

CARDINAL HEALTH INC

FORM 10-Q (Quarterly Report)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2012

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 1-11373



Cardinal Health, Inc.

(Exact name of registrant as specified in its charter)

Ohio

*(State or other jurisdiction of
incorporation or organization)*

31-0958666

*(IRS Employer
Identification No.)*

7000 Cardinal Place, Dublin, Ohio

(Address of principal executive offices)

43017

(Zip Code)

(614) 757-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of the registrant's Common Shares, without par value, outstanding as of January 31, 2013, was the following: 340,859,751.

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* Items not listed are inapplicable.

Part I. Financial Information

Item 1: Financial Statements

Condensed Consolidated Statements of Earnings (Unaudited)

(in millions, except per Common Share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Revenue	\$ 25,232	\$ 27,078	\$ 51,121	\$ 53,870
Cost of products sold	24,008	25,964	48,739	51,672
Gross margin	1,224	1,114	2,382	2,198
Operating expenses:				
Distribution, selling, general and administrative expenses	699	640	1,388	1,283
Restructuring and employee severance	1	2	6	5
Acquisition-related costs	25	22	53	49
Impairments and loss on disposal of assets	5	1	6	2
Litigation (recoveries)/charges, net	(12)	—	(34)	(3)
Operating earnings	506	449	963	862
Other (income)/expense, net	(4)	—	(12)	5
Interest expense, net	27	23	53	46
Earnings before income taxes and discontinued operations	483	426	922	811
Provision for income taxes	180	162	347	310
Earnings from continuing operations	303	264	575	501
Loss from discontinued operations, net of tax	—	(2)	—	(2)
Net earnings	\$ 303	\$ 262	\$ 575	\$ 499
Basic earnings/(loss) per Common Share:				
Continuing operations	\$ 0.89	\$ 0.77	\$ 1.69	\$ 1.45
Discontinued operations	—	(0.01)	—	(0.01)
Net basic earnings per Common Share	\$ 0.89	\$ 0.76	\$ 1.69	\$ 1.44
Diluted earnings/(loss) per Common Share:				
Continuing operations	\$ 0.88	\$ 0.76	\$ 1.67	\$ 1.44
Discontinued operations	—	(0.01)	—	(0.01)
Net diluted earnings per Common Share	\$ 0.88	\$ 0.75	\$ 1.67	\$ 1.43
Weighted-average number of Common Shares outstanding:				
Basic	340	345	340	345
Diluted	343	349	344	349
Cash dividends declared per Common Share	\$ 0.2750	\$ 0.2150	\$ 0.5125	\$ 0.4300

See notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(in millions)	Three Months Ended December 31,		Six Months Ended December 31,	
	2012	2011	2012	2011
Net earnings	\$ 303	\$ 262	\$ 575	\$ 499
Other comprehensive income/(loss), net of tax:				
Net change in foreign currency translation adjustments	11	(5)	36	(20)
Net unrealized gain/(loss) on derivative instruments	2	—	1	(2)
Total other comprehensive income/(loss), net of tax	13	(5)	37	(22)
Total comprehensive income	\$ 316	\$ 257	\$ 612	\$ 477

See notes to condensed consolidated financial statements.

Condensed Consolidated Balance Sheets

(in millions)	December 31, 2012 (Unaudited)	June 30, 2012
Assets		
Current assets:		
Cash and equivalents	\$ 2,255	\$ 2,274
Trade receivables, net	6,158	6,355
Inventories	8,452	7,864
Prepaid expenses and other	996	1,017
Total current assets	17,861	17,510
Property and equipment, net	1,475	1,551
Goodwill and other intangibles, net	4,428	4,392
Other assets	878	807
Total assets	\$ 24,642	\$ 24,260
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 11,796	\$ 11,726
Current portion of long-term obligations and other short-term borrowings	474	476
Other accrued liabilities	1,932	1,972
Total current liabilities	14,202	14,174
Long-term obligations, less current portion	2,423	2,418
Deferred income taxes and other liabilities	1,475	1,424
Shareholders' equity:		
Preferred Shares, without par value:		
Authorized— 500 thousand shares, Issued— none	—	—
Common Shares, without par value:		
Authorized— 755 million shares, Issued— 364 million shares at December 31, 2012 and June 30, 2012	2,929	2,930
Retained earnings	4,491	4,093
Common Shares in treasury, at cost: 23 million shares and 21 million shares at December 31, 2012 and June 30, 2012, respectively	(952)	(816)
Accumulated other comprehensive income	74	37
Total shareholders' equity	6,542	6,244
Total liabilities and shareholders' equity	\$ 24,642	\$ 24,260

See notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Six Months Ended December 31,	
	2012	2011
Cash flows from operating activities:		
Net earnings	\$ 575	\$ 499
Loss from discontinued operations, net of tax	—	2
Earnings from continuing operations	575	501
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	176	156
Impairments and loss on disposal of assets	6	2
Share-based compensation	46	42
Provision for bad debts	9	2
Change in operating assets and liabilities, net of effects from acquisitions:		
Decrease in trade receivables	228	167
Increase in inventories	(536)	(1,553)
Increase in accounts payable	31	1,118
Other accrued liabilities and operating items, net	(97)	(45)
Net cash provided by operating activities	438	390
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash acquired	(126)	(7)
Additions to property and equipment	(62)	(101)
Proceeds from maturities of held-to-maturity securities	71	35
Purchase of held-to-maturity securities and other investments	—	(11)
Net cash used in investing activities	(117)	(84)
Cash flows from financing activities:		
Net change in short-term borrowings	17	4
Reduction of long-term obligations	(6)	(1)
Proceeds from issuance of Common Shares	26	11
Tax disbursements from share-based compensation	(12)	—
Dividends on Common Shares	(165)	(152)
Purchase of treasury shares	(200)	(300)
Net cash used in financing activities	(340)	(438)
Net decrease in cash and equivalents	(19)	(132)
Cash and equivalents at beginning of period	2,274	1,930
Cash and equivalents at end of period	\$ 2,255	\$ 1,798

See notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

Our condensed consolidated financial statements include the accounts of all majority-owned and controlled subsidiaries, and all significant intercompany transactions and amounts have been eliminated. References to "we," "our" and similar pronouns in this Quarterly Report on Form 10-Q refer to Cardinal Health, Inc. and its majority-owned and controlled subsidiaries unless the context requires otherwise. The results of businesses acquired or disposed of are included in the condensed consolidated financial statements from the effective date of the acquisition or up to the date of disposal, respectively.

Our condensed consolidated financial statements have been prepared in accordance with the U.S. Securities and Exchange Commission ("SEC") instructions to Quarterly Reports on Form 10-Q and include all of the information and disclosures required by accounting principles generally accepted in the United States ("GAAP") for interim financial reporting. The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes. Actual amounts may differ from these estimated amounts. In addition, operating results presented for this fiscal 2013 interim period are not necessarily indicative of the results that may be expected for the full fiscal year ending June 30, 2013.

These condensed consolidated financial statements are unaudited and are presented pursuant to the rules and regulations of the SEC. Accordingly, the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for the quarter ended December 31, 2012 (this "Form 10-Q") should be read in conjunction with the audited consolidated financial statements and related notes contained in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012 (the "2012 Form 10-K"). In our opinion, all adjustments necessary for a fair presentation of the condensed consolidated financial statements have been included. Except as disclosed elsewhere in this Form 10-Q, all such adjustments are of a normal and recurring nature.

Spin-Off of CareFusion

Effective August 31, 2009, we separated our clinical and medical products businesses through a distribution to our shareholders of 81 percent of the then outstanding common stock of CareFusion Corporation ("CareFusion") and retained the remaining shares of CareFusion common stock (the "Spin-Off"). During fiscal 2010 and 2011, we disposed of the remaining shares of CareFusion common stock. We are a party to a separation agreement and various other agreements relating to the separation, including a tax matters agreement. Under the tax matters agreement, CareFusion is obligated to indemnify us for certain tax exposures and transaction taxes prior to the Spin-Off. The indemnification receivable was \$270 million and \$265 million at December 31, 2012 and June 30, 2012, respectively, and is included in other assets in the condensed consolidated balance sheets.

Major Customers

Our largest customers, CVS Caremark Corporation ("CVS") and

Recent Financial Accounting Standards

In June 2011, the Financial Accounting Standards Board ("FASB") issued amended accounting guidance related to the presentation of comprehensive income. This guidance requires that comprehensive income, the components of net income and the components of other comprehensive income be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB deferred the effective date of the specific requirement to present items that are reclassified out of accumulated other comprehensive income to net income alongside their respective components of net income and other comprehensive income. We adopted this amended guidance on a retrospective basis in the first quarter of fiscal 2013 and have elected to report comprehensive income and its components in a separate statement of comprehensive income. The adoption of this guidance did not impact our financial position or results of operations.

2. Acquisitions

While we have completed acquisitions during the six months ended December 31, 2012, the pro forma results of operations and the results of operations for acquisitions since the acquisition date have not been separately disclosed because the effects were not significant enough compared to the consolidated financial statements, individually or in the aggregate.

In accordance with the acquisition agreement, as amended, the former owners of Healthcare Solutions Holding, LLC ("P4 Healthcare") had the right to receive certain contingent payments of up to \$100 million. As a result of changes in our estimate of performance in future periods, coupled with the progress of discussions with the former owners regarding an early termination and settlement, we recorded a \$71 million total decrease in the fair value of the contingent consideration obligation primarily during the third and fourth quarters of fiscal 2012. We terminated and settled the remaining contingent consideration obligation in July 2012 for \$4 million. See Note 8 for an explanation of the fair value measurement for the contingent consideration obligation.

Acquisition-Related Costs

We classify costs incurred in connection with acquisitions as acquisition-related costs in the condensed consolidated statements of earnings. These costs consist primarily of transaction costs, integration costs, changes in the fair value of contingent consideration obligations and amortization of acquisition-related intangible assets. Transaction costs are incurred during the initial evaluation of a potential acquisition and primarily relate to costs to analyze, negotiate and consummate the transaction as well as due diligence activities. Integration costs relate to activities needed to combine the operations of an acquired enterprise with our operations.

3. Restructuring and Employee Severance

We consider restructuring activities to be programs whereby we fundamentally change our operations, such as closing and consolidating facilities, moving manufacturing of a product to another location, production or business process sourcing, employee severance (including rationalizing headcount or other significant changes in personnel) and realigning operations (including substantial realignment of the management structure of a business unit in

Walgreen Co. ("Walgreens"), accounted for approximately 22 percent and 21 percent , respectively, of our fiscal 2012 revenue. Our contracts with CVS and Walgreens are currently scheduled to expire in June 2013 and August 2013, respectively. response to changing market conditions).

Notes to Condensed Consolidated Financial Statements (continued)

The following tables summarize restructuring and employee severance costs:

(in millions)	Three Months Ended December 31,	
	2012	2011
Employee-related costs (1)	\$ —	\$ 2
Facility exit and other costs (2)	1	—
Total	\$ 1	\$ 2

(in millions)	Six Months Ended December 31,	
	2012	2011
Employee-related costs (1)	\$ 5	\$ 4
Facility exit and other costs (2)	1	1
Total	\$ 6	\$ 5

- (1) Employee-related costs primarily consist of termination benefits provided to employees who have been involuntarily terminated and duplicate payroll costs during transition periods.
- (2) Facility exit and other costs primarily consist of lease termination costs, accelerated depreciation, equipment relocation costs, project consulting fees and costs associated with restructuring our delivery of information technology infrastructure services.

The following table summarizes activity related to liabilities associated with restructuring and employee severance:

(in millions)	Employee-Related Costs	Facility Exit and Other Costs	Total
Balance at June 30, 2012	\$ 16	\$ 2	\$ 18
Additions	9	1	10
Payments and other adjustments	(11)	(1)	(12)
Balance at December 31, 2012	\$ 14	\$ 2	\$ 16

4. Goodwill and Other Intangible Assets

Goodwill

The following table summarizes the changes in the carrying amount of goodwill, in total and by segment:

(in millions)	Pharmaceutical	Medical	Total
Balance at June 30, 2012	\$ 2,876	\$ 1,102	\$ 3,978
Goodwill acquired, net of purchase price adjustments	25	7	32
Foreign currency translation adjustments and other	3	5	8
Balance at December 31, 2012	\$ 2,904	\$ 1,114	\$ 4,018

Purchased goodwill is not amortized, but instead is tested for impairment annually or when indicators of impairment exist. We performed annual impairment testing during the fourth quarter of fiscal 2012 and concluded that there were no impairments of goodwill. Refer to our 2012 Form 10-K for further discussion of our significant accounting policy relating to goodwill impairment testing.

Primarily due to reductions in anticipated future cash flows as a result of significant softness in the low-energy diagnostics market served by our nuclear pharmacy services division, we performed interim goodwill impairment testing for this reporting unit during the three months ended December 31, 2012. The carrying value of this reporting unit at December 31, 2012 was \$1.0 billion, of which \$829

Our determination of estimated fair value of the reporting unit is based on a combination of the income-based and market-based approaches. Under the market-based approach, we determine fair value by comparing our reporting unit to similar businesses or guideline companies whose securities are actively traded in public markets. Under the income-based approach, we use a discounted cash flow model in which cash flows anticipated over several periods, plus a terminal value at the end of that time horizon, are discounted to their present value using an appropriate rate of return. Future anticipated cash flows are based on our long-term strategic business plans, and a terminal value is used to estimate the reporting unit's cash flows beyond this plan. The discount rate represents the weighted-average cost of capital, which is an estimate of the overall after-tax rate of return required by equity and debt market participants. Our fair value estimates utilize significant unobservable inputs and thus represent Level 3 fair value measurements. The use of alternate estimates and assumptions or changes in the industry or peer groups could materially affect the determination of fair value for each reporting unit and potentially result in goodwill impairment.

We concluded that there was no impairment of goodwill because the estimated fair value of the reporting unit exceeded its carrying value. Future unfavorable changes in anticipated cash flows, estimated terminal value, or discount rates, could materially affect our estimate of fair value and potentially result in goodwill impairment.

Other Intangible Assets

Other intangible assets with definite lives are amortized over their useful lives, which range from one to twenty years. The following tables summarize other intangible assets by class:

(in millions)	December 31, 2012		
	Gross Intangible	Accumulated Amortization	Net Intangible
Indefinite-life intangibles:			
Trademarks	\$ 17	\$ —	\$ 17
Total indefinite-life intangibles	17	—	17
Definite-life intangibles:			
Customer relationships	505	174	331
Trademarks and patents	49	40	9
Non-compete agreements	15	9	6
Other	96	49	47
Total definite-life intangibles	665	272	393
Total other intangible assets	\$ 682	\$ 272	\$ 410

(in millions)	June 30, 2012		
	Gross Intangible	Accumulated Amortization	Net Intangible
Indefinite-life intangibles:			
Trademarks	\$ 17	\$ —	\$ 17
Total indefinite-life intangibles	17	—	17
Definite-life intangibles:			
Customer relationships	473	141	332
Trademarks and patents	45	26	19

million was goodwill. The fair value of the reporting unit was estimated to be approximately 20 percent in excess of its carrying value, using a combination of the income-based approach (using a discount rate of 9 percent) and the market-based approach.

Non-compete agreements	14	8	6
Other	93	43	50
Total definite-life intangibles	625	228	397
Total other intangible assets	\$ 642	\$ 228	\$ 414

Notes to Condensed Consolidated Financial Statements (continued)

Total amortization of intangible assets was \$23 million and \$19 million for the three months ended December 31, 2012 and 2011 , respectively, and \$44 million and \$38 million for the six months ended December 31, 2012 and 2011 , respectively. Estimated annual amortization of intangible assets for the remainder of fiscal 2013 through 2017 is as follows: \$42 million , \$76 million , \$58 million , \$50 million and \$41 million .

5. Income Taxes

Fluctuations in our effective tax rate are due to changes within international and U.S. state effective tax rates and discrete items. The following tables summarize our provision for income taxes as a percentage of pretax earnings ("effective tax rate"):

	Three Months Ended December 31,	
	2012	2011
Effective tax rate	37.2%	37.9%

	Six Months Ended December 31,	
	2012	2011
Effective tax rate	37.6%	38.1%

During the three and six months ended December 31, 2012 , the effective tax rate was impacted by net unfavorable discrete items of \$2 million and \$6 million , or 0.3 percent and 0.6 percent , respectively. The discrete items include unfavorable amounts related to the establishment of a valuation allowance and changes in unrecognized tax benefits.

During the three and six months ended December 31, 2011 , the effective tax rate was impacted by net unfavorable discrete items of \$5 million and \$8 million , or 1.1 percent and 1.0 percent , respectively. The discrete items include unfavorable amounts related to remeasuring certain unrecognized tax benefits, partially offset by the favorable impact of settling certain state tax matters.

A tax benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The amount recognized is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement.

We had \$660 million and \$654 million of unrecognized tax benefits at December 31, 2012 and June 30, 2012 , respectively. The December 31, 2012 and June 30, 2012 balances include \$342 million and \$337 million , respectively, of unrecognized tax benefits that, if recognized, would have an impact on the effective tax rate. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits would not affect our effective tax rate. We include the full amount of unrecognized tax benefits in deferred income taxes and other liabilities in the condensed consolidated balance sheets.

It is reasonably possible that there could be a change in the amount of unrecognized tax benefits within the next 12 months due to activities of the Internal Revenue Service ("IRS") or other taxing authorities, including proposed assessments of additional tax, possible settlement

months is a decrease of approximately zero to \$290 million , exclusive of penalties and interest.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. At December 31, 2012 and June 30, 2012 , we had \$225 million and \$209 million , respectively, accrued for the payment of interest and penalties. These balances are gross amounts before any tax benefits and are included in deferred income taxes and other liabilities in the condensed consolidated balance sheets.

We file income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions and various foreign jurisdictions. With few exceptions, we are subject to audit by taxing authorities for fiscal years 2003 through the current fiscal year.

The IRS is currently conducting audits of fiscal years 2003 through 2010. We have received proposed adjustments from the IRS for fiscal years 2003 through 2007 related to our transfer pricing arrangements between foreign and domestic subsidiaries and the transfer of intellectual property among subsidiaries of an acquired entity prior to its acquisition by us. The IRS has proposed additional taxes of \$849 million , excluding penalties and interest. If this tax ultimately must be paid, CareFusion is liable under the tax matters agreement entered into in connection with the Spin-Off for \$592 million of the total amount. We disagree with these proposed adjustments, which we are contesting, and have accounted for the unrecognized tax benefits related to them.

6. Contingent Liabilities and Litigation

Legal Proceedings

We become involved from time-to-time in disputes, litigation and regulatory matters incidental to our business, including governmental investigations and enforcement actions, personal injury claims, employment matters, commercial disputes, intellectual property matters, government contract compliance matters, disputes regarding environmental clean-up costs, litigation in connection with acquisitions and divestitures, and other matters arising out of the normal conduct of our business. We intend to vigorously defend ourselves in such litigation.

We may also be named from time-to-time in *qui tam* actions (False Claims Act cases initiated by private parties purporting to act on behalf of the government). These actions often allege that false claims have been submitted or have been caused to be submitted for payment by the government. After a *qui tam* action has been filed, the government must investigate and determine whether to intervene in the matter. These actions may remain under seal while the government makes this determination.

Occasionally, we may suspect that products we manufacture, market or distribute do not meet product specifications, published standards or regulatory requirements. In such circumstances, we investigate and take appropriate corrective action. Such actions can lead to product recalls, costs to repair or replace affected products, temporary interruptions in product sales and action by regulators.

We accrue for contingencies related to litigation and regulatory matters if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because litigation is

of audit issues (primarily IRS audits of fiscal years 2003 through 2005), or the expiration of applicable statutes of limitations. We estimate that the range of the possible change in unrecognized tax benefits within the next 12

inherently unpredictable and unfavorable developments or resolutions can occur, assessing contingencies is highly subjective and requires judgments about future events. We regularly review contingencies to determine

Notes to Condensed Consolidated Financial Statements (continued)

whether our accruals and related disclosures are adequate. The amount of ultimate loss may differ from these estimates.

We are unable to estimate a range of reasonably possible loss for matters described below, since damages or fines have not been specified or, in our judgment, are unsupported and the proceedings are in early stages with significant uncertainty as to factual issues. We do not believe, based on currently available information, that the outcomes of these matters will have a material adverse effect on our financial condition, though the outcomes could be material to our results of operations for a particular period.

We recognize income from the favorable outcome of litigation when we receive the associated cash or assets.

We recognize estimated loss contingencies for litigation and regulatory matters and income from favorable resolution of litigation in litigation (recoveries)/charges, net in our condensed consolidated statements of earnings.

Lakeland, Florida Distribution Center DEA Investigation and Related Matters

On February 3, 2012, the United States Drug Enforcement Administration (the "DEA") issued an order to show cause and immediate suspension of our Lakeland, Florida distribution center's registration to distribute controlled substances, asserting that we failed to maintain required controls against the diversion of controlled substances. On May 14, 2012, we entered into a settlement agreement with the DEA under which our Lakeland registration will remain suspended until May 15, 2014 and the DEA confirmed that it was planning no further administrative actions at any of our other facilities based on conduct prior to the settlement. The settlement agreement did not foreclose the possibility of the U.S. Department of Justice (the "DOJ") seeking civil fines for conduct covered by the settlement agreement. In that regard, we have received civil subpoenas from two local offices within the DEA and the DOJ and are responding to these offices on these matters.

State of West Virginia vs. Cardinal Health, Inc.

On June 26, 2012, the West Virginia Attorney General filed complaints against fourteen pharmaceutical wholesale distributors, including us, in the Circuit Court of Boone County, West Virginia alleging, among other things, that the distributors failed to maintain effective controls to guard against diversion of controlled substances in West Virginia, failed to report suspicious orders of controlled substances in accordance with the West Virginia Uniform Controlled Substances Act, were negligent in distributing controlled substances to pharmacies that serve individuals who abuse controlled substances, were unjustly enriched by such conduct, violated consumer credit and protection laws, created a public nuisance, and violated state antitrust laws in connection with the distribution of controlled substances. In addition to injunctive and other equitable relief, the complaints seek monetary damages and the creation of a court-supervised fund, to be financed by the defendants in these actions, for a medical monitoring program focused on prescription drug abuse. Motions have been filed by all defendants to remove the cases to the United States District Court for the Southern District of West Virginia.

DOJ Civil Investigative Demand

In September 2012, we received a civil investigative demand from the

Qui Tam Action

We have learned that our subsidiary P4 Healthcare is a named defendant in a civil *qui tam* action filed in federal district court that alleges violations of the federal healthcare fraud and abuse laws and federal False Claims Act, both before and after we acquired P4 Healthcare. The DOJ is considering whether to intervene in the matter and has requested that we provide information relating to the allegations. We are cooperating with the DOJ in this matter. The action remains under seal.

Antitrust Litigation Proceeds

During the three and six months ended December 31, 2012, we recognized \$12 million and \$34 million, respectively, of income resulting from settlements of class action antitrust claims in which we were a class member.

Income Taxes

See Note 5 in this Form 10-Q and Note 8 to the consolidated financial statements in our 2012 Form 10-K for discussion of contingencies related to our income taxes.

7. Financial Instruments and Other Financing Arrangements

Financial Instruments

We utilize derivative financial instruments to manage exposure to certain risks related to our ongoing operations. The primary risks managed through the use of derivative instruments include interest rate risk, currency exchange risk and commodity price risk. We do not use derivative instruments for trading or speculative purposes. While the majority of our derivative instruments are designated as hedging instruments, we also enter into derivative instruments that are designed to hedge a risk, but are not designated as hedging instruments. These derivative instruments are adjusted to current fair value through earnings at the end of each period. Our derivative and hedging programs are consistent with those described in our 2012 Form 10-K.

In September 2012 and August 2011, we terminated notional amounts of \$350 million and \$640 million of pay-floating interest rate swaps, respectively, and received net settlement proceeds of \$43 million and \$34 million, respectively. These swaps were previously designated as fair value hedges. There was no immediate impact to the condensed consolidated statements of earnings; however, the fair value adjustment to debt is being amortized over the life of the underlying debt as a reduction to interest expense, net in the condensed consolidated statements of earnings.

