



Working Together. For Jill.

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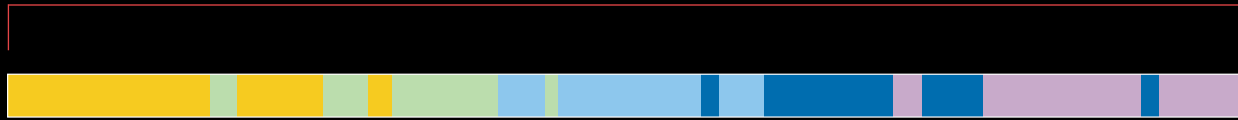
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*On the cover*

Meet seven-year-old Patient Jill. Her story is symbolic of the many ways Cardinal Health, working together with our customers, helps millions of patients each year on their journey through the chain of care.

*from discovery*

*to recovery*



# The Chain of Care

Every day, millions of people move through the chain of care from discovery to diagnosis ... treatment to recovery. And, at each point ... from pharmaceutical research lab to manufacturing site ... from physician office to operating room ... from pharmacy to patient bedside ... **Cardinal Health** is there, working together with our customers so they can focus on what matters most – improving people's lives.

◀ At a Glance



*from discovery*



At every step along the **chain of care**, our people anticipate customer needs and deliver the right products and services at the right time.

- Drug discovery support
- Drug development
- Analytical services
- Clinical trial manufacturing/packaging
- Drug delivery technologies
- Dosage form manufacturing
- Package design and label printing
- Unit dose to bulk packaging
- Product launch and logistics services

From our unique vantage point, **Cardinal Health** brings unparalleled resources to the needs of our manufacturer, provider and retail customers.

- 53,000 employees worldwide
- 32,220 U.S. employees
- Locations in 22 countries on five continents
- 24 pharmaceutical distribution centers
- 150 pharmacies filling 10 million radiopharmaceutical prescriptions each year
- 550 pharmacists trained in the use of radiopharmaceuticals
- 1,000 scientists and Ph.D.s conducting original research and development



*to recovery*

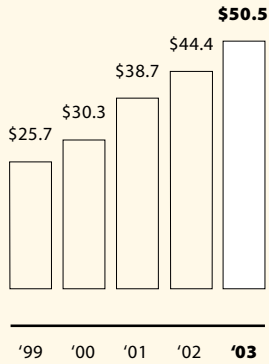
Contract sales services  
Medical education and marketing  
Nuclear pharmacy services  
Medical products manufacturing  
Laboratory products distribution  
Medical products distribution  
Hospital supply distribution  
Repackaging  
Oncology products distribution

Hospital pharmacy consulting  
Hospital pharmacy management  
Medication automation  
Automated supply dispensing  
Pharmaceutical distribution  
Clinical information management  
Pharmacy resources

- 1,500 worldwide patents
- cardinalMD.com<sup>SM</sup>, a Web-based order processing application that gives physicians' offices and outpatient centers access to more than 35,000 of our most commonly-ordered products
- 28 medical/surgical product manufacturing plants worldwide

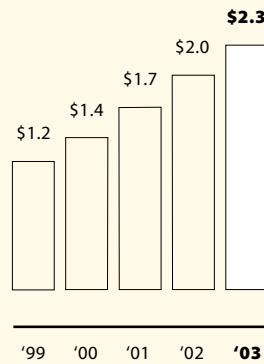
- 300,000 medical/surgical products from industry-leading manufacturers of which we offer 35,000 medical, laboratory and pharmaceutical products to physician offices
- The leading pharmacy staffing agency in the United States, providing more than half a million hours of temporary staffing to retail pharmacy chains, hospitals, mail order pharmacies and other points of care

\$ billions

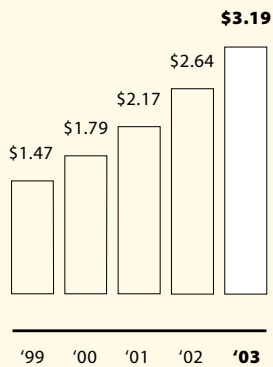


Operating Revenue

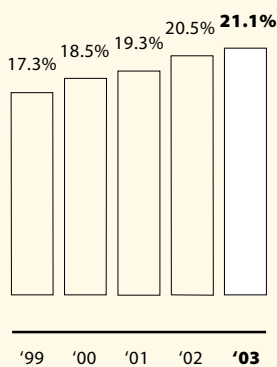
\$ billions



Operating Earnings\*



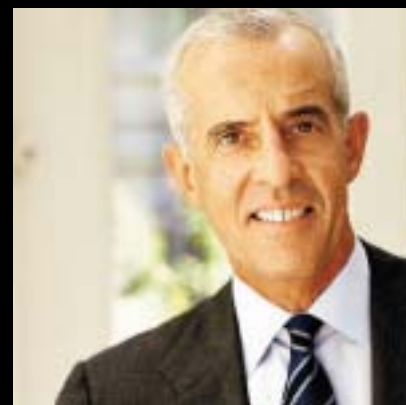
Diluted Earnings per Common Share\*



Return on Equity\*

\* As depicted in the above graphs and in the chairman's letter, operating earnings, return on sales, earnings from continuing operations before cumulative effect of change in accounting and diluted earnings per Common Share from continuing operations before cumulative effect of change in accounting exclude special items and goodwill amortization. Return on equity excludes special items. Reference footnote 4 on page 32 of this report for a reconciliation of Non-GAAP measurements to GAAP equivalents.

## To our shareholders, employees and customers:



ROBERT D. WALTER, Chairman and CEO

The year ended June 30, 2003, was the 20th fiscal year since our public offering. And once again, we produced outstanding results. Our more than 50,000 associates and global management team delivered:

- Revenues that topped \$50 billion for the first time. This 14 percent revenue growth, combined with a continued focus on improved productivity, drove record returns on sales to 4.5 percent and equity to 21.1 percent.\*
- Earnings that reached a record \$1.4 billion, with earnings per share of \$3.19, continued our record of EPS growth of 20 percent or more for the past 16 years.\*
- Financial resources that, at year end, were at a position unmatched in our history. Equity capital reached \$7.8 billion. Cash at year end was \$1.7 billion and our net debt-to-total capital ratio registered an all-time low of 11 percent. We generated more than \$1 billion in operating cash flow for the year.\*

Just as challenges emerged that we needed to overcome in each of the past 20 years, fiscal 2003 proved no different. These strong results demonstrate the unique ability of our people to anticipate and respond to the needs of our customers, while meeting our high performance targets.

