

2012 Raymond James European Investors North American Equities Conference

Jeff Henderson
Chief Financial Officer

Sally Curley
Senior Vice President, IR

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Forward-looking statements and GAAP reconciliation

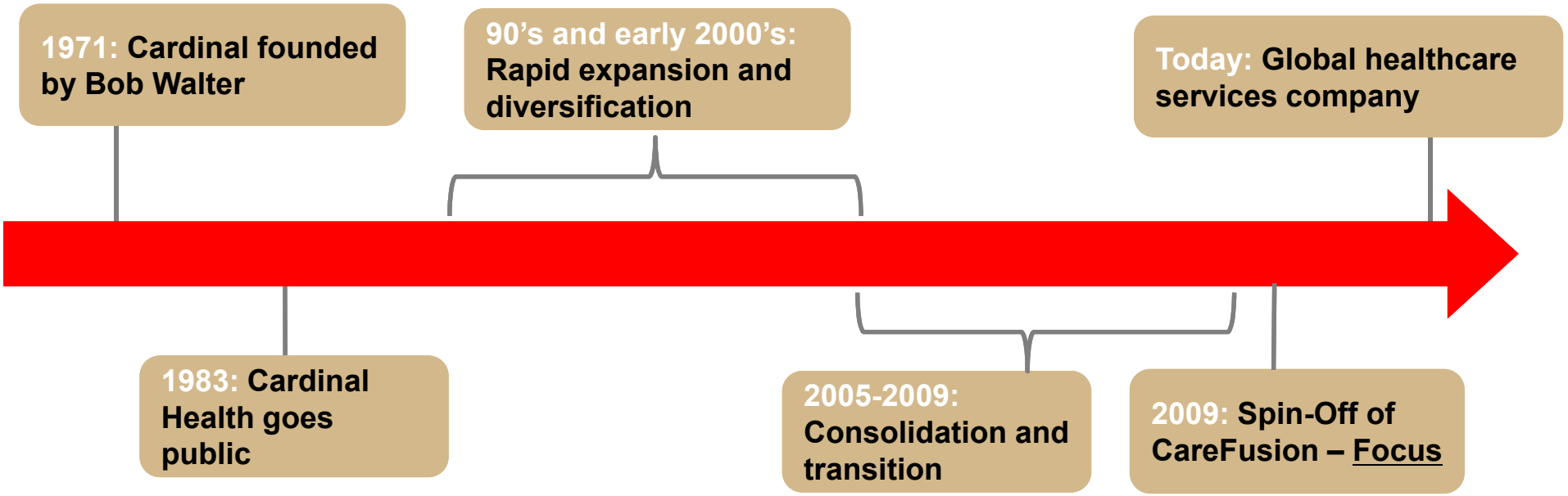
This presentation contains forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," “likely,” 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 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 pharmaceutical price appreciation or deflation; uncertainties due to government health care reform including federal health care reform legislation; changes in the distribution patterns or reimbursement rates for health care products and services; the effects of any investigation or action by any regulatory authority; changes in the cost of commodities such as oil-based resins, cotton, latex and diesel fuel; and uncertainties concerning Cardinal Health’s ability to achieve the expected benefits of its Medical segment’s business transformation project. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports. This presentation reflects management's views as of September 11, 2012. 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 Investors page at www.cardinalhealth.com. An audio replay of the conference call will be available on the Investors page at www.cardinalhealth.com.

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Who we are

The evolution of Cardinal Health



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Our environment

Key Trends in Health Care

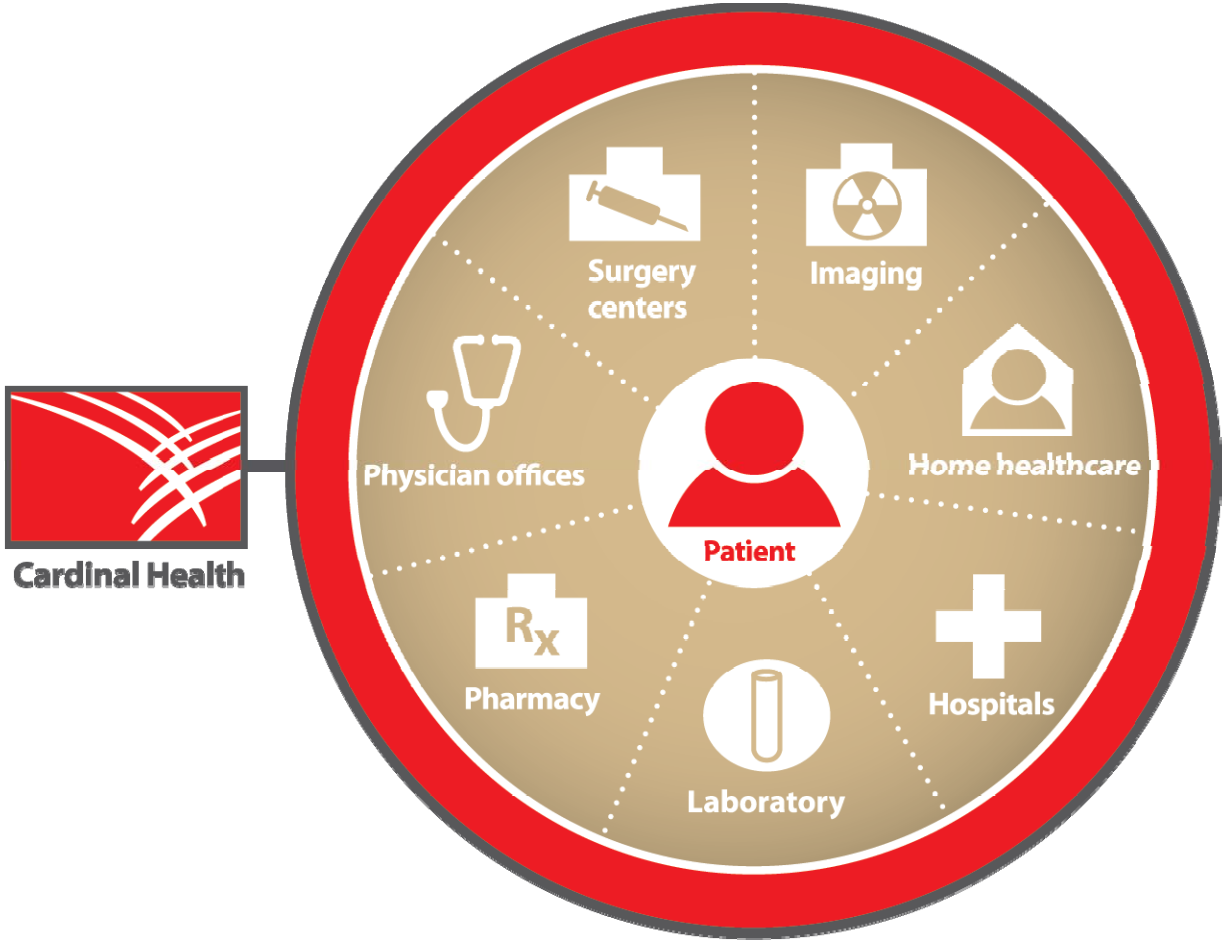
- **Increasing demand** driven by aging populations, chronic care requirements and increased access
- Focus on improved **cost effectiveness**
- Rise of **specialty** pharmaceuticals
- **Integration of healthcare** across hospitals and ambulatory sites
- Need for improved **diagnostics** to better target care
- Access to **information** driving payer, provider and manufacturer behaviors
- Desire for coordinated **solutions**
- **Scale** matters

