

Q2 FY2013 earnings investor/analyst call

February 5, 2013

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Forward-looking statements and GAAP reconciliation

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Q2 FY2013 financial summary

	GAAP Basis ($M)		Non-GAAP Basis ($M)	
	Q2 FY13	Q2 FY12	Q2 FY13	Q2 FY12
Revenue	$25,232	$27,078		
% change	*(7)%*	*7%*		
Operating earnings	$506	$449	$525	$475
% change	*13%*	*31%*	*11%*	*21%*
Ratio to revenue	*2.01%*	*1.66%*	*2.08%*	*1.75%*
Earnings from continuing ops	$303	$264	$317	$281
% change	*15%*	*23%*	*13%*	*10%*
Ratio to revenue	*1.20%*	*0.98%*	*1.26%*	*1.04%*
Diluted EPS from continuing ops	$0.88	$0.76	$0.93	$0.81
% change	*16%*	*25%*	*15%*	*11%*

Asset Management	Q2 FY13	Q2 FY12
Operating cash flow	($130)	($114)
Days sales outstanding [1]	22.0	19.9
Days inventory on hand	27.0	27.0
Days payable outstanding	37.8	37.9
Net working capital days [2]	11.3	9.1

[1] *We changed our method of calculating days sales outstanding and have revised prior year information to conform.*

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

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Q2 FY2013 Pharmaceutical segment business analysis

	Q2 FY13 ($M)	Q2 FY12 ($M)	% Change
Revenue	$22,747	$24,665	(8%)
Segment profit	$441	$394	12%
Segment profit margin	1.94%	1.60%	

Highlights:

- Revenue decreased vs. last year primarily due to the previously announced non-renewal of the Express Scripts contract as well as expected brand-to-generic conversions, partially positively offset by revenues from new Pharmaceutical Distribution customers
- Segment profit increased 12%, largely from
  - Overall strong performance from generics programs
  - Benefits from customer and product mix within Pharmaceutical Distribution
  - Partially offset by the impact of continued market softness in our Nuclear business
- Expanded segment profit margin by 34bps

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Q2 FY2013 Medical segment business analysis

	Q2 FY13 ($M)	Q2 FY12 ($M)	% Change
Revenue	$2,487	$2,416	3%
Segment profit	$94	$85	11%
Segment profit margin	3.76%	3.50%	

Highlights:

- Revenue increased due to the Futuremed acquisition and one additional sales day year-on-year
  - Excluding these drivers, year-on-year growth was flat, reflecting continued softness in key U.S. markets, particularly as it relates to procedural volume
- Segment profit up 11%, driven by
  - Favorable impact of commodities, acquisitions, and preferred product mix
  - Partially offset by customer mix and continued volume softness
- The overall profit impact of Medical Business Transformation was slightly negative, including year-over-year incremental depreciation and program expenses, realized benefits and $5M favorable out-of-period adjustment as part of continued cleanup from the conversion to our new platform

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Q2 FY2013 GAAP to non-GAAP reconciliation

	Q2 FY 2013			Q2 FY 2012		
	Operating Earnings ($M)	Earnings from Continuing Operations ($M)	Diluted EPS from Continuing Operations	Operating Earnings ($M)	Earnings from Continuing Operations ($M)	Diluted EPS from Continuing Operations
GAAP	**$506**	**$303**	**$0.88**	**$449**	**$264**	**$0.76**
Restructuring and employee severance	$1	-	-	$2	$1	-
Acquisition-related costs[1]	$25	$16	$0.05	$22	$14	$0.04
Impairments and loss on disposal of assets	$5	$5	$0.01	$1	$1	-
Litigation (recoveries)/charges, net	($12)	($7)	($0.02)	-	-	-
Other Spin-Off Costs	-	-	-	$1	$1	-
Non-GAAP	**$525**	**$317**	**$0.93**	**$475**	**$281**	**$0.81**

[1] Amortization of acquisition-related intangible assets included in Acquisition-Related Costs are as follows:

