

Cardinal Health – Essential to care

Jeff Henderson
Chief Financial Officer

Barclays Global Healthcare Conference
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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, including our relationships with CVS Caremark Corporation and Walgreen Co.; the ability to successfully complete the proposed acquisition of AssuraMed on a timely basis, including receipt of required regulatory approvals; the ability to achieve the expected benefits from the AssuraMed acquisition, including the expected accretion in earnings; 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 March 4, 2013. 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.

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Healthcare demand – an inescapable reality



Aging population

+

Public health issues

=

Increased demand

Need for improved cost effectiveness

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We are uniquely positioned to add value in this healthcare environment

- **Broad range of product and service offerings** designed to improve **cost-effectiveness** for our business partners and patients
- Bringing **extraordinary scale** to support the system
- Ability to follow the patient through **continuum of care**








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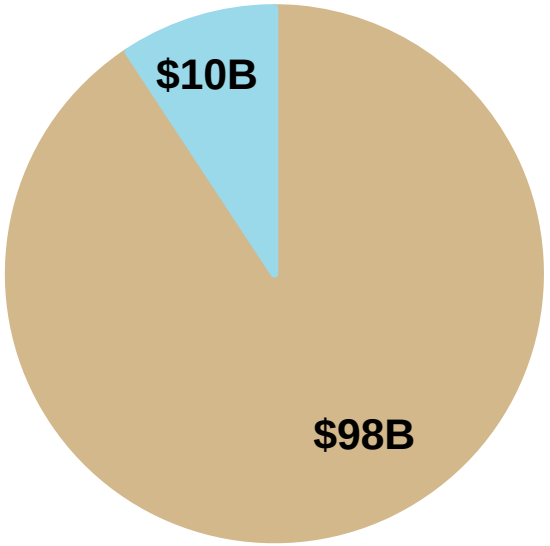
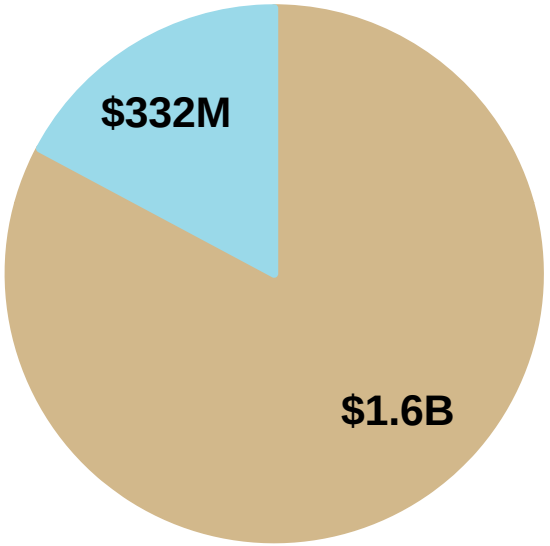
Organized in two segments

