Healthcare is changing…
We're changing healthcare.

George S. Barrett
Chairman and Chief Executive Officer
Annual Shareholders Meeting
November 3, 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 amount or rate of pharmaceutical price appreciation or deflation and the timing of and benefit from generic pharmaceutical introductions; the ability to maintain the benefits from the generic sourcing venture with CVS Health; the ability to successfully integrate and realize the benefits from the acquisition of Cordis; 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 foreign currency rates and 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 Nov. 3, 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 this presentation and at ir.cardinalhealth.com.

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Annual Meeting of Shareholders

I. **Call to order**

II. **Matters to be acted upon**

Proposal 1 – Election of Directors

Proposal 2 – Ratification of Ernst & Young LLP as Independent Auditor

Proposal 3 – Approval of the Amended Cardinal Health, Inc. 2011 Long-Term Incentive Plan

Proposal 4 - Advisory vote on compensation of named executive officers

III. **Voting results**

IV. **Conclusion of meeting**

V. **Management's report**

VI. **Questions and answers**

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Essential facts about Cardinal Health

A global, integrated healthcare products & services company

We provide resources to
MORE THAN 70%
of U.S. hospitals



Serving more than
25,000
U.S. PHARMACIES
NATIONWIDE



$121 billion
in revenue

We support more than
20,000
physician offices nationwide



WE MANUFACTURE OR SOURCE MORE THAN **2.8 billion**
individual consumer healthcare, home medical equipment, and over-the-counter
PRODUCTS
EACH YEAR



We operate in
60
countries

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



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



More than
37,000
employees worldwide

Examples of our lines of business

Pharmaceutical distribution

Specialty pharmacy

Oncology services

Regulatory science services

Med-surg distribution

Surgical kitting

Medical devices

Patient compliance tools

Inventory management technology

Medical freight management

Discharge management and post-acute services

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Rapid transformation of healthcare

Demand driven by **DEMOGRAPHICS**

CARE needs to be **MORE COORDINATED**

CARE MUST BE DELIVERED AT THE RIGHT TIME, using the **RIGHT EVIDENCE -BASED PROTOCOLS** and standards and in the **RIGHT SETTING**

MORE ACTIVE GOVERNMENT ROLE in healthcare

GREATER FOCUS ON PATIENT OUTCOMES vs.
activity while ensuring operational excellence and efficiency

Daily reminders of the potential for **SCIENCE AND TECHNOLOGY** to change the healthcare experience

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FY16 financial summary

	GAAP Basis ($M)		Non-GAAP Basis ($M)	
	FY16	FY15	FY16	FY15
Revenue *% change*	**$121,546** *19% increase YoY*	**$102,531** *13% increase YoY*	N/A	N/A
Gross Margin *% change* *Ratio to revenue*	**$6,543** *15% increase YoY* *5.38%*	**$5,712** *11% increase YoY* *5.57%*	N/A	N/A
Operating Earnings *% change* *Ratio to revenue*	**$2,459** *14% increase YoY* *2.02%*	**$2,161** *15% increase YoY* *2.11%*	**$2,895** *17% increase YoY* *2.38%*	**$2,472** *16% increase YoY* *2.41%*
Net Earnings[1] *% change* *Ratio to revenue*	**$1,427** *18% increase YoY* *1.17%*	**$1,212** *4% increase YoY* *1.18%*	**$1,732** *18% increase YoY* *1.42%*	**$1,469** *11% increase YoY* *1.43%*
Diluted EPS[1] *% change*	**$4.32** *20% increase YoY*	**$3.61** *7% increase YoY*	**$5.24** *20% increase YoY*	**$4.38** *14% increase YoY*

[1]From continuing operations attributable to Cardinal Health, Inc.
Please see appendix for GAAP to Non-GAAP reconciliations.

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Sustained strong financial performance over five years (FY12 – FY16)

Diluted EPS[2]

9.5% *GAAP CAGR*

13.4% *Non-GAAP[1] CAGR*

Total shareholder return[3]

90.4%

Dividend per share growth

14.7% *CAGR*

Long term goals

Annual Dividend Payout

30-35%

Multi-Year Non-GAAP EPS CAGR

10-15%

[1] Non-GAAP financial measures. See "Explanation and Reconciliation of Non-GAAP Financial Measures" section for definitions and reconciling information.
[2] Diluted earnings per share from continuing operations attributable to Cardinal Health, Inc.
[3] Total shareholder return is the total return of our shares expressed as a percentage (calculated based on changes in stock price over the measurement period and assuming reinvestment of dividends).