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Who we are

Making healthcare more cost-effective



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Who we are

Extensive offering

We provide products and services that make healthcare more cost-effective so that providers can focus on patients

Pharmaceutical



Medical



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Who we are

Broad pharmaceutical offering

We deliver pharmaceuticals, related products and services to hospitals, retail pharmacies, mail-order facilities and alternate care sites

Pharmaceutical Segment

FY12 Revenue: $98B

FY12 Segment Profit: $1.6B

Pharmaceutical Distribution



Specialty Solutions



Nuclear Pharmacy Services

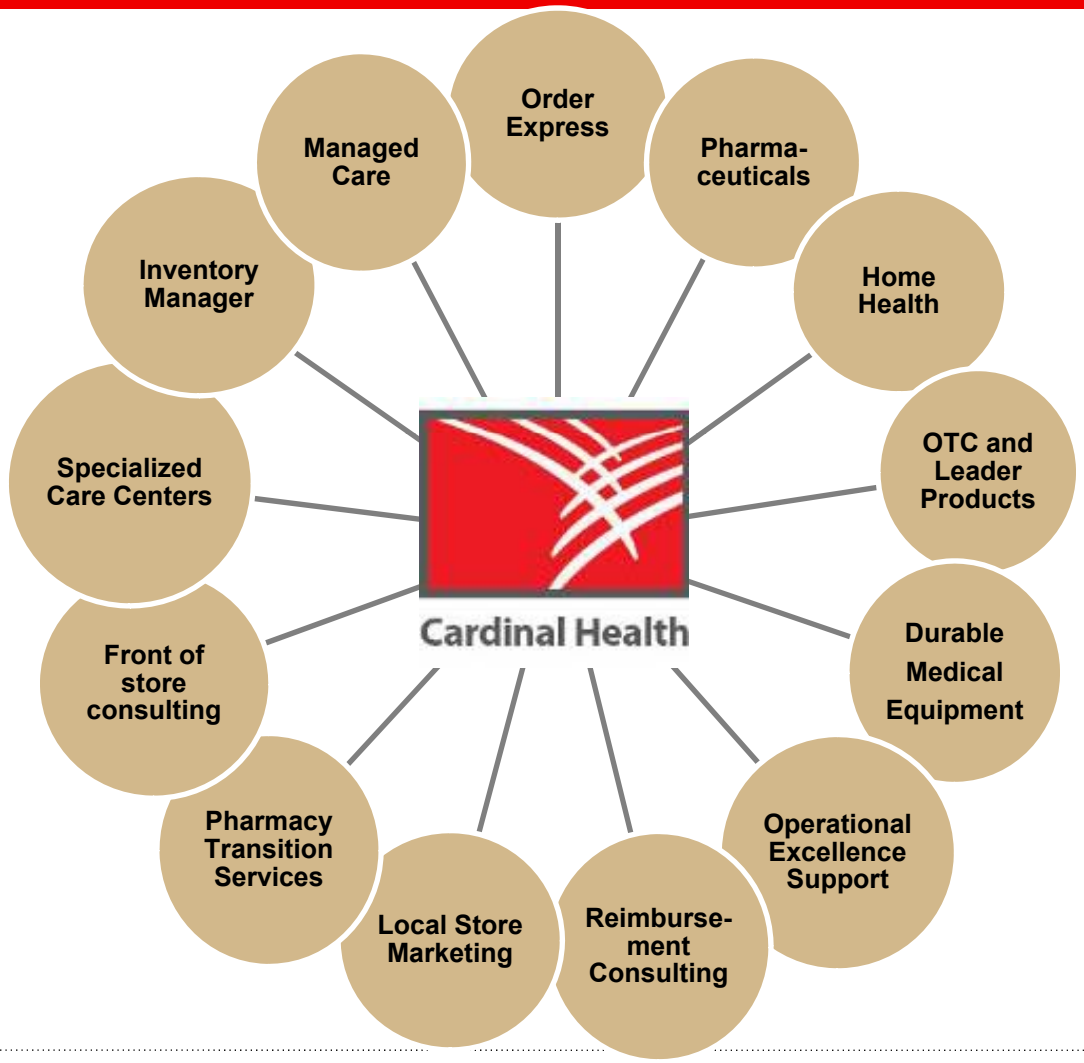


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Who we are

Retail pharmacy solutions provider



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Who we are

Specialty Solutions

Pharmaceutical and Biotech Solutions



- Scientific and regulatory consulting
- Healthcare analytics and marketing communications
- Scientific communications
- Full service third-party logistics
- Access services and patient assistance programs

Healthcare Professional Solutions



- Full service, high quality specialty product distribution
- Improved patient outcomes through clinical pathways in oncology and rheumatology
- eobONE® (revenue cycle management)
- Extensive product portfolio through our VitalSource™ GPO
- Specialty pharmacy

Payor Solutions



- Cost containment through clinical pathways
- Prior authorization administration
- Buy and bill replacement services
- Specialty pharmacy services

Clinical information and insight

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Who we are

Leading medical products provider

We manufacture, source and deliver medical products and supply chain services to hospitals, laboratories, physician offices, surgery centers and other patient care sites.