FY12 Segment Revenue



FY12 Segment Profit



Pharmaceutical

Medical

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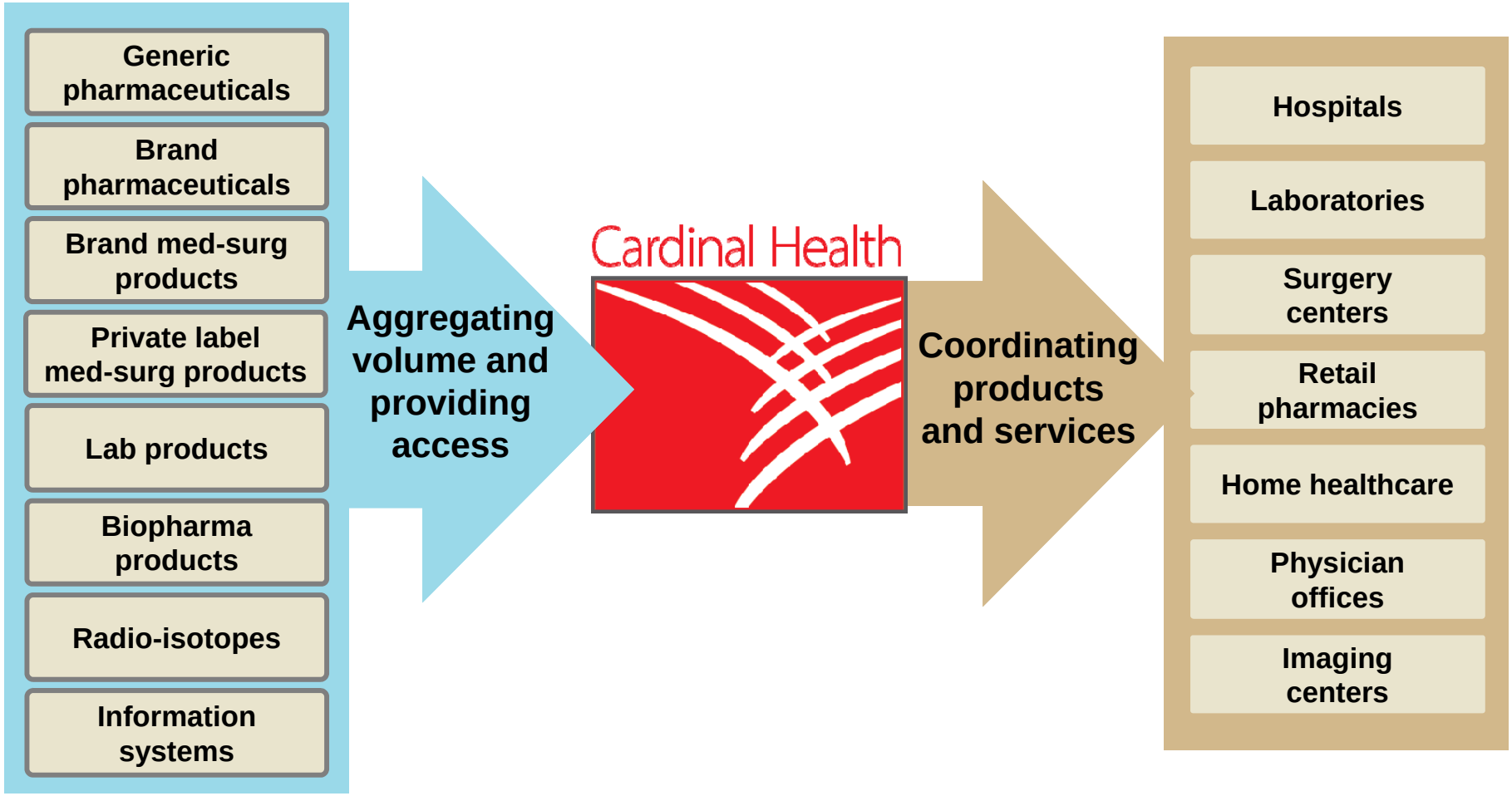
Improving efficiency in healthcare



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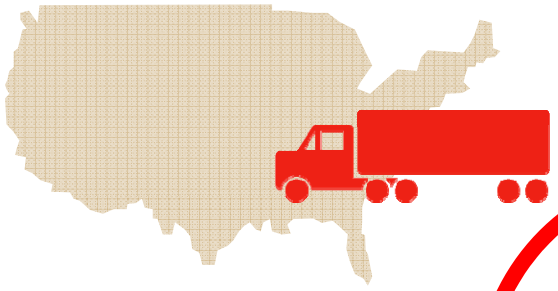
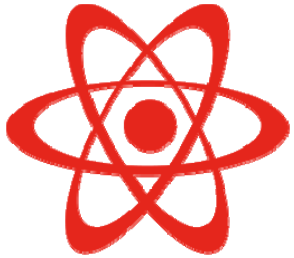
Bringing extraordinary scale







