Healthcare is changing…
We're changing healthcare.

George S. Barrett
Chairman and Chief Executive Officer

J.P. Morgan Healthcare Conference
January 12, 2016

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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 January 12, 2016. 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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For those tasked with navigating the complexities of healthcare…

Cardinal Health brings **scaled solutions** that **help our customers thrive** in a changing world.

Essential facts about Cardinal Health

Serving more than
25,000
U.S. PHARMACIES



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



We have more than
36,000
employees worldwide



WE MANUFACTURE OR SOURCE MORE THAN **2.5 billion** individual consumer healthcare, home medical equipment, and over-the-counter **PRODUCTS** EACH YEAR



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



We work with
MORE THAN **5,000**
pharmaceutical & medical-surgical suppliers



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Financial highlights and goals

Highlights

Generated

>$9B

In cash from operations
FY11 – FY15

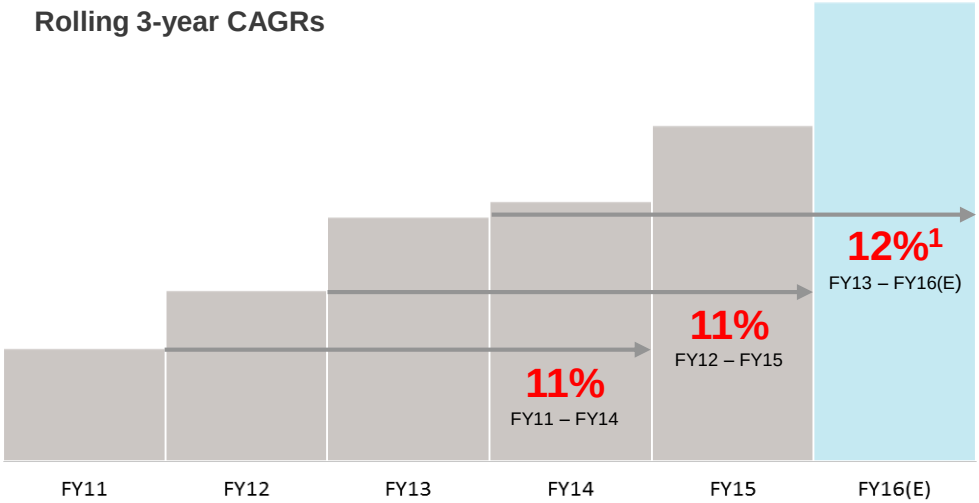
Total Shareholder Return[2] of

176%

From FY11 – FY15

Non-GAAP EPS

Rolling 3-year CAGRs



Long-term goals

Annual Dividend Payout

30-35%

(FY15 Dividend Payout Ratio[3] 31%)

Non-GAAP EPS CAGR

10-15%

[1]CAGR for FY13 – FY16(E) uses midpoint of FY16 guidance range of $5.15 - $5.35 provided on November 2, 2015.
[2]TSR assumes the reinvestment of dividends.
[3]Based on full year dividends paid in FY15 versus non-GAAP EPS for FY15.
Please see appendix for comparable GAAP numbers and GAAP to Non-GAAP reconciliations.

