Welcome

Cardinal Health, Inc. Investor and Analyst Meeting
November 19, 2015

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Cardinal Health
Investor and Analyst Meeting

Sally J. Curley
SVP, Investor Relations



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Agenda

Welcome!

Customer Experience Modules

Section 1

- Healthcare, strategy and financial overview
- Audience Q&A

Break and Customer Experience Modules

Section 2

- Pharmaceutical and Medical outlook
- An enterprise perspective of how we go to market
- Specialist physician panel
- Audience Q&A

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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 continue to achieve and maintain the benefits from the generic sourcing joint venture with CVS Health; the ability to achieve and maintain the benefits from our acquisitions of Cordis and The Harvard Drug Group; the frequency or rate of pharmaceutical price appreciation or deflation and the timing of generic and branded pharmaceutical introductions; the risk of 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 presentation reflects management's views as of November 19, 2015. 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 contains Non-GAAP financial measures. Cardinal Health provides definitions and reconciliations of the differences between the Non-GAAP financial measures and their most directly comparable GAAP financial measures in the Financial Appendix at the end of these presentations and at ir.cardinalhealth.com. An audio replay of the conference call will be available at ir.cardinalhealth.com.

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Healthcare is changing.

We're changing Healthcare.

George Barrett
Chairman and Chief Executive Officer

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Polling question:

In one word, what is the biggest trend healthcare will face in the next 5 years?

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Healthcare as we see it

Meghan FitzGerald

EVP, Strategy, M&A and Health Policy



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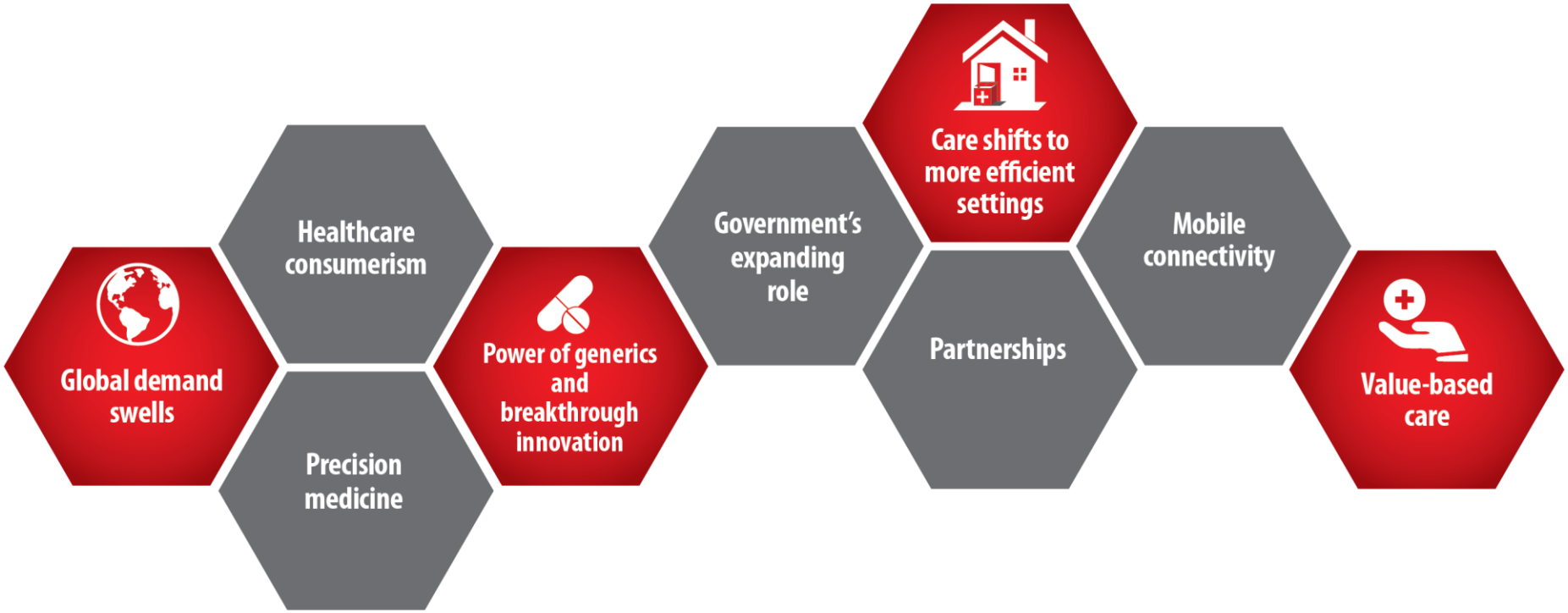
Healthcare trends



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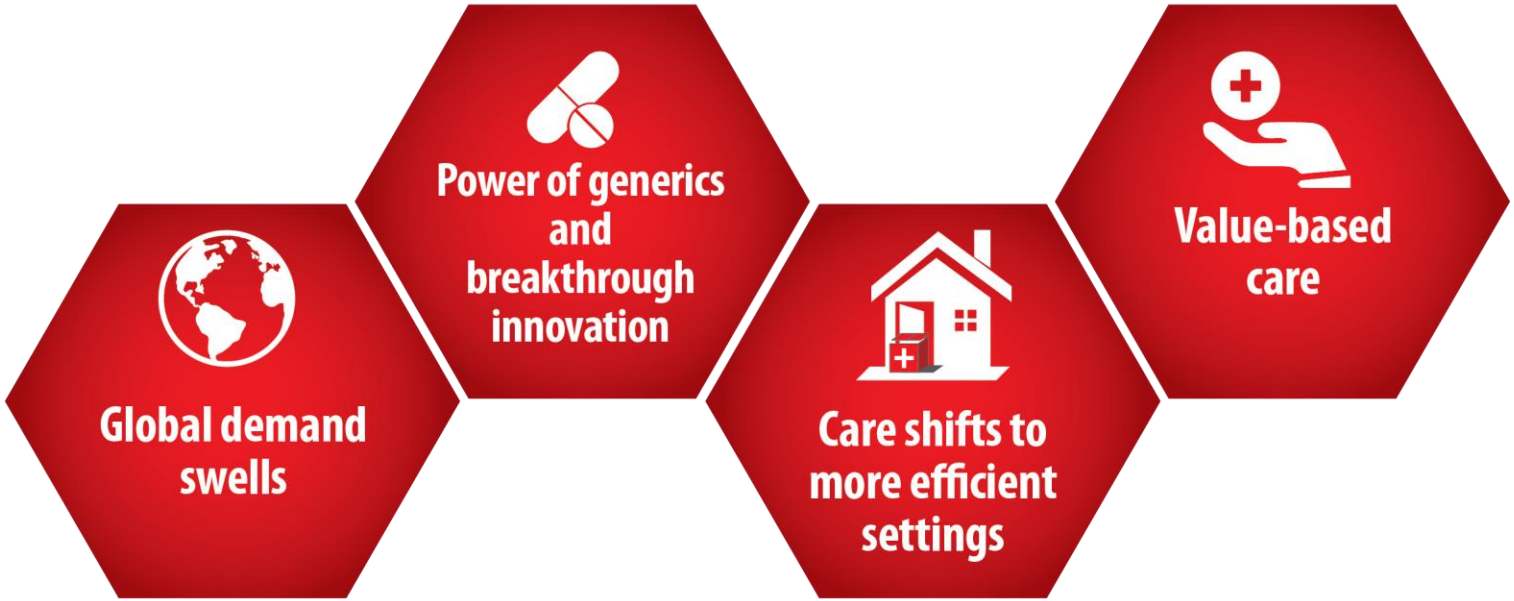
Healthcare trends



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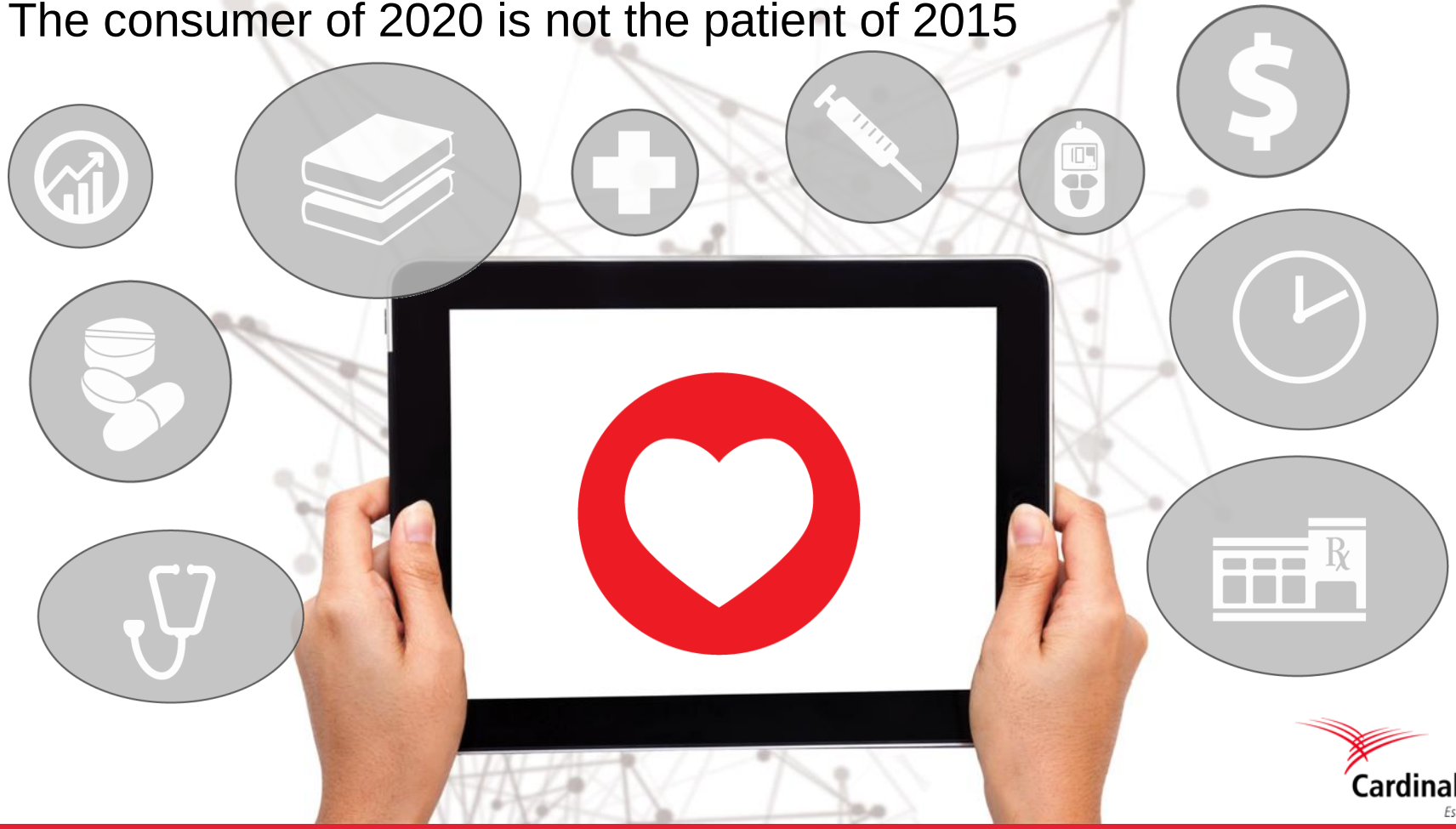
The consumer of 2020 is not the patient of 2015