Cardinal Health's breadth of offerings makes it impossible to list all of our accomplishments in fiscal 2003. But, I am pleased to report that each of our businesses delivered exceptional results and finished the year with solid revenue momentum going into fiscal 2004. Our industry-leading revenue growth reflected expanded relationships with our customers in the vibrant health care industry, new customer relationships resulting from our outstanding services, and the success of innovative new products and expanded services.

Notable product introductions included our Tiburon™ impervious surgical drapes, the Cardinal Health SafetySource<sup>SM</sup> integrated solution for medication safety and Pyxis PatientStation<sup>®</sup> SN – one of the most exciting new product introductions in our history. PatientStation SN moves us farther along the chain of care to the patient's bedside to provide clinical information to caregivers and entertainment and information to patients. Our life sciences business – the area we expect will grow the fastest over the next several years – continued to deliver solutions that help customers bring new products to market with the introduction of Amnesteem™, a generic dermatologic oral therapy. We also expanded two important services – medical education and pharmaceutical development services – to further help our manufacturing and biotechnology customers bring products to market more effectively.

Integrated selling efforts continue to pay off with new contracts for multiple products and services in both our health care provider and life sciences businesses. Agreements for integrated solutions utilizing multiple Cardinal Health products and services increased 75 percent during the year, and now represent one-quarter of our sales to health systems. And, in our life sciences business, we continued to improve our customer penetration, posting a 25 percent increase in the number of services we provide to each of our major pharmaceutical manufacturer customers.

### Focus on productivity

Our goal has always been to invest aggressively but wisely to ensure cost leadership in each of our businesses – and we accomplished this again in fiscal 2003. Improvements in productivity measures were posted across all of Cardinal Health's operations. As you would expect from a company focused on execution, we have many measures of productivity. One excellent productivity measure for Cardinal Health overall, operating earnings per employee, rose 13 percent last year. These gains reflected continued investment in information technology, automation, modernization of facilities and a relentless focus on cost containment.

**“... we have fashioned a unique global company with market-leading positions in each of our businesses and the broadest offering to the chain of care.”**

Spending on information technology across the company rose 15 percent last year to nearly \$400 million. One of the largest expenditures was for new information technology at our pharmaceutical technologies business. This global initiative, which improves efficiency and customer access to vital information under one platform, further strengthens our ability to go to market as one company and enhances our ability to leverage our suite of offerings to provide solutions resulting in more effective cross-selling initiatives.

Nearly \$300 million was invested last year in facility enhancements and capacity upgrades. During the year, we completed a seven-year program to modernize our pharmaceutical distribution centers, improving their efficiency while ensuring sufficient future capacity. We continue to drive scale in this business, with sales per pharmaceutical distribution center more than doubling over the past five years, increasing to \$1.4 billion, from \$520 million. Investments in new capacity also included the expansion of our proprietary pharmaceutical manufacturing capability for highly specialized lyophilization and sterile blow/fill/seal technologies. This addition will help us meet an ever-growing demand for these unique capabilities by our pharmaceutical manufacturing and biotechnology customers and improve our operating efficiency.

#### **Strategic progress across the company**

Our mission is simple: To serve as a vital partner in developing, delivering and improving health care. We provide products, services and expertise that help our customers improve quality, efficiency and efficacy.

We made significant strategic progress during fiscal 2003. Our strategy: To focus exclusively on the high-growth health care industry; achieve scale in each product or service offering to drive competitive advantage; and expand our breadth of offering to deepen customer relationships, deliver integrated solutions and diversify our revenues.

Strategic highlights for the year included:

- The nearly \$1 billion acquisition and integration of Syncor International, building our scale in the fast-growing, high-margin nuclear pharmacy

business and broadening our services to our health care customers. Last year, we filled some 10 million prescriptions for radiopharmaceutical drugs and have become the largest provider of nuclear pharmacy services in the United States.

- The opening of a \$90 million state-of-the-art pharmaceutical development complex that provides comprehensive formulation and clinical-scale manufacturing for oral dosage forms. It further expands our suite of offerings to pharmaceutical manufacturers and biotechnology companies. We are very excited about this new complex that serves as a showcase for all of our proprietary offerings. Nothing else like it exists in the world.
- The launch of our new Cardinal Health brand, which furthered our integrated selling efforts by bringing all of our businesses together under one company name and essential focus of “Working together. For life.” Once we went to market under 22 different names. Now, when we deliver on our promise to innovate, integrate and partner, all of Cardinal Health contributes to enhancing our reputation for making health care better.

#### **A great position**

Today, we enjoy an unmatched capital position and growing brand recognition. Through internal growth and acquisition, we have fashioned a unique global company with market-leading positions in each of our businesses and the broadest offering to the chain of care. Our proprietary offerings help cement customer relationships, while higher margin products and services drive our profitability.

A decade ago, all of our revenues and earnings came from pharmaceutical distribution. At that time, we set an objective to broaden our offerings and deepen our relationships with customers. While we posted rapid growth in our pharmaceutical business, we also expanded our suite of offerings through acquisition and internal growth. Today, revenues generated outside pharmaceutical distribution contribute nearly 60 percent of our net earnings. This diverse base strengthens our relationships with customers and bolsters our financial flexibility.

