Cardinal Health Annual Meeting of Shareholders

DUBLIN, OHIO

November 7, 2018



CardinalHealth
Essential to care™

Agenda

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* – Advisory vote to approve the compensation of our named executive officers
- *Proposal 4* – Shareholder proposal, if properly presented, on a policy to not exclude legal and compliance costs for purposes of determining executive compensation
- *Proposal 5* – Shareholder proposal, if properly presented, on the ownership threshold for calling a special meeting of shareholders

III. **Voting results**

IV. **Conclusion of formal meeting**

V. **Management presentation**

VI. **Shareholder question and answer session**

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Management presentation from CEO Mike Kaufmann

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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 various accruals and estimates. 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 deflation and our ability to offset generic deflation and maintain other financial and strategic benefits through our generic sourcing venture with CVS Health; our ability to manage uncertainties associated with the pricing of branded pharmaceuticals, including decreased branded inflation and possible branded price reductions; risks associated with our ability to stabilize the performance of and reduce costs associated with our Cordis business; risks associated with the acquisition of the Patient Recovery business, including the ability to successfully integrate the acquired businesses and the ability to achieve the expected synergies and accretion in earnings; the risk of non-renewal under our contracts with CVS Health or one or more other key customer or supplier arrangements or changes to the pricing or other terms of or level of purchases under those arrangements; uncertainties due to government health care reform including federal health care reform legislation or administrative action; uncertainties with respect to the recently enacted Tax Cuts and Jobs Act; changes in the distribution patterns or reimbursement rates for health care products and services; risks associated with the distribution of opioids, including the cost and risk of ongoing investigations and lawsuits by certain governmental and regulatory authorities as well as private plaintiffs, the potential financial impact of enacted and possible taxes or other assessments on the sale of opioids, and potential reputational or operational harm; 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. 7, 2018. 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 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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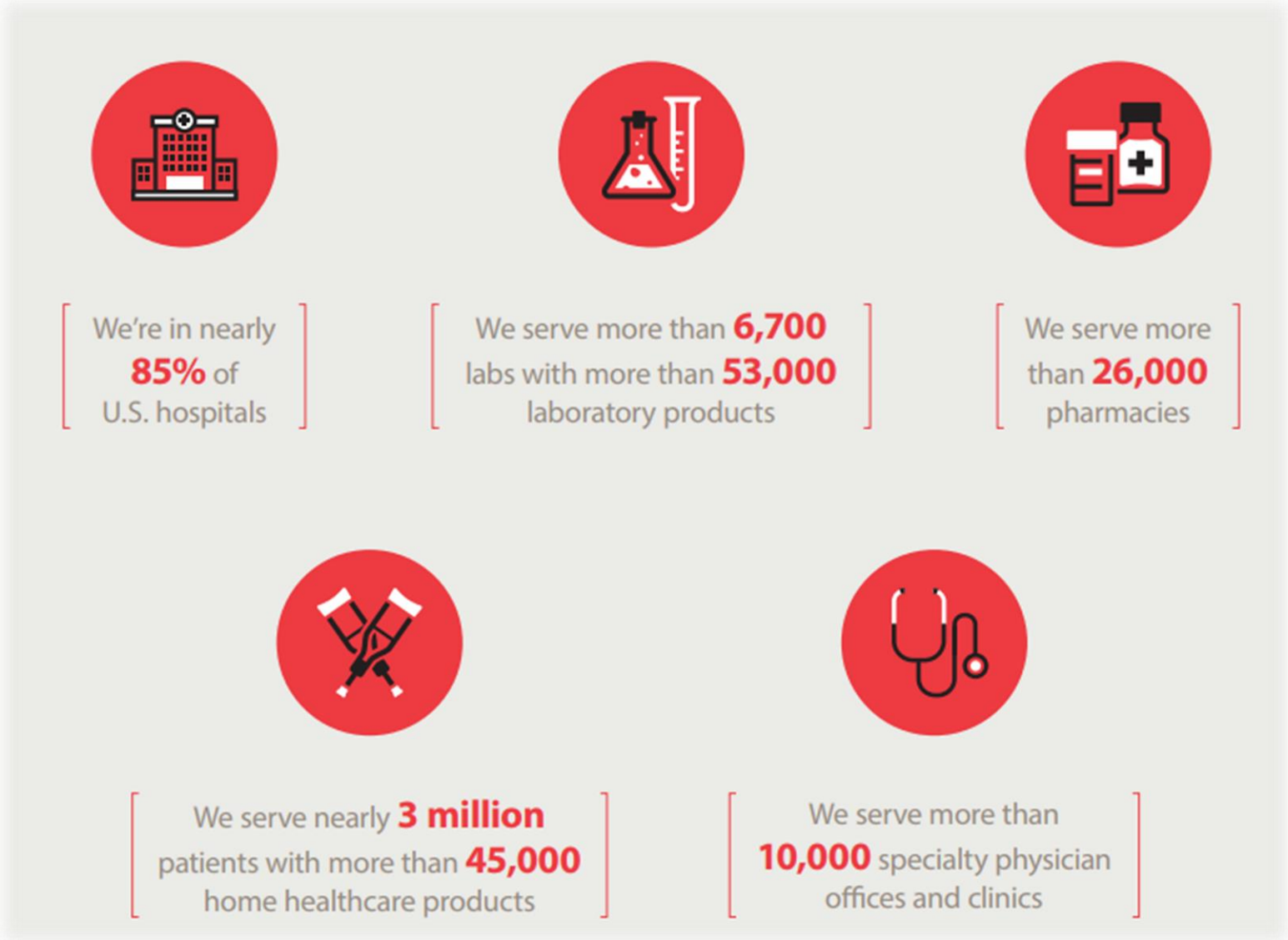
Essential facts about Cardinal Health