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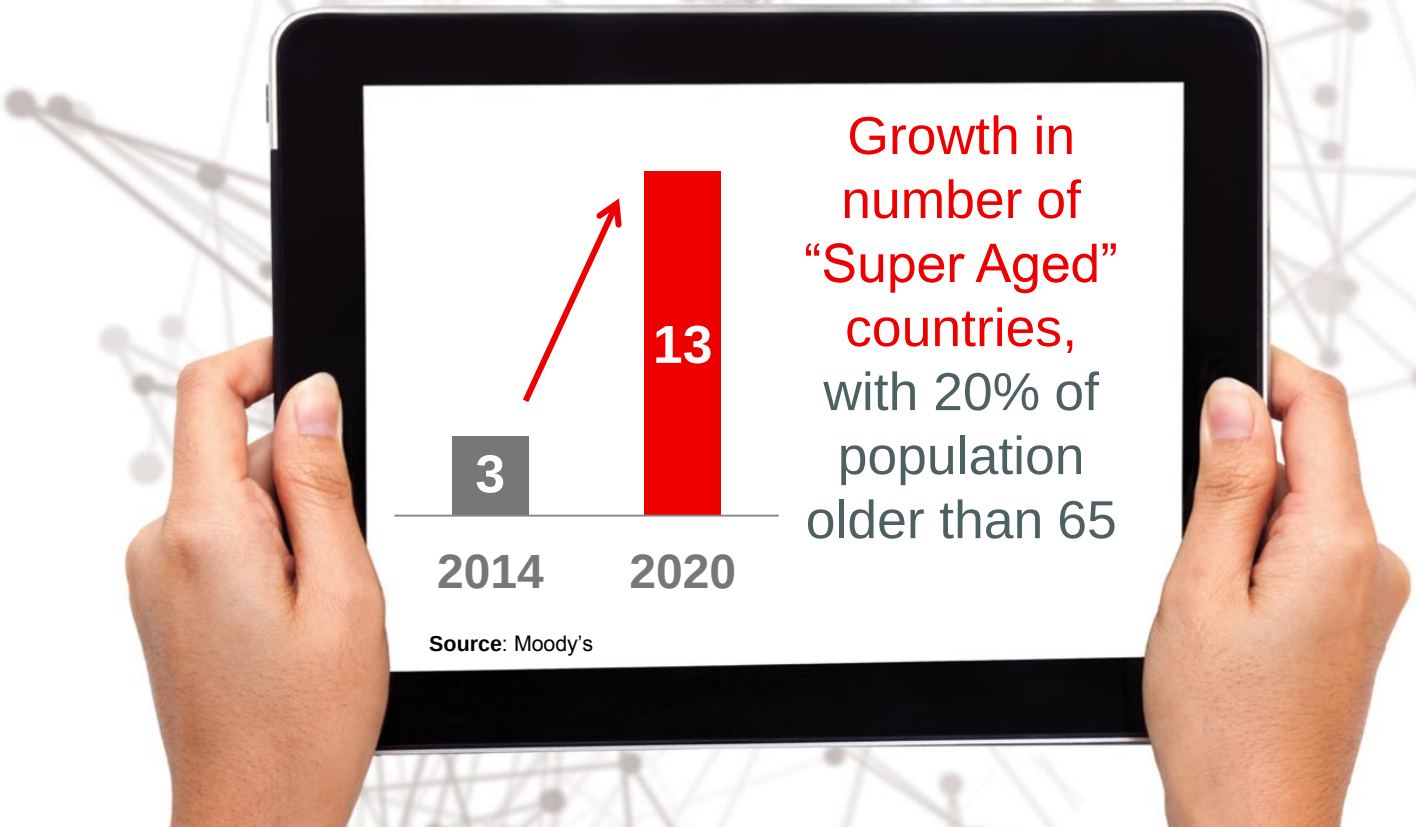
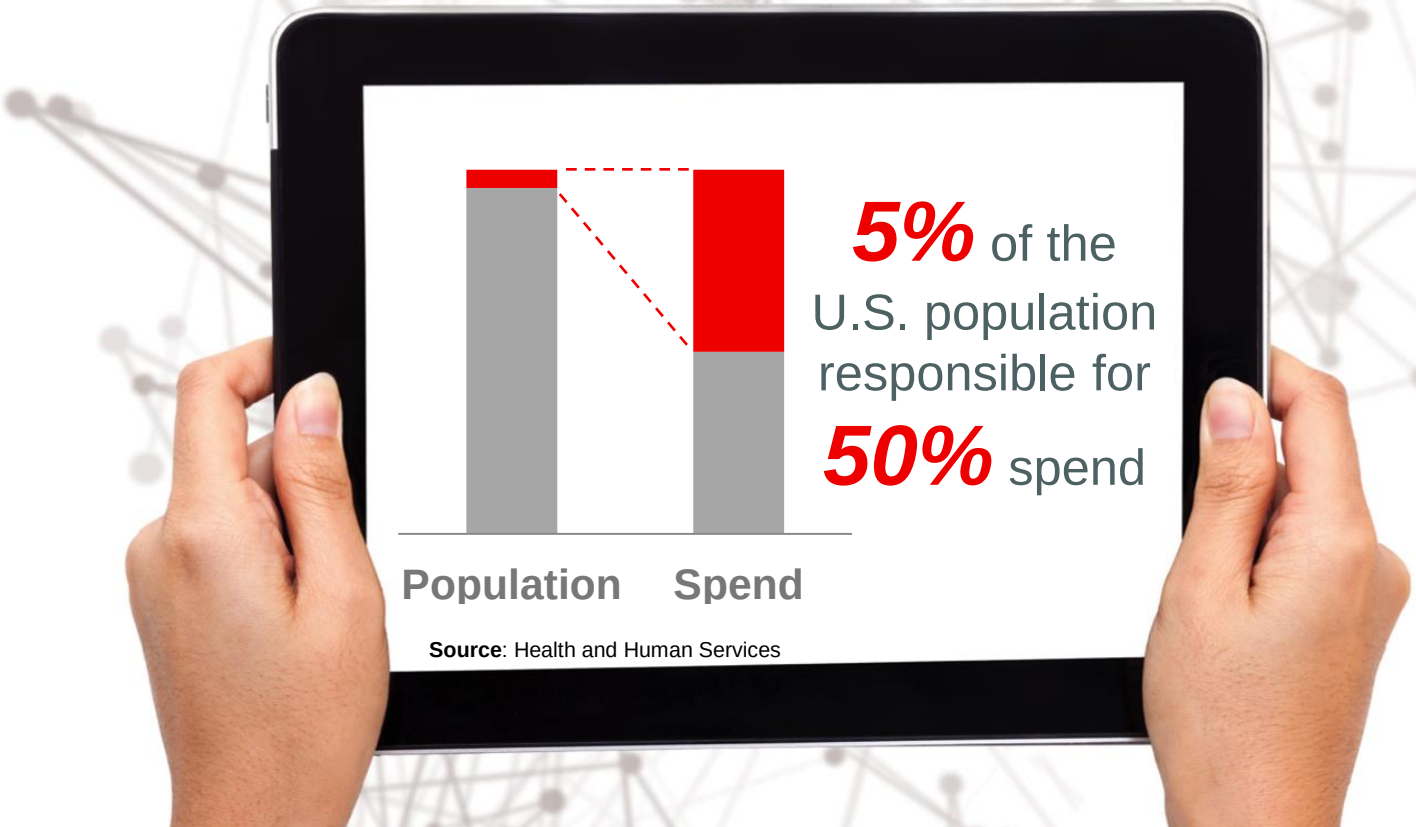
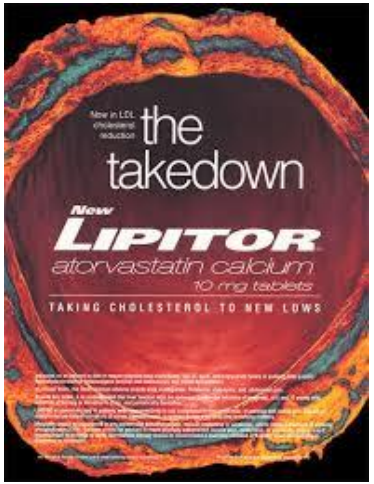

3
13
2014
2020
Growth in number of "Super Aged" countries, with 20% of population older than 65
Source: Moody's


5% of the U.S. population responsible for 50% spend
Population
Spend
Source: Health and Human Services







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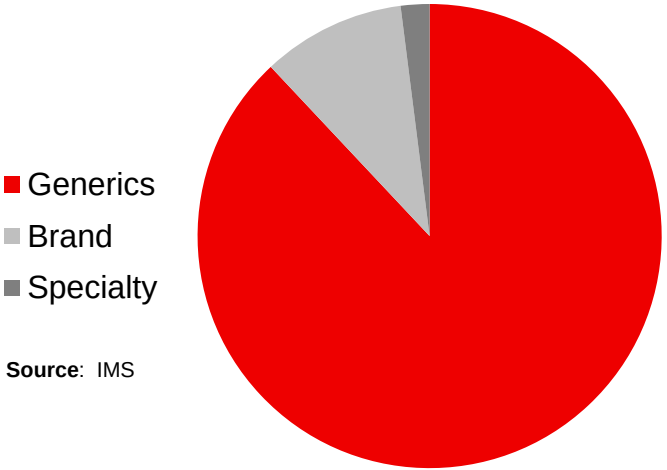
Accounting for both volume and value

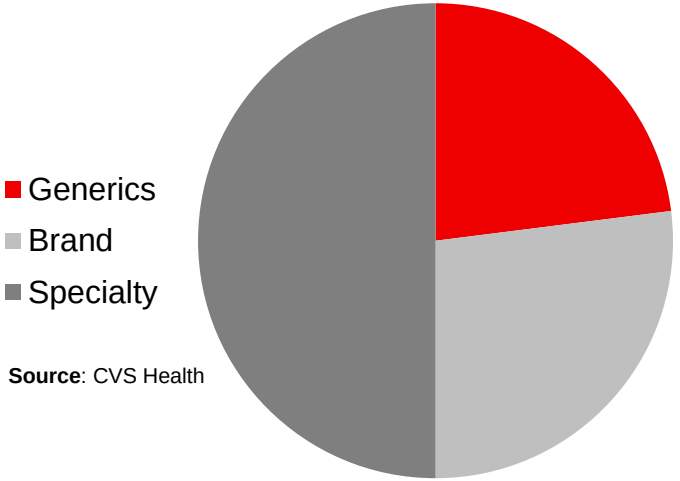
Volume



Source: IMS

Generics currently represent ***88% of drug volume*** for dispensed prescriptions

Value



Source: CVS Health

Specialty is projected to represent ***50% of drug spend*** in 2018

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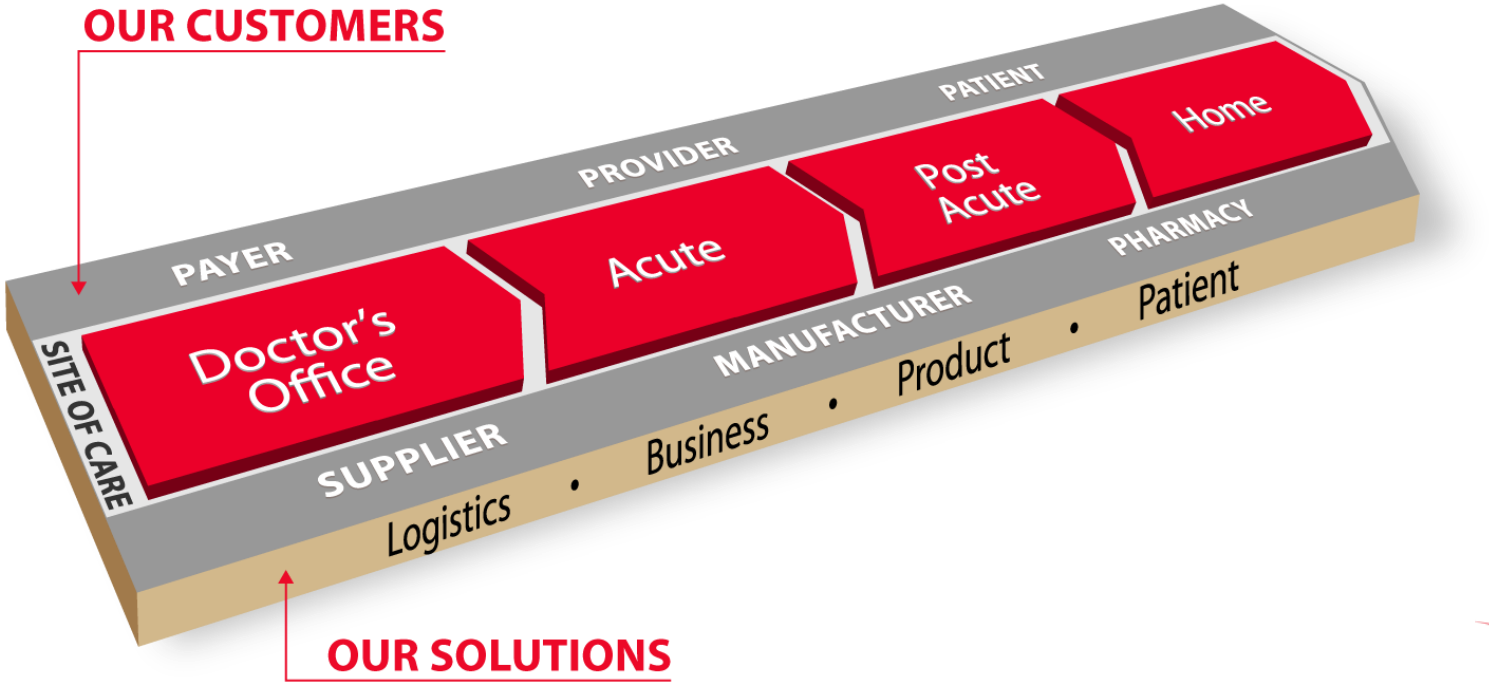
Credit Raymond K. Martin, NY



Cardinal Health:
Hospital to home and all points in between



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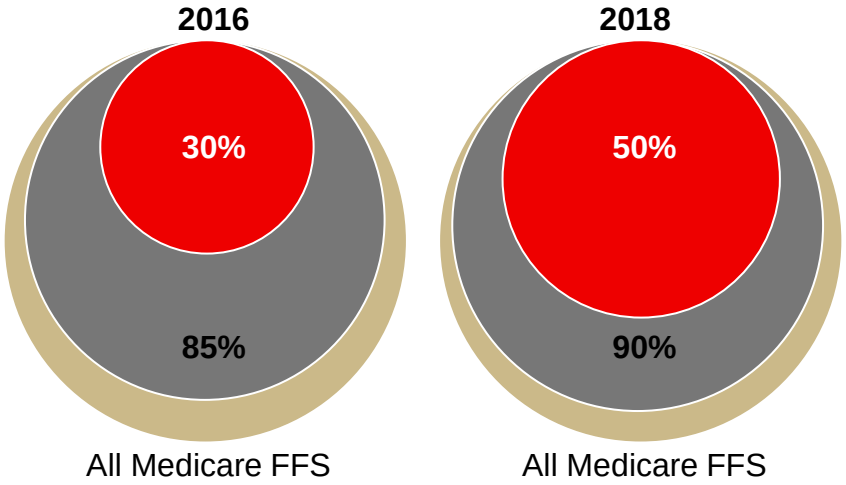
Tylenol
HOT MAX

Value-based care

Medicare fee-for-service (FFS) payment models



All Medicare FFS (Categories 1–4)

FFS linked to quality (Categories 2–4)

Alternative payment models (Categories 3–4)



Source: Centers for Medicare & Medicaid Services

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Case study: Tufts Medical Center

Problem
40% increase in cost per CHF case in 2013, longer lengths of stay, increased medication use

Solution
Used predictive data to empower hospital/MDs to project appropriate discharge days, clinical interventions/protocols around PT, having patients walk sooner

Result
Length of stay reduced from 85 days (2013) to 32 days (2015), average cost/case for daily non-ICU declined $33,000, pharmaceutical care decreased $25,000. **Survival rates exceeded national average**

Implication
If ALL hospitals performed like the top 50, **8,000 lives saved and $1.3B spend eliminated**

Source: Modern Healthcare, Truven Health Analytics

Cardinal Health implication

Top 50 cardiac hospitals to **benefit from a combination of Cordis, Medication Therapy Management (MTM), naviHealth and Cardinal Health at Home**

Three keys to success






1 Right care, right time, right setting

2 Improve and manage cost

3 Implement new models and partnerships

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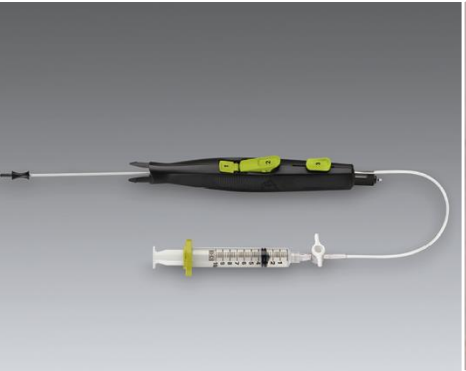








We are where people need us most.