Medical Segment

FY12 Revenue: $10B

FY12 Segment Profit: $332M

Category Management



Channel Management

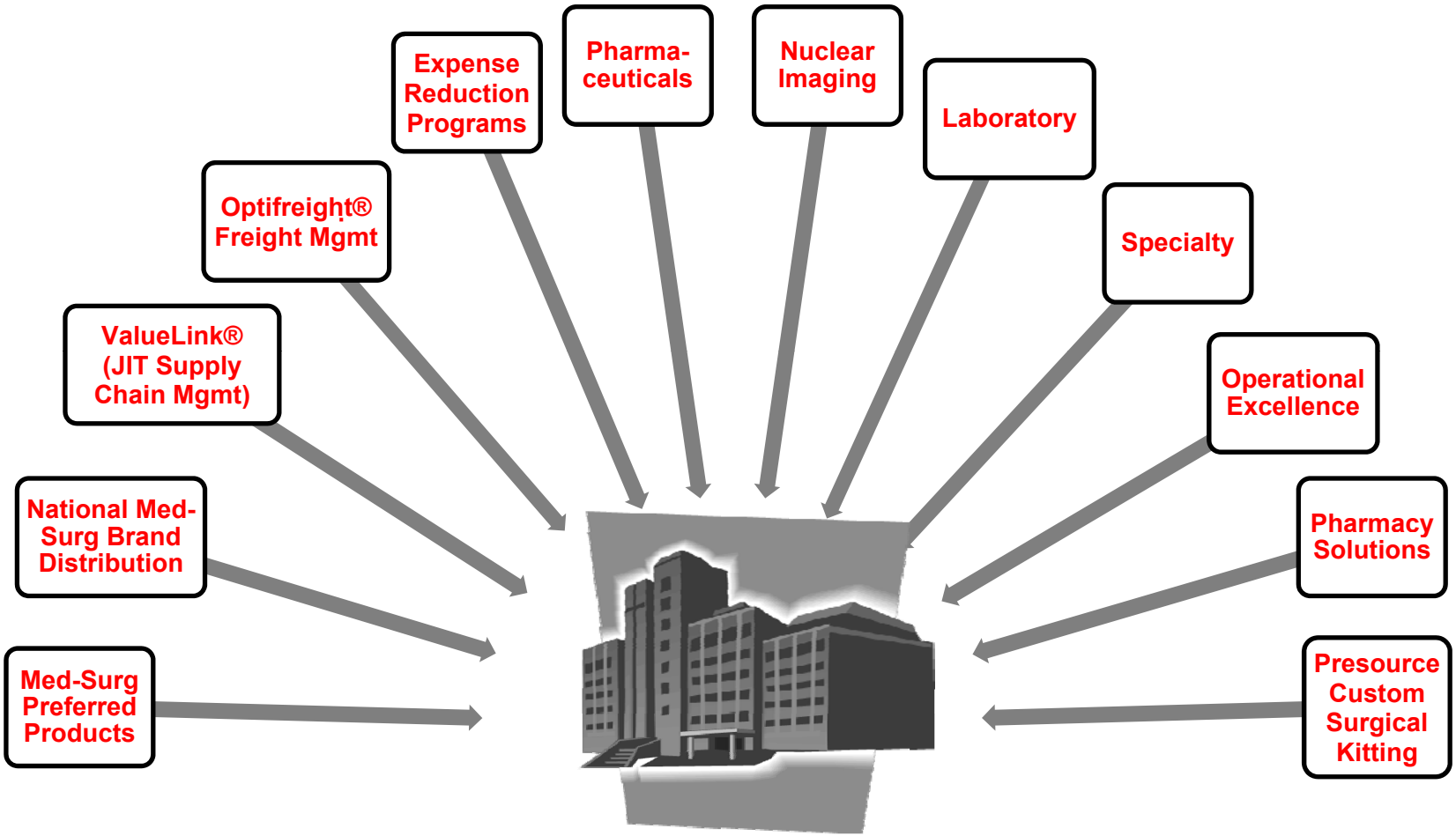


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Who we are

Simplifying delivery of care to IDNs and beyond



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Who we are

Trusted Go-to-Market Partner in China

Expanded to 11 distribution centers from 5 in 2010 (at time of acquisition)

- Opened 2 new state-of-the art DCs in Shanghai and Beijing
- Completed multiple acquisitions in FY12, enhancing our geographic coverage



Building new platforms to leverage Cardinal Health brand strength

- Consumer healthcare products for retail pharmacies
- Direct-to-patient specialty pharmacies
- Channel intelligence
- Diagnostics and lab supplies
- Medical device distribution



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Providing growth and income

Driving growth and strong financials

FY12

Revenue ~$108B, +5%
Non-GAAP Op Earnings $1.9B, +13%[1]
Non-GAAP EPS $3.21, +15%[2]

Pharmaceutical Segment

Revenue: $98B
Segment Profit: $1.6B

Medical Segment

Revenue: $10B
Segment Profit: $332M

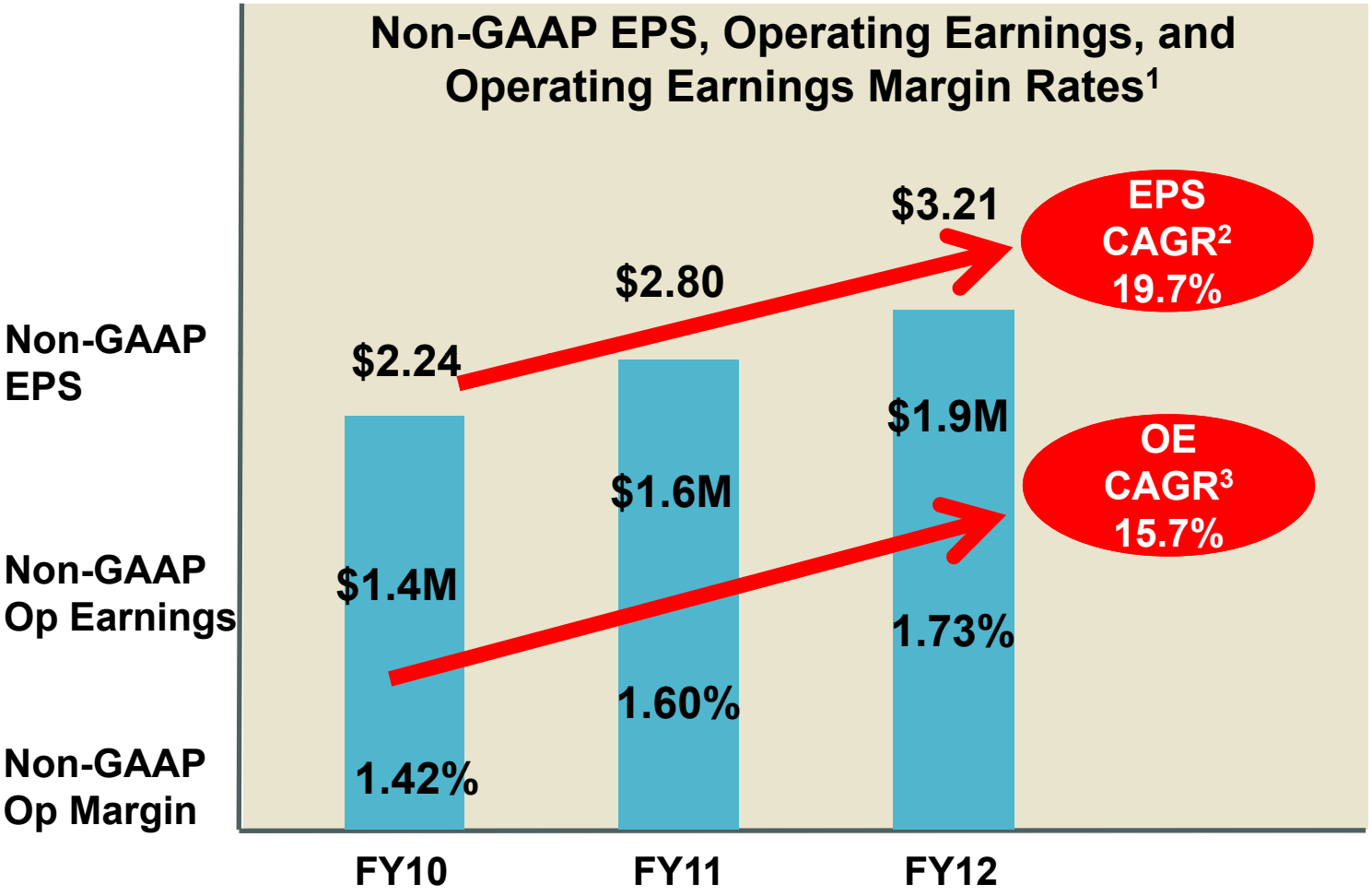
FY12 Non-GAAP ROE **19%**[3]