**“With capital to deploy, our broad customer relationships and a seasoned, skillful management team, we are well-positioned to grow along the chain of care and to continue our superior performance.”**

Our opportunity to make a difference in health care has never been greater. We are reminded daily of the responsibility we have to the many lives we touch:

- The Cardinal Health family now comprises more than 50,000 employees in 22 countries on five continents.
- Cardinal Health products are used in one of every two surgeries in the United States, and we manufacture one-quarter of all consumable medical products.
- More than 90 of the top 200 drugs use one or more of our pharmaceutical technologies or services.
- Fifteen of the 17 hospitals recently named by *U.S. News & World Report* as the top hospitals in the nation use our automated Pyxis™ medication and supply-dispensing machines.
- One-third of all pharmaceutical, laboratory and medical and surgical products used in the United States flows through one of our logistics facilities.
- And, every night, we make more than 40,000 deliveries in the United States to someplace along the chain of care.

To illustrate the countless ways we support the chain of care, the pages that follow tell the story of a seven-year-old patient we call Jill. While the scientists, doctors, radiologists and pharmacists are the stars of Jill's story, Cardinal Health is there, too – providing the products, services and solutions that help our customers focus on what really matters – improving Jill's life.

#### Shaping the future

We plan on delivering strong performance in 2004. Long term, we are committed to:

- Earnings-per-share growth in the mid-teens or better
- Revenue growth faster than the markets in which we compete
- Free cash flow equal to 60 percent of net earnings
- Return on equity of more than 20 percent

Our leadership team members continue to manage their businesses with their customary discipline and diligence – challenging each

other and their teams every day to identify innovative ways of investing in our talent, our resources and our future. With nearly one-half of Cardinal Health employees owning shares, we all have a stake in our future. And, we intend to continue our long history of doing things the right way – being open, honest and ethical in everything we do.

We have become one of America's largest corporations – ranking 19th in size on the *Fortune* 500 list. Our growth opportunities are large and diverse in the still-fragmented \$4 trillion health care industry worldwide. With capital to deploy, our broad customer relationships and a seasoned, skillful management team, we are well-positioned to grow along the chain of care and to continue our superior performance.

From “discovery to recovery,” opportunities abound to apply our research and development, distribution and manufacturing skills in new markets worldwide. With our broad offerings and unparalleled expertise, prospects have never been brighter to leverage our strong customer relationships and deep knowledge of the industry to help solve health care's most pressing challenges and continue to build value for our shareholders.

I'm excited about the future of Cardinal Health. And, I'm energized by what we do today and by the countless innovations we will introduce tomorrow to help our customers help patients like Jill.

Thank you for your support and contribution to the health of Cardinal Health.

Sincerely,



**Robert D. Walter**  
Chairman and Chief Executive Officer

# Proprietary Offerings

Unique technologies and services that improve quality, safety and efficiency in health care

# Integrated

Powerful combinations of our broad offerings to solve our customers' most pressing challenges

# Solutions

# Expertise

Unparalleled skill and entrepreneurial spirit to address the industry's most critical issues

for the

# Chain of Care



Focused on the high-growth health care market, Cardinal Health has built the industry's broadest suite of products and services that help improve quality, safety and efficiency all along the chain of care. With our unparalleled resources, expertise and proprietary offerings, we deliver integrated solutions that are innovative and practical. To our customers, this means we help them focus on what matters most – improving people's lives. To our shareholders, this means we create value.

Working together with our customers, Cardinal Health provides practical solutions that address the most critical issues that impact health care: cost, time-to-market, talent shortages and medication safety. For pharmaceutical and biotechnology manufacturers, we provide a full spectrum of technologies, services and expertise to help customers develop more effective products and bring them to market more efficiently. For pharmacists and health care providers, our products and services streamline purchasing, enhance operational efficiency, and improve safety and quality of care.

As we continue to serve existing markets, we also work to create new ones. Our R&D investments drive our product development cycle and ensure we are continuously creating proprietary products and delivering innovative solutions. By refreshing, expanding and integrating our offerings, we renew and augment revenue streams with existing customers, and we build new relationships that enhance growth.

Because Cardinal Health is unmatched in what we bring to the industry's manufacturers and caregivers, our higher margin, higher growth proprietary offerings drive increased loyalty and customer retention, while enhancing profitability.

We're able to deliver this level of value to our customers and shareholders, because the people of Cardinal Health have unparalleled technical skills and expertise. While our employees may not be assets recorded on the balance sheet, they are the real, driving force behind our customer focus, innovation, growth and sustainability.

The people of Cardinal Health read the pulse of the market and anticipate our customers' needs. They apply management discipline to create the integrated solutions the market demands. And, they know how to invest and manage for the long term.

Cardinal Health has created a unique position in a growing marketplace – providing critical services for customers all along the chain of care – that won't allow us to be easily replaced. Our market-leading position means that we will continue to generate formidable revenue growth. Our breadth of offerings means we have a diverse earnings base. Our focus on asset productivity and operating efficiencies contribute to our strong cash flow, earnings growth and rising returns on investments. All together, this means we will continue to deliver superior value to our customers and shareholders.

Every day at Cardinal Health, our employees work together with our customers to improve the quality, safety and efficiency of health care. On the pages that follow, we share the story of Patient Jill, a seven-year-old soccer dynamo who suffers a ventricular septal defect.

Working together with our customers – from physicians to health system CEOs ... lab technicians to surgeons ... materials managers to nurses ... and pharmaceutical researchers to pharmacists – Cardinal Health is at each point along the chain of care.

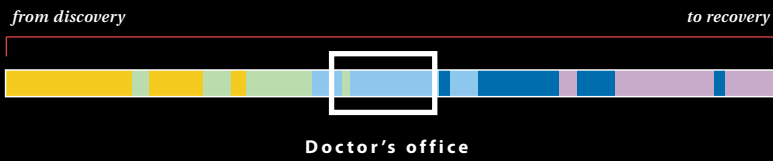


### Essential to the Chain of Care

We are dedicated to helping health care professionals do what they do best in an environment that demands greater efficiency, lower costs and the highest quality. Quite simply, we deliver essential services that enable health care professionals to focus on what really matters – improving people’s lives.

Patients like Jill give us a common sense of purpose. That common sense of purpose is crucial to the success of the chain of care. It creates an atmosphere of cooperation and caring. It raises the challenge to innovate, reach beyond the status quo and be more efficient.