Financial Overview

Mike Kaufmann

Chief Financial Officer



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Overview

Strategic priorities

Historical performance

Long-term sustainable growth

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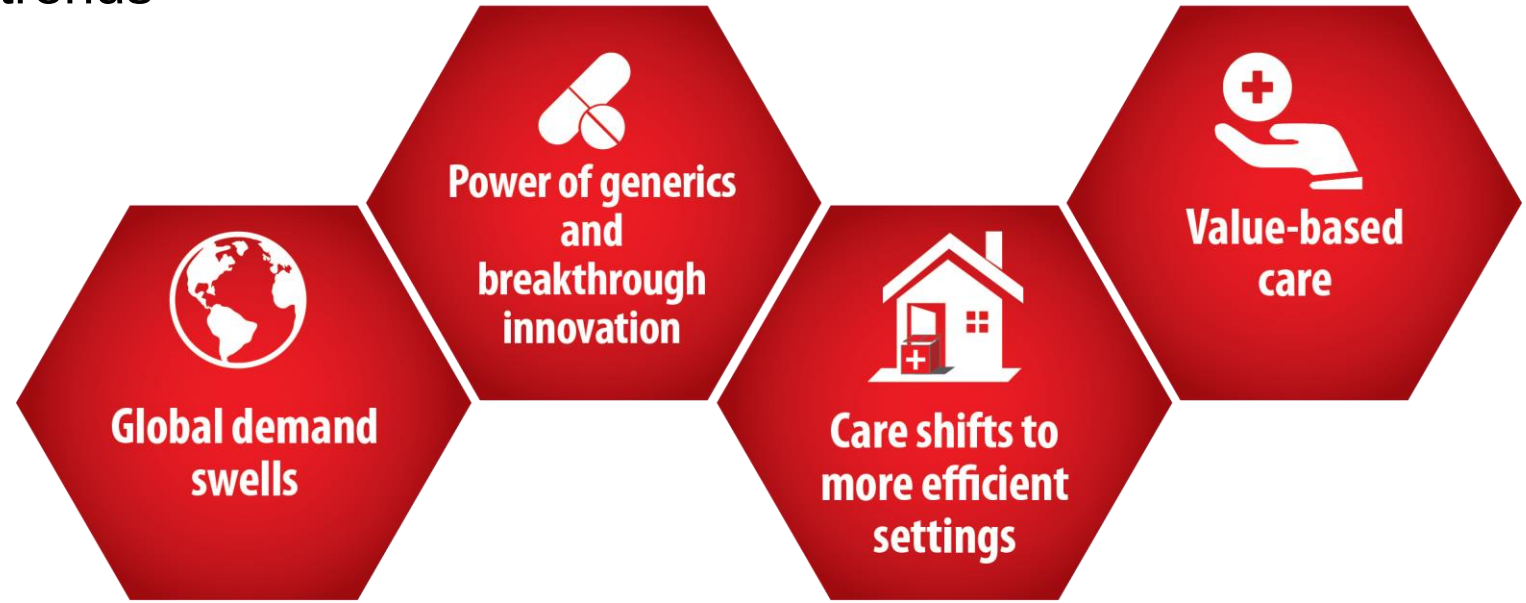
Key trends



Positioned on the right side of healthcare

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Our strategic priorities are aligned with healthcare growth

Generics	Specialty & Biopharma	Alternate Sites of Care	Health System & Hospital Solutions	International
Growing customer base	Extensive upstream solutions for biopharma	Strong position in post-acute settings & discharge management	Expanded CAH Brand consumables	Top ten distributor in China
Focused on data & analytics	Valuable wraparound services for clinicians	Leader in the home	Industry-leading physician preference items (PPI)	Deep expertise in global sourcing & manufacturing
Largest U.S. sourcing entity	Expanding scale and therapeutic reach	Enhanced physician office footprint	Enterprise-wide solutions	Product presence in over 70 countries

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Generics



- Growing customer base
- Focused on data & analytics
- Largest U.S. sourcing entity

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Specialty and Biopharma



- Extensive upstream solutions for biopharma
- Valuable wraparound services for clinicians
- Expanding scale and therapeutic reach

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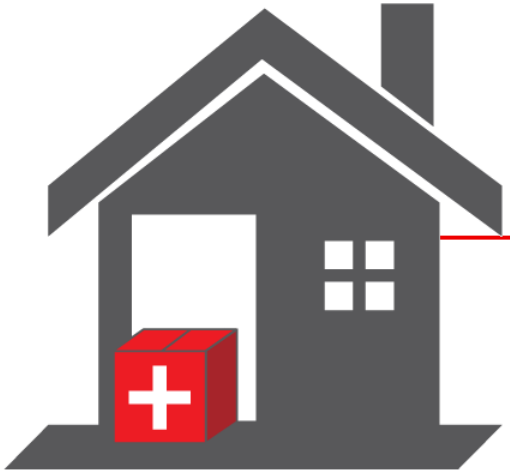
Alternate Sites of Care



Strong position in post-acute settings & discharge management

Leader in the home

Enhanced physician office footprint

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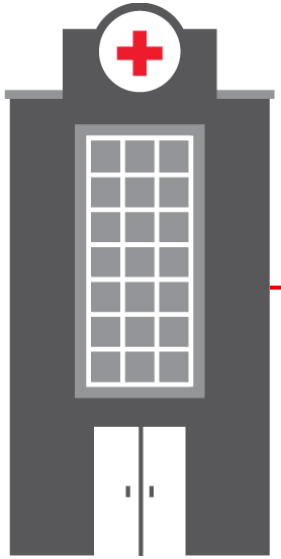
Health System & Hospital Solutions



- Expanded CAH Brand consumables
- Industry-leading physician preference items (PPI)
- Enterprise-wide solutions

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International



- Top ten distributor in China
- Deep expertise in global sourcing & manufacturing
- Product presence in over 70 countries

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Overview

Strategic priorities

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Long-term sustainable growth

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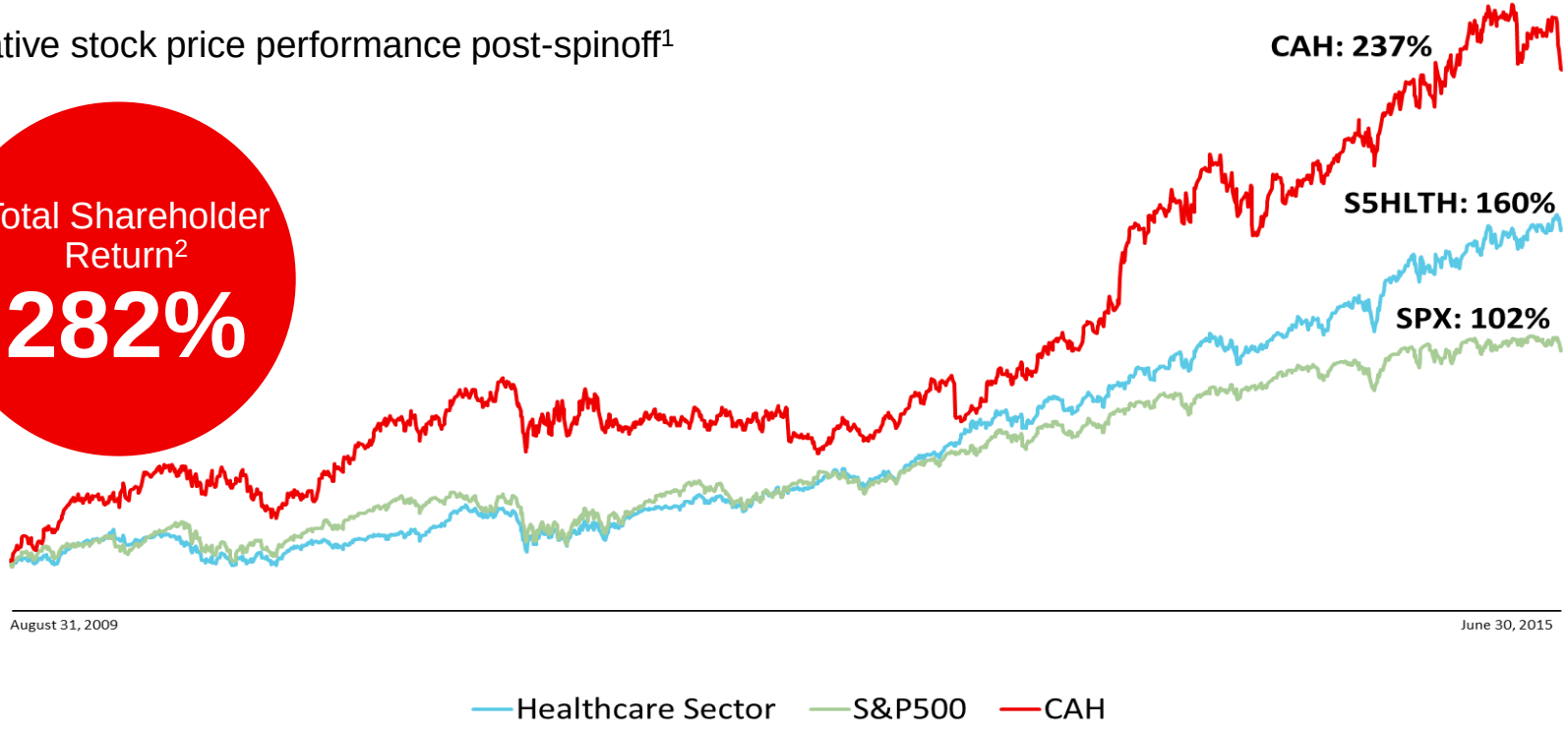
Market performance

Relative stock price performance post-spinoff[1]

Total Shareholder Return[2]

282%



[1]Relative stock price between 8/31/2009 and 6/30/2015. A $100 Investment made on 8/31/2009 would have grown to $202 for the S&P 500, $260 for the S&P 500 Healthcare Index and $337 for Cardinal Health stock.

[2]Total shareholder return over the period assumes dividends are reinvested in the stock.

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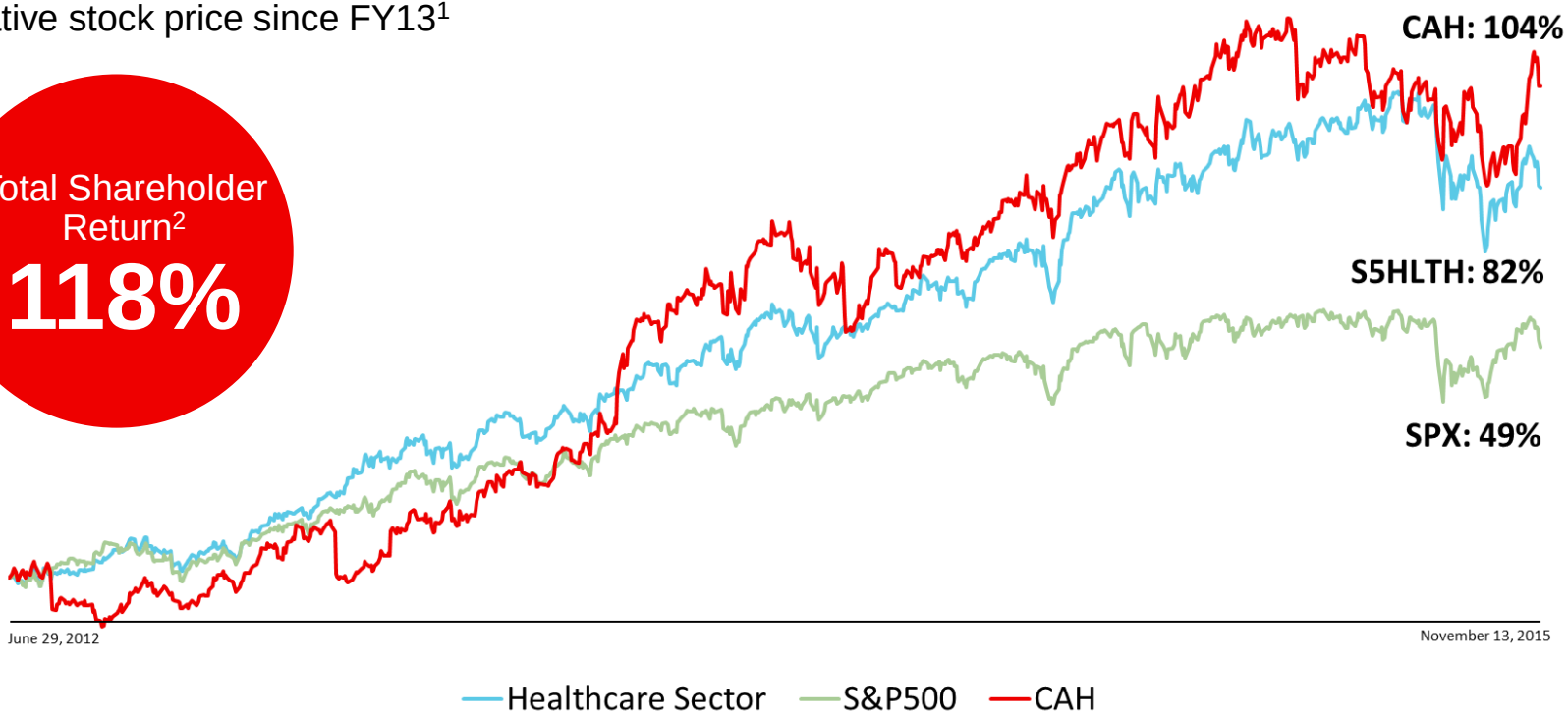
Market performance

Relative stock price since FY13[1]

Total Shareholder Return[2]

118%



[1]Relative stock price between 6/29/2012 and 11/13/2015. A $100 Investment made on 6/29/2012 would have grown to $149 for the S&P 500, $182 for the S&P 500 Healthcare Index and $204 for Cardinal Health stock.

