of our product and service solutions.

✓ These solutions provide growth and margin expansion opportunities for Cardinal Health:
  – Expanding portfolio of cost-effective product solutions
  – Growing set of services across the care continuum
Acute care environment is changing

- Reimbursement changes
- Demographics
Hospitals are responding by consolidating

Number of hospital M&A transactions

<table>
<thead>
<tr>
<th>Year</th>
<th>Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>50</td>
</tr>
<tr>
<td>2010</td>
<td>76</td>
</tr>
<tr>
<td>2011</td>
<td>93</td>
</tr>
<tr>
<td>2012</td>
<td>105</td>
</tr>
</tbody>
</table>

Hospitals also are acquiring physician practices (~50% hospital employed or owned)

Source: Irving Levin Associates
Hospitals are responding by expanding across the care continuum

<table>
<thead>
<tr>
<th>Ambulatory</th>
<th>Physician office</th>
<th>Clinic</th>
<th>Urgent care</th>
<th>Surgery center</th>
<th>Pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute</td>
<td>Community hospital</td>
<td>Academic medical center</td>
<td>Specialty hospital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Acute</td>
<td>Skilled nursing facility</td>
<td>Home health</td>
<td>Hospice</td>
<td>Rehab</td>
<td>Long-term acute care hospital</td>
</tr>
<tr>
<td>Home Health</td>
<td>Home health agency</td>
<td>Retail DME provider</td>
<td>Mail order DME provider</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Hospitals are responding by bringing a new mindset

Typical U.S. hospital spend

- Employed labor (60%)
- Medical supplies & devices (15%)
- Rx (6%)
- Services (19%)

Source: Cardinal Health estimates
We are well positioned

Aligning our business in supporting hospital and health system needs:

1. Increasing the breadth of our consumable product portfolio, more launches in Q1 than all of last year
2. Launching solutions focused on reducing the cost of physician preference items
3. Expanding our service offerings through new launches and acquisitions
4. AssuraMed: providing a new platform for serving patients in the home
5. Improving our own cost structure to be more efficient in how we serve our customers
Preferred products

Preferred products*

Consumables

Physician preference items

* Manufactured and sourced products
Increasing the breadth of our consumables product portfolio

- Product portfolio offering cost-effective alternatives
- Expanding the Cardinal Health brand across channels
Launching solutions focused on reducing the cost of physician preference items

- Product platforms in categories of higher physician preference and low clinical differentiation
- Focused on driving business model innovation

Cardinal Health Orthopedic Solutions

Fracture fixation
Expanding our service offerings

Core capabilities
(Products moving via distribution)

- Bulk distribution
- ValueLink®

Opportunities
(Products going directly to the providers)

- OptiFreight® logistics
- RFID solutions
Serving patients in the Home

Michael Petras
President, AssuraMed
December 10, 2013
Why we like the HOME

✓ Most cost-effective care setting
✓ Rapidly growing area
✓ We have a leading platform in a fragmented category
✓ Increasingly critical to our hospital customers care delivery plans
✓ Direct-to-patient capability
## Growing presence in alternate sites of care

<table>
<thead>
<tr>
<th>Ambulatory</th>
<th>Home health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physician office</td>
<td>Home health agency</td>
</tr>
<tr>
<td>Clinics &amp; urgent care</td>
<td>Mail order DME</td>
</tr>
<tr>
<td>Surgery centers</td>
<td>Retail DME</td>
</tr>
<tr>
<td>Long-term care</td>
<td></td>
</tr>
</tbody>
</table>

### Growth

- *Ambulatory*
  - Clinics & urgent care: Growth
  - Surgery centers: Growth
  - Long-term care: Growth

- *Home health*
  - Home health agency: Growth
  - Mail order DME: Growth
  - Retail DME: Growth

### Cardinal Health presence

- *Ambulatory*
  - Physician office: Cardinal Health presence
  - Clinics & urgent care: Cardinal Health presence
  - Surgery centers: Cardinal Health presence

- *Home health*
  - Home health agency: Cardinal Health presence
  - Mail order DME: Cardinal Health presence
  - Retail DME: Cardinal Health presence

### Core capabilities

- Low unit of measure national distribution platform
- Comprehensive consumables product offering
- Billing / payor relationships

