Cardinal Health, Inc.

Millennium Broadway Hotel, Hudson Theatre, New York City



Sally J. Curley
Senior Vice President, Investor Relations
December 7, 2010

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Forward-looking statements

The following presentation contains forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," and similar expressions, and include statements reflecting future results or guidance, statements of outlook and expense accruals. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These risks and uncertainties include (but are not limited to) uncertainties due to government health care reform including the recently enacted federal health care reform legislation; competitive pressures in Cardinal Health's various lines of business; the loss of one or more key customer or supplier relationships or changes to the terms of those relationships; the timing of generic and branded pharmaceutical introductions and the frequency or rate of branded pharmaceutical price appreciation or generic pharmaceutical price deflation; changes in the distribution patterns or reimbursement rates for health care products and/or services; uncertainties relating to the ability to achieve the expected benefits from acquisitions, including the expected accretion in earnings, and to successfully complete the acquisition of Kinray, Inc. on a timely basis, including the receipt of required regulatory approvals; the effects of any investigation by any regulatory authority, including with respect to compliance with the Foreign Corrupt Practices Act. In addition, Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports (including all amendments to those reports) and exhibits to those reports. These presentations reflect management's views as of December 7, 2010. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. In addition, this presentation includes non-GAAP financial measures. Cardinal Health provides definitions and reconciling information at the end of this presentation and on its investor relations page at www.cardinalhealth.com. An audio replay of the presentation will be available on the investor relations page at www.cardinalhealth.com.

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Today's agenda

Welcome and opening remarks
Strategic overview
Financial overview
China: Review of the Yong Yu acquisition
Q&A panel

Medical Segment overview
Channel Management
Category Management
Q&A panel

Pharma Segment overview
Cardinal Health Specialty Solutions
P4 Healthcare
Nuclear and Pharmacy Services
Q&A panel

Closing remarks

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Strategic overview



George Barrett
Chairman and CEO
December 7, 2010

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Broad and deep management bench

George Barrett
Chairman, CEO
30 years in healthcare

Jeff Henderson
Chief Financial Officer
13 years in healthcare

Mike Kaufmann
CEO, Pharmaceutical Segment
20 years in healthcare

Mike Lynch
CEO, Medical Segment
>25 years in healthcare

Mark Rosenbaum
Chief Customer Officer
>25 years in healthcare

Craig Morford
Chief Legal and Compliance Officer
>20 years with US Dept of Justice

Carole Watkins
Chief Human Resources Officer
>30 years in HR and talent development

Patty Morrison
Chief Information Officer
30 years in IT and business transformation

Shelley Bird
Executive Vice President, Public Affairs
25 years in international business

Mark Blake
Executive Vice President, Strategy and Corporate Development
5 years in healthcare

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Broad and deep management bench

Mike Kaufmann
CEO, Pharmaceutical Segment

Meghan FitzGerald
President, Specialty Solutions
15 years in healthcare

Dr. Jeffrey Scott
SVP/GM, P4
25 years in oncology

John Rademacher
President, Nuclear Pharmacy Services
>10 years in healthcare

Jeff Henderson
CFO

Eric Zwisler
President, Yong Yu
19 years in China healthcare

Mike Lynch
CEO, Medical Segment

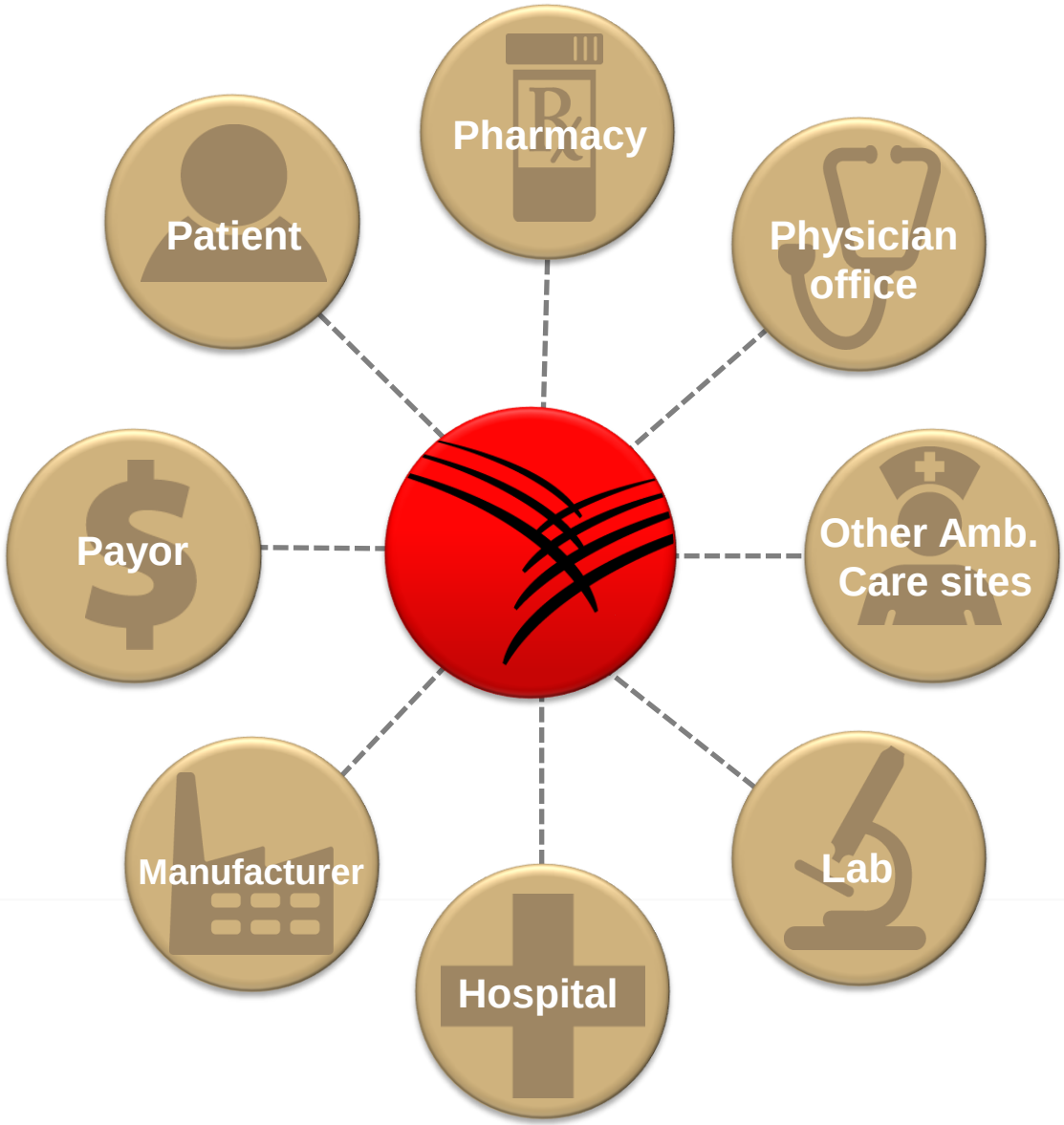
Lisa Ashby
President, Category Management
22 years in healthcare

Steve Inacker
President, Channel Management
18 years in healthcare

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The business behind healthcare



- Distribution/supply chain
- Generic drug programs
- Specialty distribution
- Clinical pathways
- Retail pharmacy operations
- Manufacture and source medical supplies
- Nuclear pharmacy
- Clinical trial support
- Reimbursement services
- Third-party logistics
- On-site and remote pharmacy management
- Regulatory and compliance consulting
- Disease management
- Operational Excellence consulting

Renewal: Strengthening the foundation

- Clarified purpose
- Set clear strategic priorities
- Retuned the portfolio
- Focused on performance management and culture
- Built world-class management team
- Redoubled focus on customer experience

Pharmaceutical segment

- Solidified and strengthened relationships with national/regional retail customers
- Secured and grew retail independent base
- Created new model for generic sourcing
- Increased generic penetration
- Improved inventory management to maximize working capital efficiency

Medical segment

- Organized to align with customer needs and core capabilities
- Rebuilt sourcing model
- Revitalized kitting business
- Enhanced customer-facing tools in Ambulatory channel
- Accelerating preferred products growth

Strategic repositioning for growth

- Increasing independent pharmacy footprint and generic penetration
- Expanding position in PET
- Investing in expanding Ambulatory footprint
- Creating a differentiated platform in Specialty
- Established international growth platform (China)

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Serving customer base across continuum of care

Retail chain pharmacies: **~18,000**
Retail independent pharmacies[1]: **~5,000**
Hospitals: **~5,500**
Surgery centers: **~2,400**
Physician offices: **~7,700**
Independent labs: **~3,800**

- Retail Chain: Joint Lean Six Sigma project
  Achieved $100M in combined cash benefits over 1 year
- Retail Independent Pharmacies: Reimbursement reconciliation
  Program has enabled recovery of ~$25M in claims >60 days past fill date for this class of trade
- Hospital: Product standardization, workflow and inventory management
  Saved $2.8M
- Surgery Center: Process / product standardization and workflow
  Improved time required to turn OR by 50%

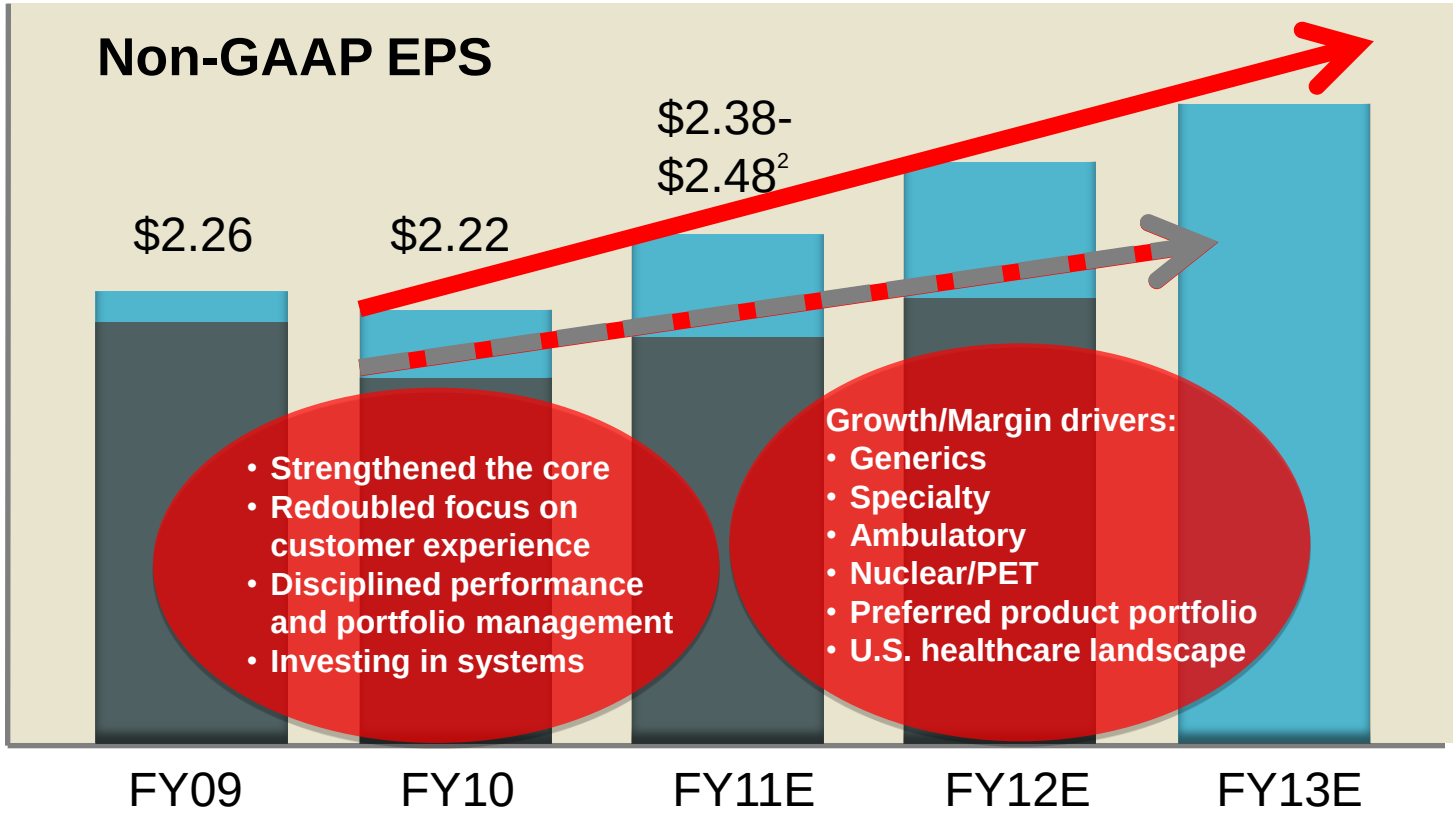
Delivering measurable customer value

[1]Expect to increase to 7,000 customers with the close of the Kinray acquisition.
Source: Cardinal Health data

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Improved EPS[1] growth trajectory



June 2009 Analyst/Investor Day

December 2010 Analyst/Investor Day *(excluding Kinray and Yong Yu acquisitions)*

[1]Non-GAAP diluted earnings per share. See appendix for GAAP diluted earnings per share and a reconciliation to that GAAP number.

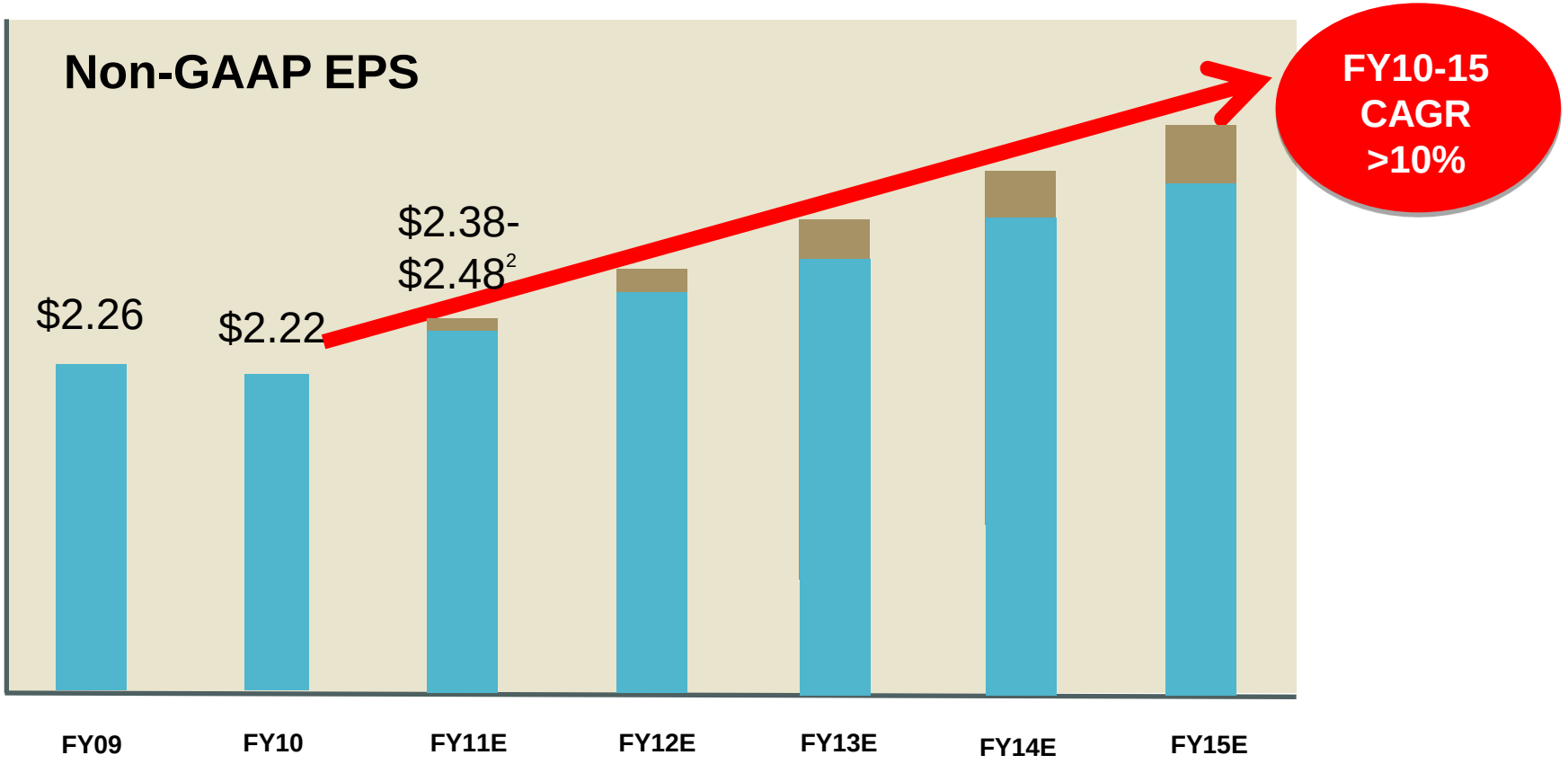
[2]FY11 guidance as of October 28, 2010. See appendix.

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With Yong Yu and pending Kinray acquisitions

Further heightened EPS[1] growth trajectory



[1]Non-GAAP diluted earnings per share. See appendix for GAAP diluted earnings per share and a reconciliation to that GAAP number.

[2]FY11 guidance as of October 28, 2010. See appendix.

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Strong growth builds on our base: Key drivers in the coming years

- Generics
- Pending Kinray acquisition
- Medical preferred products
- Ambulatory
- Nuclear / PET
- Medical Business Transformation
- Specialty pharmaceuticals/distribution
- U.S. healthcare landscape
- Yong Yu acquisition
- Biosimilars

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Cardinal Health: Sustainable growth and value creation



[1]See appendix for description of our compensation comparator group.