[1] Non-GAAP operating earnings. See the appendices for GAAP operating earnings and a reconciliation to that GAAP number.
[2] Non-GAAP diluted EPS from continuing operations. See the appendices for GAAP diluted EPS from continuing operations and a reconciliation to that GAAP number.
[3] Non-GAAP return on equity. See appendices for GAAP return on equity and a reconciliation to that GAAP number.

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Track record of performance



[1] Non-GAAP diluted EPS from continuing operations, Non-GAAP operating earnings and Non-GAAP operating earnings margin rates. See the appendices for GAAP diluted EPS from continuing operations, GAAP operating earnings and GAAP operating earnings margin rates and reconciliations to these GAAP numbers.

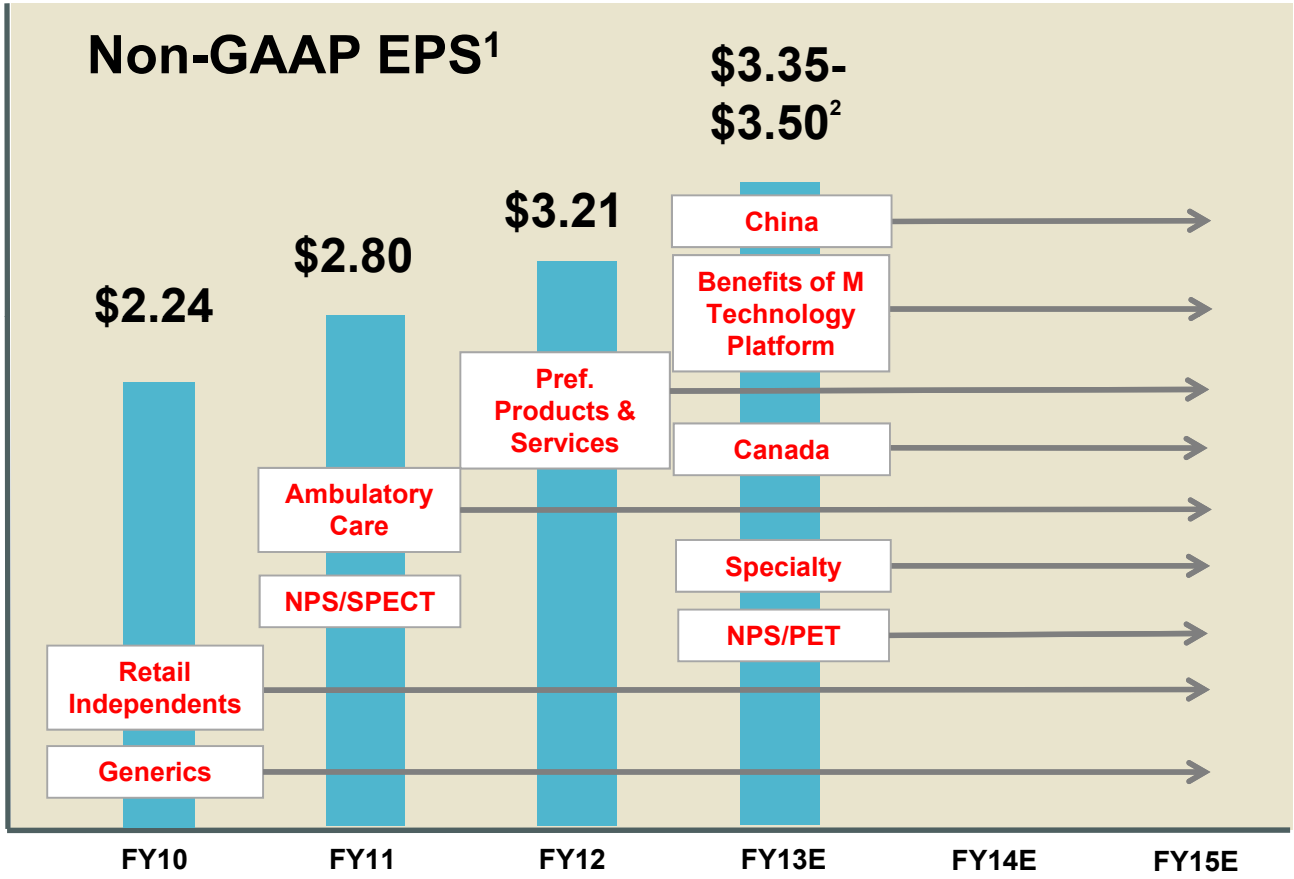
[2] The CAGR for diluted EPS from continuing operations from fiscal 2010 to fiscal 2012 was 37.4%.

[3] The CAGR for GAAP operating earnings from fiscal 2010 to fiscal 2012 was 17.1%.

