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 September 30, 2014

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	**31-0958666**
(State or other jurisdiction of incorporation or organization)	***(IRS Employer Identification No.)***
7000 Cardinal Place, Dublin, Ohio	**43017**
(Address of principal executive offices)	***(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 Website, 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 October 31, 2014, was the following: 330,961,546.

Table of Contents

Item	Index*	Page
	Part I. Financial Information	
1	Financial Statements	3
	Condensed Consolidated Statements of Earnings for the Three Months Ended September 30, 2014 and 2013 (Unaudited)	3
	Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended September 30, 2014 and 2013 (Unaudited)	4
	Condensed Consolidated Balance Sheets at September 30, 2014 (Unaudited) and June 30, 2014	5
	Condensed Consolidated Statements of Cash Flows for the Three Months Ended September 30, 2014 and 2013 (Unaudited)	6
	Notes to Condensed Consolidated Financial Statements	7
2	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
3	Quantitative and Qualitative Disclosures About Market Risk	19
4	Controls and Procedures	19
	Part II. Other Information	
1	Legal Proceedings	20
1A	Risk Factors	20
2	Unregistered Sales of Equity Securities and Use of Proceeds	20
5	Other Information	21
6	Exhibits	22
	Signatures	23

* 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 September 30 2014	2013
Revenue	$ 24,070	$ 24,523
Cost of products sold	22,729	23,259
Gross margin	1,341	1,264
Operating expenses:		
Distribution, selling, general and administrative expenses	775	732
Restructuring and employee severance	19	11
Amortization and other acquisition-related costs	53	49
Impairments and loss on disposal of assets	—	—
Litigation (recoveries)/charges, net	28	1
Operating earnings	466	471
Other income, net	(3)	(4)
Interest expense, net	34	33
Earnings before income taxes and discontinued operations	435	442
Provision for income taxes	169	102
Earnings from continuing operations	266	340
Loss from discontinued operations, net of tax	—	(1)
Net earnings	$ 266	$ 339
Basic earnings per common share:		
Continuing operations	$ 0.79	$ 1.00
Discontinued operations	—	—
Net basic earnings per common share	$ 0.79	$ 1.00
Diluted earnings per common share:		
Continuing operations	$ 0.78	$ 0.99
Discontinued operations	—	—
Net diluted earnings per common share	$ 0.78	$ 0.99
Weighted-average number of common shares outstanding:		
Basic	336	340
Diluted	340	344
Cash dividends declared per common share	$ 0.3425	$ 0.3025

See notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(in millions)	Three Months Ended September 30 2014	2013
Net earnings	**$ 266**	$ 339
Other comprehensive income/(loss):		
Net change in foreign currency translation adjustments	**(24)**	24
Net unrealized gain/(loss) on derivative instruments, net of tax	**—**	—
Total other comprehensive income/(loss), net of tax	**(24)**	24
Total comprehensive income	**$ 242**	$ 363

See notes to condensed consolidated financial statements.

Condensed Consolidated Balance Sheets

(in millions)	September 30, 2014 (Unaudited)	June 30, 2014
Assets		
Current assets:		
Cash and equivalents	**$ 2,469**	$ 2,865
Trade receivables, net	**5,662**	5,380
Inventories, net	**8,069**	8,266
Prepaid expenses and other	**1,338**	1,428
Total current assets	**17,538**	17,939
Property and equipment, net	**1,434**	1,459
Goodwill and other intangibles, net	**5,923**	5,870
Other assets	**816**	765
Total assets	**$ 25,711**	$ 26,033
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	**$ 11,995**	$ 12,149
Current portion of long-term obligations and other short-term borrowings	**843**	801
Other accrued liabilities	**2,058**	2,165
Total current liabilities	**14,896**	15,115
Long-term obligations, less current portion	**3,164**	3,171
Deferred income taxes and other liabilities	**1,395**	1,346
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 **September 30, 2014** and June 30, 2014	**2,948**	2,980
Retained earnings	**4,925**	4,774
Common shares in treasury, at cost: **30 million** shares and 27 million shares at **September 30, 2014** and June 30, 2014, respectively	**(1,663)**	(1,423)
Accumulated other comprehensive income	**46**	70
Total shareholders' equity	**6,256**	6,401
Total liabilities and shareholders' equity	**$ 25,711**	$ 26,033

See notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Three Months Ended September 30 2014	2013
Cash flows from operating activities:		
Net earnings	**$ 266**	$ 339
Loss from discontinued operations, net of tax	**—**	1
Earnings from continuing operations	**266**	340
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	**108**	117
Gain on sale of other investments	**(5)**	—
Share-based compensation	**25**	24
Provision for bad debts	**12**	12
Change in operating assets and liabilities, net of effects from acquisitions:		
Decrease/(increase) in trade receivables	**(291)**	1,395
Decrease in inventories	**199**	1,098
Decrease in accounts payable	**(157)**	(1,852)
Other accrued liabilities and operating items, net	**(96)**	(183)
Net cash provided by operating activities	**61**	951
Cash flows from investing activities:		
Acquisition of subsidiaries, net of cash acquired	**(61)**	(25)
Additions to property and equipment	**(36)**	(26)
Purchase of available-for-sale securities and other investments	**(75)**	—
Proceeds from sale of available-for-sale securities and other investments	**91**	—
Net cash used in investing activities	**(81)**	(51)
Cash flows from financing activities:		
Net change in short-term borrowings	**40**	20
Net proceeds from issuance of common shares	**25**	75
Tax proceeds from share-based compensation	**38**	12
Dividends on common shares	**(119)**	(105)
Purchase of treasury shares	**(360)**	(50)
Net cash used in financing activities	**(376)**	(48)
Net increase/(decrease) in cash and equivalents	**(396)**	852
Cash and equivalents at beginning of period	**2,865**	1,901
Cash and equivalents at end of period	**$ 2,469**	$ 2,753

See notes to condensed consolidated financial statements.

1. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Our condensed consolidated financial statements include the accounts of all majority-owned or controlled subsidiaries, and all significant intercompany transactions and amounts have been eliminated. To conform to the current year presentation, certain prior year amounts have been reclassified. References to "we," "our" and similar pronouns in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 (this "Form 10-Q") refer to Cardinal Health, Inc. and its majority-owned or 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 2015 interim period are not necessarily indicative of the results that may be expected for the full fiscal year ending June 30, 2015.

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 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, 2014 (the "2014 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.

Recent Financial Accounting Standards

In August 2014, the Financial Accounting Standards Board ("FASB") issued amended accounting guidance related to uncertainties about an entity's ability to continue as a going concern. This guidance requires management to evaluate whether there is substantial doubt about a company's ability to continue as a going concern. This amendment will be effective for us in the fourth quarter of fiscal 2017, with early adoption permitted. We do not expect the adoption of this guidance to impact our financial statement disclosures.

In May 2014, the FASB issued amended accounting guidance related to revenue recognition. This guidance is based on the principle that revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to customers. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This amendment will be effective for us in the first quarter of fiscal 2018. We are continuing to evaluate the options for adoption and the impact on our financial position and results of operations.

In July 2013, the FASB issued amended accounting guidance related to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This guidance requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, unless certain conditions exists. We adopted this guidance in the first quarter of fiscal 2015. The adoption of this guidance did not impact our financial position or results of operations.

In March 2013, the FASB issued amended accounting guidance related to a parent company's accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or group of assets within a foreign entity or of an investment in a foreign entity. The amended guidance requires the release of any cumulative translation adjustment into net income only upon complete or substantially complete liquidation of a controlling interest in a subsidiary or a group of assets within a foreign entity. Also, it requires the release of all or a pro rata portion of the cumulative translation adjustment to net income in the case of sale of an equity method investment that is a foreign entity. We adopted this amended guidance in the first quarter of fiscal 2015. The adoption of this guidance did not impact our financial position or results of operations.

2. Acquisitions

While we have completed acquisitions during the three months ended September 30, 2014, the pro forma results of operations and the results of operations for acquired businesses since the acquisition dates have not been separately disclosed because the effects were not significant compared to the consolidated financial statements, individually or in the aggregate.

AccessClosure

On May 9, 2014, we completed the acquisition of Access Closure, Inc. ("AccessClosure") for $320 million in an all-cash transaction. We funded the acquisition with cash on hand. The

acquisition of AccessClosure, a manufacturer and distributor of extravascular closure devices, expands the Medical segment's portfolio of self-manufactured products. The assessment of fair value for AccessClosure is preliminary and is based on information that was available at the time the condensed consolidated financial statements were prepared.

3. Restructuring and Employee Severance

The following table summarizes restructuring and employee severance costs related to our restructuring activities:

	Three Months Ended September 30	
(in millions)	**2014**	2013
Employee-related costs (1)	**$ 16**	$ 4
Facility exit and other costs (2)	**3**	7
Total restructuring and employee severance	**$ 19**	$ 11

(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 majority of restructuring costs incurred during the three months ended September 30, 2014 and 2013 related to restructuring activities within our Medical segment.

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, 2014	$ 24	$ —	**$ 24**
Additions	17	—	**17**
Payments and other adjustments	(11)	—	**(11)**
Balance at September 30, 2014	**$ 30**	**$ —**	**$ 30**

4. Goodwill and Other Intangible Assets

Goodwill

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

(in millions)	Pharmaceutical	Medical	**Total**
Balance at June 30, 2014	$ 2,158	$ 2,720	**$ 4,878**
Goodwill acquired, net of purchase price adjustments	6	50	**56**
Foreign currency translation adjustments and other	6	(5)	**1**
Balance at September 30, 2014	**$ 2,170**	**$ 2,765**	**$ 4,935**

Other Intangible Assets

Other intangible assets are amortized over periods ranging from one to twenty years. The following tables summarize other intangible assets by class at:

	September 30, 2014		
(in millions)	**Gross Intangible**	**Accumulated Amortization**	**Net Intangible**
Indefinite-life intangibles:			
Trademarks and other	**$ 14**	**$ —**	**$ 14**
Total indefinite-life intangibles	**14**	**—**	**14**
Definite-life intangibles:			
Customer relationships	**1,039**	**404**	**635**
Trademarks, trade names and patents	**221**	**74**	**147**
Developed technology and other	**296**	**104**	**192**
Total definite-life intangibles	**1,556**	**582**	**974**
Total other intangible assets	**$ 1,570**	**$ 582**	**$ 988**

	June 30, 2014		
(in millions)	Gross Intangible	Accumulated Amortization	Net Intangible
Indefinite-life intangibles:			
Trademarks and other	$ 14	$ —	$ 14
Total indefinite-life intangibles	14	—	14
Definite-life intangibles:			
Customer relationships	1,043	388	655
Trademarks, trade names and patents	213	69	144
Developed technology and other	258	79	179
Total definite-life intangibles	1,514	536	978
Total other intangible assets	$ 1,528	$ 536	$ 992

Total amortization of intangible assets was $45 million and $46 million for the three months ended September 30, 2014 and 2013, respectively. Estimated annual amortization of intangible assets for the remainder of fiscal 2015 through 2019 is as follows: $139 million, $174 million, $165 million, $123 million and $77 million.

Notes to Condensed Consolidated Financial Statements (continued)

5. Available-for-Sale Securities

We invest in marketable securities, which are classified as available-for-sale and are carried at fair value in the condensed consolidated balance sheets. We held the following investments in marketable securities at fair value at:

(in millions)	September 30, 2014	June 30, 2014
Current available-for-sale securities:		
Commercial paper	$ 15	$ 4
Treasury bills	3	85
International bonds	1	1
Corporate bonds	4	3
U.S. agency mortgage-backed securities	2	—
Total current available-for-sale securities	25	93
Long-term available-for-sale securities:		
Corporate bonds	10	5
U.S. agency bonds	43	2
U.S. agency mortgage-backed securities	13	—
Total long-term available-for-sale securities	66	7
Total available-for-sale securities	$ 91	$ 100

Gross unrealized gains and losses were immaterial at September 30, 2014. During the three months ended September 30, 2014, gross realized gains and losses were immaterial and we did not recognize any other-than-temporary impairments. At September 30, 2014 the weighted-average effective maturity of our current and long-term investments was approximately 5 months and 17 months, respectively.

6. Income Taxes

Generally, fluctuations in our provision for income taxes as a percentage of pretax earnings (“effective tax rate”) are due to changes in international and U.S. state effective tax rates resulting from our business mix and discrete items.

During the three months ended September 30, 2014, the effective tax rate of 38.9 percent was unfavorably impacted by 2.6 percentage points ($11 million) due to the remeasurement of unrecognized tax benefits and 2.4 percentage points ($10 million) due to nondeductibility of litigation charges, partially offset by 3.3 percentage points ($14 million) due to adjusting deferred tax assets and related valuation allowances for the impact of Puerto Rico tax law changes enacted during the quarter.

During the three months ended September 30, 2013, the effective tax rate of 23.2 percent was impacted by net favorable discrete items of $61 million, which reduced the rate by 13.7 percentage points. The discrete items include the favorable impact of the settlement of federal and state tax controversies ($63 million).