Fair Value of Financial Instruments

The carrying amounts of cash and equivalents, trade receivables, accounts payable, other short-term borrowings, and other accrued liabilities at December 31, 2012 and June 30, 2012 approximate fair value due to their short-term maturities.

We held investments in fixed income corporate debt securities at June 30, 2012, which were classified as held-to-maturity as we had the intent and ability to hold these investments until maturity. These investments were held at amortized cost, which approximated fair value. The fair value was estimated based on either the quoted market prices for the same or similar issues or other inputs derived from

DOJ under the Federal False Claims Act requiring us to produce documents relating to the structure of discounts offered or provided to our customers. We are cooperating with the DOJ in this matter.

available market information, which represented a Level 2 measurement. We held \$72 million of these investments at June 30, 2012 , which were included within prepaid

Notes to Condensed Consolidated Financial Statements (continued)

expenses and other in the condensed consolidated balance sheets and matured during the six months ended December 31, 2012 .

The following table summarizes the estimated fair value of our long-term obligations and other short-term borrowings compared to the respective carrying amounts:

(in millions)	December 31, 2012	June 30, 2012
Estimated fair value	\$ 3,088	\$ 3,075
Carrying amount	2,897	2,894

The fair value of our long-term obligations and other short-term borrowings is estimated based on either the quoted market prices for the same or similar issues or other inputs derived from available market information, which represents a Level 2 measurement.

Other Financing Arrangements

On November 6, 2012 , we renewed our \$950 million committed receivables sales facility program through Cardinal Health Funding, LLC ("CHF") until November 6, 2014 . CHF was organized for the sole purpose of buying receivables and selling undivided interests in those receivables to third-party purchasers. Although consolidated in accordance with GAAP, CHF is a separate legal entity from Cardinal Health and from our subsidiary that sells the receivables to CHF. CHF is designed to be a special purpose, bankruptcy-remote entity whose assets are available solely to satisfy the claims of its creditors.

8. Fair Value Measurements

Fair value is defined as the price that would be received upon selling an asset or the price paid to transfer a liability on the measurement date. It focuses on the exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair values are as follows:

- Level 1 - Observable prices in active markets for identical assets and liabilities.
- Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Recurring Fair Value Measurements

The following tables present the fair values for those assets and (liabilities) measured on a recurring basis:

(in millions)	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Cash equivalents (1)	\$ 612	\$ —	\$ —	\$ 612
Forward contracts (2)	—	15	—	15
Other investments (3)	87	—	—	87
Total	\$ 699	\$ 15	\$ —	\$ 714

(in millions)	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Cash equivalents (1)	\$ 997	\$ —	\$ —	\$ 997
Forward contracts (2)	—	49	—	49
Other investments (3)	78	—	—	78
Contingent consideration obligation (4)	—	—	(4)	(4)
Total	\$ 1,075	\$ 49	\$ (4)	\$ 1,120

- (1) Cash equivalents are comprised of highly liquid investments purchased with a maturity of three months or less. The carrying value of these cash equivalents approximates fair value due to their short-term maturities.
- (2) The fair value of foreign currency contracts, commodity contracts and interest rate swaps is determined based on the present value of expected future cash flows considering the risks involved, including non-performance risk, and using discount rates appropriate for the respective maturities. Observable Level 2 inputs are used to determine the present value of expected future cash flows.
- (3) The other investments balance includes investments in mutual funds, which are used to offset fluctuations in deferred compensation liabilities. These mutual funds primarily invest in the equity securities of companies with large market capitalization and high quality fixed income debt securities. The fair value of these investments is determined using quoted market prices.
- (4) The contingent consideration obligation was incurred in connection with the acquisition of P4 Healthcare. The former owners of P4 Healthcare had the right to receive certain contingent payments based on targeted earnings before interest, taxes, depreciation and amortization ("EBITDA"). The fair value of the contingent consideration obligation was determined based on a probability-weighted income approach derived from EBITDA estimates and probability assessments with respect to the likelihood of achieving the various EBITDA targets. The fair value measurement was based on significant inputs unobservable in the market and thus represented a Level 3 measurement. At each reporting date, we revalued the contingent consideration obligation to estimated fair value. Changes in the fair value of the contingent consideration obligation resulted from changes in the terms of the contingent payments, changes in discount periods and rates, changes in the timing and amount of EBITDA estimates, and changes in probability assumptions with respect to the timing and likelihood of achieving the EBITDA targets. As a result of changes in our estimate of performance in future periods, coupled with the progress of discussions with the former owners regarding an early termination and settlement, we recorded a \$71 million total decrease in the fair value of the contingent consideration obligation primarily during the third and fourth quarters of fiscal 2012, which was included in acquisition-related costs in the condensed consolidated statements of earnings. We terminated and settled the remaining contingent consideration obligation in July 2012 for \$4 million .

9. Shareholders' Equity

We made no repurchases of Common Shares during the three months ended December 31, 2012 and 2011 .

During the three months ended September 30, 2012, we repurchased 4.9 million Common Shares having an aggregate cost of \$200 million . The average price paid per common share for all Common Shares repurchased was \$40.63 .

During the three months ended September 30, 2011, we repurchased 6.7 million Common Shares having an aggregate cost of \$300 million . The average price paid per common share for all Common Shares repurchased was \$44.89 .

We funded the repurchases with available cash. The Common Shares repurchased are held in treasury to be used for general corporate purposes.

10. Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net

earnings (the numerator) by the weighted-average number of Common Shares outstanding during each period (the denominator). Diluted EPS is similar to the computation for basic EPS, except that the denominator is increased by the dilutive effect of vested and nonvested stock options, restricted

Notes to Condensed Consolidated Financial Statements (continued)

shares and restricted share units computed using the treasury stock method. The total number of Common Shares issued, less the Common Shares held in treasury, is used to determine the Common Shares outstanding.

The following tables reconcile the number of Common Shares used to compute basic and diluted EPS:

(in millions)	Three Months Ended December 31,	
	2012	2011
Weighted-average Common Shares—basic	340	345
Effect of dilutive securities:		
Employee stock options, restricted shares and restricted share units	3	4
Weighted-average Common Shares—diluted	343	349

(in millions)	Six Months Ended December 31,	
	2012	2011
Weighted-average Common Shares—basic	340	345
Effect of dilutive securities:		
Employee stock options, restricted shares and restricted share units	4	4
Weighted-average Common Shares—diluted	344	349

The potentially dilutive employee stock options, restricted shares and restricted share units that were antidilutive were 12 million and 10 million for the three months ended December 31, 2012 and 2011, respectively, and 12 million and 10 million for the six months ended December 31, 2012 and 2011, respectively.

11. Segment Information

Our operations are principally managed on a products and services basis and are comprised of two operating segments, which are the same as our reportable segments: Pharmaceutical and Medical. The factors for determining the reportable segments include the manner in which management evaluates our performance combined with the nature of the individual business activities.

The following tables include revenue for each reportable segment and reconciling items necessary to agree to amounts reported in the condensed consolidated statements of earnings:

(in millions)	Three Months Ended December 31,	
	2012	2011
Pharmaceutical	\$ 22,747	\$ 24,665
Medical	2,487	2,416
Total segment revenue	25,234	27,081
Corporate (1)	(2)	(3)
Total revenue	\$ 25,232	\$ 27,078

(in millions)	Six Months Ended December 31,	
	2012	2011
Pharmaceutical	\$ 46,244	\$ 49,083
Medical	4,879	4,796
Total segment revenue	51,123	53,879

We evaluate segment performance based upon segment profit, among other measures. Segment profit is segment revenue, less segment cost of products sold, less segment distribution, selling, general and administrative ("SG&A") expenses. Segment SG&A expenses includes share-based compensation expense as well as allocated corporate expenses for shared functions, including corporate management, corporate finance, financial and customer care shared services, human resources, information technology and legal. Corporate expenses are allocated to the segments based upon headcount, level of benefit provided and ratable allocation. Information about interest income and expense and income taxes is not provided at the segment level.

Restructuring and employee severance, acquisition-related costs, impairments and loss on disposal of assets, litigation (recoveries)/charges, net, certain investment and other spending are not allocated to the segments. See Notes 2, 3 and 6, respectively, for further discussion of our acquisition-related costs, restructuring and employee severance, and litigation (recoveries)/charges, net. Investment spending generally includes the first year spend for certain projects that require incremental strategic investments in the form of additional operating expenses. We encourage our segments to identify investment projects that will promote innovation and provide future returns. As approval decisions for such projects are dependent upon executive management, the expenses for such projects are often retained at Corporate. Investment spending within Corporate was \$7 million and \$3 million for the three months ended December 31, 2012 and 2011, respectively, and \$7 million and \$10 million for the six months ended December 31, 2012 and 2011, respectively.

The following tables include segment profit by reportable segment and reconciling items necessary to agree to amounts reported in the condensed consolidated statements of earnings:

(in millions)	Three Months Ended December 31,	
	2012	2011
Pharmaceutical	\$ 441	\$ 394
Medical (1)	94	85
Total segment profit	535	479
Corporate	(29)	(30)
Total operating earnings	\$ 506	\$ 449

(in millions)	Six Months Ended December 31,	
	2012	2011
Pharmaceutical	\$ 841	\$ 757
Medical (1)	168	164
Total segment profit	1,009	921
Corporate	(46)	(59)
Total operating earnings	\$ 963	\$ 862

- (1) During the three and six months ended December 31, 2012, we identified certain vendor chargeback billings that were delayed when we implemented our medical business transformation. Because the amount was not material to the prior-years' consolidated financial statements and the impact of recording the adjustment in the current period is not material to our condensed consolidated financial statements, we recorded out-of-period adjustments that increased Medical segment profit by \$5 million and \$8 million for the three and six months ended

Corporate (1)		(2)		(9)
Total revenue	\$	51,121	\$	53,870

(1) Corporate revenue consists of the elimination of inter-segment revenue.

December 31, 2012 , respectively. Of the total \$8 million adjustment recorded during fiscal 2013, \$4 million and \$4 million relate to the third and fourth quarters of fiscal 2012 , respectively.

Notes to Condensed Consolidated Financial Statements (continued)

12. Share-Based Compensation

Share-Based Compensation Plans

We maintain stock incentive plans (collectively, the “Plans”) for the benefit of our officers, directors and certain employees. The following tables provide total share-based compensation expense by type of award:

	Three Months Ended December 31,	
(in millions)	2012	2011
Restricted share and share unit expense	\$ 14	\$ 14
Employee stock option expense	5	6
Performance share unit expense	3	2
Total	\$ 22	\$ 22

	Six Months Ended December 31,	
(in millions)	2012	2011
Restricted share and share unit expense	\$ 29	\$ 27
Employee stock option expense	12	12
Performance share unit expense	5	3
Total	\$ 46	\$ 42

The total tax benefit related to share-based compensation was \$8 million for both the three months ended December 31, 2012 and 2011, respectively, and \$16 million and \$15 million for the six months ended December 31, 2012 and 2011, respectively.

Stock Options

Employee stock options granted under the Plans generally vest in equal annual installments over three years and are exercisable for periods ranging from seven to ten years from the grant date. All employee stock options are exercisable at a price equal to the market value of the Common Shares underlying the option at the grant date.

The following table summarizes all stock option transactions under the Plans:

(in millions, except per share amounts)	Stock Options	Weighted-Average Exercise Price per Common Share
Outstanding at June 30, 2012	21	\$ 37.29
Granted	3	39.81
Exercised	(1)	29.26
Canceled and forfeited	(3)	46.36
Outstanding at December 31, 2012	20	\$ 37.06
Exercisable at December 31, 2012	15	\$ 36.56

The following table provides additional data related to stock options:

(in millions, except contractual lives)	December 31, 2012	June 30, 2012
Aggregate intrinsic value of outstanding options	\$ 109	\$ 137
Aggregate intrinsic value of exercisable options	95	84
Weighted-average remaining contractual life of outstanding options (in years)	4	3
Weighted-average remaining contractual life of exercisable options (in years)	3	2

The fair values of the stock options granted to our officers and certain

based on changes in our stock price and other variables, and it provides for a range of input assumptions.

Restricted Shares and Restricted Share Units

Restricted shares and restricted share units granted under the Plans generally vest in equal annual installments over three years. The fair value is determined by the grant date market price of our Common Shares. Restricted shares and restricted share units accrue dividends or cash dividend equivalents that are payable upon vesting of the awards.

The following table summarizes all transactions related to restricted shares and restricted share units under the Plans:

(in millions, except per share amounts)	Shares	Weighted-Average Grant Date Fair Value per Share
Nonvested at June 30, 2012	4	\$ 35.46
Granted	2	39.81
Vested	(2)	33.10
Canceled and forfeited	—	—
Nonvested at December 31, 2012	4	\$ 38.63

Performance Share Units

Performance share units generally vest over two -year and three -year performance periods based on achievement of specific performance goals. Based on the extent to which the targets are achieved, vested shares may range from zero percent to 200 percent of the target award amount. The fair value of performance share units is determined by the grant date market price of our Common Shares and the compensation expense associated with nonvested performance share units is dependent on our periodic assessment of the probability of the targets being achieved and our estimate of the number of shares that will ultimately be issued. Performance share units accrue cash dividend equivalents that are payable upon vesting of the awards.

The following table summarizes all transactions related to performance share units under the Plans (based on target award amounts):

(in millions, except per share amounts)	Performance Share Units	Weighted-Average Grant Date Fair Value per Share
Nonvested at June 30, 2012	1	\$ 42.60
Granted (1)	—	—
Vested	—	—
Canceled and forfeited	—	—
Nonvested at December 31, 2012	1	\$ 41.36

(1) During the six months ended December 31, 2012, 350 thousand performance share units were granted at target at a weighted-average fair value of \$39.81.

13. Subsequent Events

On January 30, 2013, we announced a restructuring plan within our Medical segment. Under this restructuring plan, we expect to, among other things, move production of procedure kits from our facility in Waukegan, Illinois to other facilities and sell property and consolidate office space in Waukegan, Illinois. In addition, we are reorganizing our Medical segment organization and plan to sell our sterilization processes in El Paso, Texas. At this time, we estimate the total costs associated with this restructuring plan to be approximately \$79

employees were estimated on the grant date using a lattice valuation model. We believe the lattice model provides reasonable estimates because it has the ability to take into account individual exercise patterns

million on a pre-tax basis, which will be recorded as restructuring and employee severance and impairments and loss on disposal of assets in the condensed consolidated statements of earnings.

Financial Review**Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations**

The discussion and analysis presented below is concerned with material changes in financial condition and results of operations for our condensed consolidated balance sheets at December 31, 2012 and June 30, 2012, and for our condensed consolidated statements of earnings for the three and six months ended December 31, 2012 and 2011. This discussion and analysis should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2012 Form 10-K.

Portions of this Form 10-Q (including information incorporated by reference) include "forward-looking statements." The words "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," "likely," and similar expressions, among others, generally identify "forward-looking statements," which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. The most significant of these risks, uncertainties and other factors are described in Exhibit 99.1 to this Form 10-Q and in "Item 1A: Risk Factors" of our 2012 Form 10-K. Except to the extent required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

We are a healthcare services company providing pharmaceutical and medical products and services that help pharmacies, hospitals, surgery centers, physician offices and other healthcare providers focus on patient care while reducing costs, enhancing efficiency and improving quality. We report our financial results in two segments: Pharmaceutical and Medical.

Revenue for the three and six months ended December 31, 2012 was \$25.2 billion and \$51.1 billion, a 7 percent and 5 percent decrease, respectively, from the prior-year periods, largely due to the previously disclosed expiration of our pharmaceutical distribution contract with Express Scripts, Inc. and the impact of brand-to-generic pharmaceutical conversions. Gross margin increased 10 percent to \$1.2 billion and 8 percent to \$2.4 billion for the three and six months ended December 31, 2012, respectively, reflecting strong performance in our Pharmaceutical segment generic programs. Operating earnings increased 13 percent to \$506 million and 12 percent to \$963 million for the three and six months ended December 31, 2012, respectively. Also contributing to the increase in operating earnings for the three and six months ended December 31, 2012 was \$12 million and \$34 million of income, respectively, from settlements of class action antitrust claims. Earnings from continuing operations were up 15 percent to \$303 million and \$575 million for the three and six months ended December 31, 2012, respectively, due to the factors discussed above.

Our cash and equivalents balance was \$2.3 billion at both December 31, 2012 and June 30, 2012. For the six months ended December 31, 2012, our cash and equivalents balance was impacted

Restructuring

On January 30, 2013, we announced a restructuring plan within our Medical segment. Under this restructuring plan, we expect to, among other things, move production of procedure kits from our facility in Waukegan, Illinois to other facilities and sell property and consolidate office space in Waukegan, Illinois. In addition, we are reorganizing our Medical segment organization and plan to sell our sterilization processes in El Paso, Texas. At this time, we estimate the total costs associated with this restructuring plan to be approximately \$79 million on a pre-tax basis, of which approximately \$55 million will be recognized in the second half of fiscal 2013. These costs will be recorded as restructuring and employee severance and impairments and loss on disposal of assets in the condensed consolidated statements of earnings. We expect this restructuring plan to be completed by the end of fiscal 2014 and expect to start realizing cost savings and other benefits from the plan beginning in fiscal 2014. See our Form 8-K filed on January 30, 2013 for additional information.

Trends

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively the "Healthcare Reform Acts") were enacted. The Healthcare Reform Acts impose a 2.3 percent excise tax based on the sales price of certain manufactured or imported medical devices, effective January 1, 2013. In December 2012, the Department of Treasury and the Internal Revenue Service issued final regulations and interim guidance implementing this tax. We manufacture and sell devices that became subject to this tax beginning January 1, 2013.

In the ordinary course of our business, we are frequently in a request for proposal process for pharmaceutical distribution and other business of a customer or potential customer. CVS Caremark Corporation ("CVS") and Walgreen Co. ("Walgreens") accounted for approximately 22 percent and 21 percent, respectively, of our fiscal 2012 revenue. Our contracts with CVS and Walgreens are currently scheduled to expire in June 2013 and August 2013, respectively. Walgreens and CVS issued requests for proposal for pharmaceutical distribution services during August 2012 and December 2012, respectively, and we are participating in these processes.

Spin-Off of CareFusion

Effective August 31, 2009, we separated our clinical and medical products businesses through a distribution to our shareholders of 81 percent of the then outstanding common stock of CareFusion Corporation ("CareFusion") and retained the remaining shares of CareFusion common stock (the "Spin-Off"). During fiscal 2010 and 2011, we disposed of the remaining shares of CareFusion common stock. We are a party to a separation agreement and various other agreements relating to the separation, including a tax matters agreement. Under the tax matters agreement, CareFusion is obligated to indemnify us for certain tax exposures and transaction taxes prior to the Spin-Off. The indemnification receivable was \$270 million and \$265 million at December 31, 2012 and June 30, 2012, respectively, and is included in other assets in the condensed consolidated balance sheets.

by net cash provided by operating activities of \$438 million , share repurchases of \$200 million , cash dividends of \$165 million and acquisitions of \$126 million .

Financial Review (continued)

Results of Operations

Revenue

(in millions)	Three Months Ended December 31,		Change
	2012	2011	
Pharmaceutical	\$ 22,747	\$ 24,665	(8)%
Medical	2,487	2,416	3 %
Total segment revenue	25,234	27,081	(7)%
Corporate	(2)	(3)	N.M.
Total revenue	\$ 25,232	\$ 27,078	(7)%

(in millions)	Six Months Ended December 31,		Change
	2012	2011	
Pharmaceutical	\$ 46,244	\$ 49,083	(6)%
Medical	4,879	4,796	2 %
Total segment revenue	51,123	53,879	(5)%
Corporate	(2)	(9)	N.M.
Total revenue	\$ 51,121	\$ 53,870	(5)%

Pharmaceutical Segment

Revenue for the three and six months ended December 31, 2012 compared to the prior-year periods was negatively impacted by the expiration on September 30, 2012 of our pharmaceutical distribution contract with Express Scripts, Inc. (approximately \$2.2 billion and \$2.2 billion, respectively), the revenue from which was classified as bulk sales. Primarily as a result of brand-to-generic pharmaceutical conversions, revenue from existing pharmaceutical distribution customers decreased by approximately \$765 million and \$2.3 billion, respectively. Brand-to-generic pharmaceutical conversions impact our revenue because generic pharmaceuticals generally sell at a lower price than the corresponding brand product and because some of our customers primarily source generic products directly from manufacturers rather than purchasing from us. The decrease was partially offset by increased pharmaceutical distribution revenue from new customers (approximately \$1.0 billion and \$1.9 billion, respectively) and revenue growth within our specialty solutions division (\$260 million and \$512 million, respectively).

Non-bulk sales for the six months ended December 31, 2012 compared to the prior-year period increased by 7 percent driven by growth from new customers. Bulk sales for the six months ended December 31, 2012 decreased by 23 percent driven primarily by the loss of our contract with Express Scripts, Inc. and brand-to-generic conversions.

Medical Segment

Revenue for the three and six months ended December 31, 2012 compared to the prior-year periods reflects the benefit of acquisitions (\$55 million and \$103 million, respectively). The increase in the three months ended December 31, 2012 was also a result of one additional sales day in the period (\$29 million). The revenue increase was partially offset by lower volumes from existing customers (\$30 million and \$51 million, respectively) driven in part by lower procedural volume.

Cost of Products Sold

Gross Margin

(in millions)	Three Months Ended December 31,		
	2012	2011	Change
Gross margin	\$ 1,224	\$ 1,114	10%

(in millions)	Six Months Ended December 31,		
	2012	2011	Change
Gross margin	\$ 2,382	\$ 2,198	8%

Pharmaceutical Segment

Gross margin increased \$78 million and \$132 million during the three and six months ended December 31, 2012, respectively, compared to the prior-year periods driven by strong performance in our generic pharmaceutical programs (approximately \$109 million and \$203 million, respectively) and the benefits of customer and product mix within our pharmaceutical distribution division. Pharmaceutical distribution customer pricing changes, including rebates (exclusive of the related volume impact), adversely impacted gross margin by an estimated \$34 million and \$74 million, respectively. The adverse impact of these customer pricing changes for any particular customer is often partially offset by product mix, sourcing programs and other sources of margin. As described above, brand-to-generic conversions and the expiration of the Express Scripts, Inc. contract resulted in lower revenue; however, these items did not have a significant impact on gross margin. As a result of significant market softness, gross margin from our nuclear pharmacy services division decreased by \$21 million and \$42 million, respectively.

Medical Segment

Gross margin increased \$30 million and \$50 million during the three and six months ended December 31, 2012, respectively, compared to the prior-year periods. Decreases in the cost of oil-based resins, cotton, latex and other commodities used in our self-manufactured products increased gross margin by \$13 million and \$16 million, respectively. Acquisitions positively impacted gross margin by \$12 million and \$23 million, respectively. Favorable product mix positively impacted gross margin by \$6 million and \$13 million, respectively. During the three and six months ended December 31, 2011, costs associated with the Presource[®] procedure kit import matter decreased gross margin by \$3 million and \$13 million, respectively. These items were partially offset by the adverse impact of customer pricing changes (\$12 million and \$21 million, respectively), lower volume from existing customers and customer mix.

SG&A Expenses

(in millions)	Three Months Ended December 31,		
	2012	2011	Change
SG&A expenses	\$ 699	\$ 640	9%

(in millions)	Six Months Ended December 31,		
	2012	2011	Change
SG&A expenses	\$ 1,388	\$ 1,283	8%

SG&A expenses increased during the three and six months ended December 31, 2012 due to acquisitions (\$12 million and \$23 million,

Consistent with the decrease in revenue, cost of products sold during the three and six months ended December 31, 2012 decreased \$2.0 billion (8 percent) and \$2.9 billion (6 percent), respectively, compared to the prior-year periods. See the gross margin discussion below for additional drivers impacting cost of products sold.

respectively), investment spending and other strategic priorities (\$12 million during each period) and business system investments, including depreciation and other costs associated with the Medical segment business transformation project (\$11 million and \$23 million, respectively).