[2]Total shareholder return over the period assumes dividends are reinvested in the stock.

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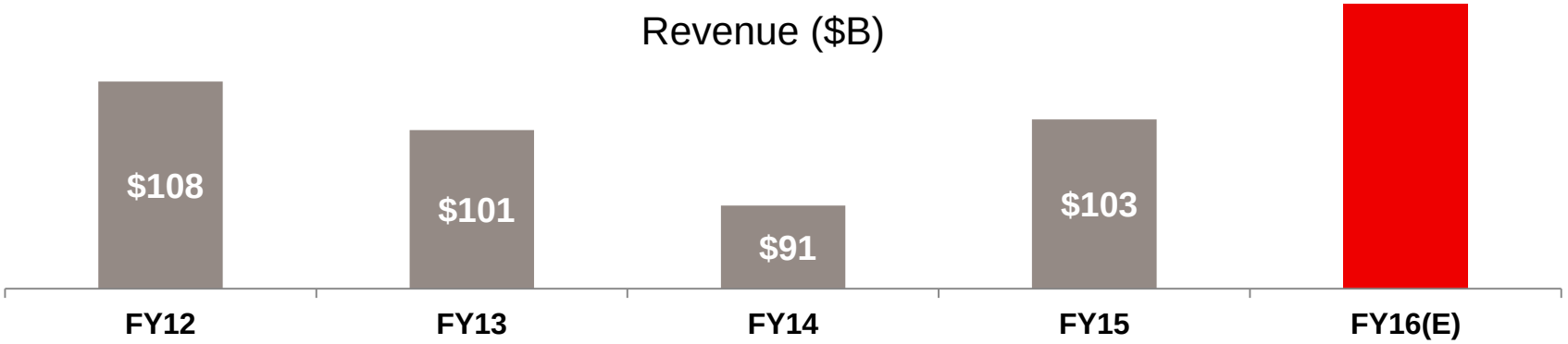
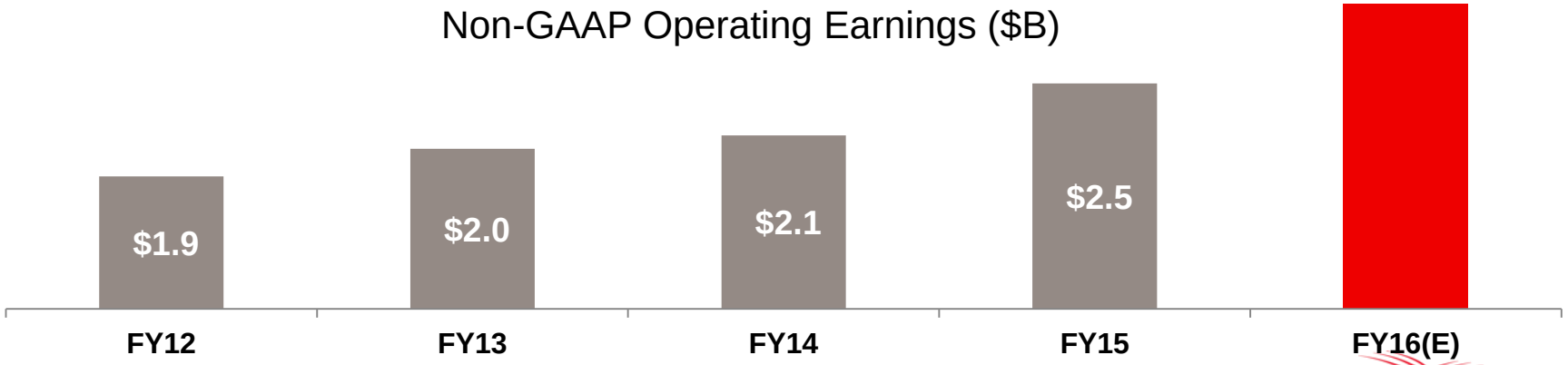
Growth and resilience





See appendix for GAAP/non-GAAP definitions and reconciling information.

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FY11 to FY15 financial performance

What we said in Dec. 2010	What we delivered
Non-GAAP EPS growth ≥ 10%	**14.4% CAGR[1]**
Modified TSR ≥ 11%	**16.0%[2]**
Gross margin expansion	**+152 bps**
Non-GAAP operating margin expansion	**+81bps**
Dividend payout ratio increase	**+3.4 pp[3]**

[1]Non-GAAP diluted earnings per share from continuing operations; See appendix for definitions and reconciling information.
[2]Modified TSR calculated using FY11 – FY15 non-GAAP EPS CAGR plus 1.6% dividend yield on 6/30/2015.
[3]Dividend payout ratio increase from 27.9% in FY11 to 31.3% in FY15 using annualized dividend per share and non-GAAP EPS.

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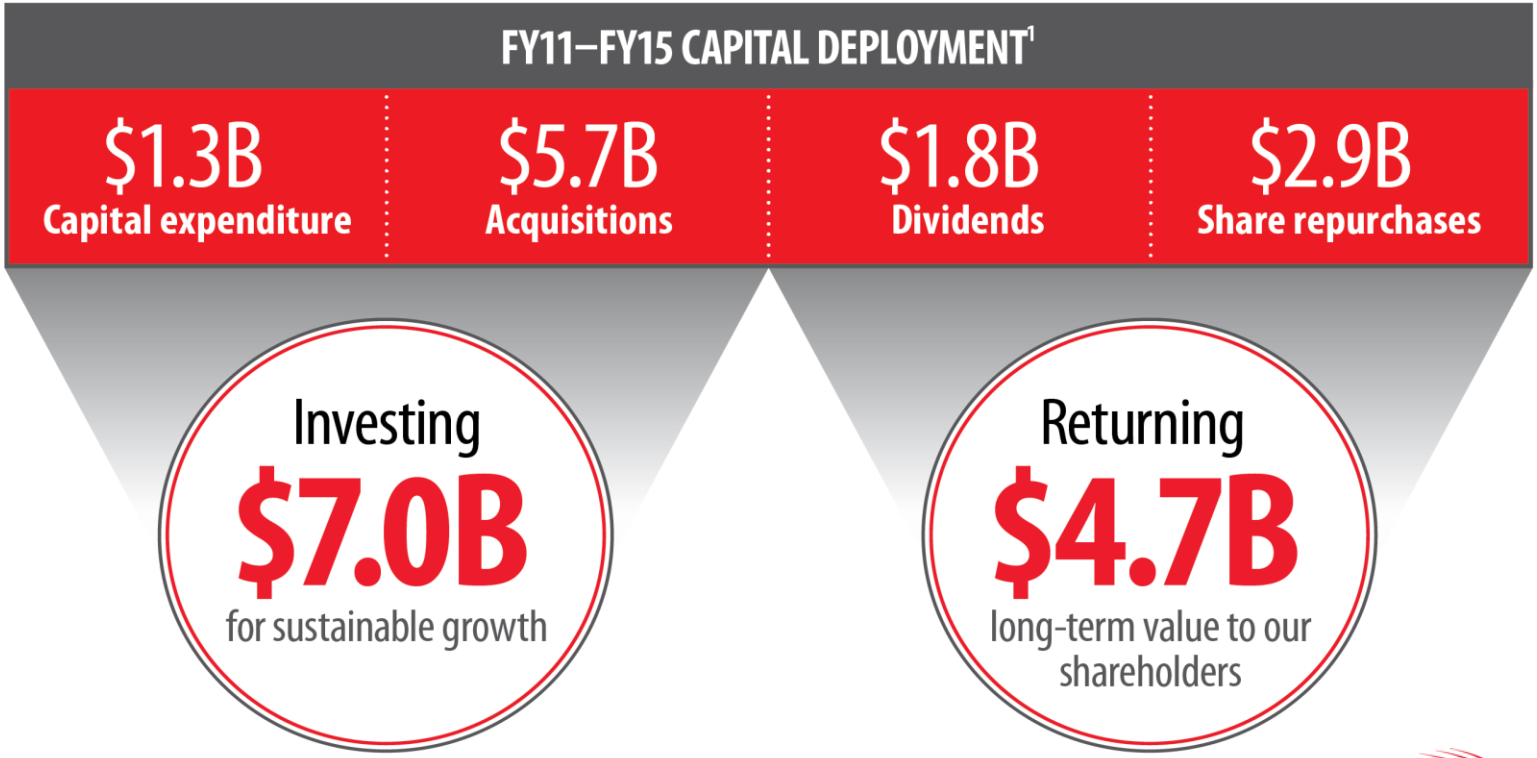
Investing for long-term sustainable growth



[1]Capital Deployment over five years includes activity in FY11 through FY15.
Acquisitions are net of divestitures and do not include The Harvard Drug Group or Cordis.

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Recent acquisition highlights

Acquisition	Strategic fit	Update
Harvard	Generics	On track to deliver >$0.15 accretion in FY16
Metro Medical	Specialty	Accelerated integration; ahead of our accretion targets
Cordis, ACI & ITI	Hospitals and Health Systems	Met target close date for Cordis; ACI & ITI performance ahead of targets
AssuraMed	Alternate Sites of Care	Outperformed accretion targets; continues to outpace market growth
China	International	Grew to more than $3B in revenue in FY15; expanding market presence

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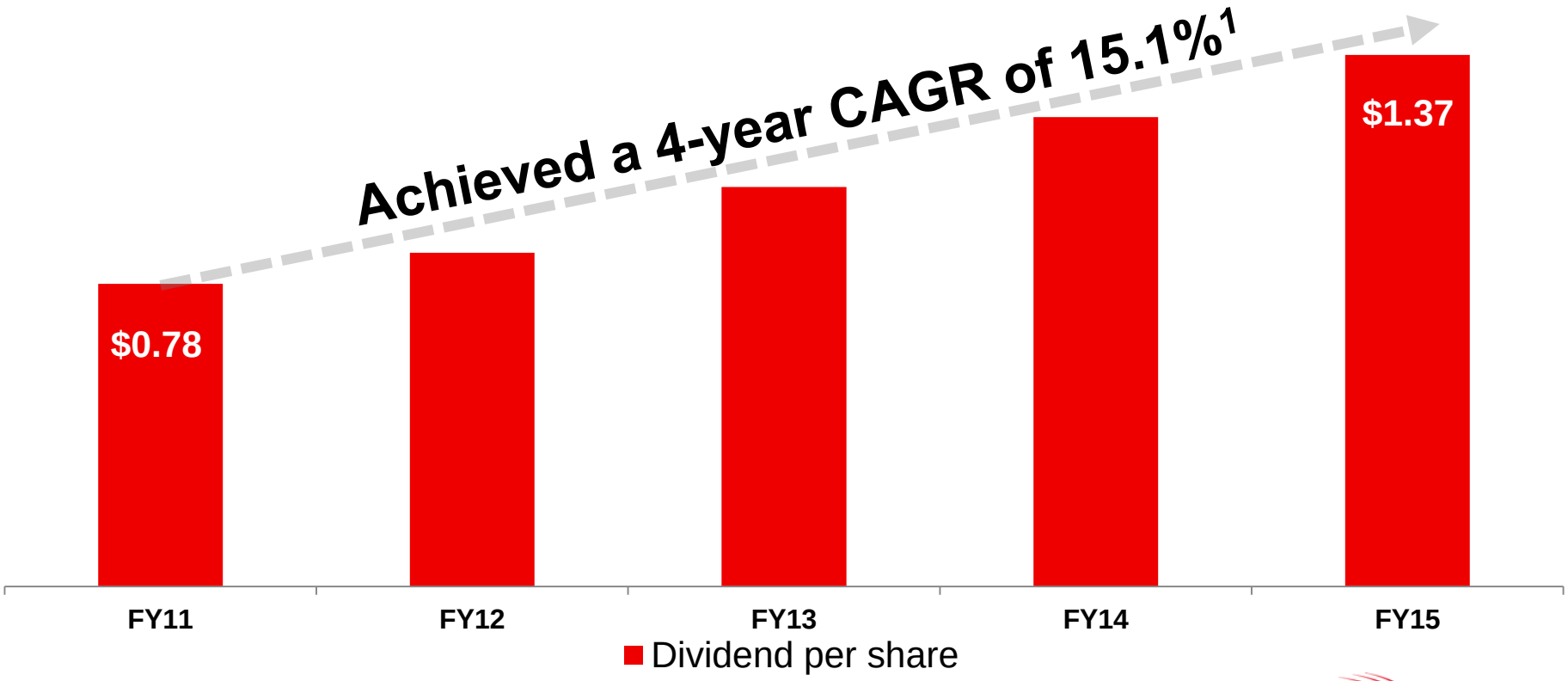
Shareholder returns



[1]*CAGR of annual dividend per share between FY12 and FY15, using FY11 as a base.*

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Overview

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Long-term Sustainable Growth