We had $524 million and $510 million of unrecognized tax benefits at September 30, 2014 and June 30, 2014, respectively. The September 30, 2014 and June 30, 2014 balances include $331 million and $322 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.

We recognize accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. At September 30, 2014 and June 30, 2014, we had $155 million and $143 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.

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 U.S. Internal Revenue Service ("IRS") or other taxing authorities, including proposed assessments of additional tax, possible settlement of audit issues, reassessment of existing unrecognized tax benefits 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 months is a decrease of approximately $45 million to an increase of approximately $20 million, exclusive of penalties and interest.

We file income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions and various foreign jurisdictions. We are subject to audit by the IRS for fiscal years 2006 through the current fiscal year. We are generally subject to audit by taxing authorities in various U.S. state and foreign jurisdictions for fiscal years 2003 through the current fiscal year.

The IRS is currently conducting audits of fiscal years 2006 through 2010, and our transfer pricing arrangements continue to be under consideration as part of these audits. While the IRS has made and could make proposed adjustments to our transfer pricing arrangements or other matters, we are defending our reported tax positions, and have accounted for the unrecognized tax benefits associated with our tax positions.

We are a party to a tax matters agreement with CareFusion Corporation ("CareFusion"), under which CareFusion is obligated to indemnify us for certain tax exposures and transaction taxes prior to our fiscal 2010 spin-off of CareFusion. The indemnification receivable was $212 million and $210 million at September 30, 2014 and June 30, 2014, respectively, and is included in other assets in the condensed consolidated balance sheets.

7. Commitments, Contingent Liabilities and Litigation

Commitments

Joint Venture With CVS Health Corporation

In July 2014, we established Red Oak Sourcing, LLC ("Red Oak Sourcing"), a U.S.-based generic pharmaceutical sourcing entity with CVS Health Corporation (“CVS”) with an initial term of 10 years. Both companies have contributed sourcing and supply chain expertise to the 50/50 joint venture and have committed to source generic pharmaceuticals through arrangements negotiated by it. Red Oak Sourcing negotiates generic pharmaceutical supply contracts on behalf of both companies, but does not own products or hold inventory on behalf of either company. We are required to pay 39 quarterly payments of $25.6 million to CVS commencing in October 2014 and, only if certain milestones are achieved, to pay additional predetermined amounts to CVS beginning in fiscal 2016. The fixed payments of $25.6 million will be expensed evenly commencing during the second quarter of fiscal 2015. No physical assets were contributed by either company to Red Oak Sourcing, and minimal funding has been provided to capitalize the entity.

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, claims 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 matters.

We may be named from time to time in *qui tam* actions, which are initiated by private third parties purporting to act on behalf of federal or state governments that allege that false claims have been submitted or have been caused to be submitted for payment by the government. After a private party has filed a *qui tam* action, the government must investigate the private party's claim and determine whether to intervene in and take control over the litigation. These actions may remain under seal while the government makes this determination. If the government declines to intervene, the private party may nonetheless continue to pursue the litigation on behalf of the government.

In addition, we occasionally 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 disputes, 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 these matters are 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 whether our accruals and related disclosures are adequate. The amount of ultimate loss may differ from these estimates.

With respect to the matters described below, we are unable to estimate a range of reasonably possible loss for matters for which there is no accrual or additional loss for matters for which we already have recorded an accrual, since damages or fines have not been specified or the proceedings are at stages where significant uncertainty exists as to legal or factual issues and as to whether such matters will proceed to trial. We do not believe, based on currently available information, that the outcomes of these matters will have a material adverse effect on our financial position, results of operations or cash flows, though the outcome of one or more of these matters 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.

DEA Investigation and Related Matters

In February 2012, the U.S. 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. In May 2012, we entered into a settlement agreement with the DEA that resolved the administrative aspects of the DEA's action. The settlement agreement did not foreclose the possibility of the U.S. Department of Justice (the “DOJ”) seeking civil fines in Florida or elsewhere for the conduct covered by the settlement agreement. In that regard, we are continuing to provide information to and engage in discussions with several offices of the DOJ, including preliminary discussions regarding the feasibility of a settlement, and have accrued $27 million for this matter.

State of West Virginia vs. Cardinal Health, Inc.

In June 2012, the West Virginia Attorney General filed, and in January 2014 amended, complaints against 13 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 and were negligent in distributing controlled substances to pharmacies that serve individuals who abuse 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.

Federal False Claims Investigation

As previously disclosed, the DOJ had requested information in connection with an investigation of possible violations of the federal False Claims Act with respect to our Medical segment's administration of a prime vendor agreement with the federal government. The investigation was prompted by a *qui tam* action filed under seal by a private third party. In September 2014, the DOJ declined to intervene in the *qui tam* action.

FTC Investigation

The Federal Trade Commission ("FTC") has been investigating supplier arrangements involving our Nuclear Pharmacy Services division primarily focused on the period between 2003 and 2008, and we have been providing information to and cooperating with the FTC on this matter. We believe that the FTC commissioners are now considering whether or not to take civil action against us.

8. Fair Value Measurements

The following tables present the fair values for those assets measured on a recurring basis at:

	September 30, 2014			
(in millions)	Level 1	Level 2	Level 3	Total
Cash equivalents (1)	$ 309	$ —	$ —	$ 309
Forward contracts (2)	—	5	—	5
Available-for-sale securities (3)	—	91	—	91
Other investments (4)	108	—	—	108
Total	$ 417	$ 96	$ —	$ 513

	June 30, 2014			
(in millions)	Level 1	Level 2	Level 3	Total
Cash equivalents (1)	$ 740	$ —	$ —	$ 740
Forward contracts (2)	—	10	—	10
Available-for-sale securities (3)	—	100	—	100
Other investments (4)	106	—	—	106
Total	$ 846	$ 110	$ —	$ 956

(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 interest rate swaps, foreign currency contracts and commodity contracts 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. The fair value of these derivative contracts, which are subject to master netting arrangements under certain circumstances, is presented on a gross basis in the condensed consolidated balance sheets.

(3) We invest in marketable securities, which are classified as available-for-sale and are carried at fair value in the condensed consolidated balance sheets. Observable Level 2 inputs such as quoted prices for similar securities, interest rate spreads, yield curves and credit risk are used to determine the fair value. See Note 5 for additional information regarding available-for-sale securities.

(4) 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.

9. 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 the 2014 Form 10-K.

During the three months ended September 30, 2014, we entered into forward interest rate swaps with a total notional amount of $50 million to hedge probable, but not firmly committed, future transactions associated with our debt.

Fair Value of Financial Instruments

The carrying amounts of cash and equivalents, trade receivables, net, accounts payable and other accrued liabilities at September 30, 2014 and June 30, 2014 approximate fair value due to their short-term maturities.

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

(in millions)	September 30, 2014	June 30, 2014
Estimated fair value	$ 4,122	$ 4,115
Carrying amount	4,007	3,972

The estimated 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.

10. Shareholders' Equity

Share Repurchases

During the three months ended September 30, 2014, we repurchased 4.8 million common shares having an aggregate cost of $360 million. The average price paid per common share was $74.36.

During the three months ended September 30, 2013, we repurchased 1.0 million common shares having an aggregate cost of $50 million. The average price paid per common share was $51.65.

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

Accumulated Other Comprehensive Income

The following table summarizes the changes in the balance of accumulated other comprehensive income by component and in total:

(in millions)	Foreign Currency Translation Adjustments	Unrealized Gain on Derivatives, net of tax	**Accumulated Other Comprehensive Income**
Balance at June 30, 2014	$ 63	$ 7	**$ 70**
Other comprehensive loss, net of tax before reclassifications	(24)	—	**(24)**
Amounts reclassified to earnings	—	—	**—**
Total other comprehensive loss, net of tax	(24)	—	**(24)**
Balance at September 30, 2014	**$ 39**	**$ 7**	**$ 46**

Activity related to realized and unrealized gains and losses on available-for-sale securities as described in Note 5, was immaterial during the three months ended September 30, 2014.

11. Earnings Per Share

The following table reconciles the number of common shares used to compute basic and diluted earnings per share:

	Three Months Ended September 30	
(in millions)	**2014**	2013
Weighted-average common shares–basic	**336**	340
Effect of dilutive securities:		
Employee stock options, restricted share units and performance share units	**4**	4
Weighted-average common shares–diluted	**340**	344

For both the three months ended September 30, 2014 and 2013, there were one million potentially dilutive employee stock options, restricted share units and performance share units that were antidilutive and therefore were not considered in the calculation of diluted earnings per share.

12. 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 table presents revenue for each reportable segment and Corporate:

	Three Months Ended September 30	
(in millions)	**2014**	2013
Pharmaceutical (1)	**$ 21,209**	$ 21,813
Medical	**2,852**	2,711
Total segment revenue	**24,061**	24,524
Corporate (2)	**9**	(1)
Total revenue	**$ 24,070**	$ 24,523

(1) Our pharmaceutical distribution contract with Walgreen Co. expired on August 31, 2013.

(2) Corporate revenue consists of the elimination of inter-segment revenue and other revenue not allocated to the segments.

We evaluate segment performance based upon segment profit, among other measures. Segment profit is segment revenue, less segment cost of products sold, less segment SG&A expenses. Segment SG&A expenses include 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 other ratable allocation methodologies. Other income, net, interest expense, net and provision for income taxes are not allocated to the segments.

Restructuring and employee severance, amortization and other acquisition-related costs, impairments and loss on disposal of assets and litigation (recoveries)/charges, net are not allocated to the segments. In addition, certain investment and other spending are not allocated to the segments. Investment spending generally includes the first-year spend for certain projects that require incremental investments in the form of additional operating expenses. We encourage our segments and corporate functions 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 $2 million and $3 million for the three months ended September 30, 2014 and 2013, respectively.

The following table presents segment profit by reportable segment and Corporate:

	Three Months Ended September 30	
(in millions)	**2014**	2013
Pharmaceutical	**$ 451**	$ 433
Medical	**113**	106
Total segment profit	**564**	539
Corporate	**(98)**	(68)
Total operating earnings	**$ 466**	$ 471

13. Share-Based Compensation

Share-Based Compensation Plans

We maintain stock incentive plans (collectively, the "Plans") for the benefit of certain of our officers, directors and employees.

The following table provides total share-based compensation expense by type of award:

	Three Months Ended September 30	
(in millions)	**2014**	2013
Restricted share unit expense	**$ 16**	$ 16
Employee stock option expense	**5**	5
Performance share unit expense	**4**	3
Total share-based compensation	**$ 25**	$ 24

The total tax benefit related to share-based compensation was $9 million for both the three months ended September 30, 2014 and 2013, 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 stock options are exercisable at a price equal to the market value of the common shares underlying the option on 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, 2014	10	$ 39.16
Granted	1	71.52
Exercised	(2)	39.25
Canceled and forfeited	—	—
Outstanding at September 30, 2014	**9**	**$ 44.16**
Exercisable at September 30, 2014	**6**	**$ 36.01**

At September 30, 2014, the total pre-tax compensation cost, net of estimated forfeitures, related to nonvested stock options not yet recognized was $39 million, which is expected to be recognized over a weighted-average period of two years. The following table provides additional data related to stock option activity:

(in millions, except contractual lives)	**September 30, 2014**	June 30, 2014
Aggregate intrinsic value of outstanding options at period end	**$ 282**	$ 282
Aggregate intrinsic value of exercisable options at period end	**$ 219**	$ 185
Weighted-average remaining contractual life of outstanding options (in years)	**6**	6
Weighted-average remaining contractual life of exercisable options (in years)	**5**	4

Restricted Share Units

Restricted share units granted under the Plans generally vest in equal annual installments over three years. Restricted share units accrue cash dividend equivalents that are payable upon vesting of the awards.

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

(in millions, except per share amounts)	**Restricted Share Units**	**Weighted-Average Grant Date Fair Value per Share**
Nonvested at June 30, 2014	3	$ 45.65
Granted	1	71.71
Vested	(1)	44.34
Canceled and forfeited	—	—
Nonvested at September 30, 2014	**3**	**$ 56.48**

At September 30, 2014, the total pre-tax compensation cost, net of estimated forfeitures, related to nonvested restricted share units not yet recognized was $128 million, which is expected to be recognized over a weighted-average period of two years.

Performance Share Units

Performance share units vest over a three-year performance period based on achievement of specific performance goals. Based on the extent to which the targets are achieved, vested shares may range from zero to 200 percent of the target award amount. Performance share units accrue cash dividend equivalents that are payable upon vesting of the awards.

Notes to Condensed Consolidated Financial Statements (continued)

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, 2014	0.9	$ 44.41
Granted	0.2	66.67
Vested (1)	(0.2)	41.59
Canceled and forfeited	—	—
Nonvested at September 30, 2014	**0.9**	**$ 50.51**

(1) Vested based on achievement of 120 percent of the target performance goal.

At September 30, 2014, the total pre-tax compensation cost, net of estimated forfeitures, related to nonvested performance share units not yet recognized was $24 million, which is expected to be recognized over a weighted-average period of two years.

