

Cardinal Health to acquire Harvard Drug Group, A distributor of generic pharmaceuticals, OTC medications and related products

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Forward-looking statements and GAAP reconciliation

This release contains forward-looking statements addressing Cardinal Health's plans to acquire Harvard Drug Group and other statements about future 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: the ability to successfully complete the acquisitions of Harvard Drug Group and Cordis on a timely basis, including receipt of required regulatory approvals and satisfaction of other conditions; the ability to retain customers and employees of the acquired businesses and to successfully integrate the acquired businesses into Cardinal Health's operations, if the acquisitions are completed; the ability to achieve the expected synergies as well as accretion in earnings; 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; 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 release reflects management's views as of June 5, 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 reply of the webcasted Investor Event also will be available on the Investors page at ir.cardinalhealth.com

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Strategic rationale

- ✓ Aligns with our commitment to provide the most comprehensive line of pharmaceutical products for the broadest range of customers
  - Expands Cardinal Health's existing telesales programs
  - Broadens our portfolio of over-the-counter pharmaceutical products
  - Brings specialized packaging to fit the unique needs of hospital systems and other institutions
- ✓ Utilizes the capabilities and scale of Red Oak Sourcing, the joint generics sourcing venture with CVS Health

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Financials and Mechanics

- Debt-free, cash-free deal with a **purchase price of $1.115B** to be funded with existing cash and new long-term debt
- Close anticipated in the **beginning of fiscal 2016**[1]

Expected Accretion to Non-GAAP diluted Earnings per Share from Continuing Operations[2]		
FY16	**FY17**	**FY18 & beyond**
> $0.15	> $0.20	increasingly accretive

Note: All accretion figures are net of $0.03 - $0.04 impact of incremental financing costs associated with the deal

- Operating margin rates **accretive to Pharmaceutical Segment**

[1] Subject to regulatory approvals and other customary closing conditions
[2] *See appendix for non-GAAP definitions*

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At a glance



- A privately held **distributor and private label marketer of generic pharmaceuticals, over-the-counter medications and related products** to retail, institutional and alternate care customers
- Calendar 2014 sales of **~$450M**
- Headquartered in **Livonia, MI**, includes two distribution centers
- Approximately **450 employees**

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Appendix: Non-GAAP definition and Non-GAAP financial measures

Non-GAAP definition

Non-GAAP diluted earnings per share from continuing operations: (A) earnings from continuing operations, 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, (B) divided by diluted weighted average shares outstanding.

Non-GAAP financial measures

Cardinal Health presents non-GAAP diluted earnings per share from continuing operations on a forward-looking basis. The most directly comparable forward-looking GAAP measure is diluted earnings per share from continuing operations. Cardinal Health is unable to provide a quantitative reconciliation of this forward-looking non-GAAP measure to the most directly comparable forward-looking GAAP measure, because Cardinal Health cannot reliably forecast restructuring and employee severance, amortization and acquisition-related costs which Cardinal Health expects to increase as a result of pending acquisitions, 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 Cardinal Health's future financial results.

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