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Financial overview



Jeff Henderson
Chief Financial Officer
December 7, 2010

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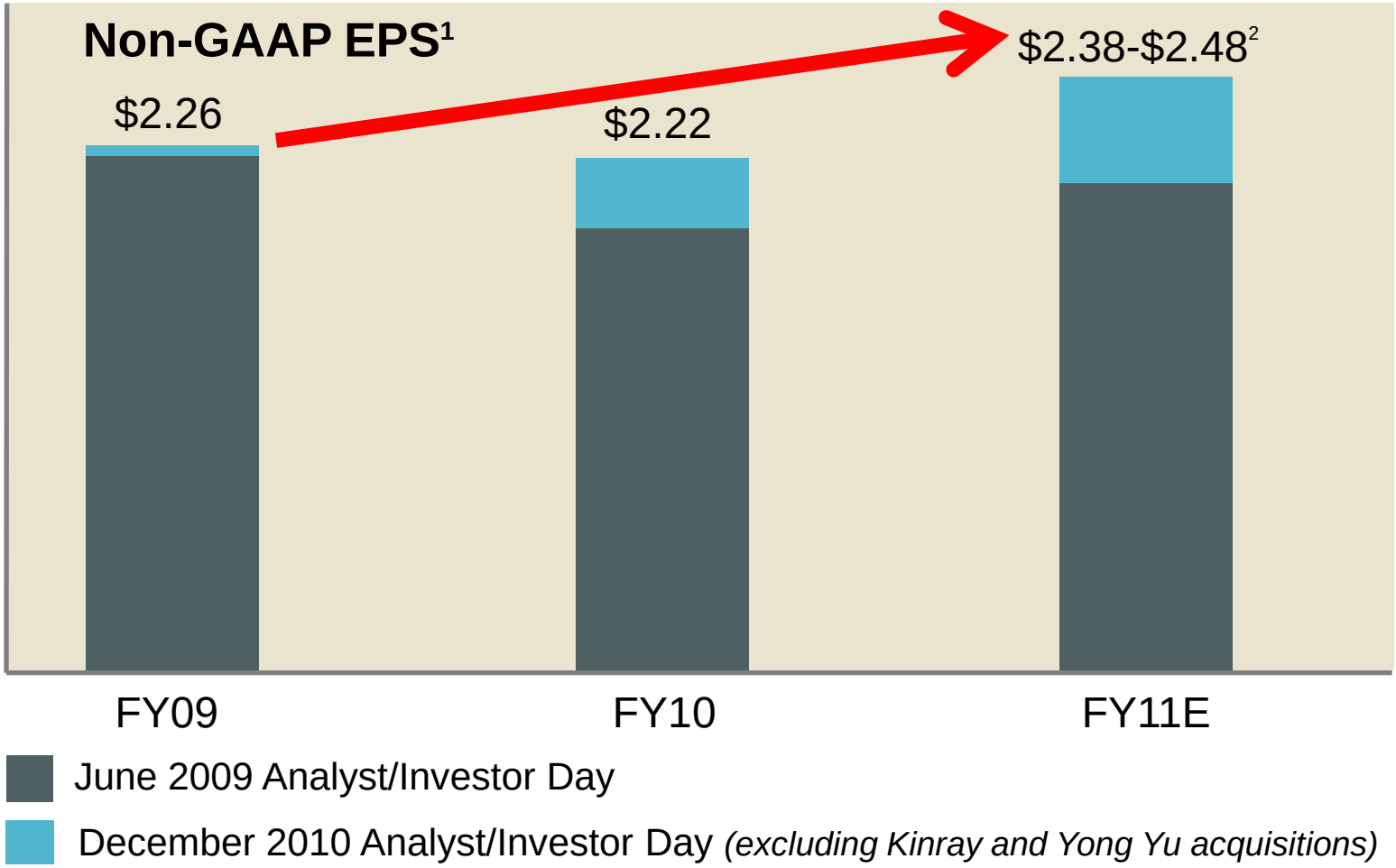
Agenda

- Disciplined financial approach
- Financial flexibility
- Total Shareholder Return (TSR)
- Growth drivers

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Disciplined financial approach: A solid foundation



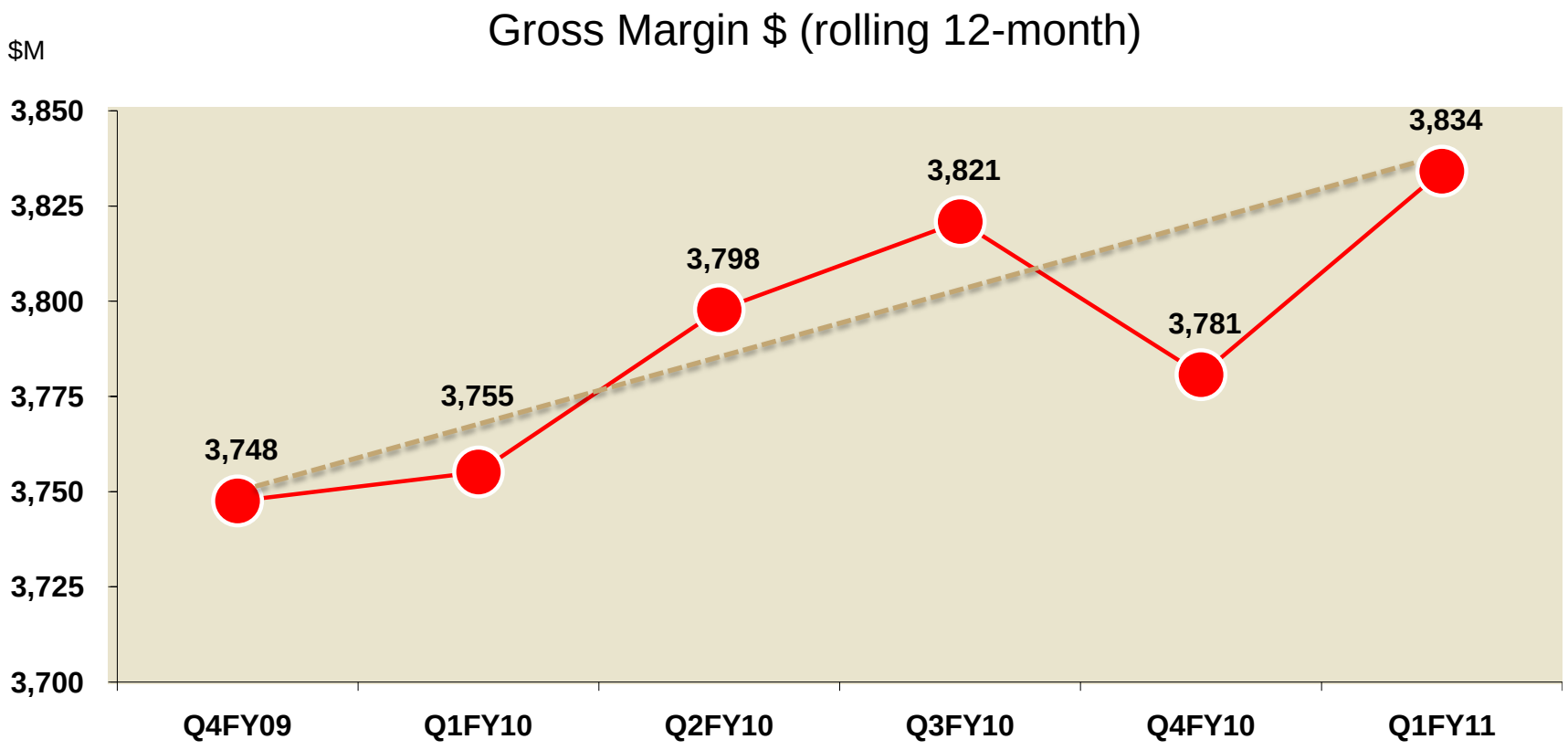
[1]Non-GAAP diluted earnings per share. See appendix for GAAP diluted earnings per share and a reconciliation to that GAAP number.

[2]FY11 guidance as of October 28, 2010. See appendix.

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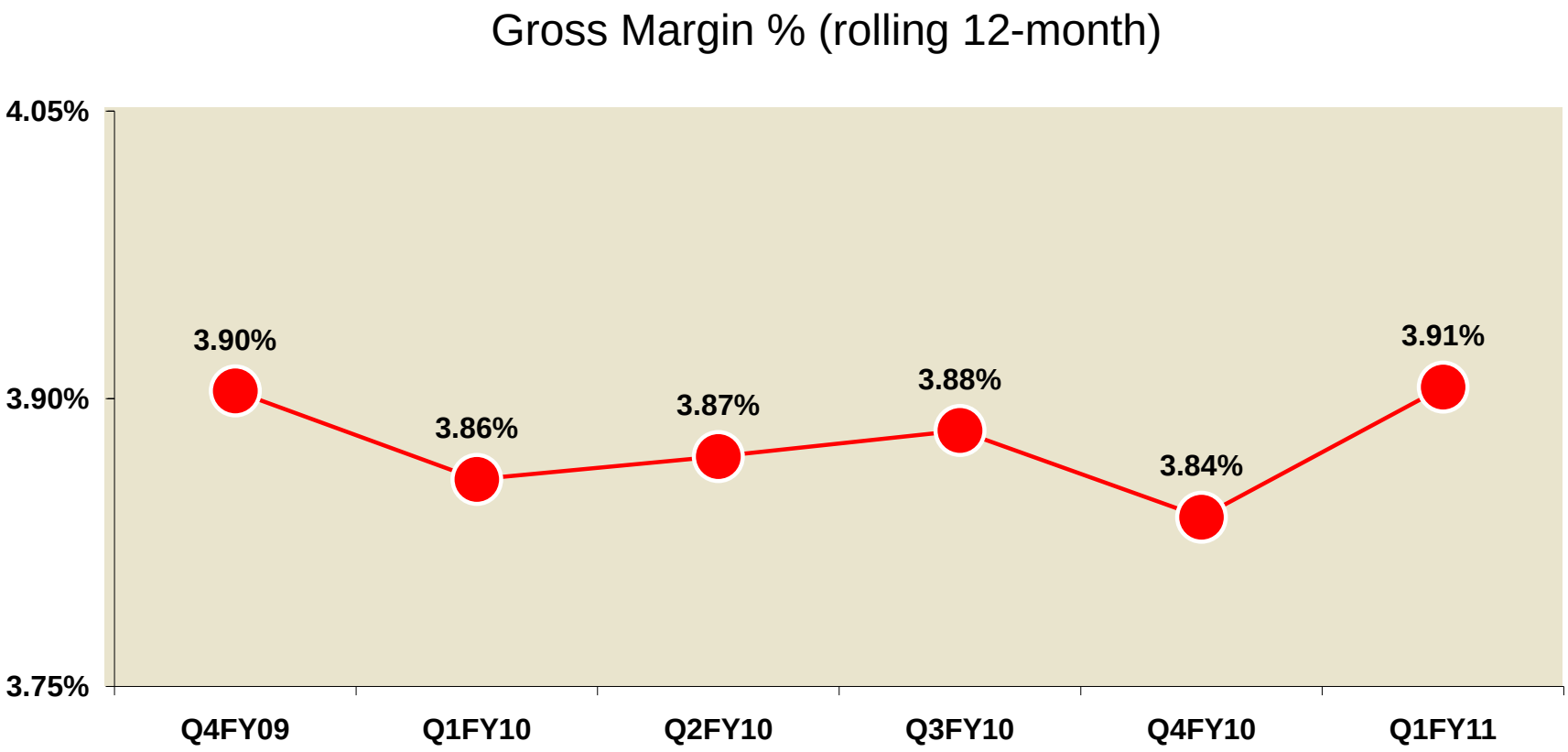
Disciplined financial approach: Focus on margin $ growth



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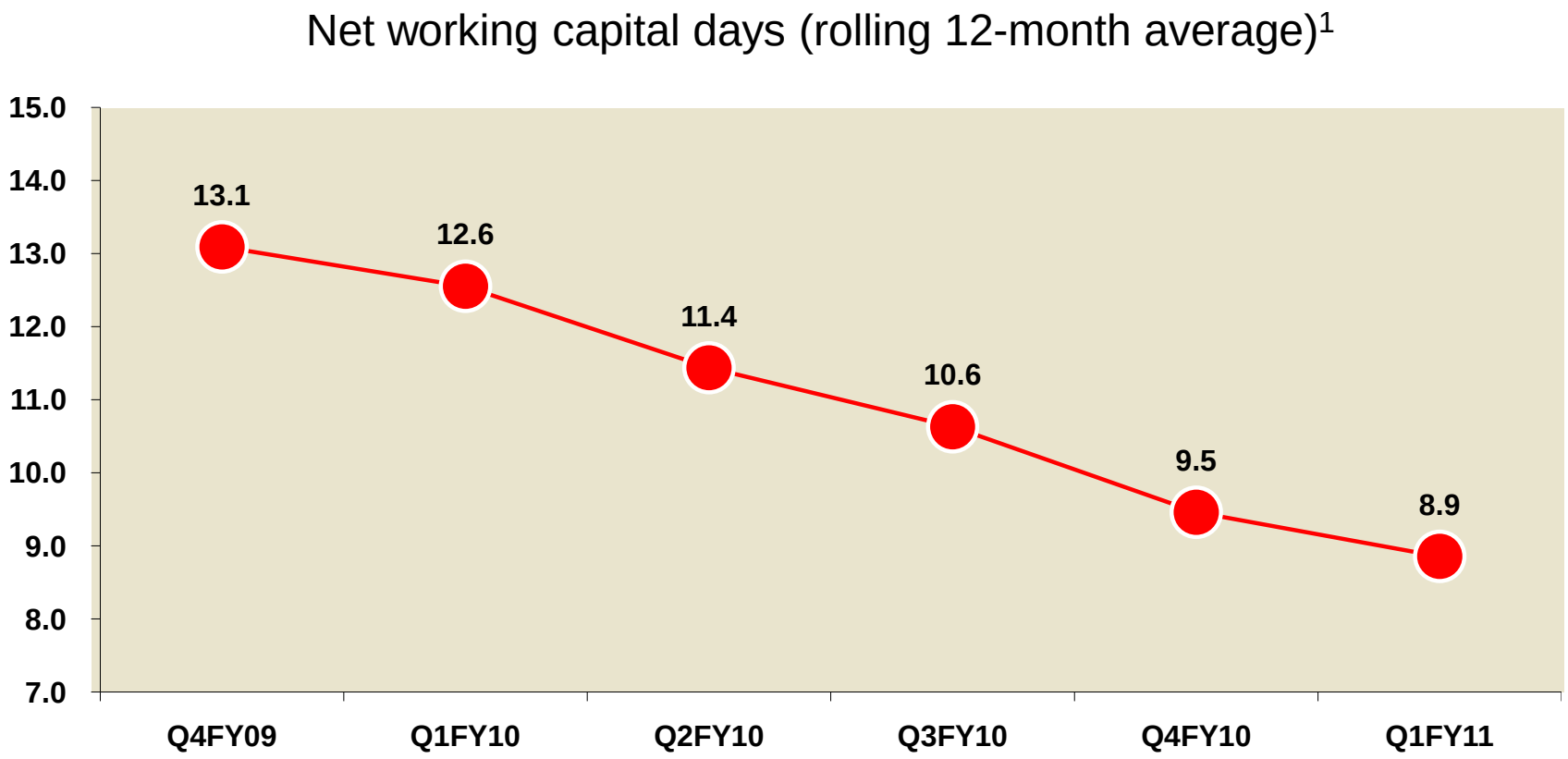
Disciplined financial approach: Focus on margin improvement



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Disciplined financial approach: Excellence in net working capital



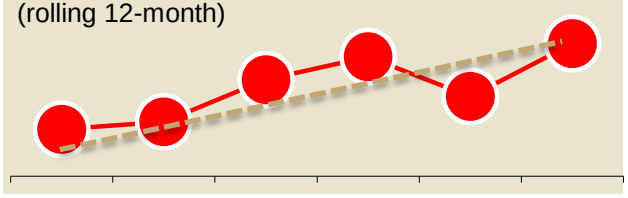
[1]See appendix for a description of the calculation.

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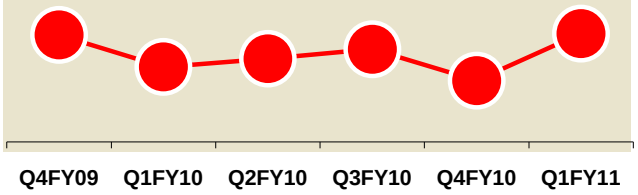
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Disciplined financial approach: Driving strong return on capital

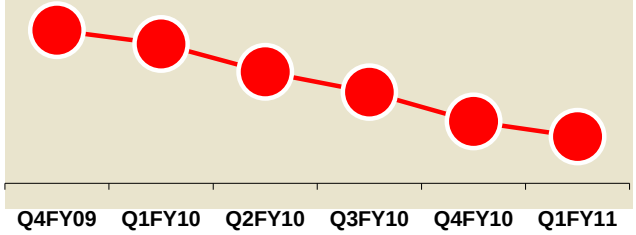
Gross margin $
(rolling 12-month)



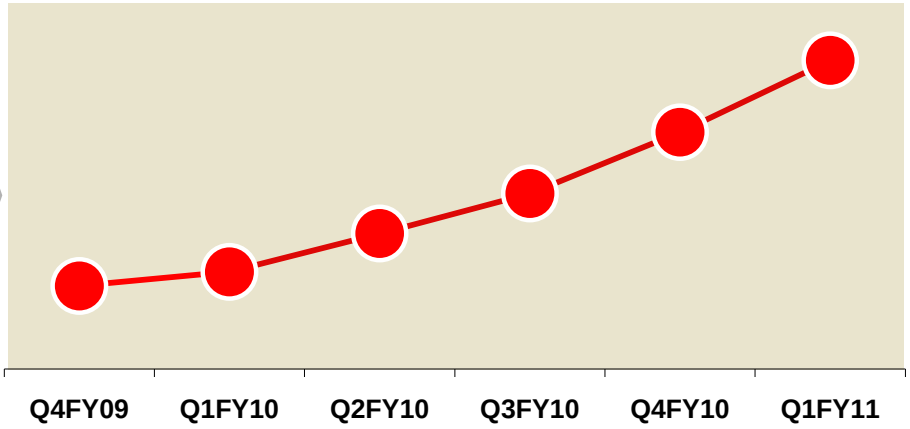
Gross margin %
(rolling 12-month)



Net working capital days
(rolling 12-month average)



Return on tangible capital
(rolling 12-month average)



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Disciplined financial approach: Maintaining strong balance sheet / liquidity

- Maintenance of $1.0-$1.5B in cash on balance sheet
- Access to revolver and A/R securitization
- Investment grade debt ratings
  - Debt / EBITDA target of <1.5
  - Debt / total capital target ~30%

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Financial flexibility

Robust balance sheet

- Q1 FY11 total debt: $2.1B
- Q1 FY11 cash position: $2.7B
- Accounts receivable facility: $950M
- Bank credit revolver: $1.5B
- Commitment to investment grade ratings



Strong OCF generation

- Continued growth in EBITDA
- Disciplined and proven working capital management



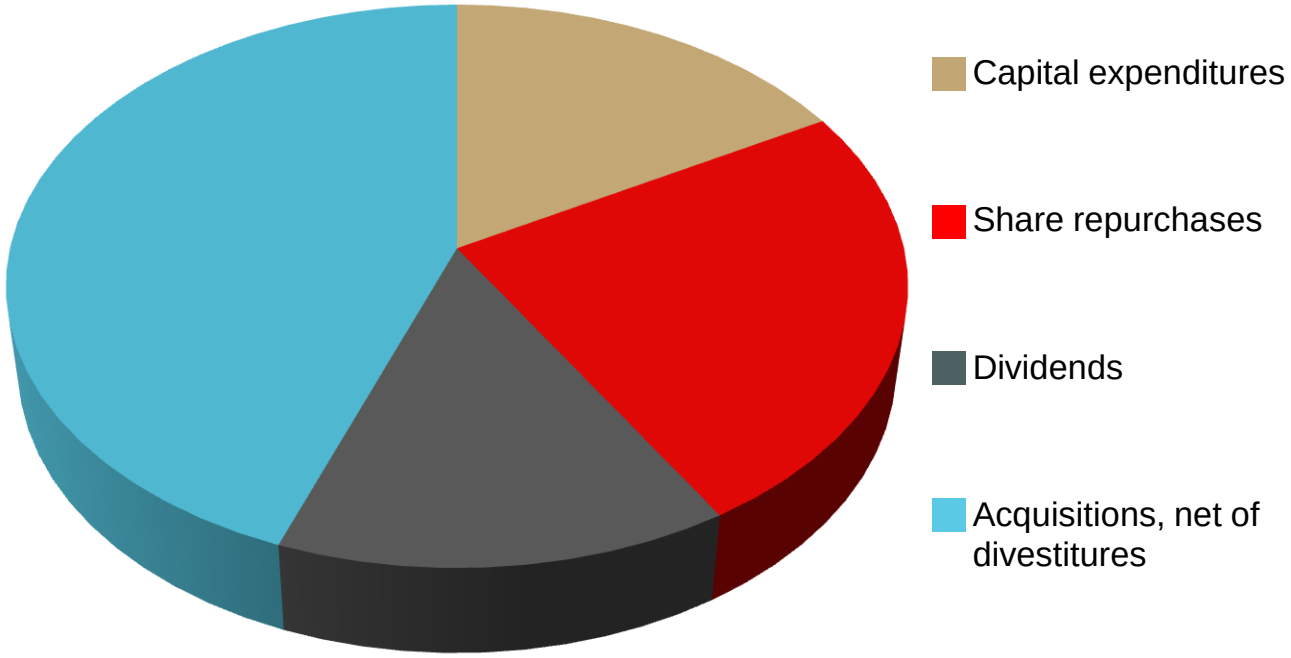
Continued capacity to fund strategic growth and return cash to shareholders

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Balanced capital deployment strategy