14. Subsequent Events

Other Financing Arrangements

On November 3, 2014, we renewed our committed receivables sales facility program through Cardinal Health Funding, LLC ("CHF") through November 3, 2017 and increased the size of the facility from $700 million to $950 million. 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 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.

Share Repurchases

During October 2014, we repurchased 3.1 million common shares having an aggregate cost of $231 million. The average price paid per common share was $74.12.

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 September 30, 2014 and June 30, 2014, and for our condensed consolidated statements of earnings for the three months ended September 30, 2014 and 2013. 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 2014 Form 10-K.

Portions of this Form 10-Q (including any 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 2014 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 and other healthcare providers focus on patient care while reducing costs, enhancing efficiency and improving quality. We also provide medical products to patients in the home.

We report our financial results in two segments: Pharmaceutical and Medical.

Revenue for the three months ended September 30, 2014 decreased by 2 percent to $24.1 billion due primarily to the previously disclosed expiration of our pharmaceutical distribution contract with Walgreen Co. ("Walgreens") on August 31, 2013, largely offset by sales growth from existing and new pharmaceutical distribution customers.

Gross margin increased 6 percent to $1.3 billion reflecting sales growth from existing and new customers and strong performance from our Pharmaceutical segment generic programs, offset in part by the Walgreens contract expiration.

Operating earnings decreased 1 percent to $466 million primarily due to litigation charges. Earnings from continuing operations decreased 22 percent to $266 million primarily due to the previously disclosed $63 million favorable impact in the prior year from the settlement of federal and state tax controversies.

Our cash and equivalents balance was $2.5 billion at September 30, 2014 compared to $2.9 billion at June 30, 2014. The decrease in cash and equivalents during the quarter was driven by cash deployed for share repurchases of $360 million and dividends of $119 million, net of cash provided by operating activities of $61 million.

Joint Venture With CVS Health Corporation

In July 2014, we established Red Oak Sourcing, LLC ("Red Oak Sourcing"), a U.S.-based generic pharmaceutical sourcing entity with CVS Health Corporation ("CVS") with an initial term of 10 years. Both companies have contributed sourcing and supply chain expertise to the 50/50 joint venture and have committed to source generic pharmaceuticals through arrangements negotiated by it. Red Oak Sourcing negotiates generic pharmaceutical supply contracts on behalf of both companies, but does not own products or hold inventory on behalf of either company. We are required to pay 39 quarterly payments of $25.6 million to CVS commencing in October 2014 and, only if certain milestones are achieved, to pay additional predetermined amounts to CVS beginning in fiscal 2016. The fixed payments of $25.6 million will be expensed evenly commencing during the second quarter of fiscal 2015. No physical assets were contributed by either company to Red Oak Sourcing, and minimal funding has been provided to capitalize the entity.

Results of Operations

Revenue

	Three Months Ended September 30		
(in millions)	**2014**	2013	**Change**
Pharmaceutical	**$ 21,209**	$ 21,813	**(3)%**
Medical	**2,852**	2,711	**5 %**
Total segment revenue	**24,061**	24,524	**(2)%**
Corporate	**9**	(1)	**N.M.**
Total revenue	**$ 24,070**	$ 24,523	**(2)%**

Pharmaceutical Segment

Revenue for the three months ended September 30, 2014 compared to the prior-year period was negatively impacted by the Walgreens contract expiration ($3.3 billion). This decrease was partially offset by sales growth from existing and new pharmaceutical distribution customers ($2.6 billion).

Medical Segment

Revenue for the three months ended September 30, 2014 compared to the prior-year period reflected the benefit of acquisitions ($97 million).

Cost of Products Sold

As a result of the same factors affecting the change in revenue, cost of products sold decreased $530 million (2 percent) compared to the prior-year period. See the gross margin discussion below for additional drivers impacting cost of products sold.

Gross Margin

	Three Months Ended September 30		
(in millions)	2014	2013	Change
Gross margin	$ 1,341	$ 1,264	6%

Gross margin increased during the three months ended September 30, 2014 compared to the prior-year period ($77 million).

Gross margin during the three months ended September 30, 2014 was positively impacted by sales growth from existing and new customers and negatively impacted by the Walgreens contract expiration. The net impact of these factors increased gross margin by $66 million.

Gross margin rate, apart from the Walgreens contract expiration, was flat during the three months ended September 30, 2014. Gross margin rate was positively impacted by strong performance from generic programs and was adversely impacted by customer pricing changes.

Distribution, Selling, General and Administrative ("SG&A") Expenses

	Three Months Ended September 30		
(in millions)	2014	2013	Change
SG&A expenses	$ 775	$ 732	6%

The increase in SG&A expenses during the three months ended September 30, 2014 compared to the prior-year period primarily reflected acquisitions ($26 million).

Segment Profit and Consolidated Operating Earnings

	Three Months Ended September 30		
(in millions)	2014	2013	Change
Pharmaceutical	$ 451	$ 433	4 %
Medical	113	106	6 %
Total segment profit	564	539	5 %
Corporate	(98)	(68)	N.M.
Total operating earnings	$ 466	$ 471	(1)%

Pharmaceutical Segment Profit

The increase in Pharmaceutical segment profit during the three months ended September 30, 2014 compared to the prior-year period was positively impacted by sales growth from existing and new customers and negatively impacted by the Walgreens contract expiration. The impact of gross margin rate, apart from the Walgreens contract expiration, was flat during the three months ended September 30, 2014. Gross margin rate was positively impacted by strong performance from generic programs and was adversely impacted by customer pricing changes.

Medical Segment Profit

The principal drivers for the increase in Medical segment profit during the three months ended September 30, 2014 compared to the prior-year period were positive contribution from our Cardinal Health brand products and service offerings offset by reduced contribution from national brand products.

Consolidated Operating Earnings

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

	Three Months Ended September 30		
(in millions)	2014	2013	Change
Restructuring and employee severance	$ 19	$ 11	N.M.
Amortization and other acquisition-related costs	53	49	N.M.
Impairments and loss on disposal of assets	—	—	N.M.
Litigation (recoveries)/charges, net	28	1	N.M.

Restructuring and Employee Severance

The majority of restructuring costs incurred during the three months ended September 30, 2014 and 2013 related to restructuring activities within our Medical segment.

Amortization and Other Acquisition-Related Costs

Amortization of acquisition-related intangible assets was $44 million and $45 million for the three months ended September 30, 2014 and 2013, respectively.

Litigation (Recoveries)/Charges, Net

During the three months ended September 30, 2014, we accrued $27 million related to the U.S. Drug Enforcement Administration investigation and related matters, as discussed further in Note 7 of the "Notes to Condensed Consolidated Financial Statements."

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:

	Three Months Ended September 30		
(in millions)	2014	2013	Change
Other income, net	$ (3)	$ (4)	N.M.
Interest expense, net	34	33	1%

Provision for Income Taxes

Generally, fluctuations in the effective tax rate are due to changes within international and U.S. state effective tax rates resulting from our business mix and discrete items.

During the three months ended September 30, 2014, the effective tax rate of 38.9 percent was unfavorably impacted by 2.6 percentage points ($11 million) due to the remeasurement of unrecognized tax benefits and 2.4 percentage points ($10 million) due to nondeductibility of litigation charges, partially offset by 3.3 percentage points ($14 million) due to adjusting deferred tax assets and related valuation allowances for the impact of Puerto Rico tax law changes enacted during the quarter.

During the three months ended September 30, 2013, the effective tax rate of 23.2 percent was impacted by net favorable discrete items of $61 million, which reduced the rate by 13.7 percentage points. The discrete items include the favorable impact of the settlement of federal and state tax controversies ($63 million).

Liquidity and Capital Resources

We currently believe that, based upon available capital resources (cash on hand and access to committed credit facilities) and projected operating cash flow, we have adequate capital resources to fund working capital needs; currently anticipated capital expenditures, business growth and expansion; contractual obligations; tax payments; and current and projected debt service requirements, dividends and share repurchases. If we decide to engage in one or more additional acquisitions, depending on the size and timing of such transactions, we may need to access capital in addition to cash on hand and our existing committed credit facilities.

Cash and Equivalents

Our cash and equivalents balance was $2.5 billion at September 30, 2014, compared to $2.9 billion at June 30, 2014. At September 30, 2014, our cash and equivalents were held in cash depository accounts with major banks or invested in high quality, short-term liquid investments.

The decrease in cash and equivalents during the three months ended September 30, 2014 was driven primarily by cash deployed for share repurchases of $360 million and dividends of $119 million, net of cash provided by operating activities of $61 million. Net cash provided by operating activities during the three months ended September 30, 2013 benefited from a significant net working capital decrease as a result of the Walgreens contract expiration.

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

The cash and equivalents balance at September 30, 2014 included $447 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

On November 3, 2014, we renewed our committed receivables sales facility program through Cardinal Health Funding, LLC through November 3, 2017 and increased the size of the facility from $700 million to $950 million with the inclusion of receivables from the Medical segment. Other sources of liquidity include a $1.5 billion revolving credit facility and a commercial paper program of up to $1.5 billion, backed by the revolving credit facility. At September 30, 2014, we had no outstanding balances or borrowings under these facilities, except for standby letters of credit of $41 million under the committed receivables sales facility program.

Our revolving credit facility and committed receivables sales facility program 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 September 30, 2014, we were in compliance with these financial covenants.

Available-for-Sale Securities

At September 30, 2014, we held $91 million of marketable securities, which are classified as available-for-sale.

Capital Expenditures

Capital expenditures were $36 million and $26 million during the three months ended September 30, 2014 and 2013, respectively.

Dividends

On August 6, 2014, our Board of Directors approved a quarterly dividend of $0.3425 per share, or $1.37 on an annualized basis, which was paid on October 15, 2014 to shareholders of record on October 1, 2014.

On November 5, 2014, our Board of Directors approved a quarterly dividend of $0.3425 per share, payable on January 15, 2015 to shareholders of record on January 2, 2015.

Share Repurchases

During the three months ended September 30, 2014, we repurchased $360 million of our common shares. During October 2014, we repurchased $231 million of our common shares. We funded the repurchases with cash on hand.

Our Board of Directors has approved a $2.0 billion share repurchase program, which expires on December 31, 2016. At September 30, 2014, we had $1.4 billion remaining under our repurchase authorization.

Off-Balance Sheet Arrangements

We had no significant off-balance sheet arrangements at September 30, 2014.

Contractual Obligations

There have been no material changes, outside of the ordinary course of business, in our outstanding contractual obligations since the end of fiscal 2014 through September 30, 2014.

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 2014 Form 10-K. There have been no material changes to our critical accounting policies and sensitive accounting estimates since the end of fiscal 2014 through September 30, 2014.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the quantitative and qualitative market risks since the end of fiscal 2014 through September 30, 2014 from those reported in our 2014 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 (the "Exchange Act")) as of September 30, 2014. Based on this evaluation, our principal executive officer and principal financial officer have concluded that as of September 30, 2014, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act 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 as appropriate 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 September 30, 2014 that have materially affected, or are reasonably likely 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 7 of the "Notes to Condensed Consolidated Financial Statements" are incorporated in this "Item 1: Legal Proceedings" by reference.

In June 2012, Henry Stanley, Jr., a purported shareholder, filed a derivative action in the U.S. District Court for the Southern District of Ohio against the current and certain former members of our Board of Directors. The complaint alleged that the defendants breached their fiduciary duties in connection with the DEA's past suspensions of our distribution centers' registrations to distribute controlled substances. In October 2012, the U.S. District Court dismissed the derivative action with prejudice, and in August 2013, the U.S. Court of Appeals affirmed the decision. In September 2013, the same plaintiff made demand on our Board of Directors to take action against current and certain former members of our Board of Directors based on the allegations made in the derivative action. A special committee of independent directors investigated the allegations made in the demand. After receiving and evaluating the special committee's findings and recommendations, our Board of Directors determined in February 2014 that pursuing the claims set forth in the demand was not in the best interest of the company. In May 2014, another purported shareholder made a similar demand on our Board of Directors, which was referred to the special committee. After receiving and evaluating the special committee's findings and recommendations with respect to this demand, our Board of Directors determined in November 2014 that pursuing the claims set forth in the demand was not in the best interest of the company.

Item 1A: Risk Factors

You should carefully consider the information in this Form 10-Q and the risk factors discussed in "Part I, Item 1A: Risk Factors" and other risks discussed in our 2014 Form 10-K and our filings with the SEC since June 30, 2014. 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 September 30, 2014:

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)
Jul 2014	209	$ 70.34	—	$ 727
Aug 2014	1,877,091	73.17	1,876,908	1,590
Sep 2014	2,966,853	75.11	2,963,369	1,367
Total	**4,844,153**	**$ 74.36**	**4,840,277**	**$ 1,367**

(1) Includes 209, 183 and 3,484 common shares purchased in July, August and September 2014, respectively, through a rabbi trust as investments of participants in our Deferred Compensation Plan.