85
distribution facilities

>2K
pharmaceutical, medical and laboratory suppliers

~29K
pharmacy customers

~85%
of U.S. hospitals use our products and services

~12M
radiopharmaceutical doses dispensed annually

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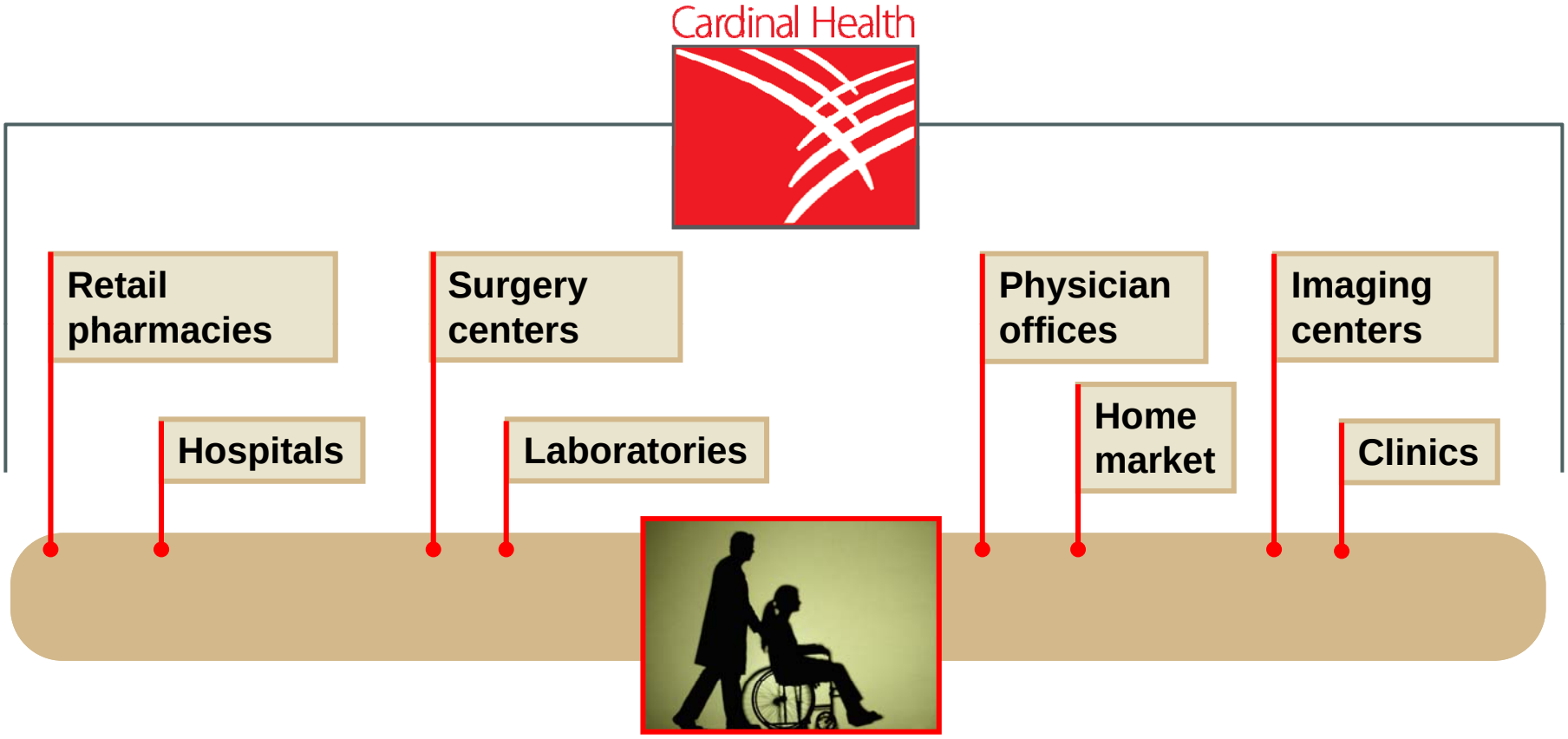
Serving the full continuum of care



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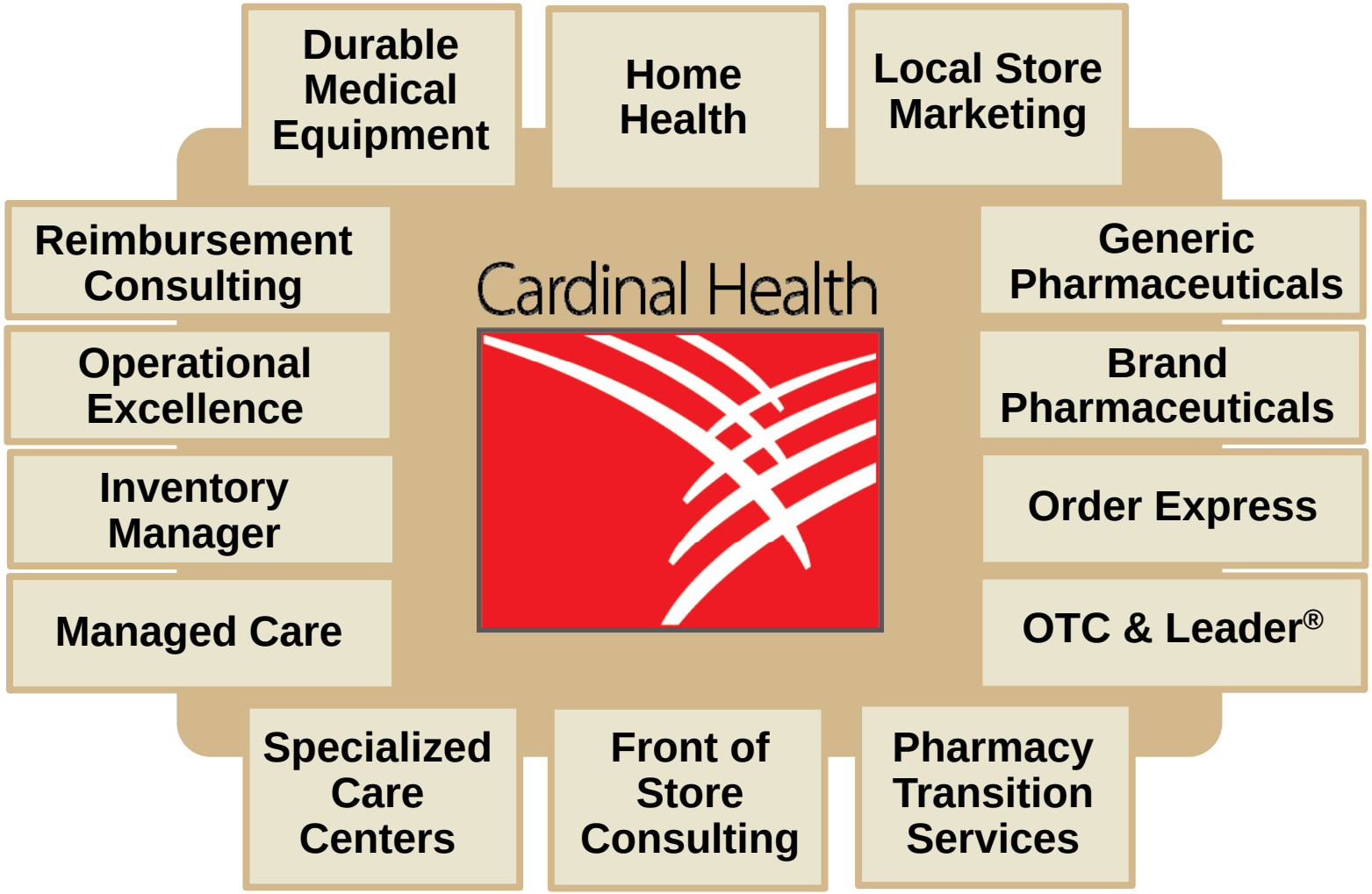
Product and service offering – retail pharmacy