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Positioned for growth



[1] Non-GAAP diluted EPS from continuing operations. See the appendices for GAAP diluted EPS from continuing operations and reconciliations to that GAAP number.
[2] Provided on August 2, 2012 earnings call; Presentation of these numbers does not constitute a reaffirmation or update.

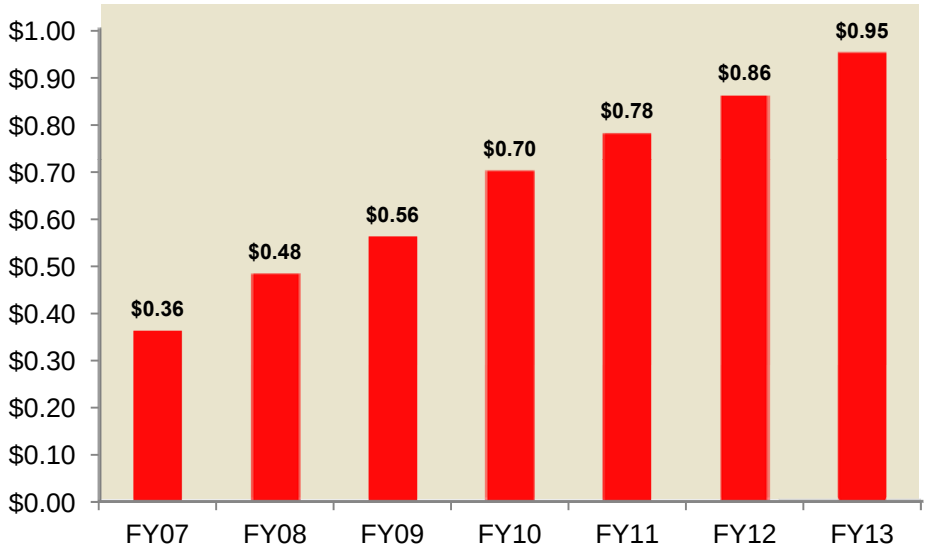
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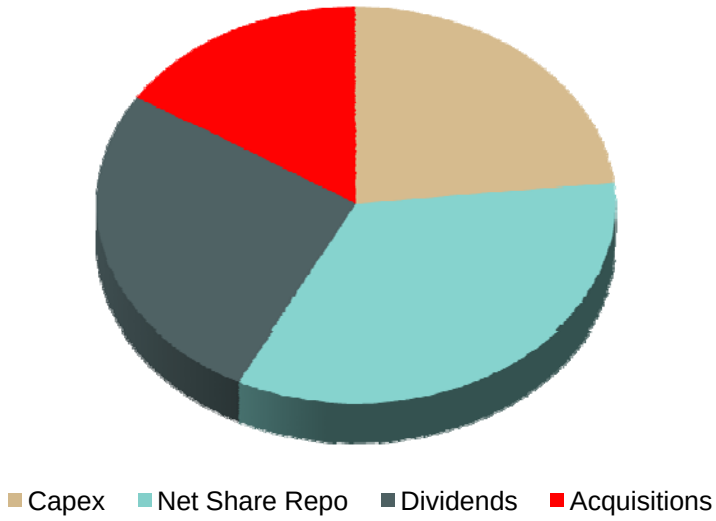
Providing growth and income

Balanced, disciplined capital deployment

Dividend growth



Capital deployment
(FY12)



Current dividend yield: 2.4%

Note: Dividend yield calculated with 9/6/12 close of $39.19 per share.

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Our competitive advantage

- As a **global** company, we are positioned to capture growth opportunities in the **U.S., Canada, and China**
- We provide a broad range of cost-advantaged **products and services** to meet the need to **reduce costs** while maintaining quality
- We are **aligned** with the **consolidation** of hospitals and physician offices
- We are uniquely positioned to globally **manufacture, source and distribute**
- We provide a **differentiated dividend** among healthcare services companies

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Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions, except per Common Share amounts)	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes and Discontinued Operations	Provision for Income Taxes	Earnings from Continuing Operations	Earnings from Continuing Operations Growth Rate	Diluted EPS from Continuing Operations	Diluted EPS from Continuing Operations Growth Rate
			Fourth Quarter 2012					
GAAP	**$ 403**	**12 %**	**$ 377**	**$ 141**	**$ 236**	**14 %**	**$ 0.68**	**17 %**
Restructuring and employee severance	9		9	3	6		0.02	
Acquisition-related costs	11		11	(2)	13		0.04	
Impairments and loss on disposal of assets	1		1	1	-		-	
Litigation (recoveries)/charges, net	-		-	-	-		-	
Other Spin-Off costs	-		-	-	-		-	
Gain on sale of CareFusion stock	-		-	-	-		-	
Non-GAAP	**$ 425**	**13 %**	**$ 398**	**$ 143**	**$ 255**	**19 %**	**$ 0.73**	**22 %**
			Fourth Quarter 2011					
GAAP	$ 359	7 %	$ 341	$ 134	$ 207	7 %	$ 0.58	7 %
Restructuring and employee severance	5		5	2	3		0.01	
Acquisition-related costs	15		15	6	9		0.03	
Impairments and loss on disposal of assets	-		-	-	-		-	
Litigation (recoveries)/charges, net	(6)		(6)	(3)	(3)		(0.01)	
Other Spin-Off costs	3		3	1	2		-	
Gain on sale of CareFusion stock	-		(4)	-	(4)		(0.01)	
Non-GAAP	$ 375	17 %	$ 354	$ 140	$ 214	17 %	$ 0.60	20 %
			Fourth Quarter 2010					
GAAP	$ 334	9 %	$ 308	$ 115	$ 194	(4)%	$ 0.54	(4)%
Restructuring and employee severance	6		6	2	5		0.01	
Acquisition-related costs	11		11	4	7		0.02	
Impairments and loss on disposal of assets	1		1	(2)	3		0.01	
Litigation (recoveries)/charges, net	(34)		(34)	(12)	(21)		(0.06)	
Other Spin-Off costs	2		2	5	(3)		(0.01)	
Gain on sale of CareFusion stock	-		(1)	-	(1)		-	
Non-GAAP	$ 320	(11)%	$ 293	$ 110	$ 183	(21)%	$ 0.50	(22)%

The sum of the components may not equal the total due to rounding.