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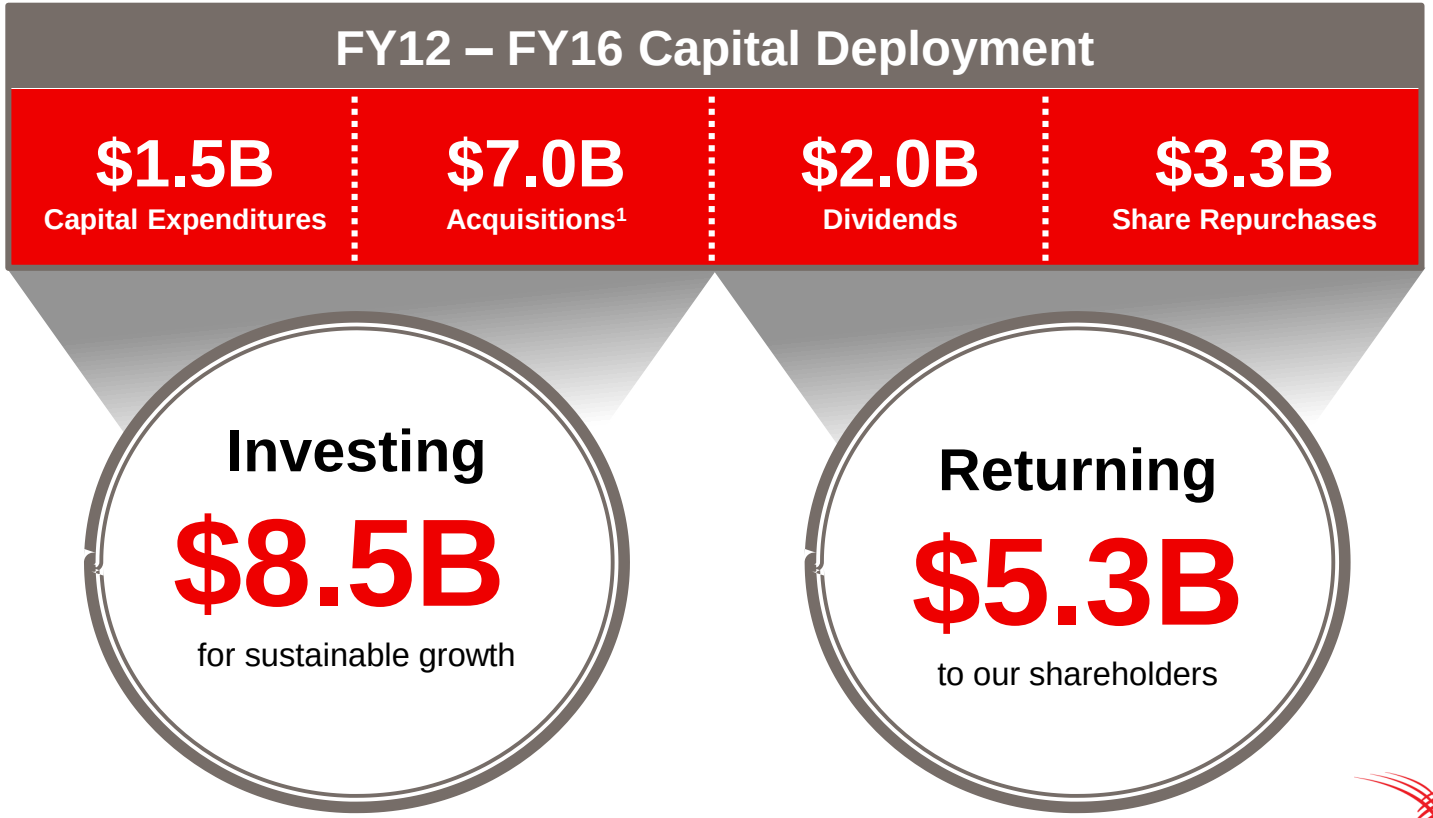
Capital deployment for the past five years