Trailing twelve months ended 11/30/10



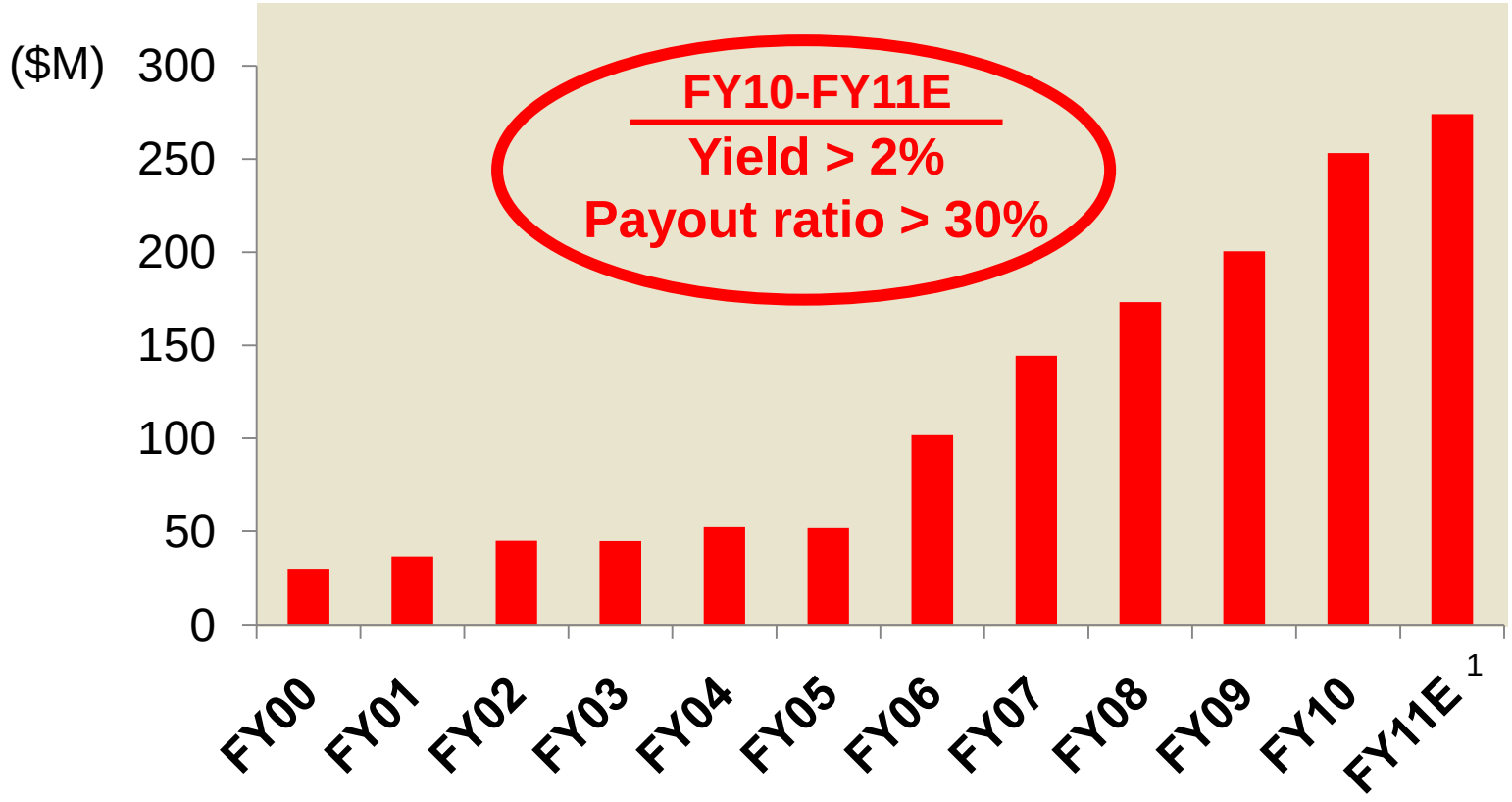
Cash deployment

- Committed to dividends and value-accretive capital expenditures
- Share repurchase and strategic investments evaluated to maximize shareholder value (total shareholder return)

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Differentiated dividend policy



History of increasing dividends

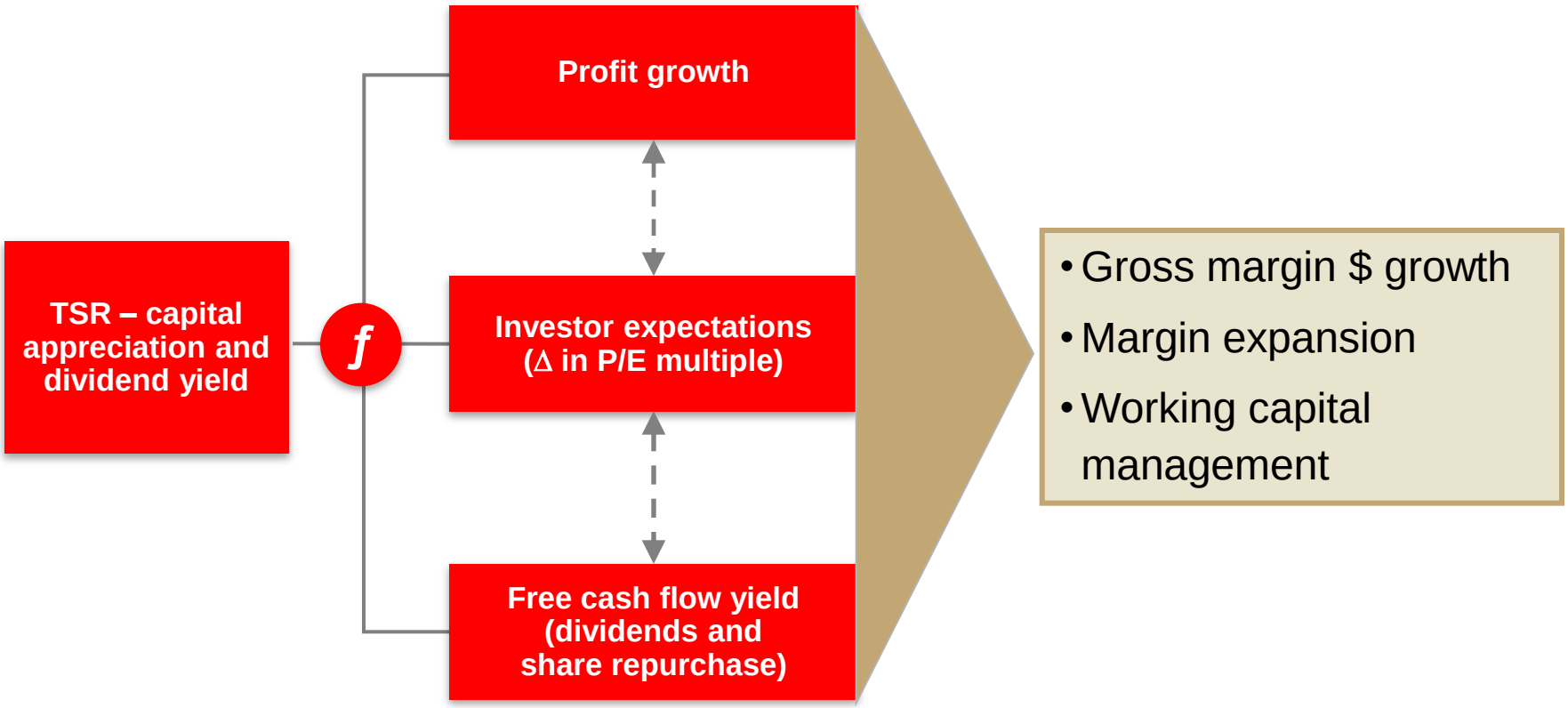
[1]Subject to the approval of the Cardinal Health Board of Directors

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Total Shareholder Return (TSR)

oTSR framework



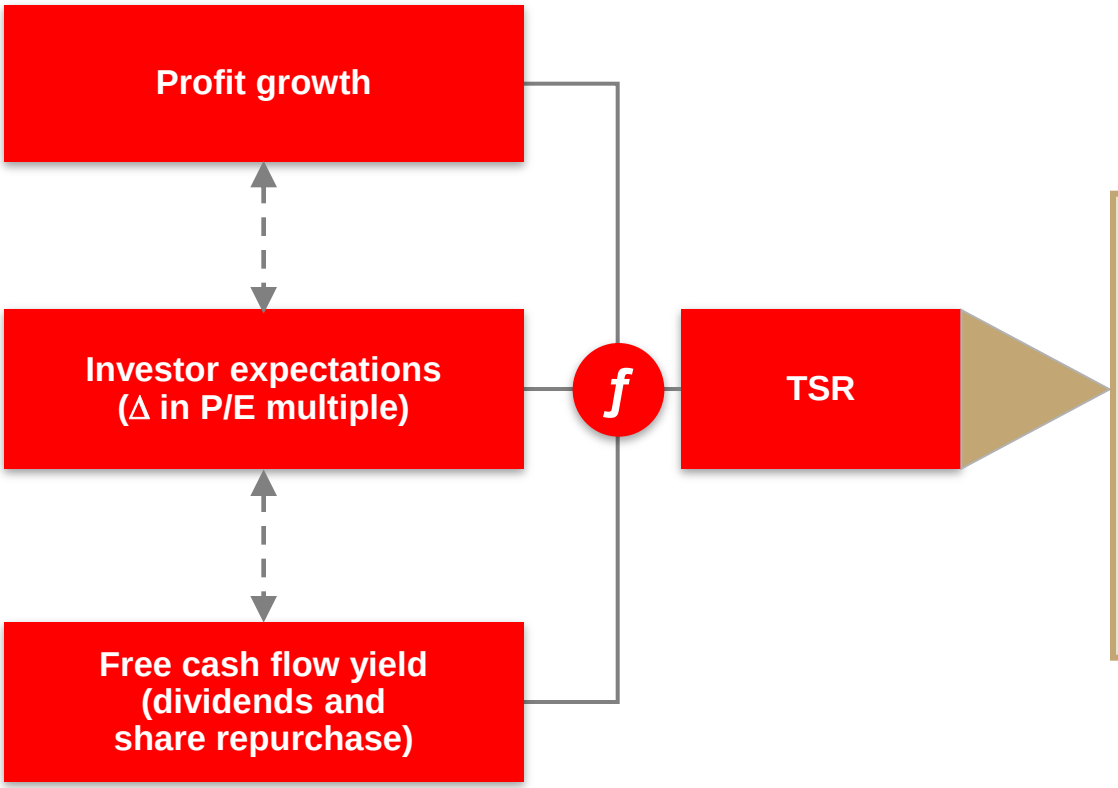
oTSR = internal/operational TSR

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TSR long-term sustainable target

oTSR framework



- Generate returns that are consistently in top third of the S&P 500 and our comparator group[1]
- Measured over a multi-year period

Long-term sustainable TSR target of >11%

oTSR = internal/operational TSR

[1]See appendix for description of our compensation comparator group.

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Key internal segment metrics are aligned with TSR

	Profitable growth	Margin expansion	Working capital efficiency
Customer loyalty index	✓	✓	
Generic penetration	✓	✓	
Preferred product growth	✓	✓	
SG&A % of gross margin		✓	
Net working capital days			✓
Return on tangible capital	✓	✓	✓

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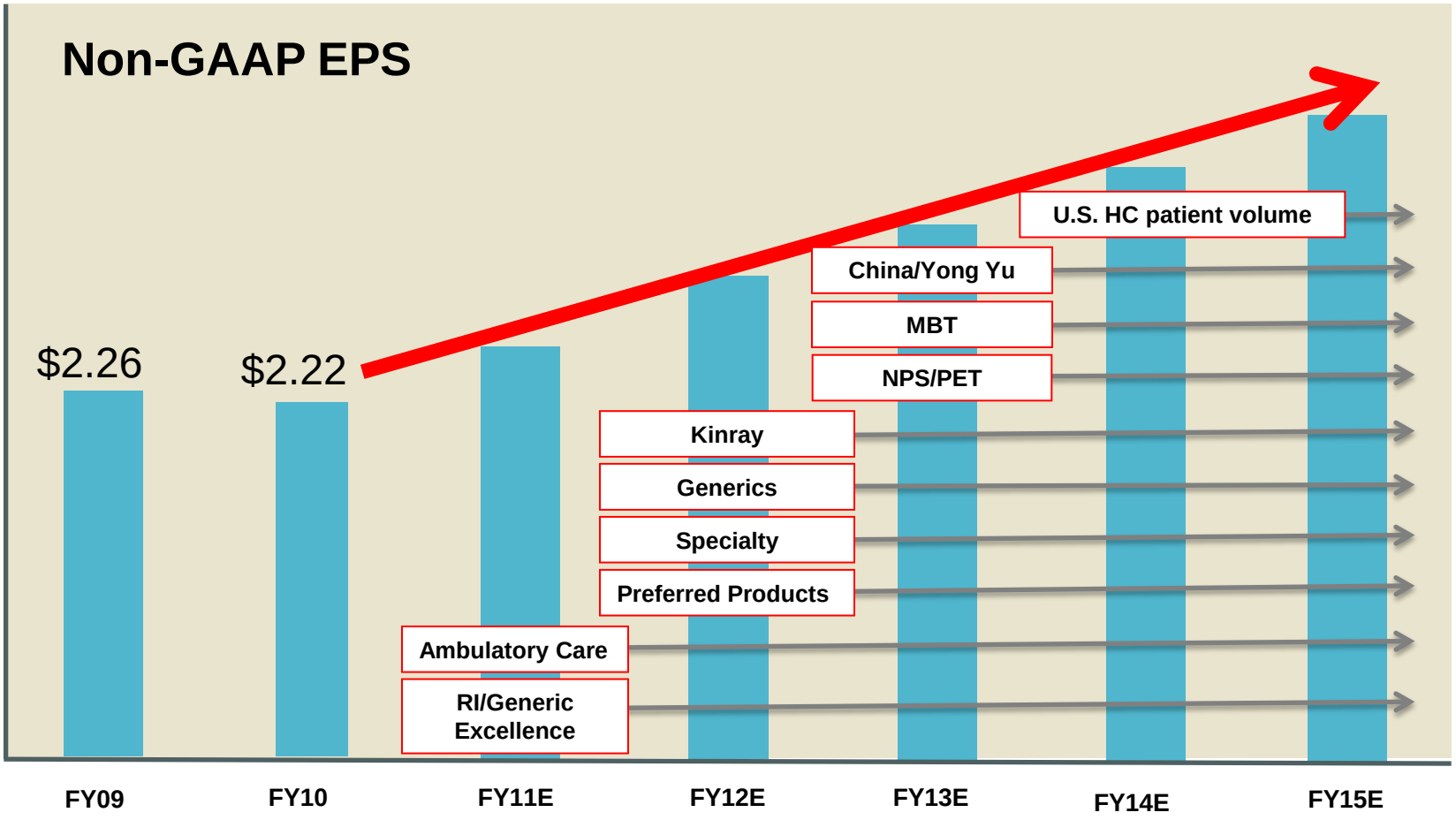
Strategic priorities are aligned with TSR

	Profitable growth	Margin expansion	Working capital efficiency
Improve generics performance	✓	✓	
Grow Specialty business	✓	✓	
Expand Ambulatory footprint	✓	✓	
Accelerate preferred products growth	✓	✓	
Execute on Medical Business Transformation & category / channel strategy	✓	✓	✓
Develop presence in select key international markets	✓	✓	

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New EPS[1] growth trajectory, with multiple drivers



[1]Non-GAAP diluted earnings per share. See appendix for GAAP diluted earnings per share and a reconciliation to that GAAP number.

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Summary

- Strong financial and operational foundation upon which to build
- Continued disciplined financial approach
- Multiple growth drivers layering in for foreseeable future, driving profitable growth and margin expansion
- Balanced deployment of cash to generate optimal long-term returns for shareholders, including differentiated dividend

Yielding a sustainable TSR target to be in the top third of the S&P 500 and comparator group

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Why China? Why now? Why Yong Yu?



Jeff Henderson
Chief Financial Officer
December 7, 2010

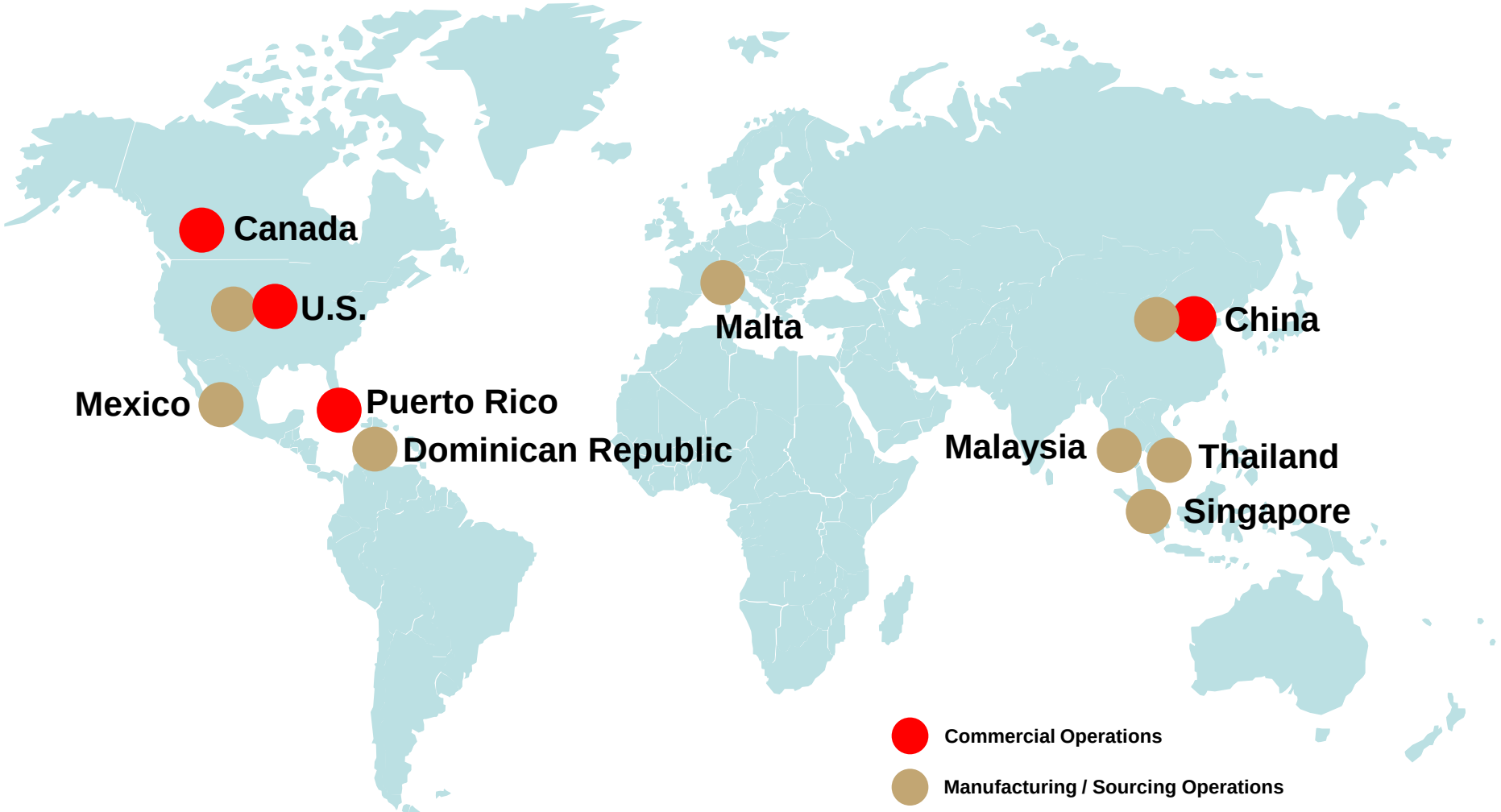
Eric Zwisler
President, Yong Yu

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Cardinal Health: A select global presence

FY10 ex-U.S. sales of $1.7B[1]



[1]CAH Canada, CAH Borschow Puerto Rico, international third-party sales

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CAH Canada: Business overview

Business offerings:	Med/Surg, 3PL
CEO:	Dr. David Lees
Employees:	~800
FY10 sales:	CAD 750M
Growth opportunities:	• Conversion of direct suppliers to distribution • Preferred product growth • Stockless program for provider supply chain efficiencies • Infusion and dispensing technologies to provide end-to-end medication supply management • Nuclear pharmacy

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CAH Borschow Puerto Rico / Caribbean: Business overview

Business offerings:	Pharma, Med/Surg, 3PL
CEO:	Jon Borschow / Debbie Weitzman
Employees:	~500
FY10 sales:	$877M
Growth opportunities:	• Pharmacy Solutions • Nuclear Pharmacy • Integrated Services • Lab

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Why China?