(2) On October 29, 2013, our Board of Directors approved a $1.0 billion share repurchase program, which expires on December 31, 2016. On August 6, 2014, our Board of Directors authorized an additional $1.0 billion under this share repurchase program. During the three months ended September 30, 2014, we repurchased $360 million of our common shares under this program.

Part II. Other Information

Item 5: Other Information

Amendments to Committed Receivables Sales Facility Program Agreements

On November 3, 2014, Cardinal Health Funding, LLC ("CHF"), a receivables financing subsidiary of Griffin Capital, LLC ("Griffin Capital"), a receivables financing subsidiary of Cardinal Health, Inc., Wells Fargo Bank, N.A. ("WF"), Liberty Street Funding LLC ("Liberty Street"), The Bank of Nova Scotia ("BNS"), Atlantic Asset Securitization LLC ("Atlantic"), Credit Agricole Corporate and Investment Bank New York Branch ("Credit Agricole"), PNC Bank, National Association ("PNC"), Victory Receivables Corporation ("Victory") and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch ("BTMUNY") entered into a First Amendment and Joinder to the Fourth Amended and Restated Receivables Purchase Agreement (the "Amendment"). The Fourth Amended and Restated Receivables Purchase Agreement (as amended, the "Receivables Purchase Agreement") was entered into on November 1, 2013 among CHF, Griffin Capital, WF, Liberty Street, BNS, PNC, Victory and BTMUNY. The principal purpose of the Amendment is to extend the term of our committed receivables sales facility program until November 3, 2017, increase the size of the facility from $700 million to $950 million and add Atlantic and Credit Agricole as participants in the program.

In connection with entering into the Amendment, Cardinal Health, Inc. and CHF entered into a Sixth Amended and Restated Performance Guaranty (the "Performance Guaranty"). The Performance Guaranty updates certain definitions and other provisions contained in the Fifth Amended and Restated Performance Guaranty, dated November 1, 2013, between Cardinal Health, Inc. and CHF for consistency with the Amendment.

The Amendment and the Performance Guaranty are filed as Exhibits 10.3 and 10.4 of this Form 10-Q, respectively, and the foregoing descriptions are qualified by reference to the full text of the Amendment and the Performance Guaranty set forth in the exhibits.

From time to time, the financial institutions that are parties to the Receivables Purchase Agreement or their affiliates have performed, and may in the future perform, various commercial banking, investment banking and other financial advisory services for us. We pay these financial institutions customary fees and expenses for these services. In particular, BNS, WF, BTMUNY, Credit Agricole and PNC or their affiliates currently act as members of the lending syndicate under our $1.5 billion revolving credit facility and WF participates as a dealer under our $1.5 billion commercial paper program.

Item 6: Exhibits

Exhibit Number	Exhibit Description
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 (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	Confidentiality and Business Protection Agreement, dated September 9, 2014, between Cardinal Health, Inc. and Jon L. Giacomin
10.2	Restricted Share Units Agreement, dated November 4, 2014, between Cardinal Health, Inc. and Jeffrey W. Henderson
10.3	First Amendment and Joinder, dated as of November 3, 2014, to the Fourth Amended and Restated Receivables Purchase Agreement, dated as of November 1, 2013
10.4	Sixth Amended and Restated Performance Guaranty, dated as of November 3, 2014, executed by Cardinal Health, Inc. in favor of Cardinal Health Funding, LLC
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 the Chief Executive Officer and 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
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, financial information, earnings and analyst presentations and information about upcoming presentations and events, 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 Section 13 or 15(d) 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: November 5, 2014

/s/ GEORGE S. BARRETT

George S. Barrett

Chairman and Chief Executive Officer

/s/ JEFFREY W. HENDERSON

Jeffrey W. Henderson

Chief Financial Officer

Confidentiality and Business Protection Agreement

This Confidentiality and Business Protection Agreement (“Agreement”) is hereby entered into by and between Jon L. Giacomin (“Executive”) and Cardinal Health, Inc., an Ohio Corporation (the “Company”) effective as of September 9, 2014.

It is hereby agreed as follows:

1. Consideration and Acknowledgements. The parties acknowledge that the provisions and covenants contained in this Agreement are in consideration of the election of Executive as Chief Executive Officer, Pharmaceutical Segment, with appropriate compensation adjustments, and that the limitations contained herein are reasonable in geographic and temporal scope and do not impose a greater restriction or restraint than is necessary to protect the goodwill and other legitimate business interests of the Company. The parties also acknowledge and agree that the provisions of this Agreement do not adversely affect Executive's ability to earn a living in any capacity that does not violate the covenants contained herein. The parties further acknowledge and agree that the provisions of Section 9(a) below are accurate and necessary because (i) this Agreement is entered into in the State of Ohio, (ii) Ohio has a substantial relationship to the parties and to this transaction, (iii) Ohio is the headquarters state of the Company, which has operations worldwide and has a compelling interest in having its employees treated uniformly, (iv) the use of Ohio law provides certainty to the parties in any covenant litigation in the United States, and (v) enforcement of the provisions of this Agreement would not violate any fundamental public policy of Ohio or any other jurisdiction.

2. Confidential Information. Executive shall hold in a fiduciary capacity for the benefit of the Company and all of its subsidiaries, partnerships, joint ventures, limited liability companies and other affiliates (collectively, the "Cardinal Group"), all secret or confidential information, knowledge or data relating to the Cardinal Group and its businesses (including, without limitation, any proprietary and not publicly available information concerning any processes, methods, trade secrets, research, secret data, costs, names of users or purchasers of their respective products or services, business methods, operating procedures or programs or methods of promotion and sale) that Executive has obtained or obtains during Executive's employment by the Cardinal Group and that is not public knowledge (other than as a result of Executive's violation of this Agreement) ("Confidential Information"). For the purposes of this Agreement, information shall not be deemed to be publicly available merely because it is embraced by general disclosures or because individual features or combinations thereof are publicly available. Executive shall not communicate, divulge or disseminate Confidential Information at any time during or after Executive's employment with the Cardinal Group, except with prior written consent of the applicable Cardinal Group company, or as otherwise required by law or legal process. All records, files, memoranda, reports, customer lists, drawings, plans, documents and the like that Executive uses, prepares or comes into contact with during the course of Executive's employment shall remain the sole property of the Company or the Cardinal Group company, as applicable, and shall be turned over to the applicable Cardinal Group company upon termination of Executive's employment.

3. Non-Recruitment of Cardinal Group Employees, etc. Executive shall not, at any time during the Restricted Period (as defined below), without the prior written consent of the Company, engage in the following conduct (a "Solicitation"): (i) directly or indirectly, including via social media or professional networking services, solicit, recruit or employ (whether as an employee, officer, director, agent, consultant or independent contractor) any person who is or was at any time during the previous twelve months an employee, representative, officer or director of the Cardinal Group; or (ii) take any action to encourage or induce any employee, representative, officer or director of the Cardinal Group to cease his or her relationship with the Cardinal Group for any reason. A "Solicitation" does not include any recruitment of employees within or for the Cardinal Group. The "Restricted Period" means the period of Executive's employment with the Cardinal Group and the additional period ending twenty-four months after Executive's date of termination of employment or date of retirement, as applicable. The Restricted Period shall be extended and its expiration tolled by the time period in which Executive is in breach of any covenant in this Agreement to ensure that Executive does not benefit from any breach and that the Company receives the full benefit of two years protection from unfair competition on which it has relied in entering into this Agreement.

4. No Competition -- Solicitation of Business. During the Restricted Period, Executive shall not (either directly or indirectly or as an officer, agent, employee, partner, consultant or director of any other company, partnership or entity) solicit, service or accept on behalf of any competitor of the Cardinal Group the business of (i) any customer of the Cardinal Group during the time of Executive's employment or at date of termination of employment, or (ii) any potential customer of the Cardinal Group which Executive knew to be an identified, prospective purchaser of products or services of the Cardinal Group.

5. No Competition -- Employment by Competitor. During the Restricted Period, Executive shall not invest in (other than in a publicly traded company with a maximum investment of no more than 1% of outstanding shares), counsel, advise or be otherwise engaged or employed by any entity or enterprise that is in competition with the business conducted by any member of the Cardinal Group (other than a business that is not a significant business to the Cardinal Group as a whole or to the entity or enterprise as a whole).

6. No Disparagement.

(a) Executive and the Company shall at all times refrain from taking actions or making statements, written or oral, that (i) denigrate, disparage or defame the goodwill or reputation of Executive or the Cardinal Group, as the case may be, or any of its trustees, officers, security holders, partners, agents or former or current employees and directors, or (ii) are intended to, or may be reasonably expected to, adversely affect the morale of the employees of the Cardinal Group. Executive further agrees not to make any negative statements to third parties relating to Executive's employment or any aspect of the businesses of the Cardinal Group and not to make any statements to third parties about the circumstances of the termination of Executive's employment or about the Cardinal Group or its trustees, directors, officers, security holders, partners, agents or former or current employees and directors, except as may be required by a court or governmental body.

(b) Executive further agrees that, following termination of employment for any reason, Executive shall assist and cooperate with the Company with regard to any matter or project in which Executive was involved during Executive's employment with the Company, including but not limited to any litigation that may be pending or may arise after such termination of employment. Further, Executive agrees to notify the Company at the earliest opportunity of any contact that is made by any third parties concerning any such matter or project. The Company shall not unreasonably request such cooperation of Executive and shall cooperate with Executive in scheduling any assistance by Executive, taking into account Executive's business and personal affairs, and shall compensate Executive for any lost wages or expenses associated with such cooperation and assistance.

7. Inventions. All plans, discoveries and improvements, whether patentable or unpatentable, made or devised by Executive, whether alone or jointly with others, from the date of Executive's initial employment by the Company and continuing until the end of any period during which Executive is employed by the Cardinal Group, relating or pertaining in any way to Executive's employment with or the business of the Cardinal Group, shall be promptly disclosed in writing to the Company's General Counsel and are hereby transferred to and shall redound to the benefit of the Company, and shall become and remain its sole and exclusive property. Executive agrees to execute any assignment to the Company or its nominee, of Executive's entire right, title and interest in and to any such discoveries and improvements and to execute any other instruments and documents requisite or desirable in applying for and obtaining patents, trademarks or copyrights, at the expense of the Company, with respect thereto in the United States and in all foreign countries, that may be required by the Company. Executive further agrees at all times to cooperate to the extent and in the manner required by the Company in the prosecution or defense of any patent or copyright claims or any litigation or other proceeding involving any trade secrets, processes, discoveries or improvements covered by this Agreement, but all necessary expenses thereof shall be paid by the Company.

8. Acknowledgement and Enforcement. Executive acknowledges and agrees that: (a) the purpose of the foregoing covenants, including without limitation the noncompetition covenants of Sections 4 and 5, is to protect the goodwill, trade secrets and other Confidential Information of the Company; (b) because of the nature of the business in which the Cardinal Group is engaged and because of the nature of the Confidential Information to which Executive has access, the Company would suffer irreparable harm and it would be impractical and excessively difficult to determine the actual damages of the Cardinal Group in the event Executive breached any of the covenants of this Agreement; and (c) remedies at law (such as monetary damages) for any breach of Executive's obligations under this Agreement would be inadequate. Executive therefore agrees and consents that if Executive commits any breach of a covenant under this Agreement or threatens to commit any such breach, the Company shall have the right (in addition to, and not in lieu of, any other right or remedy that may be available to it) to temporary and permanent injunctive relief from a court of competent jurisdiction, without posting any bond or other security and without the necessity of proof of actual damage. If any of the covenants contained in this Agreement are finally held by a court to be invalid, illegal or unenforceable (whether in whole or in part), such covenant shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality

or unenforceability and the remaining covenants shall not be affected thereby; provided, however, that if any of such covenants is finally held by a court to be invalid, illegal or unenforceable because it exceeds the maximum scope or duration determined to be acceptable to permit such provision to be enforceable, such covenant will be deemed to be modified to the minimum extent necessary to modify such scope or duration in order to make such provision enforceable hereunder.

9. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without reference to principles of conflict of laws. If, under any such law, any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation or ordinance, such portion shall be deemed to be modified or altered to conform thereto. The parties hereto irrevocably agree to submit to the jurisdiction and venue of the courts of the State of Ohio in any action or proceeding brought with respect to or in connection with this Agreement. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives. This Agreement is the product of negotiation and shall not be construed strictly for or against any party.

(b) All notices and other communications under this Agreement shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:	At the most recent address on file for Executive at the Company
If to the Company:	Cardinal Health, Inc. 7000 Cardinal Place Dublin, Ohio 43017 Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement shall be held invalid or unenforceable in part, the remaining portion of such provision, together with all other provisions of this Agreement, shall remain valid and enforceable and continue in full force and effect to the fullest extent consistent with the law.

(d) Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

/s/ Jon L. Giacomin
Jon L. Giacomin
Execution Date: September 9, 2014

CARDINAL HEALTH, INC.