Financial Review (continued)

Segment Profit and Consolidated Operating Earnings

(in millions)	Three Months Ended December 31,		
	2012	2011	Change
Pharmaceutical	\$ 441	\$ 394	12%
Medical	94	85	11%
Total segment profit	535	479	12%
Corporate	(29)	(30)	N.M.
Total operating earnings	\$ 506	\$ 449	13%

(in millions)	Six Months Ended December 31,		
	2012	2011	Change
Pharmaceutical	\$ 841	\$ 757	11%
Medical	168	164	3%
Total segment profit	1,009	921	10%
Corporate	(46)	(59)	N.M.
Total operating earnings	\$ 963	\$ 862	12%

Pharmaceutical Segment Profit

The principal drivers for the increase during the three and six months ended December 31, 2012 were strong performance in our generic pharmaceutical programs and the benefits of customer and product mix, partially offset by the unfavorable impact of pharmaceutical distribution customer pricing changes and significant market softness in our nuclear pharmacy services division. See the discussion of gross margin above for further information on these drivers.

Medical Segment Profit

The increase during the three and six months ended December 31, 2012 resulted from the decreased cost of commodities used in our self-manufactured products, the positive impact of acquisitions, favorable product mix, and the prior-year costs associated with the Presource[®] procedure kit import matter, partially offset by the unfavorable impact of customer pricing changes, lower volume from existing customers and customer mix. See the discussion of gross margin above for further information on these drivers.

The net impact of our medical business transformation was negative by \$3 million and \$13 million for the three and six months ended December 31, 2012 when considering all related factors, including year-over-year incremental depreciation and program expenses, realized benefits and approximately \$5 million and \$8 million favorable out-of-period adjustments for the three and six months ended December 31, 2012, respectively, to reflect certain vendor chargeback billings that were delayed when we implemented our medical business transformation. The \$5 million out-of-period adjustment recorded during the three months ended December 31, 2012 included \$2 million related to the three months ended September 30, 2012 and the remainder related to fiscal 2012.

Consolidated Operating Earnings

In addition to revenue, gross margin and SG&A expenses discussed above, operating earnings were impacted by the following:

(in millions)	Three Months Ended December 31,		
	2012	2011	
Restructuring and employee severance	\$ 1	\$ 2	

(in millions)	Six Months Ended December 31,	
	2012	2011
Restructuring and employee severance	\$ 6	\$ 5
Acquisition-related costs	53	49
Impairments and loss on disposal of assets	6	2
Litigation (recoveries)/charges, net	(34)	(3)

Acquisition-Related Costs

Amortization of acquisition-related intangible assets was \$22 million and \$43 million for the three and six months ended December 31, 2012, respectively, and \$19 million and \$38 million for the three and six months ended December 31, 2011, respectively.

Litigation (Recoveries)/Charges, Net

During the three and six months ended December 31, 2012, we recognized \$12 million and \$34 million, respectively, of income resulting from settlements of class action antitrust claims in which we were a class member.

Earnings Before Income Taxes and Discontinued Operations

In addition to the items discussed above, earnings before income taxes and discontinued operations were impacted by the following:

(in millions)	Three Months Ended December 31,		
	2012	2011	Change
Other (income)/expense, net	\$ (4)	\$ —	N.M.
Interest expense, net	27	23	18%

(in millions)	Six Months Ended December 31,		
	2012	2011	Change
Other (income)/expense, net	\$ (12)	\$ 5	N.M.
Interest expense, net	53	46	14%

Provision for Income Taxes

The following tables summarize our provision for income taxes as a percentage of pretax earnings ("effective tax rate"):

	Three Months Ended December 31,	
	2012	2011
Effective tax rate	37.2%	37.9%

	Six Months Ended December 31,	
	2012	2011
Effective tax rate	37.6%	38.1%

During the three and six months ended December 31, 2012, the effective tax rate was impacted by net unfavorable discrete items of \$2 million and \$6 million, or 0.3 percent and 0.6 percent, respectively. The discrete items include unfavorable amounts related to the establishment of a valuation allowance and changes in unrecognized tax benefits.

During the three and six months ended December 31, 2011, the effective tax rate was impacted by net unfavorable discrete items of \$5 million and \$8 million, or 1.1 percent and 1.0 percent,

Acquisition-related costs	25	22
Impairments and loss on disposal of assets	5	1
Litigation (recoveries)/charges, net	(12)	—

respectively. The discrete items include unfavorable amounts related to remeasuring certain unrecognized tax benefits, partially offset by the favorable impact of settling certain state tax matters.

Financial Review (continued)

Ongoing Audits

The IRS is currently conducting audits of fiscal years 2003 through 2010. We have received proposed adjustments from the IRS for fiscal years 2003 through 2007 related to our transfer pricing arrangements between foreign and domestic subsidiaries and the transfer of intellectual property among subsidiaries of an acquired entity prior to its acquisition by us. The IRS has proposed additional taxes of \$849 million, excluding penalties and interest. If this tax ultimately must be paid, CareFusion is liable under the tax matters agreement entered into in connection with the Spin-Off for \$592 million of the total amount. We disagree with these proposed adjustments, which we are contesting, and have accounted for the unrecognized tax benefits related to them.

Liquidity and Capital Resources

We currently believe that, based upon available capital resources (cash on hand), projected operating cash flow and access to committed credit facilities, we have adequate capital resources to fund working capital needs; currently anticipated capital expenditures, business growth and expansion; contractual obligations; payments for tax settlements; and current and projected debt service requirements, dividends and share repurchases.

Cash and Equivalents

Our cash and equivalents balance was \$2.3 billion at both December 31, 2012, and June 30, 2012. At December 31, 2012, our cash and equivalents were held in cash depository accounts with major banks or invested in high quality, short-term liquid investments. For the six months ended December 31, 2012, our cash and equivalents balance was impacted by net cash provided by operating activities of \$438 million, share repurchases of \$200 million, cash dividends of \$165 million and acquisitions of \$126 million.

We use days sales outstanding (“DSO”), days inventory on hand (“DIOH”) and days payable outstanding (“DPO”) to evaluate our working capital performance. DSO is calculated as trade receivables, net divided by (quarterly revenue divided by 90 days). DIOH is calculated as inventories divided by ((quarterly cost of products sold plus chargeback billings) divided by 90 days). DPO is calculated as accounts payable divided by ((quarterly cost of products sold plus chargeback billings) divided by 90 days). Chargeback billings are the difference between a product’s wholesale acquisition cost and the contract price established between the vendors and the end customer. Chargeback billings were \$4.1 billion and \$3.6 billion for the three months ended December 31, 2012 and 2011, respectively. Beginning in the first quarter of fiscal 2013, we changed our method of calculating DSO in order to align it with the 90-day convention that we use in the calculation of DIOH and DPO. Prior to this change, we calculated DSO by dividing trade receivables, net by (monthly revenue divided by 30 days). In connection with this change, we have revised prior-year information to conform to the new method of calculating DSO.

	December 31,	
	2012	2011
Days sales outstanding	22.0	19.9
Days inventory on hand	27.0	27.0
Days payable outstanding	37.8	37.9

DSO increased as a result of the expiration of our pharmaceutical distribution contract with Express Scripts, Inc. and growth in China and our specialty solutions division.

The expiration of our pharmaceutical distribution contract with Express Scripts, Inc. did not have a significant impact on DIOH and DPO.

The cash and equivalents balance at December 31, 2012 included \$357 million of cash held by subsidiaries outside of the United States. Although the vast majority of this cash is available for repatriation, permanently bringing the money into the United States could trigger U.S. federal, state and local income tax obligations. As a U.S. parent company, we may temporarily access cash held by our foreign subsidiaries without becoming subject to U.S. federal income tax through intercompany loans.

Credit Facilities and Commercial Paper

Our sources of liquidity include a \$1.5 billion revolving credit facility and a \$950 million committed receivables sales facility program. At times, availability under our committed receivables sales facility program may be less than \$950 million based on receivables concentration limits and our outstanding eligible receivables balance. We also have a commercial paper program of up to \$1.5 billion, backed by the revolving credit facility.

We had no outstanding borrowings from the commercial paper program and no outstanding balance under the committed receivables sales facility program at December 31, 2012. We also had no outstanding balance under the revolving credit facility at December 31, 2012, except for \$43 million of standby letters of credit. Our revolving credit and committed receivables sales facility programs require us to maintain a consolidated interest coverage ratio, as of any fiscal quarter end, of at least 4-to-1 and a consolidated leverage ratio of no more than 3.25-to-1. As of December 31, 2012, we were in compliance with these financial covenants.

On November 6, 2012, we renewed our \$950 million committed receivables sales facility program until November 6, 2014.

Capital Expenditures

Capital expenditures during the six months ended December 31, 2012 and 2011 were \$62 million and \$101 million, respectively, which were primarily related to information technology projects.

Dividends

On October 30, 2012, we announced our 113th consecutive regular quarterly dividend, and increased the dividend by 16 percent to \$0.275 per share, or \$1.10 per share on an annualized basis. The dividend was paid on January 15, 2013 to shareholders of record on January 2, 2013.

Share Repurchases

We made no repurchases of our Common Shares during the three months ended December 31, 2012.

During the three months ended September 30, 2012, we repurchased \$200 million of our Common Shares. We funded the repurchases with available cash. We have \$650 million remaining under our current repurchase authorization which expires August 31, 2015.

Contractual Obligations

Changes in working capital can vary significantly depending on factors such as the timing of inventory purchases, customer payments of accounts receivable and payments to vendors in the regular course of business.

There have been no material changes, outside of the ordinary course of business, in our outstanding contractual obligations since the end of fiscal 2012 and through December 31, 2012 .

Recent Financial Accounting Standards

See Note 1 of the “Notes to Condensed Consolidated Financial Statements” for a discussion of recent financial accounting standards.

Critical Accounting Policies and Sensitive Accounting Estimates

Refer to the Critical Accounting Policies and Sensitive Accounting Estimates section of "Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2012 Form 10-K. There have been no material changes to our critical accounting policies and sensitive accounting estimates since the end of fiscal 2012 and through December 31, 2012 ; however, we have disclosed updated information regarding an area of sensitive accounting estimates below.

Goodwill

Purchased goodwill is not amortized, but instead is tested for impairment annually or when indicators of impairment exist. We performed annual impairment testing during the fourth quarter of fiscal 2012 and concluded that there were no impairments of goodwill.

Primarily due to reductions in anticipated future cash flows as a result of significant softness in the low-energy diagnostics market served by our nuclear pharmacy services division, we performed interim goodwill impairment testing for this reporting unit during the three months ended December 31, 2012. The carrying value of this reporting unit at December 31, 2012 was \$1.0 billion, of which \$829 million was goodwill. The fair value of the reporting unit was estimated to be approximately 20 percent in excess of its carrying value, using a combination of the income-based approach (using a discount rate of 9 percent) and the market-based approach. If we alter our testing by increasing the discount rate in the

income-based approach discounted cash flow analysis by 1 percent, the estimated fair value of the reporting unit would be approximately \$1.1 billion, or 10 percent in excess of its carrying value.

Our determination of estimated fair value of the reporting unit is based on a combination of the income-based and market-based approaches. Under the market-based approach, we determine fair value by comparing our reporting unit to similar businesses or guideline companies whose securities are actively traded in public markets. Our weighting of the income-based and market-based approaches can change based on the availability of public data from similar businesses or guideline companies. Under the income-based approach, we use a discounted cash flow model in which cash flows anticipated over several periods, plus a terminal value at the end of that time horizon, are discounted to their present value using an appropriate rate of return. Future anticipated cash flows are based on our long-term strategic business plans, and a terminal value is used to estimate the reporting unit's cash flows beyond this plan. The discount rate represents the weighted-average cost of capital, which is an estimate of the overall after-tax rate of return required by equity and debt market participants. The use of alternate estimates and assumptions or changes in the industry or peer groups could materially affect the determination of fair value for each reporting unit and potentially result in goodwill impairment.

We concluded that there was no impairment of goodwill because the estimated fair value of the reporting unit exceeded its carrying value. Future unfavorable changes in anticipated cash flows, estimated terminal value, or discount rates, could materially affect our estimate of fair value and potentially result in goodwill impairment.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

We believe there have been no material changes in the quantitative and qualitative market risks since our 2012 Form 10-K.

Item 4: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of December 31, 2012. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2012, to provide reasonable assurance that information required to be disclosed in our reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

In fiscal 2012, the Medical segment implemented a business transformation project, including a new information system for certain supply chain and financial processes, which constituted a material change to our internal control over financial reporting. To support our internal control over financial reporting during the implementation and initial operation of the new system, we established temporary compensating controls that were largely eliminated during the three months ended September 30, 2012. Although implementation of the new system is substantially complete, the Medical segment added temporary compensating controls during the three months ended December 31, 2012 and continues to refine some processes and may add additional temporary compensating controls. However, we do not expect any of these refinements or temporary compensating controls to materially affect our internal control over financial reporting.

Part II. Other Information

Item 1: Legal Proceedings

In addition to the proceedings described below, the legal proceedings described in Note 6 of the "Notes to Condensed Consolidated Financial Statements" are incorporated in this "Item 1: Legal Proceedings" by reference.

In May and June 2012, Herman Kleid and Henry Stanley, Jr., each purported shareholders, filed derivative actions on behalf of Cardinal Health, Inc. in the United States District Court for the Southern District of Ohio against the current and certain former members of our Board of Directors. A similar action was filed by Daniel Himmel, a purported shareholder, in the Common Pleas Court of Delaware County, Ohio and included certain of our officers as defendants. The complaints allege that the defendants breached their fiduciary duties in connection with the DEA's recent suspension of our Lakeland, Florida distribution center's registration to distribute controlled substances, and the suspension and reinstatement of such registrations at three of our facilities in 2007 and 2008. The Himmel action also makes claims based on corporate waste and unjust enrichment. The complaints seek, among other things, unspecified money damages against the defendants and an award of attorney's fees. In July and August 2012, the defendants filed motions to dismiss all three complaints. In October 2012, Herman Kleid voluntarily dismissed his complaint without prejudice and the court dismissed the Stanley action with prejudice. In November 2012, the plaintiff in the Stanley action filed a notice of appeal regarding the court's decision.

Separately, in September 2012, a purported shareholder made demand on our Board of Directors to take action against the current and certain former members of our Board of Directors to recover damages based on allegations similar to those set forth in the derivative actions above. Our Board of Directors has formed a special committee of independent directors to investigate the allegations made in the shareholder demand. The special committee's investigation is ongoing.

Item 1A: Risk Factors

You should carefully consider the information in this Form 10-Q and the risk factors discussed in "Item 1A: Risk Factors" and other risks discussed in our 2012 Form 10-K and our filings with the SEC since June 30, 2012.

These risks could materially and adversely affect our results of operations, financial condition, liquidity and cash flows. Our business also could be affected by risks that we are not presently aware of or that we currently consider immaterial to our operations.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about purchases we made of our Common Shares during the three months ended December 31, 2012 :

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (2)	Approximate Dollar Value of Shares That May Yet be Purchased Under the Program (2) (in millions)
October 1 – 31, 2012	1,137	\$ 40.88	—	\$ 650
November 1 – 30, 2012	2,728	40.74	—	650
December 1 – 31, 2012	720	41.86	—	650
Total	4,585	\$ 40.95	—	\$ 650

- (1) Includes 233 , 2,083 and 361 Common Shares purchased in October, November and December 2012, respectively, through a rabbi trust as investments of participants in our Deferred Compensation Plan. Also includes 904 , 645 and 359 restricted shares surrendered in October, November and December 2012, respectively, by employees upon vesting to meet tax withholding.
- (2) On August 8, 2012, our Board of Directors approved a \$750 million share repurchase program, which expires on August 31, 2015. During the three months ended December 31, 2012, we did not repurchase any of our Common Shares under this program.

Item 6: Exhibits

Exhibit

<u>Number</u>	<u>Exhibit Description</u>
3.1	Amended and Restated Articles of Incorporation of Cardinal Health, Inc., as amended (incorporated by reference to Exhibit 3.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-11373)
3.2	Cardinal Health, Inc. Restated Code of Regulations, as amended (incorporated by reference to Exhibit 3.2 to Cardinal Health's Current Report on Form 8-K filed on August 10, 2012, File No. 1-11373)
10.1	Form of Aircraft Time Sharing Agreement, effective as of January 1, 2013, between Cardinal Health, Inc. and George S. Barrett
10.2	Seventh Amendment and Joinder, dated as of November 6, 2012, to the Third Amended and Restated Receivables Purchase Agreement, dated as of November 19, 2007
10.3	Fourth Amended and Restated Performance Guaranty, dated as of November 6, 2012, executed by Cardinal Health, Inc. in favor of Cardinal Health Funding, LLC
10.4	Second Amendment to Commercial Paper Dealer Agreement, effective as of December 31, 2012, between Cardinal Health, Inc. and J.P. Morgan Securities LLC (formerly known as J.P. Morgan Securities Inc.)
10.5	Second Amendment to Commercial Paper Dealer Agreement, effective as of December 31, 2012, between Cardinal Health, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, f/k/a Banc of America Securities LLC
10.6	Second Amendment to Commercial Paper Dealer Agreement, effective as of December 31, 2012, between Cardinal Health, Inc. and Wells Fargo Securities, LLC, as successor in interest to Wachovia Capital Markets, LLC
10.7	Second Amendment to Commercial Paper Dealer Agreement, effective as of December 31, 2012, between Cardinal Health, Inc. and Goldman, Sachs & Co.
10.8	Form of First Amendment to form of Commercial Paper Dealer Agreement between Cardinal Health, Inc. and SunTrust Robinson Humphrey, Inc.
12.1	Computation of Ratio of Earnings to Fixed Charges
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Statement Regarding Forward-Looking Information
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Cardinal Health Website

We use our website as a channel of distribution for material information about us. Important information, including news releases, earnings and analyst presentations and financial information is routinely posted and accessible on the Investors page at www.cardinalhealth.com. In addition, our website allows investors and other interested persons to sign up to automatically receive email alerts when we post news releases, SEC filings and certain other information on our website.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cardinal Health, Inc.

Date: February 6, 2013

/s/ GEORGE S. BARRETT

George S. Barrett
Chairman and Chief Executive Officer

/s/ JEFFREY W. HENDERSON

Jeffrey W. Henderson
Chief Financial Officer

CARDINAL HEALTH, INC.
AIRCRAFT TIME SHARING AGREEMENT

This Aircraft Time Sharing Agreement ("Agreement") by and between Cardinal Health, Inc. ("Operator"), an Ohio corporation whose address is 7000 Cardinal Place, Dublin, Ohio 43017 and _____ ("User"), whose address is 7000 Cardinal Place, Dublin, Ohio 43017 (collectively the "Parties"), is effective _____, and shall terminate on _____, unless terminated sooner by either party pursuant to Article I below.

WHEREAS, Operator has the right of possession of the aircraft ("Aircraft"), equipped with engines and components as described in the Leased Aircraft Subject to the Time Sharing Agreement attached hereto and made a part hereof, as Exhibit A;

WHEREAS, Operator employs a fully qualified flight crew to operate the Aircraft;

WHEREAS, Operator desires to provide to User, and User desires to have the use of said Aircraft with flight crew on a non-exclusive time sharing basis as defined in Section 91.501(c)(1) of the Federal Aviation Regulations ("FAR");

WHEREAS, this Agreement sets forth the understanding of the Parties as to the terms under which Operator will provide User with the use, on a periodic basis, of the Aircraft as described in Exhibit A hereto, currently operated by Operator; and

WHEREAS, the use of the Aircraft will at all times be pursuant to and in full compliance with the requirements of Part 91 (General Operating and Flight Rules) of the Federal Aviation Regulations ("FAR");

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties agree as follows:

1. Termination.

Either party may terminate this Agreement for any reason upon written notice to the other, such termination to become effective thirty (30) days from the date of the notice; provided that this Agreement may be terminated on such shorter notice as may be required to comply with applicable laws, regulations, insurance requirements or in the event the insurance required hereunder is not in full force and effect.

2. Use of Aircraft.

(a) User may use the Aircraft from time to time, with the permission and approval of Operator's Flight Operations Department, for any and all lawful purposes allowed by FAR Part 91 (General Operating and Flight Rules) at such times as the Operator does not require the use of the Aircraft for the business purposes of Operator or an affiliate. User's use may include the use of the Aircraft by his family members (including children or grandchildren) and guests if they accompany him on the flight.

(b) User represents, warrants and covenants to Operator that:

1. User shall use each Aircraft for and on his own account only and shall not use any Aircraft for the purposes of providing transportation of passengers or cargo in air commerce for compensation or hire and shall not accept any reimbursement from a passenger or otherwise for charges under this Agreement;
2. User shall refrain from incurring any mechanics lien or other lien in connection with inspection, preventative maintenance, maintenance or storage of the Aircraft, whether permissible or impermissible under this Agreement, and User shall not attempt to convey, mortgage, assign, lease or any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien;
3. During the term of this Agreement, User will abide by and conform to all such laws, governmental, and airport orders, rules, and regulations as shall from time to time be in effect relating in any way to the operation and use of the Aircraft by a time-sharing User.

(c) User shall provide Operator's Flight Operations Department with notice of his desire to use the Aircraft and proposed flight schedules pursuant to and in accordance with Operator's Corporate Aircraft Utilization Policy, as amended from time to time.

(d) Operator shall have sole and exclusive authority over the scheduling of the Aircraft, including which Aircraft is used for any particular flight.

(e) Operator shall not be liable to User or any other person for loss, injury, or damage occasioned by the delay or failure to furnish the Aircraft and crew pursuant to this Agreement for any reason.

3. Time-Sharing Arrangement .

It is intended that this Agreement is and will meet the requirements of a "Time Sharing Agreement" as that term is defined in FAR Part 91.501(c)(1) whereby Operator will lease its Aircraft and flight crew to User.

4. Cost of Use of Aircraft.

(a) In exchange for use of the Aircraft, User shall pay the following amounts for each flight, pursuant to FAR 91.501(d):

- (1) The cost of fuel, oil, lubricants and other additives.
- (2) Travel expenses of the crew, including food, lodging, and ground transportation.
- (3) Hangar and tie-down costs when the Aircraft is required by the User to be away from the Aircraft's base of operation.
- (4) Insurance obtained for the specific flight.
- (5) Landing fees, airport taxes, and similar assessments.
- (6) Customs, foreign permit, and similar fees directly related to the flight.
- (7) In flight food and beverages.
- (8) Passenger ground transportation.
- (9) Flight planning and weather contract services.
- (10) An additional charge comprised of the allocable share attributable to such flight of the average quarterly cost of repairs and maintenance and other similar incremental costs, which shall not exceed 100% of the expenses listed in Paragraph 4(a)(1).

(b) Operator will invoice, and User will pay, for all appropriate charges.

(c) In addition to the rental rate referenced in Paragraph 4(a) above, User shall also be assessed the Federal Excise Taxes as imposed under Section 4261 of the Internal Revenue Code, any applicable state and local taxes and any segment and landing fees associated with such flight(s).

5. Invoicing and Payment.

All payments to be made to Operator by User hereunder shall be paid in the manner set forth in this Paragraph 5. Operator will pay to suppliers, employees, contractors and government entities all expenses related to the operations of the Aircraft hereunder in the ordinary course. For all flights operated hereunder in each calendar month, Operator shall provide to User an initial invoice for the charges specified in Paragraph 4 of this Agreement (including Federal or international air transportation Excise Taxes, as applicable, imposed by the Internal Revenue Code and to be collected by Operator), such invoice to be issued within thirty (30) days after the end of the calendar month in which such flights were completed. The initial invoice for the costs specified in Paragraph 4(a) above may be based, in whole or in part, on average or estimated costs. User shall pay Operator the full amount of such monthly invoice within thirty (30) days after receipt of the invoice. After the completion of each calendar quarter, Operator shall also provide to User final invoices for all flights operated hereunder in each calendar month of such calendar quarter. Such final invoices will be based on the actual costs for such flights, based on the billings received by Operator from third party vendors. To the extent that User is required to pay Operator any additional amounts under the final invoices, it will do so within thirty (30) days after receipt of the final invoice. In the event that the final invoice reduces the amounts paid as reimbursement under the initial invoices for such flights, the Operator shall return any overage or provide a credit to the User. All invoices shall separately itemize the expenses in items

(1) through (10) of Paragraph 4(a) for the collective flights included in that invoice. User shall further pay all costs incurred by Operator in collecting any amounts due from User pursuant to the provisions of this Paragraph 5 after delinquency, including court costs and reasonable attorneys' fees.

