



Cardinal Health Reports Third-Quarter Results

- Revenue increases 7 percent to \$26 billion
- Earnings from continuing operations increase to \$250 million, or \$266 million on a non-GAAP basis(1)
- Diluted earnings per share from continuing operations increase by 15 percent to \$0.71, or 23 percent to \$0.75 on a non-GAAP basis(2)
- Fiscal 2011 outlook for non-GAAP diluted EPS from continuing operations raised to \$2.61 to \$2.67 from previous range of \$2.54 to \$2.60

DUBLIN, Ohio, April 28, 2011 /PRNewswire via COMTEX/ --

Cardinal Health today reported a 7 percent increase in fiscal 2011 third-quarter revenue to \$26.1 billion and a 23 percent increase in non-GAAP diluted earnings per share (EPS) to \$0.75, driven by 25 percent segment profit growth within its Pharmaceutical Segment.

"Our third-quarter results highlight the ongoing momentum of our business," said George Barrett, chairman and chief executive officer of Cardinal Health. "Our Pharmaceutical Segment led the way with 25 percent year-over-year profit growth, fueled by excellent performance in our pharmaceutical distribution business and the contribution of acquisitions completed earlier this year. Although the rising cost of commodities put pressure on our Medical Segment, our underlying performance was encouraging and our market position continues to strengthen.

"Based on our strong fiscal year-to-date performance, we are increasing our full-year guidance for non-GAAP diluted EPS from continuing operations to \$2.61 to \$2.67."

Q3 FY11 SUMMARY

	Q3 FY11	Q3 FY10	Y/Y
Revenue	\$26.1 billion	\$24.3 billion	7%

Operating Earnings	\$447 million	\$366 million	22%
Non-GAAP Operating Earnings(3)	\$466 million	\$385 million	21%

Earnings from Continuing Operations	\$250 million	\$225 million	11%
Non-GAAP Earnings from Continuing Operations	\$266 million	\$222 million	20%

Diluted EPS from Continuing Operations	\$0.71	\$0.62	15%
Non-GAAP Diluted EPS from Continuing Operations	\$0.75	\$0.61	23%

Non-GAAP diluted EPS from continuing operations were affected by a higher-than-usual tax rate, more than offset by lower interest and other expense, and fewer shares outstanding.

SEGMENT RESULTS

Pharmaceutical Segment

Revenue for the Pharmaceutical Segment increased 7 percent to \$23.8 billion, including significant contribution from the acquisitions completed earlier in the fiscal year. Sales to non-bulk customers increased 21 percent. Sales under the SOURCE (SM) Generics program increased 32 percent. Segment profit increased 25 percent to \$384 million, reflecting the contribution from stronger generic programs, which includes benefit from generic launches. Acquisitions positively contributed 6 percentage points to segment profit growth in the quarter.

Q3 FY11	Q3 FY10	Y/Y
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Revenue	\$23.8 billion	\$22.2 billion	7%
Segment Profit	\$384 million	\$307 million	25%

Medical Segment

Revenue for the Medical Segment increased 5 percent to \$2.2 billion, primarily driven by increased sales to existing customers, with particularly strong growth in the Ambulatory and Lab channels. Segment profit declined less than 1 percent to \$107 million as volume growth was offset by the negative impact of commodity price increases on the cost of products sold. Segment profit was further dampened by the impact of product mix due to continued sluggishness in surgical procedure volumes.

	Q3 FY11	Q3 FY10	Y/Y
Revenue	\$2.23 billion	\$2.12 billion	5%
Segment Profit	\$107 million	\$108 million	(1)%

ADDITIONAL THIRD-QUARTER AND RECENT HIGHLIGHTS

- Created joint program between the Cardinal Health P4 Healthcare business and Aetna to identify and promote the best clinical practices to improve the overall quality and cost of cancer treatment.
- Awarded a 20-month contract with the United States Department of Defense, with the option for two additional 20-month periods, for distribution of medical surgical supplies. The contract has a maximum value of \$1.02 billion over the initial 20-month period. The company expects to see the positive incremental impact of this win in the back half of fiscal 2012.
- Launched new, latex-free Flexal™ exam glove, a cost-effective alternative offering the flexibility and barrier protection of a nitrile glove with the tactile sensitivity of a latex one.

