

**The following worksheet is provided for calculation purposes only, and is not intended as tax advice. Please consult your accountant or tax advisor with any questions.**

Use the following scenarios to help you determine your per share cost basis for Cardinal Health (CAH) stock received from the Allegiance acquisition. All scenarios assume your Allegiance shares were received through the Baxter spin-off of Allegiance.

- I purchased shares of Baxter International (BAX) prior to 10-01-1996, but post 11-30-1992\*\*. I have not adjusted my cost basis to reflect the Allegiance-Baxter spin-off on 10-01-96, or any subsequent event (see Summary of Events on the next page). How do I determine my cost basis per CAH share?

*Multiply your old BAX per share cost basis by 0.201993. This is your new per share cost basis in your CAH shares.*

Also, to determine your new per share cost basis in your BAX shares, multiply your old per share cost basis by 0.92456.

- ✓ As a quick check, your new total cost basis (CAH shares multiplied by adjusted CAH per share cost basis + BAX shares multiplied by adjusted BAX per share cost basis) should be approximately equal to your old total cost basis (BAX shares multiplied by BAX original per share cost basis).

- I have adjusted my cost basis to reflect the Allegiance spin-off from BAX, but have not adjusted for any subsequent events (see Summary of Events on the next page). How do I determine my cost basis per CAH share?

*Multiply your adjusted cost basis by 0.53547.*

- I have adjusted my cost basis to reflect the Allegiance spin-off from BAX and the Allegiance stock split, but have not adjusted for any subsequent events (see Summary of Events on the next page). How do I determine my cost basis per CAH share?

*Multiply your adjusted cost basis by 1.07095*

- I have adjusted my cost basis to reflect the Allegiance spin-off from BAX, the Allegiance stock split, and the CAH acquisition of Allegiance, but have not adjusted for any subsequent events (see Summary of Events on the next page). How do I determine my cost basis per CAH share?

*Multiply your adjusted cost basis by 0.66667*

**\*\*Note:** If you purchased BAX prior to 11-30-92, you may need to adjust your cost basis for the Care-Mark spin-off. To do this, take your BAX per share cost basis and multiply by .90823. Then proceed with using the above scenarios.

### Summary of Events:

The summary of events table assumes an original 100 share purchase of BAX, prior to 10-01-1996 but post 11-30-1992, at \$30.00 per share. This price is for example purposes only, and is not reflective of historical or future performances of Baxter or Cardinal Health.

Event date	Event	BAX shares	BAX per share basis <sup>A</sup>	BAX cost basis <sup>B</sup>	BAX multiple <sup>A</sup>	Allegiance/CAH shares <sup>C</sup>	Per share basis <sup>D</sup>	Cost basis <sup>E</sup>	Multiple <sup>D</sup>	Combined cost basis <sup>F</sup>
10/01/96	Allegiance spin-off (5 for 1)	100	\$27.74	\$2773.68	0.92456	20 – Allegiance	\$11.32	\$226.32	0.37721	\$3000.00
08/25/98	Allegiance 2-1 split	100	\$27.74	\$2773.68	0.92456	40 - Allegiance	\$5.66	\$226.32	0.18861	\$3000.00
02/03/99	CAH acquisition	100	\$27.74	\$2773.68	0.92456	24 – CAH	\$9.09	\$218.15	0.30299	\$2991.83
02/03/99	Cash payout from acquisition					.9 shares paid out in cash		\$8.17		
04/20/01	CAH 3-2 split	100	\$27.74	\$2773.68	0.92456	36 - CAH	\$6.06	\$218.15	<b>0.201993</b>	\$2991.83

<sup>A</sup> The BAX multiple is the value used to adjust your BAX per share basis for the Allegiance spin-off. For example, if your original BAX per share basis price was \$30.00, than multiply \$30.00 by 0.92456 and you will get the \$27.74 price which is the new BAX per share cost basis. Please see the table and text on the following page for more information on the determination of the original multiples for BAX and Allegiance after the spin-off.

<sup>B</sup> The cost basis is determined by multiplying the number of BAX shares by the BAX per share cost basis (example:  $100 \times \$27.74 = \$2773.68$ ).

<sup>C</sup> This column represents shares that were not received through direct purchase, but rather through the BAX-Allegiance spin-off and the Allegiance-CAH acquisition.

<sup>D</sup> The multiple is the value used to adjust your Allegiance and CAH per share basis for all pertinent events. For example, if your original BAX per share basis price was \$30.00, than multiply \$30.00 by 0.37721 and you will get the \$11.32 price which is the new Allegiance per share cost basis.

<sup>E</sup> The cost basis is determined by multiplying the number of Allegiance/CAH shares by the per share basis (example:  $20 \times \$11.32 = \$226.32$ ).

<sup>F</sup> The combined cost basis is the addition of the cost basis of the remaining BAX shares from the spin-off, and the newly acquired Allegiance or CAH shares. Throughout all events, the new total cost basis should approximate the original total cost basis. The reason discrepancy exists is because during the CAH-Allegiance acquisition, all CAH partial shares after conversion were paid out in cash.

**Table for determining multiples for Allegiance/BAX spin-off:**

	Determination price <sup>A</sup>	Adjusted Cost per Share <sup>B</sup>	Adjusted Values as a Percentage of Total <sup>C</sup>	Corresponding Multiple <sup>D</sup>
BAX	\$43.8125	\$43.8125	0.92456	0.92456
Allegiance	\$17.875	\$3.575	0.07544	0.37721

<sup>A</sup> The determination price for calculating cost basis multiples for a spin-off is the average of the daily high and daily low trading prices, per the first day of public trading of the spun-off company. For the BAX-Allegiance spin-off, that date was October 1, 1996.

<sup>B</sup> To correctly weight the per share prices of Allegiance and BAX, they must be placed on the same share basis. Thus, the Allegiance price is divided by 5 since 1 share of Allegiance was given for every 5 shares of BAX. In other words, for Allegiance to have the same number of shares outstanding as BAX, they would need to multiply their current share base by 5. The value of their company would be reduced by 1/5 per share. This is the same as dividing their share price by 5.

<sup>C</sup> The weight of each individual Adjusted Cost per Share divided by the total Cost per Share ( $\$43.8125 + \$3.575 = \$47.3875$ ).  $\$43.8125$  divided by  $\$47.3875$  equals 0.92456 and  $\$3.575$  divided by  $\$47.3875$  equals 0.07544.

<sup>D</sup> We need to multiply the adjusted values for Allegiance by 5, to correct for the five we divided by in step 2. This puts the multiple on a correct per share basis.