---

*Source: Freedonia, HIDA*
AssuraMed supports care in the home

<table>
<thead>
<tr>
<th>Business model</th>
<th>Over 40,000 SKUs</th>
<th>National distribution footprint</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paying customers</td>
<td></td>
<td>Distribution centers in 10 states with ability to reach 72% of the U.S. next day and 99% in two days</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct patient orders received and fulfilled by Edgepark (direct to home)</td>
<td>Ostomy</td>
<td>Devices</td>
</tr>
<tr>
<td>Broad diversified referral network</td>
<td>Diabetes testing</td>
<td>Skin care</td>
</tr>
<tr>
<td></td>
<td>Enteral nutrition</td>
<td>Health and personal wellness</td>
</tr>
<tr>
<td></td>
<td>Wound care</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insulin infusion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Urological</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Incontinence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Respiratory</td>
<td></td>
</tr>
<tr>
<td>Patient orders placed with third-party providers and fulfilled by Independence Medical to the home</td>
<td>Durable medical equipment (&quot;DME&quot;) providers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Retail pharmacies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wholesale distributors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Home health agencies</td>
<td></td>
</tr>
<tr>
<td>Managed care (&quot;MCO&quot;)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual patients</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly disposable medical supplies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National distribution footprint</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Business model
- Direct patient orders received and fulfilled by Edgepark (direct to home)
- Broad diversified referral network

Paying customers
- Managed care ("MCO")
- Medicare
- Individual patients

Disposable medical supplies
- Ostomy
- Diabetes testing
- Enteral nutrition
- Wound care
- Insulin infusion
- Urological
- Incontinence
- Respiratory
- Devices
- Skin care
- Health and personal wellness

National distribution footprint
- Distribution centers in 10 states with ability to reach 72% of the U.S. next day and 99% in two days

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Opportunities extend across the care continuum

Edgepark® referral sources

- DME
- Pharmacies
- Hospital systems
- Hospitals
- Home healthcare agency
- Surgery centers
- Physician offices
- Payors

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Core competencies create many growth options

Cardinal Health core competencies: Alternate site

- Low unit of measure distribution
- Referral demand generation
- Payor access and billing expertise
- High-touch patient service model
- Regulatory and patient compliance

Channel expansion

Product class expansion

Service extension
# AssuraMed integration and value realization

## Increasing shareholder value

<table>
<thead>
<tr>
<th>Category</th>
<th>Value Propositions</th>
</tr>
</thead>
</table>
| **Sales**  | ✓ Retail independent pharmacies  
|           | ✓ Health systems  
|           | ✓ Pharmacy benefit managers |
| **Product** | ✓ Cardinal Health brand penetration  
|           | ✓ Enterprise sourcing |
| **Cost**   | ✓ Freight and logistics savings  
|           | ✓ Distribution network  
|           | ✓ Back-office |
| **Platform** | ✓ Low unit of measure distribution  
|           | ✓ New customer segments  
|           | ✓ Business development |
Our aspiration

By the end of FY17:

✓ Deliver 45% of segment gross profit from preferred product sales

✓ Increase our income from the home platform by >50%

✓ Deliver >70% of segment gross profit from our preferred products, services, and alternate site solutions
Why we are excited

✓ Extraordinary changes in the healthcare system are creating unprecedented opportunities for Cardinal Health.

✓ We are uniquely positioned to help health systems due to the breadth of our product and service solutions.

✓ These solutions provide growth and margin expansion opportunities for Cardinal Health.
  – Expanding portfolio of cost-effective product solutions
  – Growing set of services across the care continuum
Q&A panel

Moderator: Jeff Henderson, CFO
Lisa Ashby, President, Medical Devices and Diagnostics
Don Casey, CEO, Medical Segment
Mike Duffy, President, Medical Consumables
Michael Petras, President, AssuraMed
International and China

Jeff Henderson
Chief Financial Officer
December 10, 2013
Cardinal Health’s international strategy

1. Near term, primary focus will be investing for growth in China, building off our existing strong base.

2. Continue to leverage platforms in Puerto Rico and Canada.

Segment profit from international: Historical trend

3-yr CAGR 15%

FY10: $116
FY11: $136
FY12: $139
FY13: $175
FY14E: 

Note: Acquired Cardinal Health China (Yong Yu) in FY11.
What we said in December 2010

China: Future opportunities

• Initial focus will be on expanding pharmaceutical distribution presence, particularly Local Direct Distribution (LDD) business ✔
• Over time, we will explore:
  - Med/Surg expansion ✔
  - Nuclear pharmacy ✗
  - Hospital pharmacy management ✔
  - Retail pharmacy as it evolves ✔
  - Specialty opportunities ✔
  And much more ✔

Participation in consolidation will play a key role in long-term growth
China: The future is now

Eric Zwisler
President, China
December 10, 2013
Current market dynamics

✓ Demographics
  – Aging population
  – Rapidly developing diseases

✓ Healthcare policy reform
  – National insurance penetration
  – Hospital reform
  – Separation of prescribing and dispensing

✓ Government policies
  – Anti-corruption
  – Price reductions
  – Distribution policy driving consolidation
Tenets of our China strategy

- **Broaden our geographic reach** by acquiring local direct distribution companies thus establishing a national platform.
- **Layer additional Cardinal Health businesses and services** onto the pharmaceutical distribution network/platform
  - Tailor Cardinal Health existing services for the China market
- **Establish the Cardinal Health brand** and market-leading capabilities to create growth and opportunities.