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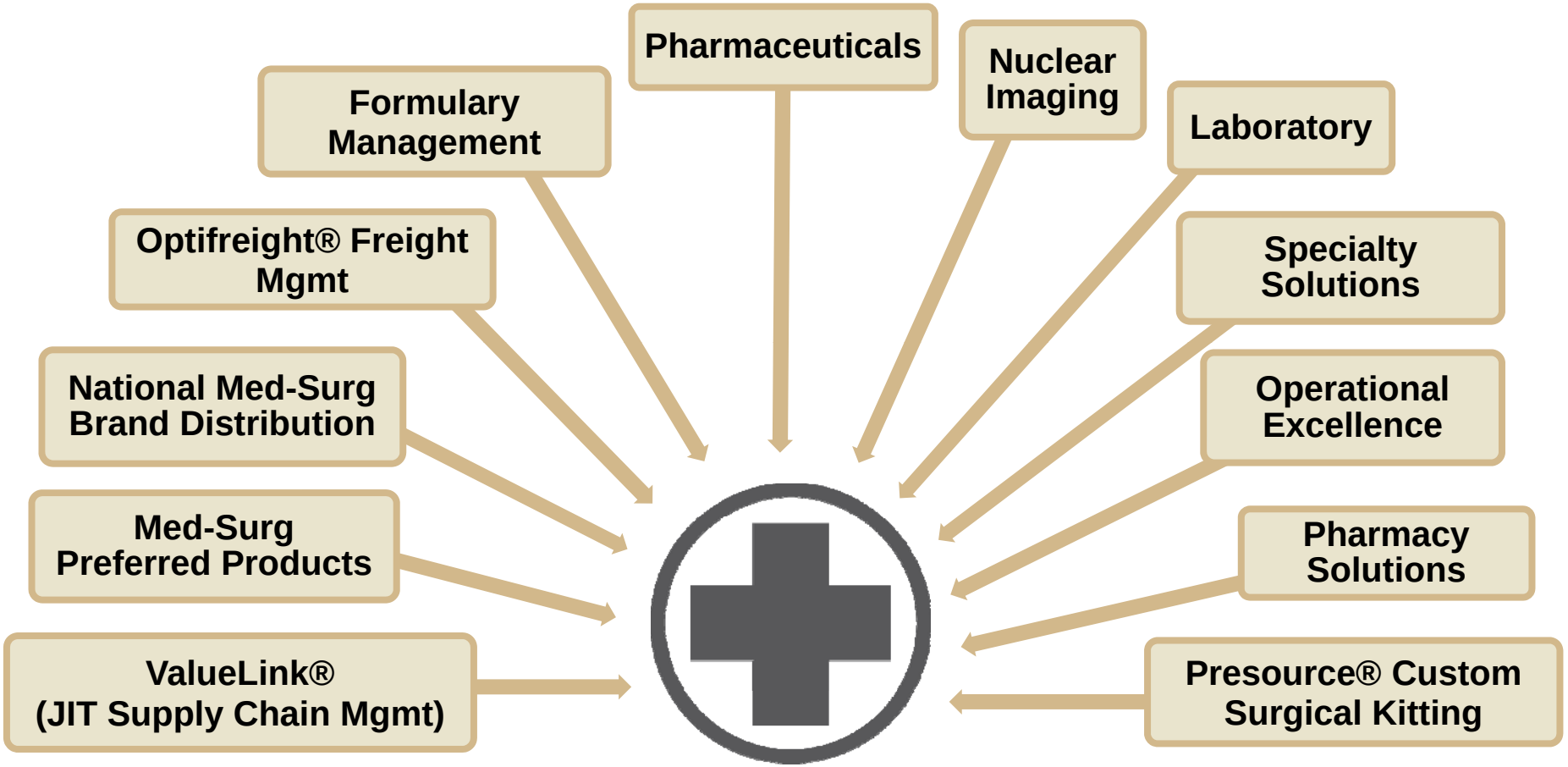
Product and service offering – Hospital and health system



