



CardinalHealth

Robert W. Baird & Co.

2007 Growth Stock Conference

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May 9, 2007

Forward-looking Statements

Except for historical information, all other information in this presentation consists of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements 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 businesses; the loss of one or more key customer or supplier relationships or changes to the terms of those relationships; changes in the distribution patterns or reimbursement rates for health-care products and/or services; the results, consequences, effects or timing of any inquiry or investigation by any regulatory authority or any legal and administrative proceedings, or settlement discussions with regulatory authorities or plaintiffs in any action against the company; uncertainties related to completing a settlement of the class-action securities litigation or, if completed, obtaining court approval of the settlement, uncertainties regarding whether the amount reserved associated with the class-action securities litigation will be sufficient, and uncertainties regarding the timing or final terms of any settlement; the costs, difficulties and uncertainties related the integration of acquired businesses; with respect to future dividends, the decision by the board of directors to declare such dividends, which is expected to consider Cardinal Health's surplus, earnings, cash flows, financial condition and prospects at the time any such action is considered; with respect to future share repurchases, the approval of the board of directors, which is expected to consider Cardinal Health's then-current stock price, earnings, cash flows, financial condition and prospects as well as alternatives available to Cardinal Health at the time any such action is considered; and general economic and market conditions. 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 includes non-GAAP financial measures. Cardinal Health provides definitions and a reconciliation between GAAP and non-GAAP financial information at the end of this presentation.

Cardinal Health

Who we are...

What we've become...

What the future holds...



Our Vision

The Premier Global Healthcare Company



Who we are...

Our Impact:

- Distribute 1/3 of all medicine prescribed in the U.S.
- Manage 275 hospital pharmacies
- Dispense 5 million doses every day through Alaris[®] and Pyxis[®] products
- Manufacture or distribute products used in 50% of all surgeries
- Products used by 90% of hospitals



Who we are...

Our Market: *A large and growing market, driven by demographics and the need for innovation*

*Expanding
healthcare universe*

- Within the US, the population of people age 65 and over is growing over twice as fast as the rest of the country
- Hospital expenditures in 2006 were ~\$650B and growing 7% per year
- Prescription drug spending is forecast to grow 8% annually, reaching \$450B by 2015

*Increasing focus on
safety*

- 1.5 million patients are harmed or killed each year from medication errors (hospitals, long-term care, outpatient)
- An estimated 400K Preventable Adverse Drug Events (PADEs) occur each year in hospitals costing ~\$3.5B annually
- Hospital acquired infection is the 4th leading cause of death in the U.S.

*Increasing focus on
productivity & costs*

- ~74% of a nurse's workday is spent on non-value added activities
- ~70% of the time a more expensive antibiotic is used than is needed

Who we are...

Our Mission:

To make the practice and delivery of healthcare safer and more productive



Who we are...

Our Businesses:

Healthcare Supply Chain Services



Dublin, Oh

Healthcare
Supply Chain
Services –
Pharmaceutical



Chicago, IL

Healthcare
Supply Chain
Services –
Medical

Clinical and Medical Products



San Diego, CA

**Clinical
Technologies and
Services**



Chicago, IL

**Medical Products
Manufacturing**

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Healthcare
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Healthcare
Supply Chain
Services –
Medical

- Revenue \$77B
- 19,000 employees
- 75 distribution centers
- More than 165 nuclear pharmacies and cyclotrons

*To be the best global supply chain partner, creating and implementing integrated solutions that **improve the delivery and economics of healthcare***

Who we are...

Our Businesses:

- Revenue \$4B
- 20,000 employees
- 23 manufacturing centers

*Making healthcare safer
and more productive*

Clinical and Medical Products



San Diego, CA

**Clinical
Technologies and
Services**



Chicago, IL

**Medical Products
Manufacturing**

Who we are...

One Cardinal Health:

Healthcare Supply Chain Services



Dublin, Oh

Healthcare
Supply Chain
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Pharmaceutical



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Clinical and Medical Products



San Diego, CA

**Clinical
Technologies and
Services**



Chicago, IL

**Medical Products
Manufacturing**

What we've become...

Realizing the safety and productivity mission

Focusing on the provider

- Divested PTS to focus on the healthcare provider market (acute care and retail)
- Formed Integrated Medication Solutions
- Changed our sales approach to go to market as one company

Rounding out the solution

- Acquired Medmined, a leader in tracking, predicting and preventing hospital acquired infections
- Acquired Care Fusion, a patient and medication identification technology that provides medication verification at the bedside

What we've become...