Cardinal Health China is your trusted, go-to-market partner. We enable healthcare in China by providing essential world-class healthcare services and products.
Rapid progress since acquisition

<table>
<thead>
<tr>
<th></th>
<th>At acquisition (FY11)</th>
<th>Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>~$1B</td>
<td>~$2.5B (FY14E)</td>
</tr>
<tr>
<td>Employees</td>
<td>~700</td>
<td>~2,000</td>
</tr>
<tr>
<td>Local wholesaling companies</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Number of distribution centers</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Specialty retail pharmacies (DTP(^1))</td>
<td>--</td>
<td>28</td>
</tr>
</tbody>
</table>

\(^1\) Direct-to-patient pharmacies as of December 3, 2013.
Rapid progress since acquisition

At acquisition (FY11)

Capabilities

- Third-party logistics
- Distribution (national)
- Local wholesaling (5 cities)

Product lines

- Prescription pharmaceuticals
- OTC
- Clinical trial material

Now

- Third-party logistics
- Distribution (national)
- Local wholesaling (10 cities)
- Specialty retailing
- Product promotion
- E-commerce (B2B, B2C)
- Data analytics
- Hospital pharmacy services
- Software solutions

- Prescription pharmaceuticals
- OTC
- Clinical trial material
- Consumer health
- Medical device
- Medical consumables
- Diagnostics
- Nutritional
- Vaccines
- Biologics
- Blood products
Geographic expansion

As of December 3, 2013

- Sales network
- Local wholesaling company
- Specialty pharmacy (planned)
Specialty pharmacy (DTP) services

- **Unique, integrated, scalable business**
  - Non-reimbursed, high value prescription pharmaceuticals
  - Website and call center driving dispensing to retail platform
  - Accelerated by acquisition of profitable local industry leader

- **Patient-centric services**
  - Disease-state focused
  - Total care center
  - Adherence programs
Growing into the future

✓ Broaden geographic reach
  – Expand from 10 to ~25 local wholesaling companies through tuck-in acquisitions
  – Expand from 28 to over 50 DTP specialty pharmacies

✓ Expand direct-to-patient for chronic care
  – Focus on disease-centric, patient support model

✓ Invest in innovative healthcare solutions
  – Hospital and retail pharmacy focused
  – High technology and complexity
  – Brand based

✓ Accelerate brand recognition
Coffee break
Pharmaceutical: A proven track record of success

Mike Kaufmann
CEO, Pharmaceutical Segment
December 10, 2013
We have delivered on our commitments

Segment profit dollars ($ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit Dollars ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>$1,011</td>
</tr>
<tr>
<td>FY11</td>
<td>$1,329</td>
</tr>
<tr>
<td>FY12</td>
<td>$1,558</td>
</tr>
<tr>
<td>FY13</td>
<td>$1,734</td>
</tr>
</tbody>
</table>

3-yr CAGR 20%
We have delivered on our commitments

Segment profit as a percent of revenue

Increased rate by 77bps

<table>
<thead>
<tr>
<th>Year</th>
<th>Segment Profit as a Percent of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>1.13%</td>
</tr>
<tr>
<td>FY11</td>
<td>1.42%</td>
</tr>
<tr>
<td>FY12</td>
<td>1.59%</td>
</tr>
<tr>
<td>FY13</td>
<td>1.90%</td>
</tr>
</tbody>
</table>
Through a focus on four key drivers

1. Execute with relentless discipline and excellence
2. Diversify customer base
3. Grow generic volumes and margins
4. Invest and grow Specialty
Specialty and biopharma: Strategic positioning in an evolving landscape

Meghan FitzGerald
President, Specialty Solutions
December 10, 2013
Strong annual sales growth

3-yr CAGR 44%

<table>
<thead>
<tr>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales $</td>
<td>Sales $</td>
<td>Sales $</td>
<td>Sales $</td>
</tr>
</tbody>
</table>

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The specialty landscape is evolving and demands greater value

<table>
<thead>
<tr>
<th>Financial forces</th>
<th>Science evolving</th>
<th>Access</th>
<th>Connectivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Demographics</td>
<td>• Targeted therapy</td>
<td>• Reimbursement</td>
<td>• Collaborative payors and providers</td>
</tr>
<tr>
<td>• Medicine cost</td>
<td>• Niche populations</td>
<td>• Clinical patient support</td>
<td>• Patient-level data</td>
</tr>
<tr>
<td>• Risk sharing</td>
<td>• Genomic pathways</td>
<td>• Specialty pharmacy</td>
<td>• Consumerism</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Innovative medicine changes lives

- Treatment
- Financing
- Patient
- Insurance
- Support
- Maintenance
We add value by connecting stakeholders to better serve specialty patients

**Payors**

Integrating clinical pathways with Specialty Pharmacy will enable payors and providers to improve patient care while reducing the cost of care

**Providers**

Proven 20+ year track record in specialty distribution, increasing scale with community specialists through innovative offerings

