Healthcare is changing …
We're changing healthcare.

Mike Kaufmann
Chief Financial Officer

Bank of America Merrill Lynch 2015 Health Care Conference
May 13, 2015

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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 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 successfully complete the Cordis acquisition on a timely basis and if completed, to achieve the anticipated results from the Cordis acquisition; 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 May 13, 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.

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Essential facts about Cardinal Health

A global, integrated healthcare services company

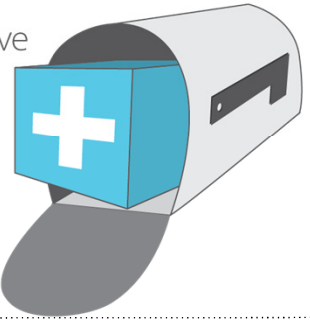
#22 FORTUNE 500 ranking

We provide resources to **MORE THAN 75%** of U.S. hospitals

We serve **>20,000** U.S. PHARMACIES



In home healthcare, we serve **1.5 million** patients with **40,000** products



More than **10,000,000** TIME-CRITICAL PATIENT-SPECIFIC RADIOPHARMACEUTICAL **DOSES** delivered annually



We have **34,000** employees worldwide



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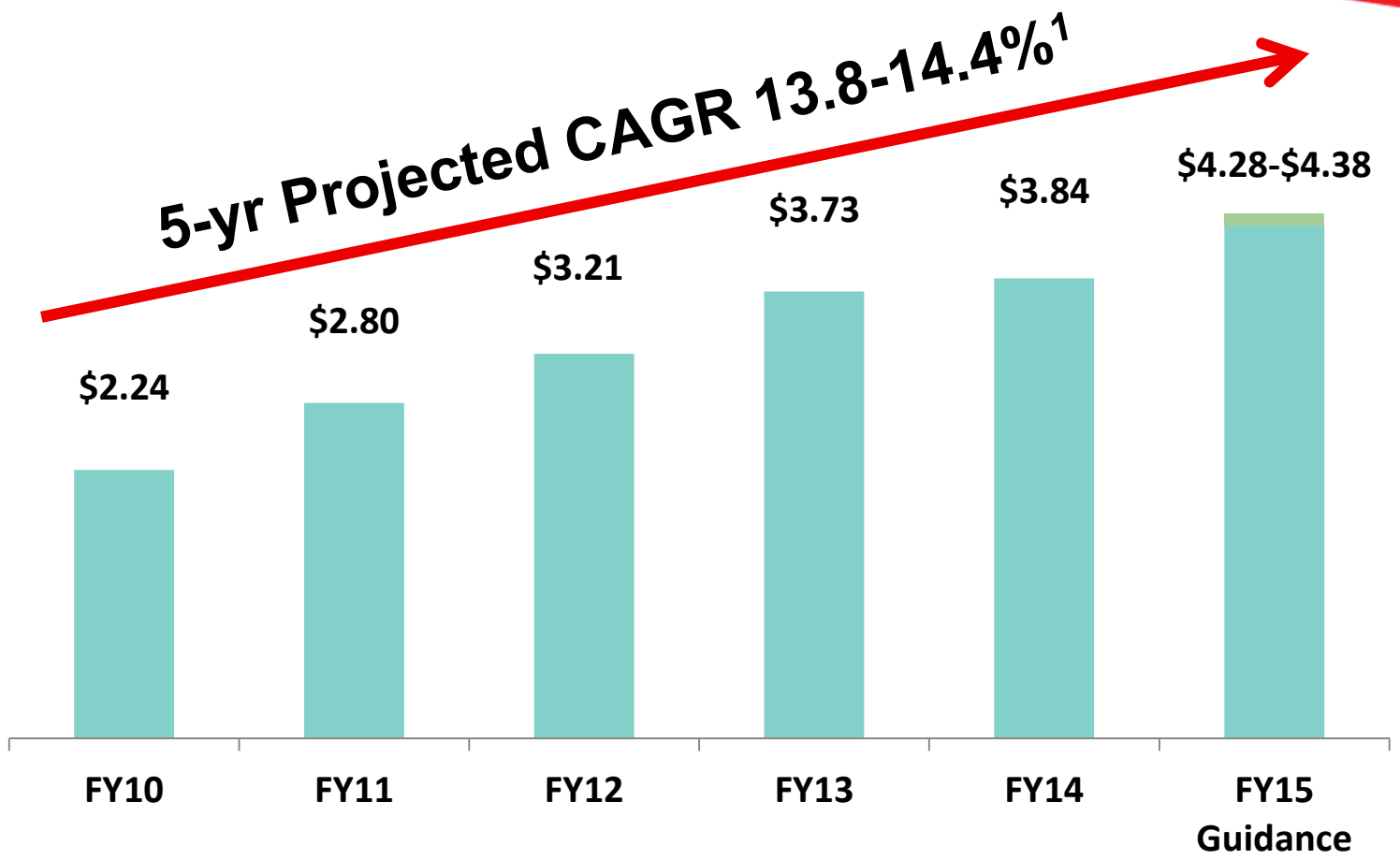
Non-GAAP diluted earnings per share from continuing operations