6. Insurance and Limitation of Liability.

Operator represents that the flight operations for the Aircraft as contemplated in this Agreement will be covered by the Operator's (or the Operator's 100% wholly owned subsidiary's) aircraft all-risk physical damage insurance (hull Coverage), aircraft bodily injury and property damage liability insurance, passenger, pilot and crew voluntary settlement insurance and statutory workers compensation and employer's liability insurance.

(a) Insurance.

1. Operator will maintain or cause to be maintained in full force and effect throughout the term of this Agreement aircraft liability insurance in respect of the Aircraft in an amount at least equal to \$100 million combined single limit for bodily injury to or death of persons (including passengers) and property damage liability. Operator will retain all rights and benefits with respect to the proceeds payable under policies of hull insurance maintained by Operator (or the Operator's 100% wholly owned subsidiary) that may be payable as a result of any incident or occurrence while an Aircraft is being operated on behalf of User under this Agreement.
2. Operator shall use best efforts to procure such additional insurance coverage as User may request naming User as an additional insured; provided, that the cost of such additional insurance shall be borne by User pursuant to Paragraph 4(a)(4) hereof.

(b) Limitation of Liability. User agrees that the insurance specified in paragraph 6(a) shall provide its sole recourse for all claims, losses, liabilities, obligations, demands, suits, judgments or causes of action, penalties; fines, costs and expenses of any nature whatsoever, including attorneys' fees and expenses for or on account of or arising out of, or in any way connected with the use of the Aircraft by User, family members or guests, including injury to or death of any persons, including User, family members and guests which may result from or arise out of the use or operation of the Aircraft during the term of this Agreement ("Claims"). This Paragraph 6 shall survive termination of this Agreement.

(c) User agrees that when, in the reasonable view of Operator's Flight Operations Department or the pilots of the Aircraft, safety may be compromised, Operator or the pilots may terminate a flight, refuse to commence a flight, or take other action necessitated by such safety considerations without liability for loss, injury, damage, or delay.

(d) In no event shall Operator be liable to User or his family members, employees, agents, representatives, guests, or invitees for any claims or liabilities, including property damage or injury and death, and expenses, including attorney's fees, in excess of the amount paid by Operator's insurance carrier in the event of such loss.

(e) OPERATOR SHALL IN NO EVENT BE LIABLE TO USER OR HIS FAMILY MEMBERS, EMPLOYEES, AGENTS, REPRESENTATIVES, GUESTS, OR INVITEES FOR ANY INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES AND/OR PUNITIVE DAMAGES OF ANY KIND OR NATURE UNDER ANY CIRCUMSTANCES OR FOR ANY REASON INCLUDING ANY DELAY OR FAILURE TO FURNISH THE AIRCRAFT OR CAUSED OR OCCASIONED BY THE PERFORMANCE OR NON-PERFORMANCE OF ANY SERVICES COVERED BY THIS AGREEMENT.

7. Covenants Regarding Aircraft Maintenance.

Each Aircraft has been inspected and maintained in the twelve-month period preceding the date hereof in accordance with the provisions of FAR Part 91. Operator shall, at its own expense, inspect, maintain, service, repair, overhaul, and test the Aircraft in accordance with FAR Part 91. Each Aircraft will remain in good operating condition and in a condition consistent with its airworthiness certification, including all FAA-issued airworthiness directives and mandatory service bulletins. In the event that any non-standard maintenance is required during any applicable lease term, Operator, or Operator's Pilot-In-Command, shall immediately notify User of the maintenance required, the effect on the ability to comply with User's dispatch requirements and the manner in which the Parties will proceed with the performance of such maintenance and conduct of the balance of the planned flight(s).

8. No Warranty.

NEITHER OPERATOR (NOR ITS AFFILIATES) MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE: ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, WITH RESPECT TO ANY AIRCRAFT TO BE USED HEREUNDER OR ANY ENGINE OR COMPONENT THEREOF INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY OF MATERIALS OR WORKMANSHIP, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, USE OR OPERATION, AIRWORTHINESS, SAFETY, PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT OR TITLE.

9. Operational Control.

Operator shall be responsible for the physical and technical operation of the Aircraft and the safe performance of all flights and shall retain full authority and control, including exclusive operational control, and possession of the Aircraft at all times during the term of this Agreement. In accordance with applicable FARs, the qualified flight crew provided by Operator will exercise all required and/or appropriate duties and responsibilities in regard to the safety of each flight conducted hereunder. The Pilot-In-Command shall have absolute discretion in all matters concerning the preparation of the

Aircraft for flight and the flight itself, the load carried and its distribution, the decision whether or not a flight shall be undertaken, the route to be flown, the place where landings shall be made and all other matters relating to operation of the Aircraft. User specifically agrees that the flight crew shall have final and complete authority to delay or cancel any flight for any reason or condition which, in sole judgment of the Pilot-In-Command, could compromise the safety of the flight and to take any other action which, in the sole judgment of the Pilot-In-Command, is necessitated by considerations of safety. No such action of the Pilot-In-Command shall create or support any liability to User or any other person for loss, injury, damages or delay. The Parties further agree that Operator shall not be liable for delay or failure to furnish the Aircraft and crew pursuant to this Agreement which is caused by government regulation or authority, mechanical difficulty or breakdown, war, civil commotion, strikes or labor disputes, weather conditions, acts of God or other circumstances beyond Operator's reasonable control. User agrees that Operator's operation of aircraft is within the operation guidelines of the Operator's Flight Operations Department manual and the crews are responsible to operate within the guidelines of FAR 91 and the Operator's Flight Operations Department manual.

10. Governing Law.

The Parties hereto acknowledge that this Agreement shall be governed by and construed in all respects in accordance with the laws of the State of Ohio.

11. Counterparts.

This Agreement may be executed in one or more counterparts each of which will be deemed an original, all of which together shall constitute one and the same agreement.

12. Notices and Communications.

All notices, requests, demands and other communications required or desired to be given hereunder shall be in writing (except as permitted pursuant to Paragraph 2(c)) and shall be deemed to be given: (i) if personally delivered, upon such delivery; (ii) if mailed by certified mail, return receipt requested, postage pre-paid, addressed as (to the extent applicable for mailing) listed in the preamble hereto, upon the earlier to occur of actual receipt, refusal to accept receipt or three (3) days after such mailing; (iii) if sent by regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement, satisfactory with such carrier, made for the payment of such fees, addressed (to the extent applicable for overnight delivery) as listed in the preamble hereto, upon the earlier to occur of actual receipt or the next "Business Day" (as hereafter defined) after being sent by such delivery; or (iv) upon actual receipt when sent by fax, mailgram, telegram or telex. Notice given by other means shall be deemed to be given only upon actual receipt. Addresses may be changed by written notice given as provided herein and signed by the party giving the notice.

13. Further Acts.

OPERATOR and USER shall from time to time perform such other and further acts and execute such other and further instruments as may be required by law or may be reasonably necessary to: (i) carry out the intent and purpose of this Agreement; and (ii) establish, maintain and protect the respective rights and remedies of the other party.

14. Successors and Assigns.

Neither this Agreement nor any party's interest herein shall be assignable to any other party whatsoever, except that Operator may assign its interest to an affiliate without the consent of the User. This Agreement shall inure to the benefit of and be binding upon the Parties hereto, their heirs, representatives and successors.

15. Severability.

In the event that any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable, those provisions shall be replaced by provisions acceptable to both Parties to this Agreement.

16. Flight Crew.

Operator is responsible for providing a qualified flight crew for all flight operations under this Agreement. The Operator will furnish two experienced and competent pilots who shall be under the direction and control of the Operator at all times.

17. Taxes.

The Parties acknowledge that reimbursement of all items specified in Paragraph 4, except for subsections (7) and (8) thereof, are subject to the Federal Excise Tax imposed under Internal Revenue Code 4261 (the "Commercial Transportation Tax"). User shall pay to Operator (for payment to the appropriate governmental agency) any Commercial Transportation Tax or state and local taxes, if any, applicable to flights of the Aircraft conducted hereunder. Operator shall indemnify User for any claims related to the Commercial Transportation Tax or other taxes to the extent that User has paid Operator the amounts necessary to pay such taxes.

18. Right of Possession.

Operator has the right of possession to each Aircraft in Exhibit A pursuant to an Aircraft Lease Agreement. Nothing herein shall constitute a transfer of Operator's possessory rights to the Aircraft.

19. Truth-in-Leasing.

The Operator shall mail a copy of this Agreement for and on behalf of both Parties to: Federal Aviation Administration, Aircraft Registration Branch, Attention: Technical Section, P.O. Box 25724, Oklahoma City, Oklahoma 73125, within twenty-four (24) hours of its execution, as provided by FAR 91.23 (c)(1). Additionally, Operator agrees to comply with the notification requirements of FAR Section 91.23 by notifying by

telephone or in person the Columbus, Ohio FAA Flight Standards District Office at least forty-eight (48) hours prior to the first flight under this Agreement.

(a) OPERATOR CERTIFIES THAT EACH AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED WITHIN THE 12-MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT IN ACCORDANCE WITH THE PROVISIONS OF PART 91 OF THE FEDERAL AVIATION REGULATIONS AND THAT ALL APPLICABLE REQUIREMENTS FOR EACH AIRCRAFT'S MAINTENANCE AND INSPECTION HEREUNDER WILL BE MET AND ARE VALID FOR THE OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT DURING THE DURATION OF THIS AGREEMENT.

(b) OPERATOR, WHOSE ADDRESS APPEARS IN PARAGRAPH 12 ABOVE AND WHOSE AUTHORIZED SIGNATURE APPEARS BELOW, AGREES, CERTIFIES AND ACKNOWLEDGES THAT WHENEVER EACH AIRCRAFT IS OPERATED UNDER THIS AGREEMENT, OPERATOR SHALL BE KNOWN AS, CONSIDERED AND SHALL IN FACT BE THE OPERATOR OF THE AIRCRAFT AND THAT OPERATOR UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

(c) THE PARTIES UNDERSTAND THAT AN EXPLANATION OF FACTORS AND PERTINENT FEDERAL AVIATION REGULATIONS BEARING ON OPERATIONAL CONTROL CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

(d) OPERATOR AGREES TO KEEP A COPY OF THIS AGREEMENT IN THE AIRCRAFT AT ALL TIMES DURING THE TERM OF THIS AGREEMENT.

IN WITNESS WHEREOF, the Parties hereto have each caused this Agreement to be duly executed on _____.

OPERATOR:

Cardinal Health, Inc.

By:
Its:

USER:

EXHIBIT A

Cardinal Health, Inc. Leased Aircraft Subject to Time Sharing Agreement

Each of the undersigned is a party to the Time Sharing Agreement effective as of _____, by and between Cardinal Health, Inc. ("Operator") and _____ ("User") (together the "Parties"), and agrees that from and after _____, until this Exhibit A shall be superseded and replaced through agreement of the Parties or the Time Sharing Agreement shall be terminated pursuant to its terms, the Aircraft described below shall constitute the "Aircraft" described in and subject to the terms of the Time Sharing Agreement.

OPERATOR:

Cardinal Health, Inc.

By:

Its:

USER:

SEVENTH AMENDMENT AND JOINDER
TO THE
THIRD AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

This SEVENTH AMENDMENT AND JOINDER TO THE THIRD AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this “Amendment”), dated as of November 6, 2012, is entered into by and among the following parties:

- (i) CARDINAL HEALTH FUNDING, LLC, a Nevada limited liability company (the “Seller”);
 - (ii) GRIFFIN CAPITAL, LLC, a Nevada limited liability company (“Griffin” and, together with the Seller, the “Seller Parties” and each, a “Seller Party”);
 - (iii) WELLS FARGO BANK, N.A. (“WF”) as a Financial Institution and as the Managing Agent for WF’s Purchaser Group;
 - (iv) LIBERTY STREET FUNDING LLC (“Liberty Street”), as a Conduit;
 - (v) THE BANK OF NOVA SCOTIA (“BNS”), as the Related Financial Institution for Liberty Street and as the Managing Agent for Liberty Street’s Purchaser Group;
 - (vi) WINDMILL FUNDING CORPORATION (“Windmill”), as an exiting Conduit;
 - (vii) THE ROYAL BANK OF SCOTLAND PLC (“RBS”), as the exiting Related Financial Institution for Windmill and as the exiting Managing Agent for Windmill’s Purchaser Group;
 - (viii) ATLANTIC ASSET SECURITIZATION LLC (“Atlantic”), as an exiting Conduit;
 - (ix) CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK NEW YORK BRANCH (“Credit Agricole”), as the exiting Related Financial Institution for Atlantic and as the exiting Managing Agent for Atlantic’s Purchaser Group;
 - (x) MARKET STREET FUNDING LLC (“Market Street”), as a new Conduit;
 - (xi) PNC BANK, NATIONAL ASSOCIATION (“PNC”), as the new Related Financial Institution for Market Street and as the new Managing Agent for Market Street’s Purchaser Group;
 - (xii) VICTORY RECEIVABLES CORPORATION (“Victory”), as a Conduit; and
 - (xiii) THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH (“BTMUNY”), as the Related Financial Institution for Victory, as Managing Agent for Victory’s Purchaser Group and as the Agent.
-

PRELIMINARY STATEMENTS

WHEREAS, the parties hereto (other than PNC and Market Street) are parties to that certain Third Amended and Restated Receivables Purchase Agreement, dated as of November 19, 2007 (as amended, supplemented or otherwise modified from time to time, the “Receivables Purchase Agreement”);

WHEREAS, as of the date hereof, there is no accrued and unpaid Yield due to Windmill, RBS, Atlantic or Credit Agricole, and there is no Capital outstanding;

WHEREAS, each of Market Street, as a Conduit, and PNC, as the Related Financial Institution for Market Street and as the Managing Agent for Market Street’s Purchaser Group, desires to become a party to the Receivables Purchase Agreement;

WHEREAS, the parties hereto desire to adjust the Purchasers’ respective Conduit Purchase Limits and Commitments as set forth herein; and

WHEREAS, the parties hereto desire to amend the Receivables Purchase Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt and adequacy of which the parties hereto hereby acknowledge, the parties hereto agree as follows:

Section 1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the Receivables Purchase Agreement.

Section 2. Joinder of Market Street and PNC to the Receivables Purchase Agreement.

(a) Market Street as a Conduit. From and after the date hereof, Market Street shall be a Conduit party to the Receivables Purchase Agreement for all purposes thereof and of the other Transaction Documents as if Market Street were an original party to the Receivables Purchase Agreement, and Market Street assumes all related rights and agrees to be bound by all of the terms and provisions applicable to Conduits and contained in the Receivables Purchase Agreement and the other Transaction Documents. Market Street confirms that (i) it has received a copy of the Receivables Purchase Agreement and copies of such other Transaction Documents, and other documents and information as it has requested and deemed appropriate to make its own credit analysis and decision to enter into this Amendment and the Receivables Purchase Agreement and (ii) it will, independently and without reliance upon the Agent, any other Conduit, any Managing Agent, any Financial Institution or any other Purchaser and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Receivables Purchase Agreement and the other Transaction Documents.

(b) PNC as a Financial Institution. From and after the date hereof, PNC shall be the Related Financial Institution for Market Street party to the Receivables Purchase Agreement

for all purposes thereof and of the other Transaction Documents as if PNC were an original party to the Receivables Purchase Agreement, and PNC assumes all related rights and agrees to be bound by all of the terms and provisions applicable to Financial Institutions contained in the Receivables Purchase Agreement and the other Transaction Documents. PNC confirms that (i) it has received a copy of the Receivables Purchase Agreement and copies of such other Transaction Documents, and other documents and information as it has requested and deemed appropriate to make its own credit analysis and decision to enter into this Amendment and the Receivables Purchase Agreement and (ii) it will, independently and without reliance upon the Agent, any Conduit, any Managing Agent, any other Financial Institution or any other Purchaser and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Receivables Purchase Agreement and the other Transaction Documents.

(c) Appointment of PNC as Managing Agent of Market Street's Purchaser Group. Pursuant to and in accordance with Section 13.1 of the Receivables Purchase Agreement, each of Market Street and PNC hereby designates PNC as, and PNC hereby agrees to perform the duties and obligations of, the Managing Agent for Market Street's Purchaser Group. From and after the date hereof, PNC shall be a Managing Agent party to the Receivables Purchase Agreement, for all purposes of the Receivables Purchase Agreement and the other Transaction Documents as if PNC were an original party to the Receivables Purchase Agreement, and PNC assumes all related rights and agrees to be bound by all of the terms and provisions applicable to Managing Agents contained in the Receivables Purchase Agreement and the other Transaction Documents.

(d) Commitments and Conduit Purchase Limits of Market Street's Purchaser Group. Effective as of the date hereof, PNC's Commitment, as Related Financial Institution for Market Street, shall be \$150,000,000, and Market Street's Conduit Purchase Limit shall be \$150,000,000.

(e) Consent to Joinder. Each of the parties hereto consents to the foregoing joinder of Market Street and PNC as parties to the Receivables Purchase Agreement and waives any otherwise applicable conditions precedent thereto under the Receivables Purchase Agreement and the other Transactions Documents (other than as set forth herein).

Section 3. Removal of Windmill's Purchaser Group.

(a) Removal. For all purposes of the Receivables Purchase Agreement and the other Transaction Documents, effective on the date hereof, each of Windmill and RBS shall cease to be a Conduit, a Financial Institution or a Managing Agent (as applicable) party to the Receivables Purchase Agreement or the Fee Letter and shall no longer have any obligations or rights under the Receivables Purchase Agreement or any other Transaction Document (other than such obligations and rights which by their express terms survive termination thereof).

(b) Consent to Removal. Each of the parties hereto consents to the foregoing removal of Windmill and RBS as parties to the Receivables Purchase Agreement and the Fee Letter and waives any otherwise applicable conditions precedent thereto, including any notice

requirements, under the Receivables Purchase Agreement and the other Transactions Documents (other than as set forth herein).

Section 4. Removal of Atlantic's Purchaser Group.

(a) Removal. For all purposes of the Receivables Purchase Agreement and the other Transaction Documents, effective on the date hereof, each of Atlantic and Credit Agricole shall cease to be a Conduit, a Financial Institution or a Managing Agent (as applicable) party to the Receivables Purchase Agreement or the Fee Letter and shall no longer have any obligations or rights under the Receivables Purchase Agreement or any other Transaction Document (other than such obligations and rights which by their express terms survive termination thereof).

(b) Consent to Removal. Each of the parties hereto consents to the foregoing removal of Atlantic and Credit Agricole as parties to the Receivables Purchase Agreement and the Fee Letter and waives any otherwise applicable conditions precedent thereto, including any notice requirements, under the Receivables Purchase Agreement and the other Transactions Documents (other than as set forth herein).

Section 5. Amendments to the Receivables Purchase Agreement. The Receivables Purchase Agreement is hereby amended as follows:

(a) The Receivables Purchase Agreement is amended by replacing the phrase "governmental authority" with the capitalized term "Governmental Authority".

(b) Section 2.1 of the Receivables Purchase Agreement is amended by deleting the parenthetical "(which fees collectively shall be sufficient to pay all fees owing to the Financial Institutions)" where it appears therein.

(c) Article III of the Receivables Purchase Agreement is renamed "Conduit Funding".

(d) Section 3.1 of the Receivables Purchase Agreement is amended by deleting the final sentence thereof.

(e) Sections 3.2 and 3.3 of the Receivables Purchase Agreement are amended by replacing the phrase "Conduit Costs" where it appears therein and substituting the phrase "CP Costs" therefor.

(f) Section 5.1(k) of the Receivables Purchase Agreement is amended and restated as follows:

(k) Not an Investment Company. Such Seller Party is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(g) Section 5.1 of the Receivables Purchase Agreement is amended by adding the following as a new clause (p) immediately following clause (o):

(p) OFAC . Such Seller Party is not a Sanctioned Person. To such Seller Party's knowledge, no Obligor was a Sanctioned Person at the time of origination of any Receivable owing by such Obligor. Such Seller Party and its Affiliates: (i) have less than 10% of their assets in Sanctioned Countries; and (ii) derive less than 10% of their operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Countries. Neither such Seller Party nor any of its Subsidiaries engages in activities related to Sanctioned Countries except for such activities as are (A) specifically or generally licensed by OFAC, or (B) otherwise in compliance with OFAC's sanctions regulations.

(h) Section 6.2(i) of the Receivables Purchase Agreement is amended by adding the phrase "in all material respects" immediately after the phrase "are true and correct" where it appears therein.

(i) Section 7.1(d) of the Receivables Purchase Agreement is amended by replacing the amount "\$30,000" where it appears therein and substituting the amount "\$35,000".

(j) Section 7.1(i)(xvii) of the Receivables Purchase Agreement is amended and restated as follows:

(xvii) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by counsel for Seller, in connection with the closing the Original Agreement or any amendment thereto and relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

(k) Section 7.1(k) of the Receivables Purchase Agreement is amended and restated as follows:

(k) Taxes . Such Seller Party will file all Tax returns and reports required by law to be filed by it and will promptly pay all Taxes and governmental charges at any time owing and required by law to be paid by it including with respect to the Receivables, except any such Taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles shall have been set aside on its books.

(l) Section 9.1(c)(iii) of the Receivables Purchase Agreement is amended by replacing the amount "\$50,000,000" where it appears therein and substituting the amount "\$100,000,000".

(m) Section 10.1(A) of the Receivables Purchase Agreement is amended by deleting the word "taxes" where it appears therein.

(n) Section 10.1(B)(iii) of the Receivables Purchase Agreement is amended and restated as follows:

(iii) Excluded Taxes and Taxes;

(o) Section 10.2(a) of the Receivables Purchase Agreement is amended by adding the phrase “or any Specified Regulation” immediately following the phrase “after the date hereof” where it appears therein.

(p) Section 10.2(a)(i) of the Receivables Purchase Agreement is amended by (i) replacing the phrase “a Funding Source to any tax, duty or other change” where it appears therein and substituting the phrase “an Affected Party to any Taxes (other than (i) Taxes indemnified under Section 10.4, (ii) Taxes attributable to such Affected Party’s failure to comply with Section 10.4(d), and (iii) Excluded Taxes)” and (ii) replacing the phrase “Funding Source” where it appears therein and substituting the phrase “Affected Party”.

(q) Sections 10.2(a)(ii)-(v) of the Receivables Purchase Agreement are amended by replacing the phrase “Funding Source” where it appears therein and substituting the phrase “Affected Party”.

(r) Sections 10.2(a)(A)-(C) of the Receivables Purchase Agreement are amended by replacing the phrase “Funding Source” where it appears therein and substituting the phrase “Affected Party”.

(s) Section 10.2(a)(A)(2) of the Receivables Purchase Agreement is amended by adding the word “a” immediately before the phrase “Financial Institution” where it appears therein.

(t) The final paragraph of Section 10.2(a) of the Receivables Purchase Agreement by (i) by replacing the phrase “Funding Source” where it appears therein and substituting the phrase “Affected Party”, (ii) by replacing the phrase “Affected Party or Indemnified Party” where it appears therein and substituting the phrase “Affected Party” therefor.

