Cardinal Health NYSE: CAH

Acquisition of Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses

Strategic Rationale

- **Excellent fit with key product lines and strategies**
  - **Expands product breadth and reputation:** leadership in numerous categories with great brands
  - **Enhances existing portfolio:** acute care solutions
  - **Increases scale:** medical products manufacturing and sourcing
  - **Builds on geographic reach:** additional volume to leverage through Cardinal Health OUS infrastructure
  - **Expands channel reach:** meaningful entry into long-term care and greater presence in the home
  - **Aligns with powerful demographic trends:** increasing demand for key product groups
- **Attractive economics; enhances enterprise growth characteristics and is margin-accretive**
- **Great people; outstanding commercial teams**

Overview

Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses

- Highly complementary, leading product portfolio with **23 product categories across multiple market settings**
- **Revenues of $2.3B[1]; ** strong cash generator
- **>70% of revenues in U.S.** in addition to strong global presence
- **Large group of leading brands,** used every day across the continuum of care
- **17 manufacturing facilities**
- **~10,000 employees**

[1]Total revenues for the businesses were $2.3 billion for the twelve months ending October 2016.

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Product portfolio

Argyle™	Open suction, cardiothoracic drainage, catheters			
Curity™	Bandages, dressings, underpads, adult briefs, protective underwear			
Devon™	Foam positioners, delivery kits, OR essentials			
Dover™	Urology, collection systems			
KANGAROO e	Enteral feeding pumps, sets, tubes and access devices			
Kendall™	Compression devices, anti-embolism stockings, disposable lead wires			
Monoject™	Sharps disposal containers, hypodermic needles, prefilled syringes			

Transaction highlights

- **Cardinal Health is acquiring Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses for $6.1B in cash.** The $6.1B does not include expected cash tax benefits of at least $100M
- **Expect at least $0.21 accretion to Non-GAAP[1] earnings per share from continuing operations in fiscal 2018, including:**
  - **Approximately $100M inventory step-up** during the first few quarters post-close
  - **Estimated, incremental annual financing-related interest expense of up to $0.39**, subject to change based on the ultimate bond pricing and tax rate
  - An expected **closing in Q1 FY18**
- **Anticipate more than $0.55 in fiscal 2019, and increasingly accretive thereafter**
- **Operational synergies annualizing at >$150M** exiting FY20
- **New debt offering to fund $4.5B of purchase price;** Spring/Summer 2017
- **Expect adjusted debt / Non-GAAP EBITDA[2] ratio to be slightly greater than 2.0x by end of FY20**
- Transition and reverse transition **service agreements**
- Transition and reverse transition **manufacturing agreements**
- **Subject to customary closing conditions,** including regulatory approvals

[1]See appendix for Non-GAAP definitions
[2]The "adjusted debt/ Non-GAAP EBITDA ratio" is a Non-GAAP measure defined as (A) debt plus the present value of operating lease obligations, (B) divided by the total of Non-GAAP Operating Earnings plus (depreciation and amortization (other than amortization of acquisition-related intangibles), other income and operating lease expense) minus net earnings attributable to non-controlling interests.

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Cautions Concerning Forward-Looking Statements

This fact sheet contains forward-looking statements addressing Cardinal Health's plans to acquire Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses 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, trends 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 Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses on a timely basis, including receipt of required regulatory approvals and satisfaction of other conditions; the conditions of the credit markets and our ability to issue debt to fund the acquisition on acceptable terms; if the acquisition of Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses is completed, the ability to retain the acquired businesses' customers and employees, the ability to successfully integrate the acquired businesses into Cardinal Health's operations, and the ability to achieve the expected synergies as well as accretion in earnings; competitive pressures in Cardinal Health's various lines of business; the amount or rate of generic and branded pharmaceutical price appreciation or deflation and the timing of and benefit from generic pharmaceutical introductions; the ability to maintain the benefits from the generic sourcing venture with CVS Health; 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 proposals to modify or repeal the Affordable Care Act; uncertainties with respect to U.S. tax or trade laws, including proposals relating to a "border adjustment tax" or new import tariffs; 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 foreign currency rates and 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 fact sheet reflects management's views as of April 18, 2017. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement.

Non-GAAP Financial Measures

Cardinal Health presents Non-GAAP diluted earnings per share from continuing operations and Non-GAAP EBITDA on a forward-looking basis. The most directly comparable forward-looking GAAP measures are diluted earnings per share from continuing operations and net earnings. Cardinal Health is unable to provide a quantitative reconciliation of these forward-looking Non-GAAP measures to the most directly comparable forward-looking GAAP measure, because Cardinal Health cannot reliably forecast LIFO charges/(credits), restructuring and employee severance, amortization and acquisition-related costs (which Cardinal Health expects to increase significantly as a result of Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses acquisition), impairments and (gain)/loss on disposal of assets and litigation (recoveries)/charges, net, which are difficult to predict and estimate. Please note that the unavailable reconciling items could significantly impact Cardinal Health's future financial results. These items could cause EPS, accretion to EPS and net earnings to differ materially from our Non-GAAP expectations.

Expected accretion to Non-GAAP diluted earnings per share from continuing operations reflects: (A) earnings from continuing operations, excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets, (5) 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 operating earnings: operating earnings excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and other acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets and (5) litigation (recoveries)/charges, net.

Description of Tax Benefits (noted on slide 8)

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

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