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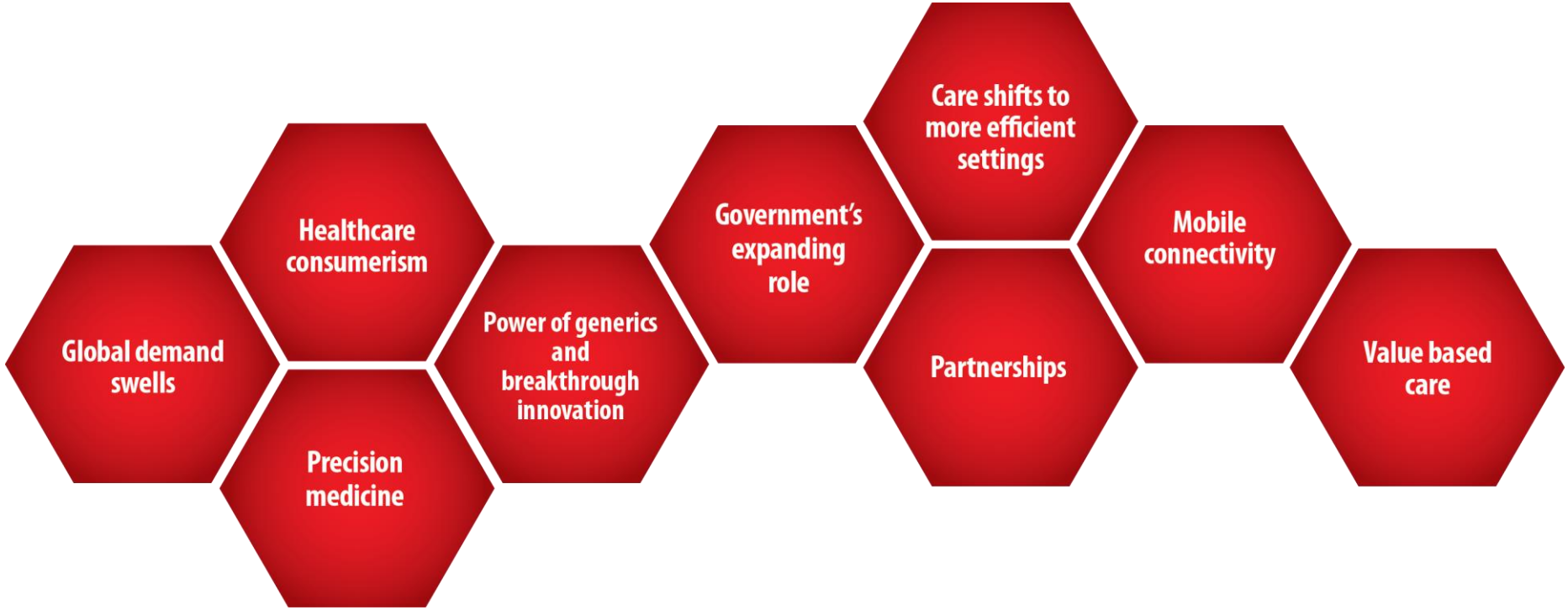
Key trends in healthcare



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Our priorities are focused on the right initiatives to help the system deliver the right care, at the right time, in the right setting

Generics



Expand generics customer base

Red Oak
Largest U.S. generic sourcing entity

Harvard Drug Group
Increased telesales presence

Specialty & Biopharma



Upstream solutions for Biopharma
Regulatory sciences, 3PL services, Patient HUB (Sonexus)

Metro Medical
Increase scale and expanded therapeutic reach

Alternate Sites of Care



Grow post-acute leveraging IDN experience and scale

Cardinal Health at Home
Leader in medical products to the home

Henry Schein alliance

Discharge management
naviHealth

Health System & Hospital Solutions



Scaled and standardized solutions

360 Program
Comprehensive suite of solutions

Cardinal Health brand consumables

Physician preference items
Cardiovascular (Cordis), Negative Pressure Wound Therapy and Ortho Trauma

International



China
Top 10 distributor

Global product expansion
(Cordis)

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Two financial reporting segments