(u) Section 10.2(b) of the Receivables Purchase Agreement is amended and restated as follows:

(b) In determining any amount provided for or referred to in this Section 10.2, no Managing Agent may claim or receive, on behalf of the Affected Parties in, or related to, its Purchaser Group, reimbursement or compensation for amounts under this Section 10.2 that would result in (i) the total compensation (inclusive of Yield and fees and after giving effect to the payment of such amounts under this Section 10.2 and imposition of the related additional or increased costs or reduction in the rate of return on Capital) received, in the aggregate, by all such Affected Parties, exceeding (ii) the total compensation (inclusive of Yield and fees) that would have been payable to all such Affected Parties immediately prior to such Regulatory Change or

Specified Regulation, as the case may be. Subject to the nine-month limitation set forth in the last sentence of Section 10.2(a), amounts payable by Seller under this Section 10.2(b) may be demanded at any time without regard to the timing of issuance of any financial statement by any Affected Party.

(v) Section 10 of the Receivables Purchase Agreement is amended by adding the following as a new Section 10.4 immediately following Section 10.3:

Section 10.4 Taxes.

(a) All payments by or on account of the Seller or the Servicer hereunder or under any Transaction Document shall be made free and clear of and without deduction for any and all Taxes, except as required by applicable Law. If any Law shall require the deduction or withholding of any Taxes from or in respect of any sum payable hereunder or under any Transaction Document, (i) except to the extent such Taxes are attributable to the applicable Affected Party's failure to comply with Section 10.4(d), the sum payable by the Seller or the Servicer, as the case may be, shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 10.4) the applicable Affected Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Seller or the Servicer, as the case may be, shall make such deductions, (iii) the Seller or the Servicer, as the case may be, shall pay the full amount deducted to the relevant authority in accordance with applicable Law and (iv) the Seller or the Servicer, as the case may be, shall furnish to the Agent the original or a certified copy of a receipt or other documentation reasonably acceptable to the Agent evidencing payment thereof within thirty (30) days after such payment is made.

(b) In addition, the Seller hereby agrees to pay any present or future stamp, court, documentary, intangible, recording, filing or similar Taxes and any other excise or property Taxes, charges or similar levies which arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt under, or otherwise with respect to, this Agreement or any Transaction Document ("Other Taxes").

(c) The Seller hereby agrees to indemnify each Affected Party for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 10.4) withheld or deducted on payments to, or paid by, such Affected Party and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Notwithstanding the preceding sentence, Seller shall not be obligated to indemnify any Affected Party for any Taxes or any liability arising therefrom or with respect thereto to the extent such Taxes or liabilities

are attributable to such Affected Party's failure to comply with Section 10.4(d). Payments due under this indemnification shall be made within 30 days of the date the applicable Affected Party makes demand therefor pursuant to clause (f) of this Section 10.4.

(d) Any Affected Party that is entitled to an exemption from or reduction of withholding Tax with respect to payments under this Agreement or any Transaction Document pursuant to the Law of any relevant jurisdiction shall deliver to each of Seller, the Servicer and the Agent, at the time or times prescribed by applicable Law, such properly completed and executed documentation prescribed by applicable Law as will permit such payments to be made without withholding or at a reduced rate. Notwithstanding anything to the contrary in the preceding sentence, the completion, execution and submission of such documentation (other than such documentation set forth in Section 10.4(d)(i), (ii) and (iii)) shall not be required if in the Affected Party's reasonable judgment such completion, execution or submission would subject such Affected Party to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Affected Party. Without limiting the generality of the foregoing:

(i) Each Affected Party this is a "United States person" as defined in Section 7701(a)(30) of the Code (each a "U.S. Affected Party"), on or prior to November 6, 2012 (or, in the case of any such U.S. Affected Party that is not a party hereto on such date, on or prior to the date on which such U.S. Affected Party first becomes entitled to any payment under this Agreement or any Transaction Document), shall deliver to each of Seller, the Servicer and the Agent, a duly completed and executed copy of U.S. Internal Revenue Service Form W-9 certifying that such U.S. Affected Party is exempt from U.S. federal backup withholding Tax.

(ii) Each Affected Party that is not a "United States person" as defined in Section 7701(a)(30) of the Code (each a "Non-U.S. Affected Party"), on or prior to November 6, 2012 (or, in the case of any such Non-U.S. Affected Party that is not a party hereto on such date, on or prior to the date on which such Non-U.S. Affected Party first becomes entitled to any payment under this Agreement or any Transaction Document), shall deliver to Seller, the Servicer and the Agent (A) a duly completed and executed copy of U.S. Internal Revenue Service Form W-8BEN certifying that such Affected Party is entitled to receive payments under this Agreement from the Seller, the Servicer and the Agent without deduction or withholding of any U.S. federal withholding Taxes; (B) a duly completed and executed copy of U.S. Internal Revenue Service Form W-8ECI certifying that such Affected Party is entitled to receive payments under this Agreement from the Seller, the Servicer and the Agent without deduction or withholding of any U.S. federal withholding Taxes; or (C) if such Non-U.S. Affected Party is not the

beneficial owner, a duly completed and executed copy of U.S. Internal Revenue Service Form W-8IMY, accompanied by duly completed and executed copies of U.S. Internal Revenue Service Forms W-8ECI, W-8BEN, W-9 and/or other certification documents from the beneficial owners, as applicable. Each Non-U.S. Affected Party, on or prior to November 6, 2012 (or, in the case of any such Non-U.S. Affected Party that is not a party hereto on such date, on or prior to the date on which such Non-U.S. Affected Party first becomes entitled to any payment under this Agreement or any Transaction Document), shall deliver to Seller, the Servicer and the Agent a duly completed and executed copy of any other form or documentation prescribed by applicable Law as a basis for claiming exemption from U.S. federal withholding Tax, together with such supplementary documentation as may be prescribed by applicable Law to permit Seller, the Servicer and the Agent to determine the withholding or deduction required to be made.

(iii) If a payment made to an Affected Party under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Affected Party were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Affected Party shall deliver to the Seller and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Seller or the Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Seller or the Agent as may be necessary for the Seller and the Agent to comply with their obligations under FATCA and to determine that such Affected Party has complied with such Affected Party's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (h), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Affected Party shall promptly deliver to each of Seller, the Servicer and the Agent updates, renewals or additional copies, duly completed and executed, of any form or other documentation (or any successor thereto) contemplated by this Section 10.4(d) (A) from time to time as reasonably requested by Seller, the Servicer or the Agent, and (B) on or before the date that such form or other documentation expires or becomes obsolete or inaccurate.

(e) Without limiting Section 11.6, each Financial Institution and Managing Agent shall severally indemnify the Agent, within ten (10) days after demand therefor, for (i) any Taxes attributable to such Financial Institution (or to any member of its Purchaser Group or any related Affected Party) (but only to the extent that neither the Seller nor the Servicer has already indemnified the Agent for such Taxes pursuant to this Section 10.4

and without limiting the obligation of the Seller or the Servicer to do so), and (ii) any Excluded Taxes attributable to such Financial Institution or Managing Agent (or to any member of its Purchaser Group or any related Affected Party), in each case, that are payable or paid by the Agent in connection with any Transaction Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Financial Institution or Managing Agent by the Agent shall be conclusive absent manifest error. Each Purchaser and Managing Agent hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Purchaser or Managing Agent under any Transaction Document or otherwise payable by the Agent to such Purchaser or Managing Agent from any other source against any amount due to the Agent under this clause (e).

(f) Each Managing Agent shall deliver a written statement to Seller, the Servicer and the Agent as to the amount due, if any, to the Purchasers in its Purchaser Group and any related Affected Parties under this Section 10.4. Such written statement shall set forth in reasonable detail the calculations upon which such Managing Agent determined such amount and shall be final, conclusive and binding on Seller, the Servicer and the Agent in the absence of manifest error. Unless otherwise provided herein, the amount specified in such written statement shall be payable on demand after receipt by the Seller of such written statement.

(g) If any party determines, in its sole discretion (exercised in good faith), that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 10.4 (including by the payment of additional amounts pursuant to this Section 10.4), it shall pay to such indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such indemnifying party under this Section 10.4 with respect to the Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the indemnifying party, upon the request of the indemnified party, agrees to repay the amount paid over to it pursuant to this clause (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such indemnified party in the event such indemnified party is required to repay such refund to such Governmental Authority. This clause (g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to any other party or Person. Notwithstanding anything herein to the contrary, in no event will any indemnified party be required to pay any amount pursuant to this clause

(g) the payment of which would place such indemnified party in a less favorable net after-Tax position than the indemnified party would have been if the Taxes subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid.

(h) Each party's obligations under this Section 10.4 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, an Affected Party, subject to the provisions of Section 11.8 and Section 12.1, respectively, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Transaction Document.

(w) Clause (ii) of the second parenthetical in Section 12.1(a) of the Receivables Purchase Agreement is amended by replacing the phrase "Conduit's Conduit Costs or on such commercial paper conduit's cost of funds, respectively" where it appears therein and substituting the phrase "assignee's CP Rate" therefor.

(x) Sections 12.1(b)-(c) of the Receivables Purchase Agreement is amended and restated as follows:

(b) Any Financial Institution may at any time and from time to time, upon notice to the Agent and Seller, assign to one or more Persons (" Purchasing Financial Institutions ") all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VI hereto (the " Assignment Agreement ") executed by such Purchasing Financial Institution and such selling Financial Institution. Each assignee of a Financial Institution must (i) have a short-term debt rating of A-1 or better by S&P and P-1 by Moody's, and (ii) be approved by Seller (such approval not to be unreasonably withheld or delayed); provided, however, that no such approval of the Seller shall be required (A) in the event that Seller does not approve of the proposed Purchasing Financial Institution and Seller, the Agent, such Conduit and the selling Financial Institution fail to agree on an alternative funding entity within 15 days after the selling Financial Institution gives notice pursuant to this Section 12.1(b) of the proposed assignment or (B) if an Amortization Event or a Potential Amortization Event shall have occurred and is continuing. Upon delivery of the executed Assignment Agreement to the Agent, such selling Financial Institution shall be released from its obligations hereunder (including, without limitation, the applicable obligations of a Related Financial Institution) to the extent of such assignment. Thereafter the Purchasing Financial Institution shall for all purposes be a Financial Institution party to this Agreement and shall have all the rights and obligations of a Financial Institution under this Agreement to the same extent as if it

were an original party hereto and no further consent or action by Seller, the Purchasers, the Managing Agents or the Agent shall be required.

(c) In the event that any Financial Institution shall cease to have a short-term debt rating of A-1 or better by S&P and P-1 by Moody's (an "Affected Financial Institution"), such Affected Financial Institution and its Related Conduit shall be obligated, upon ten (10) Business Days prior written request of the Seller, to sell and assign all of their respective rights and obligations under the Transaction Documents (including their Capital) (i) to any other Financial Institution selected by the Seller that is (x) a party to this Agreement, (y) not an Affected Financial Institution and (z) willing, in such Financial Institution's sole discretion, to purchase and assume such rights and obligations (it being understood and agreed that no Financial Institution shall have any obligation to purchase or assume any such rights or obligations of any other Financial Institution or Conduit), or (ii) if no other Financial Institution then meets the criteria specified in clause (i) above or no Financial Institution agrees to purchase the Affected Financial Institution's rights and obligations under the Transaction Documents, to any other commercial bank selected by the Seller and acceptable to the Agent (such acceptance not to be unreasonably withheld) with short-term debt ratings of A-1 or better by S&P and P-1 by Moody's, which commercial bank is willing to purchase and assume such rights and obligations; provided that the Affected Financial Institution, its Related Conduit, their Managing Agent and any other related Affected Parties receive payment in full, pursuant to an Assignment Agreement, of all amounts then owing to them under the Transaction Documents (including, without limitation, all their outstanding Capital, accrued Yield, any fees accrued under the Fee Letter); and provided, further, that any such sale and assignment shall be made pursuant to an Assignment Agreement in form and substance reasonably satisfactory to the Agent and the Seller; and provided, further, that if the Affected Financial Institution or any Affiliate thereof is the Agent, another Person shall have been appointed as a successor Agent in accordance with Section 11.8.

(y) Section 12.1 of the Agreement is amended by adding the following as a new clause (e) immediately following clause (d):

(e) The Agent, acting solely for this purpose as an agent of Seller, shall maintain at one of its offices in New York a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Purchasers, and the Commitments of, and amount of Capital owing to, each Purchaser pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and Seller, the Servicer, the Agent and each Affected Party shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Purchaser hereunder for all purposes of this Agreement,

notwithstanding notice to the contrary. The Register shall be available for inspection by Seller, the Servicer and any Affected Party at any reasonable time and from time to time upon reasonable prior notice.

(z) Section 12.2 of the Receivables Purchase Agreement is amended by adding the following text immediately following the last sentence therein:

Each Financial Institution that sells a participating interest shall, acting solely for this purpose as an agent of Seller, maintain a register on which it enters the name and address of each Participant and the amount of each Participant's participating interest in the Purchaser Interests or other obligations under this Agreement (the "Participant Register"); provided that no Financial Institution shall have any obligation to disclose all or any portion of the Participant Register to Seller, the Servicer, the Agent or any other Person (including the identity of any Participant or any information relating to a Participant's participating interest in the Purchaser Interests or other obligations) except to the extent such disclosure is necessary to establish that such Purchaser Interests or other obligations are in registered form under Section 5f.103-1(c) of the U.S. Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Financial Institution shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining the Participant Register.

(aa) Section 13.1 of the Receivables Purchase Agreement is amended by deleting the last sentence thereof.

(bb) The last sentence of Section 14.5(b) of the Receivables Purchase Agreement is amended and restated as follows:

In addition, the Purchasers, any Funding Source, the Managing Agents and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law), and, without limiting the generality of the foregoing, may disclose any such nonpublic information to any nationally recognized statistical rating organization as contemplated by Section 17g-5 of the Securities Exchange Act of 1934, as amended.

(cc) Section 14.17 of the Receivables Purchase Agreement is amended by adding the phrase "Patriot Act." immediately prior to the first sentence thereof.

(dd) The following new defined terms and definitions thereof are added to Exhibit I to the Receivables Purchase Agreement in the appropriate alphabetical order:

“ Affected Party ” means each Purchaser, each Managing Agent, the Agent and each Funding Source.

“ Code ” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“ CP Rate ” means, for any period with respect to the Purchaser Interests (or portion thereof) of any Conduit then being funded by the issuance of Commercial Paper, the per annum rate equivalent to the weighted average cost (as determined such Conduit or its Managing Agent and which shall include commissions and fees of placement agents and dealers, incremental carrying costs incurred with respect to Commercial Paper maturing on dates other than those on which corresponding funds are received by such Conduit, other borrowings by such Conduit (other than under any Liquidity Agreement) and any other costs and expenses associated with the issuance of Commercial Paper) of or related to the issuance of Commercial Paper that is allocated, in whole or in part, by such Conduit or its Managing Agent to fund or maintain such Purchaser Interests (and which may be also allocated in part to the funding of other assets of such Conduit (determined in the case of Commercial Paper issued on a discount by converting the discount to an interest equivalent rate per annum).

“ Excluded Taxes ” means, in the case of each Affected Party, (i) taxes imposed on its overall net income and franchise taxes (and any interest, fees or penalties for late payment thereof) imposed on it by (a) the jurisdiction under the Laws of which such Affected Party is incorporated or organized or (b) the jurisdiction in which such Affected Party’s principal executive office or such Affected Party’s applicable Funding Office is located; and (ii) any Taxes imposed under FATCA (or any amended or successor version of FATCA if such amended or successor version provides a commercially reasonable mechanism to avoid the tax imposed thereunder by satisfying the information reporting and other requirements of FATCA).

“FATCA ” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“ Funding Office ” means, with respect to any Affected Party, the office, branch, subsidiary or Affiliate of such Affected Party in which it elects to book its interest in the Purchased Interest or its other interests hereunder.

“ Governmental Authority ” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial,

taxing, regulatory or administrative powers or functions of or pertaining to government.

“ Law ” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes, executive orders or administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of Law.

“ Non-U.S. Affected Party ” has the meaning set forth in Section 10.4(d)(ii).

“ OFAC ” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“ Other Taxes ” has the meaning set forth in Section 10.4(b).

“ PNC ” means PNC Bank, National Association.

“ PNC Conduit ” means Market Street Funding LLC.

“ Sanctioned Country ” means a country subject to a sanctions program identified on the list maintained by OFAC and available at: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>, or as otherwise published from time to time.

“ Sanctioned Person ” means (i) A person named on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by OFAC available at: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time or (ii) (A) an agency of the government of a Sanctioned Country, (B) an organization controlled by a Sanctioned Country, or (C) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

“ Specified Regulation ” means, without regard to the date enacted, adopted or issued, (a) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (b) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III.

“ Taxes ” means any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, charges, or withholdings, and any and all

liabilities with respect to the foregoing (including interest, penalties and additions to taxes), but excluding Excluded Taxes.

“ U.S. Affected Party ” has the meaning set forth in Section 10.4(d)(i).

(ee) The following defined terms and definitions thereof set forth Exhibit I to the Receivables Purchase Agreement are deleted therefrom in their entirety:

- (i) “ BTMU ”;
- (ii) “ Conduit Costs ”;
- (iii) “ Credit Agricole ”;
- (iv) “ Credit Agricole Conduit ”;
- (v) “ Federal Funds Effective Rate ”;
- (vi) “ Pooled Commercial Paper ”;
- (vii) “ RBS ”;
- (viii) “ RBS Conduit ”; and
- (ix) “ Servicing Agreement Amendments ”.

(ff) The definition of “ Carrying Cost Reserve ” set forth in Exhibit I of the Receivables Purchase Agreement is amended by deleting the phrase “Conduit Costs” where it appears therein and substituting the phrase “CP Costs” therefor.

(gg) The definition of “ Carrying Cost Reserve Percentage ” set forth in Exhibit I of the Receivables Purchase Agreement is amended by deleting the number “2.25” where it appears therein and substituting the number “2.00” therefor.

(hh) The definition of “ Commitment Availability ” set forth in Exhibit I of the Receivables Purchase Agreement is amended by deleting the phrase “divided by 102%” where it appears therein.

(ii) The definition of “ CP Costs ” set forth in Exhibit I of the Receivables Purchase Agreement is amended and restated as follows:

“ CP Costs ” means for each day with respect to any Purchaser Interest (or any portion thereof) of any Conduit, an amount equal to the product of (i) the applicable CP Rate, times, (ii) the Capital of such Purchaser Interest on such day, times (iii) 1/360; provided, that notwithstanding anything in this Agreement or the other Transaction Documents to the contrary, Seller agrees that any amounts payable to such Conduit in respect of CP Costs for any

period with respect to any Purchaser Interests (or portion thereof) funded by such Conduit by the issuance of Commercial Paper shall include an amount equal to the portion of the face amount of the outstanding Commercial Paper issued to fund or maintain such Purchaser Interests (or portion thereof) that corresponds to the portion of the proceeds of such Commercial Paper that was used to pay the interest component of maturing Commercial Paper issued to fund or maintain such Purchaser Interests (or portion thereof), to the extent that such Conduit had not received payments of interest in respect of such interest component prior to the maturity date of such maturing Commercial Paper (for purposes of the foregoing, the “interest component” of Commercial Paper equals the excess of the face amount thereof over the net proceeds received by such Conduit from the issuance of Commercial Paper, except that if such Commercial Paper is issued on an interest-bearing basis, its “interest component” will equal the amount of interest accruing on such Commercial Paper through maturity).

(jj) The definition of “ Dilution Stress Factor ” set forth in Exhibit I of the Receivables Purchase Agreement is amended and restated as follows:

“ Dilution Stress Factor ” means, at any time, the “Dilution Stress Factor” set forth in the table below corresponding to the Ratings Level in effect at such time and set forth in the table below:

Ratings Level	Dilution Stress Factor
Ratings Level 1	2.00
Ratings Level 2	2.00
Ratings Level 3	2.25
Ratings Level 4	2.25

(kk) The definition of “ Federal Funds Rate ” set forth in Exhibit I of the Receivables Purchase Agreement is amended and restated as follows:

“ Federal Funds Rate ” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

(ll) Clause (i) of the definition of “Fee Letter” set forth in Exhibit I of the Receivables Purchase Agreement is amended by deleting the date “November 9, 2010” where it appears therein and substituting the date “November 6, 2012” therefor.

(mm) The definition of “Fitch” set forth in Exhibit I of the Receivables Purchase Agreement is amended and restated as follows:

“Fitch” means Fitch, Inc. (d/b/a Fitch Ratings) or any successor thereto that is a nationally recognized statistical rating organization.

(nn) Clause (A) of the definition of “LIBO Rate” set forth in Exhibit I of the Receivables Purchase Agreement is amended by deleting the phrase “BBAL 10” where it appears therein and substituting the phrase “BBAM2” therefor.

(oo) The definition of “Liquidity Termination Date” set forth in Exhibit I of the Receivables Purchase Agreement is amended by deleting the date “November 9, 2012” where it appears therein and substituting the date “November 6, 2014” therefor.

(pp) The definition of “Loss Stress Factor” set forth in Exhibit I of the Receivables Purchase Agreement is amended and restated as follows:

“Loss Stress Factor” means, at any time, the “Loss Stress Factor” set forth in the table below corresponding to the Ratings Level in effect at such time and set forth in the table below:

Ratings Level	Loss Stress Factor
Ratings Level 1	2.00
Ratings Level 2	2.00
Ratings Level 3	2.25
Ratings Level 4	2.25

(qq) Clause (i) of the definition of “Material Adverse Effect” set forth in Exhibit I of the Receivables Purchase Agreement is amended by adding the phrase “taken as a whole” immediately following the word “Subsidiaries” where it appears therein.

(rr) The definition of “Moody’s” set forth in Exhibit I of the Receivables Purchase Agreement is amended and restated as follows:

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto that is a nationally recognized statistical rating organization.

(ss) The definition of “ Performance Guaranty ” set forth in Exhibit I of the Receivables Purchase Agreement is amended and restated as follows:

“ Performance Guaranty ” means that certain Fourth Amended and Restated Performance Guaranty, dated as of November 6, 2012, by Performance Guarantor in favor of Seller, as the same may be reaffirmed, amended, restated or otherwise modified from time to time.

(tt) The definition of “ Prime Rate ” set forth in Exhibit I of the Receivables Purchase Agreement is amended and restated as follows:

“ Prime Rate ” means a rate per annum equal to the higher of (x) the prime rate of interest announced from time to time by the Agent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes, and (y) the Federal Funds Rate plus 0.50%.

(uu) The definition of “ S&P ” set forth in Exhibit I of the Receivables Purchase Agreement is amended and restated as follows:

“ S&P ” means Standard & Poor’s Financial Services LLC or any successor thereto that is a nationally recognized statistical rating organization.

(vv) Each of Exhibit II, Exhibit III, Exhibit X, Exhibit XI, Schedule A Schedule C, and Schedule D to the Receivables Purchase Agreement is replaced in its entirety with new Exhibit II, Exhibit III, Exhibit XI, Schedule A, Schedule C, and Schedule D respectively, attached hereto.

(ww) For the avoidance of doubt and as shown on Schedule A hereto, the Commitments and Conduit Purchase Limits of the respective Purchasers are set forth in the following tables:

<u>Financial Institution</u>	<u>Commitment</u>
Wells Fargo Bank, N.A.	\$200,000,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch	\$400,000,000
PNC Bank, National Association	\$150,000,000
The Bank of Nova Scotia	\$200,000,000

<u>Conduit</u>	<u>Conduit Purchase Limit</u>
Liberty Street Funding LLC	\$200,000,000
Victory Receivables Corporation	\$400,000,000
Market Street Funding LLC	\$150,000,000

Section 6. Certain Covenants. The Agent, Conduits, Managing Agents and Financial Institutions hereby waive compliance with the requirement set forth in Section 7.1(i)(ix) of the Receivables Purchase Agreement that any consolidated financial statements of any Cardinal Entity or any Affiliate thereof that include Seller and that are filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that Seller is a separate legal entity and that its assets will be available first and foremost to satisfy the claims of the creditors of Seller, solely for the periods between July 1, 2010 and November 9, 2012.

Section 7. Consent to Performance Guaranty. Each of the parties hereto hereby acknowledges, agrees and consents to the Agent's entry into the Performance Guaranty (as such term is redefined hereby).

