



Cardinal Health To Acquire Cordis, A Leading Cardiology and Endovascular Company

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Forward-looking statements and GAAP reconciliation

This presentation contains forward-looking statements addressing Cardinal Health's plans to acquire Cordis and other statements about future 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: the ability to successfully complete the acquisition of Cordis on a timely basis, including receipt of required regulatory approvals and satisfaction of other conditions; the ability to retain customers and employees of the acquired business and to successfully integrate the acquired business into Cardinal Health's operations, if the acquisition is completed; the ability to achieve the expected synergies as well as accretion in earnings, if the acquisition is completed; the occurrence of any event, change or other circumstance that could give rise to the termination of the binding offer or the purchase agreement (once executed); the conditions of the credit markets and an ability to issue debt on acceptable terms; or the outcome of any legal proceedings that may be instituted against the parties and others related to the planned acquisition. 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 presentation reflects management's views as of March 2, 2015. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. In addition, this presentation includes future non-GAAP financial measures. Cardinal Health provides definitions and reconciling information in the appendix at the end of this presentation and on its Investors page at ir.cardinalhealth.com. An audio replay of the conference call will be available on the Investors page at ir.cardinalhealth.com.

Strategic rationale

- ✓ Significant step forward in our strategy to address a major pain point in many health systems today -- physician preference items (PPI)
 - ✓ **Cardiology**, wound management, orthopedics
- ✓ Aligns closely with our priorities and will serve to accelerate key growth driver in our portfolio:
 - ✓ In one move, significantly increases scale and breadth of cardiovascular product line to complement AccessClosure
 - ✓ Aligns with powerful demographic trends; aging population only increases demand for cardiovascular procedures
 - ✓ Brings a terrific heritage, reputation for quality and innovation, and deep talent pool immersed in field of cardiology
 - ✓ Increases our international presence: can leverage with our existing products, and with new products and services we may add as part of our growing portfolio; gain outstanding regional and country leadership in markets worldwide
- ✓ Economics are extremely attractive; enhances enterprise growth characteristics and expands margin rates
- ✓ Ability to help IDNs standardize around full portfolio of mature medical products and bring new innovative ways of serving these customers

Each organization brings substantial assets to the table

Why Cordis?

- Early innovator responsible for several key breakthroughs in cardiology and endovascular (EV) minimally invasive procedures
- Unique asset in cardiovascular space in both product reach and scale, and with extensive global footprint
- Substantial brand equity
- Strong provider relationships

Why Cardinal Health?

- Significantly advances our physician preference item (PPI) strategy
- Builds upon existing strong customer relationships with health systems
- Partner of choice for other companies seeking market access
- Brings supply chain expertise and inventory management solutions to Cordis

Cardinal Health and Cordis: What this means for us and the marketplace

Compelling value proposition



- Addresses PPI – a major system pain point
- Broad product offering – will deliver value through an innovative approach to price, mix and product efficiency
- Well-deserved reputation for product quality and reliability

Leverages CAH supply chain expertise



- Extensive and deep supply chain relationship with IDNs
- Wrap-around services (e.g., RFID inventory management)
- Increases scale, lowering acquisition / manufacturing costs

Integrated go-to-market model



- Expanded sales presence in cardiovascular space
- Integrating into existing Cardinal Health strategic account sales teams
- Focused on total value of offering (product and service)

OUS growth opportunity



- Expertise and talent in growing markets ex-U.S.
- Leverages existing China platform
- Potential for future growth

Acquisition supports our Physician Preference Item (PPI) strategy

- Major marketplace shifts have created new opportunities to serve a growing customer need and accelerate a **significant growth engine** in PPI
- We have a **unique** combination of customer access, clinical capabilities, and supply chain assets to create a sustainable, **lower-cost and high-quality alternative**
- 3 major categories – **Cardiovascular**, Wound Management and Orthopedics – identified, comprehensive go-to-market approach
- We defined these categories based on the following attributes: higher physician preference but **limited clinical differentiation**, inefficient supply chains, customer's **need to standardize**
- Recent moves in PPI: Emerge Medical, Access Closure, Innovative Therapies....and now Cordis

