



Investor Relations Conference
FY 2008

Essential to care



CardinalHealth
Essential to care™

September 19, 2007

Agenda

9:00

Welcome and Introductions

Bob Reflogal, Vice President, Investor Relations

CEO Overview

Kerry Clark, Chief Executive Officer

Clinical and Medical Products

David Schlotterbeck, CEO, CMP

10:00

Break

Healthcare Supply Chain Services

Mark Parrish, CEO, HSCS

Financial Overview

Jeff Henderson, Chief Financial Officer

11:00

Q&A

Closing Remarks

11:30

Lunch

Forward-looking statements and GAAP-reconciliation

These presentations contain forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. The most significant of these uncertainties are described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports (including all amendments to those reports) and exhibits to those reports, and include (but are not limited to) the following: competitive pressures in its various lines of business; the loss of one or more key customer or supplier relationships or changes to the terms of those relationships; uncertainties relating to the timing of generic introductions and the frequency or rate of pharmaceutical price appreciation; changes in the distribution patterns or reimbursement rates for healthcare products and/or services; uncertainties related to finalizing the pending settlement of the class-action securities litigation, including obtaining court approval of the settlement; successful integration of Cardinal Health and VIASYS Healthcare and the ability to achieve synergies from the acquisition; uncertainties relating to the amount of future share repurchases by Cardinal Health, which can be affected by Cardinal Health's then-current stock price, regulatory restraints on share repurchases, cash flows, financial condition and alternative uses of cash available to Cardinal Health at the time, as well as by the amount of any additional share repurchases authorized by the board of directors; and general economic and market conditions. These presentations reflect management's views as of September 19, 2007. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. In addition, these presentations include non-GAAP financial measures. Cardinal Health provides definitions and reconciling information at the end of these presentations and on its investor relations page at www.cardinalhealth.com.



Essential to care



CardinalHealth

Essential to care™

Kerry Clark
Chief Executive Officer

September 19, 2007

Key themes

- 1 Focusing on our mission
- 2 Simplifying Cardinal Health
- 3 Building scale
- 4 Growing the core

FY07: Return to strong growth

Consolidated

Revenue: \$87 billion, +9%

EPS: \$3.42, +20%

Healthcare Supply Chain Services

Revenue: \$84 billion, +9%

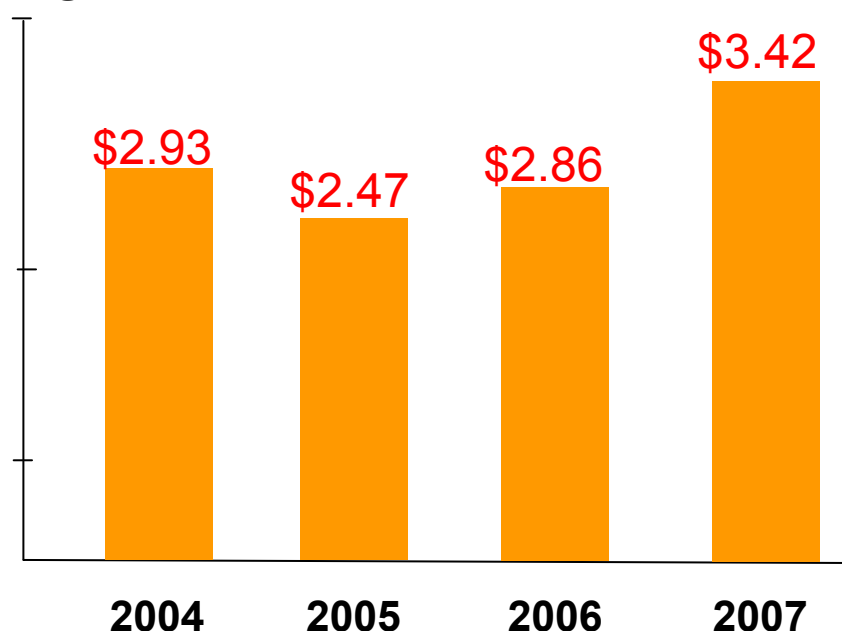
Profit: \$1.6 billion, +11%

Clinical & Medical Products

Revenue: \$4.5 billion, +11%

Profit: \$0.6 billion, +20%

\$ Non-GAAP EPS



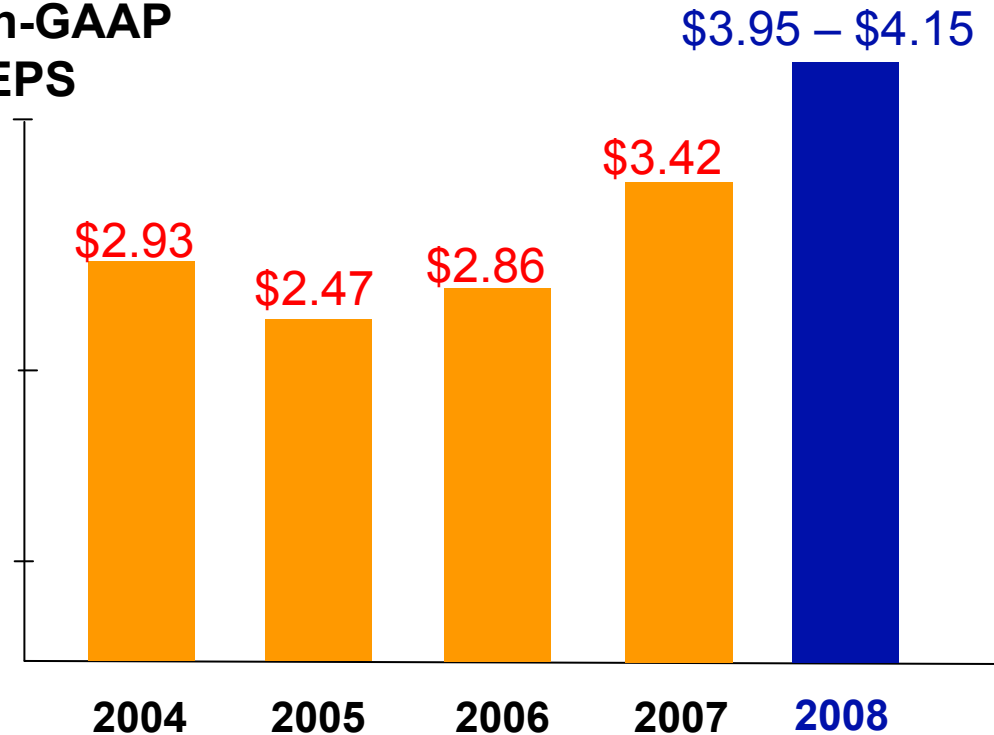
Note: All years include the impact of equity compensation. For comparative purposes, reported amounts include the net effect of equity compensation expense of which 14% was allocated to the former PTS segment.

FY08: Continued momentum

Reaffirmed

non-GAAP EPS range of
\$3.95 to \$4.15

**\$ Non-GAAP
EPS**



Note: All years include the impact of equity compensation. For comparative purposes, reported amounts include the net effect of equity compensation expense of which 14% was allocated to the former PTS segment.

Focus and scale

Single, unifying mission:
*To make healthcare safer
and more productive*



Focus and scale

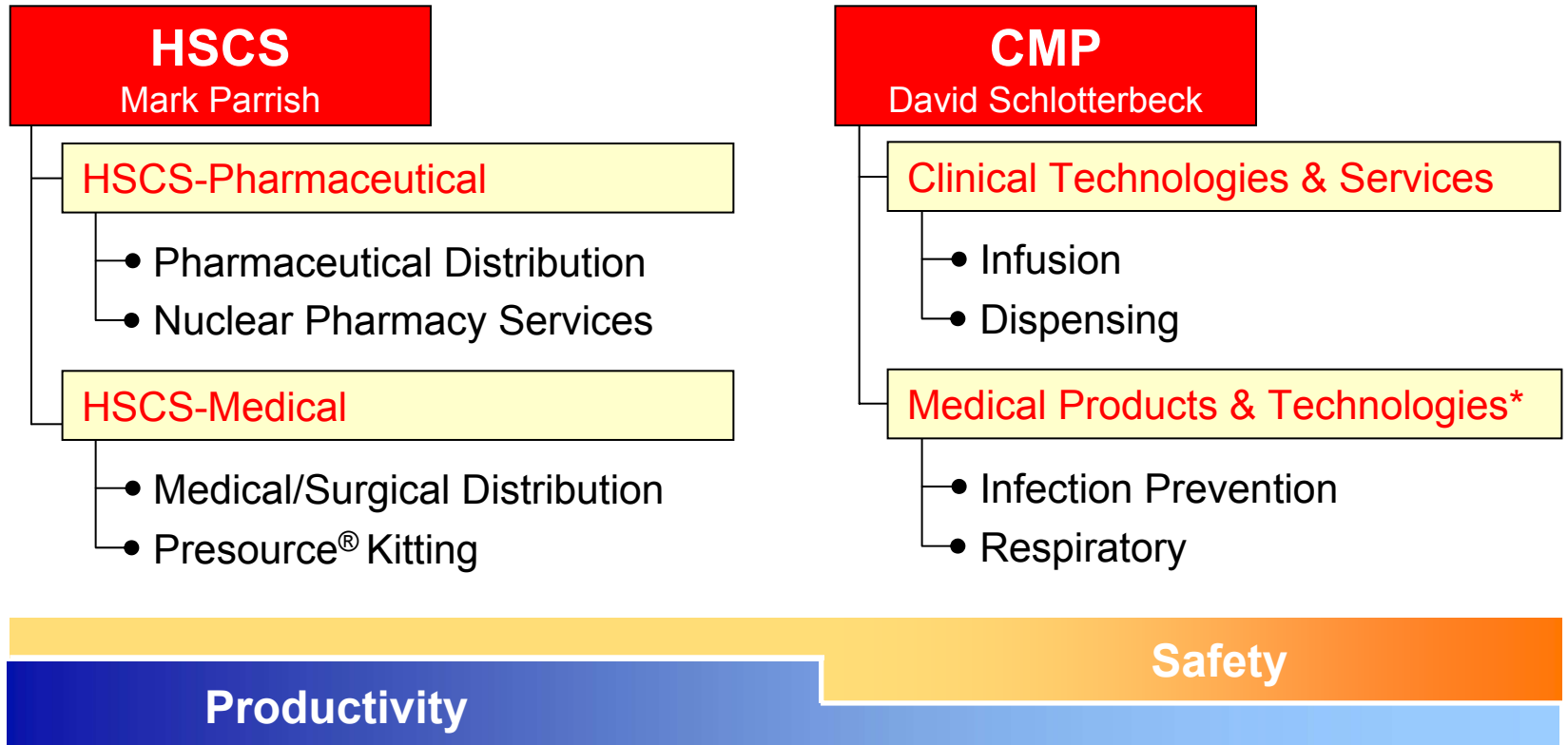
Divested Pharmaceutical Technologies & Services

- Focused company on healthcare providers
- Proceeds used to repurchase \$3.1 billion in shares

Established 2 sectors

- Healthcare Supply Chain Services (HSCS),
75% of profit
- Clinical and Medical Products (CMP),
25% of profit

Focus and scale



Growing the core

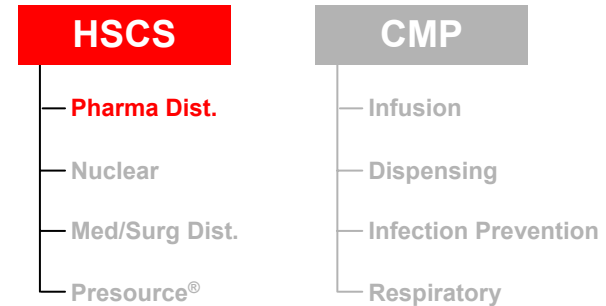
- Eight businesses account for nearly 90% of consolidated profit
- Focused on organic growth
- Building scale within and across these businesses

Focused on organic growth

Grow our core, leading businesses

Pharmaceutical Distribution

- Distribute 1/3 of all medicine prescribed in the U.S.
- Best in class cost structure
- Advanced logistics capabilities from distribution center to nursing station (CardinalASSIST®)

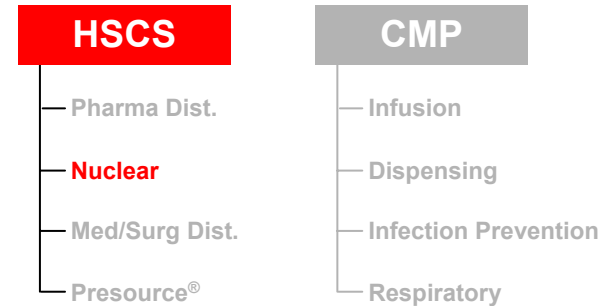


Focused on organic growth

Grow our core, leading businesses

Nuclear Pharmacy Services

- Leading network of nuclear pharmacies (165 nationwide)
- Reach 85% of all U.S. hospitals within 3 hours
- >12 million patient-specific doses annually
- Dispense 75% of all Cardiolite doses – most widely prescribed drug for cardiac imaging

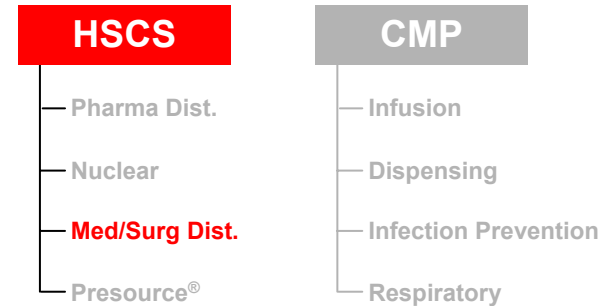


Focused on organic growth

Grow our core, leading businesses

Medical/Surgical Distribution

- Leading provider of hospital supplies in North America
- 300,000 medical products from more than 2,000 manufacturers
- Products used in 50% of all U.S. surgeries

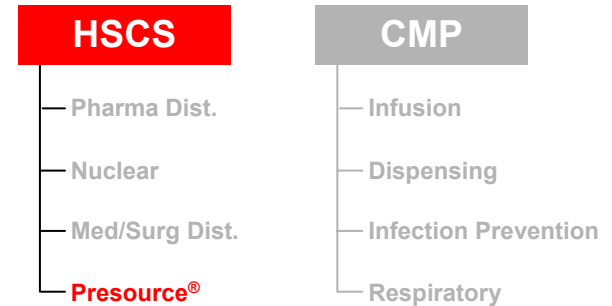


Focused on organic growth

Grow our core, leading businesses

Presource® kitting

- Leader in custom kits, used in nearly 40 million surgeries every year
- Offers more than 25,000 medical, surgical supplies
- 80% custom designed for specific hospital requirements

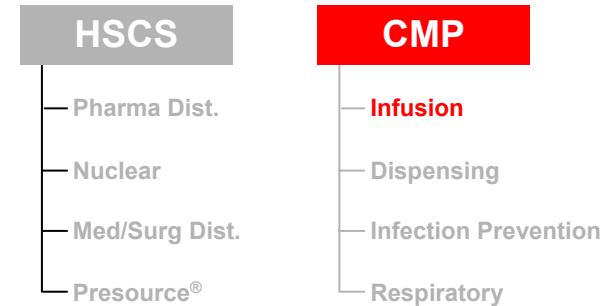


Focused on organic growth

Grow our core, leading businesses

Infusion

- Leader with Alaris[®], more than 50% of new placements in fiscal 2007
- Nearly doubled the channel placements of nearest competitor in FY07
- Strong disposables stream, more than 50% of revenue
- Competitive advantage through industry leading safety features, including Guardrails[®] software

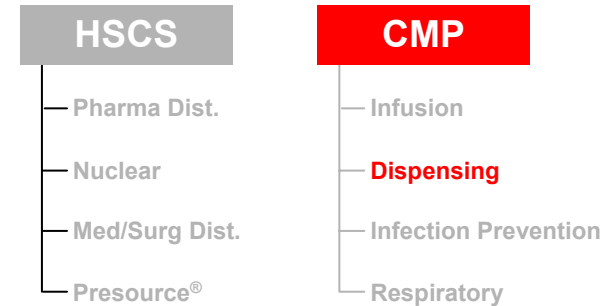


Focused on organic growth

Grow our core, leading businesses

Dispensing

- Leader with Pyxis[®], installed base five times larger than nearest competitor
- Protect against medication errors for more than 3 billion doses administered annually
- Verify 1.5 million medication doses annually using CareFusion[™]

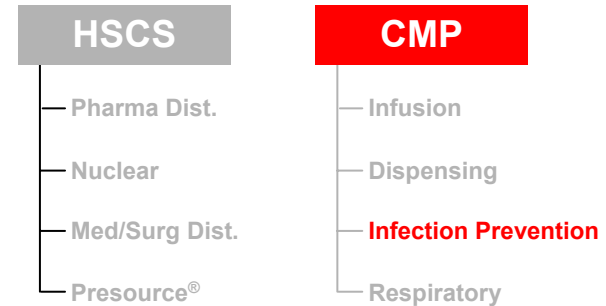


Focused on organic growth

Grow our core, leading businesses

Infection Prevention

- Leader in surgeon gloves and non-latex gloves (350 million pairs annually)
- Technologically advanced Esteem gloves with Neu-Thera[®] address industry pain points
- Hospitals using MedMined[™] services have an average infection reduction of nearly 20% in year 2*