Amortization of acqusition-related intangible assets	$22	$14	$0.04	$19	$12	$0.03

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

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FY2013 outlook

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CAH FY2013 financial expectations

February 5, 2013

	FY13 outlook	FY12 actual
Revenue	Down ~7% vs. FY12	$107.6B
Non-GAAP EPS from continuing operations	$3.42 - $3.50	$3.21

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FY13 corporate assumptions

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	FY13 outlook	FY12 actual
Non-GAAP effective tax rate	36.5% - 37.5%[1]	36.8%
Diluted weighted average shares outstanding	~345M	349.2M
Interest and other, net	$105M - $115M	$94M
Capital expenditures	$210M - $225M	$263M
Amortization of acquisition-related intangible assets	~$86M or ~$0.16[2]	$78M or $0.14

[1]May fluctuate quarterly due to unique items affecting periods.

[2]Includes only acquisitions closed as of December 31, 2012.

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Q2 FY2013 trailing five quarters and GAAP to Non-GAAP reconciliation statements

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Pharmaceutical segment

	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13
Revenue ($M)	24,665	24,508	24,335	23,498	22,747
Segment Profit ($M)	394	446	354	400	441

Medical segment

	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13
Revenue ($M)	2,416	2,414	2,432	2,393	2,487
Segment Profit ($M)	85	89	79	74	94

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
			Second Quarter 2013					
GAAP	**$ 506**	**13 %**	**$ 483**	**$ 180**	**$ 303**	**15 %**	**$ 0.88**	**16 %**
Restructuring and employee severance	**1**		**1**	**1**	**-**		**-**	
Acquisition-related costs	**25**		**25**	**9**	**16**		**0.05**	
Impairments and loss on disposal of assets	**5**		**5**	**-**	**5**		**0.01**	
Litigation (recoveries)/charges, net	**(12)**		**(12)**	**(5)**	**(7)**		**(0.02)**	
Other Spin-Off Costs	**-**		**-**	**-**	**-**		**-**	
Non-GAAP	**$ 525**	**11 %**	**$ 502**	**$ 185**	**$ 317**	**13 %**	**$ 0.93**	**15 %**
			Second Quarter 2012					
GAAP	$ 449	31 %	$ 426	$ 162	$ 264	23 %	$ 0.76	25 %
Restructuring and employee severance	2		2	1	1		-	
Acquisition-related costs	22		22	8	14		0.04	
Impairments and loss on disposal of assets	1		1	-	1		-	
Litigation (recoveries)/charges, net	-		-	-	-		-	
Other Spin-Off Costs	1		1	-	1		-	
Non-GAAP	$ 475	21 %	$ 452	$ 171	$ 281	10 %	$ 0.81	11 %

(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
			Year-to-Date 2013					
GAAP	**$ 963**	**12 %**	**$ 922**	**$ 347**	**$ 575**	**15 %**	**$ 1.67**	**16 %**
Restructuring and employee severance	**6**		**6**	**2**	**4**		**0.01**	
Acquisition-related costs	**53**		**53**	**19**	**34**		**0.10**	
Impairments and loss on disposal of assets	**6**		**6**	**1**	**5**		**0.01**	
Litigation (recoveries)/charges, net	**(34)**		**(34)**	**(14)**	**(20)**		**(0.06)**	
Other Spin-Off Costs	**-**		**-**	**-**	**-**		**-**	
Non-GAAP	**$ 995**	**8 %**	**$ 953**	**$ 355**	**$ 598**	**11 %**	**$ 1.74**	**13 %**
			Year-to-Date 2012					
GAAP	$ 862	22 %	$ 811	$ 310	$ 501	(2)%	$ 1.44	(1)%
Restructuring and employee severance	5		5	2	3		0.01	
Acquisition-related costs	49		49	17	32		0.09	
Impairments and loss on disposal of assets	2		2	1	1		-	
Litigation (recoveries)/charges, net	(3)		(3)	(1)	(2)		(0.01)	
Other Spin-Off Costs	2		2	-	2		-	
Non-GAAP	$ 917	18 %	$ 866	$ 329	$ 537	10 %	$ 1.54	11 %