EPS Growth[2]

Q3 FY15 18%

YTD FY15 12%

Please see appendix for GAAP/non-GAAP definitions and reconciling information.

[1] CAGR range based off of FY15 Guidance range provided on April 30, 2015 of $4.28-$4.38.

[2] Non-GAAP diluted earnings per share from continuing operations growth rate versus the prior year. Q3 and year-to-date (YTD) are the 3 and 9 months ending March 31, 2015, respectively.

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Our priorities are driven by key trends in healthcare

Demographics and public health issues driving demand

- Need to deliver care more cost-effectively: new settings, less waste, more coordination
- Biology advances and big data
- Increased consumerism in healthcare
- Transition from fee-for-service to payment for outcomes
- Increased participation of government, both as payor and regulator

Continued innovation in healthcare

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FY15 strategic priorities

Generics

- Use scale and know how to deliver value via **Red Oak**
- Tailored programs to a segmented customer base

Specialty and biopharma

- Continue to increase scale
- Increase therapeutic range
- Enhance programs for biopharma

International

- Expand Chinese footprint
- Reposition Canada for growth
- Grow medical product scale through international markets

Health system and hospital solutions

Provide health systems with scaled solutions including:

- Integrated strategic account solutions
- Physician preference products
- Medical consumables
- Performance management tools and services

Alternate sites of care

- Accelerate growth in home
- Post-acute and ambulatory settings, leveraging IDN experience and HENRY SCHEIN® partnership
- Expand product lines, services, capabilities and touch points

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Largest generics sourcing entity in U.S., world's largest generic market



- 50/50 JV created in July 2014
- Single point of negotiation
- Simple, straightforward model

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In Specialty we bring enhanced value through integration of component services

Regulatory Sciences

3PL Services / Direct Distribution

Patient Access & Support

Specialty Pharmacy

Marketing Communications

Market Analytics

Health Economics Outcomes Research

Upstream solutions

Partnerships for continued Innovation:

- **KEW Group**

VitalSource™ GPO

Specialty Pharma Distribution

Practice Management Technology

Radio Frequency Inventory Mgt.

Downstream Solutions

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Integrated solutions for integrated health systems

Orthopedic Trauma

Emerge Medical



Cardiovascular

AccessClosure
Cordis *



Negative Pressure Wound Therapy

Innovative Therapies, Inc.



Solutions to help standardize physician preference items

** Announced intent to acquire Cordis on March 2, 2015.* Completion of the acquisition *is subject to regulatory approval and customary closing conditions.*

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About Cordis

Cardiology and Endovascular medical device company

Robust product line of mature, well-established **cardiovascular products**

Annual revenues were approximately $780M, 70% of sales coming from outside the United States