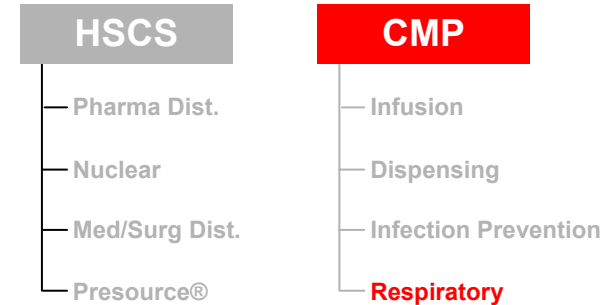


Focused on organic growth

Grow our core, leading businesses

Respiratory

- Leader in \$4 billion respiratory care market
- Strong international presence with VIASYS
- Multisegment strategy: acute care, alternate care and diagnostics
- Large market opportunity to increase disposable pull-through



International growth

- Focused on CMP businesses
- Focused on achieving scale

Market position*

	Canada	UK	France	Germany
Infection Prevention	#1	#2	#1	#3
Respiratory:				
Diagnostics	#1	#1	#1	#1
Critical Care	#3	#4	#3	#4
Dispensing	#1	N/A	N/A	N/A
Infusion	#3	#1	#2	#2
Presource®	#1	#5	#1	#3

International growth

- Emerging opportunity, gaining momentum
- Positive early indicator: UK's BHR Hospitals, National Health Trust
 - >900 Pyxis[®] systems to automatically re-order and streamline hospitals' medications and medical supplies
 - Selected Cardinal Health due to strength of technology, supply-chain expertise
- Selectively ramp up our efforts in new countries
- VIASYS as an accelerator

Goal by 2010: Double international profit; approx. 12% of CAH earnings

Integrated to leverage scale

1 One Cardinal Health

- Shared services for staff functions (IT, HR, Finance)
- Supply chain operations

2 Acquisitions that build scale

- MedMined
- Care Fusion
- VIASYS

3 Nationwide launch of integrated hospital selling organization

- Connecting rod across our 2 sectors

Bringing it all together at the hospital

Power of scale

- Hospital expenditures exceed \$650 billion annually, growing at 7%*
- Hospital business represents \$20 billion annually
 - 40% of company profit, expanding margins
- Connecting market-leading logistics and replenishment capabilities with market-leading acute care brands
- Integrated solutions elevating strategic benefits to C-suite

Bringing it all together

Chasing Zero

- Taking our mission directly to customers
- Call to action to improve safety and productivity of healthcare: **Chasing Zero**
- New ad campaign based on customer input, addressing most critical pain points
 - Medication errors
 - Hospital-acquired infections
 - Supply chain inefficiency
- Phase 1: Targeted media plan in trade journals through December



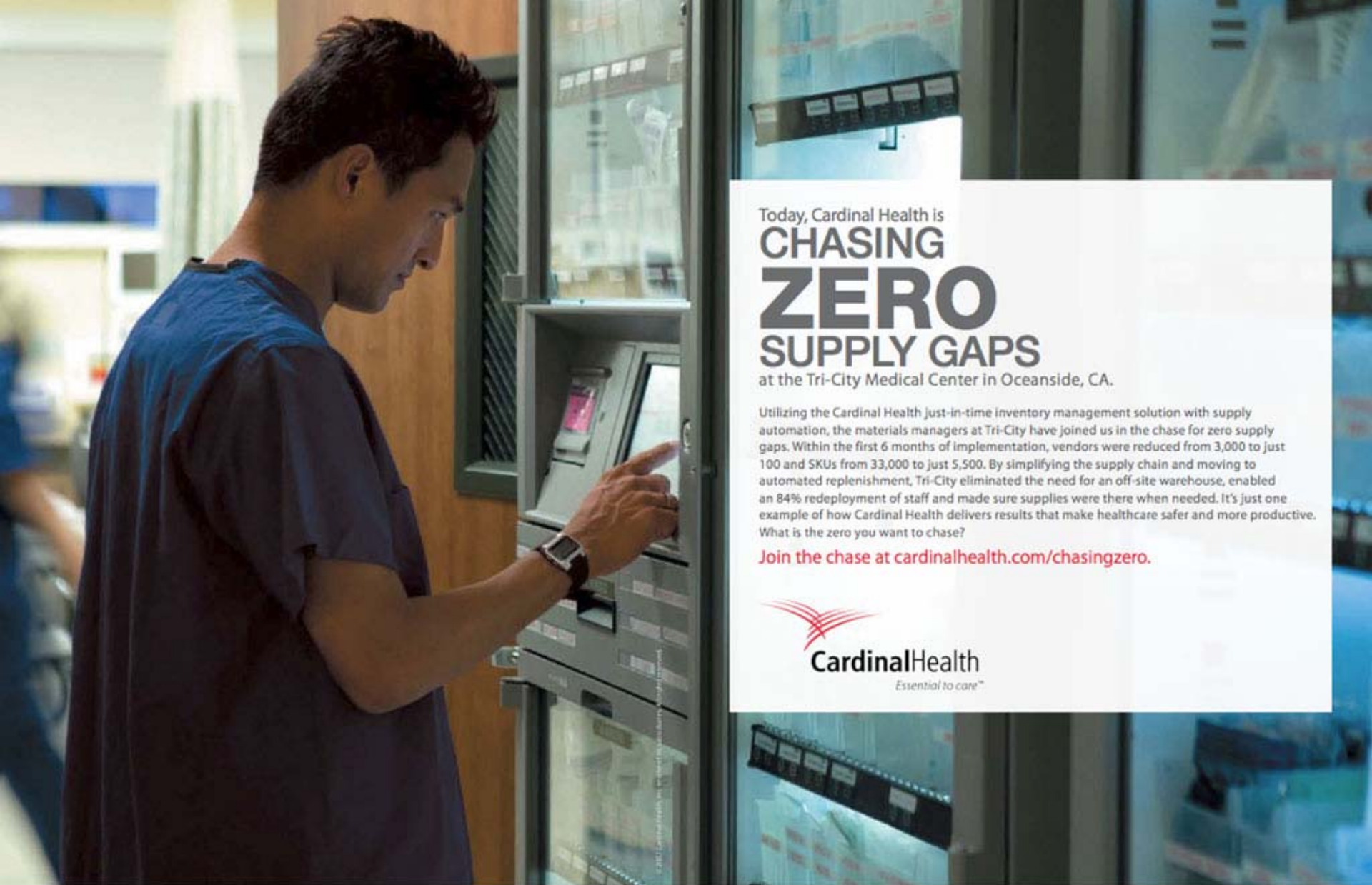
Today, Cardinal Health is
**CHASING
ZERO.**

A day with zero errors. Zero waste. Zero lost revenue. Zero of the thoughts that keep you up at night. Zero of the moments you lose to problems you wish someone else could fix, so you can get back to what you do best: care. Such a day serves as a powerful reminder that in health care, the methods must be careful, but the goals should always be aggressive. It drives each of us at Cardinal Health to find ways to make healthcare safer and more productive. With our 300,000 products and services and the expertise to integrate them for those we serve, we move closer to that day. A day full of zeros. Come chase that day with us.

Join the chase at cardinalhealth.com/chasingzero.



Launch ad



Today, Cardinal Health is

CHASING ZERO SUPPLY GAPS

at the Tri-City Medical Center in Oceanside, CA.

Utilizing the Cardinal Health just-in-time inventory management solution with supply automation, the materials managers at Tri-City have joined us in the chase for zero supply gaps. Within the first 6 months of implementation, vendors were reduced from 3,000 to just 100 and SKUs from 33,000 to just 5,500. By simplifying the supply chain and moving to automated replenishment, Tri-City eliminated the need for an off-site warehouse, enabled an 84% redeployment of staff and made sure supplies were there when needed. It's just one example of how Cardinal Health delivers results that make healthcare safer and more productive. What is the zero you want to chase?

Join the chase at cardinalhealth.com/chasingzero.



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Tri-City Medical Center, Calif.



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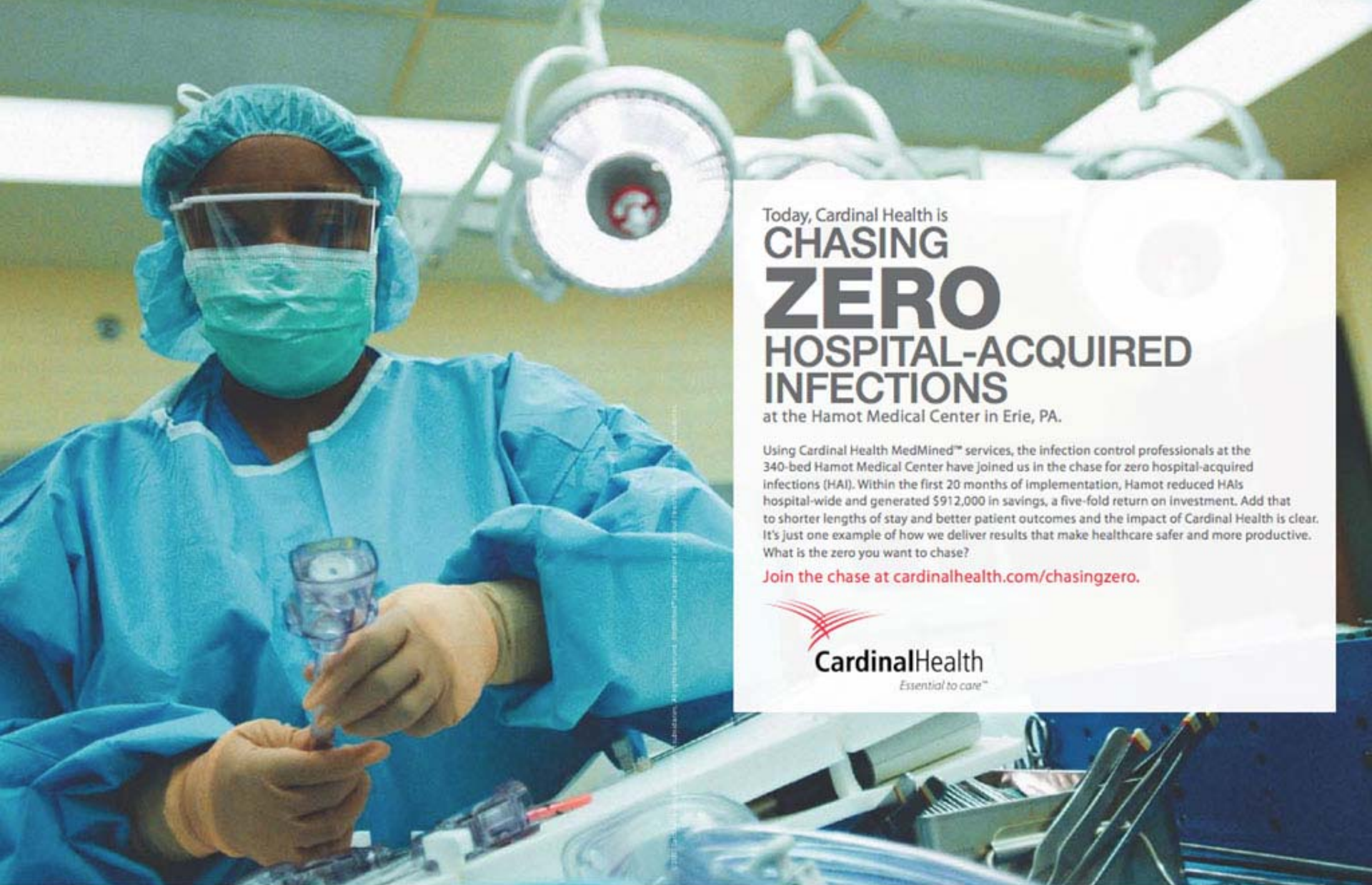
Today, Cardinal Health is
**CHASING
ZERO
MEDICATION ERRORS**
with our med management solutions.

Harnessing the information flow of the Cardinal Health CareFusion™ positive patient identification system, Pyxis® MedStation™ units and Alaris® infusion system, nurses and clinicians have a new way to join us in the chase for zero medication errors at the bedside. The complete Cardinal Health portfolio of solutions helps clinicians monitor orders, locate stock, verify accuracy, and dispense meds while documenting and enabling automatic medication reordering. It's just one example of how Cardinal Health delivers results that make healthcare safer and more productive. What is the zero you want to chase?

Join the chase at cardinalhealth.com/chasingzero.



Medication management solution



Today, Cardinal Health is

CHASING ZERO HOSPITAL-ACQUIRED INFECTIONS

at the Hamot Medical Center in Erie, PA.

Using Cardinal Health MedMined™ services, the infection control professionals at the 340-bed Hamot Medical Center have joined us in the chase for zero hospital-acquired infections (HAI). Within the first 20 months of implementation, Hamot reduced HAIs hospital-wide and generated \$912,000 in savings, a five-fold return on investment. Add that to shorter lengths of stay and better patient outcomes and the impact of Cardinal Health is clear. It's just one example of how we deliver results that make healthcare safer and more productive. What is the zero you want to chase?

Join the chase at cardinalhealth.com/chasingzero.



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CardinalHealth

Hamot Medical Center, Penn.

Our vision: To become the premier global healthcare company

- **No. 1** in our sector, 2007 Fortune Most Admired
- **No. 1**, KLAS Inaugural report on Smart Pumps
- **No. 1**, Healthcare IT 100 (based on revenue)
- **“America’s Best Hospitals 2007”** all Cardinal Health customers (*U.S. News and World Report*)
- **2007 Excellence Award**, United Healthcare
- **2007 Diversity Recognition Award**, Premier
- **Gold vendor award**, Health Trust Purchasing Group
- **2007 Leader Award**, U.S. DOD/VA for Healthcare Product Data Quality
- **Corporate Recognition Award**, NCPA



Key themes

- 1 Focusing on our mission
 - Divested PTS
- 2 Simplifying Cardinal Health
 - Established sector structure
 - HSCS: Strong cash flow, high returns
 - CMP: Growth engine, higher margins
- 3 Building scale
 - Leading position in hospital market
 - Longer-term catalysts in international, integrated solutions
- 4 Growing the core
 - Eight leading businesses
 - Focused on opportunities for organic growth



Clinical and Medical Products



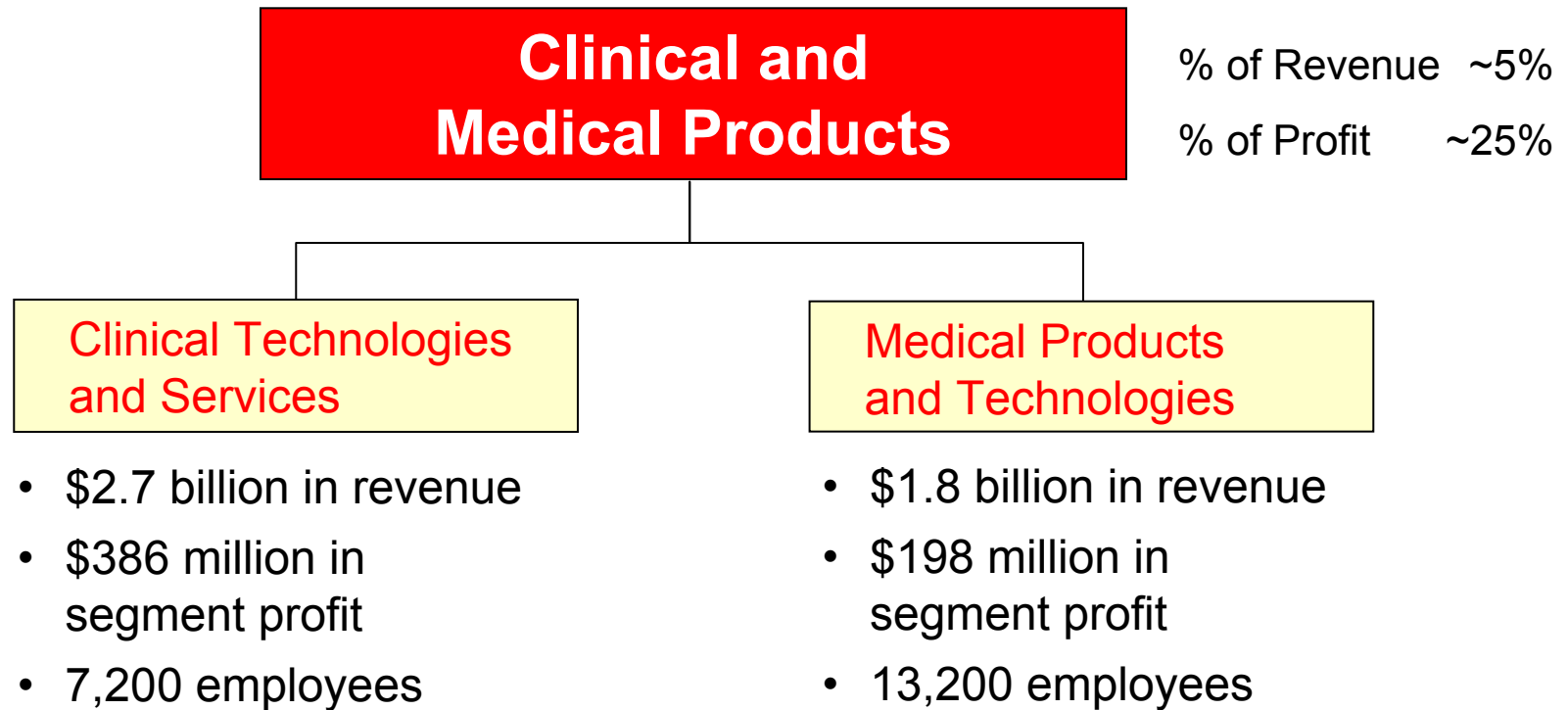
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David Schlotterbeck
Chief Executive Officer
Clinical and Medical Products