[1]*Acquisitions are net of divestitures.*

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Q1 FY17 financial summary

	GAAP Basis ($M)		Non-GAAP Basis ($M)	
	Q1 FY17	Q1 FY16	Q1 FY17	Q1 FY16
Revenue *% change*	**$32,039** *14% increase YoY*	**$28,055** *17% increase YoY*	N/A	N/A
Operating Earnings *% change* *Ratio to revenue*	**$535** *14% decrease YoY* *1.67%*	**$620** *33% increase YoY* *2.21%*	**$669** *9% decrease YoY* *2.09%*	**$737** *30% increase YoY* *2.63%*
Net Earnings[1] *% change* *Ratio to revenue*	**$309** *19% decrease YoY* *0.96%*	**$383** *44% increase YoY* *1.37%*	**$399** *13% decrease YoY* *1.24%*	**$458** *35% increase YoY* *1.63%*
Diluted EPS[1] *% change*	**$0.96** *17% decrease YoY*	**$1.15** *47% increase YoY*	**$1.24** *10% decrease YoY*	**$1.38** *38% increase YoY*

[1]Attributable to Cardinal Health, Inc.
Please see appendix for GAAP to Non-GAAP reconciliations.

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FY17 financial expectations

	FY2017 Outlook	FY2016 Actual
Revenue	**High-single digit percentage growth vs. PY**	$121.5B
Non-GAAP Diluted EPS[1]	**$5.40 to $5.60**	$5.24

[1] Guidance provided on CAH earnings conference call, 10/31/16; not being reaffirmed as of the date of the this presentation.
Red font indicates a change since previous guidance.

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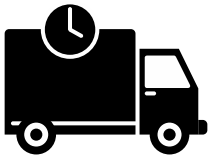
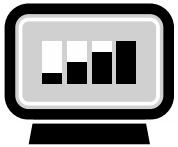
Cardinal Health offers enterprise-wide capabilities in four areas



Logistics Solutions

Enable a more efficient way of bringing healthcare to market

- **One of the largest healthcare logistics companies in the US**
- **Specialty 3PL**
- **Home delivery**



Business Solutions

Optimize the process and performance of healthcare

- **Performance Consulting Solutions (OpEx)**
- **CIMS (Cardinal Inventory Management Services)**
- **Regulatory science**



Patient Solutions

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

- **Outcomes MTM**
- **Cardinal Health at Home**
- **Post-acute services**
- **Clinical pathways**



Product Solutions

Provide a comprehensive healthcare product offering

- **Red Oak Sourcing**
- **Cardinal Health brand products**
- **Physician preference items including Cordis**

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It’s about our people

WORKING MOTHER 100 BEST COMPANIES 2014

2016, 2015, 2014, 2013, 2012

TOP COMPANIES FOR EXECUTIVE WOMEN 2012

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Chief Executive BEST COMPANIES FOR LEADERS 2014

America's Leading 3PLS
2016, 2015
Global Trade magazine and Armstrong & Associates

2016, 2015, 2014, 2013, 2012

CORPORATE 101 2015

Corporate 101: America's Most Admired Corporations for Supplier Diversity 2016 from Minority Business News

widen the circle

Founding Member

Workforce 100 2016

2016

ESGR EMPLOYER SUPPORT OF THE GUARD AND RESERVE

2015 Employer Support Freedom Award
Secretary of Defense Employer Support Freedom Award, the highest honor the department gives to employers for support of National Guard and Reserve employees

Becker’s Hospital Review/Becker’s ASC Review
150 Great Places to Work in Healthcare

HUMAN RIGHTS CAMPAIGN FOUNDATION
BEST PLACES TO WORK for LGBT Equality 2014
100% CORPORATE EQUALITY INDEX

2016, 2015, 2014, 2013

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Thank you!

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Questions?

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Financial Appendix

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Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation[1]

(in millions, except per common share amounts)	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes	Provision for Income Taxes	Net Earnings[2]	Net Earnings[2] Growth Rate	Diluted EPS[2]	Diluted EPS[2] Growth Rate
	First Quarter 2017							
GAAP	**$ 535**	**(14)%**	**$ 494**	**$ 184**	**$ 309**	**(19)%**	**$ 0.96**	**(17)%**
Restructuring and employee severance	**9**		**9**	**4**	**5**		**0.02**	
Amortization and other acquisition-related costs	**122**		**122**	**40**	**82**		**0.25**	
Impairments and (gain)/loss on disposal of assets	**3**		**3**	**1**	**2**		**0.01**	
Litigation (recoveries)/charges, net	**1**		**1**	**-**	**1**		**-**	
Non-GAAP	**$ 669**	**(9)%**	**$ 629**	**$ 229**	**$ 399**	**(13)%**	**$ 1.24**	**(10)%**
	First Quarter 2016							
GAAP	$ 620	33 %	$ 568	$ 184	$ 383	44 %	$ 1.15	47 %
Restructuring and employee severance	12		12	5	7		0.02	
Amortization and other acquisition-related costs	105		105	37	68		0.21	
Impairments and (gain)/loss on disposal of assets	-		-	-	-		-	
Litigation (recoveries)/charges, net	-		-	-	-		-	
Non-GAAP	$ 737	30 %	$ 685	$ 226	$ 458	35 %	$ 1.38	38 %

[1] for more information on these measures, refer to the Use of Non-GAAP Financial Measures and Definitions schedules
[2] attributable to Cardinal Health, Inc.