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FY18 financial summary

	GAAP Basis ($M) FY18	Non-GAAP Basis ($M) FY18
Revenue	**$136,809**	**N/A**
% change	*5%*	
Gross Margin	**$7,181**	**N/A**
% change	*10%*	
SG&A	**$4,596**	**N/A**
% change	*22%*	
Operating Earnings	**$126**	**$2,585**
% change	*(94)%*	*(7)%*
Interest & Other[1]	**$352**	**N/A**
% change	*80%*	
Net Earnings[2]	**$256**	**$1,578**
% change	*(80)%*	*(9)%*
Diluted EPS[2]	**$0.81**	**$5.00**
% change	*(80)%*	*(7)%*

[1] The sum of Other (income)/expense, net and interest expense, net
[2] Attributable to Cardinal Health, Inc.
Please see appendix for GAAP to Non-GAAP reconciliations.

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Committed to a future of growth

Cost structure

- Conducting fundamental review of how we operate

Cordis

- Stabilizing and repositioning for growth

Patient Recovery

- Successfully integrating and operating the business

Pharma model

- Evaluating upstream and downstream elements

Portfolio and partnerships

- Simplifying and expanding in critical spaces

Capital deployment

- Being disciplined and thoughtful in our approach

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Committed to our community and our people






Thank you & questions

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Appendix

GAAP TO NON-GAAP RECONCILIATION STATEMENTS
AND SUPPLEMENTAL FINANCIAL INFORMATION

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Cardinal Health, Inc. and Subsidiaries

GAAP / Non-GAAP Reconciliation[1]

(in millions, except per common share amounts)	Gross Margin	Gross Margin Growth Rate	Operating Earnings/ (Loss)	Operating Earnings Growth Rate	Earnings/(Loss) Before Income Taxes	Provision for/ (Benefit from) Income Taxes	Net Earnings/ (Loss)[2]	Net Earnings[2] Growth Rate	Effective Tax Rate	Diluted EPS[2]	Diluted EPS[2] Growth Rate
					Fiscal Year 2018						
GAAP	**$ 7,181**	**10 %**	**$ 126**	**(94)%**	**$ (228)**	**$ (487)**	**$ 259**	**(80)%**	**213.8 %**	**$ 0.81**	**(80)%**
Restructuring and employee severance	**—**		**176**		**176**	**25**	**151**			**0.48**	
Amortization and other acquisition-related costs	**—**		**707**		**707**	**176**	**531**			**1.69**	
Impairments and (gain)/loss on disposal of assets[5]	**—**		**1,417**		**1,417**	**(44)**	**1,461**			**4.64**	
Litigation (recoveries)/charges, net	**—**		**159**		**159**	**48**	**111**			**0.35**	
Loss on extinguishment of debt	**—**		**—**		**2**	**1**	**1**			**—**	
Transitional tax benefit, net[3]	**—**		**—**		**—**	**936**	**(936)**			**(2.97)**	
Non-GAAP	**$ 7,181**	**10 %**	**$ 2,585**	**(7)%**	**$ 2,233**	**$ 655**	**$ 1,578**	**(9)%**	**29.3 %**	**$ 5.00[4]**	**(7)%**
					Fiscal Year 2017						
GAAP	$ 6,544	—%	$ 2,120	(14)%	$ 1,924	$ 630	$ 1,288	(10)%	32.7 %	$ 4.03	**(7)%**
Restructuring and employee severance	—		56		56	20	36			0.11	
Amortization and other acquisition-related costs	—		527		527	165	362			1.13	
Impairments and (gain)/loss on disposal of assets	—		18		18	6	12			0.04	
Litigation (recoveries)/charges, net	—		48		48	19	29			0.09	
Non-GAAP	$ 6,544	—%	$ 2,769	(4)%	$ 2,572	$ 839	$ 1,727	—%	32.6 %	$ 5.40	**3 %**

[1]For more information on these measures, refer to the Use of Non-GAAP Measures and Definitions schedules.

[2]attributable to Cardinal Health, Inc.

[3]Reflects the estimated net transitional benefit from the re-measurement of our deferred tax assets and liabilities partially offset by the repatriation tax on cash and earnings of foreign subsidiaries. We have not yet completed our analysis of the impact of the Tax Act and, as such, these amounts are provisional estimates and we may record additional provisional amounts or adjustments to the provisional amounts in future periods.

[4]Non-GAAP EPS for fourth quarter and fiscal year 2018 includes a $0.07 and $0.43 benefit from applying a lower federal tax rate to our year-to-date U.S. pre-tax non-GAAP earnings. Excluding this benefit, non-GAAP EPS would have been $0.94 and $4.57 for fourth quarter and fiscal year 2018, respectively.

[5]Fourth quarter and fiscal year 2018 include a goodwill impairment charge of $1.4 billion related to our Medical segment.

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

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

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