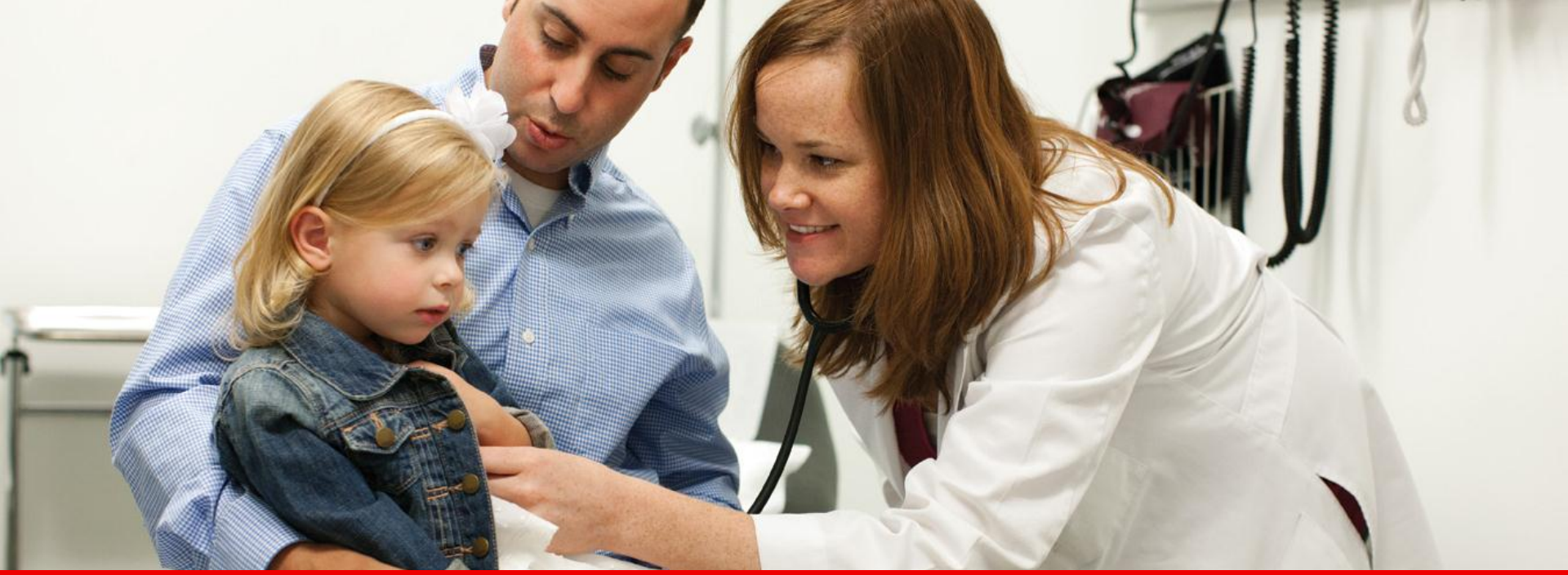

Q3 FY2015 earnings investor/analyst call

April 30, 2015

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Forward-looking statements and GAAP reconciliation

Cautions Concerning Forward-Looking Statements

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 ability to achieve the expected benefits from the generic sourcing venture with CVS Health; the frequency or rate of pharmaceutical price appreciation or deflation and the timing of generic and branded pharmaceutical introductions; the ability to successfully complete the acquisition of Cordis on a timely basis and if completed to achieve the anticipated results from the Cordis acquisition; the non-renewal or a default under one or more key customer or supplier arrangements or changes to the terms of or level of purchases under those arrangements; the ability to achieve the expected benefits from the AccessClosure acquisition; 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; and changes in the cost of commodities such as oil-based resins, cotton, latex and diesel fuel. 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 April 30, 2015. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. In addition, these presentations contain Non-GAAP financial measures. Cardinal Health provides GAAP numbers, definitions and reconciling information in the Financial Appendix at the end of these presentations and on its Investors page at ir.cardinalhealth.com. An audio replay of the conference call will be available on the Investors page at ir.cardinalhealth.com.