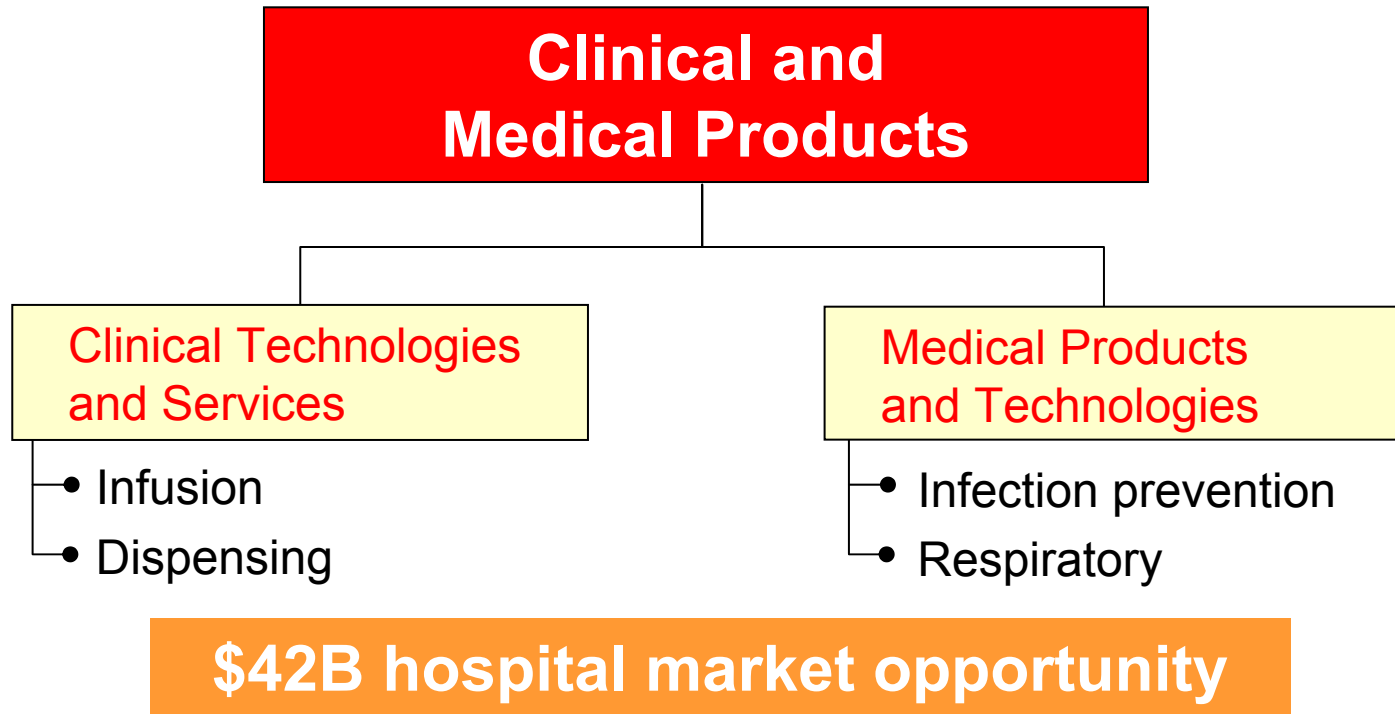
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Clinical and Medical Products FY07 overview



4 businesses generate 85% of profits

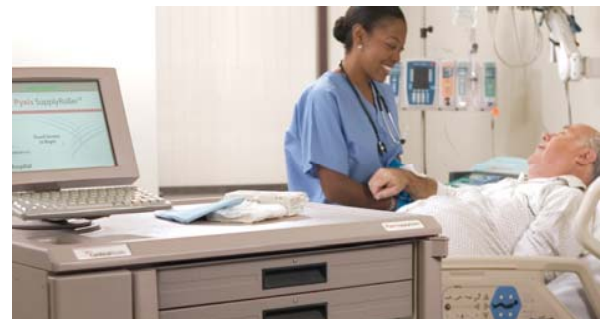
Clinical and Medical Products Overview



CMP performance

Clinical Technologies and Services

<i>Millions</i>	FY 2006	FY 2007	% Change
Revenue	\$2,430	\$2,687	11%
Segment Profit	\$320	\$386	20%
<i>Segment Profit Margin</i>	13.2%	14.4%	
Economic Profit ¹	\$157	\$190	21%
<i>EP Margin¹</i>	6.5%	7.1%	



Medical Products and Technologies

<i>Millions</i>	FY 2006	FY 2007	% Change
Revenue	\$1,633	\$1,836	12%
Segment Profit	\$165	\$198	20%
<i>Segment Profit Margin</i>	10.1%	10.8%	
Economic Profit ¹	\$101	\$129	28%
<i>EP Margin¹</i>	6.2%	7.0%	



Sources of advantage

- Global leader in medication safety and infusion systems
- Largest U.S. hospital footprint in automation and dispensing systems
- Largest acute-care respiratory company worldwide
- Largest U.S. hospital pharmacy outsource provider
- Leading provider of disposables used in surgical suite
- Industry's only enterprise-wide integrated medication solution
- Leader in hospital-acquired infection (HAI) prevention
- Leader in positive patient identification

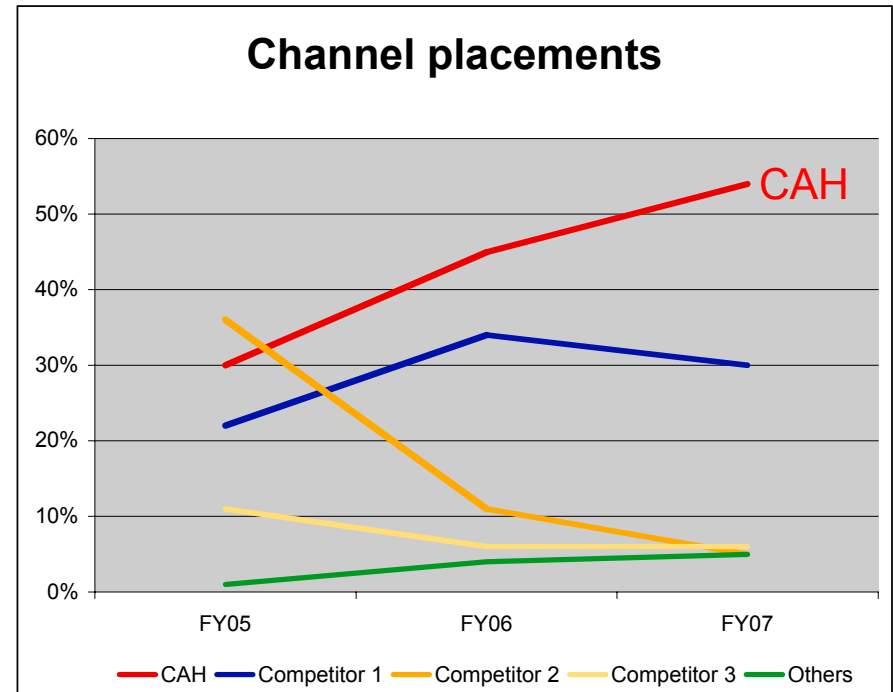
Clinical and Medical Products FY08 priorities

- Expand leadership positions
- Accelerate growth, profitability through innovation
- Development and expected release of med care safety solution
- Maximize position in hospital-acquired infection space
- Achieve VIASYS integration synergies
- Continue international growth
- Continuous quality improvement



Infusion

- Continued **both** premium pricing and gains in installed base/placements
- 36% of U.S. installed base
 - 2 point increase over FY06
- 54% of U.S. placements
 - 9 point increase over FY06
 - Significant position compared to nearest competitor



Infusion

- Medication process is the largest source of errors
 - Costs hospitals \$3.5B annually
 - 61% of the most serious and costly errors are IV-related
- CAH leads in IV safety
 - Safely deliver over 4.5 million Guardrails® infusions annually
 - Issue over 400,000 alerts/year



Disposable contracts create 5-year annuity stream for infusion pumps

Growth drivers

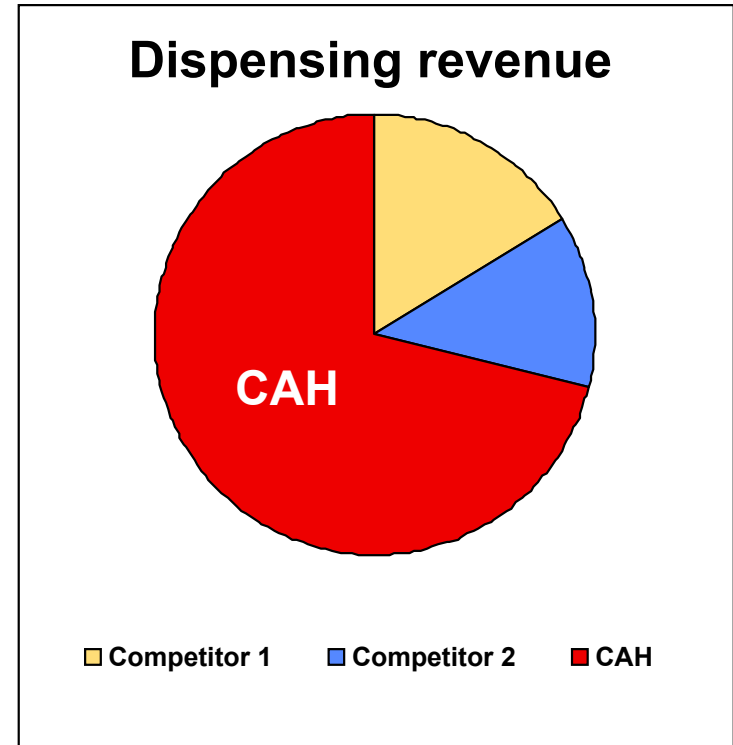
Infusion

- Strong domestic demand
 - Committed contracts up 19% in 4Q FY07
 - Won more than 65% of competitive business
- Strong international expansion
 - Expanded manufacturing capacity
 - Results exceeding our expectations at onset of FY08



Dispensing

- Continuous leadership
 - 70% of U.S. installed base
 - 67% of staffed beds
- Continued to significantly outperform competition in FY07
 - Revenue growth
 - Operating margin
 - Return on tangible capital



Dispensing market growth rate exceeds 20%

Dispensing

- Medication process is largest source of inefficiencies
 - 65% of hospitals do not properly secure or track medications
 - 74% of nurse's time is spent on non-value added activity
- CAH leads in automation
 - Safely dispense close to 3 billion medication doses annually
 - Reduce drug turnaround time from 1 hr 45 mins. to 7 mins.
 - 68% reduction in nurse trips to medication locations



Dispensing

- Strong domestic demand
 - Committed contracts increased by \$100M in 4Q FY07 (near largest competitor's total revenue)
 - Record level backlog = momentum
 - 32% supply product growth from FY06-FY07 (1st year stand-alone business)
- Accelerate expansion
 - Four new supply products with advanced technology
 - Next-generation product development
 - Unique offering to smaller hospitals



Infection prevention

- Continuous leadership
 - Industry's lowest cost sourcing model
 - Products used in 90% of U.S. hospitals
 - Products used in 50% of all U.S. surgeries
- Positive growth momentum
 - Q4 FY07 operating income
 - Q4 FY07 net sales



European market only 50% converted to disposables

Infection prevention

- HAIs are the second largest issue facing hospitals today
 - 1 out of every 20 U.S. patients acquires one, extending hospital stays up to 8 days
 - Surgical site, bloodstream and respiratory infections cost U.S. hospitals \$13 billion annually
- CAH leads in prevention
 - Complete range of industry leading products and services that prevent, detect and contain infections
 - Data analytics service in first year averages 13.2% reduction in HAIs; 19% reduction in year 2



Infection prevention

- Margin expansion
 - Shift glove mix from low- to high-end
 - Improved sourcing (make vs. buy)
- Revenue expansion
 - Expect to grow MedMined customer base 40%
 - Seize “quick wins” internationally
- New product launches and innovation
 - Leading-edge infection prevention continuum under development
 - Only surgical site infection diagnostic capability in the industry
 - Next-generation masks



Respiratory

- Industry leadership
 - \$4 billion respiratory care segment
 - World’s largest acute-care respiratory company
- Added leverage through VIASYS
 - Strong international growth and sales contribution (50%)
 - 50% growth in installed base in last 3 years enabled leading position in ventilation
 - Leading technology in ventilation (critical care & portable) and diagnostics (respiratory & sleep)



\$1B global sleep market growing 15-20% annually

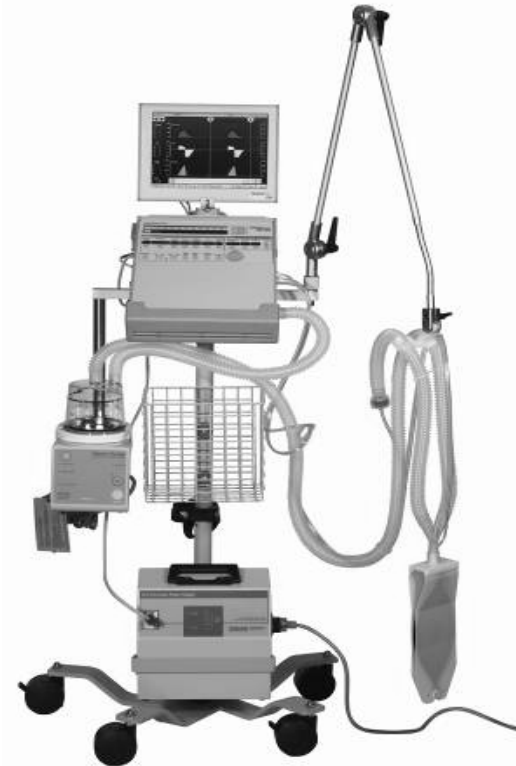
Respiratory

- Respiratory patient is fastest growing, largest hospital population
 - Respiratory infections are the third most prominent in hospitals
 - \$10B annual hospital costs related to ventilator-associated pneumonia
- CAH leads in respiratory care
 - Innovative products and services that address ventilator-associated pneumonia
 - Over 200 active patents
 - Continuum of offerings beyond traditional hospital settings



Respiratory

- Expanded global position
 - Unique and comprehensive portfolio of capital equipment and disposables
 - Alternate care market penetration
 - Leverage international footprint
- Innovation and new product development
 - Technology pipeline
 - Ventilator platform with multiple configurations
 - Expansion into adjacent markets
- Successful VIASYS integration
 - Achieve \$85-100M in synergies by 2010
 - Positive economic profit by year 3



Summary: sustainable growth

- Leadership in most industries in which we compete
- Industry innovator with sustainable, profitable differentiation
- Expanding profit margins and high returns on capital
- Increased leverage for international expansion
- Savings through synergies and operational excellence

Financial targets and goals

Long-Term financial goals

Fiscal 2008 targets

Segment:	Revenue growth	Segment profit growth	Segment profit growth vs. Long-term goal
<i>MPT</i>	8 – 12%	25 – 30%	Above range
<i>CTS</i>	10 – 15%	20 – 25%	In range



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Healthcare Supply Chain Services



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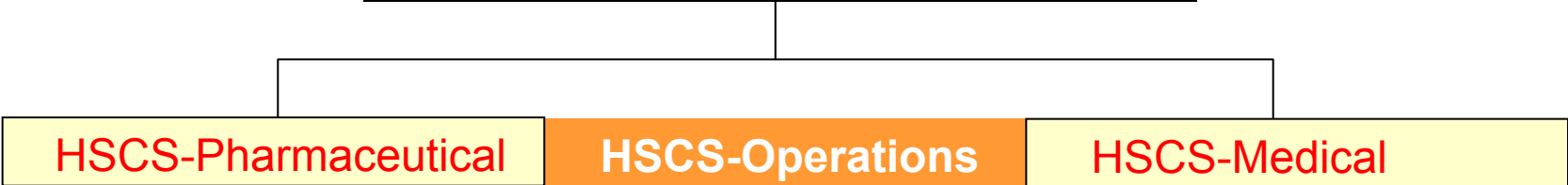
Mark Parrish