Pharmaceutical segment







Medical segment







One enterprise market strategy

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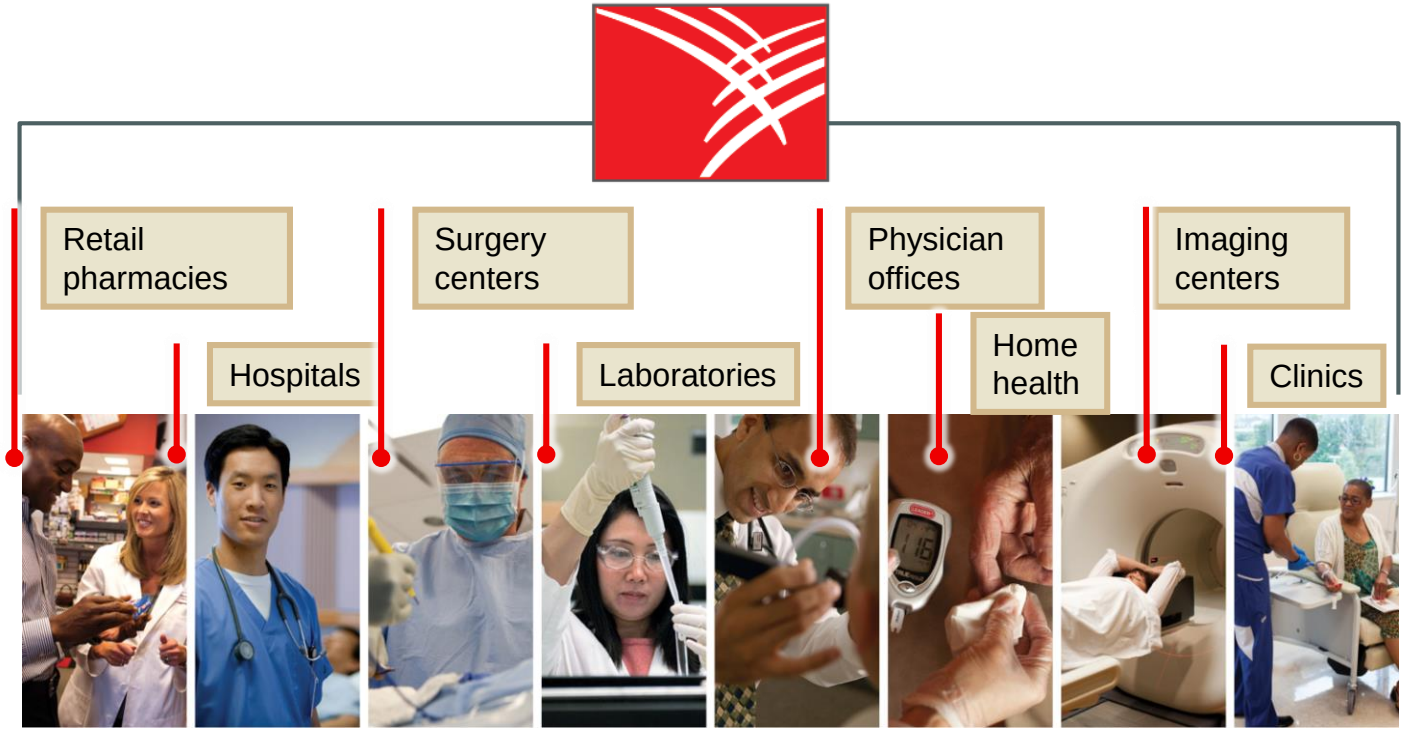
Serving the full continuum of care



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Pharmaceutical Segment long-term sustainable growth drivers

FY15 revenues of $91B, segment profit of $2.1B

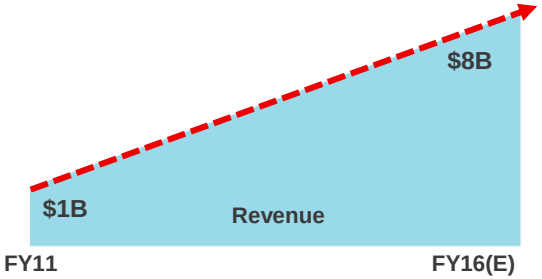
Enable our customers' growth





World-class generics offering

Drive growth in Specialty Solutions



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

OpEx
Improve Control Reduce Measure

China

RED OAK SOURCING

METRO MEDICAL

OUTCOMESMTM
The Face-to-Face Difference

Deliver on organic initiatives and recent acquisitions

[1]*Excludes non-Source sales*

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Medical Segment long-term sustainable growth drivers