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Financial summary

	GAAP Basis ($M)		Non-GAAP Basis ($M)	
	Q3 FY15	Q3 FY14	Q3 FY15	Q3 FY14
Revenue	$25,375	$21,427		
% change	*18%*	*(13)%*		
Operating earnings	$591	$508	$657	$561
% change	*16%*	*7%*	*17%*	*(3)%*
Ratio to revenue	*2.33%*	*2.37%*	*2.59%*	*2.62%*
Earnings from continuing ops	$365	$315	$396	$349
% change	*16%*	*(9)%*	*13%*	*(15)%*
Ratio to revenue	*1.44%*	*1.47%*	*1.56%*	*1.63%*
Diluted EPS from continuing ops	$1.09	$0.91	$1.19	$1.01
% change	*20%*	*(9)%*	*18%*	*(16)%*

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

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Pharmaceutical segment business analysis

	Q3 FY15 ($M)	Q3 FY14 ($M)	% Change
Revenue	$22,605	$18,762	20%
Segment profit	$567	$452	25%
Segment profit margin	2.51%	2.41%	

Highlights:

- Revenue increased due to growth from existing and new customers.
- Segment profit increased, driven by strong performance under our generics program, which includes the net benefit of Red Oak Sourcing, as well as the growth from existing and new customers.
- Segment profit margin rate increased primarily due to strong performance under our generics program, partially offset by customer pricing changes and the impact from branded hepatitis C therapies.

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

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Medical segment business analysis

	Q3 FY15 ($M)	Q3 FY14 ($M)	% Change
Revenue	$2,774	$2,657	4%
Segment profit	$102	$111	(8)%
Segment profit margin	3.66%	4.16%	

Highlights:

- Revenue increased primarily due to contributions from acquisitions.
- Segment profit and profit margin rate decreased as a result of reduced contribution from national brand distribution and the continued impact of market pressures in Canada.

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

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GAAP to non-GAAP reconciliation

	Q3 FY 2015			Q3 FY 2014		
	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	**$591**	**$365**	**$1.09**	**$508**	**$315**	**$0.91**
Restructuring and employee severance	7	4	0.01	5	3	0.01
Amortization and other acquisition-related costs[1]	77	48	0.15	56	36	0.10
Impairments and (gain)/loss on disposal of assets	(1)	-	-	-	-	-
Litigation (recoveries)/charges, net	(18)	(21)	(0.07)	(8)	(5)	(0.01)
Non-GAAP	**$657**	**$396**	**$1.19**	**$561**	**$349**	**$1.01**

[1] Amortization of acquisition-related intangible assets included in Amortization and other acquisition-related costs are as follows:

Amortization of acquisition-related intangible assets	$48	$30	$0.09	$46	$29	$0.08

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

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FY2015 outlook

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CAH FY2015 financial expectations

FY2015 non-GAAP diluted EPS from continuing operations:

$4.28 - $4.38

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FY15 corporate assumptions

	FY15 outlook	FY14 actual
Non-GAAP effective tax rate	36.0% – 37.0%[1]	35.3%
Diluted weighted average shares outstanding	336M – 337M	345.2M
Interest and other, net	$135M – $145M	$86.8M
Capital expenditures	~$330M	$249M
Acquisition-related intangible amortization	~$190M or ~$0.36[2]	$187M or $0.34

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

[2]Includes only acquisitions closed as of March 31, 2015.

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Q3 FY2015 trailing five quarters and GAAP to Non-GAAP reconciliation statements

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Segment analysis

Pharmaceutical segment

	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15
Revenue ($M)	18,762	20,092	21,209	22,627	22,605
Segment Profit ($M)	452	377	451	542	567

Medical segment

	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15
Revenue ($M)	2,657	2,794	2,852	2,914	2,774
Segment Profit ($M)	111	96	113	115	102