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)	Second Quarter 2013	Second Quarter 2012
GAAP return on equity	**18.9 %**	18.0 %
Non-GAAP return on equity		
Net earnings	**$ 303**	$ 262
Restructuring and employee severance, net of tax, in continuing operations	**-**	1
Acquisition-related costs, net of tax, in continuing operations	**16**	14
Impairments and loss on disposal of assets, net of tax, in continuing operations	**5**	1
Litigation (recoveries)/charges, net, net of tax, in continuing operations	**(7)**	-
Other Spin-Off Costs, net of tax, in continuing operations	**-**	1
Adjusted net earnings	**$ 317**	$ 279
Annualized	**$ 1,268**	$ 1,116

	Second Quarter 2013	**First Quarter 2013**	Second Quarter 2012	First Quarter 2012
Total shareholders' equity	**$ 6,542**	**$ 6,281**	$ 5,928	$ 5,714
Divided by average shareholders' equity	**$ 6,411**		$ 5,821	
Non-GAAP return on equity	**19.8 %**		19.1 %	

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)	Year-to-Date 2013	2012
GAAP return on equity	**18.1 %**	17.1 %
Non-GAAP return on equity		
Net earnings	**$ 575**	$ 499
Restructuring and employee severance, net of tax, in continuing operations	**4**	3
Acquisition-related costs, net of tax, in continuing operations	**34**	32
Impairments and loss on disposal of assets, net of tax, in continuing operations	**5**	1
Litigation (recoveries)/charges, net, net of tax, in continuing operations	**(20)**	(2)
Other Spin-Off Costs, net of tax, in continuing operations	**-**	2
Adjusted net earnings	**$ 598**	$ 535
Annualized	**$ 1,196**	$ 1,070

	Second Quarter 2013	First Quarter 2013	Fourth Quarter 2012	Second Quarter 2012	First Quarter 2012	Fourth Quarter 2011
Total shareholders' equity	**$ 6,542**	**$ 6,281**	**$ 6,244**	$ 5,928	$ 5,714	$ 5,849
Divided by average shareholders' equity	**$ 6,355**			$ 5,830		
Non-GAAP return on equity	**18.8 %**			18.3 %		

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

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

(in millions)	Second Quarter 2013	Second Quarter 2012	Year-to-Date 2013	Year-to-Date 2012
GAAP effective tax rate from continuing operations	**37.2 %**	37.9 %	**37.6 %**	38.1 %
Non-GAAP effective tax rate from continuing operations				
Earnings before income taxes and discontinued operations	**$ 483**	$ 426	**$ 922**	$ 811
Restructuring and employee severance	**1**	2	**6**	5
Acquisition-related costs	**25**	22	**53**	49
Impairments and loss on disposal of assets	**5**	1	**6**	2
Litigation (recoveries)/charges, net	**(12)**	-	**(34)**	(3)
Other Spin-Off Costs	**-**	1	**-**	2
Adjusted earnings before income taxes and discontinued operations	**$ 502**	$ 452	**$ 953**	$ 866
Provision for income taxes	**$ 180**	$ 162	**$ 347**	$ 310
Restructuring and employee severance tax benefit	**1**	1	**2**	2
Acquisition-related costs tax benefit	**9**	8	**19**	17
Impairments and loss on disposal of assets tax benefit	**-**	-	**1**	1
Litigation (recoveries)/charges, net tax expense	**(5)**	-	**(14)**	(1)
Other Spin-Off Costs tax benefit	**-**	-	**-**	-
Adjusted provision for income taxes	**$ 185**	$ 171	**$ 355**	$ 329
Non-GAAP effective tax rate from continuing operations	**36.8 %**	37.8 %	**37.3 %**	37.9 %