**Biopharma**

Investing in assets and capabilities essential to biopharma’s success in the changing specialty therapeutics market

Patient
The right medicine, for the right patient, at the right time

<table>
<thead>
<tr>
<th>Offerings today…</th>
<th>…Growing offerings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific &amp; regulatory consulting</td>
<td></td>
</tr>
<tr>
<td>Specialty distribution, 3PL, GPO, specialty pharmacy</td>
<td></td>
</tr>
<tr>
<td>Healthcare analytics &amp; marketing communications</td>
<td></td>
</tr>
<tr>
<td>Clinical pathways</td>
<td></td>
</tr>
<tr>
<td>Commercialization services</td>
<td></td>
</tr>
<tr>
<td>Patient support services</td>
<td></td>
</tr>
<tr>
<td>Enhanced data analytics</td>
<td></td>
</tr>
</tbody>
</table>

Estimated growth

Specialty Solutions presence

Core capabilities

Distribution and related services

Commercial technical expertise

Enhanced data analytics

Enhanced clinical solutions
Specialty and biopharma

✓ Talent
✓ Positioning
✓ Commitment to win
Q&A panel

Moderator: Jeff Henderson, CFO
Meghan FitzGerald, President, Specialty Solutions
Scott Howell, M.D., Senior Vice President, Clinical Solutions
Eric Zwisler, President, Cardinal Health China
Pharmaceutical: A proven track record of success

Mike Kaufmann
CEO, Pharmaceutical Segment
December 10, 2013
Through a focus on four key drivers

1. Execute with relentless discipline and excellence
2. Diversify customer base
3. Grow generic volumes and margins
4. Invest and grow Specialty
Key highlights on execution since FY10

✓ Diversified customer base: nearly **doubled** the number of **retail independents** we serve
✓ Adjusted service levels **exceed 99%**
✓ **Warehouse efficiencies** have improved by **over 13%**
✓ **SG&A** as a percent of **GM** has **decreased by 8 pp**
✓ **Return on tangible capital** has more than **doubled**

* Excludes Cardinal Health China
Our retail offering is best-in-class

✓ **Leading generic program** in breadth of line and overall customer value

✓ **Best-in-class** inventory management software

✓ **Comprehensive and innovative offerings** in DME, consumer health products and store marketing programs

✓ **Experienced and highly qualified** pharmacy transition services team
Product and service offering:
Retail pharmacy

- Durable Medical Equipment
- Home health
- Local store marketing
- Reimbursement consulting
- Operational excellence
- Inventory manager
- Managed care
- Generic pharmaceuticals
- Brand pharmaceuticals
- Order Express
- OTC & Leader®
- Specialized care centers
- Front-of-store consulting
- Pharmacy transition services
Source generic sales dollars

3-yr CAGR > 20%

FY10 | FY11 | FY12 | FY13 | FY14E
Source generic margin dollar goal

3-yr CAGR at least 10%

FY14E | FY15E | FY16E | FY17E
Driving success in generics

- Increase scale
- Lower costs
- Optimize with analytics

Customer focused
CVS Caremark and Cardinal Health create largest generic sourcing entity in the U.S. – the world’s largest generic drug market

- Largest U.S. pharmacy health care provider with over $120 billion in revenue
- Focused on enhancing access to care, lowering overall health care costs, and improving health outcomes
- Filled >1 billion prescriptions last year through its retail and mail order pharmacies

- Leading health care services company with $101 billion in revenue
- Focused on improving the cost-effectiveness and efficiency of health care so providers can focus on their patients
- Serve more than 100,000 locations daily

**Sourcing Joint Venture**
- 50/50 U.S.-based joint venture; largest generics sourcing entity in the U.S.
- Combines deep sourcing expertise of two leading companies
- Joint venture sources and negotiates generic supply contracts for both companies
- Joint venture will not take ownership of products or hold inventory on behalf of either company
- Will maintain CVS Caremark and Cardinal Health’s leadership positions as they drive value for customers, clients and shareholders in a capital-efficient manner

**Generic Manufacturers negotiate with Sourcing Joint Venture**
- New entity will collaborate with generic manufacturers to develop innovative supply chain and purchasing strategies
- Both CVS Caremark and Cardinal Health will continue to manage their product orders and logistics processes in the same way as they do today
Generic sourcing joint venture: Key information

- Forming 50/50 JV with personnel from both companies
  - Initial 10-year term
  - Responsible for sourcing vast majority of generics for Cardinal Health and CVS Caremark
  - Cost center; expenses to be billed back to Cardinal Health and CVS Caremark

- Parties will continue to manage their product orders and logistics processes as done today
  - CAH contracts, product flow and financial flows to be executed directly with manufacturers

- Agreement includes fixed quarterly payment (from Cardinal Health to CVS Caremark) of $25M over life of the agreement
  - Total after-tax present value of payments approximately $435M