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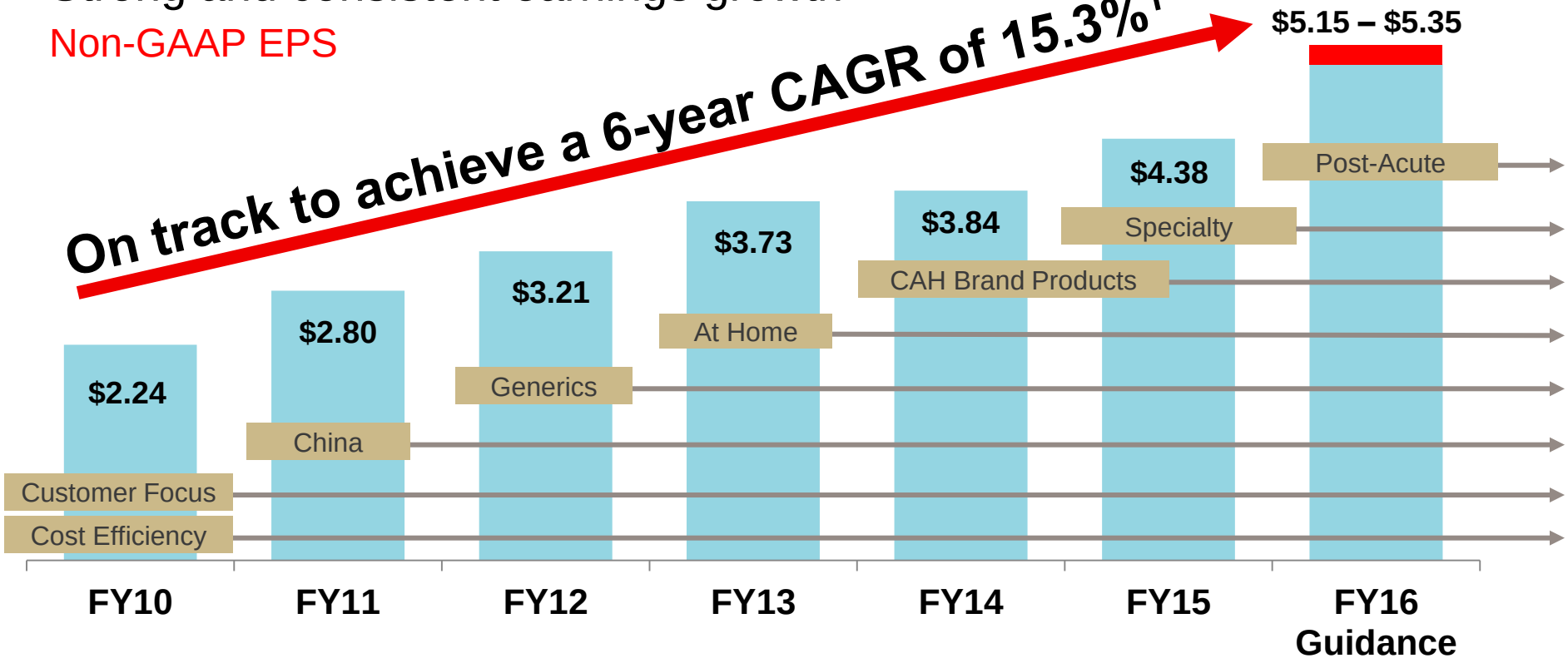
Strong and consistent earnings growth

Non-GAAP EPS



See appendix for GAAP/non-GAAP definitions and reconciling information.

[1]6-year CAGR is based off of non-GAAP EPS from FY10 to the midpoint of the FY16 guidance range.

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Pharma segment profit drivers

Focus on customers

Execute on generics program

Drive growth in Specialty Solutions

Deliver on recent acquisitions

Execute on organic initiatives

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Medical segment profit drivers

Focus on customers

Expand on integrated services

Grow Cardinal Health Brand

Maximize the post-acute setting

Focus on efficiencies

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December 2013 investor meeting: future aspirations

Metric	FY17
Consolidated non-GAAP operating margin	**> 3.0%**
Pharmaceutical segment profit margin	**> 2.5%**
Medical segment profit margin	**> 5.75%**
Non-GAAP EPS CAGR (from FY14)	**10% – 15%**
Dividend payout (as percent of non-GAAP EPS)	**30% – 35%**

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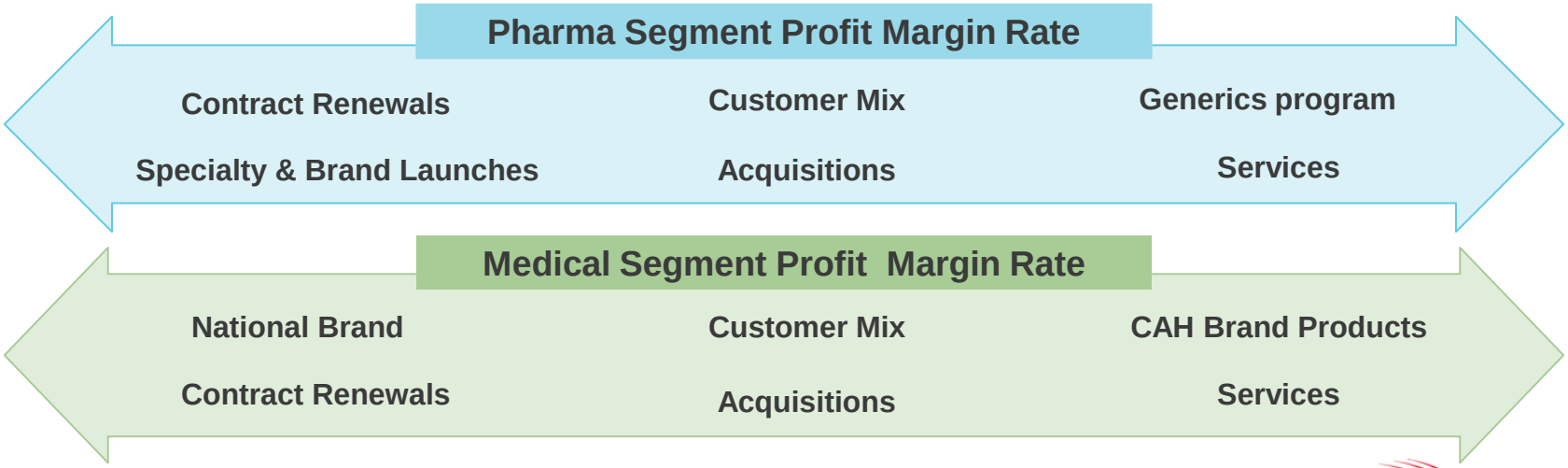
Long-term financial aspirations

Non-GAAP EPS CAGR

10 – 15%

Annual Dividend Payout

30 – 35%



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Strong and flexible capital base

OCF generation of > $5B over the last two years

Robust Balance Sheet
- Healthy leverage ratio
- Access to ~$2.5B of borrowing facilities
- Commitment to investment grade ratings



Strong OCF Generation
- Continued growth in EBITDA
- Disciplined and proven working capital management

Continued capacity to fund **strategic growth** and **return cash to shareholders**

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Strong, **growing** businesses

Aligned strategic priorities

Great **partnerships**

Disciplined cash deployment

Outstanding **talent**

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Q&A with Audience

George Barrett
Mike Kaufmann
Meghan FitzGerald
Sally Curley - Moderator

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Healthcare is changing.

We're changing Healthcare.

George Barrett
Chairman and Chief Executive Officer

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Pharmaceutical and Medical Segment Performance and outlook

Jon Giacomin, Pharmaceutical Segment CEO
Don Casey, Medical Segment CEO

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Pharmaceutical segment transformation

FY11 through FY16

We have **transformed** into a robust segment, with excellent positioning and strong growth

We have been relentlessly focused on:

- Executing against our strategic priorities
- Balancing customer mix
- Building capabilities
- Growth

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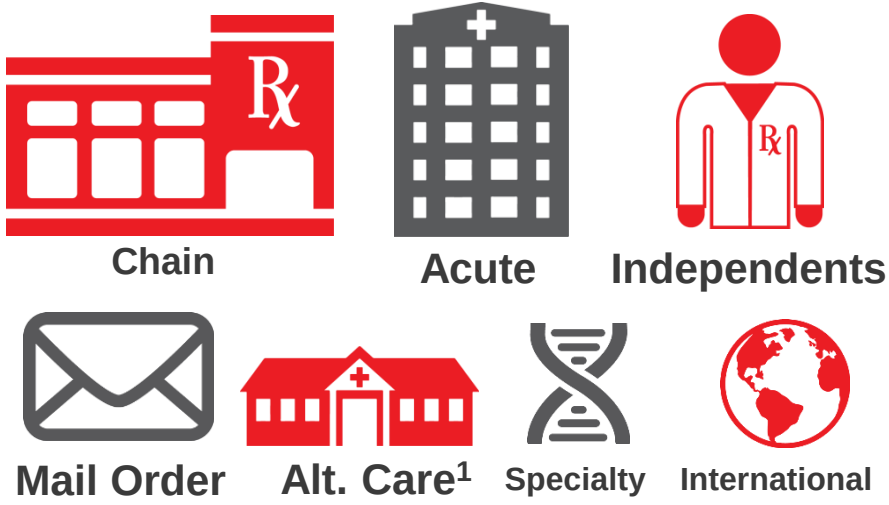
Pharmaceutical segment revenue

FY11



FY16



[1]Alt. Care includes LTC, Alternate Care, Nuclear and other smaller businesses.

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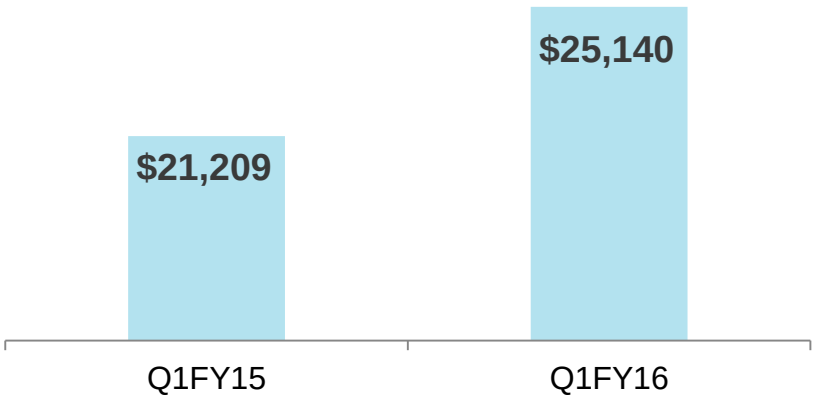
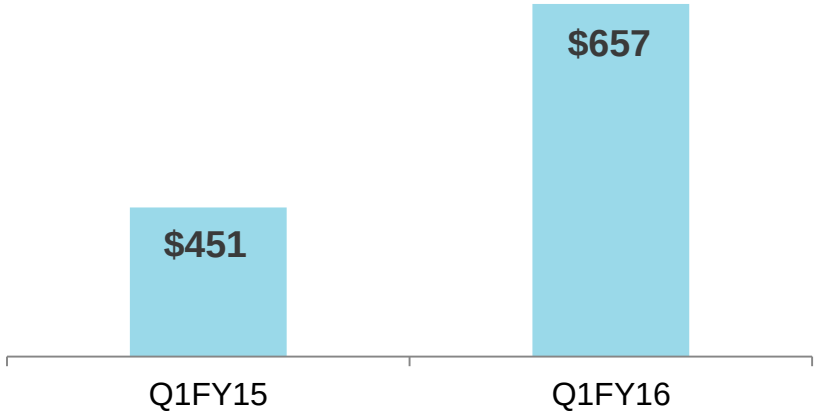
Pharmaceutical segment results

Q1FY16

Revenue ($M)



Segment Profit ($M)



	Q1 FY15	Q1 FY16
Segment profit margin	**2.13%**	**2.62%**

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Pharma segment profit drivers

Focus on customers

Execute on generics program

Drive growth in Specialty Solutions

Deliver on recent acquisitions

Execute on organic initiatives

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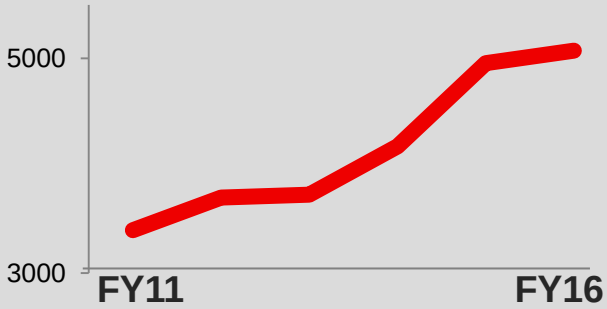
Focus on customers