/s/ Carole S. Watkins
By: Carole S. Watkins
Its: Chief Human Resources Officer
Execution Date: September 2, 2014

CARDINAL HEALTH, INC.
RESTRICTED SHARE UNITS AGREEMENT

This Restricted Share Units Agreement (this "Agreement") is entered into in Franklin County, Ohio. On August 15, 2014 (the "Grant Date"), Cardinal Health, Inc., an Ohio corporation (the "Company"), has awarded to Jeffrey W. Henderson ("Awardee") 24,500 restricted share units (the "Restricted Share Units" or "Award"), representing an unfunded unsecured promise of the Company to deliver common shares, without par value, of the Company (the "Shares") to Awardee as set forth herein. The Restricted Share Units have been granted pursuant to the Cardinal Health, Inc. 2011 Long-Term Incentive Plan (the "Plan"), and are subject to all provisions of the Plan, which are incorporated herein by reference, and are subject to the provisions of this Agreement. Capitalized terms used in this Agreement which are not specifically defined have the meanings ascribed to such terms in the Plan.

1. Vesting of Restricted Share Units.

(a) General. The Restricted Share Units vest on the first anniversary of the Grant Date (the "Vesting Date"), subject in each case to the provisions of this Agreement, including those relating to the Awardee's continued employment with the Company and its Affiliates (collectively, the "Cardinal Group").

(b) Change of Control. In the event of a Change of Control prior to a Termination of Employment, the Restricted Share Units vest in full, unless a Replacement Award is provided to Awardee in accordance with Section 16(b) of the Plan. Any Replacement Award must vest in full upon (i) a Termination for Good Reason by Awardee (provided that no later than 90 days following an event otherwise permitting a Termination for Good Reason, Awardee gives notice to the Company of the occurrence of such event and the Company fails to cure the event within 30 days following its receipt of such notice), (ii) a Termination of Employment by the Company or its successor in the Change of Control other than a Termination for Cause, or (iii) Awardee's death or Disability, in each case, occurring during the period of two years after the Change of Control. In addition, if a Replacement Award is provided, any Restricted Share Units that would vest in accordance with Paragraphs 3(b) or (c) in connection with Awardee's Retirement or Disability if Awardee's Termination of Employment occurred on the date of the Change of Control will for purposes of this Agreement vest at the time of the Change of Control.

2. Transferability. The Restricted Share Units are not transferable.

3. Termination of Employment.

(a) General. Except as set forth in Paragraphs 1(b) and 3(b) and (c), if a Termination of Employment occurs prior to the vesting of a Restricted Share Unit, such Restricted Share Unit is forfeited by Awardee immediately after such Termination of Employment.

(b) Death or Disability. If a Termination of Employment occurs prior to the vesting in full of the Restricted Share Units by reason of Awardee's death or Disability, then any unvested Restricted Share Units immediately vest in full and are not forfeited.

(c) Retirement. If a Termination of Employment occurs prior to the vesting in full of the Restricted Share Units by reason of Awardee's Retirement, but at least 6 months from the Grant Date, then a Ratable Portion of each installment of the Restricted Share Units that would have vested on each future Vesting Date, to the extent not previously vested, immediately vests and is not forfeited. Such "Ratable Portion," with respect to the applicable installment, is an amount equal to such installment of the

Restricted Share Units scheduled to vest on the applicable Vesting Date multiplied by a fraction, the numerator of which is the number of days from the Grant Date through the date of such termination, and the denominator of which is the number of days from the Grant Date through such Vesting Date.

4. Special Forfeiture and Repayment Rules. This Agreement contains special forfeiture and repayment rules intended to encourage conduct that protects the Cardinal Group's legitimate business assets and discourage conduct that threatens or harms those assets. The Company does not intend to have the benefits of this Agreement reward or subsidize conduct detrimental to the Company, and therefore will require the forfeiture of the benefits offered under this Agreement and the repayment of gains obtained from this Agreement, according to the rules specified below. Activities that trigger the forfeiture and repayment rules are divided into two categories: Misconduct and Competitor Conduct.

(a) Misconduct. During employment with the Cardinal Group and for three years after the Termination of Employment for any reason, Awardee agrees not to engage in Misconduct. If Awardee engages in Misconduct during employment or within three years after the Termination of Employment for any reason, then

(i) Awardee immediately forfeits the Restricted Share Units that have not yet vested or that vested at any time within three years prior to the Misconduct and have not yet been paid pursuant to Paragraph 5 hereof, and those forfeited Restricted Share Units automatically terminate, and

(ii) Awardee shall, within 30 days following written notice from the Company, pay to the Company in cash an amount equal to (A) the gross gain to Awardee resulting from the payment of Restricted Share Units pursuant to Paragraph 5 hereof that had vested at any time within three years prior to the date the Misconduct first occurred (as determined by the Administrator) less (B) $1.00. The gross gain is the Fair Market Value of the Shares represented by the Restricted Share Units on the date of receipt.

As used in this Agreement, "**Misconduct**" means

(A) disclosing or using any of the Cardinal Group's confidential information (as defined by the applicable Cardinal Group policies and agreements) without proper authorization from the Cardinal Group or in any capacity other than as necessary for the performance of Awardee's assigned duties for the Cardinal Group;

(B) violation of applicable Cardinal Group policies, including but not limited to conduct which would constitute a breach of any representation or certificate of compliance signed by Awardee;

(C) fraud, gross negligence or willful misconduct by Awardee, including but not limited to fraud, gross negligence or willful misconduct causing or contributing to a material error resulting in a restatement of the financial statements of any member of the Cardinal Group;

(D) directly or indirectly soliciting or recruiting for employment or contract work on behalf of a person or entity other than a member of the Cardinal Group, any person who is an employee, representative, officer or director in the Cardinal Group or who held one or more of those positions at any time within the 12 months prior to Awardee's Termination of Employment;

(E) directly or indirectly inducing, encouraging or causing an employee of the Cardinal Group to terminate his/her employment or a contract worker to terminate his/her contract with a member of the Cardinal Group;

(F) any action by Awardee and/or his or her representatives that either does or could reasonably be expected to undermine, diminish or otherwise damage the relationship between the Cardinal Group and any of its customers, prospective customers, vendors, suppliers and/or employees known to Awardee; and

(G) breaching any provision of any employment or severance agreement with a member of the Cardinal Group.

(b) Competitor Conduct. If Awardee chooses to engage in Competitor Conduct during employment or within one year after the Termination of Employment for any reason, then

(i) Awardee immediately forfeits the Restricted Share Units that have not yet vested or that vested at any time within one year prior to the Competitor Conduct and have not yet been paid pursuant to Paragraph 5 hereof, and those forfeited Restricted Share Units automatically terminate, and

(ii) Awardee shall, within 30 days following written notice from the Company, pay to the Company in cash an amount equal to (A) the gross gain to Awardee resulting from the payment of Restricted Share Units pursuant to Paragraph 5 hereof that had vested at any time since the earlier of one year prior to the date the Competitor Conduct first occurred (as determined by the Administrator) or one year prior to the Termination of Employment, if applicable, less (B) $1.00. The gross gain is the Fair Market Value of the Shares represented by the Restricted Share Units on the date of receipt.

As used in this Agreement, "**Competitor Conduct**" means accepting employment with, or directly or indirectly providing services to, a Competitor in the United States. If Awardee has a Termination of Employment and Awardee's responsibilities to the Cardinal Group were limited to a specific territory or territories within or outside the United States during the 24 months prior to the Termination of Employment, then Competitor Conduct will be limited to that specific territory or territories. A "Competitor" means any person or business that competes with the products or services provided by a member of the Cardinal Group for which Awardee had business responsibilities within 24 months prior to Termination of Employment or about which Awardee obtained confidential information (as defined by the applicable Cardinal Group policies or agreements).

(c) General.

(i) Nothing in this Paragraph 4 constitutes or is to be construed as a "noncompete" covenant or other restraint on employment or trade. The provisions of this Paragraph do not prevent, nor are they intended to prevent, Awardee from seeking or accepting employment or other work outside the Cardinal Group. The execution of this Agreement is voluntary. Awardee is free to choose to comply with the terms of this Agreement and receive the benefits offered or else reject this Agreement with no adverse consequences to Awardee's employment with the Cardinal Group.

(ii) Awardee agrees to provide the Company with at least 10 days' written notice prior to accepting employment with or providing services to a Competitor within one year after Termination of Employment.

(iii) Awardee acknowledges receiving sufficient consideration for the requirements of this Paragraph 4, including Awardee's receipt of the Restricted Share Units. Awardee further acknowledges that the Company would not provide the Restricted Share Units to Awardee without Awardee's promise to abide by the terms of this Paragraph 4. The parties also acknowledge that the provisions contained in this Paragraph 4 are ancillary to, or part of, an otherwise enforceable agreement at the time this Agreement is made.

(iv) Awardee may be released from the obligations of this Paragraph 4 if and only if the Administrator determines, in writing and in the Administrator's sole discretion, that a release is in the best interests of the Company.

5. Payment.

(1) General. Subject to the provisions of Paragraph 4 of this Agreement and Paragraphs 5(b), (c), (d) and (e) below, Awardee is entitled to receive from the Company (without any payment on behalf of Awardee other than as described in Paragraph 9) the Shares represented by the Restricted Share Units on the Vesting Date.

(a) Death. To the extent that Restricted Share Units are vested on the date of Awardee's Termination of Employment due to death, Awardee is entitled to receive the corresponding Shares from the Company on the date of death.

(b) Disability, Retirement and Other Separations from Service. To the extent that Restricted Share Units are vested as the result of Disability, Retirement or otherwise on the date of Awardee's "separation from service" (determined in accordance with Section 409A of the Code), Awardee is entitled to receive the corresponding Shares from the Company on the date of Awardee's "separation from service"; provided, however, that if Awardee on the date of separation from service is a "specified employee" (certain officers of the Cardinal Group within the meaning of Section 409A of the Code determined using the identification methodology selected by the Company from time to time), Awardee is entitled to receive the corresponding Shares from the Company on the first day of the seventh month after the date of Awardee's separation from service or, if earlier, the date of Awardee's death.

(c) Change of Control. To the extent that Restricted Share Units are vested on the date of a Change of Control, Awardee is entitled to receive the corresponding Shares from the Company on the date of the Change of Control; provided, however, that if such Change of Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, Awardee is entitled to receive the corresponding Shares from the Company on the date that would have otherwise applied pursuant to Paragraphs 5(a), (b) or (c).

(d) Elections to Defer Receipt. Elections to defer receipt of the Shares beyond the date of payment provided herein may be permitted in the discretion of the Administrator pursuant to procedures established by the Administrator in compliance with the requirements of Section 409A of the Code.

6. Dividend Equivalents. Awardee is not entitled to receive cash dividends on the Restricted Share Units, but will receive a dividend equivalent payment from the Company in an amount equal to the

dividends that would have been paid on each Share paid under this Agreement if it had been outstanding between the Grant Date and the payment date of any Shares represented by the Restricted Share Units (i.e., based on the record date for cash dividends). Subject to an election to defer receipt as permitted under Paragraph 5(e), the Company shall pay dividend equivalent payments in cash on the payment date of the Shares represented by the Restricted Share Units.

7. Right of Set-Off. By accepting these Restricted Share Units, Awardee consents to a deduction from, and set-off against, any amounts owed to Awardee that are not treated as "non-qualified deferred compensation" under Section 409A of the Code by any member of the Cardinal Group from time to time (including, but not limited to, amounts owed to Awardee as wages, severance payments or other fringe benefits) to the extent of the amounts owed to the Cardinal Group by Awardee under this Agreement.

8. No Shareholder Rights. Awardee has no rights of a shareholder with respect to the Restricted Share Units, including no right to vote the Shares represented by the Restricted Share Units, until such Shares vest and are paid to Awardee.

9. Withholding Tax.

(a) Generally. Awardee is liable and responsible for all taxes owed in connection with the Restricted Share Units (including taxes owed with respect to the cash payments described in Paragraph 6 hereof), regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Restricted Share Units. The Company does not make any representation or undertaking regarding the tax treatment or the treatment of any tax withholding in connection with the grant or vesting of the Restricted Share Units or the subsequent sale of Shares issuable pursuant to the Restricted Share Units. The Company does not commit and is under no obligation to structure the Restricted Share Units to reduce or eliminate Awardee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Restricted Share Units (e.g., vesting or payment) that the Company determines may result in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any employment tax obligation (the "Tax Withholding Obligation"), Awardee is required to arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company. Unless Awardee elects to satisfy the Tax Withholding Obligation by an alternative means that is then permitted by the Administrator, Awardee's acceptance of this Agreement constitutes Awardee's instruction and authorization to the Company to withhold on Awardee's behalf the number of Shares from those Shares issuable to Awardee under this Award as the Company determines to be sufficient to satisfy the Tax Withholding Obligation as and when any such Tax Withholding Obligation becomes due. In the case of any amounts withheld for taxes pursuant to this provision in the form of Shares, the amount withheld may not exceed the minimum required by applicable law and regulations. The Company has the right to deduct from all cash payments paid pursuant to Paragraph 6 hereof the amount of any taxes which the Company is required to withhold with respect to such payments.