2014 annual **revenues were evenly split** between Cardiology and Endovascular

Cordis®



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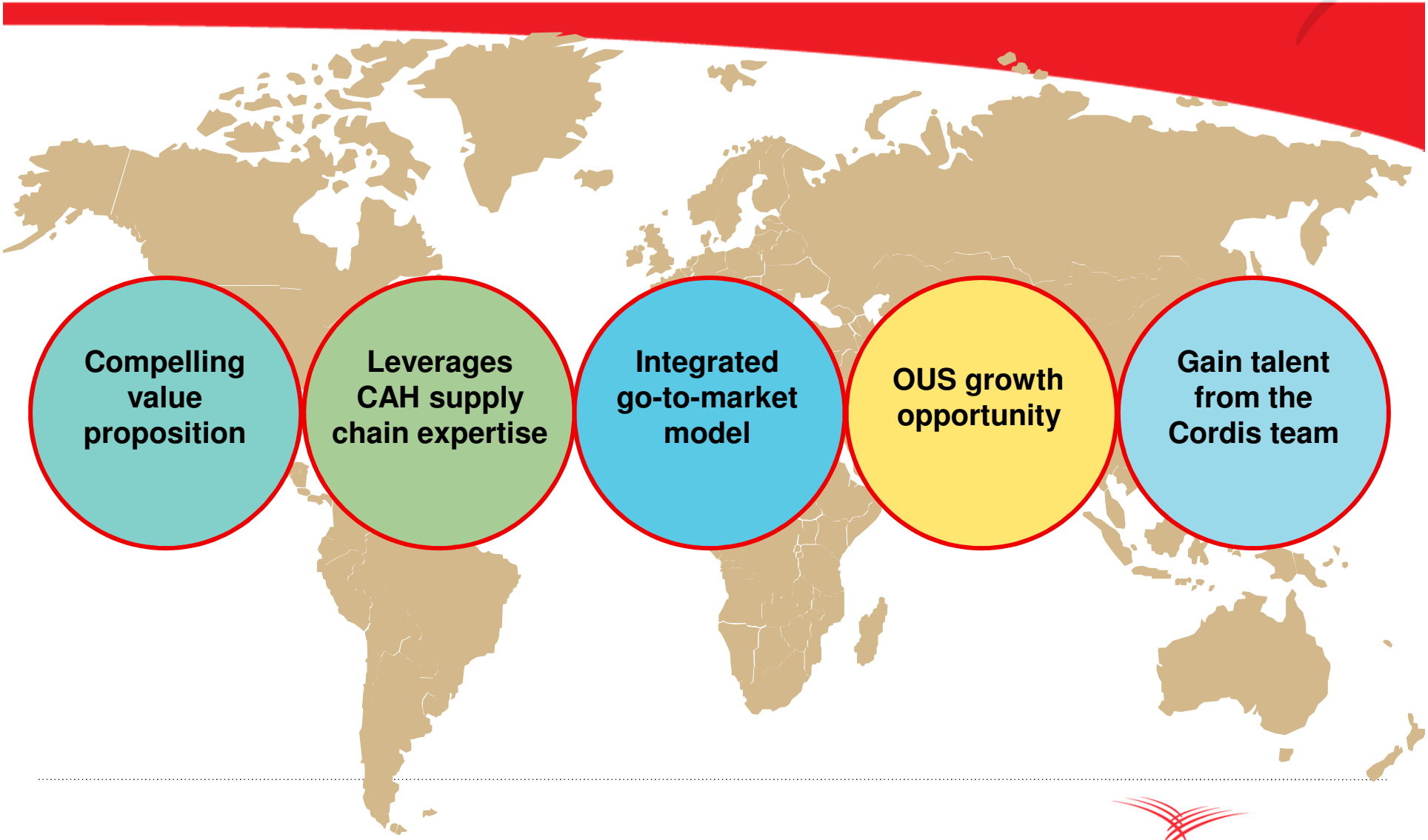
Cardinal Health and Cordis: What this means for us and the marketplace