FY15 revenues of $11B, segment profit of $433M

Deep customer knowledge



We provide resources to

>75%

of U.S. Hospitals



1.8 million

patients served in the home

Maximize the post-acute setting

Grow Cardinal Health Brand



88%

Growth in segment profit contribution FY12 to FY15



72%

Growth in segment profit contribution FY12 to FY15

Expand on integrated services

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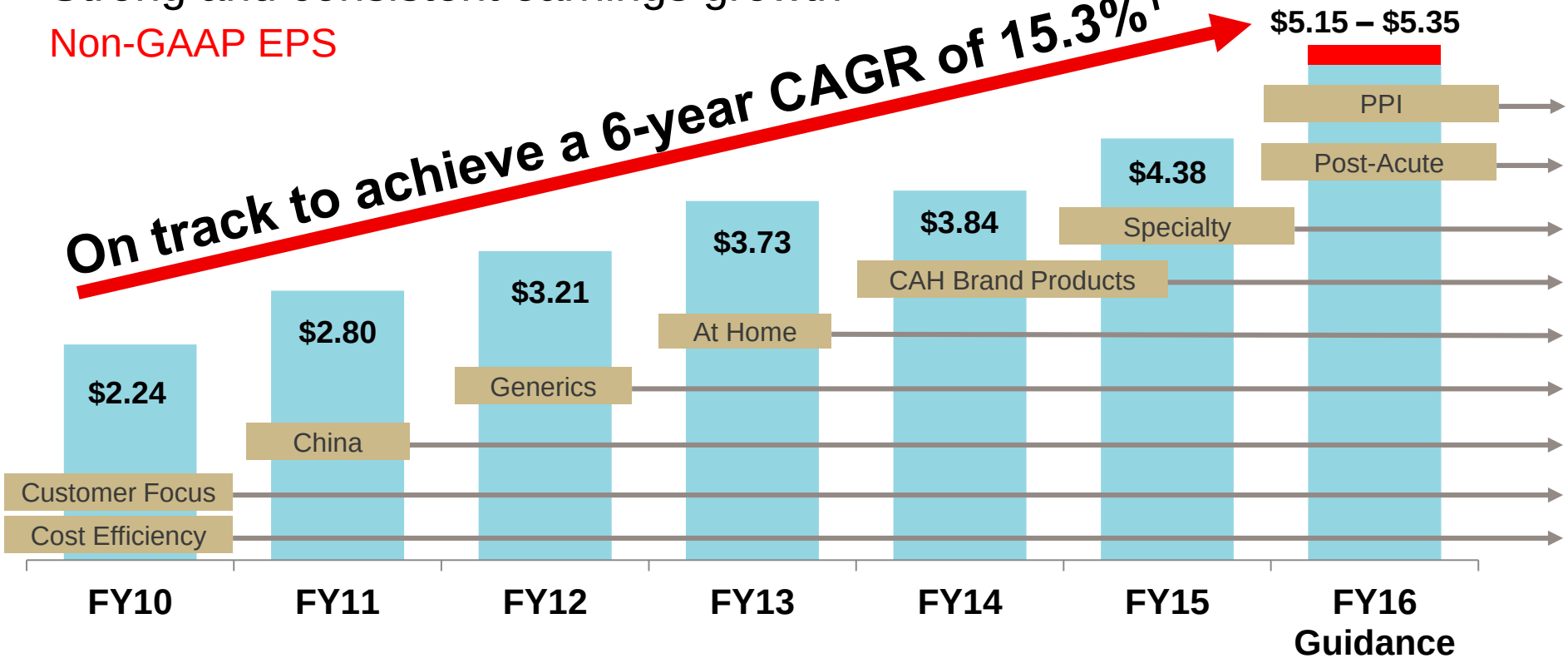
Strong and consistent earnings growth

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 provided on Nov. 2, 2015.