Hospitals, Surgery Centers, Physician Offices

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Bringing these tools to China

Expanded to 13 distribution centers

- Opened 2 new state-of-the art DCs in Shanghai and Beijing
- Multiple acquisitions in FY12 and FY13

Building new platforms to expand Cardinal Health brand strength

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

Trusted go-to-market partner





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AssuraMed: A natural extension of Cardinal Health's portfolio

- Strategically aligned with where healthcare is moving, to ambulatory & more cost-effective settings
- Growing channel allows us to serve patients with chronic diseases or receiving post-acute care
- Extends our core capabilities to the home with specialized & scalable platform
- Enhances payor relationships & expertise
- Close to our DNA in operations management & logistics, customer service orientation, product lines & company culture
- Opportunity to deliver Cardinal Health-branded medical products direct to patients/consumers & home medical equipment providers
- Extends our offering to retail pharmacy & health system customers
- Brings incremental expertise in small parcel fulfillment, enabling growth in physician offices
- Creates a robust platform for future product & service offerings

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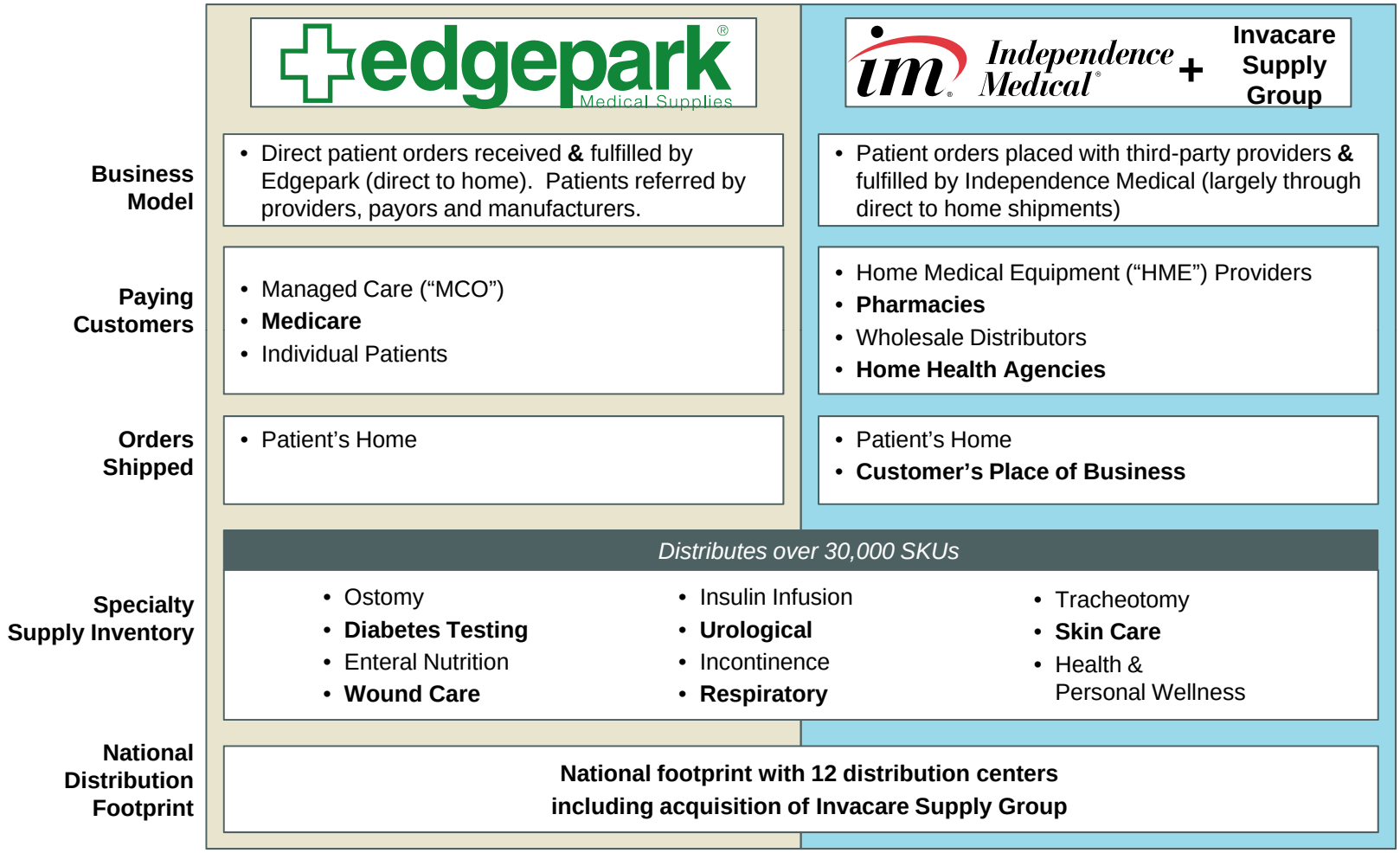
AssuraMed: two strong business lines