10. Governing Law/Venue for Dispute Resolution/Costs and Legal Fees. This Agreement is governed by the laws of the State of Ohio, without regard to principles of conflicts of law, except to the extent superseded by the laws of the United States of America. **The parties agree and acknowledge that the laws of the State of Ohio bear a substantial relationship to the parties and/or this Agreement and that the Restricted Share Units and benefits granted herein would not be granted without the governance of this Agreement by the laws of the State of Ohio. In addition, all legal**

actions or proceedings relating to this Agreement must be brought exclusively in state or federal courts located in Franklin County, Ohio and the parties executing this Agreement hereby consent to the personal jurisdiction of such courts. Awardee acknowledges that the covenants contained in Paragraph 4 of this Agreement are reasonable in nature, are fundamental for the protection of the Company's legitimate business and proprietary interests, and do not adversely affect Awardee's ability to earn a living. In the event that it becomes necessary for the Company to institute legal proceedings under this Agreement, Awardee is responsible to the Company for all costs and reasonable legal fees incurred by the Company in connection with the proceedings. Any provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by the provision, without invalidating or rendering unenforceable the remaining provisions of this Agreement.

11. Action by the Administrator. The parties agree that the interpretation of this Agreement rests exclusively and completely within the sole discretion of the Administrator. The parties agree to be bound by the decisions of the Administrator with regard to the interpretation of this Agreement and with regard to any and all matters set forth in this Agreement. In fulfilling its responsibilities hereunder, the Administrator may rely upon documents, written statements of the parties, financial reports or other material as the Administrator deems appropriate. The parties agree that there is no right to be heard or to appear before the Administrator and that any decision of the Administrator relating to this Agreement, including whether particular conduct constitutes Misconduct or Competitor Conduct, is final and binding. The Administrator may delegate its functions under this Agreement to an officer of the Cardinal Group designated by the Administrator.

12. Prompt Acceptance of Agreement. The Restricted Share Unit grant evidenced by this Agreement will, at the discretion of the Administrator, be forfeited if this Agreement is not manually executed and returned to the Company, or electronically executed by Awardee by indicating Awardee's acceptance of this Agreement in accordance with the acceptance procedures set forth on the Company's third-party equity plan administrator's web site, within 90 days of the Grant Date.

13. Electronic Delivery and Consent to Electronic Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Share Unit grant under and participation in the Plan or future Restricted Share Units that may be granted under the Plan by electronic means or to request Awardee's consent to participate in the Plan by electronic means. Awardee hereby consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company, including the acceptance of restricted share unit grants and the execution of restricted share unit agreements through electronic signature.

14. Notices. All notices, requests, consents and other communications required or provided under this Agreement to be delivered by Awardee to the Company will be in writing and will be deemed sufficient if delivered by hand, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to the Company at the address set forth below:

Cardinal Health, Inc.
7000 Cardinal Place
Dublin, Ohio 43017
Attention: General Counsel

All notices, requests, consents and other communications required or provided under this Agreement to be delivered by the Company to Awardee may be delivered by e-mail or in writing and will be deemed sufficient if delivered by e-mail, hand, facsimile, nationally recognized overnight courier, or certified or registered mail, return receipt requested, postage prepaid, and will be effective upon delivery to Awardee.

15. Employment Agreement, Offer Letter or Other Arrangement. To the extent a written employment agreement, offer letter or other arrangement ("Employment Arrangement") that was approved by the Human Resources and Compensation Committee or the Board of Directors or that was approved in writing by an officer of the Company pursuant to delegated authority of the Human Resources and Compensation Committee provides for greater benefits to Awardee with respect to vesting of the Award on Termination of Employment than provided in this Agreement or in the Plan, then the terms of such Employment Arrangement with respect to vesting of the Award on Termination of Employment by reason of such specified events supersede the terms hereof to the extent permitted by the terms of the Plan. In addition, the provisions in Section 4 of this Agreement defining "Misconduct" and "Competitor Conduct" and the related time periods will be interpreted no more broadly than the provisions of Awardee's Confidentiality and Business Protection Agreement effective as of June 10, 2014.

16. Recoupment. This Agreement will be administered in compliance with Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Shares may be traded. In its discretion, moreover, the Administrator may require repayment to the Company of all or any portion of this Award if the amount of the Award was calculated based upon the achievement of certain financial results that were subsequently the subject of a restatement of the Company's financial statements, Awardee engaged in misconduct that caused or contributed to the need for the restatement of the financial statements, and the amount payable to Awardee would have been lower than the amount actually paid to Awardee had the financial results been properly reported. This Paragraph 16 is not the Company's exclusive remedy with respect to such matters. This Paragraph 16 will not apply after a Change of Control.

17. Amendment. Any amendment to the Plan is deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment may impair the rights of Awardee with respect to an outstanding Restricted Share Unit unless agreed to by Awardee and the Company, which agreement must be in writing and signed by Awardee and the Company. Other than following a Change of Control, no such agreement is required if the Administrator determines in its sole discretion that such amendment either (a) is required or advisable in order for the Company, the Plan or the Restricted Share Units to satisfy any Applicable Law or to meet the requirements of any accounting standard or (b) is not reasonably likely to significantly diminish the benefits provided under the Restricted Share Units, or that any such diminishment has been adequately compensated.

CARDINAL HEALTH, INC.

By: /s/ George S. Barrett
Its: Chairman and Chief Executive Officer

ACCEPTANCE OF AGREEMENT

Awardee hereby: (a) acknowledges that he or she has received a copy of the Plan, a copy of the Company's most recent annual report to shareholders and other communications routinely distributed to the Company's shareholders, and a copy of the Plan Description pertaining to the Plan; (b) accepts this Agreement and the Restricted Share Units granted to him or her under this Agreement subject to all provisions of the Plan and this Agreement, including the provisions in the Agreement regarding "Recoupment" set forth in Paragraph 16 above and "Misconduct," "Competitor Conduct" and "Special Forfeiture and Repayment Rules" set forth in Paragraph 4 above; (c) represents that he or she understands that the acceptance of this Agreement through an on-line or electronic system, if applicable, carries the same legal significance as if he or she manually signed the Agreement; and (d) agrees that no transfer of the Shares delivered in respect of the Restricted Share Units may be made unless the Shares have been duly registered under all applicable Federal and state securities laws pursuant to a then-effective registration which contemplates the proposed transfer or unless the Company has received a written opinion of, or satisfactory to, its legal counsel that the proposed transfer is exempt from such registration.

/s/ Jeffrey W. Henderson

Awardee's Signature

11/4/14

Date

FIRST AMENDMENT AND JOINDER TO THE FOURTH AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

This FIRST AMENDMENT AND JOINDER TO THE FOURTH AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of November 3, 2014, is entered into by and among the following parties:

(i) CARDINAL HEALTH FUNDING, LLC, a Nevada limited liability company (the "Seller");

(i) GRIFFIN CAPITAL, LLC, a Nevada limited liability company ("Griffin" and, together with the Seller, the "Seller Parties" and each, a "Seller Party");

(ii) WELLS FARGO BANK, N.A. ("WF") as a Financial Institution and as the Managing Agent for WF's Purchaser Group;

(iii) LIBERTY STREET FUNDING LLC ("Liberty Street"), as a Conduit;

(iv) 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;

(v) ATLANTIC ASSET SECURITIZATION LLC ("Atlantic"), as a new Conduit;

(vi) CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK NEW YORK BRANCH ("Credit Agricole"), as the new Related Financial Institution for Atlantic and as the new Managing Agent for Atlantic's Purchaser Group;

(vii) PNC BANK, NATIONAL ASSOCIATION ("PNC"), as a Financial Institution, as the Managing Agent for PNC's Purchaser Group and as an LC Bank;

(viii) VICTORY RECEIVABLES CORPORATION ("Victory"), as a Conduit; and

(ix) 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 Atlantic and Credit Agricole) are parties to that certain Fourth Amended and Restated Receivables Purchase Agreement, dated as of November 1, 2013 (as amended, supplemented or otherwise modified from time to time, the "Receivables Purchase Agreement");

WHEREAS, each of Atlantic, as a Conduit, and Credit Agricole, as the Related Financial Institution for Atlantic and as the Managing Agent for Atlantic's Purchaser Group, desires to become a party to the Receivables Purchase Agreement;

WHEREAS, the parties hereto desire to adjust the Financial Institutions' respective Commitments as set forth herein;

WHEREAS, concurrently herewith, Cardinal Health 200, LLC, a Delaware limited liability company ("CH-200") and Allegiance Corporation, a Delaware corporation ("Allegiance") are entering into that certain Receivables Sale Agreement, dated as of the date hereof (the "New Sub-Originator Sale Agreement");

WHEREAS, concurrently herewith, Allegiance and Griffin are entering into that certain Receivables Purchase and Sale Agreement, dated as of the date hereof (the "New Griffin RPA");

WHEREAS, concurrently herewith, the Performance Guarantor is executing and delivering that certain Sixth Amended and Restated Performance Guaranty, dated as of the date hereof (the "New Performance Guaranty");

WHEREAS, concurrently herewith, the Seller and the Agent are entering into that certain letter agreement, dated as of the date hereof (the "New Collection Account Disclosure Letter");

WHEREAS, concurrently herewith, the Seller Parties, the Agent and JPMorgan Chase Bank, N.A. are entering into that certain Amendment No. 1 to Blocked Account Control Agreement ("Shifting Control"), dated as of the date hereof (the "JPM Blocked Account Agreement Amendment");

WHEREAS, concurrently herewith, each of the parties hereto (other than Griffin) are entering into that certain Amended and Restated Fee Letter, dated as of the date hereof (the "A&R Fee Letter"; together with the New Sub-Originator Sale Agreement, the New Griffin RPA, the New Performance Guaranty, the New Collection Account Disclosure Letter and the JPM Blocked Account Agreement Amendment, collectively, the "Related Agreements"); 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 Atlantic and Credit Agricole to the Receivables Purchase Agreement; Pro Rata Shares.

(a) Atlantic as a Conduit. From and after the date hereof, Atlantic shall be a Conduit party to the Receivables Purchase Agreement for all purposes thereof and of the other Transaction Documents as if Atlantic were an original party to the Receivables Purchase Agreement, and Atlantic 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. Atlantic 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) Credit Agricole as a Financial Institution. From and after the date hereof, Credit Agricole shall be the Related Financial Institution for Atlantic party to the Receivables Purchase Agreement for all purposes thereof and of the other Transaction Documents as if Credit Agricole were an original party to the Receivables Purchase Agreement, and Credit Agricole 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. Credit Agricole 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 Credit Agricole as Managing Agent of Atlantic's Purchaser Group. Pursuant to and in accordance with Section 13.1 of the Receivables Purchase Agreement, each of Atlantic and Credit Agricole hereby designates Credit Agricole as, and Credit Agricole hereby agrees to perform the duties and obligations of, the Managing Agent for Atlantic's Purchaser Group. From and after the date hereof, Credit Agricole 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 Credit Agricole were an original party to the Receivables Purchase Agreement, and Credit Agricole 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 of Atlantic's Purchaser Group. Effective as of the date hereof, Credit Agricole's Commitment, as Related Financial Institution for Atlantic, shall be the amount set forth on Schedule A hereto.

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

(f) Pro Rata Shares. For the avoidance of doubt, each of the parties hereto hereby acknowledge and agree that (i) as of the date hereof, the LC Exposure is an amount equal to $41,332,389 and (ii) after giving effect to this Amendment, as of the date hereof each Purchaser Group's Pro Rata Share and Pro Rata Share of the LC Exposure are as set forth in the following table:

Purchaser Group	Pro Rata Share	Pro Rata Share of LC Exposure
Victory Receivables Corporation	36.8421%	$15,227,722.26
Wells Fargo Bank, N.A.	18.4211%	$7,613,861.13
Liberty Street Funding LLC	18.4211%	$7,613,861.13
PNC Bank, National Association	13.1579%	$5,438,472.24
Atlantic Asset Securitization LLC	13.1579%	$5,438,472.24

Section 3. Amendments to the Receivables Purchase Agreement. The Receivables Purchase Agreement is hereby amended as follows:

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

> (k) Not an Investment Company. Such Seller Party is neither (i) an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute nor (ii) a "covered fund" under Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(b) Section 5.1(p) of the Receivables Purchase Agreement is hereby replaced in its entirety with the following:

> (p) Anti-Terrorism Laws. Neither such Seller Party nor, to the knowledge of such Seller Party, any director, officer, employee, agent or Affiliate of such Seller Party is (i) in violation of any of the laws, regulations and executive orders administered by OFAC, including the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1705), the Trading with the Enemy Act (50 U.S.C. App. §§ 1-44), and the Office of Foreign

Assets Control, Department of the Treasury regulations (31 C.F.R. Parts 500 et seq.) or (ii) a Designated Person.