Chief Executive Officer
Healthcare Supply Chain Services

September 19, 2007

Healthcare Supply Chain Services FY07 Overview

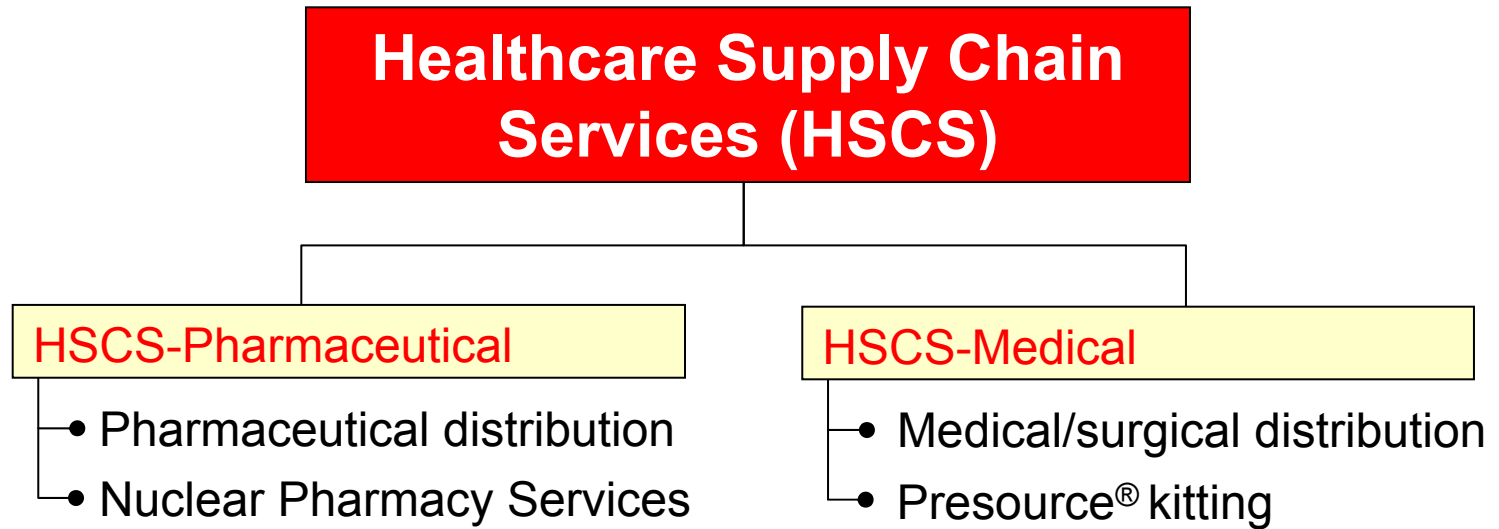
Healthcare Supply Chain Services (HSCS)



- \$76.6 billion in revenue
- \$1.3 billion in segment profit
- 10,100 employees

- \$7.5 billion in revenue
- \$0.3 billion in segment profit
- 9,800 employees

Healthcare Supply Chain Services Overview



4 businesses generate >90% of HSCS profits

HSCS performance

Supply Chain Pharma

<i>Millions</i>	FY 2006	FY 2007	% Change
Revenue	\$70,047	\$76,573	9%
Segment Profit	\$1,143	\$1,300	14%
<i>Segment Profit Margin</i>	1.6%	1.7%	
Economic Profit ¹	\$525	\$659	26%
<i>EP Margin¹</i>	0.7%	0.9%	



Supply Chain Medical

<i>Millions</i>	FY 2006	FY 2007	% Change
Revenue	\$7,199	\$7,514	4%
Segment Profit	\$314	\$318	1%
<i>Segment Profit Margin</i>	4.4%	4.2%	
Economic Profit ¹	\$101	\$92	(9%)
<i>EP Margin¹</i>	1.4%	1.2%	



Sources of advantage

- **Scale**
- Supply chain **logistics and replenishment**
- **Best-in-class cost structure** and use of capital in pharmaceutical distribution
- Strategic **manufacturer relationships**
- Broad portfolio of **branded and proprietary products**

- **Number 1 distributor** with national retailers
- **Number 1 distributor** to non-government hospitals
- **Leader** in Nuclear Pharmacy Services
- **Leader** in medical procedure kits and packs
- **Largest distributor** of medical products in North America

FY08 priorities

- Improve medical/surgical distribution execution
- Capture scale advantages
 - Cost, capital and processes
- Accelerate innovation
 - Integrated solutions for providers
 - Manufacturer service offerings
 - Expand sourcing capabilities
- Expand Operational Excellence
 - Service to customers
 - Presource® kitting
- Accelerate generics growth

Pharmaceutical distribution

- Large and growing market
 - IMS forecast growth of 5-6%
 - Market share ~33% of \$284B industry and growing
 - CAH growth projected faster than market
- Reliable source of cash flow
- Good customer mix
 - Number 1 distributor to national retailers
 - 35% share in hospital pharmaceuticals



Industry opportunity

Pharmaceutical distribution



Retail

- Drive revenue and capital efficiency



Hospitals

- Safety and efficiency



Generics

- Reduce costs



Manufacturers

- Optimize “their” supply chain

Growth drivers: Retail

Pharmaceutical distribution

- Cardinal Inventory Manager
 - >400 retailers and hospitals
- LeaderNET Reimbursement Consulting Services and Managed Care Connection
 - 2,500 independent members receiving end-to-end third-party claims management tools
- General merchandise programs
- Large chain growth



Growth drivers: Generics

Pharmaceutical distribution

- Low-cost sourcing and aggregation
- Retail independent business growth
 - SOURCE™
- Expand ParMed
- Grow hospital share



Growth drivers: Hospitals

Pharmaceutical distribution

- CardinalASSIST®
 - Doubled participation in FY07
- ReadyScan™
 - Unit-dose bar code product for bedside administration
- erecovery
- Safety Net Solutions
 - Filling critical need to serve indigent patients **and** generate hospital and clinic revenue



Pharmaceutical distribution

- Optimize “their” supply chain and bring logistics services further upstream
 - National Logistics Center – handles nearly 70% of pharmaceutical volume
 - New-product launch services
 - Third-party logistics



Nuclear Pharmacy Services

- Industry leader in \$1.8B radiopharmacy
 - >50% share
 - >12 million doses in 2007
 - Sells 52% of cardiac imaging doses in U.S.
- Large national network, with 165 nuclear pharmacies
 - Reach 85% of hospitals and clinics within three hours
- Significant presence in Positron Emission Tomography, serving PET imaging providers nationwide
- Innovative approach with 24 patents



Industry opportunity

Nuclear Pharmacy Services

- Industry's largest product facing patent expiration
 - Cardinal Health dispenses 75% of Cardiolite® doses in U.S.
- Use of PET in diagnosis and treatment expanding
- Increased need to improve safety and regulatory compliance



Growth drivers

Nuclear Pharmacy Services

- Demand for Cardiolite
 - Generic Sestamibi event 2008
- PET expansion
 - Expanding footprint of cyclotrons
- Safety and regulatory innovations
- Opportunities to leverage national pharmacy network



Medical/surgical distribution

- Number 1 hospital distributor in North America*
- Distribute to 90% of hospitals in U.S. and 100% in Canada
- 34% share in U.S.
- Broad portfolio of brand, proprietary and private label products
- Strong reputation with trusted sales force
- Customized solutions



* Including Source Medical

Business context: Improvements to date

Medical/surgical distribution

- Improved customer experience with service enhancements
- Reduced inventory while maintaining strong fill rates
 - 17% reduction in days inventory on hand
- Improving sales momentum



Industry opportunity

Medical/surgical distribution

- \$48B hospital supply market, growing ~5%
- Due to cost and regulatory pressures, hospitals looking for
 - Product selection, flexibility and simplicity
 - Logistics and replenishment
- Manufacturer opportunities
 - Extensive channel network
 - Efficient logistics



Medical/surgical distribution

- Product portfolio
 - Broadest portfolio of brand and proprietary products
 - Expanding private label line
 - Integrated offerings across Cardinal Health
- Logistics and replenishment
 - ValueLink® — Leading just-in-time inventory solution
 - Optifreight — Helping customers manage freight costs
 - Solutions tailored for customers
- Operational improvements
 - Order-to-cash and SG&A



Presource[®] kitting

- Created the industry
 - >70% share in Procedure-Based Delivery Systems (PBDS)
- Market share
 - Acute: 54% share
 - Ambulatory: 42% share
- Key product offerings tailored to customer needs
 - PBDS
 - Custom and standard procedure trays
 - Minor procedure trays
 - Non-sterile kits
 - Clinical and logistical consulting



Presource[®] kitting

- Customers desire improved supply chain management
 - Efficiency
 - Patient and practitioner safety
 - Product standardization
 - Disposable products and supply chain efficiency internationally
- Hospital reimbursement based on performance
 - Medicare to eliminate reimbursement for certain preventable errors, injuries or infections
- Significant growth potential in non-acute markets
 - Non-acute market growth of 6.5%, with cosmetic and ophthalmic procedure categories among the fastest growing

Presource[®] kitting

- **Product launches**
 - Central line kits (infection prevention)
 - Cosmetic surgery kits and Cosmetrex GPO contract
 - Development and launch of Preferred Choice solutions
- **Expansion opportunities**
 - Ambulatory, government and home health care
 - Sourcing capabilities outside the U.S.
- **Culture of Operational Excellence**
 - Lean transformation to reduce inventory, shorten turn-around time
- **Utilize scale and capital efficiency**

HSCS - Operations

Improving the customers' experience to create a competitive advantage

- Enhanced customer service model
- Reduced days inventory on hand
- Stable IT ordering systems
- “Order-to-cash” process improvements
- Employ Lean Six Sigma to create “gold standards” nationwide
- Share best practices across Healthcare Supply Chain Services

Deliver the “Perfect Order” - Zero defects

Summary: Sustainable growth

- Sustained growth in significant markets
- Strategic-selling platforms for CAH products
- Industry-leading businesses
- Ability to move into adjacent markets
- Key capabilities
 - Logistics and replenishment
 - Operational Excellence
 - Capital efficiency
- Reliable source of cash flow

Financial targets and goals

Long-term financial goals

Fiscal 2008 targets

Segment:	Revenue growth	Segment profit growth	Segment profit growth vs. long-term goal
<i>HSCS – Pharma</i>	7 – 10%	7 – 10%	In range
<i>HSCS – Medical</i>	4 – 7%	6 – 9%	Below range



Financial review



CardinalHealth
Essential to care™

Jeff Henderson
Chief Financial Officer

September 19, 2007

Agenda

- Company performance
- Value focused financial strategy
- Financial targets and goals

FY07 consolidated performance

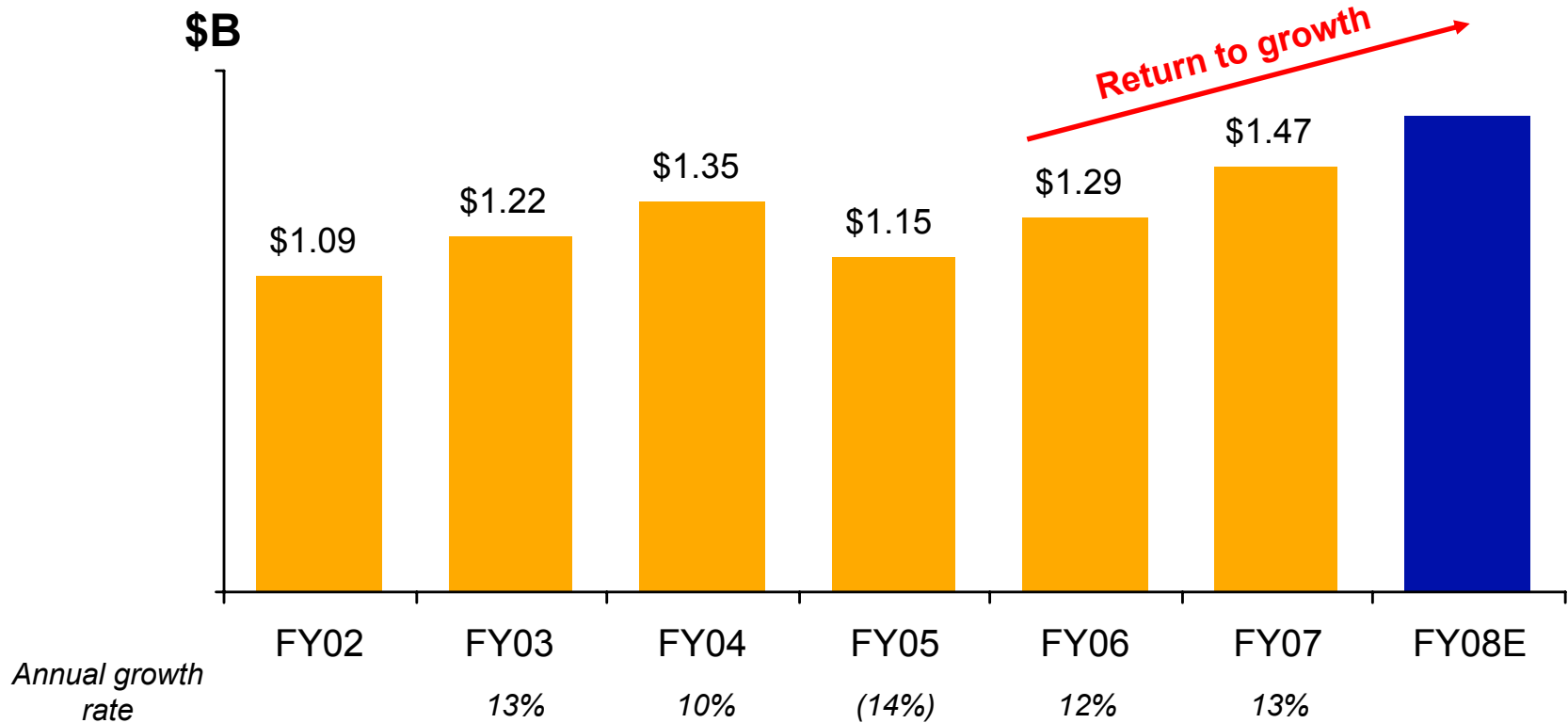
	FY 2006 (\$M)	FY 2007 (\$M)	% Change
Revenue	\$79,664	\$86,852	9%
Non-GAAP operating earnings	\$1,931	\$2,163	12%
Non-GAAP diluted EPS from continuing operations	\$2.86	\$3.42	20%
Non-GAAP return on equity	12.4%	16.9%	

FY 07 was a very good year for Cardinal Health

Return to strong growth

Non-GAAP consolidated NOPAT

(All years include the impact of equity compensation)



Note: For comparative purposes, reported amounts include the net effect of equity compensation expense of which 14% was allocated to the former PTS segment.

Return to strong growth

Non-GAAP diluted earnings per share (All years include the impact of equity compensation)



Note: For comparative purposes, reported amounts include the net effect of equity compensation expense of which 14% was allocated to the former PTS segment.