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AssuraMed: key assets we are acquiring

Leading Distributor to the Home	• Specialized distribution centers • Low unit of measure capabilities • Custom technology platform
Channel Access	• Clinician, patient & provider • Serving >1M patients • 13,000 provider customers
Demand Generation Capabilities	• Low-cost inside sales model • Deep HME provider relationships • Nearly 20,000 referral sources • Patient compliance & retention
Proven Track Record	• Exceptional EBITDA CAGR for prior 15 years • Deep home health knowledge • Seasoned management team
MCO/Payor Contracts	• >1,000 payor contracts • Medicaid licensing for continued expansion
Medical Billing Expertise	• Part B billing expertise • Proprietary rules engine by payor plan & product type • Robust regulatory compliance systems

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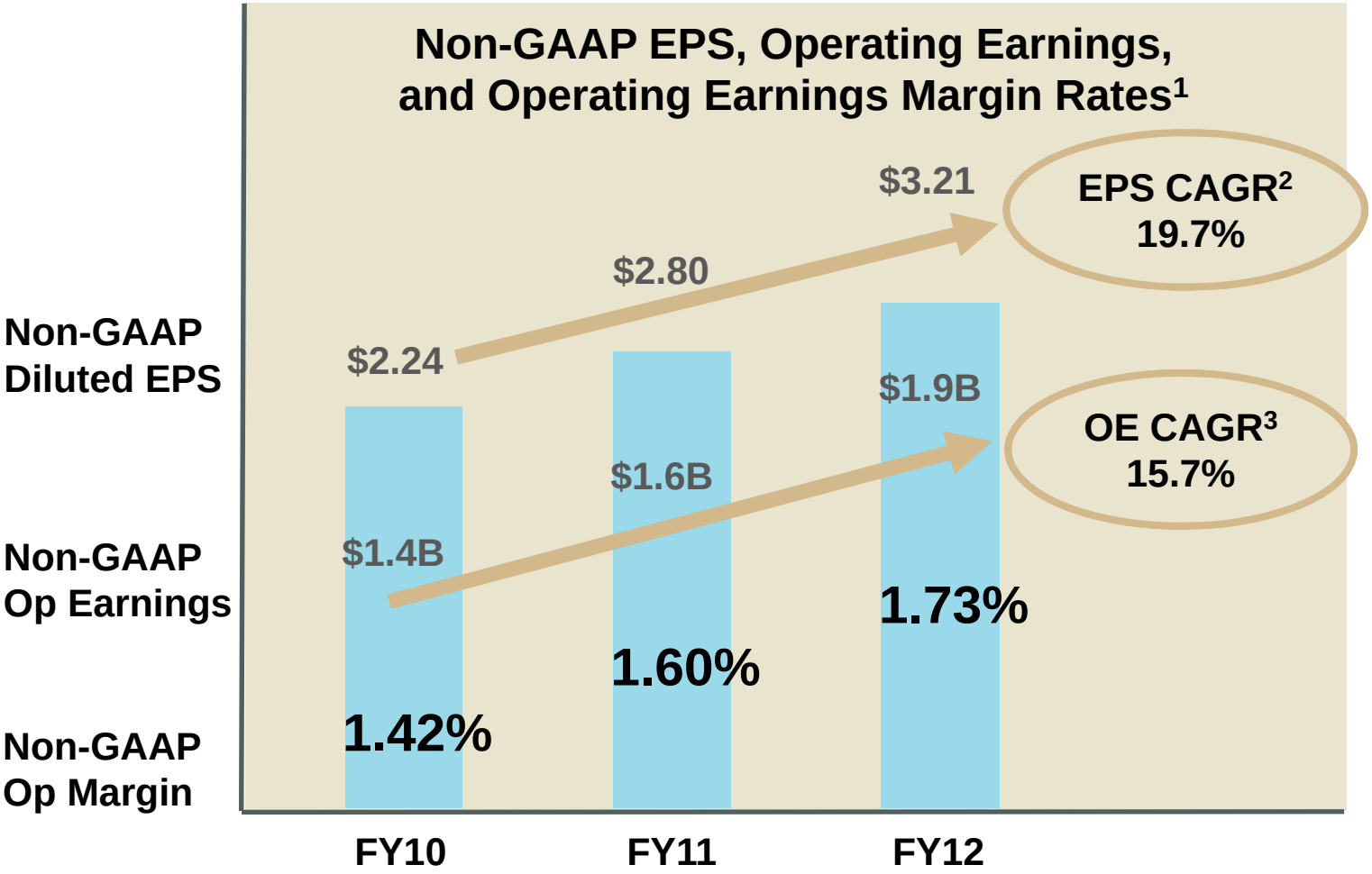
History of strong financial performance