Serving more than
25,000
U.S. PHARMACIES

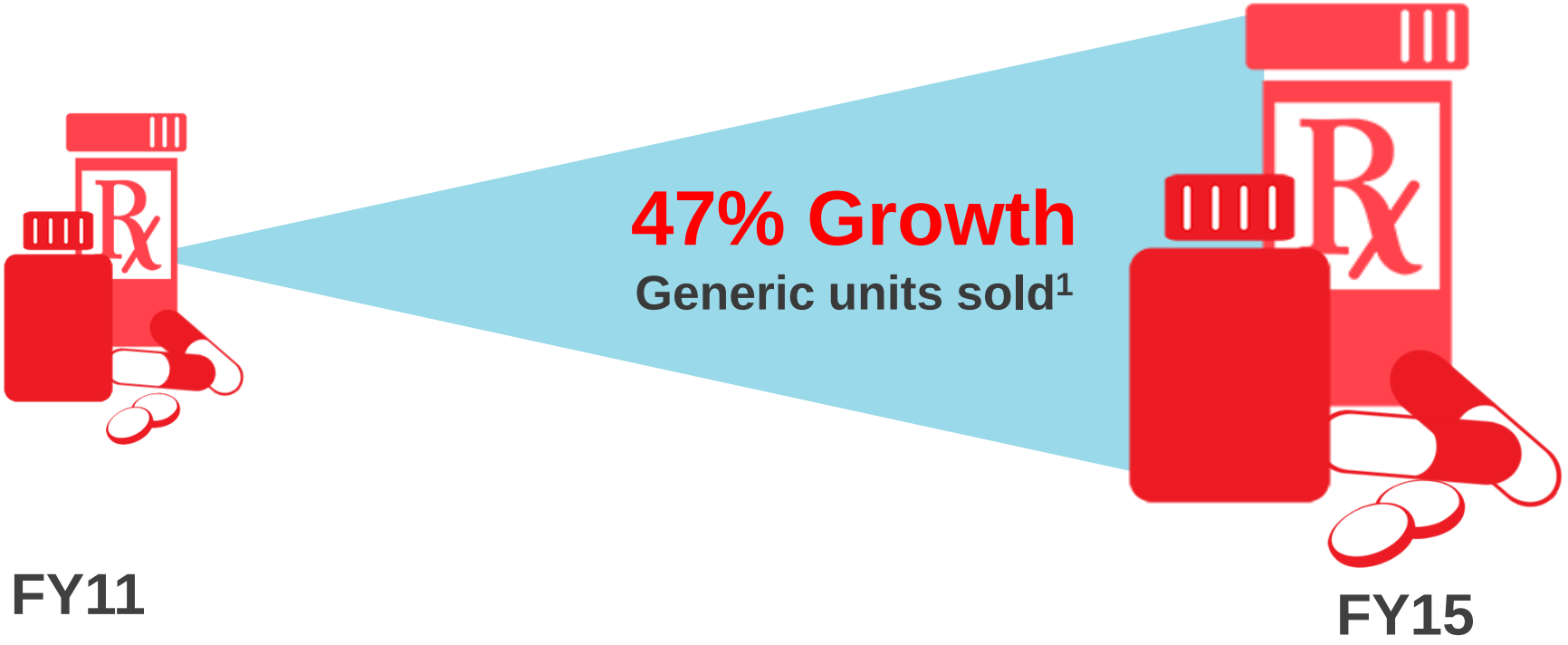
Serving
~15,000
RETAIL INDEPENDENTS

Stores in PSAO network



>5,000 pharmacies in our PSAO, representing ~3.9M patients lives enrolled

Execute on generics program



[1]*Excludes non-Source sales*

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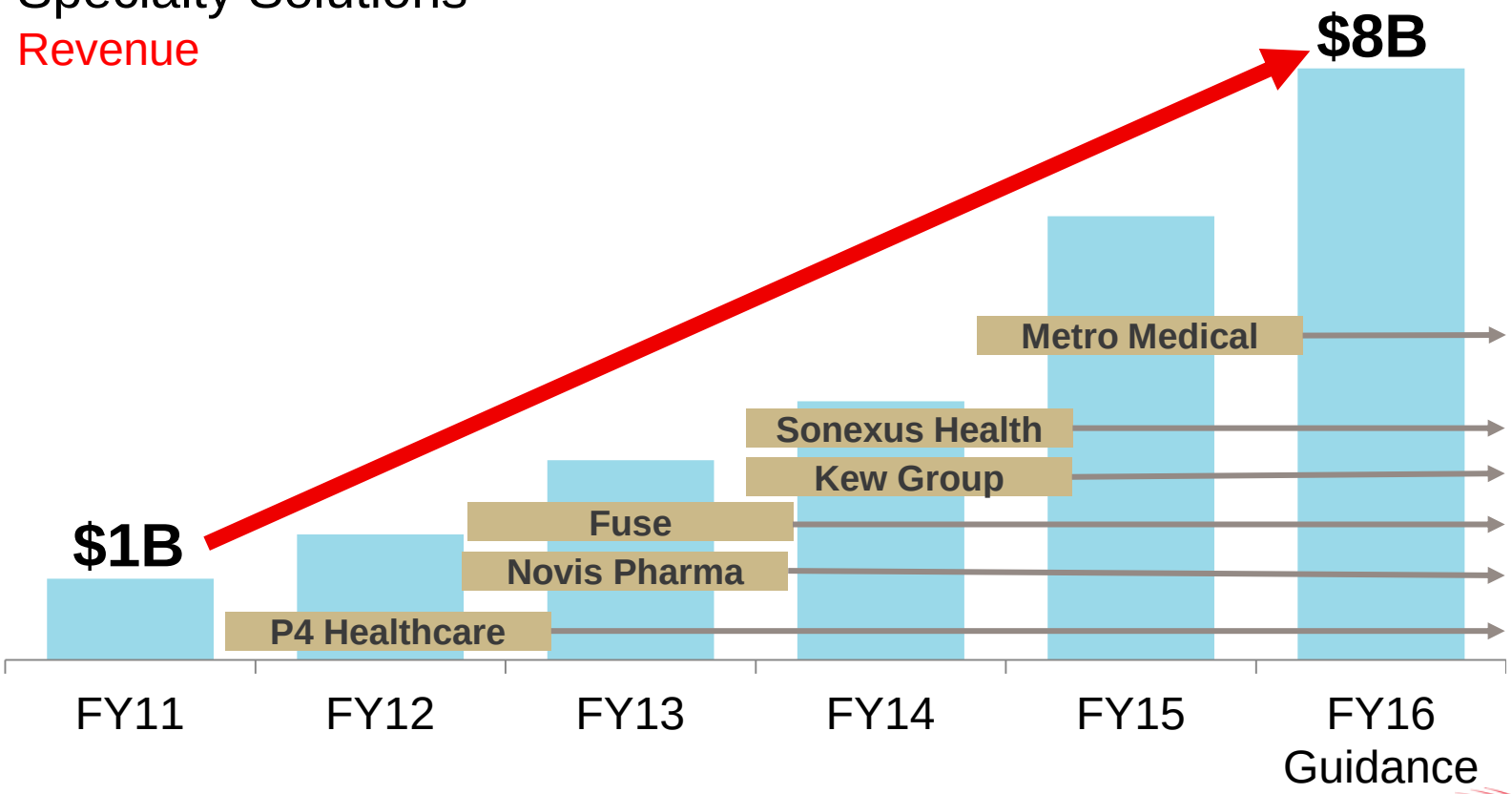
Specialty Solutions

Revenue



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Deliver on recent acquisitions and execute on organic initiatives

Generics

The HARVARD DRUG GROUP, LLC
Rx Brands/Generics & MAJOR Consumer Products

RED OAK SOURCING

China



Specialty

METRO® MEDICAL

Operational Excellence



Medication Therapy Management (MTM)

OUTCOMESMTM™
The Face-to-Face Difference

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Essential to care™

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Well positioned for sustainable growth

Multiple levers

Great relationships

Strong execution

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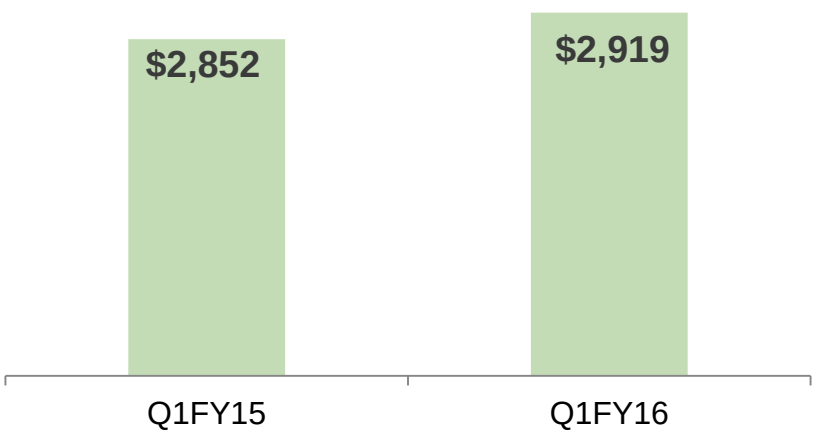
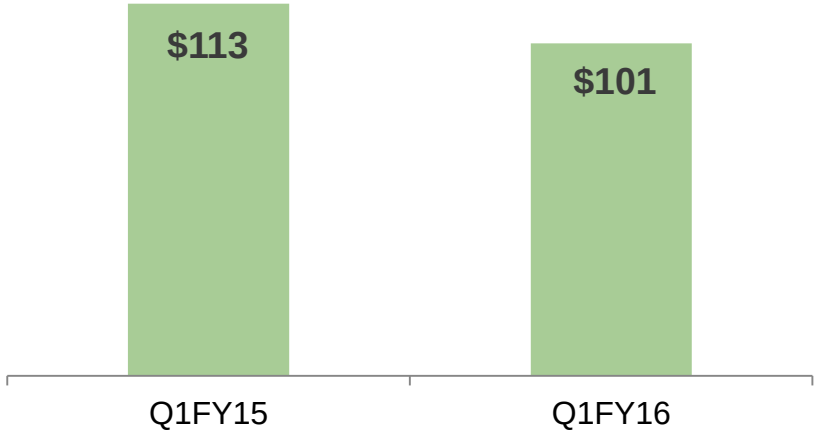
Medical segment results

Q1FY16

Revenue ($M)



Segment Profit ($M)



	Q1 FY15	Q1 FY16
Segment profit margin	**3.97%**	**3.45%**

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Medical segment transformation

FY12 through FY16

We have **transformed** into a highly customer-centric, global organization with broad and valuable offerings

We have been relentlessly focused on:

- World-class distribution and supply chain
- New service offerings
- Cardinal Health Brand consumables & PPI
- Post-acute and discharge management

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Medical segment profit

FY12



Services



CAH Brand Products



National Brand

FY16



Services



CAH Brand Products



National Brand



Home & Post-Acute

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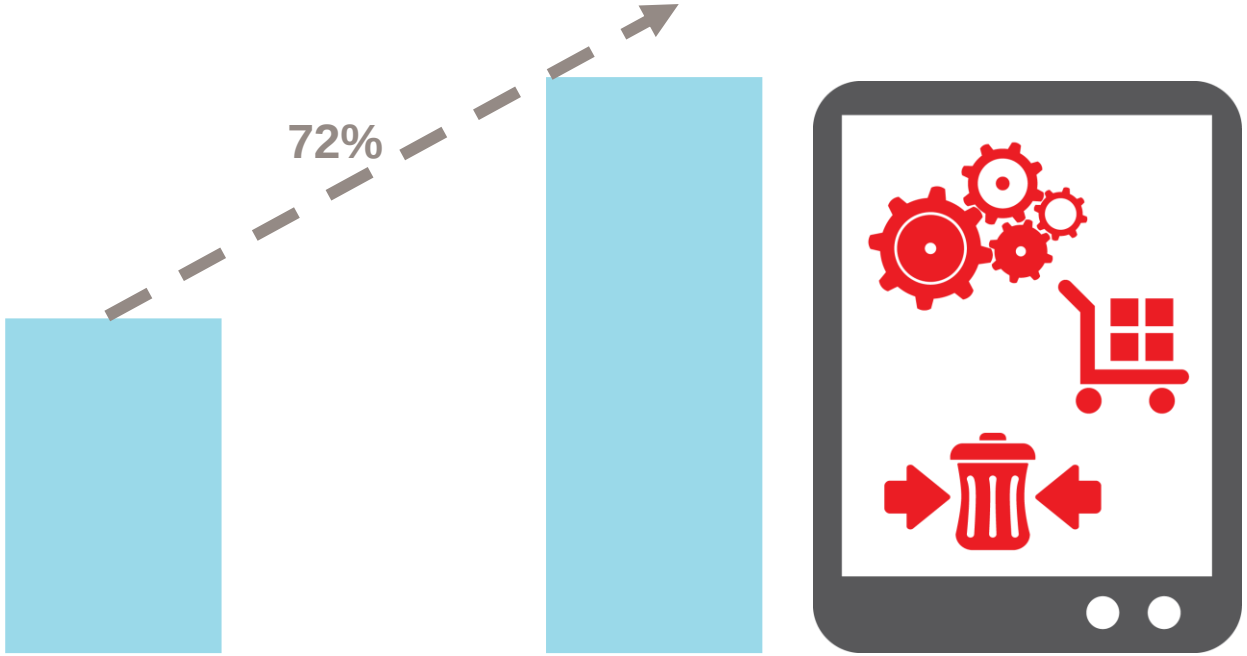
Services



Contribution

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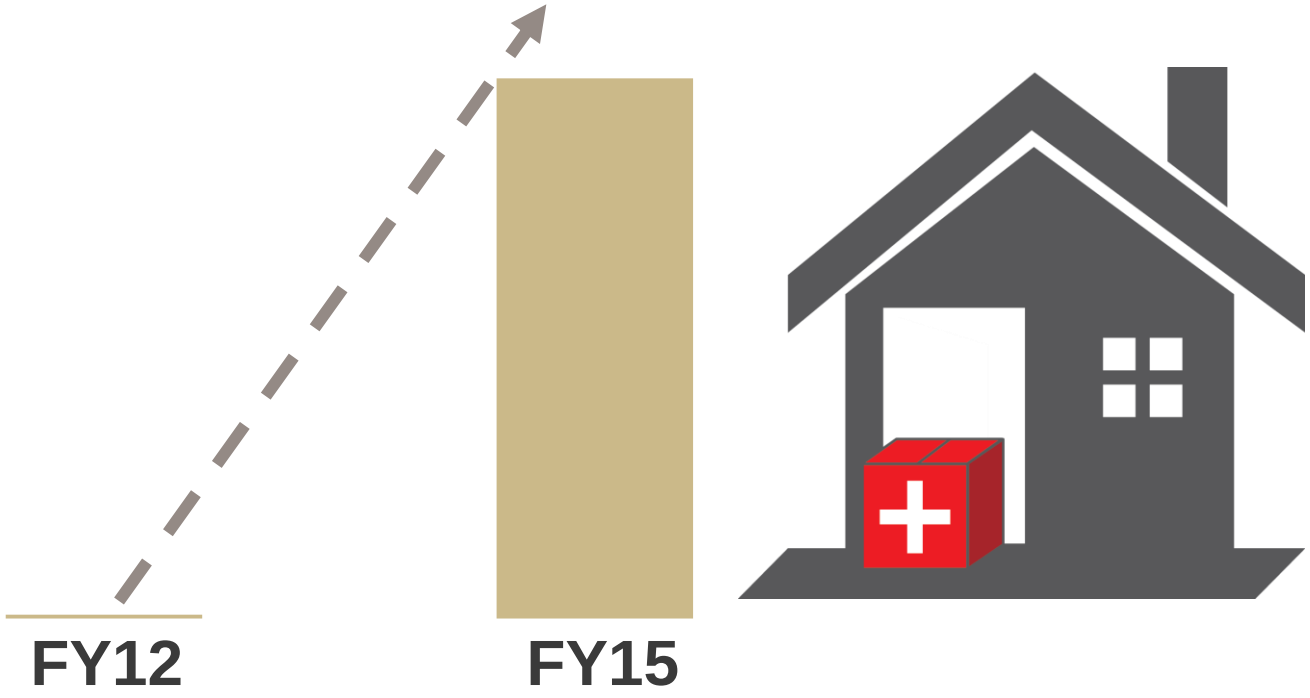
Cardinal Health at Home