Section 8. Representations and Warranties. On the date hereof, each Seller Party hereby represents and warrants (as to itself) to the Purchasers, the Managing Agents and the Agent as follows:

(a) after giving effect to this Amendment, no event or condition has occurred and is continuing which constitutes an Amortization Event or Potential Amortization Event;

(b) after giving effect to this Amendment, the representations and warranties of such Person set forth in the Receivables Purchase Agreement and each other Transaction Document are true and correct as of the date hereof, as though made on and as of such date (except to the extent such representations and warranties relate solely to an earlier date and then as of such earlier date); and

(c) this Amendment constitutes the valid and binding obligation of such Person, enforceable against such Person in accordance with its terms.

Section 9. Conditions to Effectiveness of this Amendment. This Amendment shall become effective as of the date hereof upon receipt by the Agent of each of the following, in each case, in form and substance reasonably satisfactory to the Agent:

(a) counterparts of this Amendment, duly executed by each of the parties hereto;

(b) counterparts of the Fee Letter and the Performance Guaranty (as redefined hereby), duly executed by each of the parties thereto;

(c) a certificate of the secretary or assistant secretary of each of the Seller, Griffin and Cardinal attaching and certifying as to (i) the incumbency, names and signatures of the officers authorized on such Person's behalf to execute this Amendment and any other documents to be delivered by it hereunder, (ii) a copy of the resolutions of the board of directors (or any other Person or group exercising similar management and control) of such Person, (iii) a copy of such Person's certificate of formation, articles of incorporation or similar organizational document, and (iv) a copies of such Person's limited liability company agreement, management agreement, bylaws or similar organizational documents, as applicable;

(d) a good standing certificate for each of the Seller, Griffin and Cardinal issued on or within thirty (30) days prior to the date hereof by the Secretary of State (or the equivalent thereof) of its state of organization or incorporation and of each jurisdiction where its chief executive office or principal place of business is located; and

(e) customary opinions of counsel to the Seller, Griffin and Cardinal regarding true sale and substantive consolidation matters with respect to the transactions contemplated by the Receivables Purchase Agreement and the other Transaction Documents.

Section 10. Miscellaneous.

(a) Effect of Amendment; Ratification. Except as specifically set forth herein, the Receivables Purchase Agreement (as amended hereby) is hereby ratified and confirmed in all respects, and all of its provisions shall remain in full force and effect. After this Amendment becomes effective, all references in the Receivables Purchase Agreement (or in any other Transaction Document) to “the Receivables Purchase Agreement”, “this Agreement”, “hereof”, “herein”, or words of similar effect, in each case referring to the Receivables Purchase Agreement, shall be deemed to be references to the Receivables Purchase Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend, or supplement any provision of the Receivables Purchase Agreement other than as specifically set forth herein.

(b) Costs, Fees and Expenses. The Seller agrees to reimburse each of the parties hereto (other than Griffin) on demand for all reasonable costs, fees and expenses incurred by such parties (including, without limitation, their reasonable fees and expenses of counsel) incurred in connection with the preparation, execution and delivery of this Amendment.

(c) Counterparts; Delivery. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Amendment.

(d) Severability. Any provision contained in this Amendment which is held to be inoperative, unenforceable or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable or invalid without affecting the remaining provisions of this Amendment in that jurisdiction or the operation, enforceability or validity of such provision in any other jurisdiction.

(e) Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Receivables Purchase Agreement or any provision hereof or thereof.

(f) GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS.

(g) WAIVER OF TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AMENDMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

(*Signature Pages Follow*)

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed as of the date first above written.

CARDINAL HEALTH FUNDING, LLC, as Seller

By: /s/ Kenneth C. Wilder
Name: Kenneth C. Wilder
Title: President

GRIFFIN CAPITAL, LLC, as Servicer

By: /s/ Kenneth C. Wilder
Name: Kenneth C. Wilder
Title: President

S-1 7th Amendment and Joinder

WELLS FARGO BANK, N.A.,
as a Financial Institution and as Managing Agent for WF's Purchaser
group

By: /s/ William P. Rutkowski
Name: William P. Rutkowski
Title: Vice President

S-2 7th Amendment and Joinder

WINDMILL FUNDING CORPORATION, as an exiting Conduit

By: /s/ John L. Fridlington

Name: John L. Fridlington

Title: Vice President

THE ROYAL BANK OF SCOTLAND PLC, as the exiting Related
Financial Institution for Windmill and as the exiting Managing Agent for
Windmill's Purchaser Group

By: /s/ Thomas J. Educate

Name: Thomas J. Educate

Title: Managing Director

ATLANTIC ASSET SECURITIZATION LLC, as an exiting Conduit

By: /s/ Sam Pilcer
Name: Sam Pilcer
Title: Managing Director

By: /s/ Kostantina Kourmpetis
Name: Konstantina Kourmpetis
Title: Managing Director

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK NEW
YORK BRANCH, as the exiting Related Financial Institution for Atlantic
and as the exiting Managing Agent for Atlantic's Purchaser Group

By: /s/ Sam Pilcer
Name: Sam Pilcer
Title: Managing Director

By: /s/ Kostantina Kourmpetis
Name: Konstantina Kourmpetis
Title: Managing Director

MARKET STREET FUNDING LLC, as a Conduit

By: /s/ Doris J. Hearn

Name: Doris J. Hearn

Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, as Related Financial
Institution for Market Street and as Managing Agent for Market Street's
Purchaser Group

By: /s/ Mark Falcione

Name: Mark Falcione

Title: Senior Vice President

VICTORY RECEIVABLES CORPORATION, as a Conduit

By: /s/ David V. DeAngelis

Name: David V. DeAngelis

Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK
BRANCH, as Related Financial Institution for Victory, as Managing
Agent for Victory's Purchaser Group and as Agent

By: /s/ Van Dusenbury

Name: Van Dusenbury

Title: Managing Director

LIBERTY STREET FUNDING LLC, as a Conduit

By: /s/ John L. Fridlington

Name: John L. Fridlington

Title: Vice President

THE BANK OF NOVA SCOTIA, as Related Financial Institution for
Liberty Street and as Managing Agent for Liberty Street's Purchaser
Group

By: /s/ Mark Sparrow

Name: Mark Sparrow

Title: Director

EXHIBIT II
FORM OF PURCHASE NOTICE

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Agent and a Managing Agent
12th Floor
1251 Avenue of the Americas
New York, NY 10020
Attention: John Donoghue and Luna Mills

PNC Bank, National Association, as a Managing Agent
Three PNC Plaza
225 Fifth Avenue
Pittsburgh, PA 15222-2707
Attention: William Falcon

The Bank of Nova Scotia, as a Managing Agent
One Liberty Plaza
New York, New York 10006
Attention: Darren Ward

Wells Fargo Bank, N.A., as a Managing Agent
6 Concourse Pkwy.
Suite 1450
Atlanta, GA 30328
Attention: Tim Brazeau, Floria Whitcomb and Bill Rutkowski

Re: PURCHASE NOTICE

Ladies and Gentlemen:

Reference is hereby made to the Third Amended and Restated Receivables Purchase Agreement, dated as of November 19, 2007, as amended, by and among Cardinal Health Funding, LLC, a Nevada limited liability company (the “Seller”), Griffin Capital, LLC, as Servicer, the Financial Institutions, the Conduits, the Managing Agents and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Agent (as amended, restated, supplemented or otherwise modified from time to time, the “Receivables Purchase Agreement”). Capitalized terms used herein shall have the meanings assigned to such terms in the Receivables Purchase Agreement. The Agent and the Managing Agents are hereby notified of the following Incremental Purchase:

Purchase Price:	\$
Portion of the Purchase Price Payable by the BNS Conduit's Purchaser Group:	\$
Portion of Purchase Price Payable by the BTMU Conduit's Purchaser Group:	\$
Portion of Purchase Price Payable by the PNC Conduit's Purchaser Group:	\$
Portion of Purchase Price Payable by WF:	\$
Date of Purchase:	
Requested Discount Rate: ⁶	LIBO Rate
Requested Tranche Period: ⁷	[_____]

Please credit the Purchase Price in immediately available funds to our Facility Account [and then wire-transfer the Purchase Price in immediately available funds on the above-specified date of purchase to]:

[Account Name]
[Account No.]
[Bank Name & Address]
[ABA #]
Reference:

Telephone advice to: [Name] @ tel. no. ()

Please advise [Name] at telephone no. () _____ if any Conduit will not be making this purchase.

In connection with the Incremental Purchase to be made on the above listed "Date of Purchase" (the "Purchase Date"), the Seller hereby certifies that the following statements are true on the date hereof, and will be true on the Purchase Date (before and after giving effect to the proposed Incremental Purchase):

- (i) the representations and warranties of the Seller set forth in Section 5.1 and 5.2 of the Receivables Purchase Agreement are true and correct on and as of the Purchase Date as though made on and as of such date (except to the extent such representations and warranties relate solely to an earlier date and then as of such earlier date);
- (ii) no event has occurred and is continuing, or would result from the proposed Incremental Purchase, that will constitute an Amortization Event or a Potential Amortization Event;

(iii) the Amortization Date has not occurred, the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%; and

(iv) the amount of Aggregate Capital is \$_____ after giving effect to the Incremental Purchase to be made on the Purchase Date.

Very truly yours,

CARDINAL HEALTH FUNDING, LLC

By:

Name:

Title:

Exh. II-3

EXHIBIT III

LEGAL NAMES; JURISDICTIONS OF ORGANIZATION;
LOCATIONS OF RECORDS;
FEDERAL EMPLOYER IDENTIFICATION NUMBERS;
STATE ORGANIZATIONAL IDENTIFICATION NUMBERS

Seller

Legal Name:	Cardinal Health Funding, LLC
Jurisdiction of Organization	Nevada
Locations of Records:	7000 Cardinal Place Dublin, Ohio 43017
Federal Employer's Identification Number:	88-0462827
State Organizational Identification Number:	LLC4939-2000

Servicer

Legal Name:	Griffin Capital, LLC
Jurisdiction of Organization	Nevada
Locations of Records:	7000 Cardinal Place Dublin, Ohio 43017
Federal Employer's Identification Number:	86-0860268
State Organizational Identification Number:	LLC5421-2002

EXHIBIT X

[RESERVED]

Ex. X-1

EXHIBIT XI

FORM OF REDUCTION NOTICE

_____, 20____

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Agent and a Managing Agent
12th Floor
1251 Avenue of the Americas
New York, NY 10020
Attention: John Donoghue and Luna Mills

PNC Bank, National Association, as a Managing Agent
Three PNC Plaza
225 Fifth Avenue
Pittsburgh, PA 15222-2707
Attention: William Falcon

The Bank of Nova Scotia, as a Managing Agent
One Liberty Plaza
New York, New York 10006
Attention: Darren Ward

Wells Fargo Bank, N.A., as a Managing Agent
6 Concourse Pkwy.
Suite 1450
Atlanta, GA 30328
Attention: Tim Brazeau, Floria Whitcomb and Bill Rutkowski

Ladies and Gentlemen:

The undersigned, _____, refers to the Third Amended and Restated Receivables Purchase Agreement, dated as of November 19, 2007 (as amended, restated, supplemented or otherwise modified from time to time, the “Receivables Purchase Agreement”, the terms defined therein being used herein as therein defined), among the undersigned, Griffin Capital, LLC, as Servicer (“Servicer”), certain Conduits party thereto, certain Financial Institutions parties thereto, certain Managing Agents party thereto and The Bank of Tokyo-

Mitsubishi UFJ, Ltd., New York Branch, as Agent for such Conduits and Financial Institutions (the Conduits and the Financial Institutions, collectively, the “ Purchasers ”). Pursuant to Section 1.3 of the Receivables Purchase Agreement, the undersigned hereby irrevocably notifies you that it will repay [all] [a portion] of the Capital outstanding under the Receivables Purchase Agreement and in that connection sets forth below the information relating to such repayment (the “ Proposed Reduction ”):

The Business Day of the Proposed Reduction is _____, 20_____.

The total amount of the Proposed Reduction is \$_____.

The Pro Rata Share of the Proposed Reduction for each Conduit is:

\$_____ for Liberty Street Funding LLC;

\$_____ for Victory Receivables Corporation; and

\$_____ for Market Street Funding LLC.

The Pro Rata Share of the Proposed Reduction for each Financial Institution is:
\$_____ for BNS, \$_____ for BTMU, \$_____ for WF and \$_____ for PNC.

On the date of the Proposed Reduction, the Seller shall pay to each relevant Purchaser(s), an amount equal to (i) such Purchaser’s Pro Rata Share of the outstanding Capital described above, plus (ii) all Broken Funding Costs (if any), plus (iii) all other amounts payable to the Agent or any Purchaser under the Transaction Documents.

Very truly yours,

CARDINAL HEALTH FUNDING, LLC

By: _____

Name:

Title:

SCHEDULE A

COMMITMENTS, CONDUIT PURCHASE LIMITS, WIRING INSTRUCTIONS, RELATED FINANCIAL INSTITUTIONS AND MANAGING AGENTS

Financial Institutions, Commitments and Wiring Instructions for Financial Institutions

<u>Financial Institution</u>	<u>Commitment</u>	<u>Wiring Instructions for Payments to Financial Institutions</u> (Wiring instructions for payments to Conduits are on the following page)
Wells Fargo Bank, N.A.	\$200,000,000	Wells Fargo Bank, N.A. ABA # 121-000-248 A/C # 37235547964500543 Ref: CHU01-Cardinal Health
The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, with respect to Victory Receivables Corporation	\$400,000,000	The Bank of Tokyo-Mitsubishi UFJ, Ltd. ABA # 026-009-632 AC# 310-051-428 Account Name: VRC Reference: Cardinal Health
PNC Bank, National Association, with respect to Market Street Funding LLC	\$150,000,000	PNC Bank, NA Routing # 043000096 A/C # 1002422076 A/C Name: Market Street Funding LLC Ref: Cardinal Health
The Bank of Nova Scotia, with respect to Liberty Street Funding LLC	\$200,000,000	The Bank of Nova Scotia - New York Agency ABA#: 026 – 002532 Account: Liberty Street Funding LLC Acct#: 2158-13

**Conduit Purchase Limits, Wiring Instructions for Conduits and
Related Financial Institutions of Conduits**

<u>Conduit</u>	<u>Conduit Purchase Limit</u>	<u>Wiring Instructions for Conduits</u>	<u>Related Financial Institution</u>
Liberty Street Funding LLC	\$200,000,000	The Bank of Nova Scotia - New York Agency ABA#: 026 - 002532 Account: Liberty Street Funding LLC Acct#: 2158-13	The Bank of Nova Scotia
Victory Receivables Corporation	\$400,000,000	The Bank of Tokyo-Mitsubishi UFJ, Ltd. ABA # 026-009-632 AC# 310-051-428 Account Name: VRC Reference: Cardinal Health	The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch
Market Street Funding LLC	\$150,000,000	PNC Bank, NA Routing # 043000096 A/C # 1002422076 A/C Name: Market Street Funding LLC Ref: Cardinal Health	PNC Bank, National Association

Schedule A-2

Managing Agents

<u>Purchasers</u>	<u>Managing Agent</u>
Liberty Street Funding LLC, as Conduit The Bank of Nova Scotia., as Financial Institution	The Bank of Nova Scotia
Victory Receivables Corporation, as Conduit The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, as Financial Institution	The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch
Market Street Funding LLC PNC Bank, National Association	PNC Bank, National Association
Wells Fargo Bank, N.A., as a Financial Institution	Wells Fargo Bank, N.A.

Schedule A-3

Purchaser Groups

Liberty Street Funding LLC, as Conduit
--

The Bank of Nova Scotia, as Financial Institution and as Managing Agent

Victory Receivables Corporation, as Conduit

The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, as Financial Institution
--

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Managing Agent
--

Market Street Funding LLC, as Conduit

PNC Bank, National Association, as Financial Institution and as Managing Agent
--

Wells Fargo Bank, N.A., as Financial Institution and as Managing Agent
--

Agent and Wiring Instructions for the Agent

Agent	Wiring Instructions for Agent
The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch	The Bank of Tokyo-Mitsubishi UFJ, Ltd. ABA # 026-009-632 AC# 310-051-428 Account Name: VRC Reference: Cardinal Health

Schedule A-5

SCHEDULE C

NOTICE ADDRESSES

Seller: Cardinal Health Funding, LLC
7000 Cardinal Place
Dublin, Ohio 43017

Attention: Kenneth C. Wilder

with a copy to:
Cardinal Health, Inc.
7000 Cardinal Place
Dublin, Ohio 43017
Attention: Senior Counsel – Corporate & Securities or, for
purposes of Sections 3.3 and 4.2 only, Treasury (Fax No.
614/652-8639)

Servicer: Griffin Capital, LLC
7000 Cardinal Place
Dublin, Ohio 43017

Attention: Kenneth C. Wilder

with a copy to:
Cardinal Health, Inc.
7000 Cardinal Place
Dublin, Ohio 43017
Attention: Senior Counsel – Corporate & Securities

BNS: The Bank of Nova Scotia
One Liberty Plaza
New York, New York 10006
Attn: Darren Ward
Fax: 212-225-5274

BNS Conduit: Liberty Street Funding LLC
c/o Global Securitization Services, LLC
114 West 47th Street Suite 2310
New York, New York 10036
Attn: Jill A. Russo
Fax: (212) 302-8767

(with a copy to BNS)

BTMUNY:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
1251 Avenue of the Americas, 12th Floor
New York, NY 10020
Attn: Nicolas Mounier
Fax: (212) 782-6998

BTMU Conduit:

Victory Receivables Corporation
c/o The Bank of Tokyo-Mitsubishi UFJ, Ltd.
1251 Avenue of the Americas
New York, NY 10020
Attn: Aditya Reddy
Fax: (212) 782-6448

(with a copy to BTMUNY)

PNC

PNC Bank, National Association
Three PNC Plaza
225 Fifth Avenue
Pittsburgh, PA 15222-2707
Attention: William Falcon
Fax: 412-762-9184

PNC Conduit:

Market Street Funding LLC
c/o AMACAR Group, LLC
6525 Morrison Blvd. Ste. 318
Charlotte, NC 28211
Attention: Cynthia Reames
Fax: 704-365-1362

(with a copy to PNC)

Wells Fargo Bank, N.A.

Wells Fargo Bank, N.A.
6 Concourse Pkwy.
Suite 1450
Atlanta, GA 30328
Attention: Tim Brazeau, Floria Whitcomb and Bill Rutkowski
Fax: 404-732-0851

SCHEDULE D

CONCENTRATION LIMIT

“ Concentration Limit ” means, at any time, for any Obligor, three percent (3%) of the aggregate Outstanding Balance of all Receivables that are Eligible Receivables, or such other amount (a “ Special Concentration Limit ”) for such Obligor designated by the Agent; provided, that, and to the extent applicable, the Rating Agencies then rating the Commercial Paper notes of the applicable Conduit shall have confirmed that the ratings of the Commercial Paper notes of such Conduit will not be downgraded or withdrawn as a result of any designation by the Agent of any new Obligor subject to a Special Concentration Limit or any increase by the Agent of an existing Special Concentration Limit percentage; and provided, further, that in the case of an Obligor and any Affiliate of such Obligor, the Concentration Limit shall be calculated as if such Obligor and such Affiliate are one Obligor; and provided, further, that the Agent or any Managing Agent may, upon not less than three Business Days’ notice to Seller, cancel any Special Concentration Limit; and provided, further, that (i) the Special Concentration Limit for the Obligor Walgreen Co. shall be automatically cancelled if, at any time, the senior unsecured short-term debt ratings of Walgreen Co. fall below A-2 (or is withdrawn), as determined by S&P, and fall below P-2 (or is withdrawn), as determined by Moody’s, and (ii) the Special Concentration Limit for the Obligor CVS Caremark Corporation shall be automatically cancelled if, at any time, the senior unsecured short-term debt ratings of CVS Caremark Corporation fall below A-2 (or is withdrawn), as determined by S&P, and fall below P-2 (or is withdrawn), as determined by Moody’s. The following Special Concentration Limits have been established by the Agent for the following Obligors:

Obligor	Special Concentration Limit (% of the aggregate Outstanding Balance of Eligible Receivables)
CVS Caremark Corporation	21.00%
Walgreen Co.	21.00%

FOURTH AMENDED AND RESTATED PERFORMANCE GUARANTY

This Fourth Amended and Restated Performance Guaranty (this “Guaranty”), dated as of November 6, 2012, is executed by Cardinal Health, Inc., an Ohio corporation (“Cardinal” or the “Performance Guarantor”) in favor of Cardinal Health Funding, LLC, a Nevada limited liability company (together with its successors and assigns, “Beneficiary”).

RECITALS

1. Each of Cardinal Health 110, Inc., a Delaware corporation (“CH 110”), and Cardinal Health 411, Inc., an Ohio corporation (“CH 411”) has entered into and may from time to time in the future enter into Sub-Originator Sale Agreements (such term being used herein as defined in the Receivables Purchase Agreement described in paragraph 3 below) with the Approved Sub-Originators (such term being used herein as defined in the Receivables Purchase Agreement described in paragraph 3 below).

2. Griffin Capital, LLC, a Nevada limited liability company (“Griffin”), has entered into (a) that certain Second Amended and Restated Receivables Purchase and Sale Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “CH 110 Griffin RPA”), dated as of May 21, 2004, by and between Griffin and CH 110, and (b) that certain Receivables Purchase and Sale Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “CH 411 Griffin RPA” and, together with the CH 110 Griffin RPA, the “Griffin RPAs”), dated as of June 20, 2007, by and between Griffin and CH 411 (together with CH 110, the “Originators” and, together with Griffin and the Approved Sub-Originators, the “Transaction Parties”), in each case pursuant to which each Originator, subject to the terms and conditions thereof, has sold and will continue to sell (in the case of CH 110) and is selling (in the case of CH 411) all of its right, title and interest in and to its accounts receivable.

3. Griffin and Beneficiary have entered into an Amended and Restated Receivables Sale Agreement, dated as of May 21, 2004 (as amended, restated or otherwise modified from time to time, the “Receivables Sale Agreement”), pursuant to which Griffin, subject to the terms and conditions contained therein, has sold and will continue to sell its right, title and interest in and to all of the accounts receivable purchased by Griffin under each Griffin RPA to Beneficiary. In turn, Beneficiary has entered into a Third Amended and Restated Receivables Purchase Agreement, dated as of November 19, 2007, by and among Beneficiary, Griffin, as Servicer, the Conduits party thereto, the Financial Institutions party thereto, the Managing Agents party thereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as the Agent (as amended, restated or otherwise modified, the “Receivables Purchase Agreement” and, together with the Sub-Originator Sale Agreements, each Griffin RPA and the Receivables Sale Agreement, the “Agreements”), pursuant to which Beneficiary has sold and will continue to sell undivided interests in the accounts receivable it purchases from Griffin under the Receivables Sale Agreement.

4. Each Approved Sub-Originator, Originator and Griffin is a Subsidiary of Performance Guarantor and Performance Guarantor has received and is expected to continue to receive substantial direct and indirect benefits from the sale of the accounts receivable by the

Approved Sub-Originators to each of the Originators under the applicable Sub-Originator Sale Agreements, by the Originators to Griffin under the applicable Griffin RPA and by Griffin to Beneficiary under the Receivables Sale Agreement (which benefits are hereby acknowledged).

5. Concurrently herewith, Griffin, Beneficiary, the Conduits, the Financial Institutions, the Managing Agents and the Agent are entering into that certain Seventh Amendment and Joinder to the Receivables Purchase Agreement (the “RPA Amendment”), dated as of the date hereof, and the Performance Guarantor’s execution and delivery of this Performance Guaranty is a condition precedent to effectiveness of the RPA Amendment. As an inducement for Beneficiary to enter into the RPA Amendment, Performance Guarantor has agreed to guaranty the due and punctual performance by each Approved Sub-Originator of its obligations under the applicable Sub-Originator Sale Agreement, each Originator of its obligations under the applicable Griffin RPA and by Griffin of its obligations under the Receivables Sale Agreement and the Receivables Purchase Agreement.

6. Performance Guarantor wishes to guaranty the due and punctual performance by the Approved Sub-Originators, the Originators and Griffin of their respective Obligations (as hereinafter defined), as provided herein.