The story of Patient Jill lends insight to the important role we play in the chain of care. It offers a glimpse into how our company helps make health care better and demonstrates how, by working together with our customers, we make a difference at every point of care. As you follow Jill’s experience, you will see all the things Cardinal Health can do to help our customers mend a hole in a little girl’s heart.



"I felt OK, but my Mom said that sometimes my skin looked blue. After it happened a few times, she said we should go to the doctor to see what was wrong."



The doctor's office is often a patient's entry point to the chain of care, and the treatment decisions made there are critical. Cardinal Health brings resources to the physician's office that enable doctors and clinicians to worry less about the details of their business and more about the details of their patients.

#### **Managing supply inventory – Just what the doctor ordered**

From rapid-diagnostic tests to exam room supplies, Cardinal Health helps stock the shelves in thousands of physicians' offices across the nation. We manage the supply chain in ways that improve physician office productivity. And innovative offerings like cardinalMD.com<sup>SM</sup>, a Web-based order processing application that provides access to more than 35,000 of our most commonly-ordered products, make it easier for our customers to keep their practices running smoothly.

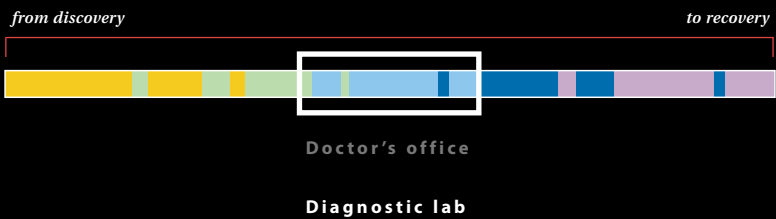
Through solutions like these, we help manage the supply chain, creating efficiencies that improve productivity while reducing costs. We also provide a jump start on efficiencies that simplify information management, diagnosis and treatment for the entire health care system.

#### **Providing physician and patient education**

But Cardinal Health delivers much more than products to physicians. Our educational programs help health care professionals more thoroughly understand disease states and appropriate therapies – and we train physicians in applying new and evolving therapies.

Cardinal Health also develops physician-to-patient educational materials to encourage discussions between doctors and patients about expectations, treatment options and alternatives. And, we coordinate physician-facilitated patient educational teleconferences as well as develop curricula for chronic disease support groups facilitated by other caregivers.

“The doctor said I needed a special test to find out what was wrong. They gave me a shot, and the picture they took of my chest was really neat.”





Every year, physicians order more than 12 million nuclear, or metabolic, imaging procedures to gain a better view of what's happening inside their patients. Nuclear medicine uses safe, painless and cost-effective techniques to take an image of the body and treat disease. It is unique in that it excels in demonstrating physiological function, rather than anatomy or structure, and it often helps identify abnormalities very early in the progression of a disease – long before some medical problems are apparent with other diagnostic tests. New uses for nuclear medicine are emerging rapidly – for example, recently approved radioimmunotherapy agents have given physicians and their patients important new treatment options.

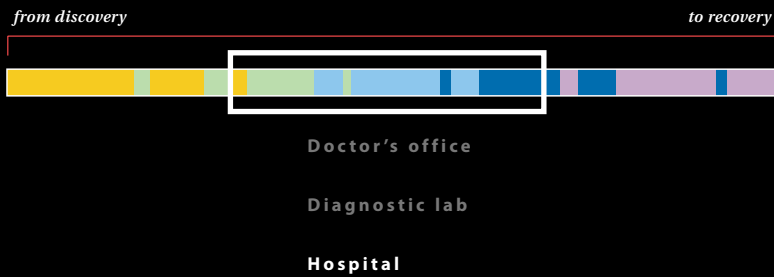
#### **The right pharmaceuticals delivered efficiently**

Cardinal Health has a national network of nuclear pharmacies that dispense and deliver complex, point-of-care pharmaceuticals that are time-critical for diagnostic imaging and therapy. We dispense nearly 10 million radiopharmaceutical prescriptions in the United States each year and can deliver unit-dose radiopharmaceuticals to 90 percent of U.S. hospitals within three hours. Our responsiveness is critical for customers who face staffing shortages and increased patient diagnostic needs. Cardinal Health is the industry leader in resources, innovation, quality improvement and assurance.

#### **Services that help customers keep pace**

As the leader in radiopharmaceutical services, Cardinal Health provides clinical, regulatory and technical consultation. This consultation is vital for safety and compliance programs, reimbursement information, continuing education, staffing, and the safe use of equipment and accessories. Our expertise in these areas helps customers realize efficiencies, while reducing inventory losses.

"I was really scared to have surgery, but Mom and Dad told me not to be worried. They said everyone in the hospital was working to help me. They were sure the doctors would make my heart better."



Cardinal Health works together with our health system and hospital customers to help improve hospital operations and clinical care, providing a full spectrum of services, including staffing and consulting, pharmacy management, automated medication safety solutions, and medical and pharmaceutical supply management.

Through these offerings and others, Cardinal Health helps hospitals solve many of their most pressing challenges, such as patient safety, bed shortages, escalating costs of medical supplies and drugs, lack of personnel and overall organizational effectiveness. Our solutions are helping clinicians set standards, improve procedures and build efficiencies across the care continuum.

#### **The right products, right on time**

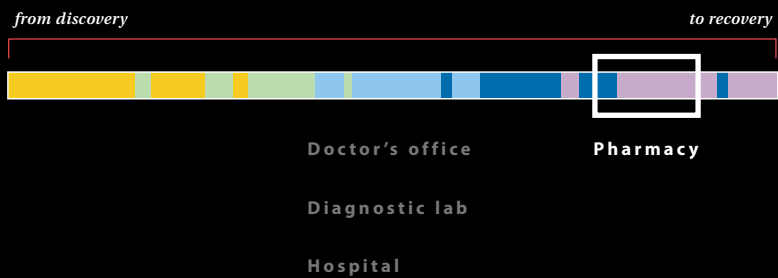
At Cardinal Health, we know providers depend on us to help them achieve quality outcomes. Our job begins with production of quality medical and surgical products our customers have come to trust. In fact, our V. Mueller® brand has been the most trusted name in quality surgical instruments for more than 100 years.