- China's healthcare spending is currently estimated at $240B (5% of GDP)*
- China's pharmaceutical market forecast to reach #2 behind U.S. by 2015*
- Healthcare spending outpacing GDP, driven by better insurance coverage, improved access and rising demand from aging, urbanization, lifestyle shifts*
- Structurally attractive market (e.g., margins, competitive practices)
- Our pharmaceutical manufacturer partners are investing heavily

Why Now?

- China healthcare reform will fuel growth; government explicitly calling for a sophisticated supply chain
- Pharmaceutical distribution is entering a consolidation phase
- Opportunities for margin expansion from scale and efficiency
- Acquisition provided an ideal match for Cardinal Health
  - Only wholly foreign-owned pharmaceutical distributor
  - Proven track record of exceeding market performance
  - Established management team

*November 8, 2010 Reuters story citing IMS projections presented at the Reuters Health Summit and November 2010 McKinsey & Co. report

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Yong Yu: An ideal partner for Cardinal Health

永裕 (Yong Yu)

- **History:** Subsidiary of Asian healthcare distributor, China operations since 1993
- **Locations:** Shanghai HQ, 7 distribution centers: Shanghai (2), Beijing, Liaoning, Hubei, Chongqing, Guangzhou
- **People:** Seasoned American and Asian management team, 700 employees
- **Products:** Pharmaceuticals, specialty, vaccines, OTC, diagnostics, medical devices, and dermo-cosmetics; largest importer of pharmaceuticals into China
- **Previous Ownership:** 85% Zuellig Pharma Holding Limited, 15% private Hong Kong investor
- **Customers**: extensive footprint serving approximately 49K hospitals/clinics and >123K pharmacies

>$1B revenues in calendar 2010E



Cardinal Health research

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Yong Yu's business model

Business Line	Description
National Exclusive Distribution (NED)	• Sales to trusted wholesaler partners (imported and locally produced brands) – Coverage in approximately 49k hospitals/clinics, >123k pharmacies and 1,250 centers for disease control – Presence throughout mainland China
Local Direct Distribution (LDD)	• Direct sales to hospitals and retail drugstores – Presence in key growing cities of Shanghai, Beijing, Liaoning, Hubei and Chongqing
Logistics Services (LS)	• 3PL for importation and local markets

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Led by experienced management

Jeff Henderson
CFO, Cardinal Health

Eric Zwisler

Chairman and CEO of Zuellig Pharma Asia Pacific and part of team that began China operations in 1993. American, in China 23 years, 19 in Pharma.

Elsie Lim

CEO of Zuellig Pharma China. Prior to current role, Elsie was COO of Zuellig Pharma China. Singaporean, in China 11 years, all at company.

Allen Lueth

VP of Finance and Strategy of Zuellig Pharma China. American, in China 12 years, 5 at company.

China Advisory Council
Jeff Henderson (Chair)
Shelley Bird
Mark Blake
Jon Giacomin
Jorge Gomez
Craig Morford
Carole Watkins

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China THEN: Pharmaceutical distribution evolved into a highly complex system

Industry Evolution

1950-1984: Planned Economy Stage

Government controlled supply chain with 3 well-defined tiers and price/margin controls

1985-1989: Transitioning Stage

Amidst major economic reforms, China eliminated the rigid 3-tier regulations and allowed manufacturers to choose distributors

1990-Present: Market-oriented Stage

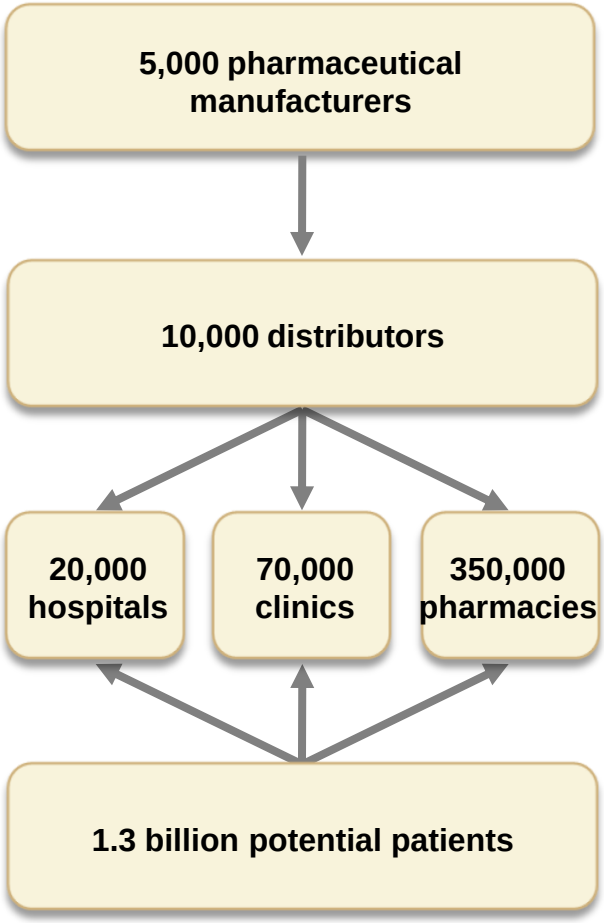
After an initial bolus of new entrants, the industry is accelerating consolidation and large companies are restructuring from state-owned to publicly traded entities

Morgan Stanley, "China Drug Distribution." November 2009

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China NOW: Pharmaceutical distribution is in early stages of consolidation



Strong domestics

70% Chinese, 30% foreign and imports

Fragmented distribution network, still complex

10,000+ total; top 10 with combined 34% share

Hospital driven

>70% of prescription drugs sold through hospitals;
retail mostly OTC and Traditional Chinese Medicine (TCM)

Regional complexity

Nearly half of China's population and the vast majority of its wealth are concentrated in its cities; variable policies

Healthcare reform in process

Focus on healthcare coverage and infrastructure, with significant investment by the Chinese government

Cardinal Health research

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China's payment system

Who gets paid	How
Manufacturers	**Paid by distributors**
Distributors	**Paid by hospitals**
Hospitals	**Paid by:** • Patients • Government insurance administration • Government subsidy
Government	**Expenditures supported by:** • Payroll deductions • Employer matching contributions

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Pharmaceutical products in China

- Three categories of pharmaceutical products: branded, branded generic and local generics
- Yong Yu participates and is well-positioned in both branded and branded generic markets
  - Leverages our multinational corporate partners (both branded and generic), who rely on us for importation and distribution in this complex system
- Distributor economics for branded and branded generic products are relatively comparable

Yong Yu focused on the right segments: Positioned for the future

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China: How pharmaceuticals are priced

Decision-maker	Market access hurdles	Description
State Food & Drug Administration	**Registration**	Similar to U.S. FDA, the SFDA makes a product approval decision based on the safety and efficacy of the product
Ministry of Health; NDRC*	**RDL listing**	National and provincial formularies are set along with a maximum product price
Provincial government	**Tendering**	Provinces tender directly with manufacturers and distributors to discount the product based on estimates of aggregate volume in region
Hospital formulary committee**	**Hospital listing**	Hospitals have the discretion to select from an approved list of manufacturers and distributors but will purchase at the tender price
Physician	**Prescription**	Physicians prescribe and dispense locally at the hospital

* National Development and Reform Commission
** Physicians and director of pharmacy

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China: How pharmaceuticals are priced

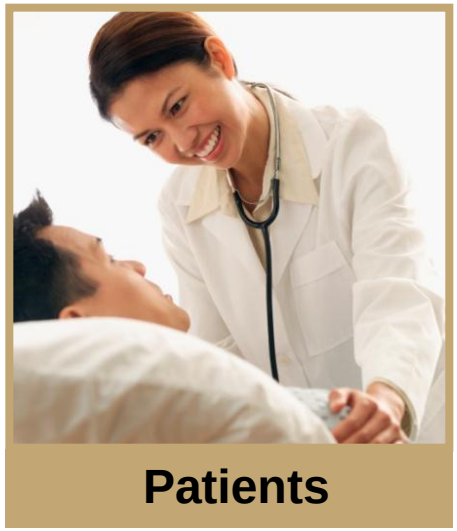
National level *(products identified and pricing caps set)*

Provincial-level units *(up to 15% more products can be added)*

H H

Distributors as mediators for hospitals in tendering process

H H



Patients

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Yong Yu's business model

Value-added services	How we make money
National Exclusive Distribution (NED) • Supply chain management • Transparency and data • Market access • Assumption of commercial risk • Revenue based on products sold	Fixed percentage of revenue on 1-3 year product-exclusive contracts with MNC suppliers
Local Direct Distribution (LDD) • Supply chain management • Transparency and data • Tendering and pricing • Assumption of commercial risk • Revenue based on products sold	Wholesaler margin on semi-exclusive contracts of 1-2 years with MNC and local suppliers
Logistics Services (LS) • Supply chain management • Transparency and data • Revenue based on fees received	Fee for service on activity based model on 1-3 year exclusive contracts with MNC suppliers

Value Cardinal Health brings to Yong Yu

- Strong and extensive multinational manufacturer relationships
  - Crossing pharma, global generics, med device, lab/scientific products
- Deep experience with implementing operational improvements (e.g., operational excellence, improved systems)
- Expertise in international operational and business standards
- Track record of disciplined working capital management
- Commercial expertise in existing and new channels, including the emerging retail channel
- Experience in rapid industry consolidation
- New business line capabilities (e.g., med-surg, specialty, nuclear medicine)
- Cardinal Health brand and “stamp of quality”

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China: Future opportunities

- Initial focus will be on expanding pharmaceutical distribution presence, particularly Local Direct Distribution (LDD) business
- Over time, we will explore:
  - Med/Surg expansion
  - Nuclear pharmacy
  - Hospital pharmacy management
  - Retail pharmacy as it evolves
  - Specialty opportunities

Participation in consolidation will play a key role in long-term growth

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Q & A

Panel:

George Barrett
Jeff Henderson
Eric Zwisler

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Medical Segment



Michael A. Lynch
CEO, Medical Segment
December 7, 2010

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Medical Segment today[1]

Revenue	**>$8.7B**
Segment profit	**$425M**
Employees	**~15,800**
Distribution centers	**48**
Manufacturing sites	**12**

[1]FY10 figures.

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Medical Segment

- We have a clear vision of where we are going to take the business
- We have a strategy and structure in place to achieve the vision
- We are uniquely positioned to support providers and suppliers in improving their cost-effectiveness
- We will continue to execute aggressively on our strategic priorities

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Industry dynamics

- **Healthcare reform should drive additional patient volume** into the system as implementation proceeds
- **Reimbursement pressure** will drive customers to look for supply chain solutions
- **New models of collaboration** to drive improved quality and cost-effectiveness are emerging – e.g., Accountable Care Organizations (ACOs)
- **Hospitals are consolidating and integrating** across the continuum of care

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Our strategy

Leverage our **product depth** and **channel breadth** to deliver an effective mix of products and a robust set of supply chain services that enable our customers to provide quality care while improving their cost-effectiveness.

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Medical Segment

Structure supports strategy



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Achieving our strategy

What it looks like…

- Easiest to do business with
- Broadest reach across all sites of care
- Industry-leading supply chain services
- Expanding presence in ambulatory channel
- Preferred products growth
- Growth in select markets outside the U.S.

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Easiest to do business with

Medical Business Transformation

- Closer to the customer, faster decision-making
- Contracting and pricing simplification
- Supplier collaboration
- End-to-end supply chain visibility
- Enhanced warehouse management system

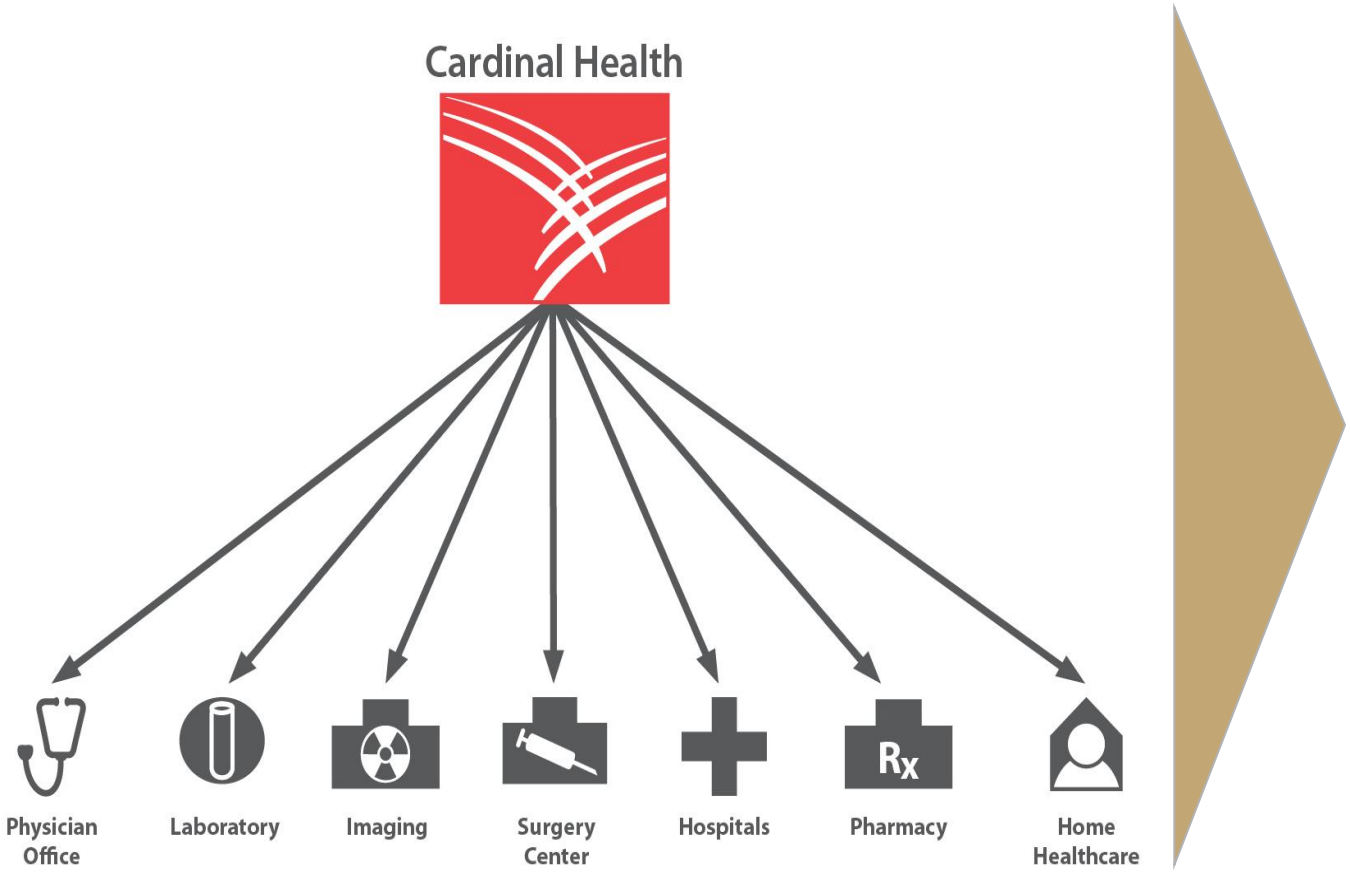
- **Increase customer loyalty**
- **Improve service levels**
- **Reduce days inventory on hand**
- **Reduce SG&A**

- **Improve margin and ROTC**

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Broadest reach across all sites of care



- Deeper relationships across the continuum of care
- One-stop shopping for integrated providers
- Ability to aggregate product volume

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Achieving our strategy

Industry-leading supply chain services



- Create economic value for providers and suppliers
- Bring unique innovation to supply chain market

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Expanding presence in ambulatory channels

Focus today

Surgery Center

Today: Area of strength
Future: Continued growth

Physician Office

Today: Growing faster than the industry
Future: Gain additional scale

Exploring for the future

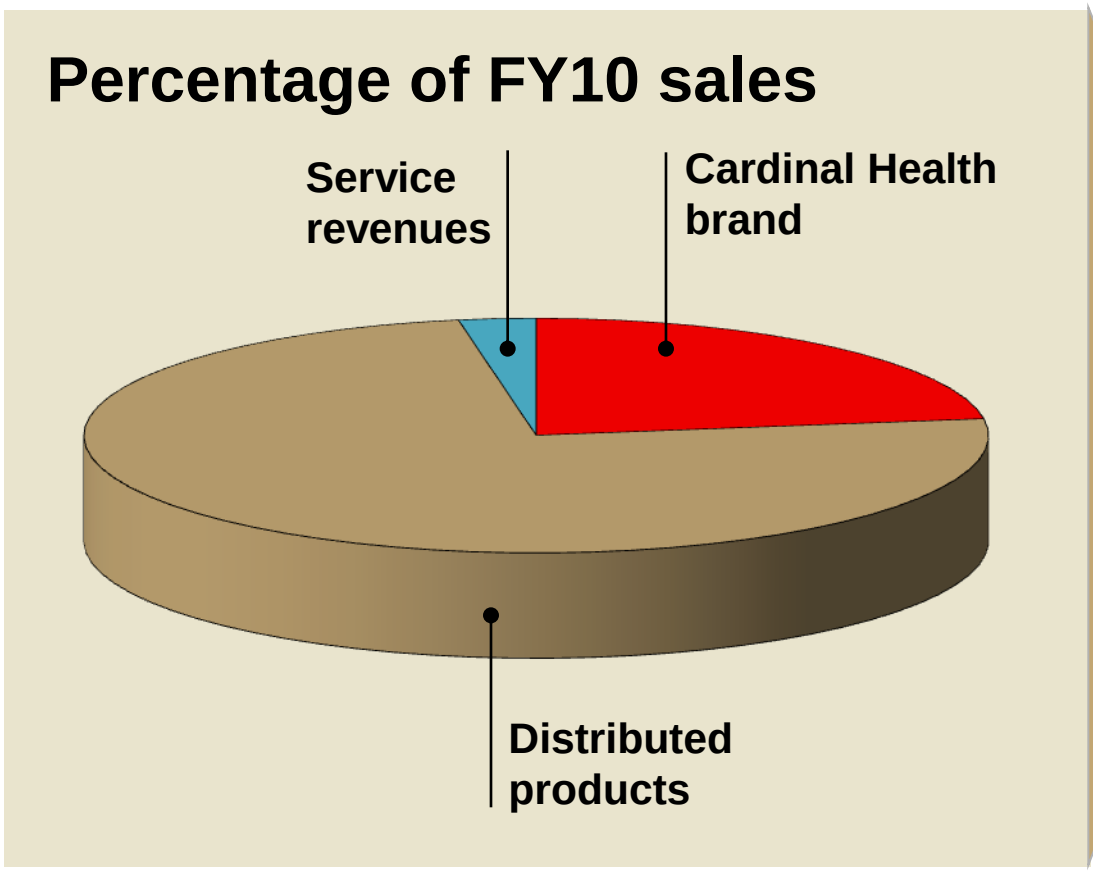
- Home Healthcare
- Long Term Care

- **Develop optimal product portfolios for each channel**
- **Deploy supply chain services**

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Preferred products growth



Accelerate growth rate of preferred products

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Growth in select markets outside the U.S.