[1] Please see the definitions and reconciling information at the end of the of this presentation.
[2] The CAGR for GAAP 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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Solid execution in FY12 and H1 FY13

	FY12		H1 FY13	
Revenue	$108B	+5%	$51B	(5)%
Non-GAAP operating earnings[1]	$1.9B	+13%	$995M	+8%
Non-GAAP diluted EPS from continuing operations[1]	$3.21	+15%	$1.74	+13%
Cash from operations	$1.2B		$438M	
Non-GAAP ROE[1]	19%		19%	

[1]Please see the definitions and reconciling information at the end of the of this presentation.

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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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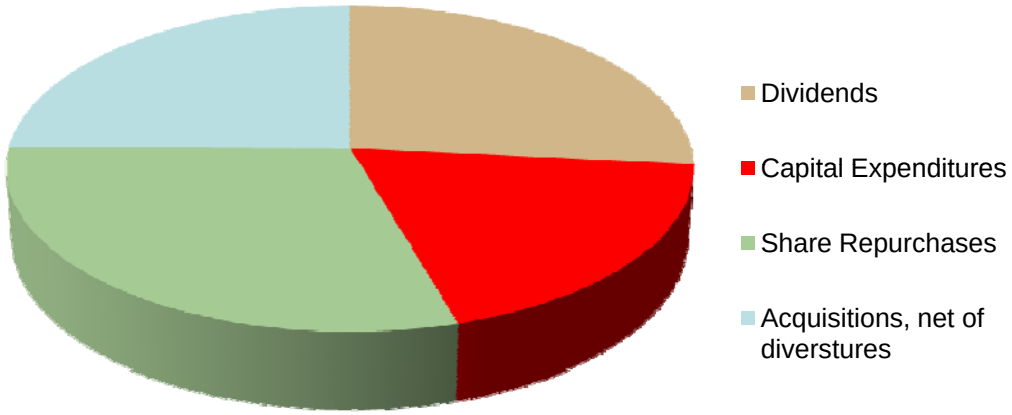
Balanced capital deployment strategy

Capital deployment

(12/31/11 - 12/31/12)



- **Committed to a differentiated dividend**
- **Share repurchase and strategic investments evaluated to maximize total shareholder return**

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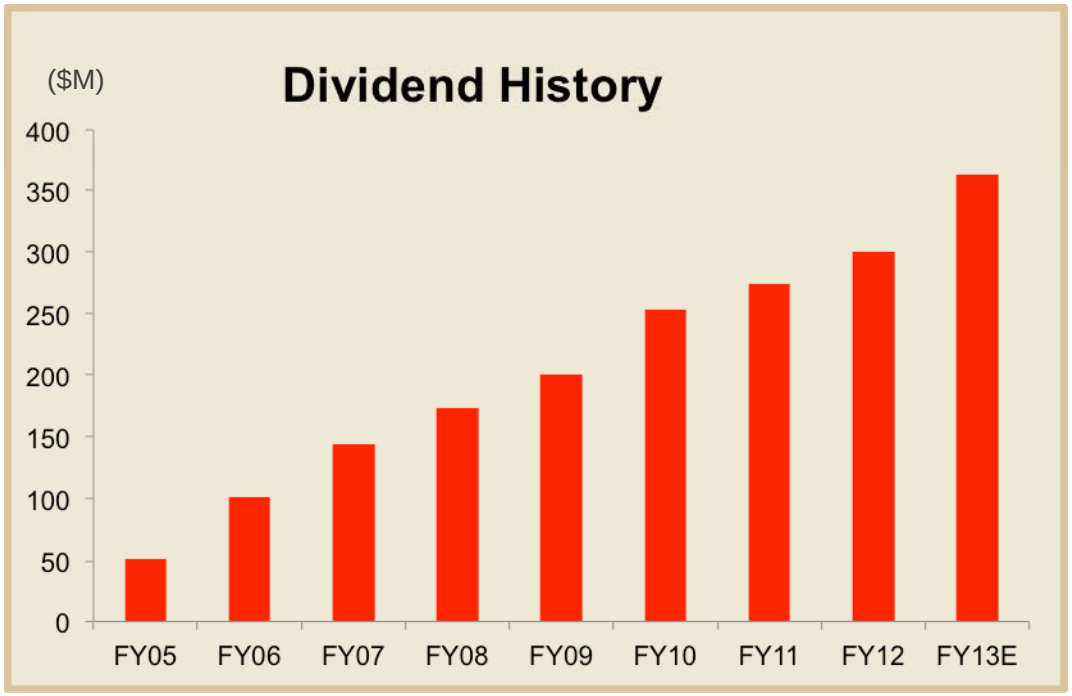
A strong, differentiated, growing dividend