- JV expected to commence operations as soon as July 1, 2014
  - Benefits expected to ramp over time
## New generics sourcing JV: Key CAH reporting considerations

<table>
<thead>
<tr>
<th>Financial item</th>
<th>Line Item/Area</th>
<th>Where it will appear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinal Health sourcing benefit</td>
<td>Cost of Goods Sold</td>
<td>Income Statement</td>
</tr>
<tr>
<td>Amortization of quarterly payments to CVS Caremark*</td>
<td>Cost of Goods Sold</td>
<td>Income Statement</td>
</tr>
<tr>
<td>Present value of future quarterly payments to CVS Caremark - initially ~$700M (pretax), ~$435M (after tax)*</td>
<td>Other Assets Other Liabilities</td>
<td>Balance Sheet</td>
</tr>
<tr>
<td>50% share of JV net earnings/loss, if any</td>
<td>Other Income, Net</td>
<td>Income Statement</td>
</tr>
<tr>
<td>Investment in JV (minimal)</td>
<td>Cash Flows from Investing Activities</td>
<td>Statement of Cash Flows</td>
</tr>
</tbody>
</table>

*Note: Full non-discounted amount of future fixed quarterly payments of $25M (10-year term) will appear in MD&A Contractual Obligations Table.
Financial overview

Jeff Henderson
Chief Financial Officer
December 10, 2013

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Meeting our performance goals

<table>
<thead>
<tr>
<th>What we told you in Dec. 2010</th>
<th>What we delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term non-GAAP EPS(^1) growth at least double digit</td>
<td>18.5% CAGR(^2)</td>
</tr>
<tr>
<td>Modified TSR ≥ 11% (Non-GAAP EPS(^1) growth + dividend yield)</td>
<td>21.1%(^3)</td>
</tr>
<tr>
<td>Gross margin expansion (TTM)</td>
<td>+113bps</td>
</tr>
<tr>
<td>Non-GAAP operating margin expansion (TTM)</td>
<td>+64bps</td>
</tr>
<tr>
<td>Dividend payout increase(^4)</td>
<td>+5.1pp</td>
</tr>
</tbody>
</table>

Unless otherwise noted, the actuals presented above reflect the period of Q1FY11 – Q1FY14.

\(^1\) Non-GAAP diluted earnings per share from continuing operations; Please see appendix for definitions and reconciling information.

\(^2\) FY10 – FY13

\(^3\) Modified TSR calculated using FY10 – FY13 non-GAAP EPS CAGR plus 2.6% dividend yield on 6/30/2013.

\(^4\) Dividend payout increase from FY11 – FY14, using current dividend rate and midpoint of FY14 non-GAAP EPS guidance range of $3.62 to $3.72.
Strong gross margin expansion

Gross margin as a percent of revenue (TTM)

+113 bps

Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1
---|----|----|----|----|----|----|----|----|----|----|----|----
2011 | 2012 | 2013 | 2014

3.75% | 3.95% | 4.15% | 4.35% | 4.55% | 4.75% | 4.95% | 5.15%
With a relentless focus on efficiency

SG&A as % of gross margin (TTM)

-433 bps
Aided by our operational excellence capabilities

Total type 1 and type 2 accumulated benefit*

<table>
<thead>
<tr>
<th>Accumulated value</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
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</tr>
</tbody>
</table>

*Type 1 and 2 are indicators of the contribution operational excellence makes to productivity, enterprise efficiency maximization, cost leadership and revenue growth.
Driving consistent operating margin expansion

Non-GAAP operating earnings as a percent of revenue (TTM)

+64 bps

Please see appendix for GAAP/non-GAAP definitions and reconciling information.
Non-GAAP operating earnings: Historical trend

3-yr CAGR 14%

FY10: $1,394
FY11: $1,644
FY12: $1,866
FY13: $2,046

Please see appendix for GAAP/non-GAAP definitions and reconciling information.
Non-GAAP EPS\(^1\): Historical trend

3-yr CAGR 19%

<table>
<thead>
<tr>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.24</td>
<td>$2.80</td>
<td>$3.21</td>
<td>$3.73</td>
</tr>
</tbody>
</table>

Includes $0.18 favorable tax settlement

\(^1\) Non-GAAP diluted earnings per share from continuing operations. Please see appendix for definitions and reconciling information.
Thoughtful capital deployment approach

Capital deployment post CareFusion spin

- Dividends
- Capital expenditures
- Share repurchases
- Acquisitions, net of divestures

\(^1\) Capital deployment from Q2 FY10 to Q1 FY14.
Acquisitions across all strategic priorities