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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
			Third Quarter 2015					
GAAP	**$ 591**	**16 %**	**$ 558**	**$ 193**	**$ 365**	**16 %**	**$ 1.09**	**20 %**
Restructuring and employee severance	**7**		**7**	**3**	**4**		**0.01**	
Amortization and other acquisition-related costs	**77**		**77**	**29**	**48**		**0.15**	
Impairments and (gain)/loss on disposal of assets	**(1)**		**(1)**	**(1)**	**-**		**-**	
Litigation (recoveries)/charges, net	**(18)**		**(18)**	**3**	**(21)**		**(0.07)**	
Non-GAAP	**$ 657**	**17 %**	**$ 624**	**$ 228**	**$ 396**	**13 %**	**$ 1.19**	**18 %**
			Third Quarter 2014					
GAAP	$ 508	7 %	$ 507	$ 192	$ 315	(9)%	$ 0.91	(9)%
Restructuring and employee severance	5		5	2	3		0.01	
Amortization and other acquisition-related costs	56		56	20	36		0.10	
Impairments and (gain)/loss on disposal of assets	-		-	-	-		-	
Litigation (recoveries)/charges, net	(8)		(8)	(3)	(5)		(0.01)	
Non-GAAP	$ 561	(3)%	$ 560	$ 211	$ 349	(15)%	$ 1.01	(16)%
			Year-to-Date 2015					
(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
GAAP	**$ 1,603**	**7 %**	**$ 1,444**	**$ 524**	**$ 920**	**(1)%**	**$ 2.74**	**2 %**
Restructuring and employee severance	**33**		**33**	**12**	**21**		**0.06**	
Amortization and other acquisition-related costs	**190**		**190**	**69**	**121**		**0.36**	
Impairments and (gain)/loss on disposal of assets	**(19)**		**(19)**	**(10)**	**(9)**		**(0.03)**	
Litigation (recoveries)/charges, net	**54**		**54**	**8**	**46**		**0.14**	
Loss on extinguishment of debt	**-**		**60**	**23**	**37**		**0.11**	
Non-GAAP	**$ 1,861**	**11 %**	**$ 1,763**	**$ 627**	**$ 1,136**	**9 %**	**$ 3.38**	**12 %**
			Year-to-Date 2014					
GAAP	$ 1,498	4 %	$ 1,441	$ 512	$ 929	1 %	$ 2.69	-%
Restructuring and employee severance	25		25	9	16		0.05	
Amortization and other acquisition-related costs	160		160	58	102		0.30	
Impairments and (gain)/loss on disposal of assets	10		10	4	6		0.02	
Litigation (recoveries)/charges, net	(21)		(21)	(8)	(13)		(0.04)	
Loss on extinguishment of debt	-		-	-	-		-	
Non-GAAP	$ 1,672	6 %	$ 1,615	$ 575	$ 1,040	3 %	$ 3.01	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

	Fiscal Year 2014							
(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[1]	Diluted EPS from Continuing Operations Growth Rate[1,2]
GAAP	**$ 1,885**	**89 %**	**$ 1,798**	**$ 635**	**$ 1,163**	**247 %**	**$ 3.37**	**247 %**
Restructuring and employee severance	**31**		**31**	**11**	**20**		**0.06**	
Amortization and other acquisition-related costs	**223**		**223**	**79**	**144**		**0.42**	
Impairments and loss on disposal of assets	**15**		**15**	**5**	**10**		**0.03**	
Litigation (recoveries)/charges, net	**(21)**		**(21)**	**(8)**	**(13)**		**(0.04)**	
Non-GAAP	**$ 2,133**	**4 %**	**$ 2,047**	**$ 722**	**$ 1,324**	**3 %**	**$ 3.84**	**3 %**

[1] The fourth quarter of fiscal 2013 and fiscal 2013 both include an $829 million goodwill impairment charge related to our Nuclear Pharmacy Services division. The related tax benefit was $30 million and GAAP diluted EPS from continuing operations decreased $2.32.

[2] Excluding a $63 million benefit related to the settlement of federal and state tax controversies, partially offset by a $56 million charge related to the remeasurement of unrecognized tax benefits, the fiscal 2014 growth rates for diluted EPS from continuing operations and non-GAAP diluted EPS from continuing operations would have been 324 percent and 8 percent, respectively.