And, Cardinal Health offers proprietary services like our Procedure Based Delivery Systems® (PBDS®) to ensure everything health care professionals need is at their fingertips. From scalpel to suture, our custom-developed PBDS modules contain sterile and non-sterile supplies needed to handle everything from childbirth to open heart surgery. Our investment in the preparatory phase saves clinicians time, helping them increase the average number of surgeries per day and maximize prime operating room time.

#### **Patient safety is paramount**

Cardinal Health is focused on helping customers successfully manage the use of medications. From prescribing ... to dispensing ... to administering ... to monitoring, our customized solutions help customers identify, prioritize and manage patient safety issues and drug costs.

Our information management, bar coding, automatic order replenishment, medication dispensing and bedside verification products are integrated into one solution we call Cardinal Health SafetySource, a system that helps improve patient safety while reducing implementation time and expense. With our help, customers can implement a system to help ensure that medications are available, secure, dispensed safely and administered correctly.



“My chest still hurt a little after I left the hospital. When Mom took me to the pharmacy, the lady explained when I should take the medicine and how it would make me feel.”



Each day, Cardinal Health delivers more than 2.5 million pharmaceutical products to more than 30,000 locations in the United States. We hold a premier position among companies who pick, pack and ship pharmaceuticals to pharmacies nationwide. An inventory of more than 75,000 products, combined with sophisticated electronic processing systems, makes it possible for us to help our pharmacy customers order efficiently, contain costs, monitor their purchases and improve patient outcomes. We provide critical services to pharmaceutical manufacturers, helping to ensure that their products are delivered to the right customers at the right time. Our online procurement and fulfillment, computerized order entry, product movement and management reports, and customer training deliver unparalleled value for both our customers and our suppliers. But our services are not limited to distribution.

#### **Leadership in managing pharmacies**

Cardinal Health is one of the world's largest employers of pharmacists. By sharing our considerable expertise, we've earned a reputation as one of the most trusted names in pharmacy management. We help our customers address the four cornerstones of pharmacy performance: clinical, operational, economic and quality. We supply the leadership, resources and pharmacy professionals our customers need to manage costs and improve quality of care.

#### **In the business – The Medicine Shoppe® franchise**

In addition, we are the country's leading franchisor of independent retail pharmacies. Our Medicine Shoppe franchise has more than 1,000 apothecary-style pharmacies in the United States and more than 200 pharmacies in eight other countries.

#### **Helping independent pharmacists stay that way**

Through our Leader® Drug Store brand and programs, Cardinal Health collaborates with more than 3,000 independent pharmacists across the country to help them increase store revenues, lower administrative costs, increase efficiencies, and improve patient care and satisfaction.

*from discovery*

*to recovery*



**Drug manufacturer**

**Doctor's office**

**Pharmacy**

**Diagnostic lab**

**Hospital**

*"The first time I took my medicine it made me wonder. Where does it come from and how do they make it?"*



From drug discovery to dosage forms, Cardinal Health works with the world's top 20 pharmaceutical companies and more than 150 biotechnology companies to formulate, manufacture, package and sell hundreds of well-known brands. Our production capabilities support nearly every major drug dosage form available on the market today, including oral, parenterals, pulmonary, topical and nuclear pharmaceutical. We manufacture or package more than 90 of the top 200 drugs sold worldwide. Collectively, these drugs have a retail value that exceeds \$20 billion annually.

Our solutions for manufacturers enable them to reduce capital investments associated with non-core activities and to use our scientific and engineering expertise to shave time off development and manufacturing schedules.

#### **Bringing better drugs to market faster**

Patented drug delivery technologies like Zydis® fast-dissolve and EnTec™ sustained release ... specialized processes like aseptic blow/fill/seal and lyophilization ... and proprietary topical delivery systems like DelPouch® enhance product performance to help deliver greater satisfaction to the patient. They form an impressive portfolio of technologies that can give pharmaceutical and biotechnology companies solutions to the technical challenges they face in getting drugs to market. We also offer comprehensive formulation and clinical scale manufacturing for biotechnology products and oral and sterile dosage forms.

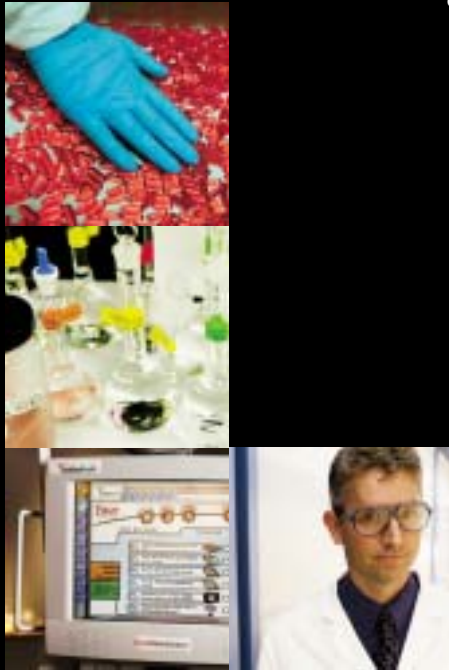
#### **Packaging makes drugs safer**

Cardinal Health is the largest provider of pharmaceutical packaging in the world. More than 200 different products can be packaged simultaneously in our facilities, which support all facets of packaging, including printing, labeling and inserting.

Our new Cardinal Health Pill Calendar™, a blister-pack design with built-in day and time reminders, helps patients take their medications at the right time. And, we are the industry leader in designing and developing child-resistant and senior-friendly closure systems.

# Our Proprietary Offerings

Cardinal Health offers its customers proprietary solutions from drug delivery technologies ... to fabrics that help prevent infections ... to bedside medication safety measures. Our developments help customers improve quality, safety and efficiency in health care. We're bringing unique offerings to the marketplace. And that means we're bringing our customers and our shareholders value that can't be matched.