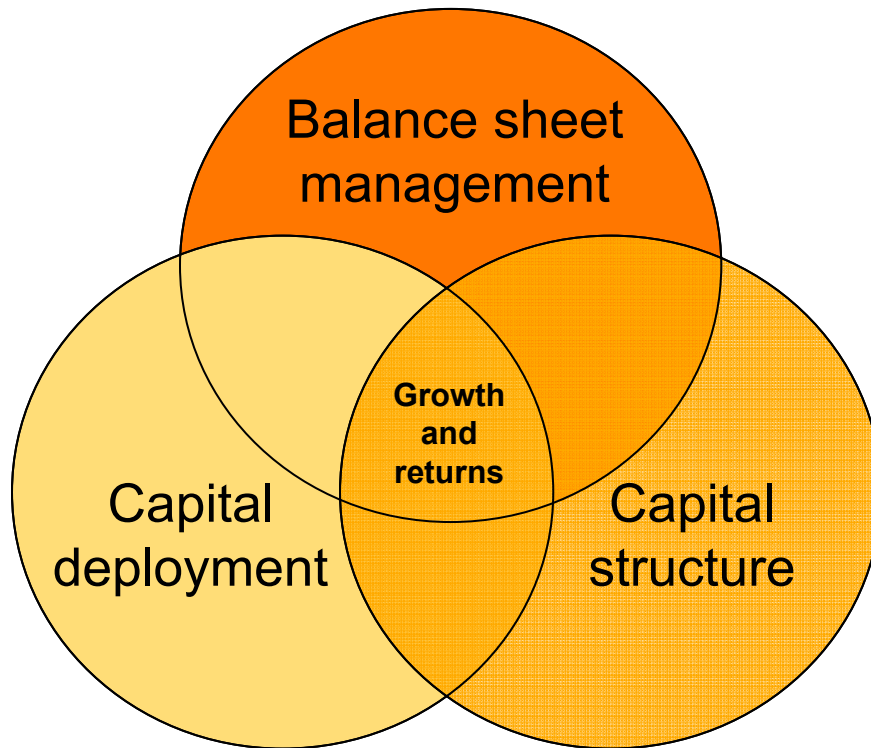
Value-focused financial strategy



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Value-focused financial strategy

Value-focused financial strategy that is targeted at driving growth and returns



Balance sheet management

- Effective use of capital
- Portfolio optimization

Capital deployment

- Higher returns
- Shareholder value focused

Capital structure

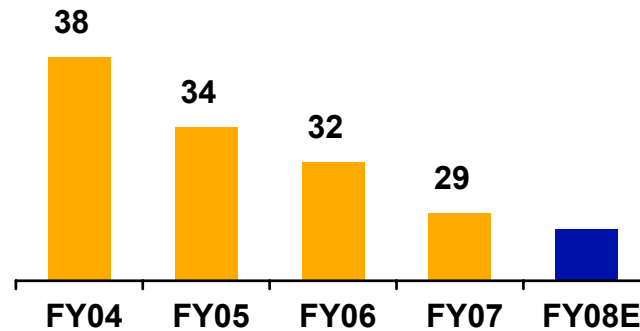
- Low cost of capital
- Financial flexibility

Balance sheet management

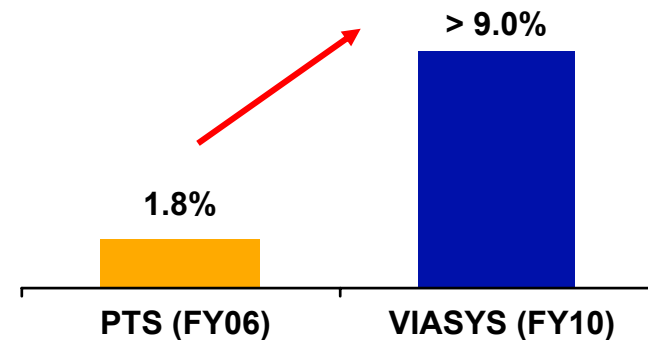
- Effective use of capital
 - Days of inventory

- Portfolio optimization
 - Divested PTS for \$3.3B
 - Acquired VIASYS for \$1.5B

Days of inventory



Return on invested capital¹



¹Non-GAAP

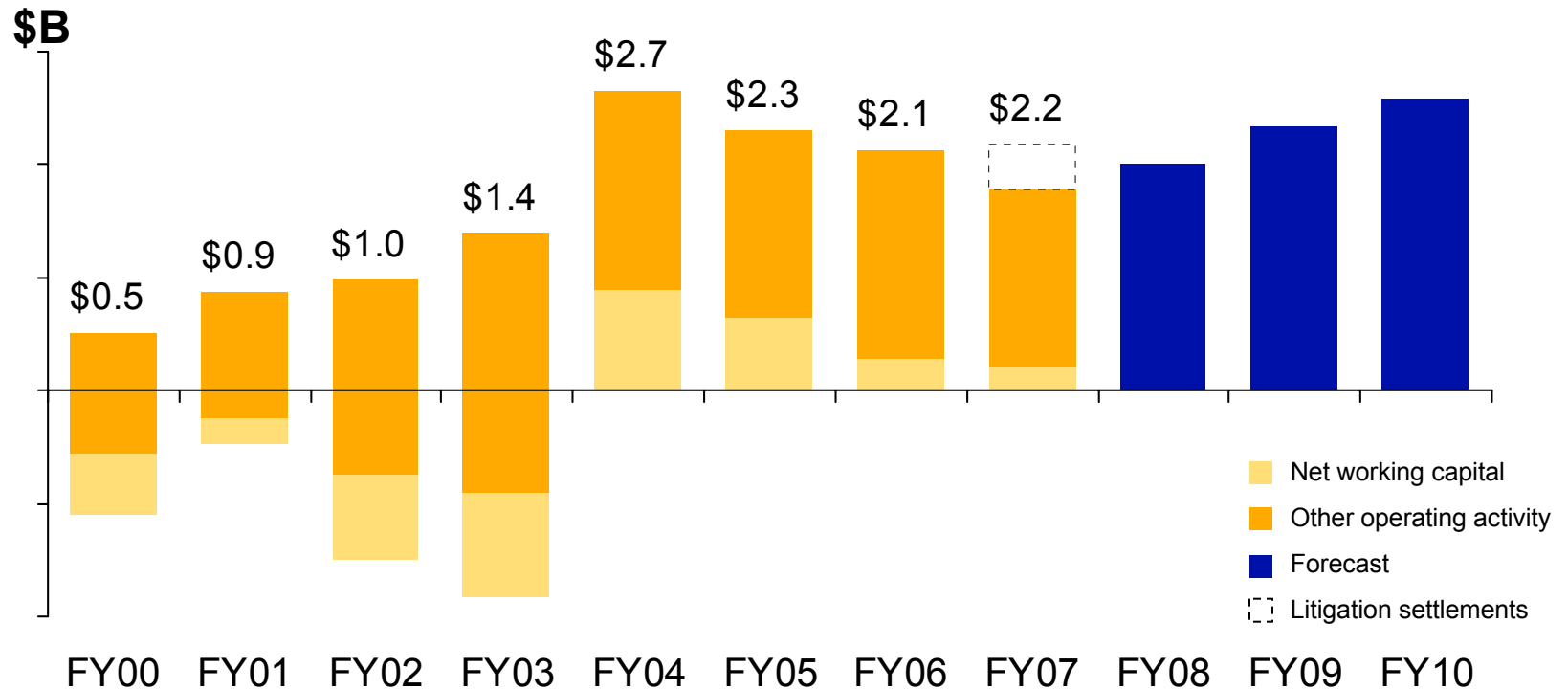
Capital deployment

Consistent and transparent capital allocation strategy that is *shareholder value focused*

- **Up to 50% of OCF returned to shareholders**
 - Returned over \$4.2B in capital since beginning of FY07
 - Increased dividend 4x since FY05...and still going
 - Announced a 2-year \$2B share repurchase authorization in August
- **Up to 25% of OCF reinvested in organic growth**
 - Deployed over \$1.3B in capital from FY04 to FY07 to support organic growth
- **Up to 20-25% of OCF used for tuck-in acquisitions**
 - Targeting strategic tuck-ins to round out sector portfolios
 - Focused on achieving VIASYS integration synergies

Capital deployment

Significant cash flow generation to *fund growth* and *drive shareholder returns*

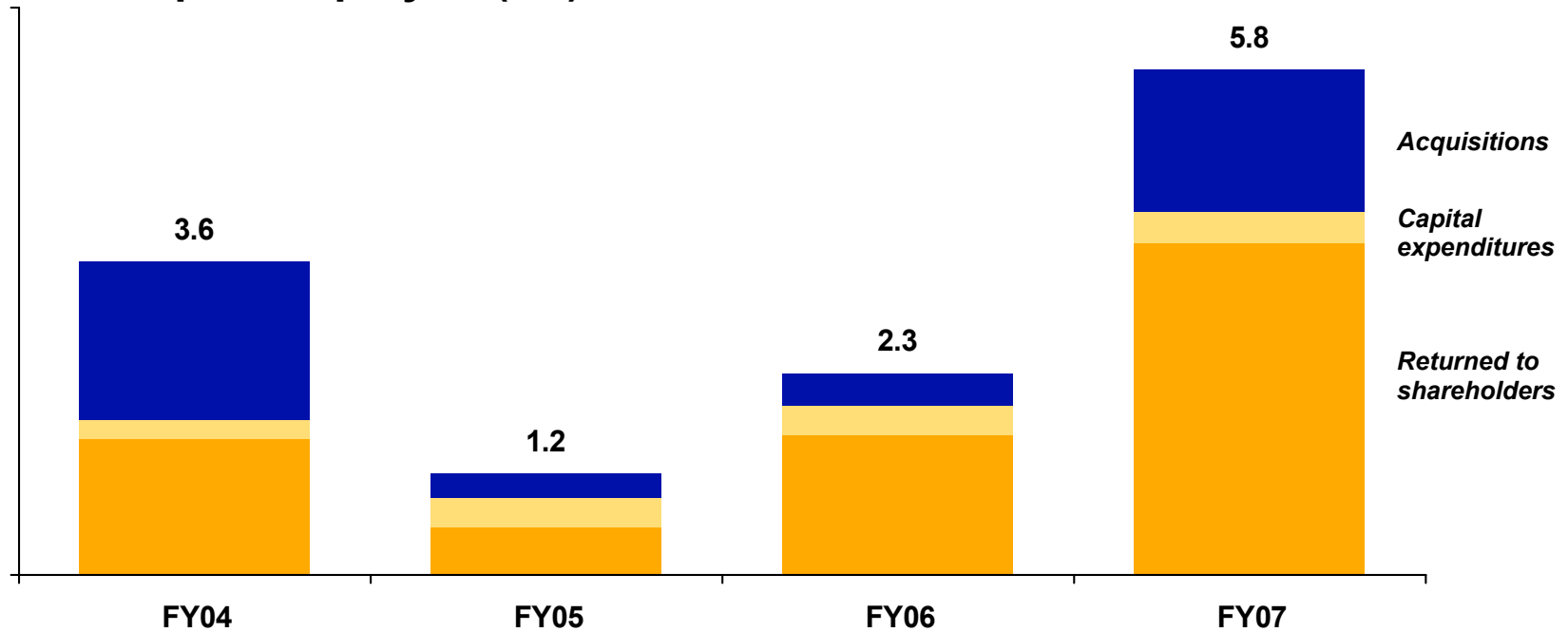


Note: All years include operating cash flows from continuing and discontinued operations. FY05 and FY07 are non-GAAP numbers, and are adjusted to eliminate the impact of A/R financing facility. FY07 excludes the impact of the \$410M litigation settlements.

Capital deployment

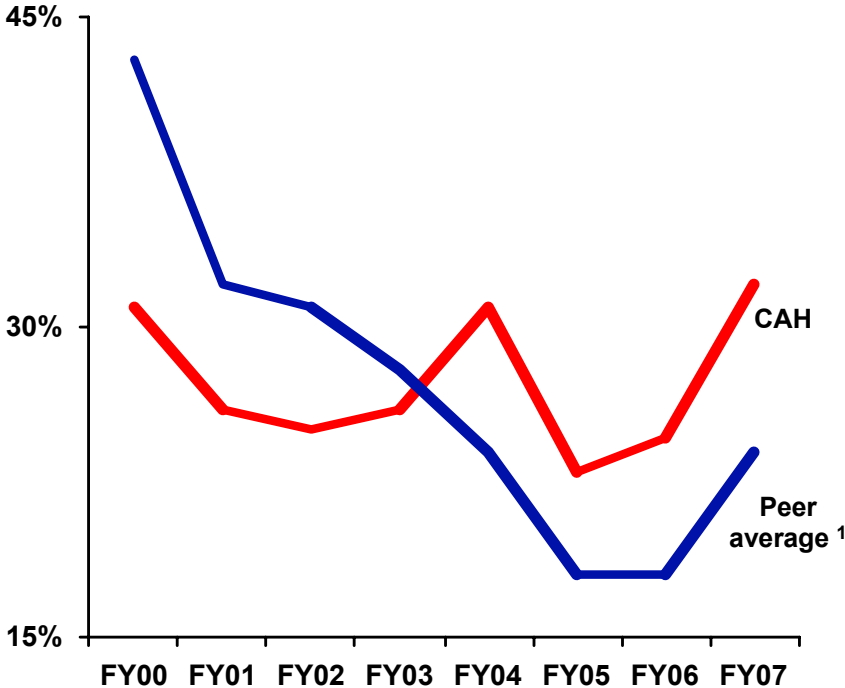
Returning capital to shareholders accounted for nearly 60% of the total capital deployed from FY04 to FY07

Total capital deployed (\$B)

