



FY2008

Annual Guidance Review

June 27, 2007

Forward-Looking Statements and GAAP Reconciliation

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: successful integration of Cardinal Health and VIASYS Healthcare; the ability to achieve synergies from the VIASYS Healthcare transaction; 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; 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 finalizing the pending settlement of class-action securities litigation, including obtaining court approval of the settlement; 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; 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. 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 reconciling information at the end of this presentation and on its investor relations page at www.cardinalhealth.com.

Today's Agenda

Opening remarks

Kerry Clark
*Chief Executive
Officer*

Guidance Review

Jeff Henderson
*Chief Financial
Officer*

Q&A

One Cardinal Health

Healthcare Supply Chain Services



**HSCS -
Pharmaceutical**



HSCS – Medical

Clinical and Medical Products



**Clinical Technologies
& Services**



**Medical Products
Manufacturing**

***Improving the delivery and
economics of healthcare***

***Making healthcare safer and
more productive***

Guidance Overview

- FY 2007 Update
- FY 2008 Outlook
- FY 2008 Financial Targets and Goals

FY07 Update

- Expect FY07 to be in the top end of current guidance: \$3.32 – \$3.40¹

CTS: Very strong finish to the year with clear momentum for FY08

MPM: Q4 marks return to strong performance seen in the first half

HSCS – P: Q4 revenue up ~6% with flat to declining profitability due to difficult compare with Q4 FY06; return to expected growth ranges in FY08

HSCS – M: Continued weakness; focused on customer service and transition to co-located HSCS organizations

- FY07 EPS — Impact of PTS¹

FY07 EPS Guidance (*In the top end of the range*)

\$3.32 - \$3.40

Includes:

FY07 impact of PTS proceeds

\$0.08

CAH Foundation contribution

(\$0.05)

Interest expense classified as PTS disc ops

\$0.05

FY08 Outlook

- No change to current FY08 EPS guidance: \$3.95 – \$4.15¹
 - Includes approximately \$0.40 EPS benefit from PTS proceeds related share repurchase (Net impact from PTS sale >\$0.30 vs. FY07)
 - Includes up to \$0.10 dilution from Viasys acquisition
 - Includes approximately \$0.05 negative impact from SEC and related settlements
- FY08 Segment Performance
 - CTS** Increasing near and long-term performance targets for segment profit driven by continued strong demand for Alaris and Pyxis products, international growth, and profit margin expansion
 - MPM** Increasing near and long-term performance targets for segment profit driven by strong demand, impact of Viasys acquisition, and profit margin expansion
 - HSCS – P** Stable to increasing segment profit and EP margins on improved operating leverage, vendor margins and capital efficiency; quarterly growth patterns driven by timing of vendor income
 - HSCS – M** Midst of turnaround; improving customer service and focused on HSCS transition; improvements expected in latter part of FY08

Other Assumptions for FY08

- \$4.1B in planned share buyback expected to be complete by Q1 FY08; approximately \$3.7B repurchased to date
- Up to \$1B in additional core share repurchase expected Q2-Q4; subject to Board approval
- High share issuances planned for FY08 due to above historical average option exercises
- SEC and related litigation settlements to impact EPS by approximately \$0.05 per share
- Reflects impact of Viasys and smaller tuck-in acquisitions; does not reflect any material divestitures (other than PTS)
- Tax rate for FY08 expected to be in the range of 31.75% to 32.00%
- Refined methodology for allocating corporate costs in FY08
 - Positively impacts HSCS – Pharma earnings growth by ~1.8 percentage points
 - Negatively impacts HSCS – Medical earning growth by ~7.3 percentage points
- Solid quarterly profit growth vs. prior year; weighted to the latter half of FY08
 - Viasys purchase accounting impact on Q1
 - Positive impact on 2nd half from Viasys year-1 synergies
 - 2nd half performance improvement from HSCS-Medical
 - Timing of generic launches

EPS Growth Reconciliation

	<u>FY'07</u>	<u>FY'08</u>
Non-GAAP EPS ⁽¹⁾	\$3.32 - \$3.40	\$3.95 - \$4.15
	(In the top end of range)	
Includes:		
Impact of PTS Proceeds	0.08	~ 0.40
CAH Foundation Contribution	(0.05)	-
Interest Expense Classified as PTS Disc.Ops.	0.05	-
Viasys Dilution (up to \$0.10)	(-)	Up to (0.10)
Interest Expense Impact of Settlements ⁽²⁾	(-)	~ (0.05)

(2) Includes SEC, Shareholder Litigation, and ERISA settlements.

FY 2008 Financial Targets & Goals

As of June 27, 2007

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%	Top end of range ⁴	<ul style="list-style-type: none"> * Strong organic growth plus impact of tuck-ins; Stable to increasing segment profit margins driven by vendor margins and expense controls; Stable to increasing EP margins driven by efficient capital usage (e.g., inventory) * Impact of recent large customer repricings * 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
MPM	+ 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 - PTS net proceeds to be utilized for incremental share repurchase 	
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

Q&A



CardinalHealth

GAAP/Non-GAAP Reconciliation

Forward-Looking Non-GAAP Financial Measures

The Company presents non-GAAP operating earnings, non-GAAP diluted EPS from continuing operations and non-GAAP return on equity on a forward-looking basis. The most directly comparable forward-looking GAAP financial measures are operating earnings, diluted earnings per share 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. Please note that the unavailable reconciling items could significantly impact the Company's future financial results.

DEFINITIONS

GAAP

Operating Cash Flow: net cash provided by or used in operating activities from continuing operations

Non-GAAP

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

Non-GAAP Diluted EPS from Continuing Operations: earnings from continuing operations excluding special items and impairment charges and other, both net of tax, divided by diluted weighted average shares outstanding

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

Non-GAAP Return on Equity: annualized current period earnings from continuing operations plus special items minus special items tax benefit divided by average shareholders' equity