CONFERENCE CALL

Cardinal Health will host a webcast and conference call today at 8:30 a.m. EDT to discuss third-quarter results and its future outlook. To access the call and corresponding slide presentation, go to the Investors page at cardinalhealth.com/investors. The call can also be accessed by dialing 617-213-8834, passcode 81756246. Presentation slides and an audio replay will be archived on the website after the conclusion of the meeting. The audio replay will also be available until May 28 by dialing 617-801-6888, passcode 30821734.

UPCOMING EVENTS

- Deutsche Bank 36th Healthcare Conference on May 2 in Boston;
- Bank of America Merrill Lynch 2011 Healthcare Conference on May 10 in Las Vegas;
- Sanford C. Bernstein 27th Annual Strategic Decisions Conference on June 1 in New York;
- Goldman Sachs 32nd Annual Global Healthcare Conference on June 7 in Rancho Palos Verdes, Calif.; and
- William Blair 31st Annual Growth Stock Conference on June 14 in Chicago.

At these events, Cardinal Health executives will discuss the company's diverse products and services, company performance and strategies for continued growth. To access more details and live webcasts of these events, including remarks, go to the Investors page at cardinalhealth.com.

About Cardinal Health

Headquartered in Dublin, Ohio, Cardinal Health, Inc. (NYSE: CAH) is a \$99 billion [health care services company](#) that improves the cost-effectiveness of health care. As the business behind health care, Cardinal Health helps [pharmacies](#), [hospitals](#), [ambulatory surgery centers](#) and [physician offices](#) focus on patient care while [reducing costs](#), [enhancing efficiency and improving quality](#). Cardinal Health is an essential link in the health care supply chain, providing [pharmaceuticals](#) and [medical](#)

[products](#) to more than 60,000 locations each day. The company is also a leading manufacturer of [medical and surgical products](#), including [gloves](#), [surgical apparel](#) and [fluid management](#) products. In addition, the company supports the growing diagnostic industry by supplying medical products to [clinical laboratories](#) and operating the nation's largest [network of radiopharmacies](#) that dispense products to aid in the early diagnosis and treatment of disease. Ranked #17 on the Fortune 500, Cardinal Health [employs more than 30,000 people](#) worldwide. More information about the company may be found at [cardinalhealth.com](#).

(1) Non-GAAP earnings from continuing operations: Earnings from continuing operations excluding (1) restructuring and employee severance, (2) acquisition-related costs, (3) impairments and loss on sale of assets, (4) litigation (credits)/charges, net, (5) Other Spinoff Costs (as defined at the end of the attached tables), and (6) (gain)/loss on sale of CareFusion stock, each net of tax.

(2) Non-GAAP diluted EPS from continuing operations: Non-GAAP earnings from continuing operations divided by diluted weighted average shares outstanding.

(3) Non-GAAP operating earnings: Operating earnings excluding (1) restructuring and employee severance, (2) acquisition-related costs, (3) impairments and loss on sale of assets, (4) litigation (credits)/charges, net, and (5) Other Spinoff Costs included within distribution, selling, general and administrative expenses.

A reconciliation of the differences between these non-GAAP financial measures and their most directly comparable GAAP financial measures is provided in the attached tables and at [cardinalhealth.com](#).

Cardinal Health uses its website as a channel of distribution for material company information. Important information, including news releases, analyst presentations and financial information regarding Cardinal Health is routinely posted and accessible on the Investors page at [cardinalhealth.com](#).

Cautions Concerning Forward-Looking Statements

This news release 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," 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 (but are not limited to) uncertainties related to demand for Cardinal Health's products and services; uncertainties relating to Cardinal Health's ability to retain customers and employees of acquired businesses, including Kinray and Yong Yu, to successfully integrate the acquired businesses into Cardinal Health's operations, and to achieve the expected benefits from the acquired businesses; uncertainties due to government health care reform including the recently enacted federal health care reform legislation; competitive pressures in Cardinal Health's various lines of business; the loss of one or more key customer or supplier relationships or changes to the terms of those relationships; the timing of generic and branded pharmaceutical introductions and the frequency or rate of branded pharmaceutical price appreciation or generic pharmaceutical price deflation; changes in the distribution patterns or reimbursement rates for health care products and/or services; the effects of any investigation by any regulatory authority, including with respect to compliance with the Foreign Corrupt Practices Act. In addition, 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 (including all amendments to those reports) and exhibits to those reports. This news release reflects management's views as of April 28, 2011. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement.