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***Cardinal Health Acquisition of naviHealth: Frequently Asked Questions, August 25, 2015*****Q1. What are you acquiring, what is the purchase price and when do you expect to close?**

A1. We are acquiring 71% of naviHealth for approximately \$290 million, with a goal of acquiring the entire business within four years, in accordance with a series of call/put rights during that period of time. naviHealth is a first mover and market leader in post-acute care coordination and management of bundled payment programs. naviHealth has a differentiated position, serving the post-acute continuum of care with health systems and health plans as their customers. We are in the process of closing on the acquisition, and expect to do so shortly.

**Q2. Why is naviHealth a good fit with Cardinal Health?**

Q2. There are numerous reasons this is a great fit for Cardinal Health:

- naviHealth aligns with our strategic priority of offering the most complete and integrated suite of services to our Integrated Delivery Network, hospital and other customers. You've heard us speak many times about where we see healthcare moving, and how important it is to get closer to the patient. naviHealth helps health plans and health systems better manage patient care across post-acute settings, with a goal of improving patient outcomes and lowering overall healthcare system costs.
- Value-based payment models are now shifting risk to the health system, and health systems need a solution: effective and efficient discharge planning and post-acute care coordination has now become an imperative for health system CEOs.
- naviHealth has experience and know-how in achieving savings in hundreds of thousands of patient encounters, with touch-points in thousands of hospitals and post-acute settings (home, skilled nursing facilities, inpatient rehabilitation facilities and long-term acute care hospitals) nationwide. On behalf of health plans during the past year, naviHealth achieved a significant reduction in post-acute spend across the Medicare Advantage lives they managed.
- naviHealth pioneered a "high-tech, high-touch" model to manage post-acute care, matching local market clinicians with proprietary best-in-class decision support technology and analytics.
- naviHealth has a very experienced and capable management team (with prior experience including roles at health plans and health systems).

**Q3. Why aren't you acquiring the entire naviHealth asset?**

A3. We believe that this structure allows the existing owners to continue to participate in -- and contribute to -- the future of the business, while benefiting all of our stakeholders by creating alignment for the continued growth of the business. In the medium-term, it is Cardinal Health's intent to own the entire company.

**Q4. Where is this company based and how many employees do they have?**

A4. naviHealth is headquartered in Brentwood (Nashville), TN. The company has several hundred employees distributed across the country, a substantial portion of which are field-based clinicians advising patients, health plans and health systems.

**Q5. What products and services does naviHealth provide and how does the business model work?****Who are naviHealth's customers?**

A5. There are many potential "failure points" along a health system's discharge and care transition process. These failure points can lead to hospital readmissions, emergency department visits, and significant variability in costs and quality of post-acute care.

Using its proprietary decision-support technology and data-driven solutions, naviHealth partners with health plans, health systems and providers to manage the entire continuum of post-acute care. The company places great emphasis on direct patient engagement and proactive patient-centric coordination. naviHealth currently serves as a convener for health systems in the Centers for Medicare and Medicaid Services' (CMS) Bundled Payment for Care Improvement (BPCI) initiative and also manages the post-acute spend for Medicare Advantage beneficiaries on behalf of health plans.

naviHealth contracts with health systems and health plans (its customers) on either a per-member, per-month or bundled payment value-share model, by which naviHealth – using its proprietary and vast dataset – assesses patients before the post-acute transition as well as throughout the post-acute episode. naviHealth helps its customers navigate the post-acute landscape (home, skilled nursing facility, inpatient rehabilitation or long-term acute care) with a goal toward providing the best patient outcome in the most cost-efficient manner. naviHealth is compensated by creating value for their customers when they make healthcare more cost-effective.

