



Lehman Brothers

2007 Tenth Annual Global Healthcare Conference

Kerry Clark

President and
Chief Executive Officer

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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 or settlement discussions with any regulatory authority or any legal and administrative proceedings, including shareholder litigation; uncertainties related to completing the divestiture of the PTS segment, including the fulfillment or waiver of conditions to closing under the acquisition agreement and any adjustments as to the amount of actual proceeds and timing; 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 and on its investor relations page at www.cardinalhealth.com.



Cardinal Health

Who we are...

What we've become...

What the future holds...



Our Vision

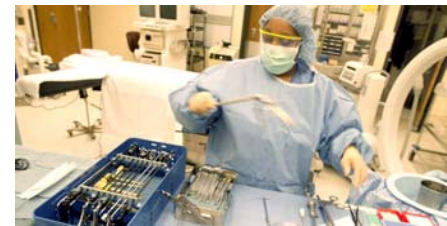
The Premier Global Healthcare Company



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**

Who we are...

Our Businesses:

Healthcare Supply Chain Services



Dublin, Oh

Healthcare
Supply Chain
Services –
Pharmaceutical



Chicago, IL

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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Healthcare
Supply Chain
Services –
Medical

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

- Decided to divest PTS to focus on the healthcare provider market, both in acute care and retail settings
- Formed Integrated Medication Solutions that integrate multiple Cardinal products and services into one offering
- Changed our sales approach and 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 bedside patient and medication positive identification technology that provides medication verification within the critical “last 100 feet” of patient care

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	\$42,722	12%		
Operating earnings	\$ 963	17%	\$ 1,019	19%
Earnings from continuing operations	\$ 607	17%	\$ 649	19%
Diluted EPS from continuing operations	\$ 1.47	23%	\$ 1.57	25%

What we've become...

Progress across all four remaining business segments...but with more to accomplish

Healthcare Supply Chain Services

<i>Year to Date (FY07)¹</i>	<i>HSCS-P</i>		<i>HSCS-M</i>	
	<i>FY07</i>	<i>% Change²</i>	<i>FY07</i>	<i>% Change²</i>
Revenue	\$37,770	13%	\$3,679	4%
Operating earnings	\$617	23%	\$139	5%

Key Themes:

- Driving competitive advantage through cost efficiency and capital productivity
- Focus on expanding economic profit margin
- Mitigating sell-side pressures

What we've become...

Progress across all four remaining business segments...but with more to accomplish

Clinical and Medical Products

<i>Year to Date (FY07)¹</i>	CTS		MPM	
	FY07	% Change²	FY07	% Change²
Revenue	\$1,257M	7%	\$879M	13%
Operating earnings	\$143M	5%	\$100M	29%

Key Themes:

- Innovation and operational excellence driving advantage
- Integrated solutions
- International expansion (Pyxis, Alaris, Medical Products)

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*
- *Improve operating efficiency by: Leveraging Scale; Driving Operational Excellence; One Cardinal Health*

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 Q2 last year, \$670M in capital reduction