(c) The following new Section 7.2(i) is hereby added to the Receivables Purchase Agreement immediately following existing Section 7.2(h) thereof:

(i) Anti-Terrorism Laws. Such Seller Party will not knowingly use the proceeds of any Incremental Purchase or Reinvestment, or knowingly lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person (i) to, directly or indirectly, fund any activities or business of or with any Designated Person, or in any Sanctioned Country or any country or territory, that at the time of such funding is the subject of any sanctions under any Sanctions Laws and Regulations or (ii) in any other manner that would result in a violation of any Sanctions Laws and Regulations by any party to this Agreement or any Affected Party.

(d) Section 9.1(f) of the Receivables Purchase Agreement is amended by deleting the percentage "4.5%" where it appears therein and substituting the percentage "6.00%" therefor.

(e) Clause (ii) of Section 9.1(g) of the Receivables Purchase Agreement is amended by deleting the percentage "5.25%" where it appears therein and substituting the percentage "5.50%" therefor.

(f) Sub-clause (H) of clause (i) of Section 14.1(b) of the Receivables Purchase Agreement is hereby replaced in its entirety with the following:

(H) except as expressly set forth herein and in the other Transaction Documents, (x) release all or a material portion of the Collateral from the Agent's security interest created hereunder or (y) release or terminate the Performance Guaranty or

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

"Credit Agricole" means Credit Agricole Corporate and Investment Bank New York Branch, and its successors.

"Credit Agricole Conduit" means Atlantic Asset Securitization LLC and its successors.

"Designated Person" means a Person (a) listed in the annex to any Executive Order, (b) that is a Sanctioned Person or (c) otherwise subject to sanctions under any Sanctions Laws and Regulations.

"Executive Order" has the meaning set forth in the definition of "Sanctions Laws and Regulations".

"Sanctions Laws and Regulations" means any sanctions, prohibitions or requirements imposed by any executive order administered by OFAC (such order, an "Executive Order") or by any sanctions program administered by OFAC.

(h) The definition of "Approved Sub-Originator" set forth in Exhibit I of the Receivables Purchase Agreement is hereby replaced in its entirety with the following:

"Approved Sub-Originator" means each of the following Persons and their successors:

(i) Leader Drugstores, Inc., a Delaware corporation;

(ii) Cardinal Health Pharmacy Services, LLC, a Delaware limited liability company;

(iii) Medicine Shoppe International, Inc., a Delaware corporation;

(iv) Cardinal Health 108, LLC, a Delaware limited liability company;

(v) Cardinal Health Systems, Inc, an Ohio corporation;

(vi) Cardinal Health 200, LLC, a Delaware limited liability company; and

(vii) any other Person approved in writing by the Agent and the Required Financial Institutions as an "Approved Sub-Originator" from time to time.

(i) The definition of "Collection Account Disclosure Letter" set forth in Exhibit I of the Receivables Purchase Agreement is hereby replaced in its entirety with the following:

"Collection Account Disclosure Letter" means that certain letter between the Seller and the Agent dated November 3, 2014 identifying, among other things, the Collection Banks and the Collection Accounts.

(j) Clause (i)(C) of the definition of "Eligible Receivable" set forth in Exhibit I of the Receivables Purchase Agreement is hereby replaced in its entirety with the following:

(C) is neither (I) a Designated Obligor nor (II) a Designated Person,

(k) Clause (iv) of the definition of "Eligible Receivable" set forth in Exhibit I of the Receivables Purchase Agreement is hereby amended by deleting the percentage "5%" where it appears therein and substituting the percentage "ten percent (10%)" therefor.

(l) Clause (xvi) of the definition of "Eligible Receivable" set forth in Exhibit I of the Receivables Purchase Agreement is hereby amended by deleting the percentage "five percent (5%)" where it appears therein and substituting the percentage "ten percent (10%)" therefor.

(m) The definition of "Griffin RPA" set forth in Exhibit I of the Receivables Purchase Agreement is hereby replaced in its entirety with the following:

> "Griffin RPA" means each of (i) that certain Second Amended and Restated Receivables Purchase and Sale Agreement, dated as of May 21, 2004, by and between Griffin and Cardinal Health 110, LLC, a Delaware limited liability company, formerly known as each of Cardinal Health 110, Inc. and Whitmire Distribution Corporation, and as successor by merger to Cardinal Syracuse, Inc., a New York corporation, Ohio Valley-Clarksburg, Inc., a Delaware corporation, Cardinal Health 106, Inc., a Massachusetts corporation, and Cardinal Health 103, Inc., a Mississippi corporation, (ii) that certain Receivables Purchase and Sale Agreement, dated as of June 20, 2007, by and between Griffin and Cardinal Health 411, Inc., an Ohio corporation, and (iii) that certain Receivables Purchase and Sale Agreement, dated as of November 3, 2014, by and between Griffin and Allegiance Corporation, a Delaware corporation, as each of the foregoing may be amended, restated or otherwise modified from time to time.

(n) The definition of "Originator" set forth in Exhibit I of the Receivables Purchase Agreement is hereby replaced in its entirety with the following:

> "Originator" means each of (i) Cardinal Health 110, LLC, a Delaware limited liability company, formerly known as each of Cardinal Health 110, Inc. and Whitmire Distribution Corporation, and as successor by merger to each of Cardinal Syracuse, Inc., a New York corporation, Ohio Valley-Clarksburg, Inc., a Delaware corporation, Cardinal Health 103, Inc., a Mississippi corporation, and Cardinal Health 106, Inc., a Massachusetts corporation, (ii) Allegiance Corporation, a Delaware corporation, and (iii) Cardinal Health 411, Inc., an Ohio corporation, each in its capacity as seller under the applicable Griffin RPA.

(o) The definition of "Purchase Limit" set forth in Exhibit I of the Receivables Purchase Agreement is amended by deleting the amount "700,000,000" where it appears therein and substituting the amount "$950,000,000" therefor.

(p) The definition of "Reserve Floor Percentage" set forth in Exhibit I of the Receivables Purchase Agreement is amended by deleting the percentage "21%" where it appears therein and substituting the percentage "25%" therefor.

(q) The definition of "Scheduled Facility Termination Date" set forth in Exhibit I of the Receivables Purchase Agreement is amended by deleting the date "November 6, 2014" where it appears therein and substituting the date "November 3, 2017" therefor.

(r) The definition of "Sub-Originator Sale Agreement" set forth in Exhibit I of the Receivables Purchase Agreement is hereby replaced in its entirety with the following:

> "Sub-Originator Sale Agreement" means each of (i) each Receivables Sale Agreement between an Approved Sub-Originator and an Originator, dated as of March 1, 2010 and (ii) that certain Receivables Sale Agreement, dated as of November 3, 2014, between Cardinal Health 200, LLC, a Delaware limited liability company, and Allegiance Corporation, a Delaware corporation, as each of the foregoing may be amended, supplemented or otherwise modified from time to time.

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

(t) The definition of "Concentration Limit" set forth in Schedule D of the Receivables Purchase Agreement is amended by (i) deleting the percentage "three percent (3%)" where it appears therein and substituting the percentage "five percent (5.00%)" therefor and (ii) deleting the percentage "21.00%" where it appears therein and substituting the percentage "25.00%" therefor.

Section 4. Consent to Related Agreements. Each of the parties hereto hereby acknowledges, agrees and consents to the execution and delivery of each of the Related Agreements.

Section 5. 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 and each of the Related Agreements, 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 and each of the Related Agreements, 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 and each of the Related Agreements to which such Person is a party, constitutes the valid and binding obligation of such Person, enforceable against such Person in accordance with its terms.

Section 6. 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 each of the Related Agreements, duly executed by each of the parties thereto;

(c) each of the documents, instruments, agreements, certificates and opinions listed on Annex A hereto; and

(d) confirmation that each of the Financial Institutions has received its respective "Amendment Fee" (under and as defined in the A&R Fee Letter) in accordance with the A&R Fee Letter.

Section 7. 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 and each of the Related Agreements.

(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. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AMENDMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AMENDMENT OR THE RELATIONSHIP ESTABLISHED 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/ Adrienne Kirby
Name: Adrienne Kirby
Title: President

GRIFFIN CAPITAL, LLC,
as Servicer

By: /s/ Adrienne Kirby
Name: Adrienne Kirby
Title: President

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

ATLANTIC ASSET SECURITIZATION LLC,
as a Conduit

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

By: /s/ Jorge Fries
Name: Jorge Fries
Title: Managing Director

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

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

By:/s/ Jorge Fries
Name: Jorge Fries
Title: Managing Director

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

By: /s/ Robyn Reeher
Name: Robyn Reeher
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION,
as an LC Bank

By: /s/ Robyn Reeher
Name: Robyn Reeher
Title: 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

By: /s/ B. McNany
Name: B. McNany
Title: Vice President

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

By: /s/ Eric Williams
Name: Eric Williams
Title: Managing Director

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD, NEW YORK BRANCH,
as Agent

By: /s/ Eric Williams
Name: Eric Williams
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/ John Frazell
Name: John Frazell
Title: Director

ANNEX A

CLOSING MEMORANDUM

(Attached)

EXHIBIT II
FORM OF PURCHASE NOTICE

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Agent and a Managing Agent
10th Floor
1251 Avenue of the Americas
New York, NY 10020
Attention: Luna Mills

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

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

Credit Agricole Corporate and Investment Bank New York Branch, as a Managing Agent
1301 Avenue of the Americas
New York, NY 10019
Attention: Debt Capital Markets – Securitization

Wells Fargo Bank, N.A., as a Managing Agent
1600 Abernathy Road NE – 16th Floor
Suite 1600
Atlanta, GA 30328-5657
Attention: Tim Brazeau, Jonathan Davis and Bill Rutkowski

Re: PURCHASE NOTICE

Ladies and Gentlemen:

Reference is hereby made to the Fourth Amended and Restated Receivables Purchase Agreement, dated as of November 1, 2013, 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 LC Banks, 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 to be made [in cash / by the issuance of a Letter of Credit] as set forth below:

[Use the following for cash-funded Incremental Purchases only]

Purchase Price:	$
Portion of the Purchase Price Payable by the BNS Conduit's Purchaser Group:[1]	$
Portion of Purchase Price Payable by the BTMU Conduit's Purchaser Group:[2]	$
Portion of Purchase Price Payable by the Credit Agricole Conduit's Purchaser Group:[3]	$
Portion of Purchase Price Payable by PNC:[4]	$
Portion of Purchase Price Payable by WF:[5]	$
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.

[Use the following only for Incremental Purchases involving the issuance of a Letter of Credit]

---

[1]This amount will be equal to the BNS Conduit's Pro Rata Share of the Purchase Price specified above.
[2]This amount will be equal to the BTMU Conduit's Pro Rata Share of the Purchase Price specified above.
[3]This amount will be equal to the Credit Agricole Conduit's Pro Rata Share of the Purchase Price specified above.
[4]This amount will be equal to PNC's Pro Rata Share of the Purchase Price specified above.
[5]This amount will be equal to WF's Pro Rata Share of the Purchase Price specified above.
[6]This is only applicable in the case of Incremental Purchases funded by Financial Institutions.
[7]This is only applicable in the case of Incremental Purchases funded by Financial Institutions.

Seller hereby requests that _____, in its capacity as an LC Bank, issue a Letter of Credit with a face amount of $_____ on _____, 20__ (the "Date of Purchase"). The related Letter of Credit Application has been completed in full by the Seller and is enclosed with this letter.

[Include the following for all Incremental Purchases]

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 plus the LC Exposure does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%;

(iv) none of the conditions or circumstances listed in sub-paragraphs (i) through (vi) of Section 1.1(a) of the Receivables Purchase Agreement exist at the time of, or would be caused to exist by, any Incremental Purchase requested hereby; and

(v) the amount of Aggregate Capital is $_____ and the LC Exposure is $_____, in each case, after giving effect to the Incremental Purchase to be made on the Purchase Date.

Very truly yours,

CARDINAL HEALTH FUNDING, LLC

By:
Name:
Title:

EXHIBIT XI

FORM OF REDUCTION NOTICE

_____, 20___

The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Agent and a Managing Agent
10th Floor
1251 Avenue of the Americas
New York, NY 10020
Attention: Luna Mills

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

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

Credit Agricole Corporate and Investment Bank New York Branch, as a Managing Agent
1301 Avenue of the Americas
New York, NY 10019
Attention: Debt Capital Markets – Securitization

Wells Fargo Bank, N.A., as a Managing Agent
1600 Abernathy Road, NE – 16th Floor
Suite 1600
Atlanta, GA 30328-5657
Attention: Tim Brazeau, Jonathan Davis and Bill Rutkowski

Ladies and Gentlemen:

The undersigned, _____, refers to the Fourth Amended and Restated Receivables Purchase Agreement, dated as of November 1, 2013 (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 LC Banks party thereto, certain Financial Institutions party thereto, certain Managing Agents party thereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Agent for such Conduits, LC Banks and Financial Institutions (the Conduits, LC Banks 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 Atlantic Asset Securitization LLC;
$_____ for Liberty Street Funding LLC; and
$_____ for Victory Receivables Corporation.