Cardinal Health's customers across the chain of care count on us for unique technologies and services that let them focus on what they do best, whether it's bringing new cures to market or healing patients.

Our proprietary offerings not only help produce drugs, they make them easier to swallow ... they do not simply dispense medications, but streamline medication and supply management ... they not only stock the operating room, but they also help minimize risk of infection.

Our customers rely on these and other Cardinal Health solutions to improve health care. We hold more than 1,500 patents for technologies and processes that bring unique value to our customers and help cement our relationships for the long term.

#### Drug delivery technologies

Cardinal Health provides proprietary drug delivery technologies that extend the life cycle of a drug or help to enhance its efficacy by making it easier and faster for the body to absorb. Zydys, our patented, quick-dissolving drug delivery technology, provides manufacturers an opportunity for initial competitive differentiation for their drugs or subsequent life cycle extension for those drugs introduced in conventional dosage form. Our soft-gel capsule formulations for drugs can also be absorbed more quickly and are a more stable dosage form for medicines that must be formulated as liquids.

#### Patient safety

Cardinal Health also provides unique products and services that help promote medication and patient safety. Pharmaceutical and biotechnology companies benefit from our investment in highly specialized, capital-intensive blow/fill/seal technology. This technology requires no human contact with medicines, mitigating the risk of contamination and improving medication safety. In the hospital, Pyxis PatientStation SN, brings everything – from medications and supplies to clinical information – to the patient bedside. This automated technology helps improve patient safety by managing medications and supplies at their point of use.

Hospitals benefit from our proprietary products in other ways. Cardinal Health fabrics like those in Astound™ surgical gowns, Tiburon impervious surgical drapes and Iso-Bac® antimicrobial absorbent reinforcement are designed to help prevent surgical site infections, leading to cost reductions for the customer and enhanced patient safety and clinical efficacy.

All along the chain of care, Cardinal Health creates solutions that take advantage of our broad offerings by connecting our resources and harnessing the power of integration.

**Helping our customers help patients sooner**

Pharmaceutical and biotechnology manufacturers face increasing pressure to cut costs while delivering first-class therapeutic products. By integrating our scalable development, manufacturing, packaging, sales and marketing services, we can help these manufacturers bring new pharmaceuticals or formulations to market more effectively and efficiently so that patients can benefit from these sooner.

Resource-constrained customers turn to us for everything from research and development to clinical supplies and commercial manufacturing. We collaborate with our customers to simplify their outsourcing needs, capitalizing on our best-in-class capabilities, consistent quality systems and policies, and unsurpassed customer service.

**Improving processes to increase efficiency**

Hospitals and health systems also face significant challenges, including talent shortages, cost pressures and medication safety. Cardinal Health provides integrated solutions to help meet those challenges through technology and improved process and efficiency so health care professionals have more time to do what they do best – that is, caring for patients.

Our combined medical/surgical product, ProcedureLink<sup>SM</sup>, helps streamline the operating room supply chain. Cardinal Health LogisticSource<sup>SM</sup> automatically replenishes their pharmaceutical and medical/surgical supplies. And, our SafetySource solution helps health systems continuously improve their patient safety processes by utilizing technology, education and Pyxis products, helping reduce medication errors from the point of prescribing all the way to the patient's bedside. Rx-e-Source<sup>SM</sup>, our 24-hour virtual pharmacy, and our pharmacy staffing service help our customers meet talent shortages.

# Our Integrated Solutions

The Cardinal Health value proposition is strengthened by the integrated solutions we offer our customers. By bringing together the collective power of our broad suite of products and services, we address today's most pressing industry challenges. This has enabled us to create a unique position in a growing marketplace.



# Our Expertise

The more than 50,000 people of Cardinal Health collectively bring a powerful combination of industry knowledge, entrepreneurial spirit, skill and passion to the chain of care. The people of Cardinal Health anticipate the needs of our customers, invest ahead of opportunity, apply management discipline and leverage capabilities to deliver the integrated solutions the market demands – ultimately delivering enhanced value to our customers and shareholders.



From our unique vantage point, Cardinal Health brings unparalleled expertise to help meet the needs of our manufacturer, provider and retail customers. At every step along the chain of care, our people anticipate customer needs and deliver the right products and services at the right time.

#### Our commitment

Cardinal Health's ability to sustain growth throughout our 30-year history is a result of focused and disciplined execution of our core strategies. This focus and our unwavering commitment to the high-growth health care industry have led to the creation of market-leading shareholder value.

We build scale and create competitive advantage in the marketplace. For example, by investing ahead of opportunities in our sterile-manufacturing business, we've been able to meet growing demand from the biotechnology industry for sterile-product development.

We create proprietary solutions and apply management discipline to drive operational excellence and improve productivity. Our strategy is to invest in higher growth, higher margin proprietary products and services. We have added capabilities and businesses like nuclear pharmacy services, which are aligned with our focus on health care, building scale and driving improved returns on sales and capital.

And, finally, we have an uncompromising focus on our customers and relentless dedication to delivering practical solutions to meet, and whenever possible, anticipate our customers' needs.

#### Our people

Making these strategies happen are the more than 50,000 people of Cardinal Health. The breadth and depth of our expertise is reflected in our more than 3,000 pharmacists and more than 1,000 scientists. In our pharmaceutical technologies and services business, some 1,100 clinical professionals are working to develop new drug delivery systems. More than 250 of these clinical affairs experts and scientists hold doctorate degrees. Another 130 have master's degrees.

Cardinal Health's quality of management and focus on creating value for our shareholders have been recognized by key business publications. Most recently, Cardinal Health earned high marks in *Fortune* Magazine's list of Most Admired Companies, ranking tops in our industry overall, and in the Top 10 for the entire *Fortune* 500 list of companies for quality of management and long-term investment performance.



innovative



ethical



performance-  
driven



At Cardinal Health, we are helping to improve the quality and efficiency of health care so that patients – like Jill – can live healthier, happier and longer lives. From the executive suite to the R&D lab and beyond, our employees demonstrate their commitment to Cardinal Health's promise to be innovative, integrated and a vital resource to our health care customers.