AGREEMENT

NOW, THEREFORE, Performance Guarantor hereby agrees as follows:

Section 1. Definitions. Capitalized terms used herein and not defined herein shall have the respective meanings assigned thereto in the Receivables Purchase Agreement. In addition:

“Obligations” means, collectively, (i) all covenants, agreements, terms, conditions and indemnities to be performed and observed by each Originator and each Approved Sub-Originator under and pursuant to the Griffin RPA and Sub-Originator Sale Agreement(s) to which such Originator or Approved Sub-Originator is a party and each other document executed and delivered by each such Originator or Approved Sub-Originator pursuant to such Griffin RPA and Sub-Originator Sale Agreement(s), including, without limitation, the due and punctual payment of all sums which are or may become due and owing by each such Originator or Approved Sub-Originator under such Griffin RPA and Sub-Originator Sale Agreement(s), whether for fees, expenses (including counsel fees), indemnified amounts or otherwise, whether upon any termination or for any other reason, (ii) all covenants, agreements, terms, conditions and indemnities to be performed and observed by Griffin under and pursuant to the Receivables Sale Agreement and each other document executed and delivered by Griffin pursuant to the Receivables Sale Agreement, including, without limitation, the due and punctual payment of all sums which are or may become due and owing by Griffin under the Receivables Sale Agreement, whether for fees, expenses (including counsel fees), indemnified amounts or otherwise, whether upon any termination or for any other reason and (iv) all obligations of Griffin (1) as Servicer under the Receivables Purchase Agreement, or (2) which arise pursuant to Sections 8.2, 8.3 or 14.4(a) of the Receivables Purchase Agreement as a result of its termination as Servicer.

Section 2. Guaranty of Performance of Obligations. Performance Guarantor hereby guarantees to Beneficiary, the full and punctual payment and performance by each Transaction Party

of its respective Obligations. This Guaranty is an absolute, unconditional and continuing guaranty of the full and punctual performance of all of the Obligations of the Transaction Parties under the Agreements and each other document executed and delivered by each such Transaction Party pursuant to the Agreements and is in no way conditioned upon any requirement that Beneficiary first attempt to collect any amounts owing by any Transaction Party to Beneficiary, the Agent or the Purchasers from any other Person or resort to any collateral security, any balance of any deposit account or credit on the books of Beneficiary, the Agent or any Purchaser in favor of any Transaction Party or any other Person or other means of obtaining payment. Should any Transaction Party default in the payment or performance of any of the Obligations, Beneficiary (or its assigns) may cause the immediate performance by Performance Guarantor of the Obligations and cause any payment Obligations to become forthwith due and payable to Beneficiary (or its assigns), without demand or notice of any nature (other than as expressly provided herein), all of which are hereby expressly waived by Performance Guarantor. Notwithstanding the foregoing, this Guaranty is not a guarantee of the collection of any of the Receivables and Performance Guarantor shall not be responsible for any Obligations to the extent the failure to perform such Obligations by any Transaction Party results from Receivables being uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; provided, that nothing herein shall relieve any Transaction Party from performing in full its Obligations under any Agreement or Performance Guarantor of its undertaking hereunder with respect to the full performance of such duties.

Section 3. Performance Guarantor's Further Agreements to Pay. Performance Guarantor further agrees, as the principal obligor and not as a guarantor only, to pay to Beneficiary (and its assigns), forthwith upon demand in funds immediately available to Beneficiary, all reasonable costs and expenses (including court costs and legal expenses) incurred or expended by Beneficiary in connection with the Obligations, this Guaranty and the enforcement thereof, together with interest on amounts recoverable under this Guaranty from the time when such amounts become due until payment, at a rate of interest (computed for the actual number of days elapsed based on a 360 day year) equal to the Prime Rate plus 2% per annum, such rate of interest changing when and as the Prime Rate changes.

Section 4. Waivers by Performance Guarantor. Performance Guarantor waives notice of acceptance of this Guaranty, notice of any action taken or omitted by Beneficiary (or its assigns) in reliance on this Guaranty, and any requirement that Beneficiary (or its assigns) be diligent or prompt in making demands under this Guaranty, giving notice of any Termination Event, Amortization Event, other default or omission by any Transaction Party or asserting any other rights of Beneficiary under this Guaranty. Performance Guarantor warrants that it has adequate means to obtain from each Transaction Party, on a continuing basis, information concerning the financial condition of such Transaction Party, and that it is not relying on Beneficiary to provide such information, now or in the future. Performance Guarantor also irrevocably waives all defenses (i) that at any time may be available in respect of the Obligations by virtue of any statute of limitations, valuation, stay, moratorium law or other similar law now or hereafter in effect or (ii) that arise under the law of suretyship, including impairment of collateral. Beneficiary (and its assigns) shall be at liberty, without giving notice to or obtaining the assent of Performance Guarantor and without relieving Performance Guarantor of any liability under this Guaranty, to deal with each Transaction Party and with each other party who now is or after the date hereof becomes liable in any manner for any of the Obligations, in such manner as Beneficiary in its sole discretion deems fit, and to this

end Performance Guarantor agrees that the validity and enforceability of this Guaranty, including without limitation, the provisions of Section 8 hereof, shall not be impaired or affected by any of the following: (a) any extension, modification or renewal of, or indulgence with respect to, or substitutions for, the Obligations or any part thereof or any agreement relating thereto at any time; (b) any failure or omission to enforce any right, power or remedy with respect to the Obligations or any part thereof or any agreement relating thereto, or any collateral securing the Obligations or any part thereof; (c) any waiver of any right, power or remedy or of any Termination Event, Amortization Event, or default with respect to the Obligations or any part thereof or any agreement relating thereto; (d) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any other obligation of any person or entity with respect to the Obligations or any part thereof; (e) the enforceability or validity of the Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to the Obligations or any part thereof; (f) the application of payments received from any source to the payment of any payment Obligations of any Transaction Party or any part thereof or amounts which are not covered by this Guaranty even though Beneficiary (or its assigns) might lawfully have elected to apply such payments to any part or all of the payment Obligations of such Transaction Party or to amounts which are not covered by this Guaranty; (g) the existence of any claim, setoff or other rights which Performance Guarantor may have at any time against any Transaction Party in connection herewith or any unrelated transaction; (h) any assignment or transfer of the Obligations or any part thereof; or (i) any failure on the part of any Transaction Party to perform or comply with any term of the Agreements or any other document executed in connection therewith or delivered thereunder, all whether or not Performance Guarantor shall have had notice or knowledge of any act or omission referred to in the foregoing clauses (a) through (i) of this Section 4.

Section 5. Unenforceability of Obligations Against Transaction Parties. Notwithstanding (a) any change of ownership of any Transaction Party or the insolvency, bankruptcy or any other change in the legal status of any Transaction Party; (b) the change in or the imposition of any law, decree, regulation or other governmental act which does or might impair, delay or in any way affect the validity, enforceability or the payment when due of the Obligations; (c) the failure of any Transaction Party or Performance Guarantor to maintain in full force, validity or effect or to obtain or renew when required all governmental and other approvals, licenses or consents required in connection with the Obligations or this Guaranty, or to take any other action required in connection with the performance of all obligations pursuant to the Obligations or this Guaranty; or (d) if any of the moneys included in the Obligations have become irrecoverable from any Transaction Party for any other reason other than final payment in full of the payment Obligations in accordance with their terms, this Guaranty shall nevertheless be binding on Performance Guarantor. This Guaranty shall be in addition to any other guaranty or other security for the Obligations, and it shall not be rendered unenforceable by the invalidity of any such other guaranty or security. In the event that acceleration of the time for payment of any of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Transaction Party or for any other reason with respect to any Transaction Party, all such amounts then due and owing with respect to the Obligations under the terms of the Agreements, or any other agreement evidencing, securing or otherwise executed in connection with the Obligations, shall be immediately due and payable by Performance Guarantor.

(a) Existence and Standing. Performance Guarantor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all corporate power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted.

(c) No Conflict; Government Consent. The execution and delivery by Performance Guarantor of this Guaranty and the performance of its obligations hereunder are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its articles of incorporation or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property and, do not result in the creation or imposition of any Adverse Claim on assets of Performance Guarantor.

(e) Taxes. Performance Guarantor has filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by Performance Guarantor or any of its Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with generally accepted accounting principles and as to which no Adverse Claim exists. No tax liens have been filed and no claims are being asserted with respect to any such taxes which could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of Performance Guarantor in respect of any taxes or other governmental charges are adequate.

(f) Litigation and Contingent Obligations. Except as disclosed in the filings made by Performance Guarantor with the Securities and Exchange Commission, there are no actions, suits or proceedings pending or, to the best of Performance Guarantor's knowledge threatened, against or affecting Performance Guarantor or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a material adverse effect on (i) the business, properties, condition (financial or otherwise) or results of operations of Performance Guarantor and its Subsidiaries taken as a whole, (ii) the ability of Performance Guarantor to perform its obligations under this Guaranty, or (iii) the validity or enforceability of any of this Guaranty or the rights or remedies of Beneficiary hereunder. Performance Guarantor is not in default with respect to any order of any court, arbitrator or governmental body and does not have any material contingent obligations not provided for or disclosed in its filings with the Securities and Exchange Commission.

Section 7. Financial Covenants. Until the Obligations are paid in full, the Performance Guarantor covenants to the Beneficiary that the Performance Guarantor will not (i) permit the Consolidated Interest Coverage Ratio as of the end of any fiscal quarter of the Performance Guarantor to be less than 4.00 to 1.00 or (ii) permit the Consolidated Leverage Ratio at any time to be greater than 3.25 to 1.00.

For purposes of this Section 7, the following terms have the following meanings:

“ Agreement Accounting Principles ” means generally accepted accounting principles in the United States of America in effect from time to time, applied in a manner consistent with that used in preparing the Performance Guarantor's and its Subsidiaries' June 30, 2010 audited consolidated financial statements and March 31, 2011 unaudited interim consolidated financial statements; provided, however, that if any change in Agreement Accounting Principles from those applied in preparing such financial statements affects the calculation of any financial covenant contained in this Guaranty, the Performance Guarantor and the Beneficiary hereby agree to negotiate in good faith towards making appropriate amendments to the provisions of this Guaranty to reflect as nearly as possible the effect of the financial covenants as in effect on May 12, 2011; provided, however, that no such amendment to this Guaranty shall be effective without the prior written consent of the Performance Guarantor, the Agent and the Required Financial Institutions.

“ Capitalized Leases ” of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“ Capitalized Lease Obligations ” of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“ Consolidated ” or “ consolidated ” means, when used with reference to any financial term in this Guaranty, the aggregate for two or more Persons of the amounts signified by such term for all such Persons determined on a consolidated basis in accordance with Agreement Accounting Principles.

“ Consolidated EBITDA ” means, for any period, for the Performance Guarantor and its Subsidiaries on a consolidated basis, an amount equal to (a) Consolidated Net Income for such period plus (b) the following to the extent deducted in calculating such Consolidated Net Income and without duplication: (i) Consolidated Interest Charges for such period, (ii) the provision for federal, state, local and foreign income taxes payable (current and deferred) by the Performance Guarantor and its Subsidiaries for such period; (iii) depreciation and amortization expense for such period; (iv) non-cash share-based compensation expense for such period; (v) impairment charges, losses on sales of assets and acquired in-process research and development charges for such period, to the extent each is non-cash and non-recurring; (vi) non-recurring transaction costs incurred in connection with the Spin-off; (vii) non-recurring transaction costs incurred in connection with acquisitions and divestures; (viii) restructuring charges not to exceed \$100,000,000 in the aggregate with respect to any period of four consecutive fiscal quarters and (ix) other non-recurring expenses of the Performance Guarantor and its Subsidiaries reducing such Consolidated Net Income which do not represent a cash item in such period or any future period and minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) federal, state, local and foreign income tax benefit (current and deferred) of the Performance Guarantor and its Subsidiaries for such period; (ii) non-cash gains on sales of assets for such period; and (iii) all non-cash items increasing Consolidated Net Income for such period.

“ Consolidated Funded Indebtedness ” means, as of any date of determination, for the Performance Guarantor and its Subsidiaries on a consolidated basis, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all purchase money Indebtedness, (c) all direct obligations arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments, (d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (e) Capitalized Lease Obligations, (f) without duplication, all Contingent Obligations with respect to outstanding Indebtedness of the types specified in clauses (a) through (e) above of Persons other than the Performance Guarantor or any Subsidiary thereof, and (g) all Indebtedness of the types referred to in clauses (a) through (f) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Performance

Guarantor or a Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to the Performance Guarantor or such Subsidiary.

“ Consolidated Interest Charges ” means, for any period, for the Performance Guarantor and its Subsidiaries on a consolidated basis, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses of the Performance Guarantor and its Subsidiaries in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with Agreement Accounting Principles, and (b) the portion of rent expense of the Performance Guarantor and its Subsidiaries with respect to such period under Capitalized Leases that is treated as interest in accordance with Agreement Accounting Principles.

“ Consolidated Interest Coverage Ratio ” means, as of any date of determination, the ratio of (a) Consolidated EBITDA for the period of the four prior fiscal quarters ending on such date to (b) Consolidated Interest Charges for such period.

“ Consolidated Leverage Ratio ” means, as of any date of determination, the ratio of (a) the sum of (i) Consolidated Funded Indebtedness as of such date plus (ii) the outstanding principal amount of Securitization Obligations as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended.

“ Consolidated Net Income ” means, for any period, for the Performance Guarantor and its Subsidiaries on a consolidated basis and in accordance with Agreement Accounting Principles, the net income of the Performance Guarantor and its Subsidiaries (excluding extraordinary gains and extraordinary losses) for that period.

“ Contingent Obligations ” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person for Indebtedness, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract, operating lease or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership; provided, however, that any assumption, guaranty, endorsement or undertaking with respect to any liability of any of the Performance Guarantor’s Subsidiaries to any other of its Subsidiaries shall not be a Contingent Obligation of the Performance Guarantor.

“ Indebtedness ” of a Person means, as of any date, such Person’s (i) obligations for borrowed money or evidenced by bonds, notes, acceptances, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or bankers’ acceptances, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations of such Person to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (v) Capitalized Lease Obligations, (vi) any other obligation for borrowed money or other financial accommodation which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person, (vii) any Rate Hedging Obligations of such Person, and (viii) all Contingent Obligations of such Person with respect to or relating to the indebtedness, obligations and liabilities of others as described in clauses (i) through (vii) of this definition.

“ Lien ” means any lien (statutory or otherwise), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

“ Property ” of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned or leased by such Person.

“ Rate Hedging Agreement ” means an agreement, device or arrangement providing for payments which are related to fluctuations of interest rates, exchange rates, commodity prices or forward rates, including, but not limited to, dollar-denominated or cross-currency interest rate agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants.

“ Rate Hedging Obligations ” of a Person means any and all obligations of such Person, whether absolute or contingent and however and whenever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereto and substitutions therefor), under (a) any and all Rate Hedging Agreements, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Hedging Agreement.

“ Securitization Obligations ” means, as of any date of determination, all obligations established by or related to the Performance Guarantor or any of its Subsidiaries in connection with any account receivables sale or securitization transaction entered into by the Performance Guarantor or any of its Subsidiaries (including, without limitation, the transactions contemplated by the Receivables Purchase Agreement).

“ Spin-off ” means the distribution by the Performance Guarantor of 81 percent of the then outstanding common stock of CareFusion Corporation to shareholders of the Performance Guarantor effective August 31, 2009.

Section 8. Subrogation; Subordination. Notwithstanding anything to the contrary contained herein, until the Obligations are paid in full Performance Guarantor: (a) will not enforce or otherwise exercise any right of subrogation to any of the rights of Beneficiary, the Agent or any Purchaser against any Transaction Party, (b) hereby waives all rights of subrogation (whether contractual, under Section 509 of the United States Bankruptcy Code, at law, in equity or otherwise) to the claims of Beneficiary, the Agent and the Purchasers against each Transaction Party and all contractual, statutory, legal or equitable rights of contribution, reimbursement, indemnification and similar rights and “claims” (as that term is defined in the United States Bankruptcy Code) which Performance Guarantor might now have or hereafter acquire against any Transaction Party that arise from the existence or performance of Performance Guarantor’s obligations hereunder, (c) will not claim any setoff, recoupment or counterclaim against any Transaction Party in respect of any liability of Performance Guarantor to such Transaction Party and (d) waives any benefit of and any right to participate in any collateral security which may be held by Beneficiaries, the Agent or the Purchasers. The payment of any amounts due with respect to any indebtedness of any Transaction Party now or hereafter owed to Performance Guarantor is hereby subordinated to the prior payment in full of all of the Obligations. Performance Guarantor agrees that, after the occurrence of any default in the payment or performance of any of the Obligations, Performance Guarantor will not demand, sue for or otherwise attempt to collect any such indebtedness of any Transaction Party to Performance Guarantor until all of the Obligations shall have been paid and performed in full. If, notwithstanding the foregoing sentence, Performance Guarantor shall collect, enforce or receive any amounts in respect of such indebtedness while any Obligations are still unperformed or outstanding, such amounts shall be collected, enforced and received by Performance Guarantor as trustee for Beneficiary (and its assigns) and be paid over to Beneficiary (or its assigns) on account of the Obligations without affecting in any manner the liability of Performance Guarantor under the other provisions of this Guaranty. The provisions of this Section 8 shall be supplemental to and not in derogation of any rights and remedies of Beneficiary under any separate subordination agreement which Beneficiary may at any time and from time to time enter into with Performance Guarantor.

Section 9. Termination of Performance Guaranty. Performance Guarantor’s obligations hereunder shall continue in full force and effect until all Obligations are finally paid and satisfied in full and the Receivables Purchase Agreement is terminated, provided, that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if at any time payment or other satisfaction of any of the Obligations is rescinded or must otherwise be restored or returned upon the bankruptcy, insolvency, or reorganization of any Transaction Party or otherwise, as though such

payment had not been made or other satisfaction occurred, whether or not Beneficiary (or its assigns) is in possession of this Guaranty. No invalidity, irregularity or unenforceability by reason of the federal bankruptcy code or any insolvency or other similar law, or any law or order of any government or agency thereof purporting to reduce, amend or otherwise affect the Obligations shall impair, affect, be a defense to or claim against the obligations of Performance Guarantor under this Guaranty.

Section 10. Effect of Bankruptcy. This Performance Guaranty shall survive the insolvency of each Transaction Party and the commencement of any case or proceeding by or against any Transaction Party under the federal bankruptcy code or other federal, state or other applicable bankruptcy, insolvency or reorganization statutes. No automatic stay under the federal bankruptcy code with respect to any Transaction Party or other federal, state or other applicable bankruptcy, insolvency or reorganization statutes to which any Transaction Party is subject shall postpone the obligations of Performance Guarantor under this Guaranty.

Section 11. Setoff. Regardless of the other means of obtaining payment of any of the Obligations, Beneficiary (and its assigns) is hereby authorized at any time and from time to time, without notice to Performance Guarantor (any such notice being expressly waived by Performance Guarantor) and to the fullest extent permitted by law, to set off and apply any deposits and other sums against the obligations of Performance Guarantor under this Guaranty, whether or not Beneficiary (or any such assign) shall have made any demand under this Guaranty and although such Obligations may be contingent or unmatured.

Section 12. Taxes. All payments to be made by Performance Guarantor hereunder shall be made free and clear of any deduction or withholding. If Performance Guarantor is required by law to make any deduction or withholding on account of tax or otherwise from any such payment, the sum due from it in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, Beneficiary receive a net sum equal to the sum which they would have received had no deduction or withholding been made.

Section 13. Further Assurances. Performance Guarantor agrees that it will from time to time, at the request of Beneficiary (or its assigns), provide information relating to the business and affairs of Performance Guarantor as Beneficiary may reasonably request. Performance Guarantor also agrees to do all such things and execute all such documents as Beneficiary (or its assigns) may reasonably consider necessary or desirable to give full effect to this Guaranty and to perfect and preserve the rights and powers of Beneficiary hereunder.

Section 14. Successors and Assigns. This Performance Guaranty shall be binding upon Performance Guarantor, its successors and permitted assigns, and shall inure to the benefit of and be enforceable by Beneficiary and its successors and assigns. Performance Guarantor may not assign or transfer any of its obligations hereunder without the prior written consent of each of Beneficiary and the Agent. Without limiting the generality of the foregoing sentence, Beneficiary may assign or otherwise transfer the Agreements, any other documents executed in connection therewith or delivered thereunder or any other agreement or note held by them evidencing, securing or otherwise executed in connection with the Obligations, or sell participations in any interest therein, to any other entity or other person, and such other entity or other person shall thereupon become vested,

to the extent set forth in the agreement evidencing such assignment, transfer or participation, with all the rights in respect thereof granted to the Beneficiaries herein.

Section 15. Amendments and Waivers. No amendment or waiver of any provision of this Guaranty nor consent to any departure by Performance Guarantor therefrom shall be effective unless the same shall be in writing and signed by Beneficiary, the Agent and Performance Guarantor. No failure on the part of Beneficiary to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 16. Notices. All notices and other communications provided for hereunder shall be made in writing and shall be addressed as follows: if to Performance Guarantor, at the address set forth beneath its signature hereto, and if to Beneficiary, at the address set forth beneath its signature hereto, or at such other addresses as each of Performance Guarantor or any Beneficiary may designate in writing to the other. Each such notice or other communication shall be effective (1) if given by telecopy, upon the receipt thereof, (2) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (3) if given by any other means, when received at the address specified in this Section 16.

Section 17. GOVERNING LAW. THIS GUARANTY SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

Section 18. CONSENT TO JURISDICTION. EACH OF PERFORMANCE GUARANTOR AND BENEFICIARY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY, THE AGREEMENTS OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION THEREWITH OR DELIVERED THEREUNDER AND EACH OF PERFORMANCE GUARANTOR AND BENEFICIARY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM.

Section 19. Bankruptcy Petition. Performance Guarantor hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of any Conduit or any Funding Source that is a special purpose bankruptcy remote entity, it will not institute against, or join any other Person in instituting against, any Conduit or any such entity any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 20. Miscellaneous. This Guaranty constitutes the entire agreement of Performance Guarantor with respect to the matters set forth herein. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by law or any other agreement, and this Guaranty shall be in addition to any other guaranty of or collateral security for any of the

Obligations. The provisions of this Guaranty are severable, and in any action or proceeding involving any state corporate law, or any state or federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of Performance Guarantor hereunder would otherwise be held or determined to be avoidable, invalid or unenforceable on account of the amount of Performance Guarantor's liability under this Guaranty, then, notwithstanding any other provision of this Guaranty to the contrary, the amount of such liability shall, without any further action by Performance Guarantor or Beneficiary, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding. Any provisions of this Guaranty which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise specified, references herein to "Section" shall mean a reference to sections of this Guaranty.

The effect of this Guaranty is to amend and restate that certain Third Amended and Restated Performance Guaranty, dated as of March 25, 2010 (the "Prior Guaranty"), by the Guarantor in favor of Beneficiary, and to the extent that any rights, benefits or provisions in favor of Beneficiary existed in the Prior Guaranty and continue to exist in this Guaranty, as the same may be amended, restated, supplemented or otherwise modified from time to time, without any written waiver of any such rights, benefits or provisions prior to the date hereof, then such rights, benefits or provisions are acknowledged to be and to continue to be effective from and after the date of the Prior Guaranty or any applicable portion thereof. The parties hereto agree and acknowledge that any and all rights, remedies and payment provisions under the Prior Guaranty shall continue and survive the execution and delivery of this Guaranty.

All references to the Prior Guaranty in the Receivables Purchase Agreement and any other Transaction Document or any other agreement, instrument or document executed or delivered in connection herewith or therewith shall be deemed to refer to this Guaranty, as the same may be amended, restated, supplemented or otherwise modified from time to time. The Receivables Purchase Agreement and the other Transaction Documents and all other agreements, instruments and documents executed or delivered in connection with any of the foregoing shall be deemed to be amended to the extent necessary, if any, to give effect to the provisions of this Guaranty, as the same may be amended, restated, supplemented or otherwise modified from time to time.