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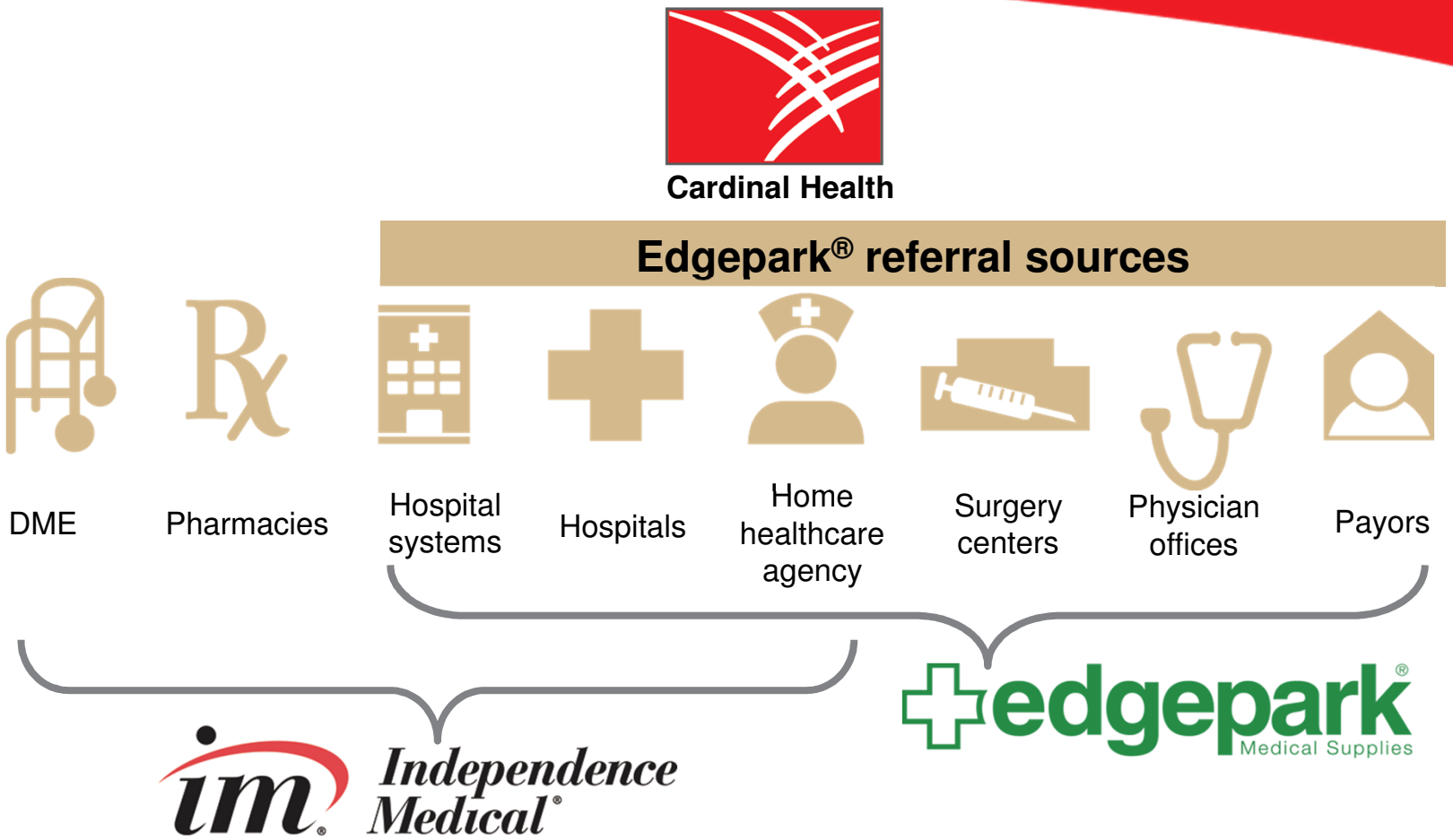
Cardinal Health supports care At Home; Opportunities extend across care continuum



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International: China, growing into the future

- ✓ **Broaden geographic reach**
  - Expand from 11 to ~25 local wholesaling companies through tuck-in acquisitions
  - Approximately 30 direct-to-patient specialty pharmacies
- ✓ **Expand direct-to-patient for chronic care**
  - Focus on disease-centric, patient support model
- ✓ **Invest in innovative healthcare solutions**
  - Hospital and retail pharmacy focused
- ✓ **Accelerate brand recognition**