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions, except per Common Share amounts)	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes and Discontinued Operations	Provision for Income Taxes	Earnings from Continuing Operations	Earnings from Continuing Operations Growth Rate	Diluted EPS from Continuing Operations	Diluted EPS from Continuing Operations Growth Rate
			Fiscal Year 2012					
GAAP	**$ 1,792**	**18 %**	**$ 1,698**	**$ 628**	**$ 1,070**	**11 %**	**$ 3.06**	**12 %**
Restructuring and employee severance	21		21	8	13		0.04	
Acquisition-related costs	33		33	9	24		0.07	
Impairments and loss on disposal of assets	21		21	8	13		0.04	
Litigation (recoveries)/charges, net	(3)		(3)	(1)	(2)		(0.01)	
Other Spin-Off costs	2		2	1	1		-	
Gain on sale of CareFusion stock	-		-	-	-		-	
Non-GAAP	**$ 1,866**	**13 %**	**$ 1,772**	**$ 653**	**$ 1,119**	**13 %**	**$ 3.21**	**15 %**
			Fiscal Year 2011					
GAAP	$ 1,514	16 %	$ 1,518	$ 552	$ 966	65 %	$ 2.74	69 %
Restructuring and employee severance	15		15	5	10		0.03	
Acquisition-related costs	90		90	22	68		0.19	
Impairments and loss on disposal of assets	9		9	3	6		0.02	
Litigation (recoveries)/charges, net	6		6	(1)	7		0.02	
Other Spin-Off costs	10		10	4	6		0.02	
Gain on sale of CareFusion stock	-		(75)	-	(75)		(0.21)	
Non-GAAP	$ 1,644	18 %	$ 1,573	$ 585	$ 988	22 %	$ 2.80	25 %
			Fiscal Year 2010					
GAAP	$ 1,307	1 %	$ 1,212	$ 625	$ 587	(23)%	$ 1.62	(23)%
Restructuring and employee severance	91		91	32	59		0.16	
Acquisition-related costs	19		19	7	12		0.03	
Impairments and loss on disposal of assets	29		29	(5)	34		0.09	
Litigation (recoveries)/charges, net	(62)		(62)	(23)	(39)		(0.11)	
Other Spin-Off costs	11		53	(149)	202		0.56	
Gain on sale of CareFusion stock	-		(45)	-	(45)		(0.12)	
Non-GAAP	$ 1,394	(3)%	$ 1,296	$ 486	$ 810	(2)%	$ 2.24	(2)%

The sum of the components may not equal the total due to rounding.

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions)	Fourth Quarter 2012	Fourth Quarter 2011
GAAP return on equity	**15.1 %**	14.1 %
Non-GAAP return on equity		
Net earnings	**$ 236**	$ 203
Restructuring and employee severance, net of tax, in continuing operations	**6**	3
Acquisition-related costs, net of tax, in continuing operations	**13**	9
Impairments and loss on disposal of assets, net of tax, in continuing operations	**-**	-
Litigation (recoveries)/charges, net, net of tax, in continuing operations	**-**	(3)
Other spin-off costs, net of tax, in continuing operations	**-**	2
Gain on sale of CareFusion stock, net of tax	**-**	(4)
CareFusion net loss in discontinued operations [1]	**-**	4
Adjusted net earnings	**$ 255**	$ 214
Annualized	**$ 1,020**	$ 856

	Fourth Quarter 2012	Third Quarter 2012	Fourth Quarter 2011	Third Quarter 2011
Total shareholders' equity	**$ 6,244**	**$ 6,240**	$ 5,849	$ 5,657
Divided by average shareholders' equity	**$ 6,242**		$ 5,753	
Non-GAAP return on equity	**16.3 %**		14.9 %	

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

[1] To properly reflect the impact of the spin-off, on a non-GAAP basis, CareFusion net earnings included in discontinued operations are excluded from adjusted net earnings for all periods presented.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions)	Fiscal Year 2012	Fiscal Year 2011
GAAP return on equity	**17.8 %**	17.5 %
Non-GAAP return on equity		
Net earnings	**$ 1,069**	$ 959
Restructuring and employee severance, net of tax, in continuing operations	**13**	10
Acquisition-related costs, net of tax, in continuing operations	**24**	68
Impairments and loss on disposal of assets, net of tax, in continuing operations	**13**	6
Litigation (recoveries)/charges, net, net of tax, in continuing operations	**(2)**	7
Other spin-off costs, net of tax, in continuing operations	**1**	6
Gain on sale of CareFusion stock, net of tax	**-**	(75)
CareFusion net loss in discontinued operations [1]	**-**	7
Adjusted net earnings	**$ 1,118**	$ 988

	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012	Fourth Quarter 2011	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010
Total shareholders' equity	**$ 6,244**	**$ 6,240**	**$ 5,928**	**$ 5,714**	**$ 5,849**	$ 5,849	$ 5,657	$ 5,421	$ 5,239	$ 5,276
Divided by average shareholders' equity	**$ 5,995**					$ 5,488				
Non-GAAP return on equity	**18.6 %**					18.0 %				

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

[1] To properly reflect the impact of the spin-off, on a non-GAAP basis, CareFusion net earnings included in discontinued operations are excluded from adjusted net earnings for all periods presented.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions)	Fourth Quarter 2012	Fourth Quarter 2011	Fiscal Year 2012	Fiscal Year 2011
GAAP effective tax rate from continuing operations	**37.4 %**	39.3 %	**37.0 %**	36.4 %
Non-GAAP effective tax rate from continuing operations				
Earnings before income taxes and discontinued operations	**$ 377**	$ 341	**$ 1,698**	$ 1,518
Restructuring and employee severance	**9**	5	**21**	15
Acquisition-related costs	**11**	15	**33**	90
Impairments and loss on disposal of assets	**1**	-	**21**	9
Litigation (recoveries)/charges, net	**-**	(6)	**(3)**	6
Other Spin-Off costs	**-**	3	**2**	10
Gain on sale of CareFusion stock	**-**	(4)	**-**	(75)
Adjusted earnings before income taxes and discontinued operations	**$ 398**	$ 354	**$ 1,772**	$ 1,573
Provision for income taxes	**$ 141**	$ 134	**$ 628**	$ 552
Restructuring and employee severance tax benefit	**3**	2	**8**	5
Acquisition-related costs tax benefit/(expense)	**(2)**	6	**9**	22
Impairments and loss on disposal of assets tax benefit	**1**	-	**8**	3
Litigation (recoveries)/charges, net tax expense	**-**	(3)	**(1)**	(1)
Other spin-off costs tax benefit	**-**	1	**1**	4
Gain on sale of CareFusion stock tax benefit	**-**	-	**-**	-
Adjusted provision for income taxes	**$ 143**	$ 140	**$ 653**	$ 585
Non-GAAP effective tax rate from continuing operations	**36.0 %**	39.6 %	**36.8 %**	37.2 %