In keeping this promise, we share a set of core values that are the guiding principles for everything we do.

- We strive to be fair and honest.
- We set high standards and focus on results.
- We continually discover innovative ways to leverage our expertise to benefit our customers.
- We collaborate to create solutions for our customers and value for our shareholders.



collaborative

Working together. For life.<sup>SM</sup>



## OPERATING COMMITTEE

*From left to right:*

**Mark W. Parrish**

Executive Vice President and Group President, Pharmaceutical Distribution

**Brendan A. Ford**

Executive Vice President, Corporate Development

**Carole S. Watkins**

Executive Vice President, Human Resources

**Gary D. Dolch**

Executive Vice President, Quality and Regulatory Affairs

**George L. Fotiades**

President and Chief Executive Officer, Life Sciences Products and Services

**James F. Millar**

President and Chief Executive Officer, Healthcare Products and Services

**Robert D. Walter**

Chairman and Chief Executive Officer

**Paul S. Williams**

Executive Vice President, Chief Legal Officer and Secretary

**Ronald K. Labrum**

Executive Vice President and Group President, Medical Products and Services

**Anthony J. Rucci**

Executive Vice President and Chief Administrative Officer

**Stephen S. Thomas**

Executive Vice President and Group President, Automation and Information Services

**Jody R. Davids**

Executive Vice President and Chief Information Officer

**Richard J. Miller**

Executive Vice President and Chief Financial Officer

## BOARD OF DIRECTORS



**1. Dave Bing**

Chairman and Chief Executive Officer,  
The Bing Group, LLC

**2. George H. Conrades**

Chairman and Chief Executive Officer,  
Akamai Technologies, Inc.

**3. John F. Finn**

Chairman and Chief Executive Officer,  
Gardner, Inc.

**4. Robert L. Gerbig**

Retired Chairman and Chief Executive Officer,  
Gerbig, Snell/Weisheimer & Associates, Inc.

**5. John F. Havens**

Director Emeritus and Retired Chairman,  
Bank One Corporation

**6. J. Michael Losh**

Retired Chairman,  
Metaldyne Corporation

**7. John B. McCoy**

Chairman,  
Corillian Corporation

**8. Richard C. Notebaert**

Chairman and Chief Executive Officer,  
Qwest Communications International Inc.

**9. Michael D. O'Halleran**

President and Chief Operating Officer,  
Aon Corporation

**10. David W. Raisbeck**

Vice Chairman,  
Cargill, Incorporated

**11. Jean G. Spaulding, M.D.**

Trustee,  
The Duke Endowment

**12. Matthew D. Walter**

Chief Executive Officer,  
Bound Tree Medical, LLC

**13. Robert D. Walter**

Chairman and Chief Executive Officer,  
Cardinal Health

**FINANCIAL INFORMATION**
*Excluding special items<sup>(1)</sup>*

Fiscal year ended June 30,

<i>(in millions, except percentages and per share amounts)</i>	<b>2003</b>	<b>Percent change</b>	<b>2002</b>	<b>2001</b>
<b>Summary of Operations</b>				
Operating revenues	\$50,466.6	14%	\$44,394.3	\$38,660.1
Operating earnings <sup>(1) (4)</sup>	2,281.8	16%	1,972.4	1,660.9
Earnings from continuing operations before cumulative effect of change in accounting <sup>(1) (4)</sup>	\$ 1,445.1	19%	\$ 1,213.4	\$ 987.3
<b>Performance Measures</b>				
Operating earnings as a percentage of operating revenue <sup>(1) (4)</sup>	4.5%		4.4%	4.3%
Return on average shareholders' equity <sup>(4)</sup>	21.1%		20.5%	19.3%
Operating cash flow	\$ 1,398.0	42%	\$ 983.9	\$ 871.7
<b>Per share results</b>				
Diluted earnings from continuing operations before cumulative effect of change in accounting <sup>(1) (2) (4)</sup>	\$ 3.19	21%	\$ 2.64	\$ 2.17
Dividends declared <sup>(2) (3)</sup>	\$ 0.105	5%	\$ 0.100	\$ 0.085
<b>Weighted average shares outstanding (number)</b>				
Diluted	453.6		459.9	455.5
<b>Balance Sheet</b>				
Working capital	\$ 5,935.2		\$ 5,096.2	\$ 4,141.5
Total assets	\$18,521.4		\$16,438.0	\$14,642.4
Long-term obligations, less current portion	\$ 2,471.9		\$ 2,207.0	\$ 1,871.0
Shareholders' equity	\$ 7,758.1		\$ 6,393.0	\$ 5,437.1

Refer to the Cardinal Health, Inc. 2003 Annual Report on Form 10-K for a complete set of financial statements.

<sup>(1)</sup>Amounts (a) exclude the impact of special items (which primarily include merger-related charges and other special items recorded in connection with various business combinations and facilities rationalizations) and (b) exclude goodwill amortization for fiscal year 2001. Amounts including special items and goodwill amortization can be found on page 36 of this report.

<sup>(2)</sup>Diluted earnings from continuing operations before cumulative effect of change in accounting and dividends declared per Common Share have been adjusted to retroactively reflect all stock dividends and stock splits through June 30, 2003.

<sup>(3)</sup>Cash dividends per Common Share exclude dividends paid by all entities with which the Company has merged.

<sup>(4)</sup>The following is a reconciliation of Non-GAAP measurements, presented in this report on pages 4, 5, 32 and 36, to their GAAP equivalents.