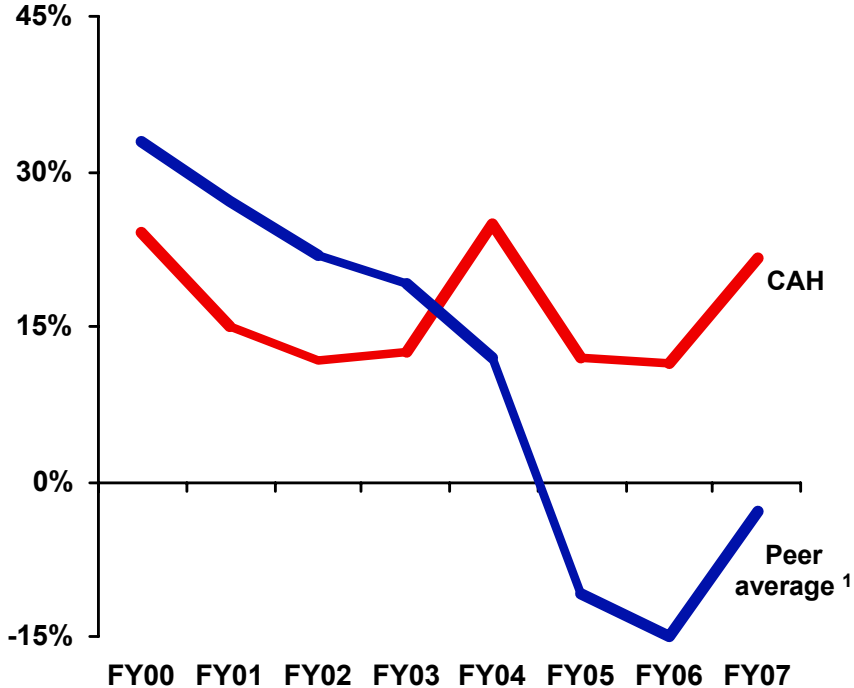


Capital structure

Debt to total capital



Net debt to capital

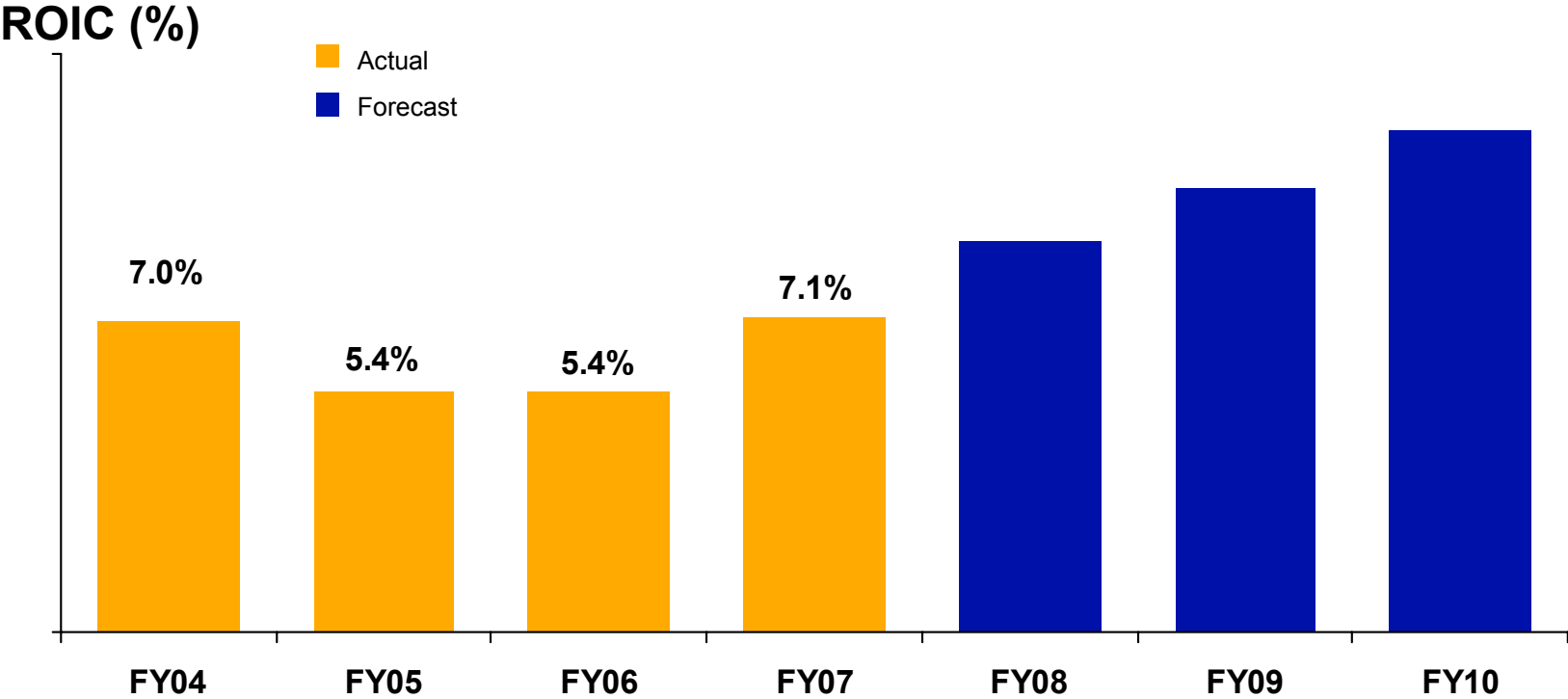


¹ Peers include other pharmaceutical wholesalers

Growing returns

Non-GAAP return on invested capital

All years include the impact of equity compensation

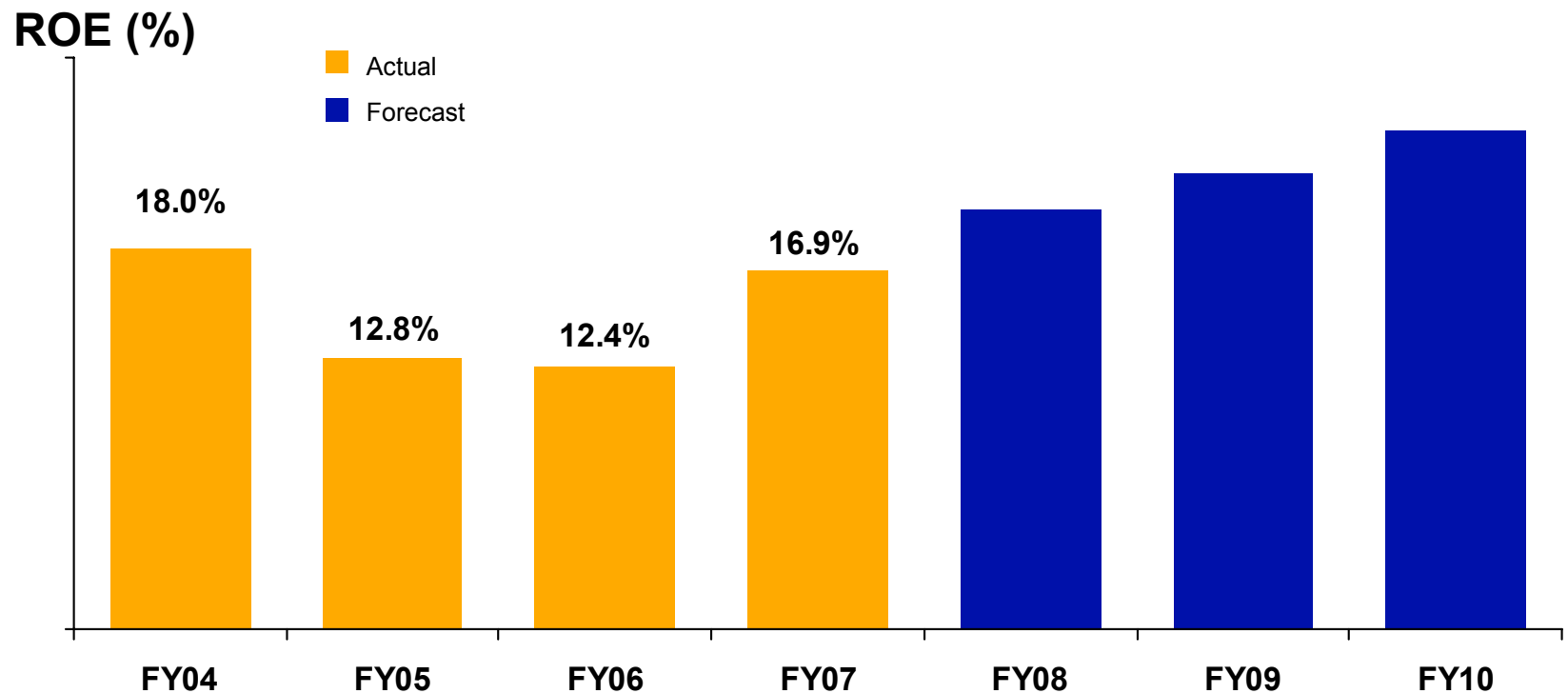


Note: For comparative purposes, reported amounts include the net effect of equity compensation expense of which 14% was allocated to the former PTS segment.

Growing returns

Non-GAAP return on equity

All years include the impact of equity compensation



Financial discipline and controls

Improvements to financial discipline and controls provide greater *transparency* and *confidence*

- **Consistent** and **transparent** capital allocation strategy
- **Significant** and **improving** level of financial disclosure
- **Disciplined** approach to acquisitions
- **New** finance team and **enhanced** staff
- **Revamped** financial processes and controls

Financial targets and goals



CardinalHealth
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Financial targets and goals

Long-term financial goals

Fiscal 2008 targets

Consolidated:

Non-GAAP EPS

12 – 16%

Above range (\$3.95 – \$4.15)

Segment:	Revenue growth	Segment profit growth	Segment profit growth vs. Long-term goal
<i>HSCS – Pharma</i>	7 – 10%	7 – 10%	In range
<i>HSCS – Medical</i>	4 – 7%	6 – 9%	Below range
<i>MPT</i>	8 – 12%	25 – 30%	Above range
<i>CTS</i>	10 – 15%	20 – 25%	In range

September 19, 2007

Financial targets and goals

Long-Term Financial Goals Over FY'08 - FY'10 3 Year Period:			One Year Targets Fiscal Year 2008	
Revenue:	+ 8 - 10%		In range	
Op Earnings ¹ :	+ 10 - 13%		At or above top end of range	
EPS ² :	+ 12 - 16%		Above range (\$3.95 - \$4.15 per share ³)	
Segment	Revenue	Segment Profit	FY08 profit growth vs. long-term goal	Drivers
HSCS - Pharma	+ 7 - 10%	+ 7 - 10%	In range ⁴	<ul style="list-style-type: none"> * Stable to increasing segment profit margins; Stable to increasing EP Margins driven by efficient capital usage * Impact of recent large customer repricings; Moderation in pharma market growth * Impact of refined methodology for allocating corporate costs
HSCS - Medical	+ 4 - 7%	+ 6 - 9%	Below range ⁴	<ul style="list-style-type: none"> * Strong revenue growth in Lab and Ambulatory; Acute growth due to IPS, innovation and improved order to cash process; Expecting second half turnaround * Continued investment in customer service and innovation; Impact of HSCS transition * Impact of refined methodology for allocating corporate costs
MPT	+ 8 - 12%	+ 25 - 30%	Above range	<ul style="list-style-type: none"> * Revenue will well exceed range in FY08 due to Viasys impact * New customer contracts and penetration of existing customers; Product innovation; International growth; Positive impact of restructuring and sourcing initiatives; Impact of Viasys acquisition and DBI synergies
CTS	+ 10 - 15%	+ 20 - 25%	In range	<ul style="list-style-type: none"> * Strong demand for Alaris and Pyxis products; Strong international growth; Profit margin expansion due to sales mix and expense controls; Benefits from CareFusion and MedMined acquisitions; SE recall charges in FY07 * Continued investment in innovation, quality and customer service
Return on Equity ⁵ :	15% - 20%		In line with long-term goal	
Operating Cash Flow:	> 100% of net earnings		In line with long-term goal	
Cash Returned to Shareholders:	up to 50% of OCF, via share repurchase and dividends		<ul style="list-style-type: none"> - Quarterly dividend \$0.12 per share - Completed \$3.1B PTS-related share repurchase in July 2007; Announced new 2-year, \$2B authorization 	
Credit Rating:	Strong investment grade		In-line	

¹ Non-GAAP operating earnings

² Non-GAAP diluted EPS from continuing operations

³ Includes impact of Viasys acquisition (up to \$0.10 dilutive), continuing operations impact of PTS divestiture (e.g., share repo from proceeds) of approximately \$0.40 (>\$0.30 net year on year impact vs. FY07), and interest expense impact of SEC/litigation settlements

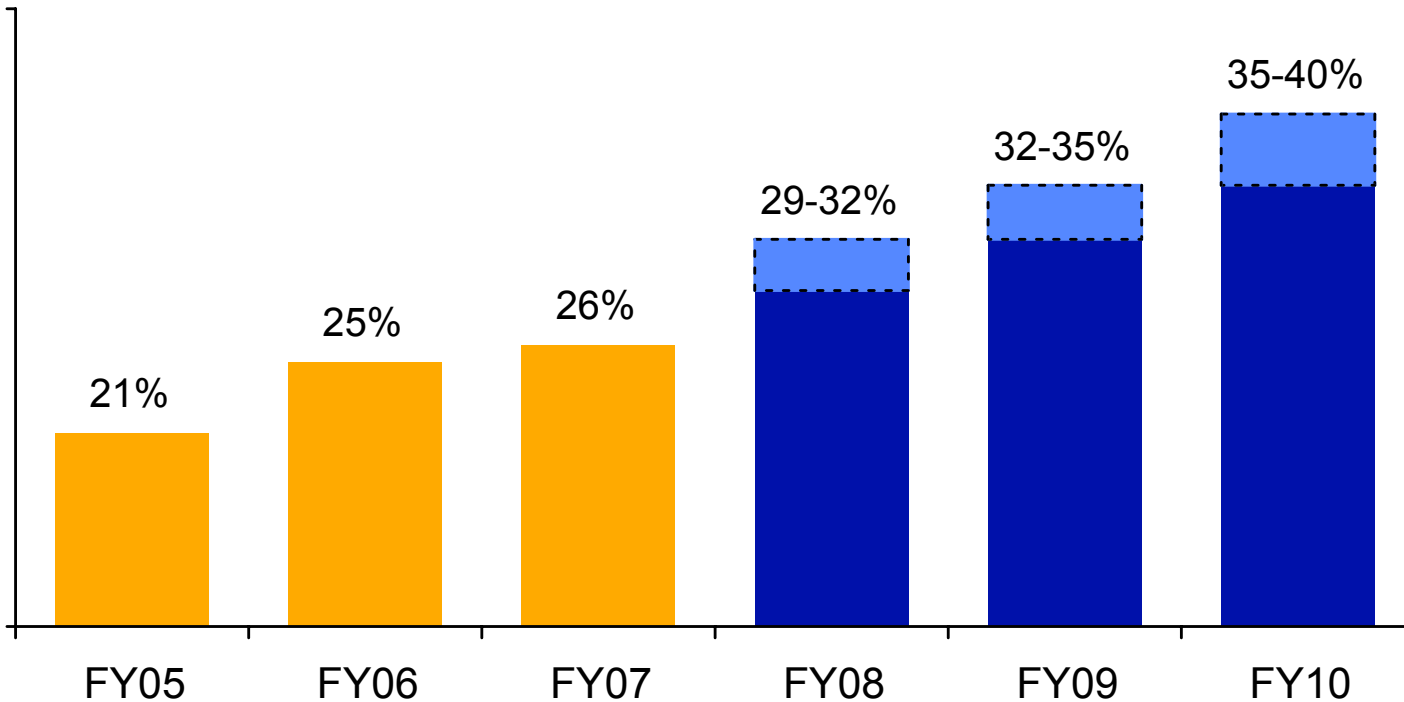
⁴ Refined methodology for allocation of corporate costs within HSCS in FY08 positively impacts HSCS-P profit growth by 1.8 percentage points, and negatively impacts HSCS-M profit growth by 7.3 percentage points

⁵ Non-GAAP return on equity

Increasing contribution of CMP

Clinical and Medical Products is expected to account for up to 40% of total segment profits by FY10

% of total segment profit

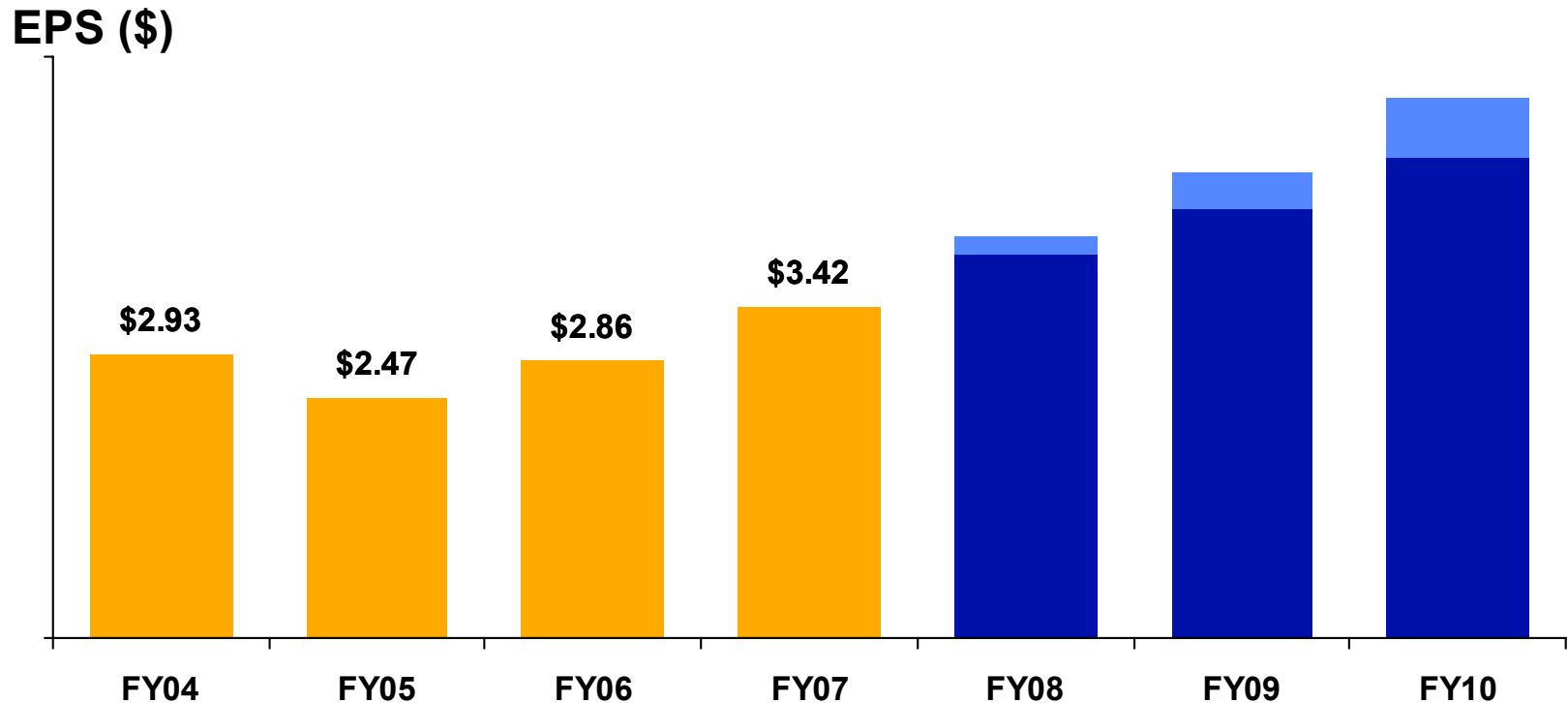


Note: FY08 – FY10 projections based on long-term guidance ranges

Performance range

Non-GAAP diluted EPS range based on long-term targets

All years include the impact of equity compensation



Note: For comparative purposes, reported amounts include the net effect of equity compensation expense of which 14% was allocated to the former PTS segment.

FY08 projection based on current FY guidance. FY09 & FY10 projections based on long-term guidance range.