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*

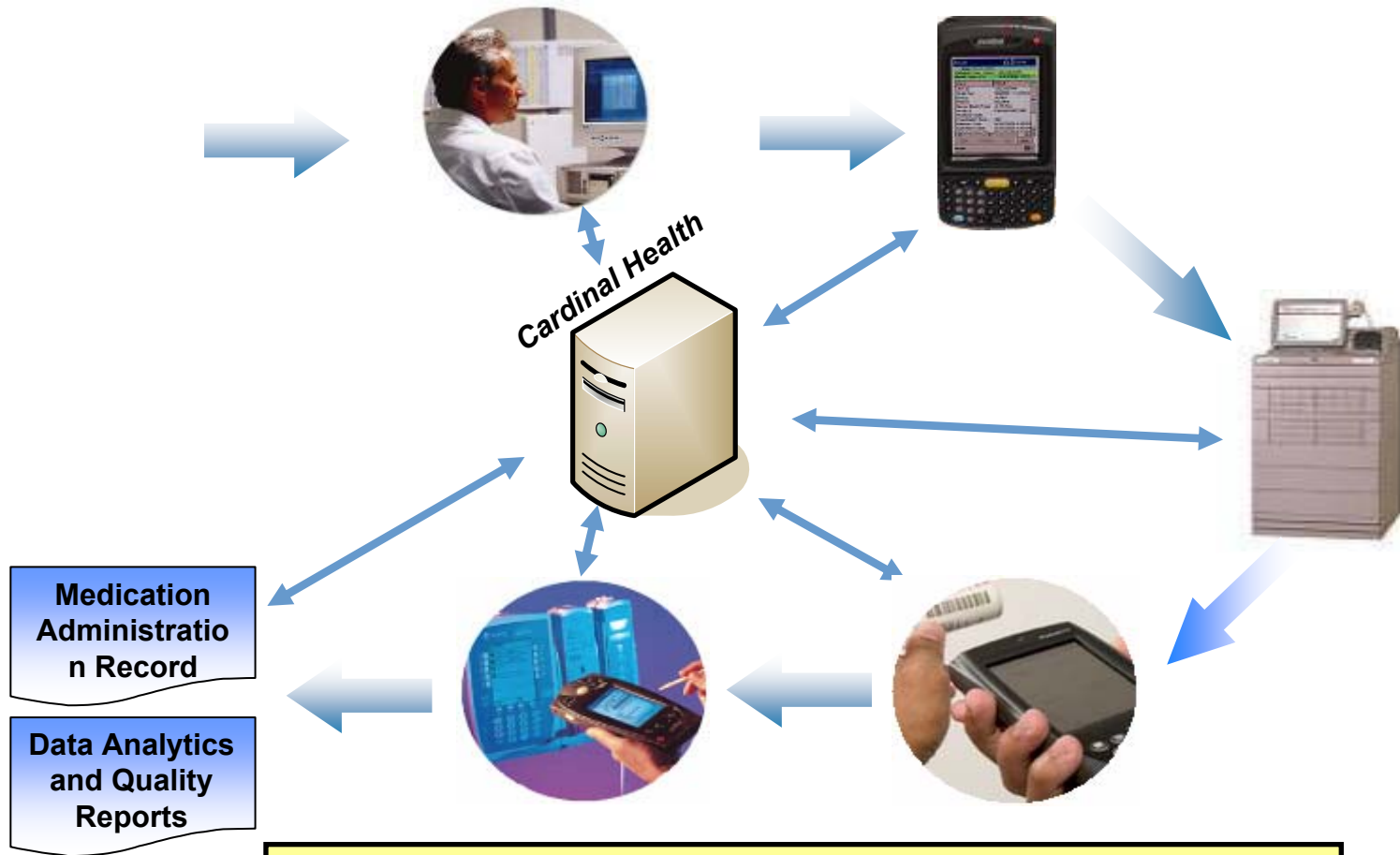
- *Best-in-class sourcing*
- *Demand aggregation*
- *Selective ownership*

- *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"



The only seamless system managing the administration of "All Medications"

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

Six Months Ended December 31, 2006				
(in millions, except per Common Share amounts)	GAAP	Special Items	Impairment Charges and Other	Non-GAAP
<u>Operating Earnings</u>				
Amount	\$963	\$42	\$14	\$1,019
Growth Rate	17 %			19 %
<u>Provision for Income Taxes</u>				
	\$286	\$13	\$1	\$300
<u>Earnings from Continuing Operations</u>				
Amount	\$607	\$29	\$13	\$649
Growth Rate	17 %			19 %
<u>Diluted EPS from Continuing Operations</u>				
Amount	\$1.47	\$0.07	\$0.03	\$1.57
Growth Rate	23 %			25%
Six Months Ended December 31, 2006				
	GAAP	Special Items	Impairment Charges and Other	Non-GAAP
<u>Operating Earnings</u>				
Amount	\$823	\$35	(\$1)	\$857
Growth Rate	14 %			7 %
<u>Provision for Income Taxes</u>				
	\$253	\$9	-	\$262
<u>Earnings from Continuing Operations</u>				
Amount	\$519	\$26	-	\$544
Growth Rate	17 %			10 %
<u>Diluted EPS from Continuing Operations</u>				
Amount	\$1.20	\$0.06	-	\$1.26

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