Contribution

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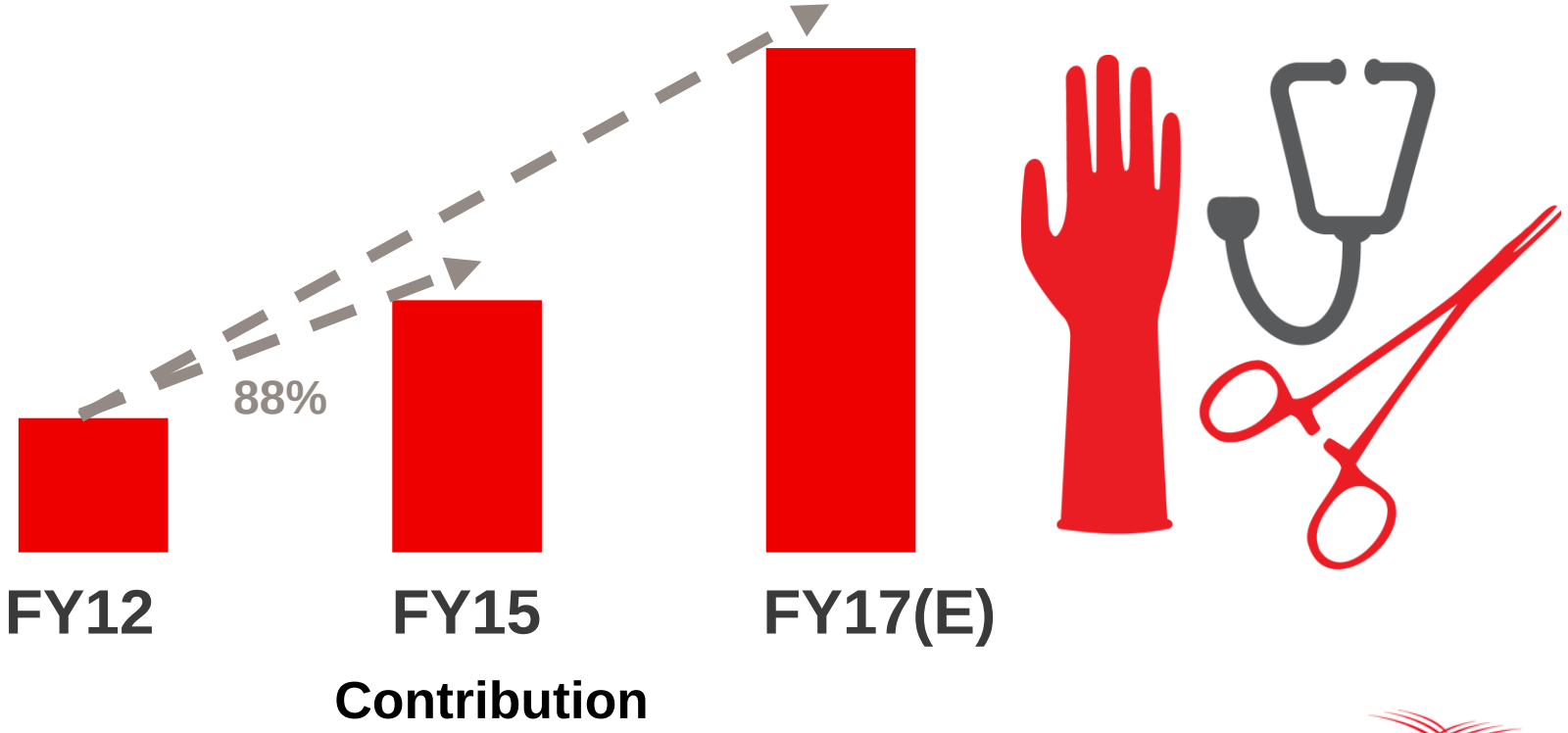
Cardinal Health Brand products



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CardinalHealth
Essential to care™

Well positioned for accelerated growth

Leverage our legacy

Aligned for **future trends**

Outstanding talent

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An Enterprise Perspective



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For those navigating the complexities of healthcare…

Cardinal Health brings **scaled solutions** that span the continuum of care and **help our customers thrive** in a changing world.

Cardinal Health: **Broad perspective of healthcare system**

Deep understanding of customer needs, issues, pain points

Need to provide **solutions** from across the enterprise that are **scaled**

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Cardinal Health customers



Acute

Integrated Delivery Networks (IDNs) and acute care providers



Retail

Independent pharmacies, chain pharmacies, chain food, chain mass merchandisers, online



Consumer/ Patient

Individuals making a specific healthcare purchase decision



Supplier

Pharmaceutical or medical manufacturers



Payer

Insurers or other groups paying for group healthcare



Physician's Office

Independent physician offices

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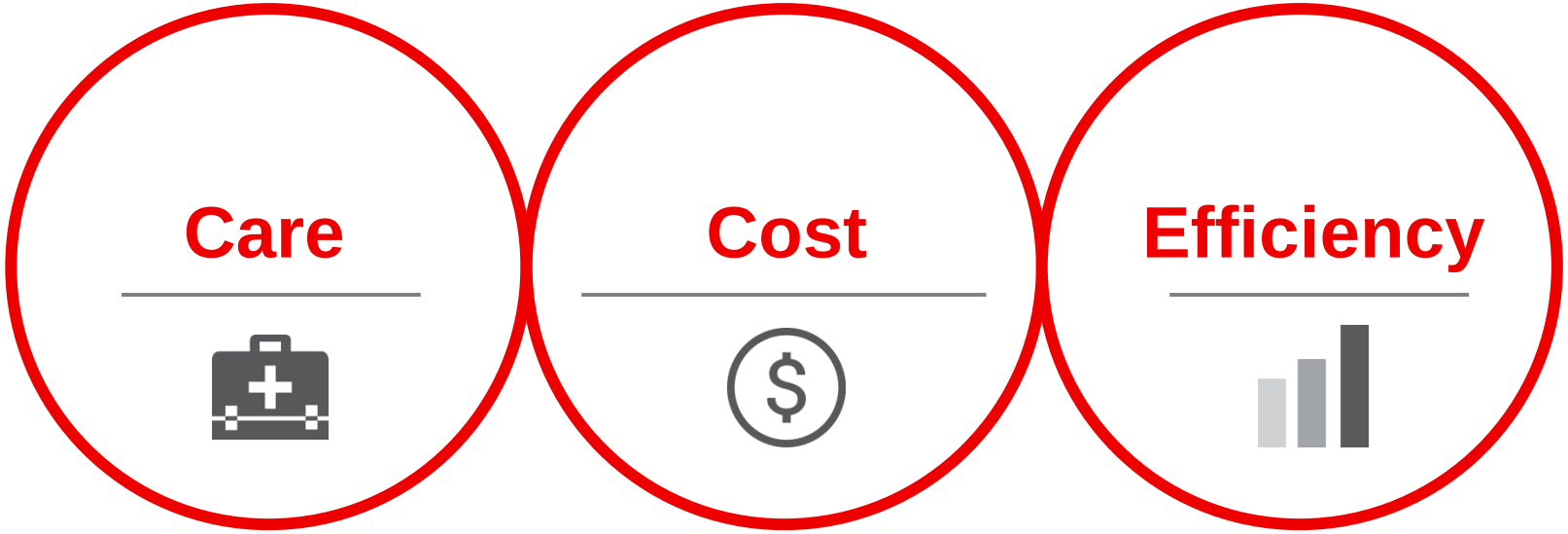
What's on the minds of our customers?



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CardinalHealth
Essential to care™

We offer enterprise-wide capabilities in four areas



Enabling a more efficient way of **bringing healthcare to market**

Optimizing the process and performance of healthcare

Connecting clinicians and patients for smarter population management, better patient wellness

Providing a **comprehensive healthcare product offering**

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Cardinal Health centers of excellence

Global Sourcing | Strategic Account Teams | Enterprise Marketing | Operational Excellence | Pricing and Analytics | 360 Program

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Solutions for IDNs and acute care provider customers

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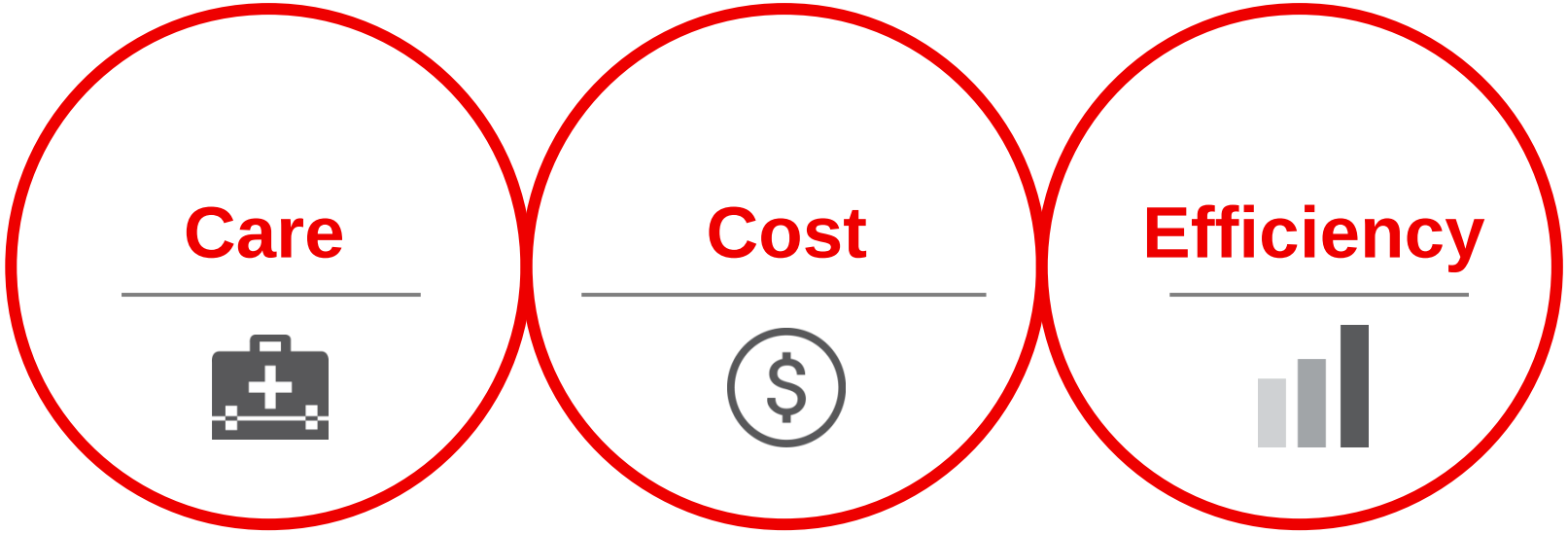
What is on the minds of our acute care provider customers?



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CardinalHealth
Essential to care™

Robust solutions for acute customers



- Med, Pharma and Specialty distribution excellence
- 3PL services
- Home delivery services



- Supply chain optimization
- Inventory management services
- Clinical pharmacy solutions
- Performance consulting



- Medication adherence & compliance offerings
- Discharge consulting services
- Cardinal Health at Home



- Generics, Brand, Specialty products
- Direct-to-home medical supplies
- Med/surg & physician preference products

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CardinalHealth
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Robust solutions for acute customers



Med, Pharma and Specialty distribution excellence

3PL services

Home delivery services

Delivering products to customers efficiently, securely, compliantly & at high service levels

Reliable, consistent product delivery enabled by our world-class distribution network

- 99% fill rates
- 100+ distribution facilities worldwide

Our innovative solutions drive savings, based on deep understanding of health systems logistics costs

- Inbound freight consolidation (OptiFreight®)
- Flexible outsourcing solutions from labor to full warehouse management

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CardinalHealth
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Robust solutions for acute customers



Supply chain optimization

Inventory management services

Clinical pharmacy solutions

Performance consulting

Optimizing supply chain to reduce cost

Pharmacy solutions to improve work flow and productivity

- Analytics and formulary management capability

Clinical, operational excellence resources

- Assess performance, identify opportunities, build and execute improvement plans

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CardinalHealth
Essential to care™

Robust solutions for acute customers



Medication adherence & compliance offerings

Discharge consulting services

Cardinal Health at Home

Helping customers follow the patient

OutcomesMTM

- Contracting with 40+ U.S. health plans to deliver personalized MTM services to over 5.5 million patients
- Network of over 50,000 local chain and independent retail pharmacies

naviHealth®

- Risk management platform to help providers, payers manage post-discharge care

Cardinal Health at Home

- 1.8 million patients, 40,000 products

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CardinalHealth
Essential to care™

Robust solutions for acute customers

Product Solutions

- Generics, Brand, Specialty products
- Direct-to-home medical supplies
- Med/surg & physician preference products

Offering industry-leading, value-oriented products as a result of our strengths in sourcing, manufacturing, logistics & operations

Comprehensive product portfolio delivering savings to nearly 4,000 customers











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Physician preference items (PPI)

Our definition

Products with historic physician preference

Low clinical differentiation

Pain point for the hospital

Our approach

Products

Services

Analytics

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Cardinal Health PPI platforms

Cardiovascular



Wound management

Negative pressure wound therapy



Orthopedics

Trauma

Surgical products and accessories



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PPI solutions: *Cordis example*