Q&A



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CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)	2002	2003	2004	2005	2006	2007
GAAP Operating Earnings	\$ 1,621.2	\$ 1,896.1	\$ 2,092.9	\$ 1,782.2	\$ 1,844.9	\$ 1,373.7
Non-GAAP Operating Earnings						
Special items	135.8	88.5	38.7	141.5	80.5	772.0
Impairment charges and other	-	-	-	38.3	5.8	17.3
Equity based compensation ¹	(106.0)	(124.6)	(141.9)	(183.9)	-	-
Non-GAAP Operating Earnings	\$ 1,651.0	\$ 1,860.0	\$ 1,989.7	\$ 1,778.1	\$ 1,931.2	\$ 2,163.0

¹ Prior to fiscal 2006, the Company accounted for equity-based awards in accordance with APB No. 25 and related interpretations. Except for costs related to restricted shares, restricted share units, stock appreciation rights and an insignificant number of amended options requiring a new measurement date, no compensation expense was recognized. The adjustment represents the impact on operating earnings had the Company recognized expense for all equity-based payments to employees. Total Company equity compensation expense was reduced by 14% to allocate a portion of equity compensation to the former PTS segment.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions, except per Common Share amounts)

	2002	2003	2004	2005	2006	2007
GAAP Diluted EPS from Continuing Operations						
Amount	\$ 2.19	\$ 2.63	\$ 3.08	\$ 2.45	\$ 2.71	\$ 2.07
Growth Rate	N/A	20%	17%	(20)%	11%	(24)%
Non-GAAP Diluted EPS from Continuing Operations						
Earnings from continuing operations	\$ 1,005.2	\$ 1,192.5	\$ 1,354.8	\$ 1,067.1	\$ 1,163.3	\$ 839.7
Special items, net of tax	84.4	59.8	23.9	100.7	57.9	528.9
Impairment charges and other, net of tax	-	-	-	24.1	3.8	15.7
Equity based compensation, net of tax ¹	(65.7)	(77.2)	(88.0)	(114.0)	-	-
Non-GAAP Earnings from Continuing Operations	\$ 1,023.9	\$ 1,175.1	\$ 1,290.7	\$ 1,077.9	\$ 1,225.0	\$ 1,384.3
Divided by diluted weighted average number of shares outstanding	459.6	453.3	440.0	435.7	428.5	404.7
Non-GAAP Diluted EPS from Continuing Operations						
Amount	\$ 2.23	\$ 2.59	\$ 2.93	\$ 2.47	\$ 2.86	\$ 3.42
Growth Rate	N/A	16%	13%	(16)%	16%	20%

¹ Prior to fiscal 2006, the Company accounted for equity-based awards in accordance with APB No. 25 and related interpretations. Except for costs related to restricted shares, restricted share units, stock appreciation rights and an insignificant number of amended options requiring a new measurement date, no compensation expense was recognized. The adjustment represents the impact on earnings from continuing operations had the Company recognized expense for all equity-based payments to employees. Total Company equity compensation expense was reduced by 14% to allocate a portion of equity compensation to the former PTS segment.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)	2002	2003	2004	2005	2006	2007
GAAP Effective Tax Rate from Continuing Operations	34.2%	34.6%	32.6%	35.9%	33.2%	33.0%
Non-GAAP Effective Tax Rate from Continuing Operations						
Non-GAAP Earnings from Continuing Operations	\$ 1,023.9	\$ 1,175.1	\$ 1,290.7	\$ 1,077.9	\$ 1,225.0	\$ 1,384.3
Provision for income taxes	\$ 522.0	\$ 632.2	\$ 654.1	\$ 597.3	\$ 577.1	\$ 412.6
Special items tax benefit	51.5	27.6	14.9	40.8	22.6	243.1
Impairment charges and other tax benefit	-	-	-	14.2	2.0	1.6
Equity based compensation tax benefit ¹	(40.3)	(47.4)	(53.9)	(69.9)	-	-
Adjusted provision for income taxes	\$ 533.2	\$ 612.4	\$ 615.1	\$ 582.4	\$ 601.7	\$ 657.3
Non-GAAP Effective Tax Rate from Continuing Operations	34.2%	34.3%	32.3%	35.1%	32.9%	32.2%

¹ Prior to fiscal 2006, the Company accounted for equity-based awards in accordance with APB No. 25 and related interpretations. Except for costs related to restricted shares, restricted share units, stock appreciation rights and an insignificant number of amended options requiring a new measurement date, no compensation expense was recognized. The adjustment represents the impact on the provision for income taxes had the Company recognized expense for all equity-based payments to employees. Total Company equity compensation expense was reduced by 14% to allocate a portion of equity compensation to the former PTS segment.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)	Fiscal Year			
	2004	2005	2006	2007
GAAP Return on Equity	18.8%	12.5%	11.5%	23.5%
Non-GAAP Return on Equity				
Net earnings	\$ 1,474.5	\$ 1,050.7	\$ 1,000.1	\$ 1,931.1
Special items, net of tax, in continuing operations	23.8	100.7	57.9	528.9
Special items, net of tax, in discontinued operations	10.4	53.2	12.8	4.4
Gain on sale of PTS, net of tax, in discontinued operations	-	-	-	(1,072.4)
Equity based compensation, net of tax ¹	(102.3)	(132.6)	-	-
Adjusted net earnings	\$ 1,406.4	\$ 1,072.0	\$ 1,070.8	\$ 1,392.0
Divided by average shareholders' equity ²	\$ 7,825.4	\$ 8,404.4	\$ 8,660.1	\$ 8,213.2
Non-GAAP Return on Equity	18.0%	12.8%	12.4%	16.9%

¹ Prior to fiscal 2006, the Company accounted for equity-based awards in accordance with APB No. 25 and related interpretations. Except for costs related to restricted shares, restricted share units, stock appreciation rights and an insignificant number of amended options requiring a new measurement date, no compensation expense was recognized. The adjustment represents the impact on net earnings had the Company recognized expense for all equity-based payments to employees. Total Company equity compensation expense was reduced by 14% to allocate a portion of equity compensation to the former PTS segment.

² The average shareholders' equity shown above is calculated using the average of the prior years' fourth quarter plus each of the current year quarters.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)	2002	2003	2004	2005	2006	2007
GAAP Net Operating Profit After Taxes (NOPAT)						
Amount	\$ 1,067.1	\$ 1,239.2	\$ 1,411.4	\$ 1,142.6	\$ 1,233.1	\$ 920.4
Growth	N/A	16%	14%	(19)%	8%	(25)%
Non-GAAP NOPAT						
Non-GAAP operating earnings	\$ 1,651.0	\$ 1,860.0	\$ 1,989.7	\$ 1,778.1	\$ 1,931.2	\$ 2,163.0
Non-GAAP effective tax rate	34.2%	34.3%	32.3%	35.1%	32.9%	32.2%
Non-GAAP NOPAT						
Amount	\$ 1,085.6	\$ 1,222.7	\$ 1,347.6	\$ 1,154.3	\$ 1,295.1	\$ 1,466.6
Growth	N/A	13%	10%	(14)%	12%	13%

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

HEALTHCARE SUPPLY CHAIN SERVICES
Pharmaceutical

	First Quarter Fiscal 2007			Second Quarter Fiscal 2007			Third Quarter Fiscal 2007			Fourth Quarter Fiscal 2007			Fiscal 2007
	July	August	September	October	November	December	January	February	March	April	May	June	Total Year
Economic Profit Margin													
Segment profit													\$ 1,299.8
Effective tax rate from continuing operations													35.1%
Net operating earnings, after-tax (NOPAT)													\$ 844.1
Total assets	\$ 11,549.8	\$ 12,206.9	\$ 11,620.0	\$ 11,781.8	\$ 11,624.6	\$ 11,663.1	\$ 11,423.2	\$ 11,681.7	\$ 12,031.9	\$ 11,494.8	\$ 11,849.6	\$ 11,705.2	
Less: assets from discontinued operations	107.5	109.4	-	-	-	-	-	-	-	-	-	-	
Less: accounts payable	6,644.9	7,115.6	6,979.1	6,897.3	6,836.3	6,912.9	6,906.3	7,252.4	7,513.2	6,816.5	7,135.4	7,466.5	
Less: other accrued liabilities	1,069.5	1,088.6	1,016.3	1,092.8	1,100.2	1,036.3	1,078.3	1,059.3	1,154.0	1,082.4	1,202.4	1,160.2	
Less: liabilities from businesses held for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Less: deferred income taxes and other liabilities	82.1	82.1	71.0	89.3	89.7	71.6	90.3	90.3	69.6	87.7	88.0	36.1	
Less: goodwill and other intangibles, net	1,354.5	1,361.8	1,332.4	1,328.7	1,335.0	1,335.7	1,339.6	1,348.9	1,349.4	1,351.9	1,351.3	1,345.6	
Less: cash and equivalents	42.2	57.4	75.0	91.3	102.7	113.6	115.5	113.0	135.3	127.7	67.9	32.8	
Less: short-term investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Tangible capital	\$ 2,249.1	\$ 2,392.0	\$ 2,146.2	\$ 2,282.4	\$ 2,160.7	\$ 2,193.0	\$ 1,893.2	\$ 1,817.8	\$ 1,810.4	\$ 2,028.6	\$ 2,004.6	\$ 1,664.0	\$ 2,053.5
Multiplied by weighted average cost of capital													9.0%
Capital charge													\$ 184.8
Economic profit													\$ 659.3
Revenue													\$ 76,572.8
Economic profit margin													0.86%

⁽¹⁾ Tangible Capital is a quarterly average calculated as total assets allocated to the segment less (total liabilities allocated to the segment, goodwill and intangibles, cash and equivalents and short term investments available for sale)

⁽²⁾ The sum of the components may not equal due to rounding

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

HEALTHCARE SUPPLY CHAIN SERVICES Medical	First Quarter Fiscal 2007			Second Quarter Fiscal 2007			Third Quarter Fiscal 2007			Fourth Quarter Fiscal 2007			Fiscal 2007
	July	August	September	October	November	December	January	February	March	April	May	June	Total Year
Economic Profit Margin													
Segment profit													\$ 318.1
Effective tax rate from continuing operations													29.8%
Net operating earnings, after-tax (NOPAT)													\$ 223.2
Total assets	\$ 2,442.1	\$ 2,437.6	\$ 2,456.6	\$ 2,492.0	\$ 2,525.1	\$ 2,505.1	\$ 2,562.1	\$ 2,521.4	\$ 2,476.4	\$ 2,480.4	\$ 2,396.8	\$ 2,472.9	
Less: assets from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	
Less: accounts payable	534.8	478.7	510.4	510.6	524.1	544.4	505.2	522.0	528.5	532.3	523.2	558.0	
Less: other accrued liabilities	71.1	78.1	49.4	77.4	61.6	20.9	52.1	52.3	16.2	48.7	76.5	35.8	
Less: liabilities from businesses held for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Less: deferred income taxes and other liabilities	58.2	58.1	53.0	57.2	55.4	44.4	48.3	48.4	58.5	63.6	56.6	59.8	
Less: goodwill and other intangibles, net	378.8	377.8	377.7	385.3	384.7	378.3	377.2	378.1	378.0	379.6	381.2	385.1	
Less: cash and equivalents	2.9	3.0	4.1	4.2	9.8	7.4	6.7	2.9	17.0	16.5	3.5	25.3	
Less: short-term investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Tangible capital	\$ 1,396.3	\$ 1,441.9	\$ 1,462.0	\$ 1,457.3	\$ 1,489.5	\$ 1,509.7	\$ 1,572.6	\$ 1,517.7	\$ 1,478.2	\$ 1,439.7	\$ 1,355.8	\$ 1,408.9	\$ 1,460.8
Multiplied by weighted average cost of capital													9.0%
Capital charge													\$ 131.5
Economic profit													\$ 91.7
Revenue													\$ 7,513.9
Economic profit margin													1.22%

⁽¹⁾ Tangible Capital is a quarterly average calculated as total assets allocated to the segment less (total liabilities allocated to the segment, goodwill and intangibles, cash and equivalents and short term investments available for sale)

⁽²⁾ The sum of the components may not equal due to rounding

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

CLINICAL AND MEDICAL PRODUCTS
Clinical Technologies and Services

	First Quarter Fiscal 2007			Second Quarter Fiscal 2007			Third Quarter Fiscal 2007			Fourth Quarter Fiscal 2007			Fiscal 2007
	July	August	September	October	November	December	January	February	March	April	May	June	Total Year
<u>Economic Profit Margin</u>													
Segment profit													\$ 385.7
Effective tax rate from continuing operations													29.2%
Net operating earnings, after-tax (NOPAT)													\$ 273.1
Total assets	\$ 3,916.6	\$ 4,012.1	\$ 3,880.1	\$ 4,097.8	\$ 4,145.2	\$ 3,961.5	\$ 4,189.4	\$ 4,214.0	\$ 4,082.0	\$ 4,360.8	\$ 4,300.7	\$ 4,273.0	
Less: assets from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	
Less: accounts payable	91.2	84.7	79.4	87.8	81.1	85.1	78.8	85.3	101.7	88.0	90.4	88.9	
Less: other accrued liabilities	277.2	287.9	223.4	294.7	293.3	205.6	299.7	300.1	228.1	313.5	328.3	240.2	
Less: liabilities from businesses held for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Less: deferred income taxes and other liabilities	577.6	577.0	475.1	587.5	588.0	470.1	581.1	581.9	467.0	583.7	489.1	474.4	
Less: goodwill and other intangibles, net	2,085.9	2,083.4	2,174.3	2,166.4	2,163.9	2,210.0	2,217.8	2,219.2	2,217.1	2,218.3	2,208.6	2,188.1	
Less: cash and equivalents	66.2	60.1	82.6	89.7	72.1	97.9	119.5	118.6	127.3	174.2	107.5	216.6	
Less: short-term investments available for sale	-	-	0.3	-	-	-	-	-	-	-	85.8	-	
Tangible capital	\$ 818.5	\$ 919.0	\$ 845.0	\$ 871.7	\$ 946.8	\$ 892.8	\$ 892.5	\$ 908.9	\$ 940.8	\$ 983.1	\$ 991.0	\$ 1,064.8	\$ 922.9
Multiplied by weighted average cost of capital													9.0%
Capital charge													\$ 83.1
Economic profit													\$ 190.0
Revenue													\$ 2,687.0
Economic profit margin													7.07%

⁽¹⁾ Tangible Capital is a quarterly average calculated as total assets allocated to the segment less (total liabilities allocated to the segment, goodwill and intangibles, cash and equivalents and short term investments available for sale)

⁽²⁾ The sum of the components may not equal due to rounding

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

CLINICAL AND MEDICAL PRODUCTS
Medical Products and Technologies

	First Quarter Fiscal 2007			Second Quarter Fiscal 2007			Third Quarter Fiscal 2007			Fourth Quarter Fiscal 2007			Fiscal 2007
	July	August	September	October	November	December	January	February	March	April	May	June	Total Year
<u>Economic Profit Margin</u>													
Segment profit													\$ 197.6
Effective tax rate from continuing operations													7.0%
Net operating earnings, after-tax (NOPAT)													\$ 183.8
Total assets	\$ 1,455.5	\$ 1,453.1	\$ 1,506.0	\$ 1,529.9	\$ 1,516.1	\$ 1,478.5	\$ 1,482.2	\$ 1,573.5	\$ 1,572.9	\$ 1,586.7	\$ 1,739.7	\$ 3,604.2	
Less: assets from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	
Less: accounts payable	107.3	88.5	118.3	106.0	108.0	93.3	76.1	90.1	99.0	100.8	100.5	129.4	
Less: other accrued liabilities	119.3	124.7	89.1	118.3	139.4	97.2	124.5	124.4	115.7	142.3	86.2	329.9	
Less: liabilities from businesses held for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Less: deferred income taxes and other liabilities	46.2	46.6	44.4	47.8	49.6	52.9	56.4	56.5	40.7	43.5	37.2	179.0	
Less: goodwill and other intangibles, net	454.8	453.7	453.4	443.5	446.9	451.9	450.4	451.6	452.7	456.2	453.0	1,924.6	
Less: cash and equivalents	136.9	144.9	197.8	201.5	168.7	180.9	166.0	233.8	259.2	252.9	375.9	460.4	
Less: short-term investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Tangible capital	\$ 591.0	\$ 594.7	\$ 603.0	\$ 612.8	\$ 603.5	\$ 602.3	\$ 608.8	\$ 617.1	\$ 605.6	\$ 591.0	\$ 686.9	\$ 580.9	\$ 608.1
Multiplied by weighted average cost of capital													9.0%
Capital charge													\$ 54.7
Economic profit													\$ 129.1
Revenue													\$ 1,835.9
Economic profit margin													7.03%

⁽¹⁾ Tangible Capital is a quarterly average calculated as total assets allocated to the segment less (total liabilities allocated to the segment, goodwill and intangibles, cash and equivalents and short term investments available for sale)

⁽²⁾ The sum of the components may not equal due to rounding

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

HEALTHCARE SUPPLY CHAIN SERVICES Pharmaceutical	First Quarter Fiscal 2006			Second Quarter Fiscal 2006			Third Quarter Fiscal 2006			Fourth Quarter Fiscal 2006			Fiscal 2006
	July	August	September	October	November	December	January	February	March	April	May	June	Total Year
Economic Profit Margin													
Segment profit													\$ 1,142.7
Effective tax rate from continuing operations													36.8%
Net operating earnings, after-tax (NOPAT)													\$ 722.2
Total assets	\$ 10,521.1	\$ 10,384.3	\$ 11,050.2	\$ 10,499.1	\$ 10,379.0	\$ 10,760.7	\$ 10,770.0	\$ 10,896.3	\$ 11,748.0	\$ 11,342.4	\$ 11,489.4	\$ 11,977.6	
Less: assets from discontinued operations	173.1	188.3	191.0	197.3	190.6	178.1	179.0	188.2	102.0	97.2	109.6	115.4	
Less: accounts payable	5,506.3	5,692.3	6,238.9	5,626.8	5,867.5	6,167.7	6,086.9	6,336.7	7,243.7	6,369.7	6,985.6	7,159.3	
Less: other accrued liabilities	970.8	912.7	890.1	929.7	899.0	847.0	908.9	887.9	987.3	1,036.1	1,032.6	1,006.9	
Less: liabilities from businesses held for sale	222.9	222.9	222.9	186.3	186.3	186.3	67.6	67.6	67.6	79.4	95.4	-	
Less: deferred income taxes and other liabilities	109.1	106.4	44.5	107.6	107.7	43.6	107.2	107.1	62.9	81.5	81.5	63.0	
Less: goodwill and other intangibles, net	962.4	958.6	1,168.0	959.5	958.1	1,157.3	1,162.6	1,183.6	1,210.2	1,214.6	1,224.0	1,351.8	
Less: cash and equivalents	59.2	66.6	70.3	80.3	88.9	108.2	73.4	74.0	88.3	65.1	87.0	39.8	
Less: short-term investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Tangible capital	\$ 2,517.3	\$ 2,236.5	\$ 2,224.5	\$ 2,411.6	\$ 2,080.9	\$ 2,072.5	\$ 2,184.4	\$ 2,051.2	\$ 1,986.0	\$ 2,398.8	\$ 1,873.7	\$ 2,241.4	\$ 2,189.9
Multiplied by weighted average cost of capital													9.0%
Capital charge													\$ 197.1
Economic profit													\$ 525.1
Revenue													\$ 70,046.9
Economic profit margin													0.75%