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.
There were no LIFO charges/(credits) or losses on extinguishment of debt during the periods presented.

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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[1] Before Income Taxes	Provision for Income Taxes	Net Earnings from Continuing Operations[2]	Net Earnings from Continuing Operations[2] Growth Rate	Diluted EPS[1,2]	Diluted EPS[1,2] Growth Rate
				Fiscal Year 2016				
GAAP	**$ 2,459**	**14 %**	**$ 2,276**	**$ 845**	**$ 1,427**	**18 %**	**$ 4.32**	**20 %**
Restructuring and employee severance	**25**		**25**	**9**	**16**		**0.05**	
Amortization and other acquisition-related costs	**459**		**459**	**143**	**316**		**0.96**	
Impairments and (gain)/loss on disposal of assets	**21**		**21**	**6**	**15**		**0.04**	
Litigation (recoveries)/charges, net	**(69)**		**(69)**	**(27)**	**(42)**		**(0.13)**	
Non-GAAP	**$ 2,895**	**17 %**	**$ 2,711**	**$ 976**	**$ 1,732**	**18 %**	**$ 5.24**	**20 %**
				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 %

[1] from continuing operations
[2] attributable to Cardinal Health, Inc.

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

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

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

	Operating Earnings	Operating Earnings Growth Rate	Earnings[1] Before Income Taxes	Provision for Income Taxes	Net Earnings from Continuing Operations[2]	Net Earnings from Continuing Operations[2] Growth Rate	Diluted EPS[1,2]	Diluted EPS[1,2] Growth Rate
				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 %

[1] from continuing operations
[2] attributable to Cardinal Health, Inc.

The 5-year compound annual growth rate for GAAP and non-GAAP operating earnings was 10.2 percent and 12.0 percent, respectively.

The 5-year compound annual growth rate for GAAP and non-GAAP diluted earnings per share from continuing operations attributable to Cardinal Health, Inc. was 9.5 percent and 13.4 percent, respectively.

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Cardinal Health, Inc. and Subsidiaries

Forward Looking non-GAAP Measures

In this presentation, the Company presents its outlook for fiscal 2017 non-GAAP EPS. The Company does not provide EPS outlook, which is the most directly comparable GAAP measure to non-GAAP EPS, because changes in the items that the Company excludes from EPS to calculate non-GAAP EPS, described above, can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities. Additionally, due to their unpredictability, management does not forecast many of the excluded items for internal use and therefore cannot create or rely on an EPS outlook.

The timing and amount of any of the excluded items could significantly impact the Company's fiscal 2017 EPS. Over the past five fiscal years, the excluded items have lowered the Company's EPS from $0.14 to $2.76, which includes a goodwill impairment charge of $2.32 per share related to our Nuclear Pharmacy Services division that we recognized in fiscal 2013.

Definitions

Non-GAAP diluted EPS from continuing operations attributable to Cardinal Health, Inc. or "Non-GAAP diluted EPS": non-GAAP net earnings from continuing operations attributable to Cardinal Health, Inc. divided by diluted weighted-average shares outstanding.

Non-GAAP earnings before income taxes and discontinued operations: earnings before income taxes and discontinued operations excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and other acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets, (5) litigation (recoveries)/charges, net, and (6) loss on extinguishment of debt.

Non-GAAP gross margin: gross margin excluding LIFO charges/(credits).

Non-GAAP net earnings from continuing operations attributable to Cardinal Health, Inc.: earnings from continuing operations before income taxes excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and other acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets, (5) litigation (recoveries)/charges, net, and (6) loss on extinguishment of debt.

Non-GAAP operating earnings: operating earnings excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and other acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets, (5) litigation (recoveries)/charges, net, and (6) other spin off costs.

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

Segment profit margin: segment profit divided by segment revenue.

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George S. Barrett
Chairman and Chief Executive Officer
Annual Shareholders Meeting
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