<table>
<thead>
<tr>
<th>Health system solutions</th>
<th>HLS Freight Services</th>
<th>Medical Concepts Dev.</th>
<th>Wave-mark</th>
<th>Emerge Medical (investment)</th>
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</thead>
<tbody>
<tr>
<td>Specialty and biopharma</td>
<td>Healthcare Solutions Holding, LLC (&quot;P4 Healthcare&quot;)</td>
<td>Novis Pharma</td>
<td>Future-med</td>
<td>China tuck-ins</td>
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<tr>
<td>International</td>
<td>Zuellig Pharma China (&quot;Yong Yu&quot;)</td>
<td>Future-med</td>
<td>China tuck-ins</td>
<td>Puerto Rico tuck-ins</td>
</tr>
<tr>
<td>Customer mix and generics</td>
<td>Kinray</td>
<td>Dik Drug</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternate sites of care</td>
<td>AssuraMed</td>
<td>Future-med</td>
<td>Home health tuck-ins</td>
<td></td>
</tr>
</tbody>
</table>

Note: Not necessarily to scale.
Returning cash to shareholders through dividends and share repurchases

3-yr CAGR 18%

+66%

$ Millions

FY10
FY11
FY12
FY13

Dividends paid
Share repurchases
Differentiated dividend policy

Dividend per share

4-yr CAGR 15%

Continue to grow dividend at least in-line with longer-term earnings growth
## Future aspirations

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated non-GAAP operating margin</td>
<td>&gt;3.0%</td>
</tr>
<tr>
<td>Pharmaceutical segment profit margin</td>
<td>&gt;2.5%</td>
</tr>
<tr>
<td>Medical segment profit margin</td>
<td>&gt;5.75%</td>
</tr>
<tr>
<td>Non-GAAP EPS CAGR (from FY14)</td>
<td>10% - 15%</td>
</tr>
<tr>
<td>Dividend payout (as percent of non-GAAP EPS)</td>
<td>30% - 35%</td>
</tr>
</tbody>
</table>
Strong portfolio driving growth and positioning for the future

- Specialty
- Alternate sites of care
- Health system services
- Preferred products: physician preference
- Preferred products: medical consumables
- Targeted international
- Generics excellence
- Customer mix shift

<table>
<thead>
<tr>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
</table>

Strong portfolio driving growth and positioning for the future
Financial flexibility

Solid balance sheet
- Q1 FY14 total debt: $3.9B
- Q1 FY14 cash position: $2.8B
- Accounts receivable facility: $700M
- CP program / revolving credit facility: $1.5B
- Commitment to investment grade ratings

Strong OCF generation
- Continued growth in EBITDA
- Disciplined and proven working capital management

Continued capacity to fund strategic growth and return cash to shareholders

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Proven track record of success

- Outstanding financial growth based on **strong** execution and focus on the **right** strategic priorities

- **Thoughtful** deployment of capital and **substantial** return of cash to shareholders

- **Positioned** for strong future growth and shareholder returns and **building** on a proven track record of success

Q&A

Moderator: Sally Curley, Sr. VP, Investor Relations
George Barrett, Chairman and CEO
Don Casey, CEO, Medical Segment
Jeff Henderson, CFO
Mike Kaufmann, CEO, Pharmaceutical Segment
Cardinal Health: Essential to Care
Select awards in Fiscal 2013

Gartner Research
#1 Healthcare Supply Chain Organization
Three years in a row
Financial appendix
### Cardinal Health, Inc. and Subsidiaries

#### GAAP / Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>Fiscal Year 2013</th>
<th>Operating Earnings Growth Rate</th>
<th>Operating Earnings</th>
<th>Earnings Before Income Taxes and Discontinued Operations</th>
<th>Provision for Income Taxes</th>
<th>Earnings from Continuing Operations</th>
<th>Earnings from Operations Growth Rate</th>
<th>Diluted EPS from Continuing Operations Growth Rate</th>
<th>Diluted EPS from Continuing Operations</th>
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</thead>
<tbody>
<tr>
<td>GAAP</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>$ 996</td>
<td>(44)%</td>
<td>$ 888</td>
<td>$ 553</td>
<td>$ 335</td>
<td>(69)%</td>
<td>$ 0.97</td>
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<tr>
<td>Gain on sale of CareFusion stock</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Non-GAAP</td>
<td>$ 2,046</td>
<td>10%</td>
<td>$ 1,938</td>
<td>$ 654</td>
<td>$ 1,284</td>
<td>15%</td>
<td>$ 3.73</td>
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<td>$ 1,792</td>
<td>18%</td>
<td>$ 1,698</td>
<td>$ 628</td>
<td>$ 1,070</td>
<td>11%</td>
<td>$ 3.06</td>
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<tr>
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<td>$ 1,866</td>
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<td>(75)</td>
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<td>18%</td>
<td>$ 1,573</td>
<td>$ 565</td>
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<tr>
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<td>(3)%</td>
<td>$ 1,296</td>
<td>$ 486</td>
<td>$ 810</td>
<td>(2)%</td>
<td>$ 2.24</td>
<td>(2)%</td>
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</tbody>
</table>

1. The 3-year compound annual growth rate for GAAP and non-GAAP earnings from continuing operations was -9% and 14%, respectively.