Current presence outside the U.S.

- **Canada:** Extensive geographic footprint; primarily focused in the acute care channel
- **Europe/Asia Pacific:** Sale of self-manufactured products
- **Puerto Rico:** Sales and distribution

- **Continued momentum in Canada**
- **Expand current presence in select markets overseas**

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Focused on execution

Easiest to do business with

- Medical Business Transformation in build and test phase

Broadest reach across all sites of care

- Customer wins:
  - Baylor Medical Center
  - Cleveland Clinic

Industry-leading supply chain services

- Expanded freight management capabilities
- Renewed largest 3PL agreement

Expanding presence in ambulatory channels

- Revenue growth ahead of the industry

Preferred products growth

- Multiple agreements as accelerator of growth

Growth in select markets outside the U.S.

- Solid growth in Canada

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Channel Management
Medical Segment



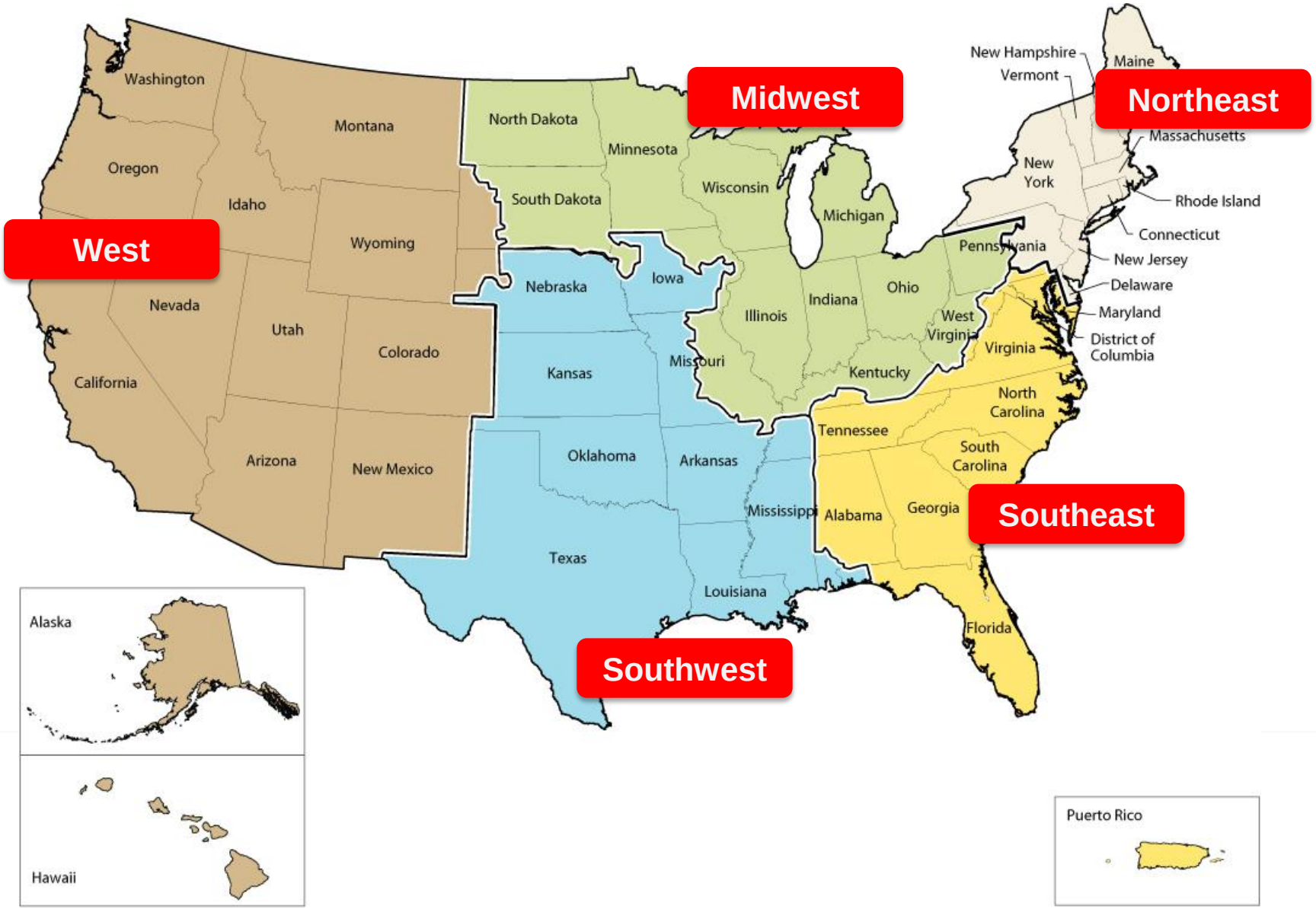
Steve Inacker
President, Channel Management

December 7, 2010

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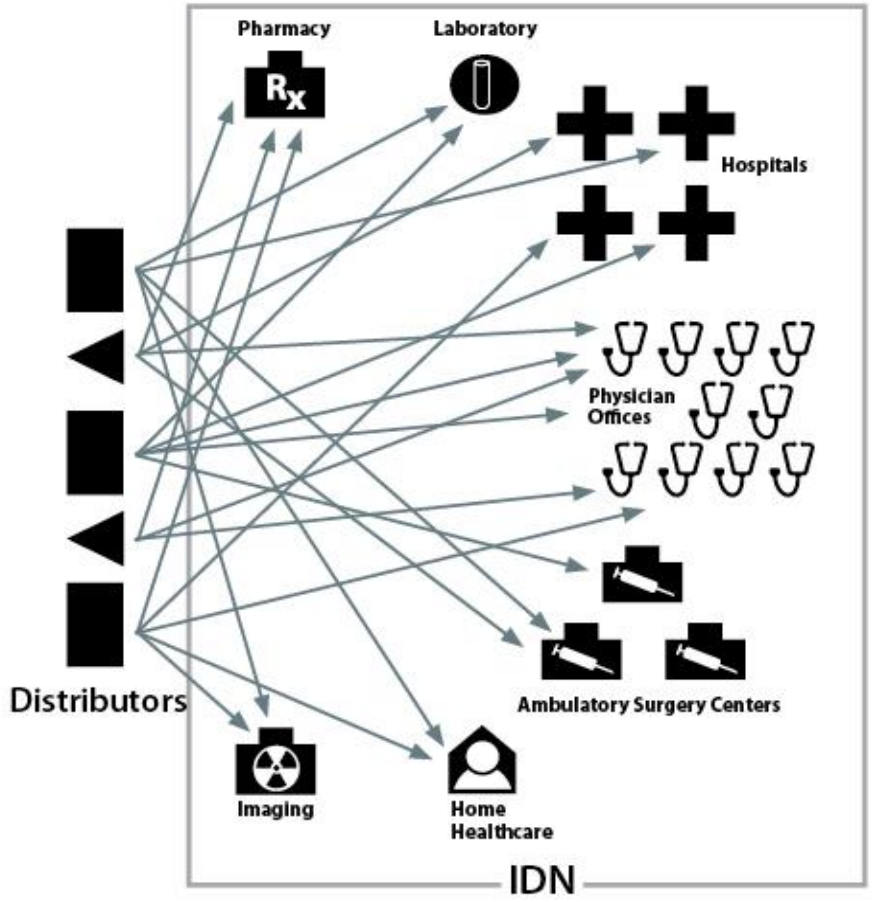
Closer to the customer



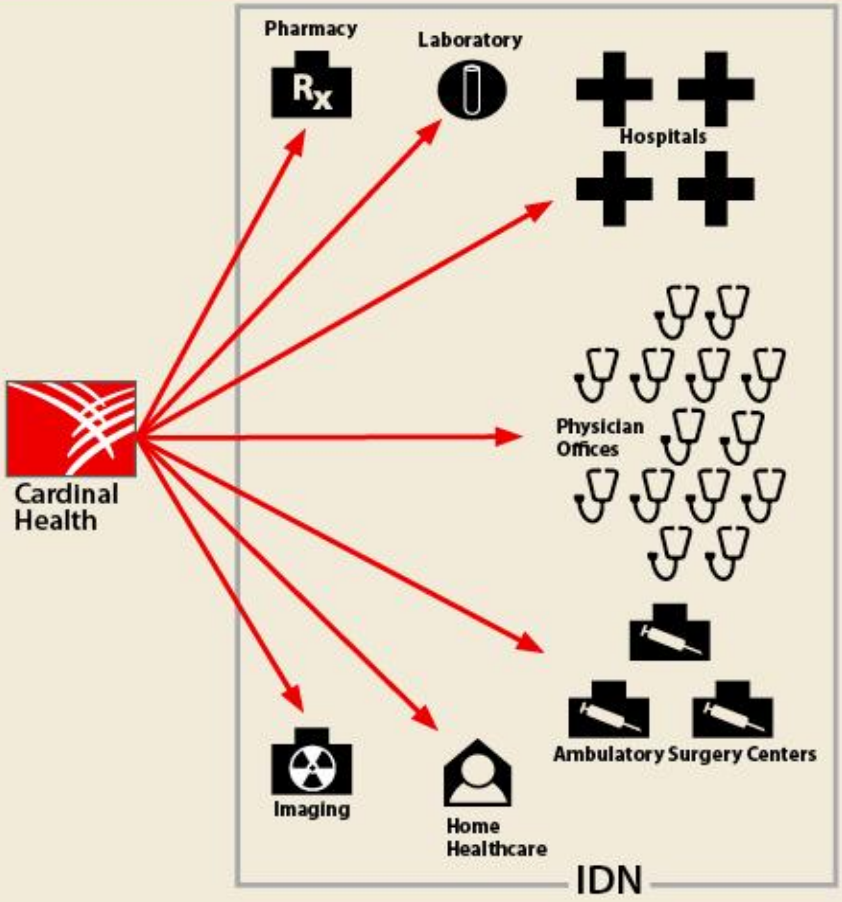
Taking complexity out of the healthcare network environment

Cross-channel Integrated Delivery Network (IDN) strategy

Industry today



Cardinal Health today



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Our plan to win

1. Drive **end-to-end supply chain efficiency** in the healthcare industry — Medical Business Transformation

2. Deploy our **Operational Excellence** capabilities to work upstream with suppliers and downstream with providers to improve the cost-effectiveness of the healthcare supply chain

3. Build **innovation** into supply chain through service development and delivery

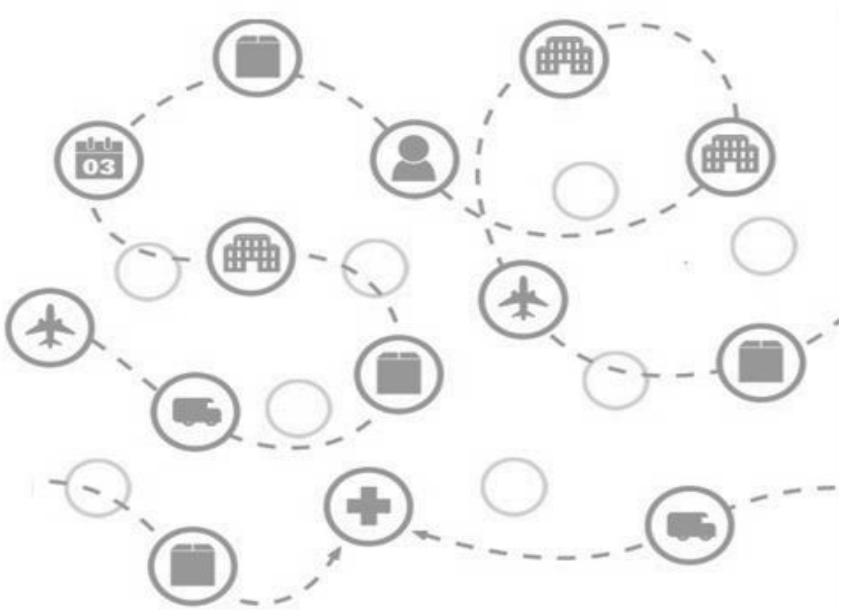
4. Deliver superior customer experience and differentiated value for **Ambulatory Care** customers

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Our plan to win
End-to-end supply chain efficiency

One example:
Freight management solution



Unmanaged
Avg. cost per package: $36.18



OptiFreight® Logistics
Avg. cost per package: $14.70

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Deploy operational excellence capabilities

Barnes-Jewish Christian Healthcare, St. Louis

- Joint team focused on driving improvements to the OR case cart process

- **Results**:
  - $1.3M inventory reduction
  - +450bp fill rate improvement
  - Reduced stock-outs by 95%

iSIXSIGMA'S BEST PLACES TO WORK TOP 10 2010

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Our plan to win

3 Innovation: Inventory par level optimization

Customer benefits

Cost containment	• Improve cash flow timeline (inventory reduction average 20-30 percent)
Supply chain efficiencies	• Improve product availability (99 percent + service levels) • Control delivery costs (15 percent line reduction) • Optimize department storage space and ergonomics
Customer satisfaction	• Reduce clinical handling of supplies • Improve clinical satisfaction

Data capture & management

FY10 Results

Customers

- Signed 42 customers
- 15-35% line reduction (365,000 reduced)
- Stockout reductions >63%
- 12% improvement in clinician satisfaction scores

Cardinal Health

- Improved sales dollars per line: $10.50
- Increase of $10.71 in revenue per shipped line (revenue increased $20 million)

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4 Our plan to win
Ambulatory customer experience

Deliver:

- High service levels
- Tailored offers
- Matching customer buying needs
- Providing relevant products

Strategic priorities:

- Build out, strengthen, solidify operating platform
- Grow faster than the industry in the physician office channel
- Retain a leadership position in the surgery center channel
- Drive growth of offerings that support providers in growing and making their businesses more efficient (e.g., EHR, lab, pharmaceuticals)

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Priorities

1. Execute Medical Business Transformation
2. Grow the acute distribution channel
3. Expand presence in ambulatory channels
4. Drive preferred product portfolio through the channels

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Category Management
Medical Segment



Lisa Ashby
President, Category Management
December 7, 2010

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Integrated offering

Total medical portfolio







Cardinal Health brand

Self-manufactured | **Sourced** | **National brand**

Products from diverse sources
managed by product type/customer use

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Disciplined product offering

Product Category example

Today	Future
• 20 suppliers • 69 material • 1,774 stock keeping units (SKUs) • 4 channel offerings	• 3 suppliers • 18 material codes • 800 stock keeping units (SKUs) • 1 aggregated offering

- Clear set of preferred products for each channel
- Aligned purchasing incentives across suppliers and providers
- Higher service levels
- Reduced picking costs
- Reduced inventory
- Volume growth for all supplier partners

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Our plan to win

1. **Using scale to maximize value** and **reduce the cost to serve** for providers and suppliers

2. Developing a **commercialization engine** to bring innovative solutions to providers by partnering with manufacturers

3. **Targeted innovation** across our portfolio

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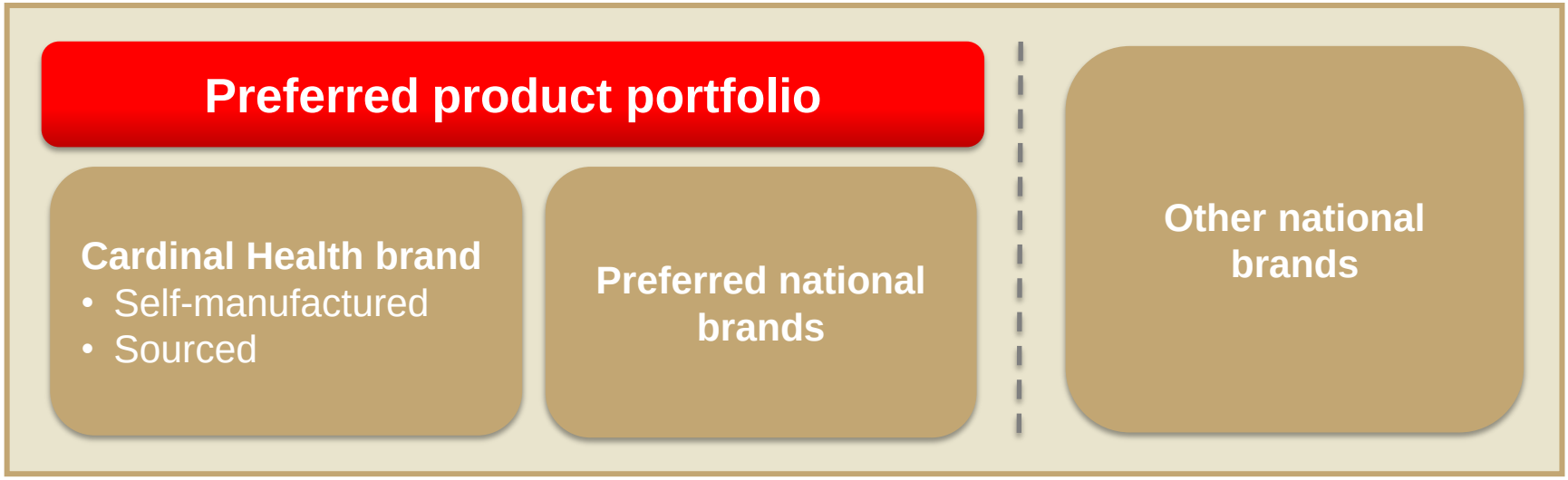
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1

Our plan to win

Using scale to maximize value

- Cardinal Health brand growth
- Preferred supplier partnership growth
- Innovative product agreements



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2 Our plan to win
Develop commercialization engine

SURGICOUNT MEDICAL



MedLogic
MEDLOGIC GLOBAL LIMITED



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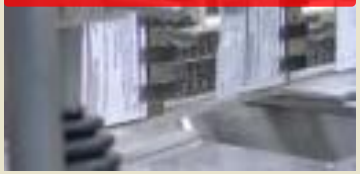
3 Our plan to win
Targeted innovation

Voice of customer

Material innovation



Package innovation



Logistics innovation



Target - sustainability

- Thin nitrile exam glove
- Surgeon glove protocol standardization
- Partnering on Gaylord delivery vs. case

- **Cost-effective products**
- **Cost-effective packaging**
- **Cost-effective supply chain**

Unique ability to deliver innovation throughout the value chain

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Priorities

1. Deliver on goals for preferred products portfolio for customers, suppliers and Cardinal Health

2. Further develop and launch a multi-channel supplier marketing program

3. Develop next generation commercialization strategy

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Medical Segment summary

- We have a clear vision of where we are going to take the business
- We have a strategy and structure in place to achieve the vision
- We are uniquely positioned to support providers and suppliers in improving their cost-effectiveness
- We have momentum and will continue to execute aggressively on our strategic priorities

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Q & A

Panel:

Mike Lynch
Lisa Ashby
Mike Duffy
Steve Inacker
Dr. David Lees

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Pharmaceutical Segment



Mike Kaufmann
CEO, Pharmaceutical Segment
December 7, 2010

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Pharmaceutical Segment



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Pharmaceutical Segment today[1]