	Fourth Quarter 2012	Fourth Quarter 2011
Debt to total capital	**32 %**	30 %
Net debt to capital		
Current portion of long-term obligations and other short-term borrowings	**$ 476**	$ 327
Long-term obligations, less current portion	**2,418**	2,175
Debt	**$ 2,894**	$ 2,502
Cash and equivalents	**(2,274)**	(1,929)
Net Debt	**$ 620**	$ 573
Total shareholders' equity	**6,244**	5,849
Capital	**$ 6,864**	$ 6,422
Net debt to capital	**9 %**	9 %

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions)	Fourth Quarter		Fiscal Year	
	2012	2011	**2012**	2011
Distribution, selling, general and administrative expenses	**$ 712**	$ 671	**$ 2,677**	$ 2,528
Restructuring and employee severance	**9**	5	**21**	15
Acquisition-related costs	**11**	15	**33**	90
Impairments and loss on disposal of assets	**1**	-	**21**	9
Litigation (recoveries)/charges, net	**-**	(6)	**(3)**	6
Total GAAP operating expenses	**$ 733**	$ 685	**$ 2,749**	$ 2,648
GAAP operating expense growth rate	**7.0 %**		**3.8 %**	
Restructuring and employee severance	**(9)**	(5)	**(21)**	(15)
Acquisition-related costs	**(11)**	(15)	**(33)**	(90)
Impairments and loss on disposal of assets	**(1)**	-	**(21)**	(9)
Litigation recoveries/(charges), net	**-**	6	**3**	(6)
Other spin-off costs	**-**	(3)	**(2)**	(10)
Total Non-GAAP operating expenses	**$ 712**	$ 668	**$ 2,675**	$ 2,518
Non-GAAP Operating Expense Growth Rate	**6.5 %**		**6.3 %**	

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions)	Fourth Quarter			Fiscal Year		
	2012	2011	2010	**2012**	2011	2010 [1]
Revenue	**$ 26,764**	$ 26,764	$ 24,460	**$ 107,552**	$ 102,644	$ 98,503
GAAP operating earnings	**$ 403**	$ 359	$ 334	**$ 1,792**	$ 1,514	$ 1,307
Restructuring and employee severance	**9**	5	6	**21**	15	91
Acquisition-related costs	**11**	15	11	**33**	90	19
Impairments and loss on disposal of assets	**1**	-	1	**21**	9	29
Litigation (recoveries)/charges, net	**-**	(6)	(34)	**(3)**	6	(62)
Other spin-off costs	**-**	3	2	**2**	10	11
Non-GAAP operating earnings	**$ 424**	$ 376	$ 320	**$ 1,866**	$ 1,644	$ 1,394
GAAP operating earnings margin rate	**1.51 %**	1.34 %	1.37 %	**1.67 %**	1.48 %	1.33 %
Non-GAAP operating earnings margin rate	**1.58 %**	1.40 %	1.31 %	**1.73 %**	1.60 %	1.42 %
	18bp	**10bp**		**13bp**	**18bp**	

[1] The sum of the components may not equal the total due to rounding.

Forward-Looking Non-GAAP Financial Measures

We present non-GAAP earnings from continuing operations and non-GAAP effective tax rate from continuing operations (and presentations derived from these financial measures, including per share calculations) on a forward-looking basis. The most directly comparable forward-looking GAAP measures are earnings from continuing operations and effective tax rate from continuing operations. We are unable to provide a quantitative reconciliation of these forward-looking non-GAAP measures to the most directly comparable forward-looking GAAP measures because we cannot reliably forecast restructuring and employee severance, acquisition-related costs, impairments and loss on disposal of assets, litigation (recoveries)/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.

Cardinal Health, Inc. and Subsidiaries

(in millions)	Fourth Quarter 2012	2011
Days Sales Outstanding	**22.3**	20.3
Days Inventory on Hand		
Inventories	**$ 7,864**	$ 7,334
Cost of products sold	**$ 25,628**	$ 25,720
Chargeback billings	**3,984**	3,556
Adjusted cost of products sold	**$ 29,612**	$ 29,276
Adjusted cost of products sold divided by 90 days	**$ 329**	$ 325
Days Inventory on Hand	**23.9**	22.5
Days Payable Outstanding		
Accounts payable	**$ 11,726**	$ 11,332
Cost of products sold	**$ 25,628**	$ 25,720
Chargeback billings	**3,984**	3,556
Adjusted cost of products sold	**$ 29,612**	$ 29,276
Adjusted cost of products sold divided by 90 days	**$ 329**	$ 325
Days Payable Outstanding	**35.6**	34.8
Net Working Capital Days[1]	**10.5**	8.0

[1] The sum of the components may not equal the total due to rounding.

Days Sales Outstanding: trade receivables, net divided by (monthly revenue divided by 30 days).

Days Inventory on Hand: inventory divided by ((quarterly cost of products sold plus chargeback billings) divided by 90 days). Chargeback billings are the difference between a product's wholesale acquisition cost and the contract price established between pharmaceutical manufacturers and the end customer.

Days Payable Outstanding: accounts payable divided by ((quarterly cost of products sold plus chargeback billings) divided by 90 days).

Net Working Capital Days: days sales outstanding plus days inventory on hand less days payable outstanding.