A significant transformation...

From...

- Holding company with value no greater than the sum of its parts
- Focused on driving US market leadership
- Buying innovation

To...

- Operating company adding additional value through scale, operational excellence and integrated solutions
- Committed to US leadership while building a strong international presence
- Building product and process innovation

What we've become...

Favorable mix of businesses with strong overall performance

<i>Year to Date (FY07)¹</i>	<u>GAAP Basis</u>		<u>Non-GAAP Basis</u>	
	<u>\$ M</u>	<u>% Change²</u>	<u>\$ M</u>	<u>% Change²</u>
Revenue	\$64,589	11%		
Operating earnings	\$ 953	(30%)	\$ 1,625	15%
Earnings from continuing operations	\$ 602	(30%)	\$ 1,039	16%
Diluted EPS from continuing operations	\$ 1.47	(27%)	\$ 2.54	22%

What our future holds...

Revamped management team and organization focused on delivering value to customers and shareholders

Key Value Drivers

Focused operating growth

Balance sheet management

Disciplined capital deployment

- *Drive top-line expansion via: Product innovation; Integrated Solutions and cross-selling via IPS; International growth; Higher-margin Generics and Specialty Pharmacy*
- *Improve operating efficiency by: Leveraging Scale; Driving Operational Excellence*

What our future holds...

Revamped management team and organization focused on delivering value to customers and shareholders

Key Value Drivers

Focused operating growth

Balance sheet management

Disciplined capital deployment

- ***Portfolio Optimization*** : Divesting non-strategic, underperforming business (e.g., *Pharmaceutical Technologies & Services Segment*)
- ***Capital Efficiency***: Days of inventory declined by 3 days from Q3 last year

What our future holds...

Revamped management team and organization focused on delivering value to customers and shareholders

Key Value Drivers

Focused operating growth

Balance sheet management

Disciplined capital deployment

- ***Returning Capital to Shareholders***: ~50% of OCF; in addition, PTS net proceeds to be utilized for incremental repurchase
- ***Investing for Organic Growth***: ~25% of OCF (e.g., Product Innovation, Integrated Solutions, Generics, International Expansion)
- ***Tuck-in Acquisitions***: ~20% of OCF earmarked for acquisitive growth; successful acquisition history since transitioning from a holding to an operating company

What our future holds...

Clear opportunities for driving growth

Strategic Goals

**International
Growth**

Generics

Specialty

**Integrated
Solutions**

Approach / Accomplishments

- *New go-to-market structure and leadership in place*
- *Focus on EU markets as a channel for current portfolios*
- *Establish “beachheads” for selected emerging markets*