The Pro Rata Share of the Proposed Reduction for each Financial Institution is: $_____ for BNS, $_____ for BTMU, $_____ for Credit Agricole, $_____ 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

Financial Institutions	Commitment	Wiring Instructions for Payments to Financial Institutions (Wiring instructions for payments to Conduits are on the following page)
Wells Fargo Bank, N.A.	$175,000,000	Wells Fargo Bank, N.A. ABA # ######### A/C # ######### Ref: #########
The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, with respect to Victory Receivables Corporation	$350,000,000	The Bank of Tokyo-Mitsubishi UFJ, Ltd. ABA # ######### AC# ######### Account Name: ######### Reference: #########
PNC Bank, National Association	$125,000,000	PNC Bank, NA Routing # ######### A/C # ######### A/C Name: ######### Ref: #########
The Bank of Nova Scotia, with respect to Liberty Street Funding LLC	$175,000,000	The Bank of Nova Scotia - New York Agency ABA#: ######### Account: ######### Acct#: #########
Credit Agricole Corporate and Investment Bank New York, with respect to Atlantic Asset Securitization LLC	$125,000,000	Credit Agricole Corporate and Investment Bank New York ABA # ######### Account # ######### Account Name: ######### Ref: ######### Attn: Sam Klein/Cesar Santana

LC Banks and Related LC Limits

LC Banks	LC Limits
PNC Bank, National Association	$200,000,000

Conduits, Wiring Instructions for Conduits and Related Financial Institutions of Conduits

Conduits	Wiring Instructions for Conduits	Related Financial Institution
Liberty Street Funding LLC	The Bank of Nova Scotia - New York Agency ABA#: ######### Account: ######### Acct#: #########	The Bank of Nova Scotia
Victory Receivables Corporation	The Bank of Tokyo-Mitsubishi UFJ, Ltd. ABA # ######### AC# ######### Account Name: ######### Reference: #########	The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch
Atlantic Asset Securitization LLC	Credit Agricole Corporate and Investment Bank New York ABA # ######### Account # ######### Account Name: ######### Ref: ######### Attn: Sam Klein/Cesar Santana	Credit Agricole Corporate and Investment Bank New York

Managing Agents

Purchasers	Managing Agent
Liberty Street Funding LLC, as a Conduit The Bank of Nova Scotia, as a Financial Institution	The Bank of Nova Scotia
Victory Receivables Corporation, as a Conduit The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as a Financial Institution	The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch
PNC Bank, National Association, as a Financial Institution and as an LC Bank	PNC Bank, National Association
Wells Fargo Bank, N.A., as a Financial Institution	Wells Fargo Bank, N.A.
Atlantic Asset Securitization LLC, as a Conduit Credit Agricole Corporate and Investment Bank New York Branch, as a Financial Institution	Credit Agricole Corporate and Investment Bank New York Branch

Purchaser Groups

Liberty Street Funding LLC, as a Conduit The Bank of Nova Scotia, as a Financial Institution and as Managing Agent
Victory Receivables Corporation, as a Conduit The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as a Financial Institution The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Managing Agent
PNC Bank, National Association, as a Financial Institution, as an LC Bank and as Managing Agent
Wells Fargo Bank, N.A., as a Financial Institution and as Managing Agent
Atlantic Asset Securitization LLC, as a Conduit Credit Agricole Corporate and Investment Bank New York Branch, as a 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 # ######### AC# ######### Account Name: ######### Reference: #########

SCHEDULE C

NOTICE ADDRESSES

Seller:	Cardinal Health Funding, LLC 7000 Cardinal Place Dublin, Ohio 43017 Attention: Adrienne Kirby e-mail: #######
	with a copy to: Cardinal Health, Inc. 7000 Cardinal Place Dublin, Ohio 43017 Attention: Senior Counsel – Corporate & Securities, for purposes of Sections 3.3 and 4.2 only, Treasury (Fax No. ########) e-mail: #########
Servicer:	Griffin Capital, LLC 7000 Cardinal Place Dublin, Ohio 43017 Attention: Adrienne Kirby e-mail: #########
	with a copy to: Cardinal Health, Inc. 7000 Cardinal Place Dublin, Ohio 43017 Attention: Senior Counsel – Corporate & Securities e-mail: #########
BNS:	The Bank of Nova Scotia 711 Louisiana, Suite 1400 Houston, Texas 77002 Attn: John Frazell Fax: ####### e-mail: #######
	with a copy to: Peter Gartland Fax: ######### e-mail: ##########

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: ######### e-mail: ########
	(with a copy to BNS)
BTMUNY:	The Bank of Tokyo-Mitsubishi UFJ, Ltd. 1251 Avenue of the Americas, 10th Floor New York, NY 10020 Attn: Nicolas Mounier Fax: ######### e-mail: #########
BTMU Conduit:	Victory Receivables Corporation c/o Global Securitization Services, LLC 68 South Service Road, Suite 120 Melville, NY 11747 Telephone: ######### Facsimile: ######### Attention: David V. DeAngelis e-mail: #########
	(with a copy to BTMUNY)
PNC	PNC Bank, National Association Three PNC Plaza 225 Fifth Avenue Pittsburgh, PA 15222-2707 Attention: Robyn Reeher Fax: ######## e-mail: ###########
WF	Wells Fargo Bank, N.A. 1100 Abernathy Rd NE 16th Floor, Suite 1600 Atlanta, GA 30328 Attention: Tim Brazeau and Bill Rutkowski Fax: ########## e-mail: ##########

Credit Agricole:	Credit Agricole Corporate and Investment Bank New York 1301 Avenue of the Americas New York, NY 10019 Attention: Debt Capital Markets - Securitization Fax: ######### e-mail: ######### ########
Credit Agricole Conduit:	Atlantic Asset Securitization c/o Credit Agricole Corporate and Investment Bank New York 1301 Avenue of the Americas New York, NY 10019 Attention: Debt Capital Markets - Securitization Fax: ######### e-mail: ######### ############ (with a copy to Credit Agricole)

SIXTH AMENDED AND RESTATED
PERFORMANCE GUARANTY

This Sixth Amended and Restated Performance Guaranty (this "Guaranty"), dated as of November 3, 2014, 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, LLC ("CH 110"), a Delaware corporation, Cardinal Health 411, Inc., an Ohio corporation ("CH 411") and Allegiance Corporation, a Delaware corporation ("Allegiance" and, together with CH 110 and CH 411, the "Originators") has entered into (or in the case of Allegiance, concurrently herewith is entering 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" and, together with the Originators and the Approved Sub-Originators, the "Transaction Parties") (a) has entered into 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, (b) has entered into that certain Receivables Purchase and Sale Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "CH 411 Griffin RPA"), dated as of June 20, 2007, by and between Griffin and CH 411 and (c) concurrently herewith is entering into that certain Receivables Purchase and Sale Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Allegiance Griffin RPA" and, together with the CH 110 Griffin RPA and the CH 411 Griffin RPA, the "Griffin RPAs"), dated as of the date hereof, by and between Griffin and Allegiance, 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 CH 411) and is selling (in the case of Allegiance) 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 Fourth Amended and Restated Receivables Purchase Agreement, dated as of November 1, 2013, by and among Beneficiary, Griffin, as Servicer, the Conduits party thereto, the Financial Institutions party thereto, the Managing Agents party thereto, the LC Banks party thereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as the Agent (as amended, restated or otherwise modified from time to time, 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, the LC Bank and the Agent are entering into that certain First 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 (iii) 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.

Section 6. Representations and Warranties. Performance Guarantor hereby represents and warrants to Beneficiary that:

(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.

(b) Authorization, Execution and Delivery; Binding Effect. Performance Guarantor has the corporate power and authority and legal right to execute and deliver this Guaranty, perform its obligations hereunder and consummate the transactions herein contemplated. The execution and delivery by Performance Guarantor of this Guaranty, the performance of its obligations and consummation of the transactions contemplated hereunder have been duly authorized by proper corporate proceedings, and Performance Guarantor has duly executed and delivered this Guaranty. This Guaranty constitutes the legal, valid and binding obligation of Performance Guarantor enforceable against Performance Guarantor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally.

(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 code of regulations, (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.

(d) Financial Statements. The consolidated financial statements of Performance Guarantor and its consolidated Subsidiaries dated as of June 30, 2014 heretofore filed with the Securities and Exchange Commission have been prepared in accordance with generally accepted accounting principles consistently applied and fairly present in all material respects the consolidated financial condition and results of operations of Performance Guarantor and its consolidated Subsidiaries as of June 30, 2014 and for the period ended on such date. Since June 30, 2014, no event has occurred which would or could reasonably be expected to have a Material Adverse Effect.

(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, 2014 audited consolidated financial statements and March 31, 2014 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 the date hereof; 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 Fifth Amended and Restated Performance Guaranty, dated as of November 1, 2013 (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/ Sam Samad
Name: Sam Samad
Title: 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/ Adrienne Kirby
Name: Adrienne Kirby
Title: President

Address:
7000 Cardinal Place
Dublin, OH 43017

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., NEW YORK BRANCH, as Agent

By:/s/ Eric Williams
Name: Eric Williams
Title: Managing Director

Exhibit 12.1

Cardinal Health, Inc. and Subsidiaries

Computation of Ratio of Earnings to Fixed Charges

(in millions, except ratios)	Fiscal Year Ended June 30					Three Months Ended September 30, 2014
	2010	2011	2012	2013	2014	
Earnings before income taxes and discontinued operations	$ 1,211.6	$ 1,518.3	$ 1,698.1	$ 888.3	$ 1,798.3	**$ 434.9**
Plus fixed charges:						
Interest expense	125.5	95.2	92.3	119.2	129.4	**33.6**
Capitalized interest	2.9	5.7	6.0	1.7	1.2	**0.4**
Amortization of debt offering costs	9.9	1.8	2.8	3.5	3.6	**0.9**
Interest portion of rent expense	6.0	7.1	7.8	8.3	9.8	**2.5**
Fixed charges	144.3	109.8	108.9	132.7	144.0	**37.4**
Plus: amortization of capitalized interest	6.5	5.3	3.2	3.4	2.9	**0.3**
Less: capitalized interest	(2.9)	(5.7)	(6.0)	(1.7)	(1.2)	**(0.4)**
Earnings	$ 1,359.5	$ 1,627.7	$ 1,804.2	$ 1,022.7	$ 1,944.0	**$ 472.2**
Ratio of earnings to fixed charges (1)	9.4	14.8	16.6	7.7	13.5	**12.6**

(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.

Exhibit 31.1

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.

Date: November 5, 2014

/s/ GEORGE S. BARRETT

George S. Barrett

Chairman and Chief Executive Officer

Exhibit 31.2

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.

Date: November 5, 2014

/s/ JEFFREY W. HENDERSON

Jeffrey W. Henderson

Chief Financial Officer

Exhibit 32.1

Certification of the Chief Executive Officer and 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

Each of George S. Barrett, Chairman and Chief Executive Officer of Cardinal Health, Inc. (the "Company"), and Jeffrey W. Henderson, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 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: November 5, 2014

/s/ GEORGE S. BARRETT

George S. Barrett

Chairman and Chief Executive Officer

/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, 2014 (the "2014 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;
- changes to the prescription drug reimbursement formula and related reporting requirements for generic pharmaceuticals under Medicaid;
- material reductions in purchases, non-renewal or early termination of contracts or delinquencies, defaults or insolvencies by key customers;
- risks associated with the generic sourcing joint venture with CVS Health Corporation, including those relating to our ability to realize the expected benefits from the joint venture;
- 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;
- the possibility of civil fines levied against us (in excess of the reserve we have accrued) by the U.S. Department of Justice for conduct covered by 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;
- 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 or generic pharmaceutical price appreciation, 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 relating to the operations or activities of such businesses prior to their acquisition;
- uncertainties relating to our ability to achieve the anticipated results from the acquisitions of Access Closure, Inc. and Sonexus Health;
- uncertainties relating to our ability to achieve the anticipated results from the acquisition of AssuraMed, Inc. and the impact on this acquired business of competitive bidding by Medicare;
- risks arising from certain of our businesses being Medicare-certified suppliers and participating in state Medicaid programs, which may require meeting defined quality standards and maintaining accreditation to receive reimbursement as well as compliance with applicable billing, payment and record-keeping requirements;
- risks arising from possible violations of the U.S. Foreign Corrupt Practices Act, Chinese anti-corruption laws and other similar anti-corruption laws in other jurisdictions and U.S. and foreign export control, trade embargo and customs laws;
- risks arising from possible violations of healthcare fraud and abuse laws;
- our ability to introduce and market new products and our ability to keep pace with advances in technology;
- our ability to maintain adequate intellectual property protections;
- 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, including as a result of possible misinterpretations or misapplications;

- the continued financial viability and success of our customers and suppliers;
- costs or claims resulting from potential errors or defects in our manufacturing of medical devices or other products or in our 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, *qui tam* actions or other legal proceedings;
- the costs, effects, timing or success of restructuring programs or plans;
- significant charges to earnings if goodwill or intangible assets become impaired;
- 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; and
- other factors described in “Item 1A: Risk Factors” of the 2014 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.