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
Total Company Business Analysis

(in millions)	Third Quarter 2015	Third Quarter 2014	Non-GAAP Third Quarter 2015	Non-GAAP Third Quarter 2014
Revenue				
Amount	**$ 25,375**	$ 21,427		
Growth rate	**18 %**	(13)%		
Operating earnings				
Amount	**$ 591**	$ 508	**$ 657**	$ 561
Growth rate	**16 %**	7 %	**17 %**	(3)%
Earnings from continuing operations				
Amount	**$ 365**	$ 315	**$ 396**	$ 349
Growth rate	**16 %**	(9)%	**13 %**	(15)%
Return on equity	**23.4 %**	19.2 %	**25.4 %**	21.3 %
Effective tax rate from continuing operations	**34.6 %**	38.0 %	**36.5 %**	37.7 %
Debt to total capital	**39 %**	38 %		
Net debt to capital			**11 %**	12 %

(in millions)	Year-to-Date 2015	Year-to-Date 2014	Non-GAAP Year-to-Date 2015	Non-GAAP Year-to-Date 2014
Revenue				
Amount	**$ 74,983**	$ 68,190		
Growth rate[1]	**10 %**	(10)%		
Operating earnings				
Amount	**$ 1,603**	$ 1,498	**$ 1,861**	$ 1,672
Growth rate	**7 %**	4 %	**11 %**	6 %
Earnings from continuing operations				
Amount	**$ 920**	$ 929	**$ 1,136**	$ 1,040
Growth rate	**(1)%**	1 %	**9 %**	3 %
Return on equity	**19.5 %**	19.6 %	**24.1 %**	21.9 %
Effective tax rate from continuing operations	**36.3 %**	35.5 %	**35.6 %**	35.6 %

[1] Revenue from Walgreens was $3.3 billion for the nine months ended March 31, 2014. Excluding the impact of the Walgreens contract expiration, the fiscal 2015 year-to-date revenue growth rate would have been 16 percent.

Refer to the GAAP/Non-GAAP reconciliation for definitions and calculations supporting the Non-GAAP balances.

Cardinal Health, Inc. and Subsidiaries
Segment Business Analysis

(in millions)	Third Quarter 2015	2014
Pharmaceutical		
Revenue		
Amount	**$ 22,605**	$ 18,762
Growth rate	**20 %**	(15)%
Segment profit		
Amount	**$ 567**	$ 452
Growth rate	**25 %**	(9)%
Segment profit margin	**2.51 %**	2.41 %

(in millions)	Third Quarter 2015	2014
Medical		
Revenue		
Amount	**$ 2,774**	$ 2,657
Growth rate	**4 %**	7 %
Segment profit		
Amount	**$ 102**	$ 111
Growth rate	**(8)%**	11 %
Segment profit margin	**3.66 %**	4.16 %

Refer to definitions for an explanation of calculations.

Total consolidated revenue for the three months ended March 31, 2015 was $25,375 million, which included total segment revenue of $25,379 million and Corporate revenue of $(4) million. Total consolidated revenue for the three months ended March 31, 2014 was $21,427 million, which included total segment revenue of $21,419 million and Corporate revenue of $8 million. Corporate revenue consists primarily of elimination of inter-segment revenue and other revenue not allocated to the segments.

Total consolidated operating earnings for the three months ended March 31, 2015 were $591 million, which included total segment profit of $669 million and Corporate costs of $(78) million. Total consolidated operating earnings for the three months ended March 31, 2014 were $508 million, which included total segment profit of $563 million and Corporate costs of $(55) million. Corporate includes, among other things, restructuring and employee severance, amortization and other acquisition-related costs, impairments and (gain)/loss on disposal of assets, litigation (recoveries)/charges, net and certain investment spending that are not allocated to the segments.

Cardinal Health, Inc. and Subsidiaries
Segment Business Analysis

(in millions)	Year-to-Date 2015	2014
Pharmaceutical		
Revenue		
Amount	**$ 66,440**	$ 60,018
Growth rate[1]	**11 %**	(12)%
Segment profit		
Amount	**$ 1,559**	$ 1,368
Growth rate	**14 %**	2 %
Segment profit margin	**2.35 %**	2.28 %

(in millions)	Year-to-Date 2015	2014
Medical		
Revenue		
Amount	**$ 8,540**	$ 8,168
Growth rate	**5 %**	11 %
Segment profit		
Amount	**$ 330**	$ 348
Growth rate	**(5)%**	30 %
Segment profit margin	**3.86 %**	4.26 %

[1] Revenue from Walgreens was $3.3 billion for the nine months ended March 31, 2014. Excluding the impact of the Walgreens contract expiration, the fiscal 2015 year-to-date Pharmaceutical segment revenue growth rate would have been 17 percent.