* * * *

IN WITNESS WHEREOF, Performance Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

CARDINAL HEALTH, INC.

By: /s/ Samer Abdul-Samad
Name: Samer Abdul-Samad
Title: Senior Vice President and Treasurer

Address:
7000 Cardinal Place
Dublin, OH 43017
Attn: Senior Counsel – Corporate & Securities

Consented to as of the date first written above:

CARDINAL HEALTH FUNDING, LLC

By: /s/ Kenneth C. Wilder
Name: Kenneth C. Wilder
Title: President
Address:
7000 Cardinal Place
Dublin, OH 43017

*FOURTH AMENDED AND RESTATED
PERFORMANCE GUARANTY*

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Agent

By: /s/ Van Dusenbury

Name: Van Dusenbury

Title: Managing Director

*FOURTH AMENDED AND RESTATED
PERFORMANCE GUARANTY*

SECOND AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT

THIS SECOND AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT (the “Second Amendment”) is effective as of the 31st day of December, 2012 by and between **Cardinal Health, Inc.** (“Issuer”) and **J.P. Morgan Securities LLC (formerly known as J.P. Morgan Securities Inc.)** (“Dealer”).

Background Information

A. Issuer and Dealer are parties to that certain Commercial Paper Dealer Agreement, dated August 9, 2006, as amended by the First Amendment to Commercial Paper Dealer Agreement, dated February 28, 2007, (the “Agreement”) concerning notes issued pursuant to that certain Issuing and Paying Agency Agreement, dated August 9, 2006, by and between Issuer and The Bank of New York, as amended by the First Amendment to Issuing and Paying Agency Agreement, dated February 28, 2007.

B. Among other things, the Issuer desires to remove references to Rule 506 of Regulation D under the Securities Act of 1933, as amended, from the Agreement.

Agreement

The parties hereby acknowledge the accuracy of the foregoing Background Information and agree as follows:

1. **Defined Terms**. Unless the context as used herein requires otherwise, capitalized terms used but not defined in this Second Amendment shall have the meaning given to them in the Agreement.
 2. **Amendment**. The Agreement is hereby amended as follows:
 - (a) By replacing the numbers “4(2)” with “4(a)(2)” wherever they appear therein;
 - (b) By replacing the phrase “Rule 506 under” with the phrase “Section 4(a)(2) of” in the first sentence of Section 1.6(e);
 - (c) By deleting the phrase “and Rule 506 thereunder” from the penultimate sentence of Section 1.7(a);
 - (d) By deleting the phrase “Except as provided in Section 1.6(j) hereof, no” and replacing it with “No” where it appears in Section 2.6;
 - (e) By adding the phrase “Except as described in the Issuer’s reports filed with the Securities and Exchange Commission on Forms 10-Q, 10-K and 8-K,” at the beginning of Section 2.8;
 - (f) By deleting clause 2 of the Addendum in its entirety and renumbering the other clauses of the Addendum as appropriate.
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3. **No Other Modifications**. Except as expressly provided in this Second Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

4. **Binding Effect**. This Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5. **Governing Law**. This Second Amendment shall be governed by and construed in accordance with the laws of the State of New York.

6. **Conflict**. In the event of any inconsistency or conflict between this Second Amendment and the Agreement, the terms, provisions and conditions of this Second Amendment shall govern and control.

7. **Counterparts**. This Second Amendment may be executed in separate counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile or electronic means shall be effective as delivery of a manually executed counterpart.

(Signatures on following page)

CARDINAL HEALTH, INC.

By: /s/ Sam Samad

Name: Sam Samad

Title: SVP, Treasurer

Date: 1-7-13

J.P. MORGAN SECURITIES LLC

By: /s/ Johanna C. Foley

Name: Johanna C. Foley

Title: Executive Director

Date: 1/2/13

SECOND AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT

THIS SECOND AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT (the “Second Amendment”) is effective as of the 31st day of December, 2012 by and between **Cardinal Health, Inc.** (“Issuer”) and **Merrill Lynch, Pierce, Fenner & Smith Incorporated**, f/k/a Banc of America Securities LLC, (“Dealer”).

Background Information

A. Issuer and Dealer are parties to that certain Commercial Paper Dealer Agreement, dated August 9, 2006, as amended by the First Amendment to Commercial Paper Dealer Agreement, dated February 28, 2007, (the “Agreement”) concerning notes issued pursuant to that certain Issuing and Paying Agency Agreement, dated August 9, 2006, by and between Issuer and The Bank of New York, as amended by the First Amendment to Issuing and Paying Agency Agreement, dated February 28, 2007.

B. Among other things, the Issuer desires to remove references to Rule 506 of Regulation D under the Securities Act of 1933, as amended, from the Agreement.

Agreement

The parties hereby acknowledge the accuracy of the foregoing Background Information and agree as follows:

1. **Defined Terms**. Unless the context as used herein requires otherwise, capitalized terms used but not defined in this Second Amendment shall have the meaning given to them in the Agreement.
 2. **Amendment**. The Agreement is hereby amended as follows:
 - (a) By replacing the numbers “4(2)” with “4(a)(2)” wherever they appear therein;
 - (b) By replacing the phrase “Rule 506 under” with the phrase “Section 4(a)(2) of” in the first sentence of Section 1.6(e);
 - (c) By deleting the phrase “and Rule 506 thereunder” from the penultimate sentence of Section 1.7(a);
 - (d) By deleting the phrase “Except as provided in Section 1.6(j) hereof, no” and replacing it with “No” where it appears in Section 2.6;
 - (e) By adding the phrase “Except as described in the Issuer’s reports filed with the Securities and Exchange Commission on Forms 10-Q, 10-K and 8-K,” at the beginning of Section 2.8;
 - (f) By deleting clause 2 of the Addendum in its entirety and renumbering the other clauses of the Addendum as appropriate.
-

3. **No Other Modifications**. Except as expressly provided in this Second Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

4. **Binding Effect**. This Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5. **Governing Law**. This Second Amendment shall be governed by and construed in accordance with the laws of the State of New York.

6. **Conflict**. In the event of any inconsistency or conflict between this Second Amendment and the Agreement, the terms, provisions and conditions of this Second Amendment shall govern and control.

7. **Counterparts**. This Second Amendment may be executed in separate counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile or electronic means shall be effective as delivery of a manually executed counterpart.

(Signatures on following page)

CARDINAL HEALTH, INC.

By: /s/ Sam Samad
Name: Sam Samad
Title: SVP, Treasurer
Date: 12-28-2012

**Merrill Lynch, Pierce, Fenner & Smith Incorporated (f/k/a
Banc of America Securities LLC)**

By: /s/ Robert J. Little
Name: Robert J. Little
Title: Managing Director
Date: 1/2/2013

SECOND AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT

THIS SECOND AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT (the “Second Amendment”) is effective as of the 31st day of December, 2012 by and between **Cardinal Health, Inc.** (“Issuer”) and **Wells Fargo Securities, LLC**, as successor in interest to Wachovia Capital Markets, LLC, (“Dealer”).

Background Information

A. Issuer and Dealer are parties to that certain Commercial Paper Dealer Agreement, dated August 9, 2006, as amended by the First Amendment to Commercial Paper Dealer Agreement, dated February 28, 2007, (the “Agreement”) concerning notes issued pursuant to that certain Issuing and Paying Agency Agreement, dated August 9, 2006, by and between Issuer and The Bank of New York, as amended by the First Amendment to Issuing and Paying Agency Agreement, dated February 28, 2007.

B. Among other things, the Issuer desires to remove references to Rule 506 of Regulation D under the Securities Act of 1933, as amended, from the Agreement.

Agreement

The parties hereby acknowledge the accuracy of the foregoing Background Information and agree as follows:

1. **Defined Terms**. Unless the context as used herein requires otherwise, capitalized terms used but not defined in this Second Amendment shall have the meaning given to them in the Agreement.

2. **Amendment**. The Agreement is hereby amended as follows:

- (a) By replacing the numbers “4(2)” with “4(a)(2)” wherever they appear therein;
 - (b) By replacing the phrase “Rule 506 under” with the phrase “Section 4(a)(2) of” in the first sentence of Section 1.6(e);
 - (c) By deleting the phrase “and Rule 506 thereunder” from the penultimate sentence of Section 1.7(a);
 - (d) By deleting the phrase “Except as provided in Section 1.6(j) hereof, no” and replacing it with “No” where it appears in Section 2.6;
 - (e) By adding the phrase “Except as described in the Issuer’s reports filed with the Securities and Exchange Commission on Forms 10-Q, 10-K and 8-K,” at the beginning of Section 2.8;
 - (f) By adding the phrase “and except as described in the Issuer’s reports filed with the Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K since such date,” immediately before the phrase “there has been no material adverse change in the condition (financial or otherwise),”
-

operations or business prospects of the Issuer which has not been disclosed to the Dealer in writing.” in Section 2.11.

(g) By deleting Section 7.9(b) in its entirety and replacing it with the following:

“(b) since the date of the most recent Offering Materials, there shall have been no material adverse change in the condition (financial or otherwise), operations or business prospects of the Issuer (whether occurring before or after such agreement was entered into) which was neither (i) disclosed to the Dealer in writing prior to the time such agreement was entered into, nor (ii) described in the Issuer’s reports filed with the Securities and Exchange Commission on Forms 10-K, 10-Q or 8-K, prior to the time such agreement was entered into,”; and

(h) By deleting clause 2 of the Addendum in its entirety and renumbering the other clauses of the Addendum as appropriate.

3. **No Other Modifications**. Except as expressly provided in this Second Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

4. **Binding Effect**. This Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5. **Governing Law**. This Second Amendment shall be governed by and construed in accordance with the laws of the State of New York.

6. **Conflict**. In the event of any inconsistency or conflict between this Second Amendment and the Agreement, the terms, provisions and conditions of this Second Amendment shall govern and control.

7. **Counterparts**. This Second Amendment may be executed in separate counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile or electronic means shall be effective as delivery of a manually executed counterpart.

(Signatures on following page)

CARDINAL HEALTH, INC.

By: /s/ Sam Samad
Name: Sam Samad
Title: SVP, Treasurer
Date: 12-28-2012

**WELLS FARGO SECURITIES, LLC (as successor in
interest to Wachovia Capital Markets, LLC)**

By: /s/ Brianna R. Provance
Name: Brianna P. Provance
Title: Vice President
Date: 1/9/2013

SECOND AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT

THIS SECOND AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT (the “Second Amendment”) is effective as of the 31st day of December, 2012 by and between **Cardinal Health, Inc.** (“Issuer”) and **Goldman, Sachs & Co.** (“Dealer”).

Background Information

A. Issuer and Dealer are parties to that certain Commercial Paper Dealer Agreement, dated August 9, 2006, as amended by the First Amendment to Commercial Paper Dealer Agreement, dated February 28, 2007, (the “Agreement”) concerning notes issued pursuant to that certain Issuing and Paying Agency Agreement, dated August 9, 2006, by and between Issuer and The Bank of New York, as amended by the First Amendment to Issuing and Paying Agency Agreement, dated February 28, 2007.

B. Among other things, the Issuer desires to remove references to Rule 506 of Regulation D under the Securities Act of 1933, as amended, from the Agreement.

Agreement

The parties hereby acknowledge the accuracy of the foregoing Background Information and agree as follows:

1. **Defined Terms**. Unless the context as used herein requires otherwise, capitalized terms used but not defined in this Second Amendment shall have the meaning given to them in the Agreement.
 2. **Amendment**. The Agreement is hereby amended as follows:
 - (a) By replacing the numbers “4(2)” with “4(a)(2)” wherever they appear therein;
 - (b) By replacing the phrase “Rule 506 under” with the phrase “Section 4(a)(2) of” in the first sentence of Section 1.6(e);
 - (c) By deleting the phrase “and Rule 506 thereunder” from the penultimate sentence of Section 1.7(a);
 - (d) By deleting the phrase “Except as provided in Section 1.6(j) hereof, no” and replacing it with “No” where it appears in Section 2.6;
 - (e) By adding the phrase “Except as described in the Issuer’s reports filed with the Securities and Exchange Commission on Forms 10-Q, 10-K and 8-K,” at the beginning of Section 2.8;
 - (f) By deleting clause 2 of the Addendum in its entirety and renumbering the other clauses of the Addendum as appropriate.
-

3. **No Other Modifications**. Except as expressly provided in this Second Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

4. **Binding Effect**. This Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5. **Governing Law**. This Second Amendment shall be governed by and construed in accordance with the laws of the State of New York.

6. **Conflict**. In the event of any inconsistency or conflict between this Second Amendment and the Agreement, the terms, provisions and conditions of this Second Amendment shall govern and control.

7. **Counterparts**. This Second Amendment may be executed in separate counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile or electronic means shall be effective as delivery of a manually executed counterpart.

(Signatures on following page)

CARDINAL HEALTH, INC.

By: /s/ Sam Samad
Name: Sam Samad
Title: SVP, Treasurer
Date: 12-28-2012

GOLDMAN, SACHS & CO.

By: /s/ Susan Dowling
Name: Susan Dowling
Title: Authorized Signatory
Date: 01-02-2013

FIRST AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT

THIS FIRST AMENDMENT TO COMMERCIAL PAPER DEALER AGREEMENT (the “First Amendment”) is effective as of the ____ day of _____ by and between **Cardinal Health, Inc.** (“Issuer”) and _____ (“Dealer”).

Background Information

A. Issuer and Dealer are parties to that certain Commercial Paper Dealer Agreement, dated _____, (the “Agreement”) concerning notes issued pursuant to that certain Issuing and Paying Agency Agreement, dated August 9, 2006, by and between Issuer and The Bank of New York, as amended by the First Amendment to Issuing and Paying Agency Agreement, dated February 28, 2007.

B. Among other things, the Issuer desires to remove references to Rule 506 of Regulation D under the Securities Act of 1933, as amended, from the Agreement.

Agreement

The parties hereby acknowledge the accuracy of the foregoing Background Information and agree as follows:

1. **Defined Terms**. Unless the context as used herein requires otherwise, capitalized terms used but not defined in this First Amendment shall have the meaning given to them in the Agreement.
 2. **Amendment**. The Agreement is hereby amended as follows:
 - (a) By replacing the numbers “4(2)” with “4(a)(2)” wherever they appear therein;
 - (b) By replacing the phrase “Rule 506 under” with the phrase “Section 4(a)(2) of” in the first sentence of Section 1.6(e);
 - (c) By deleting the phrase “and Rule 506 thereunder” from the penultimate sentence of Section 1.7(a);
 - (d) By deleting the phrase “Except as provided in Section 1.6(j) hereof, no” and replacing it with “No” where it appears in Section 2.6;
 - (e) By deleting clause 2 of the Addendum in its entirety and renumbering the other clauses of the Addendum as appropriate.
 3. **No Other Modifications**. Except as expressly provided in this First Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.
 4. **Binding Effect**. This First Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
-

5. **Governing Law**. This First Amendment shall be governed by and construed in accordance with the laws of the State of New York.

6. **Conflict**. In the event of any inconsistency or conflict between this First Amendment and the Agreement, the terms, provisions and conditions of this First Amendment shall govern and control.

7. **Counterparts**. This First Amendment may be executed in separate counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by facsimile or electronic means shall be effective as delivery of a manually executed counterpart.

(Signatures on following page)

CARDINAL HEALTH, INC.

By: _____

Name:

Title:

Date:

By: _____

Name:

Title:

Date:

Cardinal Health, Inc. and Subsidiaries

Computation of Ratio of Earnings to Fixed Charges

(in millions, except for ratios)	Fiscal Year Ended June 30,					For the Six Months Ended December 31, 2012
	2008	2009	2010	2011	2012	
Earnings before income taxes and discontinued operations	\$ 1,295.1	\$ 1,159.8	\$ 1,211.6	\$ 1,518.3	\$ 1,698.1	\$ 922.0
Plus fixed charges:						
Interest expense	143.4	118.4	125.5	95.2	92.3	51.5
Capitalized interest	13.5	5.1	2.9	5.7	6.0	1.0
Amortization of debt offering costs	3.5	3.8	9.9	1.8	2.8	1.5
Interest portion of rent expense	12.2	11.1	6.0	7.1	7.8	4.1
Fixed charges	172.6	138.4	144.3	109.8	108.9	58.1
Plus: amortization of capitalized interest	1.5	2.5	6.5	5.3	3.2	1.7
Less: capitalized interest	(13.5)	(5.1)	(2.9)	(5.7)	(6.0)	(1.0)
Earnings	\$ 1,455.7	\$ 1,295.6	\$ 1,359.5	\$ 1,627.7	\$ 1,804.2	\$ 980.8
Ratio of earnings to fixed charges (1)	8.4	9.4	9.4	14.8	16.6	16.9

(1) The ratio of earnings to fixed charges is computed by dividing fixed charges into earnings before income taxes and discontinued operations plus fixed charges and capitalized interest. Fixed charges include interest expense, amortization of debt offering costs and the portion of rent expense that is deemed to be representative of the interest factor. Interest expense recorded on tax exposures has been recorded in income tax expense and has therefore been excluded from the calculation.

I, George S. Barrett, certify that:

1. I have reviewed this Form 10-Q of Cardinal Health, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 6, 2013

/s/ G EORGE S. B ARRETT

George S. Barrett

Chairman and Chief Executive Officer

I, Jeffrey W. Henderson, certify that:

1. I have reviewed this Form 10-Q of Cardinal Health, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 6, 2013

/s/ JEFFREY W. HENDERSON

Jeffrey W. Henderson
Chief Financial Officer

**Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, George S. Barrett, Chairman and Chief Executive Officer of Cardinal Health, Inc. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q for the quarter ended December 31, 2012 containing the financial statements of the Company (the “Periodic Report”), which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 6, 2013

/s/ G EORGE S. B ARRETT

George S. Barrett
Chairman and Chief Executive Officer

**Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Jeffrey W. Henderson, Chief Financial Officer of Cardinal Health, Inc. (the “Company”), certify, pursuant to 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q for the quarter ended December 31, 2012 containing the financial statements of the Company (the “Periodic Report”), which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 6, 2013

/s/ JEFFREY W. HENDERSON

Jeffrey W. Henderson

Chief Financial Officer

Statement Regarding Forward-Looking Information

As used in this exhibit, “Cardinal Health,” the “Company,” “we,” “our,” “us” and similar pronouns refer to Cardinal Health, Inc. and its subsidiaries, unless the context requires otherwise. Our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended June 30, 2012 (the “2012 Form 10-K”), any quarterly report on Form 10-Q or any of our current reports on Form 8-K (along with any exhibits and amendments to such reports), as well as our Annual Report to Shareholders, our press releases, or any other written or oral statements made by or on behalf of us, may include directly or by incorporation by reference forward-looking statements which reflect our current view (as of the date the forward-looking statement is first made) with respect to future events, prospects, projections or financial performance. The matters discussed in these forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied in or by such statements. These risks and uncertainties include:

- competitive pressures in the markets in which we operate, including pricing pressures;
- increasing consolidation in the healthcare industry, which could give the resulting enterprises greater bargaining power and may increase pressure on prices for our products and services;
- uncertainties due to government healthcare reform, including the impact of the 2.3 percent tax to be paid by medical device manufacturers like us on the sale price of products;
- changes to the prescription drug reimbursement formula and related reporting requirements for generic pharmaceuticals under Medicaid;
- the loss of, material reduction in purchases by, or default by key customers, including CVS Caremark Corporation and Walgreens Co., whose contracts with the Company are currently scheduled to expire in June 2013 and August 2013, respectively;
- actions of regulatory bodies and other governmental authorities, including the U.S. Drug Enforcement Administration (“DEA”), the U.S. Food and Drug Administration, the U.S. Nuclear Regulatory Commission, the U.S. Department of Health and Human Services, the U.S. Federal Trade Commission, various state boards of pharmacy, state health departments, state insurance departments or comparable agencies or foreign equivalents that could delay, limit or suspend product development, manufacturing, distribution, importation or sales or result in warning letters, recalls, seizures, injunctions and monetary sanctions;
- compliance with the settlement agreement that we entered into in connection with the DEA’s suspension of our Lakeland, Florida distribution center’s registration to distribute controlled substances and the possibility of civil fines against us by the U.S. Department of Justice for conduct covered by the settlement agreement;
- the loss of, or default by, one or more key suppliers for which alternative suppliers may not be readily available;
- unfavorable changes to the terms of key customer or supplier relationships, or changes in customer mix;
- changes in manufacturers’ pricing, selling, inventory, distribution or supply policies or practices;
- changes in hospital buying groups or hospital buying practices;
- changes in the frequency or magnitude of brand pharmaceutical price appreciation or generic pharmaceutical price deflation, restrictions in the amount of inventory available to us, or changes in the timing or frequency of generic launches or the introduction of brand pharmaceuticals;
- uncertainties relating to market conditions for pharmaceuticals;
- uncertainties relating to demand for our products and services;
- changes in the distribution or outsourcing pattern for pharmaceutical and medical/surgical products and services, including an increase in direct and limited distribution;
- the costs, difficulties and uncertainties related to the integration of acquired businesses, including liabilities related to the operations or activities of such businesses prior to their acquisition;
- uncertainties relating to our ability to achieve the expected benefits from the acquisition of Healthcare Solutions Holding, LLC (P4 Healthcare) and to grow our specialty pharmaceutical services and distribution business;
- uncertainties relating to our ability to achieve the expected benefits from the acquisition of Cardinal Health China, including the expected accretion in earnings and growth of the pharmaceutical market in China;
- risks arising from possible violations of the Foreign Corrupt Practices Act;
- risks arising from possible violations of healthcare fraud and abuse laws, including the current Department of Justice investigation regarding the structure of discounts offered or provided to our customers;

- our ability to introduce and market new products and our ability to keep pace with advances in technology;
- uncertainties relating to the effectiveness of our Medical segment's business transformation project;
- changes in laws or in the interpretation or application of laws or regulations, as well as possible failures to comply with applicable laws or regulations as a result of possible misinterpretations or misapplications;
- the continued financial viability and success of our customers, suppliers and franchisees;

- costs or claims resulting from potential errors or defects in our manufacturing, compounding, repackaging, information systems or pharmacy management services that may injure persons or damage property or operations, including costs from remediation efforts or recalls;
- the results, costs, effects or timing of any commercial disputes, government contract compliance matters, patent infringement claims, or other legal proceedings;
- the costs, effects, timing or success of restructuring programs or plans, including the restructuring plan within the Medical segment that we announced in January 2013;
- increased costs for commodities used in the Medical segment including various components, compounds, raw materials or energy such as oil-based resins, cotton, latex and other commodities;
- shortages in commodities, components, compounds, raw materials or energy used by our businesses, including supply disruptions of radioisotopes;
- the risks of counterfeit products in the supply chain;
- risks associated with global operations, including the effect of local economic environments, inflation, recession, currency volatility and global competition, in addition to risks associated with compliance with U.S and international laws relating to global operations;
- difficulties or delays in the development, production, manufacturing, sourcing and marketing of new or existing products and services, including difficulties or delays associated with obtaining requisite regulatory consents or approvals associated with those activities;
- disruption or damage to or failure of our information or controls systems or a data security breach;
- disruptions to the proper functioning of our critical facilities, including our national logistics center;
- uncertainties relating to general political, business, industry, regulatory and market conditions;
- adverse changes in U.S. or foreign tax laws, unfavorable challenges to our tax positions and payments to settle these challenges;
- risks associated with the spin-off of CareFusion Corporation, including risks of non-performance under the tax matters agreement and risks relating to adverse tax consequences to us and our shareholders; and
- other factors described in “Item 1A-Risk Factors” of the 2012 Form 10-K.

The words “expect,” “anticipate,” “intend,” “plan,” “believe,” “will,” “should,” “could,” “would,” “project,” “continue,” “likely,” and similar expressions generally identify “forward-looking statements,” which speak only as of the date the statements were made, and also include statements reflecting future results or guidance, statements of outlook and expense accruals. We undertake no obligation to update or revise any forward-looking statements, except to the extent required by applicable law.