Healthcare is changing…
We're changing healthcare.

George S. Barrett
Chairman and Chief Executive Officer

35th Annual J.P. Morgan Healthcare Conference
Monday, January 9, 2017

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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, trends 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 generic and brand 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 January 9, 2017. 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. An audio replay of the webcast 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

A global, integrated healthcare products & services company

>$121B in FY16 revenues	**>60** countries in which we operate
~$2.9B in FY16 non-GAAP operating earnings, ~$2.5B in FY16 GAAP operating earnings	**>37K** employees worldwide
>70% of U.S. hospitals use our resources	**~2.8B** healthcare products manufactured or sourced each year
>25K U.S. pharmacies served	**>2M** patients served in home healthcare, with nearly **40K** products

Please see appendix for GAAP to Non-GAAP reconciliation.

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Healthcare trends shaping the next 5 years

1. Increasing global demand driven by aging demographics
2. Pressured by rising cost of care: U.S. payment models transitioning from fee-for-service to value and outcomes
3. Healthcare consumerism: U.S. consumers more engaged and financially responsible for own health
4. Shifts in how and where care is delivered: Integrated Delivery Networks take more risk, coordinate and shift care to most efficient settings
5. Traditional branded pharmaceuticals increasingly displaced by generics on one end and high-priced specialty agents on the other
6. Government's role as both payer and regulator

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While organized into 2 financial reporting segments…

Pharmaceutical



FY16 revenues of $109B

FY16 segment profit of $2.5B

Medical



FY16 revenues of $12B

FY16 segment profit of $457M

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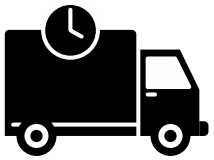
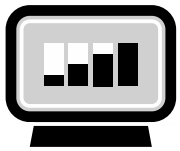
...Cardinal Health goes to market with enterprise-wide capabilities in 4 areas



Logistics
Solutions

Enable a more efficient way of bringing healthcare to market



Business
Solutions

Optimize the process and performance of healthcare



Patient
Solutions

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



Product
Solutions

Provide a comprehensive healthcare product offering

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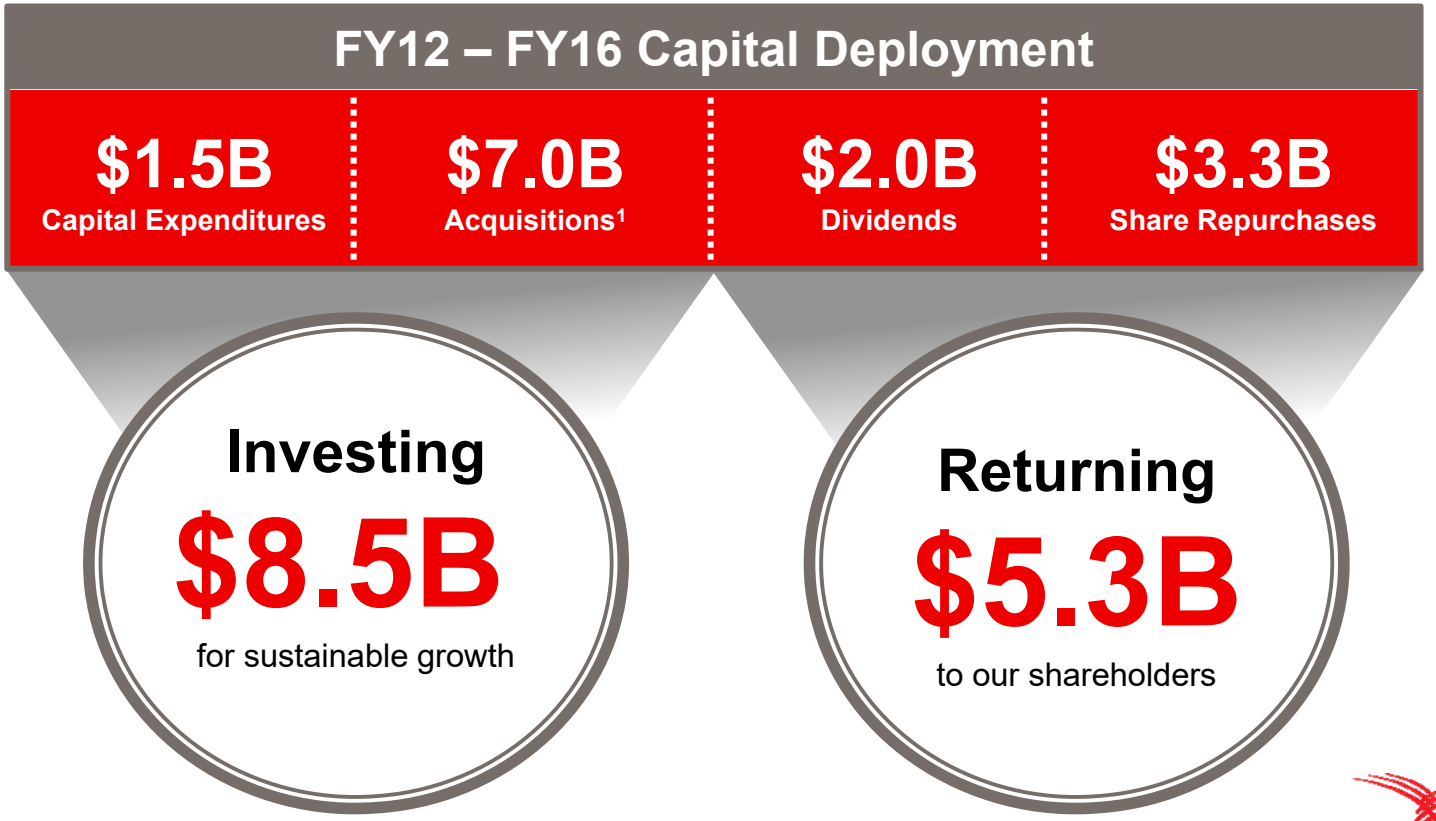
Capital deployment for the past five years



[1]*Acquisitions are net of divestitures.*

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Sustained strong financial performance over five years

Diluted EPS from continuing operations growth[1]

9.5% *GAAP CAGR*

13.4% *Non-GAAP[2] 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] *Diluted earnings per share from continuing operations attributable to Cardinal Health, Inc.*
[2] *Non-GAAP financial measures. See "Explanation and Reconciliation of Non-GAAP Financial Measures" section for definitions and reconciling information.*
[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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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[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.

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

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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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