Refer to definitions for an explanation of calculations.

Total consolidated revenue for the nine months ended March 31, 2015 was $74,983 million, which included total segment revenue of $74,980 million and Corporate revenue of $3 million. Total consolidated revenue for the nine months ended March 31, 2014 was $68,190 million, which included total segment revenue of $68,186 million and Corporate revenue of $4 million. Corporate revenue consists primarily of elimination of inter-segment revenue and other revenue not allocated to the segments.

Total consolidated operating earnings for the nine months ended March 31, 2015 were $1,603 million, which included total segment profit of $1,889 million and Corporate costs of $(286) million. Total consolidated operating earnings for the nine months ended March 31, 2014 were $1,498 million, which included total segment profit of $1,716 million and Corporate costs of $(218) million. Corporate includes, among other things, restructuring and employee severance, amortization and other acquisition-related costs, impairments and (gain)/loss on disposal of assets, litigation (recoveries)/charges, net and certain investment spending that are not allocated to the segments.

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

(in millions)	Third Quarter 2015	2014
GAAP return on equity	**23.4 %**	19.2 %
Non-GAAP return on equity		
Net earnings	**$ 365**	$ 315
Restructuring and employee severance, net of tax, in continuing operations	**4**	3
Amortization and other acquisition-related costs, net of tax, in continuing operations	**48**	36
Impairments and (gain)/loss on disposal of assets, net of tax, in continuing operations	**-**	-
Litigation (recoveries)/charges, net, net of tax, in continuing operations	**(21)**	(5)
Adjusted net earnings	**$ 396**	$ 349
Annualized	**$ 1,584**	$ 1,396

	Third Quarter 2015	**Second Quarter 2015**	Third Quarter 2014	Second Quarter 2014
Total shareholders' equity	**$ 6,369**	**$ 6,100**	$ 6,532	$ 6,589
Divided by average shareholders' equity	**$ 6,235**		$ 6,560	
Non-GAAP return on equity	**25.4 %**		21.3 %	

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

	Year-to-Date	
(in millions)	**2015**	2014
GAAP return on equity	**19.5 %**	19.6 %
Non-GAAP return on equity		
Net earnings	**$ 920**	$ 932
Restructuring and employee severance, net of tax, in continuing operations	**21**	16
Amortization and other acquisition-related costs, net of tax, in continuing operations	**121**	102
Impairments and (gain)/loss on disposal of assets, net of tax, in continuing operations	**(9)**	6
Litigation (recoveries)/charges, net, net of tax, in continuing operations	**46**	(13)
Loss on extinguishment of debt, net of tax, in continuing operations	**37**	-
Adjusted net earnings	**$ 1,136**	$ 1,043
Annualized	**$ 1,515**	$ 1,391

	Third Quarter 2015	**Second Quarter 2015**	**First Quarter 2015**	**Fourth Quarter 2014**	Third Quarter 2014	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013
Total shareholders' equity	**$ 6,369**	**$ 6,100**	**$ 6,256**	**$ 6,401**	$ 6,532	$ 6,589	$ 6,297	$ 5,975
Divided by average shareholders' equity	**$ 6,281**				$ 6,348			
Non-GAAP return on equity	**24.1 %**				21.9 %			

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)	Third Quarter 2015	Third Quarter 2014	Year-to-Date 2015	Year-to-Date 2014
GAAP effective tax rate from continuing operations	**34.6 %**	38.0 %	**36.3 %**	35.5 %
Non-GAAP effective tax rate from continuing operations				
Earnings before income taxes and discontinued operations	**$ 558**	$ 507	**$ 1,444**	$ 1,441
Restructuring and employee severance	**7**	5	**33**	25
Amortization and other acquisition-related costs	**77**	56	**190**	160
Impairments and (gain)/loss on disposal of assets	**(1)**	-	**(19)**	10
Litigation (recoveries)/charges, net	**(18)**	(8)	**54**	(21)
Loss on extinguishment of debt	**-**	-	**60**	-
Adjusted earnings before income taxes and discontinued operations	**$ 624**	$ 560	**$ 1,763**	$ 1,615
Provision for income taxes	**$ 193**	$ 192	**$ 524**	$ 512
Restructuring and employee severance tax benefit	**3**	2	**12**	9
Amortization and other acquisition-related costs tax benefit	**29**	20	**69**	58
Impairments and (gain)/loss on disposal of assets tax benefit/(expense)	**(1)**	-	**(10)**	4
Litigation (recoveries)/charges, net tax benefit/(expense)	**3**	(3)	**8**	(8)
Loss on extinguishment of debt tax benefit	**-**	-	**23**	-
Adjusted provision for income taxes	**$ 228**	$ 211	**$ 627**	$ 575
Non-GAAP effective tax rate from continuing operations	**36.5 %**	37.7 %	**35.6 %**	35.6 %