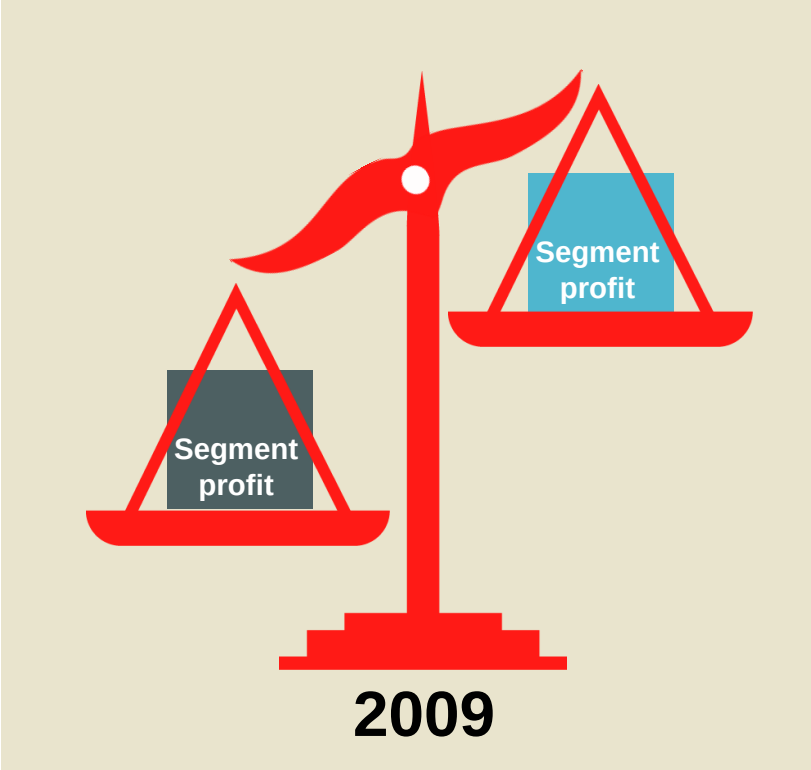
Revenue	>$89B
Segment profit	>$1B
SKUs	>50K
Distribution centers	28
Nuclear pharmacy locations	155
Cyclotrons	35

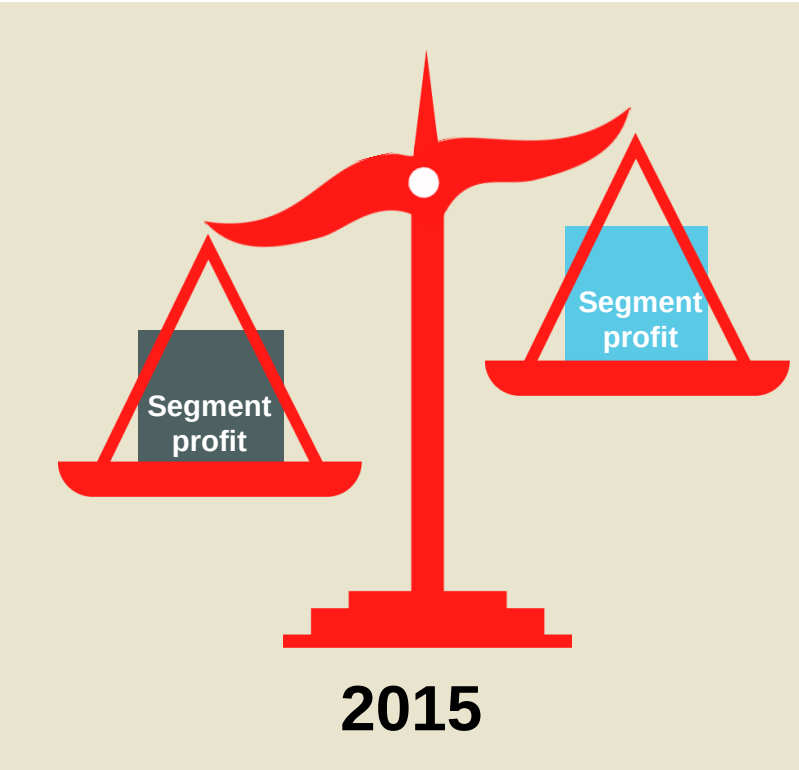
[1]FY10 figures.

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Balancing the portfolio





U.S. pharmaceutical distribution

Remaining segment businesses

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Pharmaceutical distribution

Pharmaceutical Distribution



Mike Kaufmann

- Pharmaceutical distribution
- Borschow
- Pharmaceutical repackaging
- ParMed
- Medicine Shoppe®

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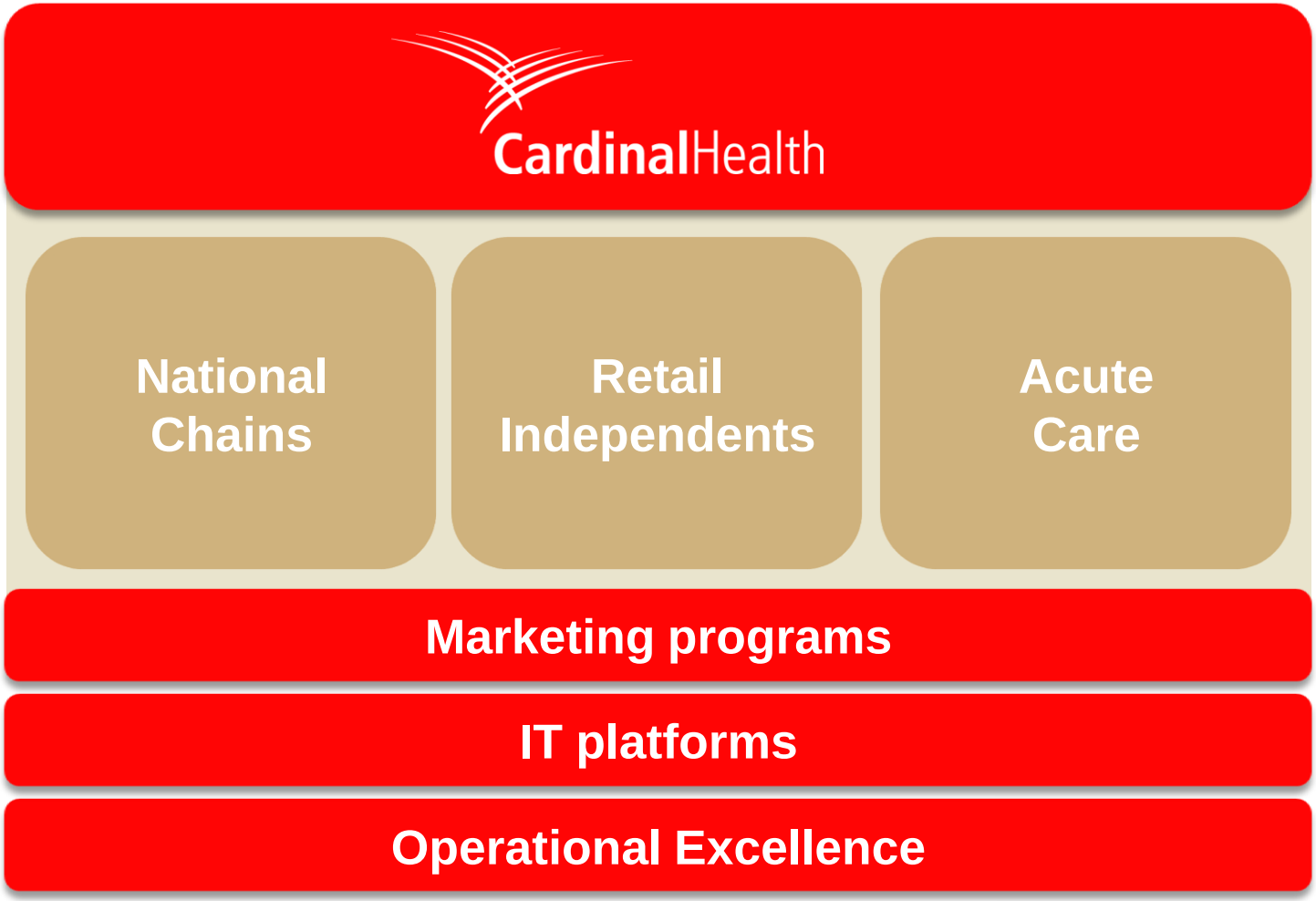
Areas of focus

- Customers
- Generics
- Working capital
- Branded pharmaceuticals

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Focus area: Customers



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Focus area: Generics

- Grow number of retail independent customers
- Increase generic penetration in retail independents
- Partner opportunistically with other classes of trade
- Create synergies across our businesses
- Further enhance sourcing model

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Generics: Factors influencing “The Wave”

- Brand sales
- Patent litigation
- Settlement considerations
- Exclusivity issues
- Scientific and technical complexity
- Regulatory complexity



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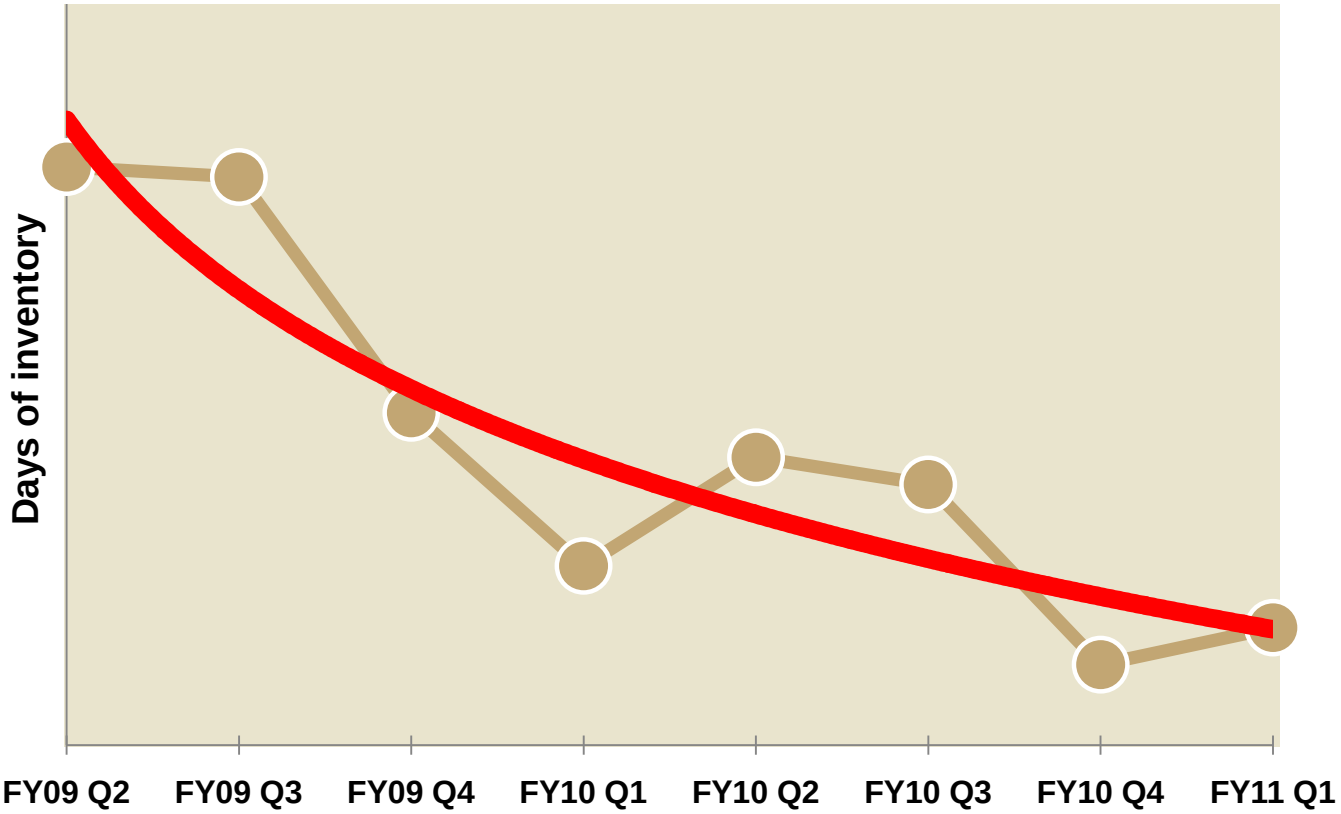
Focus area: Working capital

- Significant improvement in inventory
- Service levels have increased
- Solid performance in A/P and A/R

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Pharmaceutical distribution days inventory on hand



•Data points represent quarterly averages

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Focus area: Branded pharmaceuticals

- Inflation based (contingent) margins are now less than 20%
- Agreements continue to be renewed at fair and appropriate rates
- Performance is tracking at nearly 100%
- Operational Excellence continues to be applied effectively

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Areas of focus: Summary

- **Customers:** We will grow faster than market and improve our mix
- **Generics:** We will grow sales and drive more value
- **Working capital:** We will continue to diligently focus on this
- **Branded pharmaceuticals:** We will continue to have stable margins in this area

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Pharmaceutical Segment

Specialty Solutions



Meghan FitzGerald

- Specialty Pharmaceutical Distribution (SPD)
- P4 Healthcare
- VitalSource™
- Specialty Pharmaceutical Services (SPS)
- Beckloff Associates
- Health Connections

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Cardinal Health Specialty Solutions



Meg FitzGerald
President, Specialty Solutions
December 7, 2010

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Key strategies FY11

Position Cardinal Health as Specialty Model of Choice

Bring the "Best of Cardinal Health" to specialty

- Leverage links across pharma, nuclear, medical, and key accounts
- Oncology distribution launch

Advance next generation of P4 PATHWAYS™

- Enhance capabilities given pathways success
- Enter new therapeutic areas and geographies

Engage in shaping the future of Specialty care

- Advance agnostic platform serving all stakeholders
- Participate in policy initiatives around integrated care

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Specialty value proposition links all stakeholders towards one shared goal

Multi-level offerings

Cardinal Health Specialty Solutions

Provider
- Distribution
- Practice management solutions (eobONE℠)
- GPO

Pharma
- Data-driven intelligence
- REMS mgmt
- Reimbursement
- 3PL services

Payor
- P4 PATHWAYS™
- Cost-saving therapy mgmt
- Comparative effectiveness

For one shared outcome

Ensuring right medicine, outcome and reimbursement

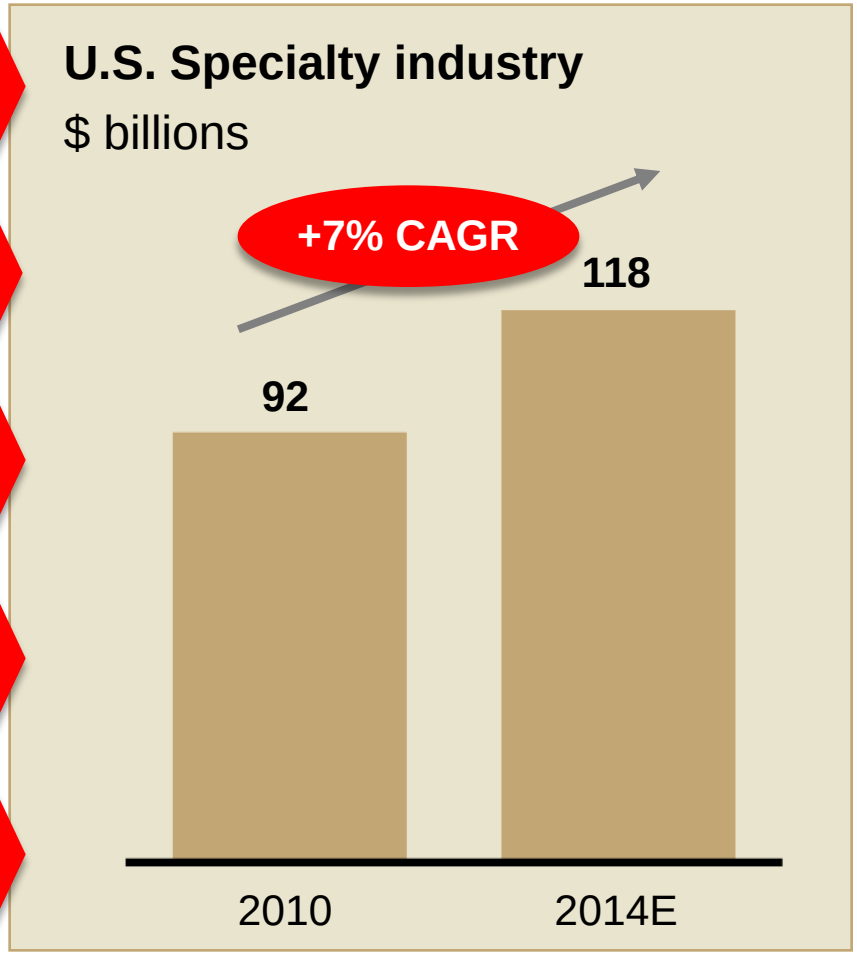
COST- EFFECTIVE PATIENT CARE

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Specialty fundamentals drive continued opportunities

- Innovation and pipeline
- Strong fundamentals
- Non-branded entry
- Health reform
- Outcomes and data



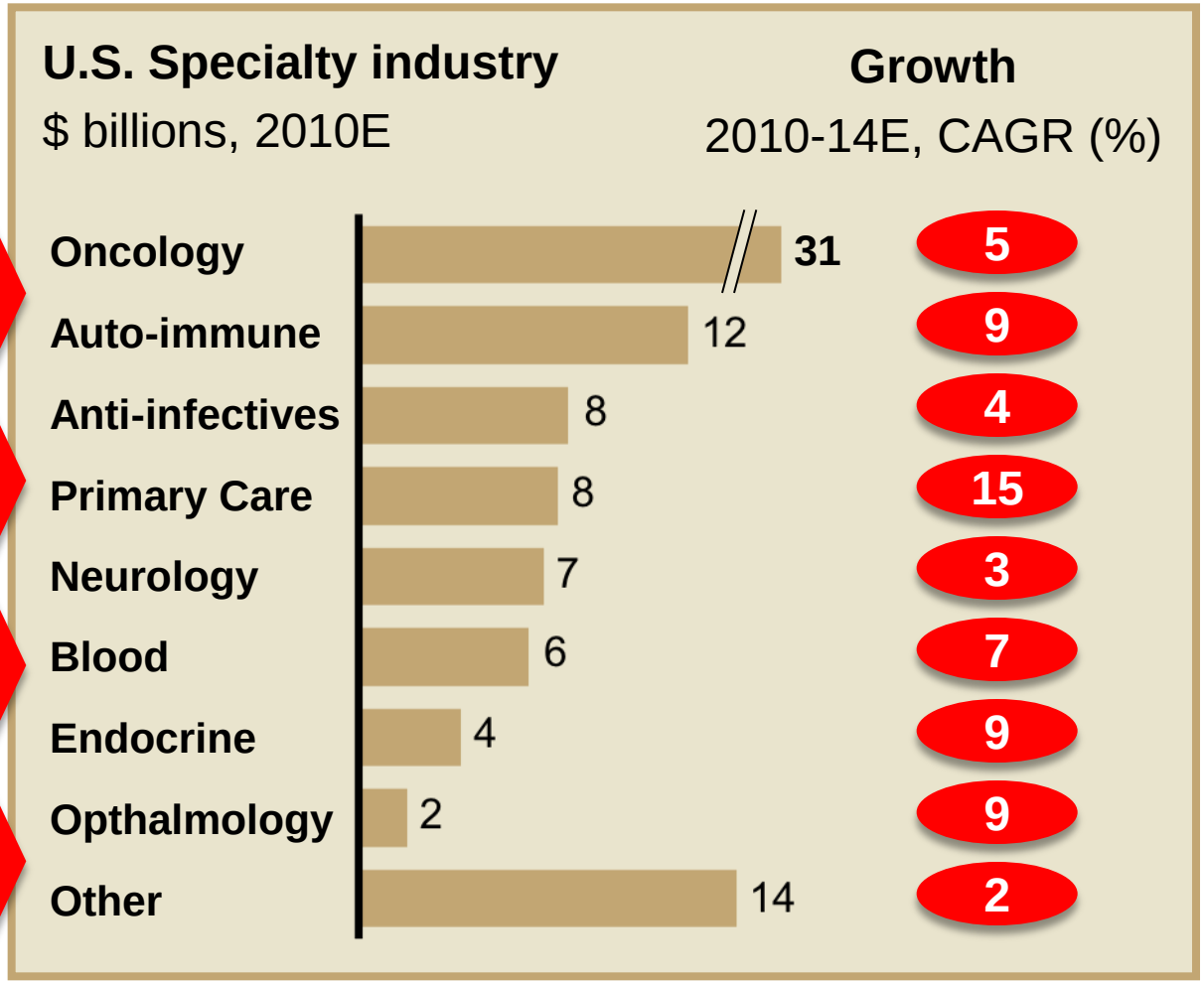
SOURCE: EvaluatePharma database

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Our specialty model is prime for all therapeutic areas

- **Pathways and cost saving solutions**
- **Provider services**
- **Pharma offering (data, marketing)**
- **Distribution**



SOURCE: EvaluatePharma database

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Experience and relationships drive early success

Distribution online

11/15 First Oncology shipment, Gemzar launch

GPO wins

10/25 GPO launched

VitalSource
A Cardinal Health Specialty Solutions Company

Integrated portfolio wins

U.S. World Med, Oceana

New therapeutic area work

- Rheumatoid Arthritis and Osteoporosis
- Practice and patient data work, pharma programs
- RA pathways underway

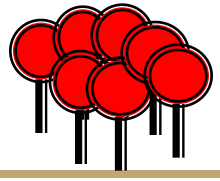
Payor wins

HIGHMARK. Blue Cross Blue Shield
An Independent Licensee of the Blue Cross and Blue Shield Association

Aetna

AmeriHealth.