**Q6. How big is the market in which naviHealth competes, what is the market growth rate, and what is naviHealth's market share position?**

A6. The post-acute market is very competitive and rapidly evolving. A Cardinal Health commissioned third-party report estimates that more than \$200 billion is spent annually across post-acute settings, with an estimated growth rate of more than 6% annually (*Source: June 2014 Medicare Payment Advisory Commission report*). An April 2014 Agency for Healthcare Research and Quality report estimated that avoidable readmissions cost the healthcare system between \$30 billion and \$40 billion annually. naviHealth is one of the top players in the areas in which they compete.

**Q7. Where and how will this be reported on your financial statements?**

A7. naviHealth will report to Michael Petras, president of Cardinal Health At Home. Financially, naviHealth will be reported as part of our Medical segment. Also, in accordance with GAAP reporting, all of naviHealth's financial results will be consolidated and reported with Cardinal Health's consolidated results, with the 29% minority interest shown separately on the income statement as "Net Income Attributable to Noncontrolling Interest." On the balance sheet, Cardinal Health will begin reporting "Redeemable Noncontrolling Interest" to reflect the value of the put right held by the minority owners of naviHealth.

**Q8. What do you mean by a put right?**

A8. Within designated timeframes and under certain circumstances, the minority owners have the option to sell their shares to Cardinal Health, using a pre-agreed formula, within the next four years.

**Q9. Is this transaction accretive to non-GAAP earnings per share (EPS)? To GAAP EPS? Over what time period?**

**A9:** We expect this acquisition to be neutral to our fiscal 2016 non-GAAP diluted earnings per share from continuing operations as it is a partial period for us, and slightly accretive to non-GAAP diluted earnings per share from continuing operations beginning in fiscal 2017, the first full year post close.

From a GAAP perspective, it is too early in the process to provide any specific guidance on the amortization of intangible assets. Once the fair value estimates are complete, we will provide additional details. Recall that our fiscal 2016 assumptions provided on our earnings call on July 30, 2015 only included those acquisitions that had been completed through June 30, 2015.

**Q10. How is Cardinal Health financing this transaction?**

A10. The transaction will be funded through existing cash on hand.

**Q11. What are the margins for these services? Are they margin accretive to the Medical segment?**

A11. Without providing specifics on margins for individual businesses, we do expect naviHealth's margins to be accretive to our Medical segment profit margin rate.

**Non-GAAP Financial Measures**

*Cardinal Health presents non-GAAP diluted earnings per share from continuing operations (or non-GAAP EPS) on a forward-looking basis. Non-GAAP diluted earnings per share from continuing operations is (A) earnings from continuing operations, excluding (1) restructuring and employee severance, (2) amortization and acquisition-related costs, (3) impairments and (gain)/loss on disposal of assets, (4) litigation (recoveries)/charges, net, (5) LIFO charges/(credits), and (6) loss on extinguishment of debt, each net of tax, (B) divided by diluted weighted average shares outstanding. The most directly comparable forward-looking GAAP measure is diluted earnings per share from continuing operations. Cardinal Health is unable to provide a quantitative reconciliation of this forward-looking non-GAAP measure to the most directly comparable forward-looking GAAP measure, because Cardinal Health cannot reliably forecast restructuring and employee severance, amortization and acquisition-related costs, impairments and (gain)/loss on disposal of assets, litigation (recoveries)/charges, net, and LIFO charges/(credits), which are difficult to predict and estimate. Please note that the unavailable reconciling items could significantly impact Cardinal Health's future financial results.*

**Cautions Concerning Forward-Looking Statements**

*This document contains 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 and maintain the benefits from the generic sourcing venture with CVS Health and from our acquisition of The Harvard Drug Group; the frequency or rate of pharmaceutical price appreciation or deflation and the timing of generic and branded pharmaceutical introductions; the ability to successfully complete the acquisition of naviHealth or Cordis and if completed to achieve the anticipated results from the Cordis acquisition; the ability to achieve the anticipated results from the naviHealth acquisition; the risk of non-renewal 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; 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. This document reflects management's views as of August 25, 2015. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement.*