Cardinal Health, Inc. and Subsidiaries
Schedule of Notable Items

(in millions, except per Common Share amounts)	Fourth Quarter 2012	Fourth Quarter 2011	Fiscal Year 2012	Fiscal Year 2011
Restructuring and employee severance				
Restructuring and employee severance	**$ (9)**	$ (5)	**$ (21)**	$ (15)
Tax benefit	**3**	2	**8**	5
Restructuring and employee severance, net of tax	**$ (6)**	$ (3)	**$ (13)**	$ (10)
Decrease to diluted EPS from continuing operations	**$ (0.02)**	$ (0.01)	**$ (0.04)**	$ (0.03)
Acquisition-related costs				
Amortization of acquisition-related intangible assets	**$ (20)**	$ (14)	**$ (78)**	$ (67)
Tax benefit	**8**	8	**29**	21
Amortization of acquisition-related intangible assets, net of tax	**$ (12)**	$ (6)	**$ (49)**	$ (46)
Decrease to diluted EPS from continuing operations	**$ (0.03)**	$ (0.02)	**$ (0.14)**	$ (0.13)
Other acquisition-related costs [1]	**$ 9**	$ (1)	**$ 45**	$ (23)
Tax benefit/(expense) [1]	**(10)**	(2)	**(20)**	1
Other acquisition-related costs, net of tax	**$ (1)**	$ (3)	**$ 25**	$ (22)
Increase/(decrease) to diluted EPS from continuing operations [1]	**$ -**	$ (0.01)	**$ 0.07**	$ (0.06)
Total acquisition-related costs	**$ (11)**	$ (15)	**$ (33)**	$ (90)
Tax benefit/(expense)	**(2)**	6	**9**	22
Total acquisition-related costs, net of tax	**$ (13)**	$ (9)	**$ (24)**	$ (68)
Decrease to diluted EPS from continuing operations [2]	**$ (0.04)**	$ (0.03)	**$ (0.07)**	$ (0.19)
Impairments and loss on disposal of assets				
Impairments and loss on disposal of assets	**$ (1)**	$ -	**$ (21)**	$ (9)
Tax benefit	**1**	-	**8**	3
Impairments and loss on disposal of assets, net of tax	**$ -**	$ -	**$ (13)**	$ (6)
Decrease to diluted EPS from continuing operations	**$ -**	$ -	**$ (0.04)**	$ (0.02)
Litigation recoveries/(charges), net				
Litigation recoveries/(charges), net	**$ -**	$ 6	**$ 3**	$ (6)
Tax expense	**-**	(3)	**(1)**	(1)
Litigation recoveries/(charges), net, net of tax	**$ -**	$ 3	**$ 2**	$ (7)
Increase/(decrease) to diluted EPS from continuing operations	**$ -**	$ 0.01	**$ 0.01**	$ (0.02)
Other Spin-Off costs				
Other spin-off costs	**$ -**	$ (3)	**$ (2)**	$ (10)
Tax benefit	**-**	1	**1**	4
Other spin-off costs, net of tax	**$ -**	$ (2)	**$ (1)**	$ (6)
Decrease to diluted EPS from continuing operations	**$ -**	$ -	**$ -**	$ (0.02)
Gain on sale of CareFusion stock				
Gain on sale of CareFusion stock	**$ -**	$ 4	**$ -**	$ 75
Tax benefit	**-**	-	**-**	-
Gain on sale of CareFusion stock, net of tax	**$ -**	$ 4	**$ -**	$ 75
Increase to diluted EPS from continuing operations	**$ -**	$ 0.01	**$ -**	$ 0.21
Weighted average number of diluted shares outstanding	**349**	355	**349**	353

We apply varying tax rates depending on the item's nature and tax jurisdiction w here it is incurred.

[1] Includes a $71 million decrease in the fair value of the total contingent consideration obligation related to the P4 Healthcare acquisition for the fiscal year. The related tax expense w as $29 million and diluted EPS from continuing operations increased $0.13.

[2] The sum of the components may not equal the total due to rounding.

Cardinal Health, Inc. and Subsidiaries
Definitions

Debt: long-term obligations plus short-term borrowings.

Debt to Total Capital: debt divided by (debt plus total shareholders' equity).

Net Debt: a Non-GAAP measure defined as debt minus (cash and equivalents).

Net Debt to Capital: a Non-GAAP measure defined as net debt divided by (net debt plus total shareholders' equity).

Non-GAAP Diluted EPS from Continuing Operations and growth rate calculation [1]: non-GAAP earnings from continuing operations divided by diluted weighted average shares outstanding.

Non-GAAP Earnings from Continuing Operations and growth rate calculation: earnings from continuing operations excluding (1) restructuring and employee severance [2], (2) acquisition-related costs [3], (3) impairments and loss on disposal of assets [4], (4) litigation (recoveries)/charges, net [5], (5) Other Spin-Off Costs and (6) gain on sale of CareFusion stock, each net of tax.

Non-GAAP Effective Tax Rate from Continuing Operations: (provision for income taxes adjusted for (1) restructuring and employee severance, (2) acquisition-related costs, (3) impairments and loss on disposal of assets, (4) litigation (recoveries)/charges, net, (5) Other Spin-Off Costs and (6) gain on sale of CareFusion stock) divided by (earnings before income taxes and discontinued operations adjusted for the same six items).

Non-GAAP Operating Earnings and growth rate calculation: operating earnings excluding (1) restructuring and employee severance, (2) acquisition-related costs, (3) impairments and loss on disposal of assets, (4) litigation (recoveries)/charges, net and (5) Other Spin-Off Costs.

Non-GAAP Operating Expenses and growth rate calculation: operating expenses excluding (1) restructuring and employee severance, (2) acquisition-related costs, (3) impairments and loss on disposal of assets, (4) litigation (recoveries)/charges, net and (5) Other Spin-Off Costs.

Non-GAAP Operating Earnings Margin Rate: non-GAAP operating earnings divided by revenue.

Non-GAAP Return on Equity: (annualized net earnings excluding (1) restructuring and employee severance, (2) acquisition-related costs, (3) impairments and loss on disposal of assets, (4) litigation (recoveries)/charges, net, (5) Other Spin-Off Costs, (6) gain on sale of CareFusion stock and (7) CareFusion net loss in discontinued operations, each net of tax) and divided by average shareholders' equity.

Other Spin-Off Costs: costs incurred in connection with our Spin-Off of CareFusion which are included in distribution, selling, general and administrative expenses.

Return on Equity: annualized net earnings divided by average shareholders' equity.

Revenue Mix: segment revenue divided by total segment revenue for all segments.

Segment Profit: segment revenue minus (segment cost of products sold and segment distribution, selling, general and administrative expenses).

Segment Profit Margin: segment profit divided by segment revenue.

Segment Profit Mix: segment profit divided by total segment profit for all segments.

[1] Except for compound annual growth rates (CAGR), growth rates in this presentation are determined by dividing the difference between current period results and prior period results by prior period results. CAGR is determined by subtracting one from ((the ending value divided by the beginning value) raised to the power of (one divided by the number of years)).

[2] Programs whereby Cardinal Health fundamentally changes its operations such as closing and consolidating certain manufacturing and distribution facilities, moving manufacturing of a product to another location, outsourcing the production of a product, employee severance (including rationalizing headcount or other significant changes in personnel) and realigning operations (including substantial realignment of the management structure of a business unit in response to changing market conditions).

[3] Costs that consist primarily of transaction costs, integration costs, changes in the fair value of contingent consideration obligations and amortization of acquisition-related intangible assets.

[4] Asset impairments and losses from the disposal of assets not eligible to be classified as discontinued operations are classified within impairments and loss on disposal of assets within the consolidated statements of earnings.

[5] Loss contingencies related to litigation and regulatory matters and income from favorable resolution of legal matters.