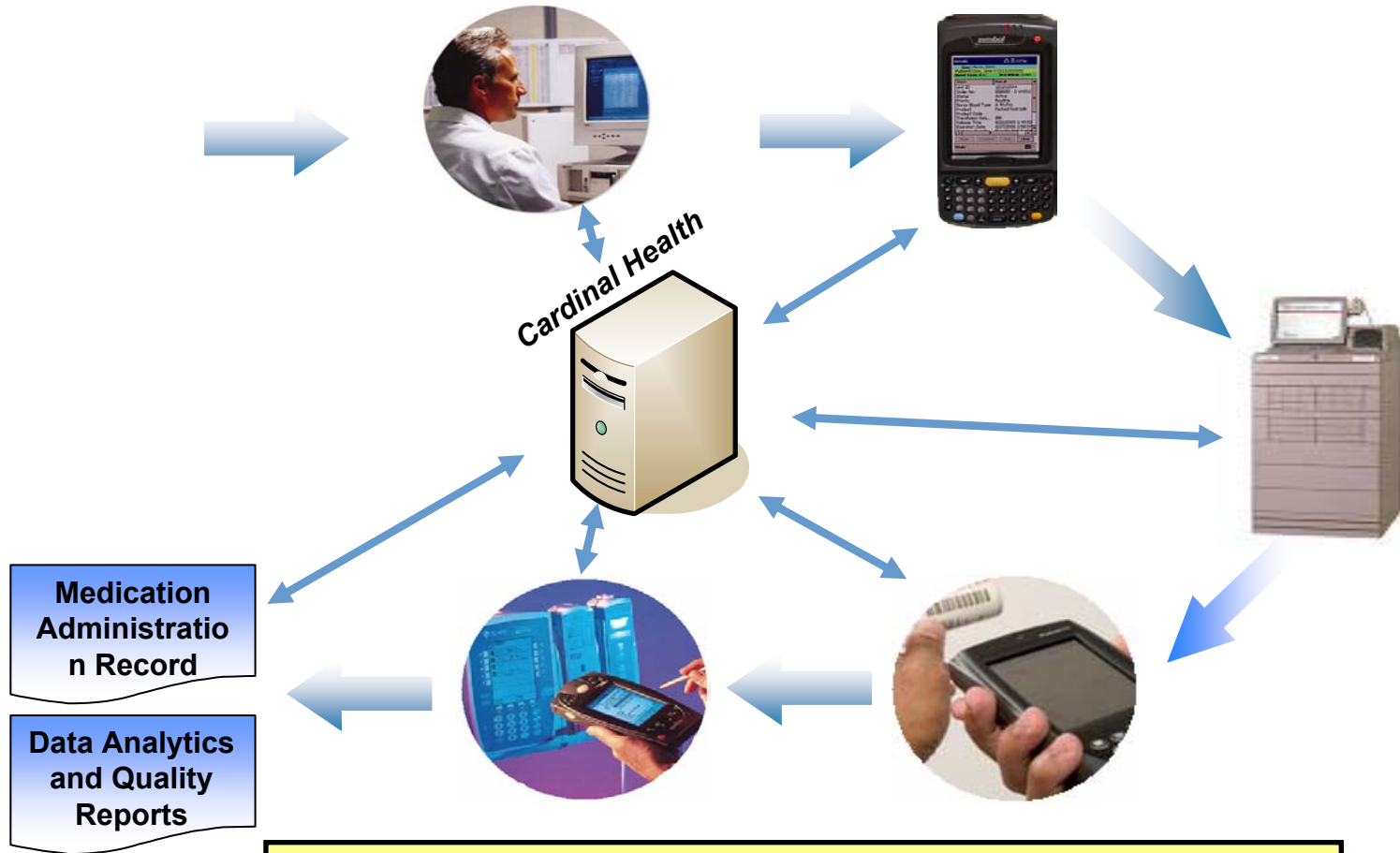
- *Best-in-class sourcing*
- *Demand aggregation*
- *Selective ownership*

- *Acquisition of SpecialtyScripts Pharmacy*
- *Market growing from \$42B to \$100B over next 5 years*
- *Leverage existing resources in HSCS — achieve scale*

- *Integrated Medication Solutions*
- *Integrated Supply Solutions*
- *Infection Prevention*

What our future holds...IMS

Delivering on the promise — "safer and more productive"



Summary

- **Portfolio:** broadest provider-focused offerings impacting customer productivity and safety
- **Organization:** excellent platform for leveraging scale and driving innovation
- **Opportunities:** integrated solutions; international expansion; generics; specialty
- **Operating philosophy:** discipline and focus
- **Key metric:** economic profit growth



CardinalHealth

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

(in millions, except per Common Share amounts)	Year-to-Date 2007			
	GAAP	Special Items	Impairment Charges and Other	Non-GAAP
<u>Operating Earnings / (Loss)</u>				
Amount	\$953	\$654	\$18	\$1,625
Growth Rate	(30)%			15 %
<u>Provision for Income Taxes</u>				
	\$249	\$233	\$2	\$483
<u>Earnings / (Loss) from Continuing Operations</u>				
Amount	\$602	\$421	\$16	\$1,039
Growth Rate	(30)%			16 %
<u>Diluted EPS from Continuing Operations</u>				
Amount	\$1.47	\$1.03	\$0.04	\$2.54
Growth Rate	(27)%			22 %
Year-to-Date 2006				
	GAAP	Special Items	Impairment Charges and Other	Non-GAAP
<u>Operating Earnings</u>				
Amount	\$1,358	\$48	\$5	\$1,410
Growth Rate	6 %			1 %
<u>Provision for Income Taxes</u>				
	\$421	\$13	\$2	\$436
<u>Earnings from Continuing Operations</u>				
Amount	\$860	\$35	\$3	\$897
Growth Rate	8 %			2 %
<u>Diluted EPS from Continuing Operations</u>				
Amount	\$2.00	\$0.08	\$0.01	\$2.09

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

Definitions:

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
Non-GAAP Operating Earnings: operating earnings excluding special items and impairment charges and other