	Third Quarter 2015	Third Quarter 2014
Debt to total capital	**39 %**	38 %
Net debt to capital		
Current portion of long-term obligations and other short-term borrowings	**$ 283**	$ 241
Long-term obligations, less current portion	**3,720**	3,679
Debt	**$ 4,003**	$ 3,920
Cash and equivalents	**(3,183)**	(3,041)
Net debt	**$ 820**	$ 879
Total shareholders' equity	**6,369**	6,532
Capital	**$ 7,189**	$ 7,411
Net debt to capital	**11 %**	12 %

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 2014
GAAP effective tax rate from continuing operations		**35.3 %**
Non-GAAP effective tax rate from continuing operations		
Earnings before income taxes and discontinued operations	**$**	**1,798**
Restructuring and employee severance		**31**
Amortization and other acquisition-related costs		**223**
Impairments and loss on disposal of assets		**15**
Litigation (recoveries)/charges, net		**(21)**
Adjusted earnings before income taxes and discontinued operations	**$**	**2,047**
Provision for income taxes	**$**	**635**
Restructuring and employee severance tax benefit		**11**
Amortization and other acquisition-related costs tax benefit		**79**
Impairments and loss on disposal of assets tax benefit		**5**
Litigation (recoveries)/charges, net tax expense		**(8)**
Adjusted provision for income taxes	**$**	**722**
Non-GAAP effective tax rate from continuing operations		**35.3 %**

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.

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, amortization and other acquisition-related costs, impairments and (gain)/loss on disposal of assets, litigation (recoveries)/charges, net, LIFO charges/(credits) and loss on extinguishment of debt, 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

Use of Non-GAAP Measures

In fiscal 2015, the Company began excluding last-in, first-out ("LIFO") inventory charges/(credits)[5] from its non-GAAP earnings, for consistency with the presentation by some of its peers. The Company did not record any LIFO charges or credits in the first, second, or third quarters of fiscal 2015 or 2014, respectively. In the second quarter of fiscal 2015, the Company excluded the loss on extinguishment of debt[6] related to the early redemption of debt that occurred in December 2014 from its non-GAAP earnings.

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) amortization and other acquisition-related costs[2], (3) impairments and (gain)/loss on disposal of assets[3], (4) litigation (recoveries)/charges, net[4], (5) LIFO charges/(credits) and (6) loss on extinguishment of debt, each net of tax.

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

Non-GAAP Operating Earnings: operating earnings excluding (1) restructuring and employee severance, (2) amortization and other acquisition-related costs, (3) impairments and (gain)/loss on disposal of assets, (4) litigation (recoveries)/charges, net and (5) LIFO charges/(credits).

Non-GAAP Return on Equity: (annualized current period net earnings excluding (1) restructuring and employee severance, (2) amortization and other acquisition-related costs, (3) impairments and (gain)/loss on disposal of assets, (4) litigation (recoveries)/charges, net, (5) LIFO charges/(credits) and (6) loss on extinguishment of debt, each net of tax) divided by average shareholders' equity.

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

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.

[1] Programs by which the Company 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 realignment of the management structure of a business unit in response to changing market conditions).

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

[3] Asset impairments and (gains)/losses from the disposal of assets not eligible to be classified as discontinued operations are classified within impairments and (gain)/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.

[5] The inventories of the Company's core pharmaceutical distribution facilities in the Pharmaceutical segment are valued at the lower of cost, using the LIFO method, or market. These charges or credits are included in cost of products sold, and represent changes in the Company's LIFO inventory reserve.

[6] Charges related to the make-whole premium on the redemption of notes.