	Second Quarter 2013	Second Quarter 2012
Debt to total capital	**31 %**	30 %
Net debt to capital		
Current portion of long-term obligations and other short-term borrowings	**$ 474**	$ 342
Long-term obligations, less current portion	**2,423**	2,211
Debt	**$ 2,897**	$ 2,553
Cash and equivalents	**(2,255)**	(1,798)
Net debt	**$ 642**	$ 755
Total shareholders' equity	**6,542**	5,928
Capital	**$ 7,184**	$ 6,683
Net debt to capital	**9 %**	11 %

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)	Second Quarter		Year-to-Date	
	2013	2012	**2013**	2012
Distribution, selling, general and administrative expenses	**$ 699**	$ 640	**$ 1,388**	$ 1,283
Restructuring and employee severance	**1**	2	**6**	5
Acquisition-related costs	**25**	22	**53**	49
Impairments and loss on disposal of assets	**5**	1	**6**	2
Litigation (recoveries)/charges, net	**(12)**	-	**(34)**	(3)
Total GAAP operating expenses	**$ 718**	$ 665	**$ 1,419**	$ 1,336
GAAP operating expense growth rate	**8.0 %**		**6.2 %**	
Restructuring and employee severance	**(1)**	(2)	**(6)**	(5)
Acquisition-related costs	**(25)**	(22)	**(53)**	(49)
Impairments and loss on disposal of assets	**(5)**	(1)	**(6)**	(2)
Litigation recoveries/(charges), net	**12**	-	**34**	3
Other Spin-Off Costs	**-**	(1)	**-**	(2)
Total Non-GAAP operating expenses	**$ 699**	$ 639	**$ 1,388**	$ 1,281
Non-GAAP operating expense growth rate	**9.4 %**		**8.4 %**	

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

(in millions)	Second Quarter		Year-to-Date	
	2013	**2012**	**2013**	**2012**
Revenue	**$ 25,232**	$ 27,078	**$ 51,121**	$ 53,870
GAAP operating earnings	**$ 506**	$ 449	**$ 963**	$ 862
Restructuring and employee severance	**1**	2	**6**	5
Acquisition-related costs	**25**	22	**53**	49
Impairments and loss on disposal of assets	**5**	1	**6**	2
Litigation (recoveries)/charges, net	**(12)**	-	**(34)**	(3)
Other Spin-Off Costs	**-**	1	**-**	2
Non-GAAP operating earnings	**$ 525**	$ 475	**$ 995**	$ 917
GAAP operating earnings margin rate	**2.01 %**	1.66 %	**1.88 %**	1.60 %
Non-GAAP operating earnings margin rate	**2.08 %**	1.75 %	**1.95 %**	1.70 %
	33bp		**24bp**	

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 opeartions 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 and litigation (recoveries)/charges, net, 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)	Second Quarter 2013	2012
Days sales outstanding	**22.0**	19.9
Days inventory on hand		
Inventories	**$ 8,452**	$ 8,889
Cost of products sold	**$ 24,008**	$ 25,964
Chargeback billings	**4,113**	3,627
Adjusted cost of products sold	**$ 28,121**	$ 29,591
Adjusted cost of products sold divided by 90 days	**$ 312**	$ 329
Days inventory on hand	**27.0**	27.0
Days payable outstanding		
Accounts payable	**$ 11,796**	$ 12,457
Cost of products sold	**$ 24,008**	$ 25,964
Chargeback billings	**4,113**	3,627
Adjusted cost of products sold	**$ 28,121**	$ 29,591
Adjusted cost of products sold divided by 90 days	**$ 312**	$ 329
Days payable outstanding	**37.8**	37.9
Net working capital days[1]	**11.3**	9.1

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

Days Sales Outstanding (DSO): trade receivables, net divided by (quarterly revenue divided by 90 days). Beginning in the first quarter of fiscal 2013, we changed our method of calculating DSO in order to align it with the 90-day convention that we use in the calculation of Days Inventory on Hand and Days Payable Outstanding. Prior to this change we calculated DSO by dividing trade receivables, net by (monthly revenue divided by 30 days). In connection with this change, we have revised prior year information to conform to the new method of calculating DSO.