- **Increase of 10.5% in July 2012; further 16% increase announced in October 2012**
- **Annualized dividend of $1.10, effective with January payment**
- **Annualized dividend payout of >30% of expected non-GAAP FY13 diluted EPS**

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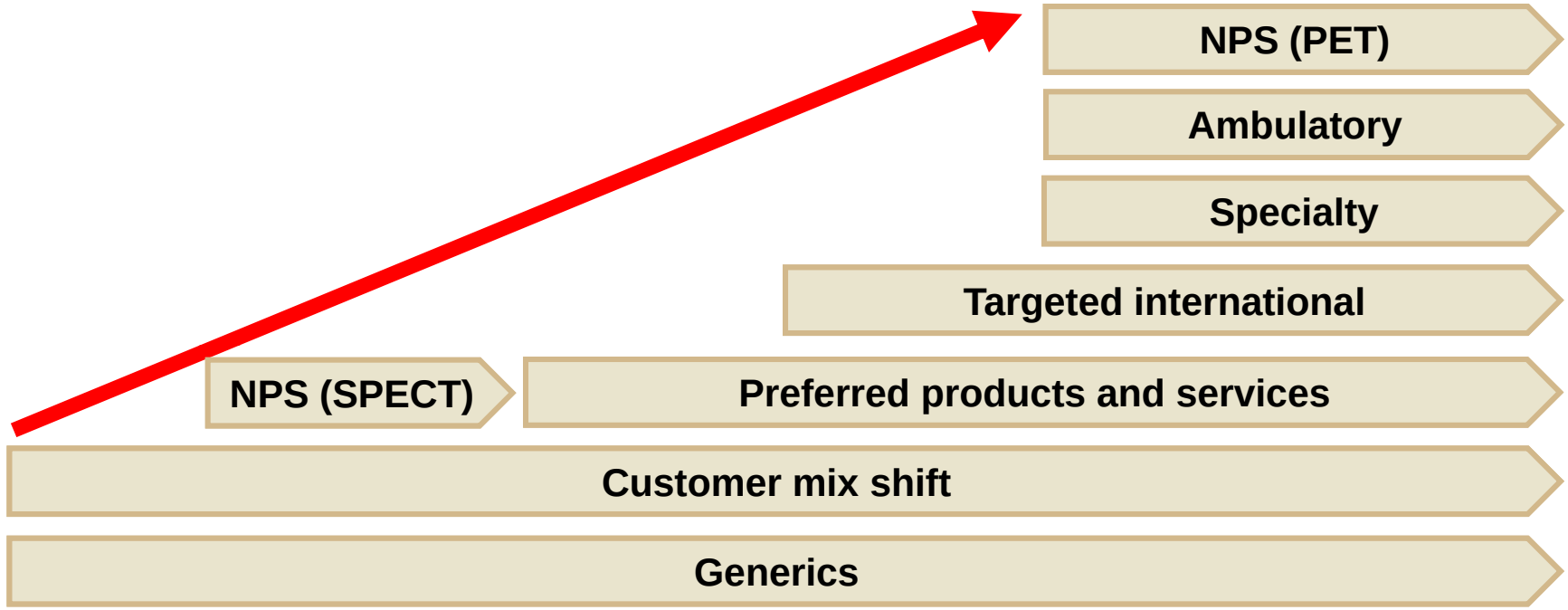
Strong portfolio driving growth and positioning for the future



Non-GAAP EPS[1]

FY10	FY11	FY12	FY13E	FY14	FY15
$2.24	$2.80	$3.21	$3.42-$3.50		

Long-term goal: Annualized Total Shareholder Return > 11%

[1] Non-GAAP diluted EPS from continuing operations. See the appendices for GAAP diluted EPS from continuing operations and reconciliations to that GAAP number. FY13 estimated range provided on February 5, 2013 earnings call; Presentation of these numbers does not constitute a reaffirmation or update.

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Well positioned for healthcare's changing needs

- We offer **efficiency and scale** to serve the changing environment
- We provide a broad range of cost-advantaged **products and services** to meet the need to **reduce costs** while maintaining quality
- We are positioned to serve **all care settings** as **site of delivery shifts**
- Long-term utilization trends **extend our scale and impact**
- We globally **manufacture, source and distribute**
- We are uniquely positioned to **bring products and services to a large and growing market in China**
- We are committed to providing both a **growth and income profile**, with a **differentiated dividend** among healthcare services companies

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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	$0	-	$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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Q2 FY2013 segment analysis

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

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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
			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, 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)	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)	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 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.