Managed lives



20M beneficiaries enrolled in our Pathways programs

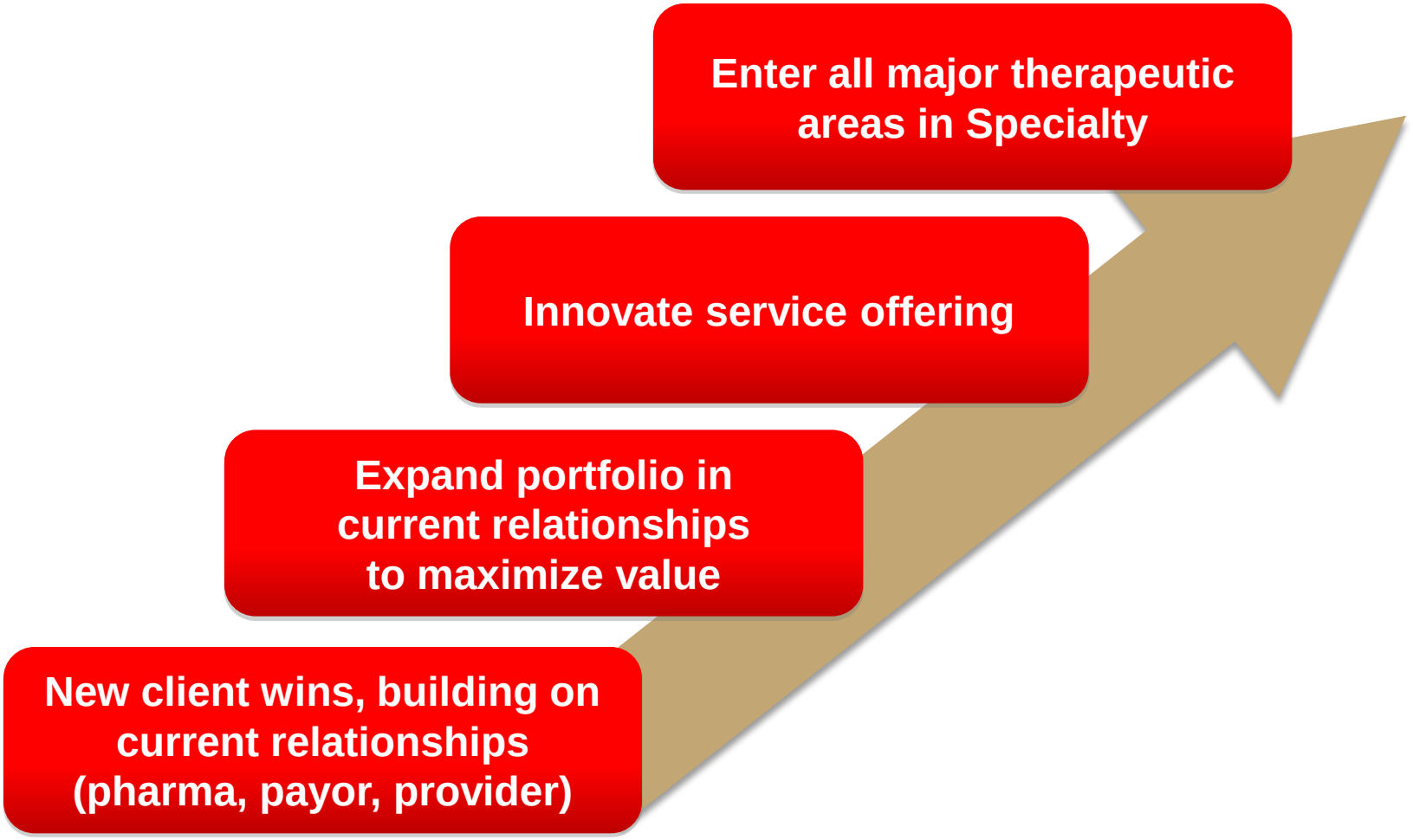
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102

Key drivers of value in next 2-3 years



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Cardinal Health Specialty Solutions

- **Growing and attractive market –**
  Growth in oncology and beyond
- **Experienced team –**
  Proven track record, cross-industry expertise
- **Distinctive products and services –**
  Innovation leadership
- **Trust-based relationships –**
  New wins in all customer areas

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P4 Healthcare

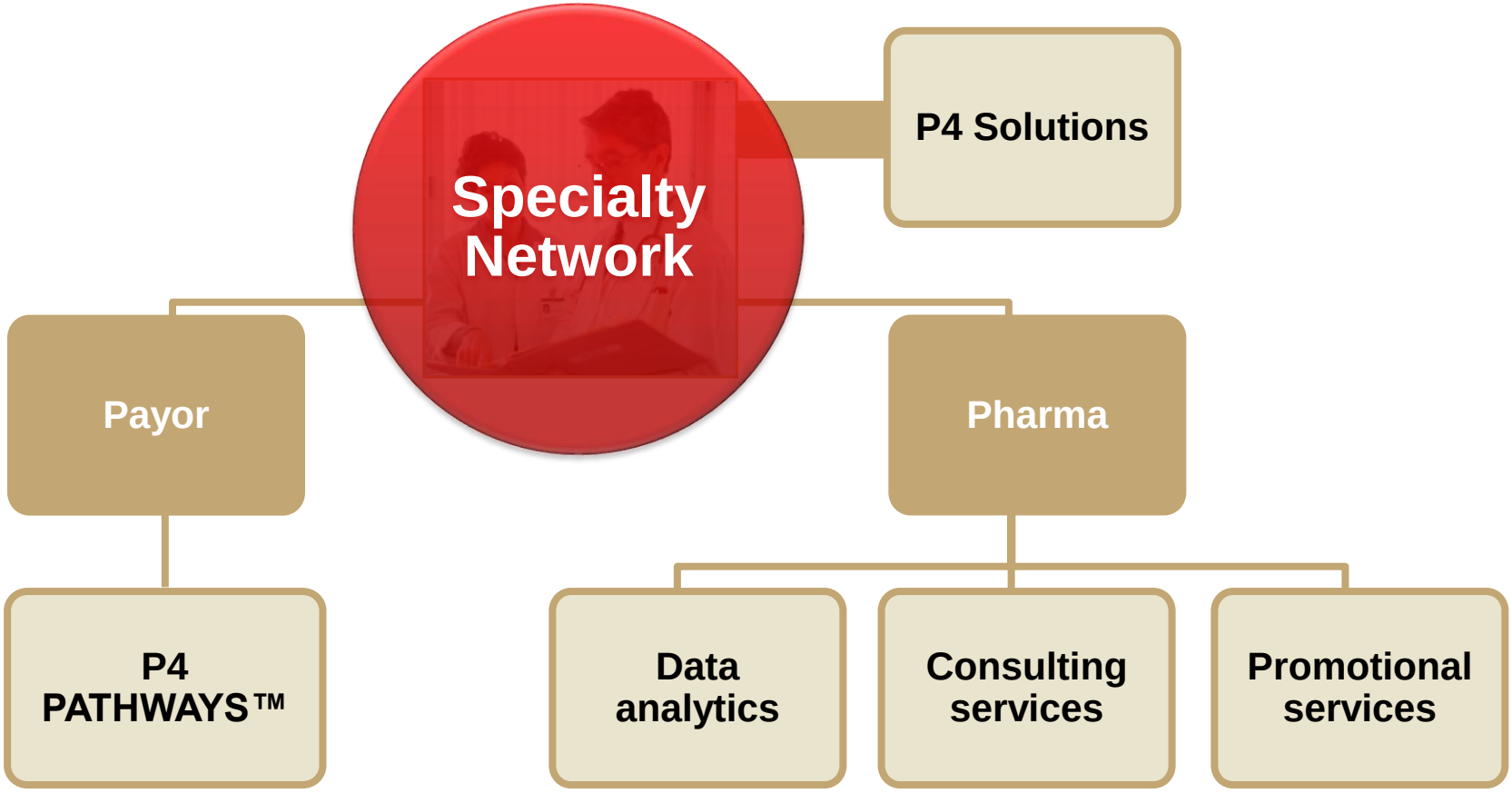


Dr. Jeffrey Scott
President, P4 Healthcare
December 7, 2010

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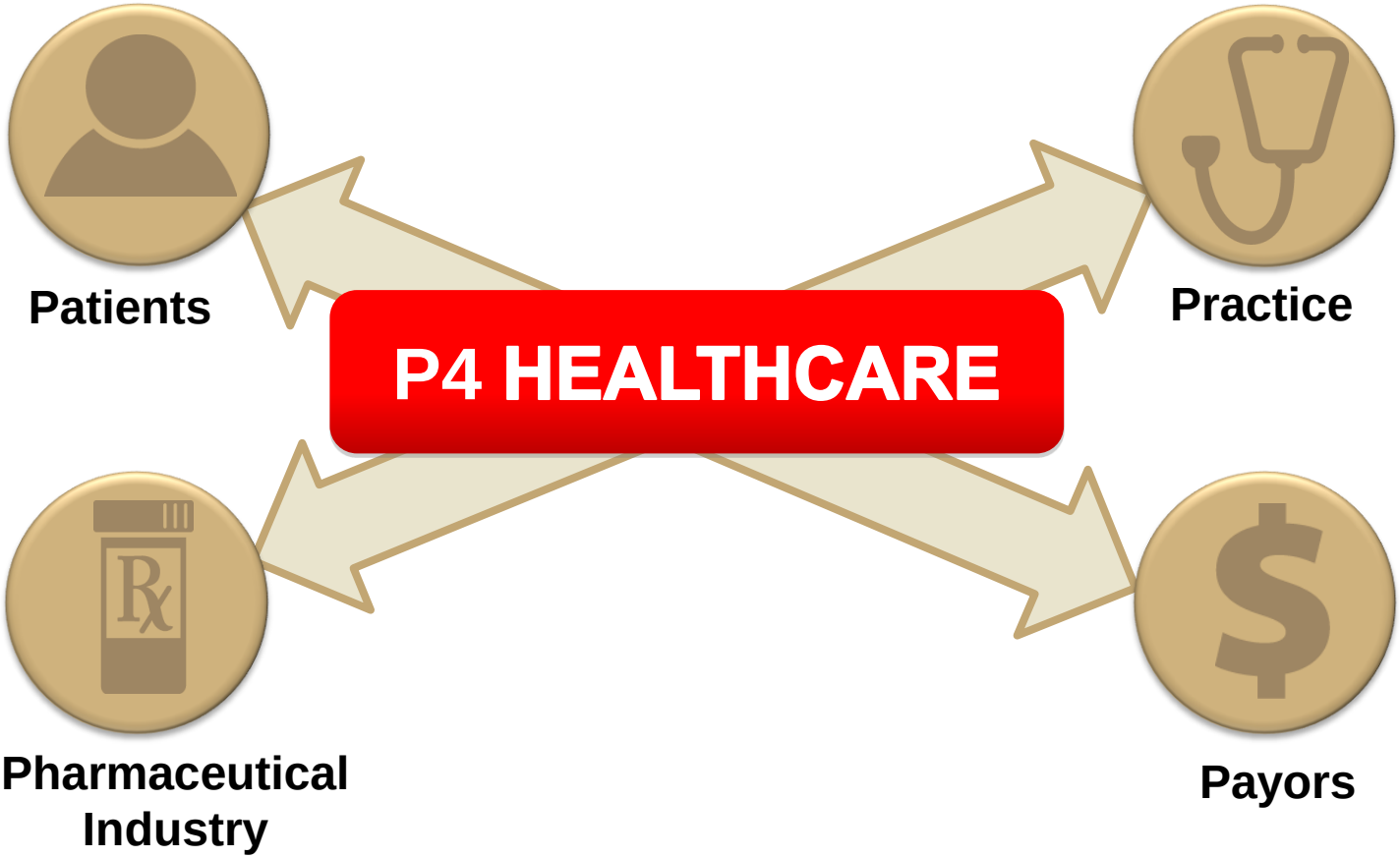
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The P4 Healthcare Model



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Strategically located …



… at the intersection of the key stakeholders in healthcare

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What community practices are telling us…

Practice challenges

- Practice management margin pressure
- Increased volume = reduction care time
  - Impact to patient care
  - Less access to reps
  - Limits educational programs on clinical data
- Payor needs for integrated care and transparency around reimbursement

P4 Healthcare

- Technology: eobONE℠ and other P4 Solutions
- Traditional and on line communications
  - Creating smarter patients
    - Websites, publications
    - Compliance and persistency tools
- P4 PATHWAYS™

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P4 PATHWAYS™: Value creation formula

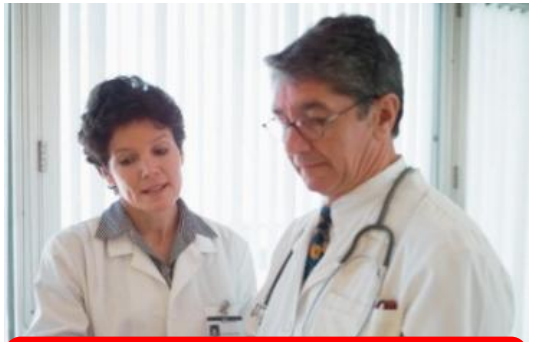


Patients

Best clinical outcome

Clarity of treatment plan

Disease and treatment education



Physicians

Best clinical outcome

Developed through extensive collaboration

Incentives aligned appropriately



Payors

Best clinical outcome

Improved relations with physician panel

Cost savings

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P4 PATHWAYS™ bottom line today

- Six signed plans
  - 5 Blue Cross Blue Shields (BCBS): CareFirst, Tennessee, Michigan, Capital (Pennsylvania), Highmark
  - Managed Medicaid – Pennsylvania, Tennessee
- Two State Society Partnerships
  - Michigan State Hematology Oncology – BCBS Michigan
  - Medical Oncology Association Southern California – strategic partners
- One national pilot
- Only oncology pathways company with implemented, non-pilot programs
- Pathways model expansion into other diagnostic categories – Rheumatoid Arthritis and Hepatitis C

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Value of the model and strategic rationale

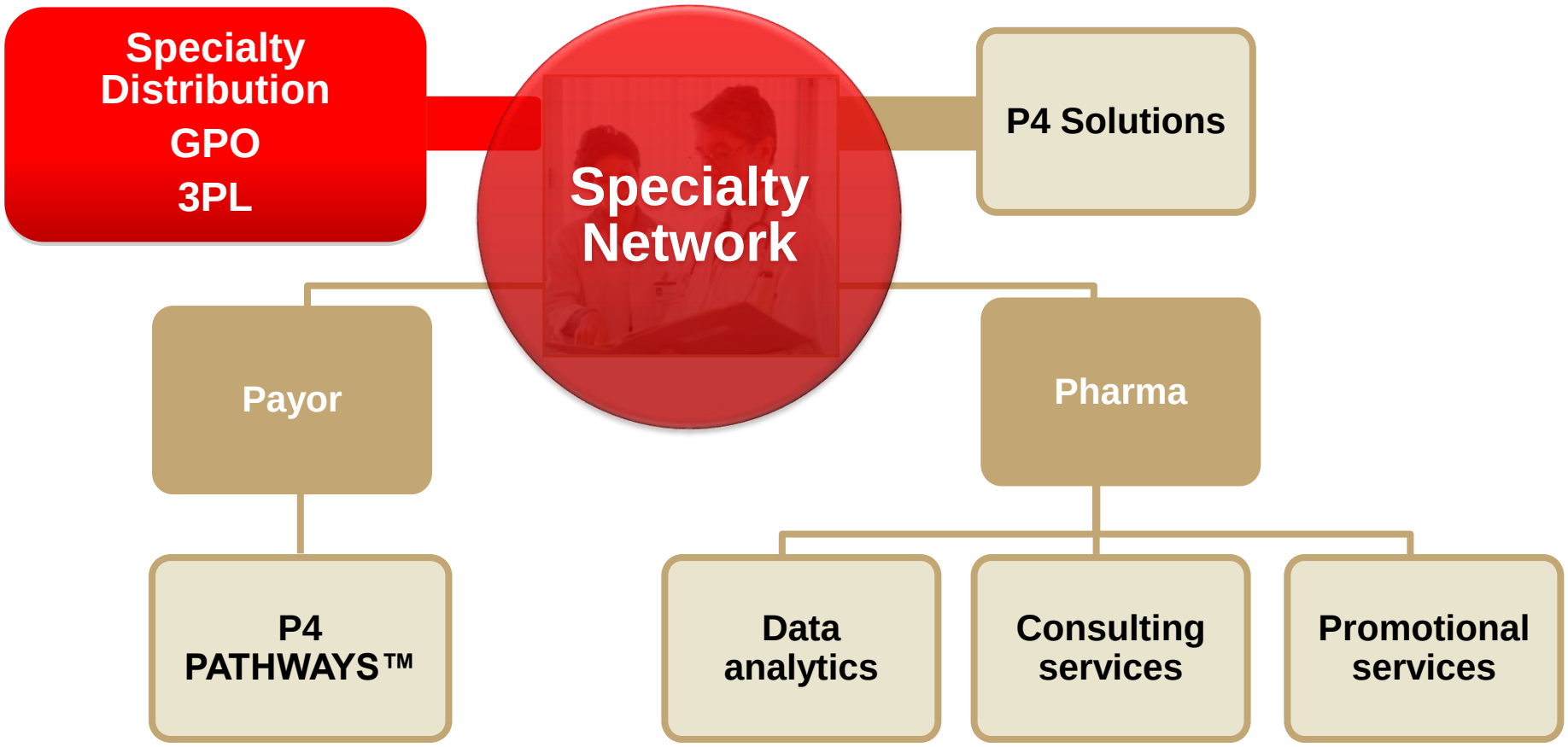
- Platform enables a specialty distribution strategy in oncology and non-oncology specialty therapeutic categories
  - Closes a gap in Cardinal Health's generics portfolio
  - Provides positioning for future launches, including biosimilars
- Technology and analytics drive differentiated value for pharmaceutical manufacturers
- Payor contracts for clinical pathways reinforce the strategic positioning of P4's core business
- Relevance in therapeutic categories beyond oncology (e.g., rheumatology, dermatology, endocrinology)
- Experienced management team

Consistent with overall strategic positioning of improving the cost-effectiveness of care

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P4 Healthcare Model



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The leadership role of Cardinal Health in nuclear pharmacy and molecular imaging



John Rademacher
President, Nuclear and Pharmacy Services
December 7, 2010

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Business overview

Nuclear Pharmacy Services is a ~$1B business of Cardinal Health. We operate a network of Positron Emission Tomography (PET) manufacturing facilities and pharmacies that dispense and deliver time-critical, patient-specific radiopharmaceuticals for diagnostic imaging and therapy