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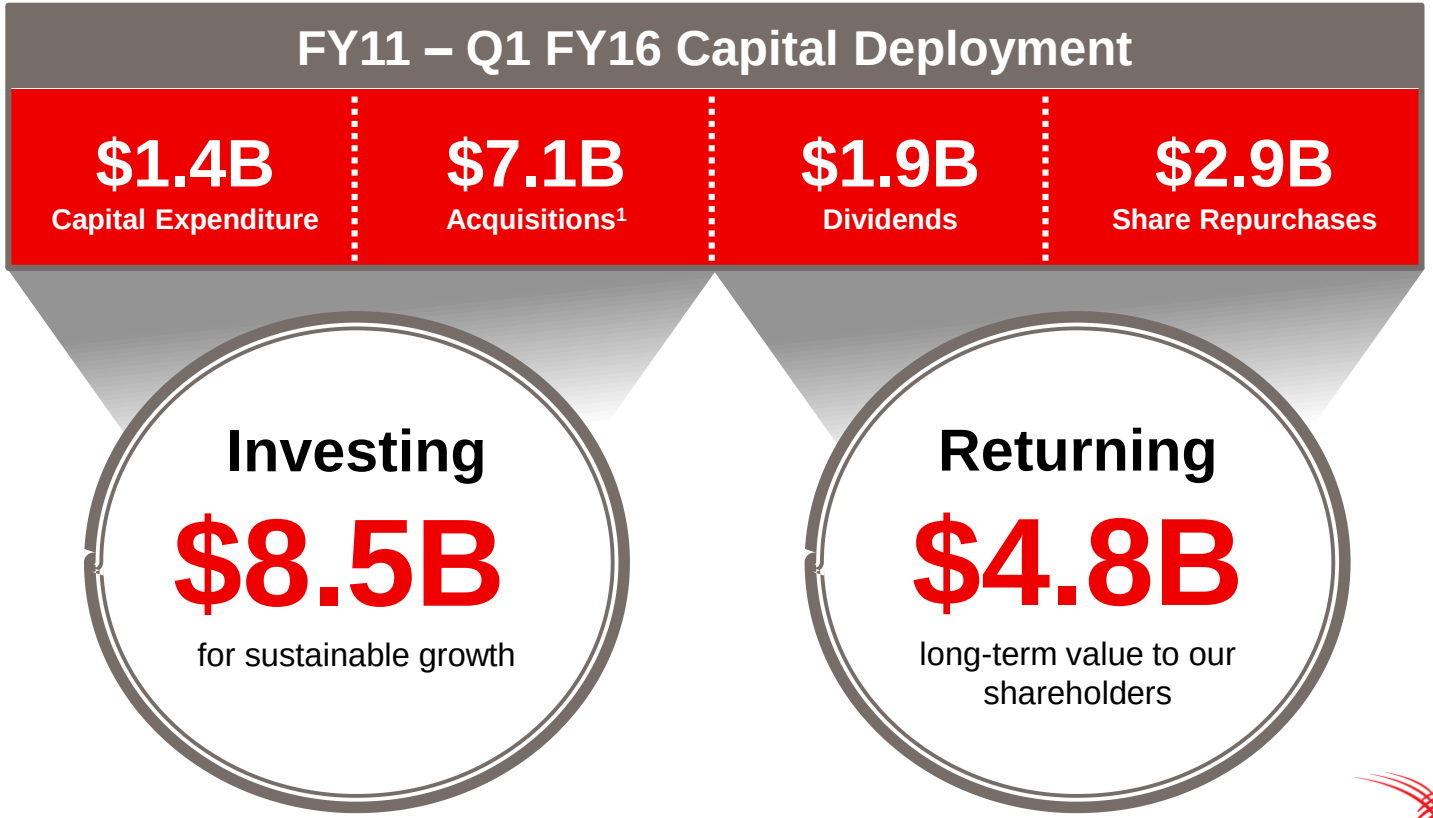
A balanced approach with capital



[1]*Acquisitions are net of divestitures. Cordis closed on October 2, 2015 at the start of Q2 and thus is not included in this figure.*

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Healthcare is changing…We're changing healthcare.

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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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 3-year compound annual growth rate for GAAP and non-GAAP diluted earnings per share from continuing operations for FY11-14 was 7 percent and 11 percent, respectively. The 3-year compound annual growth rate for GAAP and non-GAAP diluted earnings per share from continuing operations for FY12-FY15 was 6 percent and 11 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.

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, 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

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.

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

[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)).

[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.