2. The 3-year compound annual growth rate for GAAP and non-GAAP diluted EPS from continuing operations was -16% and 19%, respectively. Excluding the $0.18 related to a favorable tax settlement in Q3 FY13, the 3-year compound annual growth rate for GAAP and non-GAAP diluted EPS from continuing operations was -21% and 17%, respectively.

The sum of the components may not equal the total due to rounding.

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.
Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

First Quarter 2014

<table>
<thead>
<tr>
<th>(in millions, except per common share amounts)</th>
<th>Operating Earnings</th>
<th>Earnings Before Income Taxes and Discontinued Operations</th>
<th>Provision for Income Taxes</th>
<th>Earnings from Continuing Operations</th>
<th>Earnings from Continuing Operations Growth Rate</th>
<th>Diluted EPS from Continuing Operations</th>
<th>Diluted EPS from Continuing Operations Growth Rate</th>
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<tr>
<td><strong>GAAP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>$ 471</td>
<td>3 %</td>
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<td>-</td>
<td></td>
<td></td>
</tr>
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<td>Litigation (recoveries)/charges, net</td>
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<td>-</td>
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<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-GAAP</strong></td>
<td>$ 532</td>
<td>13 %</td>
<td>$ 503</td>
<td>$ 124</td>
<td>35 %</td>
<td>$ 1.10</td>
<td>36 %</td>
</tr>
</tbody>
</table>

First Quarter 2013

| (in millions, except per common share amounts) | Operating Earnings | Earnings Before Income Taxes and Discontinued Operations | Provision for Income Taxes | Earnings from Continuing Operations | Earnings from Continuing Operations Growth Rate | Diluted EPS from Continuing Operations | Diluted EPS from Continuing Operations Growth Rate |
|------------------------------------------------|--------------------|----------------------------------------------------------|-----------------------------|-------------------------------------|-----------------------------------------------|                                        |                                               |
| **GAAP**                                       |                    |                                                          |                             |                                     |                                               |                                        |                                               |
| $ 457                                          | 11 %               | $ 439                                                    | 167                         | $ 272                               | 15 %                                          | $ 0.79                                 | 16 %                                          |
| Restructuring and employee severance           | 5                  | 5                                                        | 2                            | 3                                   | 0.01                                          |                                        |                                               |
| Amortization and other acquisition-related costs| 28                 | 28                                                       | 10                           | 18                                  | 0.05                                          |                                        |                                               |
| Impairments and loss on disposal of assets     | 1                  | 1                                                        | -                            | 1                                   | -                                             |                                        |                                               |
| Litigation (recoveries)/charges, net           | (22)               | (22)                                                     | (9)                          | (13)                                | (0.04)                                        |                                        |                                               |
| **Non-GAAP**                                   | $ 469              | 6 %                                                      | $ 451                        | $ 170                               | 9 %                                           | $ 0.81                                 | 11 %                                          |

The sum of the components may not equal the total due to rounding.

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.
### Cardinal Health, Inc. and Subsidiaries

#### GAAP / Non-GAAP Reconciliation

We present non-GAAP earnings from continuing operations (and presentations derived from these financial measures, including per share calculations) on a forward-looking basis. The most directly comparable forward-looking GAAP measures are earnings from continuing operations. We are unable to provide a quantitative reconciliation of these forward-looking non-GAAP measures to the most directly comparable forward-looking GAAP measures because we cannot reliably forecast restructuring and employee severance, amortization and other acquisition-related costs, impairments and loss on disposal of assets and litigation (recoveries)/charges, net, which are difficult to predict and estimate and are primarily dependent on future events. Please note that the unavailable reconciling items could significantly impact our future financial results.