Partner

Pharmaceutical Research



To develop novel pharmaceutical agents and biomarkers

Value-added conversion

PET manufacturing



33 facilities

500,000+ FDG doses annually

Radiopharmaceutical compounding



155 locations

600 pharmacists

12m+ doses annually

Distribution



1,300 vehicles

95% of U.S. hospitals within 3 hours

Commerical

Acute care



2,500+ hospital imaging customers

Clinics



2,000 cardiology and 500 oncology clinics

Every dose changes a life

Diagnose • Treat • Monitor

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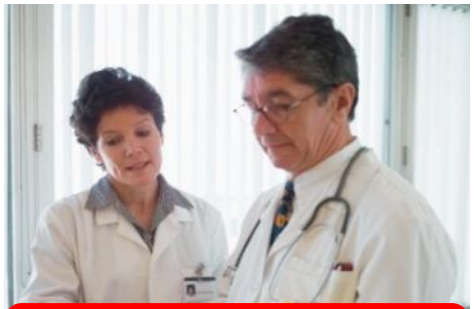
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Value creation formula



Patients

- Non-invasive
- Provides answers
- Directs appropriate care



Physicians

- Diagnosis
- Location, extent and severity
- Therapy and monitoring



Payors

- Earlier detection
- Efficacy of treatment plan
- Lower cost and better outcomes



Biopharma

- Accelerate innovation
- Commercialization engine
- Preferred partner

Cardinal Health

Industry leadership, sustainable differentiation

Our people, process and solutions

To advance the diagnosis and treatment of disease through the use of radiopharmaceuticals

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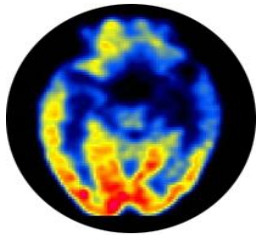
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A world of opportunity



Solutions to unmet needs

Global markets



Emerging neurology indications



Oncology relevance



Cardiology leadership



Aging population and disease prevalence

Customer value



Two integrated growth platforms

Segment		2009-2014E industry CAGR	Status today
SPECT Core pharmacy (low energy)		**2-4%**	• Gold Standard for cardiology imaging • Volume moderating • Long-term global reactor capacity outlook sound • Clinical superiority versus alternatives • Right cost vs.value relationship
PET manufacturing and dispensing (high energy)		**10+%**	• FDG (tumor ID) penetration upside • New biomarkers help address unmet clinical needs • Promise of $3-4B worldwide industry sales by 2020*

* SOURCE: Independent third-party research

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Leadership dimension

Product and operational excellence

Nuclear Pharmacy Services is the leader in:

Product breadth *"One-stop shop"*	**Full line of radiopharmaceuticals for both SPECT and PET imaging**
Customer solutions *Helping customers run a safe and productive department*	**Innovative solutions for productivity, safety, compliance and education**
Drug innovation *Helping bring new SPECT and PET radiopharmaceuticals to market*	**Currently supporting 25 groundbreaking clinical trials** **Collaboration Center for the Advancement of Molecular Imaging**
Operations, quality and regulatory affairs *Industry leading reliability*	**Rigorous training requirements and quality standards** **U.S. Food and Drug Administration approved products** **Only self-administered Nuclear Regulatory Commission approved national training program** **Promote manufacturing consistency through one quality management system (SAP)**

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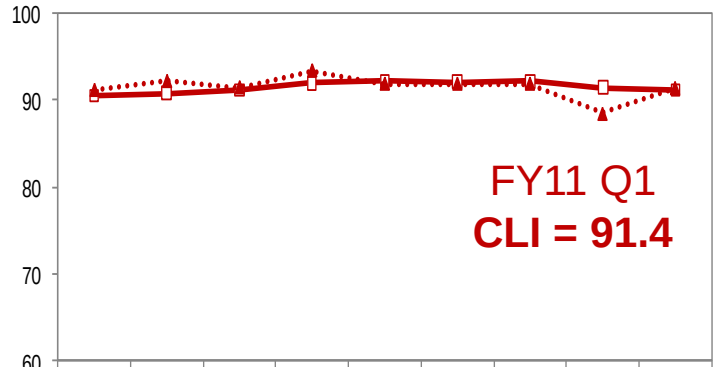
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Leading customer loyalty

Nuclear Pharmacy Services' Customer Loyalty Index is higher than 99% of all CLI scores calculated by Burke within the healthcare industry and across all B2B clients.

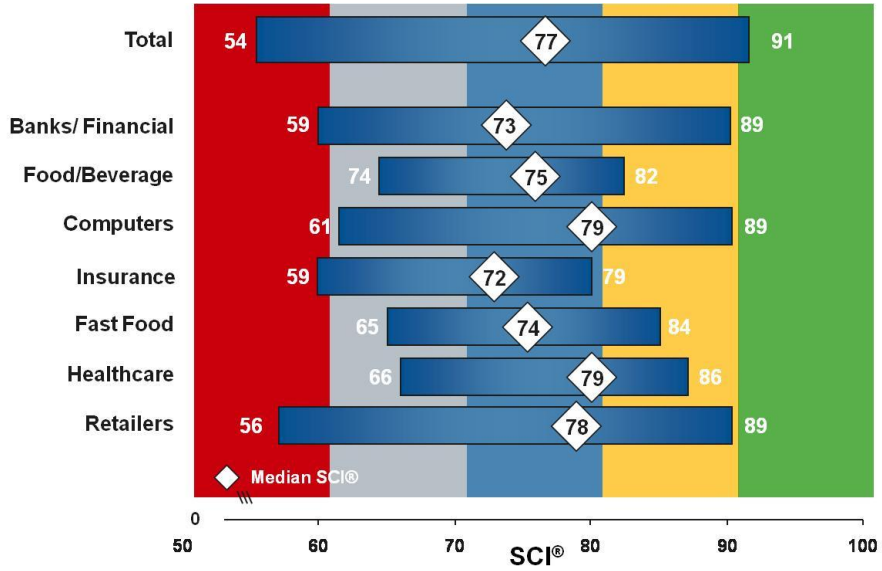
(Burke, November 2010)

Nuclear Pharmacy Services



	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11
Rolling 4 Quarter CLI	90.5	90.8	91.2	92.0	92.2	92.1	92.2	91.5	91.2
Snapshot 1 Quarter CLI	91.2	92.2	91.5	93.4	91.9	91.9	91.9	88.5	91.4

Industry comparisons



Secure Customer Index (SCI) is the same as Customer Loyalty Index (CLI).

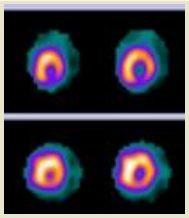
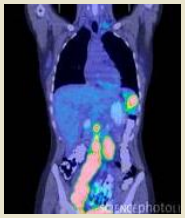
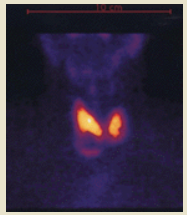
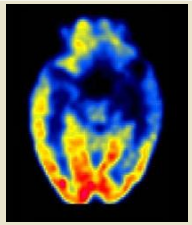
SCI numbers represent the minimum and maximum scores in total and by industry.

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Molecular imaging product breadth

Aids physician in

	Cardiology	Oncology	General medicine	Neurology
Diagnosis				
Characterization	X	X	X	X
Therapy and monitoring	X	X	X	X

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Customer solutions

Productivity	SYNTRAC™ Integration Tools Web ordering Online educational resource
Safety	Safety products to help reduce radiation exposure *TheLink* e-newsletter Patient information cards Online educational resource
Quality and compliance	Health Physics FDA-approved radiopharmaceuticals Online educational resource
Operational Excellence	Making healthcare more cost-effective for our customers through Lean Six Sigma Black Belts
Industry advocacy	Represents customer needs through participation in industry advocacy groups









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Drug innovation

Accelerating the introduction of novel agents

Center for the Advancement of Molecular Imaging — Phoenix

- Enabling capabilities for our research partners
- Broadens collaboration with imagers, academic institutions and pharmaceutical companies
- Supports research, evaluation and approval of new radiopharmaceuticals
- Advances equipment and drug delivery technologies





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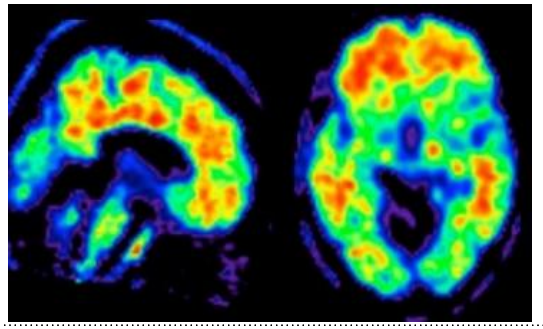
Innovation case study

- 3-year clinical trial relationship (Phase II-III)
- Biotracer for beta amyloid plaque detection (Alzheimer's disease)
- Optimization of chemistry and equipment
- Trial execution
  - ~1,000 patient doses delivered
- Commercial partnership agreement
- Positioned to support commercial introduction and drive adoption
- Promise of definitive images; better clinical outcomes; lower total cost of healthcare
- Human and societal benefits
- Lilly acquisition of Avid announced

Avid Radiopharmaceuticals

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- Center for the Advancement of Molecular Imaging
- Clinical Trial Network
- 5,000+ Commercial Imaging Customers



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The world's leading customers

We partner with:

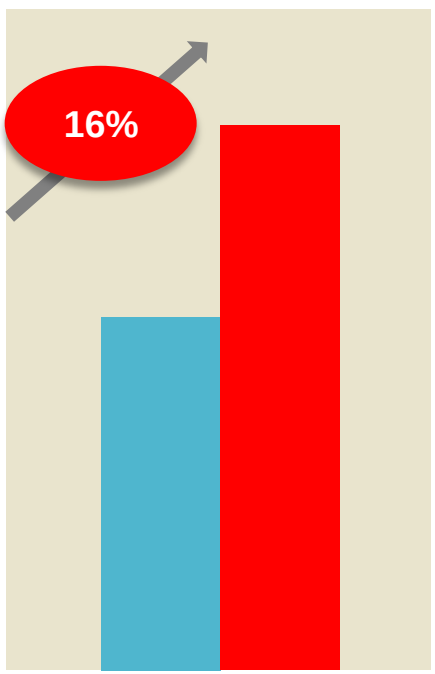
- **America's Best Hospitals**
  - 44 of the 50 best cancer centers*
  - 42 of the 50 best heart hospitals*
  - 13 of the 14 Honor Roll care centers*
- **Drug innovators and academic institutions**
  - Support 25 clinical trials

* Ranked by US News & World Reports

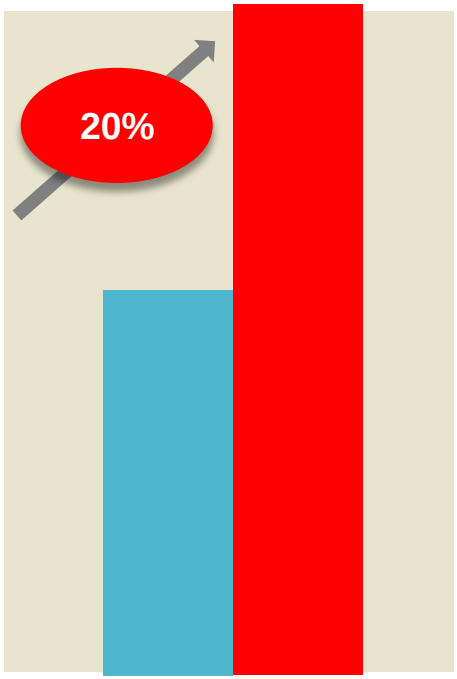
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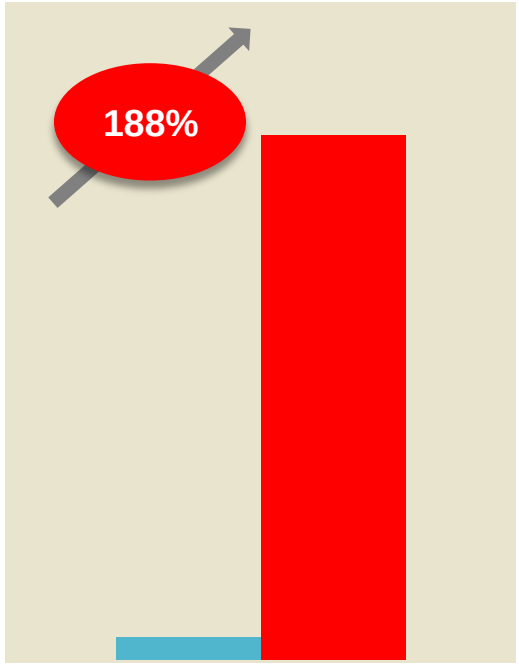
Results demonstrate success of strategy



NPS profit contribution ($)



PET doses (#)



PET clinical trial doses (#)

FY08
FY11E
CAGR

SOURCE: Cardinal Health internal reporting

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Nuclear Pharmacy Services: A bright future



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Pharmaceutical Segment summary

- We have the right talent
- We are executing aggressively
- We have the right growth platforms
- We have some positive tailwinds
- We have momentum

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Q & A

Panel:

Mike Kaufmann
Jon Borschow
Craig Cowman
Meg FitzGerald
John Rademacher
Dr. Jeffrey Scott

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Closing remarks

George Barrett

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Appendix

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions, except per Common Share amounts)	Fiscal Year 2010 GAAP	Restructuring and Employee Severance	Acquisition Related Costs	Impairments and Loss on Sale of Assets	Litigation (Credits)/ Charges, Net	Other Spin-Off Costs	Gain on Sale of CareFusion Stock	Non-GAAP
Diluted EPS from Continuing Operations								
Amount	**$1.62**	**$0.16**	**$0.02**	**$0.09**	**($0.11)**	**$0.56**	**($0.12)**	**$2.22**

	Fiscal Year 2009 GAAP	Restructuring and Employee Severance	Acquisition Related Costs	Impairments and Loss on Sale of Assets	Litigation (Credits)/ Charges, Net	Other Spin-Off Costs	Gain on Sale of CareFusion Stock	Non-GAAP
Diluted EPS from Continuing Operations								
Amount	$2.10	$0.21	-	($0.07)	$0.01	$0.01	-	$2.26

Fiscal 2011 Guidance
On October 28, 2010, Cardinal Health indicated that it was more confident in its ability to achieve the higher end of its non-GAAP diluted earnings per share guidance range of $2.38-$2.48 for fiscal year 2011. This range is included on certain slides in this presentation for illustrative purposes only; Cardinal Health is not issuing or reaffirming guidance at this time.

We present non-GAAP earnings per share on a forward-looking basis. The most directly comparable forward-looking GAAP measure is earnings per share. We are unable to provide a quantitative reconciliation of forward-looking non-GAAP earnings per share to GAAP earnings per share because we cannot reliably forecast restructuring and employee severance, acquisition related costs, impairments and loss on sale of assets, litigation (credits)/charges, net, and other spin-off costs, which are difficult to predict and estimate and are primarily dependent on future events. Please note that the unavailable reconciling items could significantly impact our future financial results.

Appendix

CARDINAL HEALTH, INC. AND SUBSIDIARIES

(in millions)	Q4 FY09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11
Days Inventory on Hand						
Rolling 12 month average Inventory	$ 7,559	$ 7,453	$ 7,312	$ 7,152	$ 7,017	**$ 6,996**
Rolling 12 month cost of products sold	$ 92,244	$ 93,580	$ 94,339	$ 94,570	$ 94,722	**$ 94,326**
Rolling 12 month chargeback billings	$ 12,144	$ 12,068	$ 11,887	$ 12,514	$ 12,309	**$ 12,755**
Adjusted cost of products sold	$ 104,388	$ 105,648	$ 106,226	$ 107,084	$ 107,031	**$ 107,081**
Adjusted cost of products sold divided by 360 days	$ 290	$ 293	$ 295	$ 297	$ 297	**$ 297**
Days inventory on hand	26.1	25.4	24.8	24.0	23.6	**23.5**

Days Inventory on Hand: average 12 month rolling inventory divided by ((12 month rolling cost of products sold plus 12 month rolling chargeback billings) divided by 360 days). Chargeback billings are the difference between a product's wholesale acquisition cost and the contract price established between pharmaceutical manufacturers and the end customer.

	Q4 FY09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11
Days Payable Outstanding	$ 9,789	$ 9,818	$ 9,889	$ 9,923	$ 10,066	**$ 10,228**
Rolling 12 month average accounts payable						
Rolling 12 month cost of products sold	$ 92,244	$ 93,580	$ 94,339	$ 94,570	$ 94,722	**$ 94,326**
Rolling 12 month chargeback billings	$ 12,144	$ 12,068	$ 11,887	$ 12,514	$ 12,309	**$ 12,755**
Adjusted cost of products sold	$ 104,388	$ 105,648	$ 106,226	$ 107,084	$ 107,031	**$ 107,081**
Adjusted cost of products sold divided by 360 days	$ 290	$ 293	$ 295	$ 297	$ 297	**$ 297**
Days Payable Outstanding	33.8	33.5	33.5	33.4	33.9	**34.4**

Days Payable Outstanding: average 12 month rolling accounts payable divided by ((12 month rolling cost of products sold plus 12 month rolling chargeback billings) divided by 360 days). Chargeback billings are the difference between a product's wholesale acquisition cost and the contract price established between pharmaceutical manufacturers and the end customer.

	Q4 FY09	Q1 FY10	Q2 FY10	Q3 FY10	Q4 FY10	Q1 FY11
Days Sales Outstanding	20.8	20.6	20.2	19.9	19.7	**19.7**
Net Working Capital Days[1]	13.1	12.6	11.4	10.6	9.5	**8.9**

[1] Days inventory on hand plus days sales outstanding less days payable outstanding may not equal total net working capital days due to rounding.

Appendix

CARDINAL HEALTH, INC. AND SUBSIDIARIES
DEFINITIONS

GAAP
Diluted EPS from Continuing Operations: earnings from continuing operations divided by diluted weighted average shares outstanding

Other Spin-Off Costs: costs and tax charges incurred in connection with our spin-off of CareFusion that are not included in restructuring and employee severance, acquisition related costs, impairments and loss on sale of assets and litigation (credits)/charges, net. Other spin-off costs include, among other things, the loss on extinguishment of debt and the income tax charge related to the anticipated repatriation of a portion of cash loaned to our entities within the United States
Gain on Sale of CareFusion Stock: realized gains from the sale of our ownership of CareFusion common stock retained in connection with the spin-off
Days Sales Outstanding: trade receivables, net divided by (monthly revenue divided by 30 days)
Net Working Capital Days: days inventory on hand plus days sales outstanding less days payable outstanding

NON-GAAP
Non-GAAP Diluted EPS from Continuing Operations: non-GAAP earnings from continuing operations divided by diluted weighted average shares outstanding
Non-GAAP Earnings from Continuing Operations: earnings from continuing operations excluding (1) restructuring and employee severance, (2) acquisition related costs, (3) impairments and loss on sale of assets, (4) litigation (credits)/charges, net, (5) Other Spin-Off Costs and (6) gain on sale of CareFusion stock, each net of tax

The Compensation Comparator Group as disclosed in the 2010 Cardinal Health proxy statement included:

Aetna Inc.
Allergan, Inc.
AmerisourceBergen Corporation
Baxter International Inc.
Becton, Dickinson and Company
Boston Scientific Corporation
CIGNA Corporation
Covidien Ltd.
CVS Caremark Corporation
Express Scripts, Inc.
FedEx Corporation
Forest Laboratories, Inc.
Henry Shein Inc.
Humana Inc.
Kimberly-Clark Corporation
Laboratory Corporation of America Holdings
McKesson Corporation
Medco Health Solutions, Inc.
Owens & Minor Inc.
Quest Diagnostics Incorporated
Sysco Corporation
Thermo Fisher Scientific Inc.
United Parcel Service, Inc.
Unitedhealth Group Incorporated
Walgreen Co.
WellPoint, Inc.