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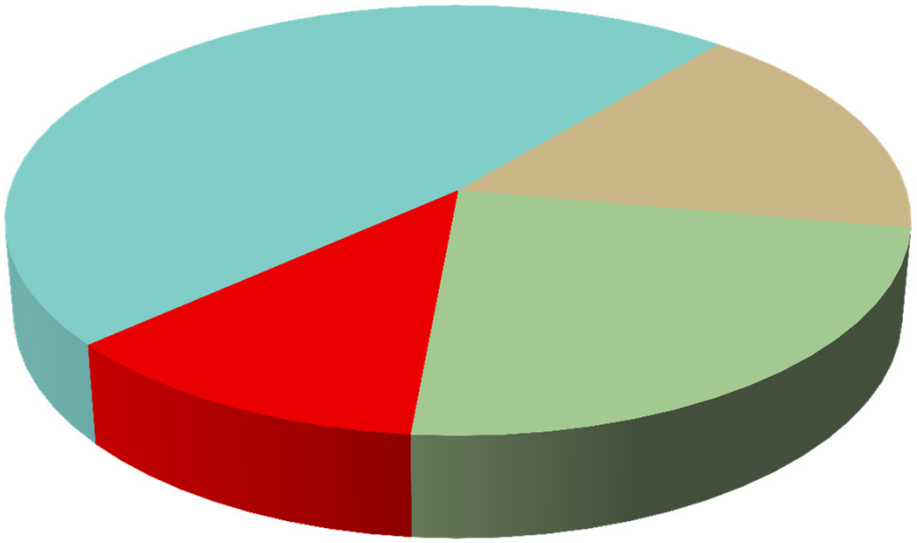
Thoughtful capital deployment approach

Capital deployment post CareFusion spin[1]



$4.7B cumulatively returned to shareholders

- Dividends
- Share repurchases
- Capital expenditures
- Acquisitions, net of divestitures

Dividend Increase 14.4% CAGR[2]

[1] *Capital deployment from Q1 FY10 to March 31, 2015 (FY15).*
[2] *Annual dividend paid per share from FY10 through FY15 including dividend paid on 4/15/15.*

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Strong portfolio driving growth; positioned for the future

- ✓ Believe we are positioned on the “right side” of healthcare
- ✓ Innovating to fulfill needs of increasingly integrated customers
- ✓ Thoughtful capital deployment
- ✓ A balance of short- and long-term growth drivers

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Financial appendix

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

	Third Quarter 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	$ 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 %

	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 %

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[1]	Diluted EPS from Continuing Operations Growth Rate
			Fiscal Year 2014					
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 %
			Fiscal Year 2013					
GAAP	$ 996	(44)%	$ 888	$ 553	$ 335	(69)%	$ 0.97	(68)%
Restructuring and employee severance	71		71	27	44		0.13	
Amortization and other acquisition-related costs	158		158	52	106		0.31	
Impairments and loss on disposal of assets	859		859	37	822		2.39	
Litigation (recoveries)/charges, net	(38)		(38)	(15)	(23)		(0.07)	
Non-GAAP	$ 2,046	10 %	$ 1,938	$ 654	$ 1,284	15 %	$ 3.73	16 %

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.

[1] The 5-year compound annual growth rate for non-GAAP diluted earnings per share from continuing operations is projected to be between 13.8 percent and 14.4 percent, based on FY15 non-GAAP diluted earnings per share from continuing operations guidance of $4.28 to $4.38, respectively, provided on April 30, 2015. The 4-year compound annual growth rate for GAAP diluted earnings per share from continuing operations for FY10 to FY14 was 20.1 percent.

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

	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	
Amortization and other 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		-	
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	
Amortization and other 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	
Amortization and other acquisition-related costs	18		18	6	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.

We present non-GAAP operating earnings and non-GAAP diluted earnings per share 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 operating earnings and diluted earnings per share 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 and LIFO charges/(credits), 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

This presentation contains financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). In general, the measures exclude items and charges that (i) management does not believe reflect Cardinal Health, Inc.'s (the "Company") core business and relate more to strategic, multi-year corporate activities; or (ii) relate to activities or actions that may have occurred over multiple or in prior periods without predictable trends. Management uses these non-GAAP financial measures internally to evaluate the Company's performance, evaluate the balance sheet, engage in financial and operational planning and determine incentive compensation.

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[7] related to the early redemption of debt that occurred in December 2014 from its non-GAAP earnings.

Management provides these non-GAAP financial measures to investors as supplemental metrics to assist readers in assessing the effects of items and events on its financial and operating results and in comparing the Company's performance to that of its competitors. However, the non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.

The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations to those financial statements set forth above should be carefully evaluated.

Definitions

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), (6) Other Spin-Off costs[6], (7) Gain on sale of CareFusion stock and (8) loss on extinguishment of debt, each net of tax.

Non-GAAP Diluted EPS from Continuing Operations and growth rate calculation[8]: non-GAAP earnings from continuing operations divided by diluted weighted-average shares outstanding.

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

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

[8] 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)).