⁽¹⁾ Tangible Capital is a quarterly average calculated as total assets allocated to the segment less (total liabilities allocated to the segment, goodwill and intangibles, cash and equivalents and short term investments available for sale)

⁽²⁾ The sum of the components may not equal due to rounding

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

HEALTHCARE SUPPLY CHAIN SERVICES Medical	First Quarter Fiscal 2006			Second Quarter Fiscal 2006			Third Quarter Fiscal 2006			Fourth Quarter Fiscal 2006			Fiscal 2006
	July	August	September	October	November	December	January	February	March	April	May	June	Total Year
Economic Profit Margin													
Segment profit													\$ 314.5
Effective tax rate from continuing operations													30.1%
Net operating earnings, after-tax (NOPAT)													\$ 219.8
Total assets	\$ 2,267.1	\$ 2,204.7	\$ 2,260.7	\$ 2,362.1	\$ 2,414.5	\$ 2,436.0	\$ 2,491.0	\$ 2,436.4	\$ 2,385.5	\$ 2,447.2	\$ 2,417.9	\$ 2,404.1	
Less: assets from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	
Less: accounts payable	496.2	439.0	534.4	530.4	481.4	498.2	513.2	498.0	480.3	537.7	498.3	510.6	
Less: other accrued liabilities	127.3	124.4	85.2	109.4	114.4	79.6	100.9	100.4	39.7	113.6	85.5	45.2	
Less: liabilities from businesses held for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Less: deferred income taxes and other liabilities	66.9	67.7	62.2	68.3	51.2	46.7	52.8	52.4	86.3	51.2	51.0	53.7	
Less: goodwill and other intangibles, net	396.5	397.6	396.8	396.8	415.9	416.2	418.2	374.7	374.7	376.7	379.2	386.2	
Less: cash and equivalents	8.4	8.0	8.5	8.4	9.1	10.0	4.4	4.8	5.0	5.7	5.9	3.6	
Less: short-term investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	
Tangible capital	\$ 1,171.8	\$ 1,168.0	\$ 1,173.6	\$ 1,248.8	\$ 1,342.5	\$ 1,385.3	\$ 1,401.5	\$ 1,406.1	\$ 1,399.5	\$ 1,362.3	\$ 1,398.0	\$ 1,404.8	\$ 1,321.9
Multiplied by weighted average cost of capital													9.0%
Capital charge													\$ 119.0
Economic profit													\$ 100.8
Revenue													\$ 7,198.6
Economic profit margin													1.40%

⁽¹⁾ Tangible Capital is a quarterly average calculated as total assets allocated to the segment less (total liabilities allocated to the segment, goodwill and intangibles, cash and equivalents and short term investments available for sale)

⁽²⁾ The sum of the components may not equal due to rounding

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

CLINICAL AND MEDICAL PRODUCTS Clinical Technologies and Services	First Quarter Fiscal 2006			Second Quarter Fiscal 2006			Third Quarter Fiscal 2006			Fourth Quarter Fiscal 2006			Fiscal 2006
	July	August	September	October	November	December	January	February	March	April	May	June	Total Year
Economic Profit Margin													
Segment profit													\$ 320.3
Effective tax rate from continuing operations													32.1%
Net operating earnings, after-tax (NOPAT)													\$ 217.5
Total assets	\$ 3,826.4	\$ 3,822.1	\$ 3,683.8	\$ 3,966.0	\$ 3,953.3	\$ 3,750.6	\$ 4,045.8	\$ 4,031.9	\$ 3,771.7	\$ 3,845.9	\$ 3,882.1	\$ 3,721.3	
Less: assets from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: accounts payable	69.9	86.1	90.8	83.6	92.1	81.0	74.6	84.0	80.1	80.4	87.7	85.3	
Less: other accrued liabilities	159.1	164.9	(63.1)	185.2	189.5	(53.5)	192.2	178.9	265.8	342.0	362.7	194.5	
Less: liabilities from businesses held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: deferred income taxes and other liabilities	864.4	867.8	924.1	939.5	940.1	921.6	930.3	940.2	575.1	576.6	577.4	464.9	
Less: goodwill and other intangibles, net	2,127.8	2,125.0	2,098.7	2,106.1	2,103.2	2,099.9	2,097.4	2,094.2	2,057.3	2,054.6	2,052.4	2,087.5	
Less: cash and equivalents	24.2	29.3	25.0	28.1	21.3	29.3	72.3	65.3	55.8	43.7	44.3	62.9	
Less: short-term investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Tangible capital	\$ 581.0	\$ 549.0	\$ 608.3	\$ 623.5	\$ 607.1	\$ 672.3	\$ 679.0	\$ 669.3	\$ 737.6	\$ 748.6	\$ 757.6	\$ 826.2	\$ 671.6
Multiplied by weighted average cost of capital													9.0%
Capital charge													\$ 60.4
Economic profit													\$ 157.1
Revenue													\$ 2,430.3
Economic profit margin													6.46%

⁽¹⁾ Tangible Capital is a quarterly average calculated as total assets allocated to the segment less (total liabilities allocated to the segment, goodwill and intangibles, cash and equivalents and short term investments available for sale)

⁽²⁾ The sum of the components may not equal due to rounding

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

CLINICAL AND MEDICAL PRODUCTS
Medical Products and Technologies

	First Quarter Fiscal 2006			Second Quarter Fiscal 2006			Third Quarter Fiscal 2006			Fourth Quarter Fiscal 2006			Fiscal 2006
	July	August	September	October	November	December	January	February	March	April	May	June	Total Year
Economic Profit Margin													
Segment profit													\$ 164.5
Effective tax rate from continuing operations													8.2%
Net operating earnings, after-tax (NOPAT)													\$ 151.0
Total assets	\$ 1,489.2	\$ 1,483.1	\$ 1,485.5	\$ 1,519.8	\$ 1,548.8	\$ 1,561.7	\$ 1,352.4	\$ 1,397.4	\$ 1,403.2	\$ 1,474.2	\$ 1,538.2	\$ 1,418.7	
Less: assets from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: accounts payable	99.3	82.8	83.3	86.3	89.4	90.5	83.4	87.7	94.9	90.7	90.1	119.0	
Less: other accrued liabilities	141.1	139.6	106.5	133.4	137.5	105.9	130.1	128.1	100.7	97.0	126.9	89.9	
Less: liabilities from businesses held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: deferred income taxes and other liabilities	56.1	56.6	52.5	57.2	46.1	39.9	44.2	44.6	5.1	46.3	46.6	43.9	
Less: goodwill and other intangibles, net	309.0	309.8	309.2	309.3	324.1	324.4	325.9	367.2	367.1	368.9	451.0	447.4	
Less: cash and equivalents	361.6	360.6	394.5	388.5	414.0	455.1	205.9	205.9	233.9	275.3	277.0	146.5	
Less: short-term investments available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Tangible capital	\$ 522.1	\$ 533.7	\$ 539.5	\$ 545.1	\$ 537.7	\$ 545.9	\$ 562.9	\$ 563.9	\$ 601.5	\$ 596.0	\$ 546.6	\$ 572.0	\$ 556.6
Multiplied by weighted average cost of capital													9.0%
Capital charge													\$ 50.0
Economic profit													\$ 101.0
Revenue													\$ 1,632.9
Economic profit margin													6.19%

⁽¹⁾ Tangible Capital is a quarterly average calculated as total assets allocated to the segment less (total liabilities allocated to the segment, goodwill and intangibles, cash and equivalents and short term investments available for sale)

⁽²⁾ The sum of the components may not equal due to rounding

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)	Fiscal Year			
	2004	2005	2006	2007
GAAP Return on Invested Capital	7.12%	4.97%	4.73%	9.38%
Non-GAAP Return on Invested Capital				
Net earnings	\$ 1,474.5	\$ 1,050.7	\$ 1,000.1	\$ 1,931.1
Special items, net of tax, in continuing operations	23.8	100.7	57.9	528.9
Special items, net of tax, in discontinued operations	10.4	53.2	12.8	4.4
Interest expense and other, net of tax	53.7	75.4	66.8	77.7
Gain on sale of PTS, net of tax, in discontinued operations	-	-	-	(1,072.4)
Equity based compensation, net of tax ¹	(102.3)	(132.6)	-	-
Adjusted net earnings	\$ 1,460.1	\$ 1,147.4	\$ 1,137.6	\$ 1,469.7
Divided by average total invested capital ²	\$ 20,720.1	\$ 21,161.2	\$ 21,146.3	\$ 20,580.7
Non-GAAP Return on Invested Capital	7.05%	5.42%	5.38%	7.14%

¹ Prior to fiscal 2006, the Company accounted for equity-based awards in accordance with APB No. 25 and related interpretations. Except for costs related to restricted shares, restricted share units, stock appreciation rights and an insignificant number of amended options requiring a new measurement date, no compensation expense was recognized. The adjustment represents the impact on net earnings had the Company recognized expense for all equity-based payments to employees. Total Company equity compensation expense was reduced by 14% to allocate a portion of equity compensation to the former PTS segment.

² The average total invested capital for fiscal 2007 and 2006 is calculated using the average of the prior year fourth quarter plus each of the current year quarters. The average total invested capital for fiscal 2005 and 2004 is calculated using the average of the prior year fourth quarter plus the current year fourth quarter. Total invested capital is calculated as the sum of the current portion of long-term obligations and other short-term borrowings, long-term obligations, current portion of long-term obligations and other short-term borrowings in discontinued operations, long-term obligations in discontinued operations, total shareholders' equity and unrecorded goodwill. Beginning in the fourth quarter of 2007, unrecorded goodwill is \$7.5 billion. For all other periods presented, unrecorded goodwill is \$9.7 billion. The average current portion of long-term obligations and other short-term borrowings in discontinued operations and long-term obligations in discontinued operations were \$31.9 million, \$78.2 million, \$76.5 million and \$62.5 million for fiscal years 2007, 2006, 2005 and 2004, respectively.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

	Fiscal Year							
	2000	2001	2002	2003	2004	2005	2006	2007
Debt to Total Capital	30.7%	25.7%	25.0%	25.6%	31.2%	22.9%	24.7%	32.0%
Net Debt to Capital								
Current portion of long-term obligations and other short-term borrowings	\$ 423.4	\$ 14.2	\$ 0.7	\$ 203.3	\$ 797.4	\$ 244.7	\$ 199.0	\$ 16.0
Long-term obligations, less current portion and other short-term borrowings	1,524.5	1,871.0	2,132.6	2,444.3	2,818.7	2,302.1	2,588.6	3,457.3
Debt	\$ 1,947.9	\$ 1,885.2	\$ 2,133.3	\$ 2,647.6	\$ 3,616.1	\$ 2,546.8	\$ 2,787.6	\$ 3,473.3
Cash and equivalents	(539.5)	(934.1)	(1,274.1)	(1,558.7)	(963.6)	(1,285.9)	(1,187.3)	(1,308.8)
Short-term investments available for sale	-	-	-	-	-	(99.8)	(498.4)	(132.0)
Net debt	\$ 1,408.4	\$ 951.1	\$ 859.2	\$ 1,088.9	\$ 2,652.5	\$ 1,161.1	\$ 1,101.9	\$ 2,032.5
Total shareholders' equity	\$ 4,400.4	\$ 5,437.1	\$ 6,393.0	\$ 7,674.5	\$ 7,976.3	\$ 8,593.0	\$ 8,490.7	\$ 7,376.9
Capital	\$ 5,808.8	\$ 6,388.2	\$ 7,252.2	\$ 8,763.4	\$ 10,628.8	\$ 9,754.1	\$ 9,592.6	\$ 9,409.4
Net debt to capital	24.2%	14.9%	11.8%	12.4%	25.0%	11.9%	11.5%	21.6%

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

	Fiscal Year							
	2000	2001	2002	2003	2004	2005	2006	2007
GAAP Net Cash Provided by Operating Activities	\$ 504.0	\$ 871.7	\$ 983.9	\$ 1,398.0	\$ 2,659.3	\$ 2,855.7	\$ 2,120.8	\$ 1,223.1
Non-GAAP Net Cash Provided by Operating Activities								
Litigation settlements, net of tax	-	-	-	-	-	-	-	410.1
Accounts receivable securitization	-	-	-	-	-	(550.0)	-	550.0
Non-GAAP Net Cash Provided by Operating Activities	\$ 504.0	\$ 871.7	\$ 983.9	\$ 1,398.0	\$ 2,659.3	\$ 2,305.7	\$ 2,120.8	\$ 2,183.2

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

	2006
PTS GAAP Return on Invested Capital	1.4%
PTS Non-GAAP Return on Invested Capital	
Net earnings	\$ 81.4
Special items, net of tax	8.8
Interest expense and other, net of tax	16.1
Adjusted net earnings	\$ 106.3
Divided by average total invested capital ¹	\$ 5,762.0
PTS Non-GAAP Return on Invested Capital	1.8%

¹ The average total invested capital shown above is calculated using the average of the prior year fourth quarter plus the current year fourth quarter. Total invested capital is calculated as the sum of the current portion of long-term obligations and other short-term borrowings, long-term obligations, total shareholders' equity and unrecorded goodwill. For all periods presented, unrecorded goodwill is \$2.2 billion.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
DEFINITIONS

GAAP

Debt: long-term obligations plus short-term borrowings

Debt to Total Capital: debt divided by (debt plus total shareholders' equity)

Diluted EPS from Continuing Operations: earnings from continuing operations divided by diluted weighted average shares outstanding

Effective Tax Rate from Continuing Operations: provision for income taxes divided by earnings before income taxes and discontinued operations

NOPAT (or Net Operation Profit After Tax): operating earnings adjusted for taxes

Operating Cash Flow: net cash provided by / (used in) operating activities from continuing operations

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

Segment Profit Margin: segment profit divided by revenue

Return on Equity: annualized net earnings divided by average shareholders' equity

Return on Invested Capital: annualized net earnings divided by (average total shareholders' equity plus debt plus unrecorded goodwill)

NON-GAAP

Economic Profit: segment net operating earnings, after-tax minus (tangible capital multiplied by weighted average cost of capital); **Tangible Capital** is the quarterly average calculated as total assets allocated to the segment less (total liabilities allocated to the segment, goodwill and intangibles, cash and equivalents and short term investments available for sale)

Economic Profit Margin: economic profit divided by revenue

Net Debt to Capital: net debt divided by (net debt plus total shareholders' equity)

Net Debt: debt minus (cash and equivalents and short-term investments available for sale)

Non-GAAP Diluted EPS from Continuing Operations: non-GAAP earnings from continuing operations divided by diluted weighted average shares outstanding

Non-GAAP Earnings from Continuing Operations: earnings from continuing operations excluding special items and impairment charges and other, both net of tax and including the impact of equity based compensation, net of tax in fiscal 2005 and prior

Non-GAAP Effective Tax Rate from Continuing Operations: adjusted provision for income taxes divided by (non-GAAP earnings from continuing operations plus adjusted provision for income taxes); **Adjusted Provision for Income Taxes** is the provision for income taxes adjusted for special items, impairment charges and other, and equity based compensation for fiscal 2005 and prior

Non-GAAP Operating Earnings: operating earnings excluding special items and impairment charges and other and including the impact of equity based compensation for fiscal 2005 and prior

Non-GAAP Return on Equity: (net earnings plus special items, net of tax minus the impact of equity based compensation, net of tax for fiscal 2005 and prior) divided by average shareholders' equity¹

Non-GAAP Return on Invested Capital: (net earnings plus special items, net of tax plus interest expense and other, net of tax minus the impact of equity based compensation, net of tax for fiscal 2005 and prior) divided by (average total shareholders' equity plus debt plus unrecorded goodwill)¹

Non-GAAP NOPAT (or Non-GAAP Net Operation Profit After Tax): non-GAAP operating earnings adjusted for taxes

¹ For the fiscal year ended June 30, 2007, the numerator in calculating this non-GAAP financial measure also excludes the \$679.5 million net of tax gain on the sale of PTS recorded in discontinued operations in the fourth quarter of fiscal 2007 and the \$1.1 billion net of tax gain on the sale of PTS recorded in discontinued operations of which \$425 million was recorded in the second quarter of fiscal 2007.

Forward-Looking Non-GAAP Financial Measures

The Company presents non-GAAP operating earnings, non-GAAP earnings from continuing operations and non-GAAP return on equity (and presentations derived from these financial measures) on a forward-looking basis. The most directly comparable forward-looking GAAP measures are operating earnings, earnings from continuing operations and return on equity. The Company is unable to provide a quantitative reconciliation of these forward-looking non-GAAP measures to the most comparable forward-looking GAAP measures because the Company cannot reliably forecast special items and impairment charges and other, which are difficult to predict and estimate and are primarily dependent on future events. Please note that the unavailable reconciling items could significantly impact the Company's future financial results.