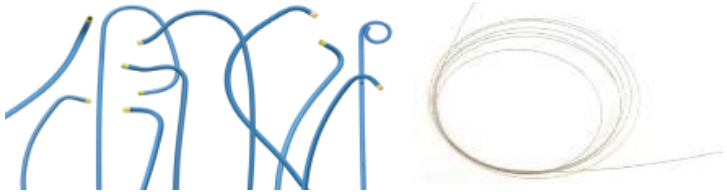
Cordis products

+

Cardinal Health Inventory Management Solutions

+

Presource® Products and Services







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Post-acute focus



August 2015

Acquired majority stake in Brentwood, Tenn.-based naviHealth®

About naviHealth®

Partners with health plans, health systems and providers to manage the post-acute component of the care continuum

Strategic alignment

Offer the most complete and integrated suite of services to our IDN, hospital and other customers

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Acute summary

We are…

Aggressively growing **Cardinal Health brand** products, services

Working across the **continuum of care**

Taking an **enterprise approach** in key areas to leverage expertise, build efficiency:

- Global sourcing
- Operational excellence
- Strategic Account Teams
- Marketing
- 360 program

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Expert physician panel

Moderated by
Dr. Shaden Marzouk
SVP, Clinical Operations



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Solutions for retail chain and independent customers

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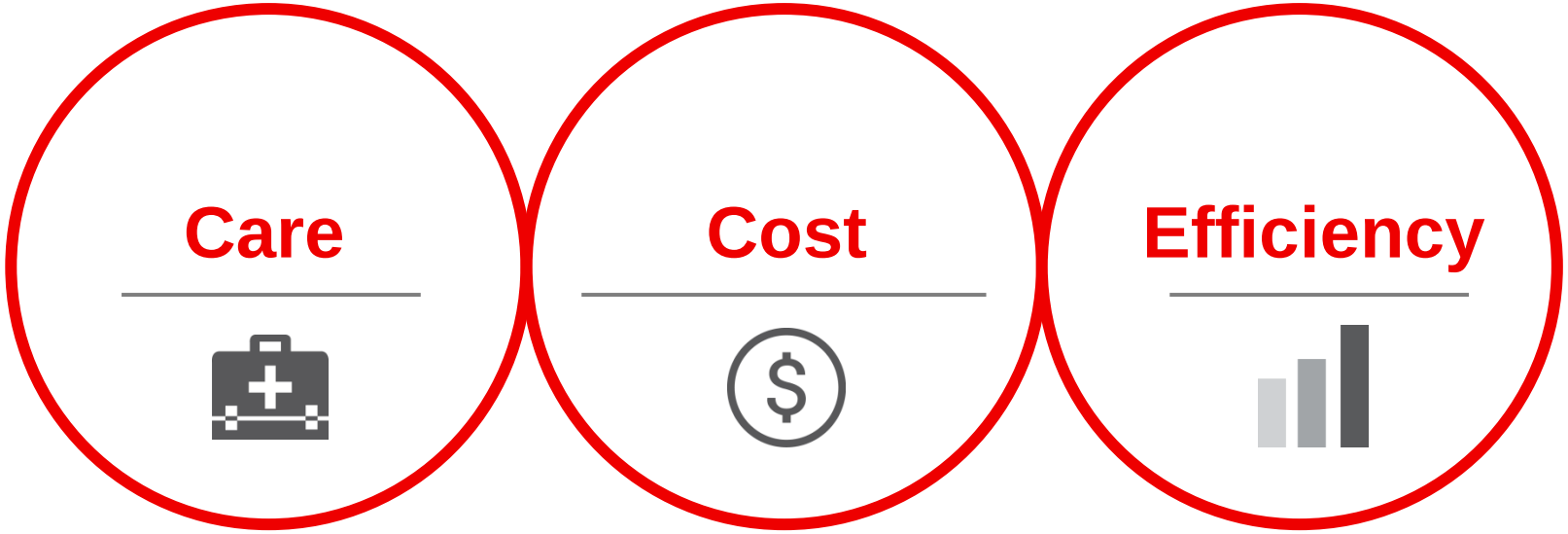
What is on the minds of our retail chain & independent customers?



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CardinalHealth
Essential to care™

Robust solutions for retail customers



- Pharma and OTC distribution
- Specialty distribution
- Independence Medical



- Inventory management solutions
- Managed care services and contracting
- Marketing / advertising services



- Medication adherence and compliance offerings
- Specialized Care Centers



- Generics, Brand, OTC, Specialty products
- Direct-to-home medical supplies
- Hospital Quality at Home – Retail medical products
- Broad private label portfolio

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Robust solutions for retail customers



Pharma and OTC distribution

Specialty distribution

Independence Medical

Pharmaceutical, OTC and Specialty distribution

Reliable, consistent product delivery enabled by our large, efficient distribution network

- >99% fill rates
- Significantly shortened lead time due to world-class supply chain efficiency

Independence Medical

Home healthcare and durable medical equipment shipped to patients on behalf of retailer

Reduces working capital and ensures patients have products they need

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CardinalHealth
Essential to care™

Robust solutions for retail customers



- Inventory management solutions
- Managed care services and contracting
- Marketing / advertising services

Insight, innovative technology and heritage of healthcare experience

Unparalleled insight for end-to-end, demand-driven supply chain

Innovative technology to enable real-time visibility into inventory

Extensive healthcare experience to understand customer priorities

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CardinalHealth
Essential to care™

Robust solutions for retail customers



Helping retailers help their patients

Strengthen their role as a trusted healthcare provider

Meet important medication adherence measures that affect CMS Star Ratings

As an extension of customer pharmacy team, help expand patient care by remotely delivering MTM cases on customers' behalf

- Leveraging OutcomesMTM

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CardinalHealth
Essential to care™

Robust solutions for retail customers

Product Solutions

Generics, Brand, OTC, Specialty products

Direct-to-home medical supplies

Hospital Quality at Home – Retail medical products

Broad private label portfolio

Delivering new business opportunities for retailers

Private label OTC portfolio carried at 8,000+ U.S. retail locations

Hospital-quality portfolio of medical products for retail





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Retail summary

We are…

Focused on **new** product and service **offerings** to **enable** our customers' business **growth**

Providing services that help retailers follow the patient across the **continuum of care**

Taking an **enterprise approach** in key areas to leverage expertise and scale to deliver efficiency:

- Global sourcing
- Operational excellence
- Pricing and analytics
- Marketing

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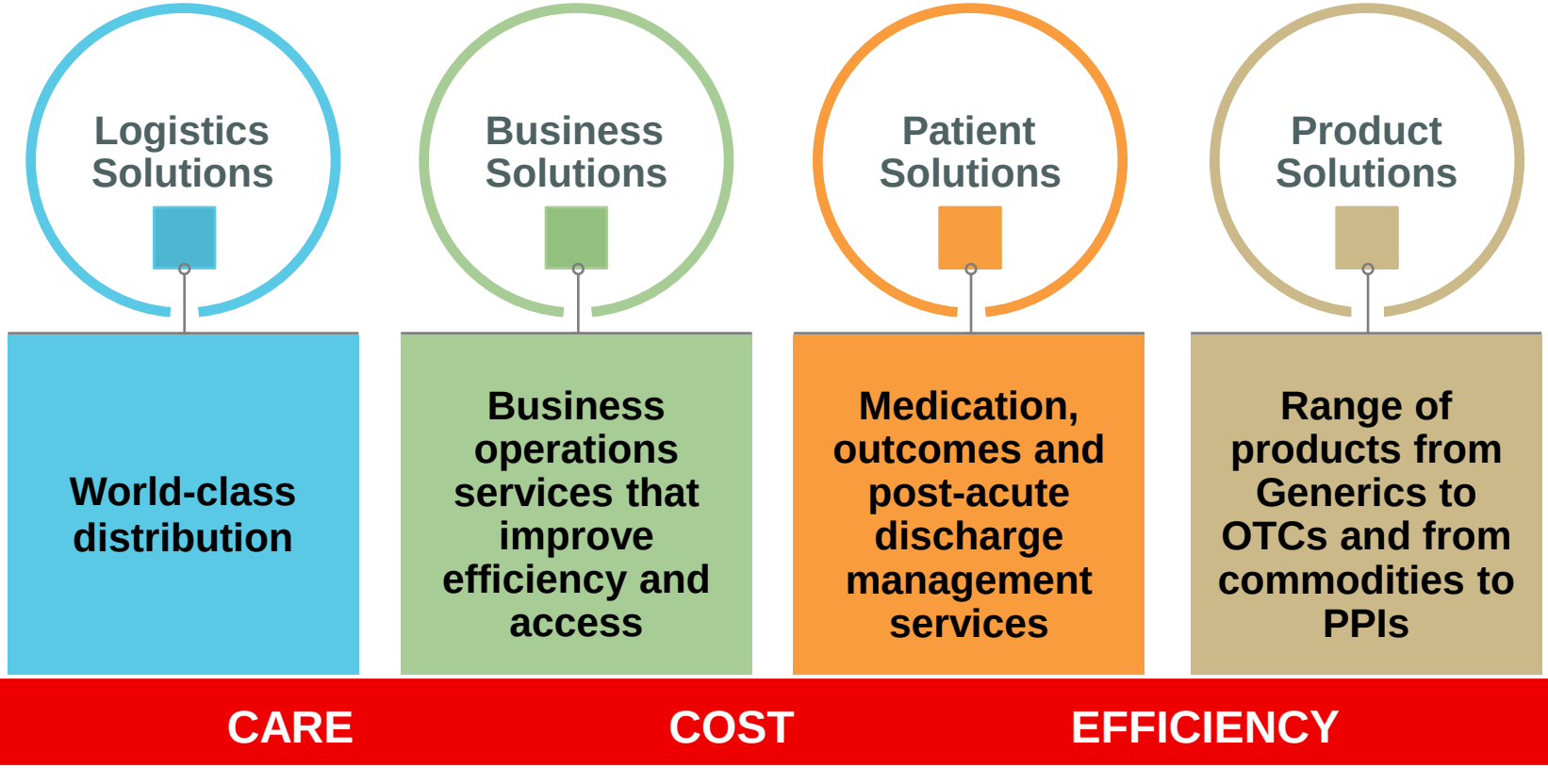
CardinalHealth
Essential to care™

Cardinal Health serves the entire continuum of care and meets customer needs with robust solutions



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Q&A with Audience

Don Casey
Craig Cowman
Joe DePinto
Jon Giacomin
Michael Petras
Mike Kaufmann - Moderator

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Healthcare is changing.

We're changing Healthcare.

George Barrett
Chairman and Chief Executive Officer



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Our business is positioned to grow WELL into the future

Our strategic priorities are on **the right side** of healthcare trends

We are **excellent, disciplined stewards of capital**

We have strong and valuable **strategic partnerships**

We have a **relentless focus** on serving our **customers**, and the **patients** they care for

We will execute to deliver **meaningful** and **measurable results**

Driven by a team with a proven track record in the business of healthcare

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Adjourned

Thank you for attending



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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[1]
Fiscal Year 2015								
GAAP	**$ 2,161**	**15 %**	**$ 1,967**	**$ 755**	**$ 1,212**	**4 %**	**$ 3.61**	**7 %**
Restructuring and employee severance	**44**		**44**	**15**	**29**		**0.09**	
Amortization and other acquisition-related costs	**281**		**281**	**100**	**181**		**0.54**	
Impairments and (gain)/loss on disposal of assets	**(19)**		**(19)**	**(10)**	**(9)**		**(0.03)**	
Litigation (recoveries)/charges, net	**5**		**5**	**(14)**	**19**		**0.06**	
Loss on extinguishment of debt	**-**		**60**	**23**	**37**		**0.11**	
Non-GAAP	**$ 2,472**	**16 %**	**$ 2,339**	**$ 870**	**$ 1,469**	**11 %**	**$ 4.38**	**14 %**
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 (gain)/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 (gain)/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 %
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 (gain)/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 (gain)/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 (gain)/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)%

[1] The 5-year compound annual growth rate for GAAP and non-GAAP diluted earnings per share from continuing operations was 17.4 percent and 14.4 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
GAAP / Non-GAAP Reconciliation

(in millions)	Fiscal Year 2015	2014	2013	2012	2011
Revenue	**$ 102,531**	$ 91,084	$ 101,093	$ 107,552	$ 102,644
GAAP operating earnings	**$ 2,161**	$ 1,885	$ 996	$ 1,792	$ 1,514
Restructuring and employee severance	**45**	31	71	21	15
Amortization and other acquisition-related costs	**281**	223	158	33	90
Impairments and (gain)/loss on disposal of assets	**(19)**	15	859	21	9
Litigation (recoveries)/charges, net	**5**	(21)	(38)	(3)	6
Other Spin-Off Costs	**-**	-	-	2	10
Non-GAAP operating earnings	**$ 2,472**	$ 2,133	$ 2,046	$ 1,866	$ 1,644
GAAP operating earnings margin rate	**2.11 %**	2.07 %	0.99 %	1.67 %	1.48 %
Non-GAAP operating earnings margin rate	**2.41 %**	2.34 %	2.02 %	1.73 %	1.60 %
FY11-FY15 GAAP operating earnings margin rate expansion	63bp				
FY11-FY15 Non-GAAP operating earnings margin rate expansion	81bp				

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 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. 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.

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 Diluted EPS from Continuing Operations and growth rate calculation[1]: 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[2], (2) amortization and other acquisition-related costs[3], (3) impairments and (gain)/loss on disposal of assets[4], (4) litigation (recoveries)/charges, net[5], (5) LIFO charges/(credits)[6], (6) loss on extinguishment of debt[7], (7) other spin-off costs[8], and (8) gain on sale of CareFusion stock, each net of tax.

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, (5) LIFO charges/(credits), and (6) other spin-off costs.

Non-GAAP Operating Earnings Margin Rate: current period non-GAAP operating earnings divided by revenue.

Segment Profit: segment revenue minus (segment costs of products sold and segment distribution, selling, general, and administrative expenses).

Segment Profit Margin: segment profit divided by segment revenue.

[1] 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)), calculated using fiscal 2010 as the base year, unless otherwise noted.

[2] 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).

[3] 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.

[4] 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 consolidated statements of earnings.

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

[6] 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.

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

[8] Cost incurred in connection with our spin-off of CareFusion which are included in distribution, selling, general, and administrative expenses.