<table>
<thead>
<tr>
<th>Rolling Quarter</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q4</td>
<td>Q3</td>
<td>Q2</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$ 99,727</td>
<td>$ 101,093</td>
<td>$ 102,437</td>
<td>$ 104,803</td>
</tr>
<tr>
<td><strong>GAAP operating earnings</strong></td>
<td>$ 1,011</td>
<td>$ 996</td>
<td>$ 1,842</td>
<td>$ 1,893</td>
</tr>
<tr>
<td>Restructuring and employee severance</td>
<td>76</td>
<td>71</td>
<td>48</td>
<td>22</td>
</tr>
<tr>
<td>Amortization and other acquisition-related costs</td>
<td>179</td>
<td>158</td>
<td>117</td>
<td>37</td>
</tr>
<tr>
<td>Impairments and loss on disposal of assets</td>
<td>859</td>
<td>859</td>
<td>29</td>
<td>25</td>
</tr>
<tr>
<td>Litigation (recoveries)/charges, net</td>
<td>(15)</td>
<td>(38)</td>
<td>37</td>
<td>34</td>
</tr>
<tr>
<td>Other Spin-off Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td><strong>Non-GAAP operating earnings</strong></td>
<td>$ 2,109</td>
<td>$ 2,046</td>
<td>$ 1,999</td>
<td>$ 1,943</td>
</tr>
<tr>
<td><strong>GAAP operating earnings margin rate</strong></td>
<td>1.01 %</td>
<td>0.99 %</td>
<td>1.80 %</td>
<td>1.81 %</td>
</tr>
<tr>
<td><strong>Non-GAAP operating earnings margin rate</strong></td>
<td>2.11 %</td>
<td>2.02 %</td>
<td>1.95 %</td>
<td>1.85 %</td>
</tr>
<tr>
<td><strong>3-year margin expansion</strong></td>
<td>64bp</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The sum of the components may not equal the total due to rounding.
Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$101,093</td>
<td>$107,552</td>
<td>$102,644</td>
<td>$98,503</td>
</tr>
<tr>
<td>GAAP operating earnings</td>
<td>$996</td>
<td>$1,792</td>
<td>$1,514</td>
<td>$1,307</td>
</tr>
<tr>
<td>Restructuring and employee severance</td>
<td>71</td>
<td>21</td>
<td>15</td>
<td>91</td>
</tr>
<tr>
<td>Amortization and other acquisition-related costs</td>
<td>158</td>
<td>33</td>
<td>90</td>
<td>18</td>
</tr>
<tr>
<td>Impairments and loss on disposal of assets</td>
<td>859</td>
<td>21</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>Litigation (recoveries)/charges, net</td>
<td>(38)</td>
<td>(3)</td>
<td>6</td>
<td>(62)</td>
</tr>
<tr>
<td>Other Spin-Off Costs</td>
<td>-</td>
<td>2</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td><strong>Non-GAAP operating earnings</strong></td>
<td><strong>$2,046</strong></td>
<td><strong>$1,866</strong></td>
<td><strong>$1,644</strong></td>
<td><strong>$1,394</strong></td>
</tr>
<tr>
<td>GAAP operating earnings margin rate</td>
<td>0.99 %</td>
<td>1.67 %</td>
<td>1.48 %</td>
<td>1.33 %</td>
</tr>
<tr>
<td>Non-GAAP operating earnings margin rate</td>
<td>2.02 %</td>
<td>1.73 %</td>
<td>1.60 %</td>
<td>1.42 %</td>
</tr>
</tbody>
</table>

The sum of the components may not equal the total due to rounding.
Cardinal Health, Inc. and Subsidiaries

Definitions

Non-GAAP Diluted EPS from Continuing Operations and growth rate calculation\(^1\): non-GAAP earnings from continuing operations divided by diluted weighted-average shares outstanding.

Non-GAAP Earnings from Continuing Operations: earnings from continuing operations excluding (1) restructuring and employee severance\(^2\), (2) amortization and other acquisition-related costs\(^3\), (3) impairments and loss on disposal of assets\(^4\), (4) litigation (recoveries)/charges, net\(^5\), (5) Other Spin-Off Costs and (6) gain on sale of CareFusion stock, each net of tax.

Non-GAAP Operating Earnings: operating earnings excluding (1) restructuring and employee severance, (2) amortization and other acquisition-related costs, (3) impairments and loss on disposal of assets, (4) litigation (recoveries)/charges, net and (5) Other Spin-Off Costs.

Non-GAAP Operating Earnings Margin Rate: non-GAAP operating earnings divided by revenue.

Other Spin-Off Costs: costs incurred in connection with our Spin-Off of CareFusion which are included in distribution, selling, general and administrative expenses.

Segment Profit: segment revenue minus (segment cost of products sold and segment distribution, selling, general and administrative expenses).

Segment Profit from International\(^6\): international revenue minus (international cost of products sold and international distribution, selling, general and administrative expenses).

Segment Profit Margin: segment profit divided by segment revenue.

\(^1\) Except for compound annual growth rates (CAGR), growth rates in this presentation are determined by dividing the difference between current period results and prior period results by prior period results. CAGR is determined by subtracting one from \((\text{the ending value divided by the beginning value})\) raised to the power of \((\text{one divided by the number of years})\)).

\(^2\) Programs whereby Cardinal Health fundamentally changes its operations such as closing and consolidating facilities, moving manufacturing of a product to another location, production or business process sourcing, employee severance (including rationalizing headcount or other significant changes in personnel) and realigning operations (including substantial realignment of the management structure of a business unit in response to changing market conditions).

\(^3\) Costs that consist primarily of amortization of acquisition-related intangible assets, transaction costs, integration costs and changes in the fair value of contingent consideration obligations.

\(^4\) Asset impairments and losses from the disposal of assets not eligible to be classified as discontinued operations are classified within impairments and loss on disposal of assets within the consolidated statements of earnings.

\(^5\) Loss contingencies related to litigation and regulatory matters and income from favorable resolution of legal matters.

\(^6\) Includes CAH Puerto Rico and our non-U.S. operations.