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 the vendors 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. To conform to the new method of calculating DSO, we have revised prior year information.

Cardinal Health, Inc. and Subsidiaries
Schedule of Notable Items

(in millions, except per Common Share amounts)	Second Quarter		Year-to-Date	
	2013	2012	**2013**	2012
Restructuring and employee severance	**$ (1)**	$ (2)	**$ (6)**	$ (5)
Tax benefit	**1**	1	**2**	2
Restructuring and employee severance, net of tax	**$ -**	$ (1)	**$ (4)**	$ (3)
Decrease to diluted EPS from continuing operations	**$ -**	$ -	**$ (0.01)**	$ (0.01)
Acquisition-Related Costs				
Amortization of acquisition-related intangible assets	**$ (22)**	$ (19)	**$ (43)**	$ (38)
Tax benefit	**8**	7	**15**	14
Amortization of acquisition-related intangible assets, net of tax	**$ (14)**	$ (12)	**$ (28)**	$ (24)
Decrease to diluted EPS from continuing operations	**$ (0.04)**	$ (0.03)	**$ (0.08)**	$ (0.07)
Other acquisition-related costs	**$ (4)**	$ (3)	**$ (10)**	$ (12)
Tax benefit	**1**	1	**3**	4
Other acquisition-related costs, net of tax	**$ (3)**	$ (2)	**$ (7)**	$ (8)
Decrease to diluted EPS from continuing operations	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.02)
Total acquisition-related costs[1]	**$ (25)**	$ (22)	**$ (53)**	$ (49)
Tax benefit[1]	**9**	8	**19**	17
Total acquisition-related costs, net of tax[1]	**$ (16)**	$ (14)	**$ (34)**	$ (32)
Decrease to diluted EPS from continuing operations[1]	**$ (0.05)**	$ (0.04)	**$ (0.10)**	$ (0.09)
Impairments and loss on disposal of assets	**$ (5)**	$ (1)	**$ (6)**	$ (2)
Tax benefit	**-**	-	**1**	1
Impairments and loss on disposal of assets, net of tax	**$ (5)**	$ (1)	**$ (5)**	$ (1)
Decrease to diluted EPS from continuing operations	**$ (0.01)**	$ -	**$ (0.01)**	$ -
Litigation recoveries/(charges), net	**$ 12**	$ -	**$ 34**	$ 3
Tax expense	**(5)**	-	**(14)**	(1)
Litigation recoveries/(charges), net, net of tax	**$ 7**	$ -	**$ 20**	$ 2
Increase to diluted EPS from continuing operations	**$ 0.02**	$ -	**$ 0.06**	$ 0.01
Other Spin-Off Costs	**$ -**	$ (1)	**$ -**	$ (2)
Tax benefit	**-**	-	**-**	-
Other Spin-Off Costs, net of tax	**$ -**	$ (1)	**$ -**	$ (2)
Decrease to diluted EPS from continuing operations	**$ -**	$ -	**$ -**	$ -
Weighted-average number of diluted shares outstanding	**343**	349	**344**	349

[1] 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

Definitions

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

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

Interest and Other, net: other (income)/expense, net plus interest expense, net.

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: 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[1], (2) acquisition-related costs[2], (3) impairments and loss on disposal of assets[3], (4) litigation (recoveries)/charges, net[4] and (5) Other Spin-Off Costs, 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 and (5) Other Spin-Off Costs) divided by (earnings before income taxes and discontinued operations adjusted for the same five items).

Non-GAAP Operating Earnings: 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: 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: current period 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 and (5) Other Spin-Off Costs, 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] Programs whereby Cardinal Health fundamentally changes its operations such as closing and consolidating facilities, moving manufacturing of a product to another location, production or business process sourcing, employee severance (including rationalizing headcount or other significant changes in personnel) and realigning operations (including substantial realignment of the management structure of a business unit in response to changing market conditions).

[2] 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.

[3] 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 condensed consolidated statements of earnings.

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