A financially compelling acquisition¹

- ✓ Business to be acquired for \$1.944B in cash; ~\$1.6B net of the present value of tax benefits (~\$350M)
- ✓ Expect to be significantly accretive to Medical Segment margin rates
- ✓ Expect greater than \$0.20 in non-GAAP EPS accretion in FY17 (first full fiscal year post-close; closing assumed toward end of calendar 2015); increasingly accretive thereafter (figure is net of \$0.07 to \$0.08 of estimated, incremental annual financing-related interest expense); FY16 slightly dilutive due to inventory fair value step-up
- ✓ Expect to fund with \$1.0B of term debt and remainder with existing cash
- ✓ Annual synergies of at least \$100M expected exiting FY18

¹See appendix for non-GAAP definitions

Mechanics of transaction close

- ✓ Transaction expected to close by end of calendar 2015
- ✓ Binding offer in place until Works Council consultative processes completed in France and Germany; expect binding agreement thereafter
- ✓ Overall deal closes once applicable closing conditions met in approximately 20 principal countries
 - ✓ Principal countries include U.S., major Europe, China and Japan
- ✓ Other international countries close on a rolling basis afterwards, as country-specific approvals received

Cordis: at a glance



- ✓ U.S. largest single market; ~70% revenues outside the U.S.
- ✓ Calendar 2014 sales of ~\$780M
- ✓ Excellent growth platform in a large channel
- ✓ 25-year outstanding reputation for quality / product consistency
- ✓ Experienced salesforce / management team with proven track record
- ✓ Approximately 3,000 employees coming with acquisition
- ✓ Growing, recurring revenue streams and strong customer retention
- ✓ Headquartered in Fremont, CA; manufacturing operations in the U.S. (Florida) and Mexico
- ✓ Meaningful presence in all major ex-U.S. healthcare markets: China, Japan, Germany, Italy, France, UK, Brazil

Cordis's product portfolio

Cardiology

					
Sheaths	Wires	Dx Caths	Guides	PTCA Balloon	Closure
<p>Sheath – tube inserted into the body to provide access point for insertion of other instruments into an artery</p> <p>Wires / Guides – instruments that assist in guiding catheters, balloons, and stents into place</p> <p>Dx Cath – hollow tube inserted into arteries for the purpose of measuring pressure, collecting samples, or injecting x-ray dye for imaging</p> <p>Balloon – an inflation device inserted into an artery and expanded to compress blockage against the wall and allow blood to flow through during a Percutaneous Transluminal Coronary Angioplasty procedure</p>					

Endovascular

						
Sx Stents	Carotid	BX Stents	PTA	CTO	VCF	Access / Dx and Closure
<p>Sx Stent – self-expanding stent (mesh wire tube placed in artery to hold the passage open)</p> <p>Carotid – stent for the carotid artery, which supplies blood to the head and neck</p> <p>Bx Stent – balloon-expanding stent</p> <p>PTA – Percutaneous Transluminal Angioplasty dilatation balloon catheter for the treatment of patients with peripheral arterial disease</p> <p>CTO – catheter that enables controlled crossing of Chronic Total Occlusions</p>						

Cordis expands our global presence¹



¹Areas in **blue** to be included when Cordis principal and non-principal countries are closed.

In summary: scale and strategic fit

- Cordis represents a unique opportunity to accelerate our PPI
- Major move in cardiovascular space; complementary to AccessClosure
- Will fill out our portfolio, brings global commercial capabilities and immediately makes us a leader in this space
- The scale, product quality, and brand equity from the combination will allow us to modernize the model and deliver a high-quality, value-based cardiovascular portfolio
- Cordis' global footprint is an exciting opportunity to leverage scale in sourcing/manufacturing, and provides a platform for future growth

Appendix: Non-GAAP Definition, GAAP Reconciliation and Tax Benefit Description

Non-GAAP Definition

Non-GAAP diluted earnings per share from continuing operations: (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.

Non-GAAP Financial Measures

Cardinal Health presents non-GAAP diluted earnings per share from continuing operations on a forward-looking basis. 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 which Cardinal Health expects to increase significantly as a result of the Cordis acquisition, impairments and (gain)/loss on disposal of assets, litigation (recoveries)/charges, net, and LIFO charges/(credits), which are difficult to predict and estimate and are primarily dependent on future events. Please note that the unavailable reconciling items could significantly impact Cardinal Health's future financial results.

Description of Tax Benefits (noted on slide 7)

Tax benefits are derived primarily from the amortization of goodwill and other intangible assets.