<i>(in millions, except per share amounts)</i>	Fiscal year ended June 30,				
	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Operating earnings (GAAP Basis)	\$2,241.9	\$1,833.8	\$1,487.1	\$1,280.5	\$ 954.6
Special Items	39.9	138.6	124.9	64.7	161.4
Special items – classified in cost of goods sold	–	–	–	–	4.0
Goodwill amortization	–	–	48.9	41.5	36.4
Operating earnings excluding special items and goodwill amortization	\$2,281.8	\$1,972.4	\$1,660.9	\$1,386.7	\$1,156.4
Earnings from continuing operations before cumulative effect of change in accounting (GAAP Basis)	\$1,411.9	\$1,126.3	\$ 857.4	\$ 717.8	\$ 499.3
Special items (after tax)	33.2	87.1	85.3	49.8	131.6
Goodwill amortization (after tax)	–	–	44.6	37.6	34.0
Pro forma ALP taxes	–	–	–	–	(9.3)
Earnings from continuing operations before cumulative effect of change in accounting, excluding special items and goodwill amortization	\$1,445.1	\$1,213.4	\$ 987.3	\$ 805.2	\$ 655.6
Earnings per Common Share from continuing operations before cumulative effect in change of accounting:					
Basic (GAAP Basis)	\$ 3.17	\$ 2.50	\$ 1.93	\$ 1.64	\$ 1.14
Impact of special items and goodwill amortization	0.07	0.19	0.29	0.19	0.37
Basic (excluding special items and goodwill amortization)	\$ 3.24	\$ 2.69	\$ 2.22	\$ 1.83	\$ 1.51
Diluted (GAAP Basis)	\$ 3.12	\$ 2.45	\$ 1.88	\$ 1.60	\$ 1.12
Impact of special items and goodwill amortization	0.07	0.19	0.29	0.19	0.35
Diluted (excluding special items and goodwill amortization)	\$ 3.19	\$ 2.64	\$ 2.17	\$ 1.79	\$ 1.47

(Footnote continued on page 33)

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions, except per share amounts)	Fiscal year ended June 30,		
	2003	2002	2001
Operating revenue	\$50,466.6	\$44,394.3	\$38,660.1
Operating cost of products sold	45,956.6	40,348.1	35,050.2
Operating gross margin	4,510.0	4,046.2	3,609.9
Bulk deliveries to customer warehouses and other	6,270.4	6,741.4	9,287.5
Cost of products sold – bulk deliveries and other	6,270.4	6,741.4	9,285.8
Bulk gross margin	–	–	1.7
Selling, general and administrative expenses	2,228.2	2,073.8	1,950.7
Goodwill amortization	–	–	48.9
Special items – merger charges	74.4	131.9	118.1
– other	(34.5)	6.7	6.8
Operating earnings	2,241.9	1,833.8	1,487.1
Interest expense and other	115.3	132.5	154.9
Earnings before income taxes, discontinued operations, and cumulative effect of change in accounting	2,126.6	1,701.3	1,332.2
Provision for income taxes	714.7	575.0	474.8
Earnings from continuing operations before cumulative effect of change in accounting	1,411.9	1,126.3	857.4
Loss from discontinued operations (net of tax of \$2.5)	(6.1)	–	–
Cumulative effect of change in accounting	–	(70.1)	–
Net earnings	\$ 1,405.8	\$ 1,056.2	\$ 857.4
Basic earnings per Common Share:			
Continuing operations	\$ 3.17	\$ 2.50	\$ 1.93
Discontinued operations	(0.02)	–	–
Cumulative effect of change in accounting	–	(0.16)	–
Net basic earnings per Common Share	\$ 3.15	\$ 2.34	\$ 1.93
Diluted earnings per Common Share:			
Continuing operations	\$ 3.12	\$ 2.45	\$ 1.88
Discontinued operations	(0.02)	–	–
Cumulative effect of change in accounting	–	(0.15)	–
Net diluted earnings per Common Share	\$ 3.10	\$ 2.30	\$ 1.88
Weighted average number of shares outstanding:			
Basic	446.0	450.1	443.2
Diluted	453.6	459.9	455.5

Refer to Cardinal Health, Inc. 2003 Annual Report on Form 10-K for a complete set of financial statements.

(Continuation of footnote 4 on page 32)

(\$ in millions)	Fiscal year ended June 30,				
	2003	2002	2001	2000	1999
Return on average shareholders' equity (GAAP Basis)	20.6%	19.0%	17.6%	17.4%	13.8%
Return on average shareholders' equity, excluding special items	21.1%	20.5%	19.3%	18.5%	17.3%
Average shareholders' equity (5 quarter average)	\$6,856.3	\$5,914.5	\$4,879.2	\$4,134.4	\$3,630.8

Return on average shareholders' equity, excluding special items = Earnings from continuing operations before cumulative effect of change in accounting + special items after tax/[average shareholders' equity + (fiscal year special items after tax/5)]

	Fiscal year ended June 30,		
	2003	2002	2001
Operating earnings as a percentage of revenue (GAAP Basis)	4.4%	4.1%	3.9%
Operating earnings as a percentage of revenue, excluding special items and goodwill amortization	4.5%	4.4%	4.3%

Operating earnings as a percentage of revenue, excluding special items (Return on sales) = Operating earnings excluding special items and goodwill amortization/operating revenues

Net debt-to-total capital ratio = (Long term obligations + notes payable banks and other short term borrowings + current portion of long term obligations - cash and equivalents)/(shareholders' equity + net debt)

CONSOLIDATED BALANCE SHEETS

	June 30,	
(in millions)	2003	2002
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 1,724.0	\$ 1,382.0
Trade receivables, net	2,784.4	2,295.4
Current portion of net investment in sales-type leases	171.8	218.3
Inventories	7,623.3	7,361.0
Prepaid expenses and other	776.0	649.9
Assets held for sale from discontinued operations	170.1	-
<b>Total current assets</b>	<b>13,249.6</b>	<b>11,906.6</b>
Property and equipment, at cost:		
Land, buildings and improvements	1,218.8	1,002.7
Machinery and equipment	2,401.4	2,321.5
Furniture and fixtures	135.1	185.1
<b>Total</b>	<b>3,755.3</b>	<b>3,509.3</b>
Accumulated depreciation and amortization	(1,665.8)	(1,614.9)
<b>Property and equipment, net</b>	<b>2,089.5</b>	<b>1,894.4</b>
Other assets:		
Net investment in sales-type leases, less current portion	557.3	618.6
Goodwill and other intangibles, net	2,332.3	1,544.1
Other	292.7	474.3
<b>Total</b>	<b>\$18,521.4</b>	<b>\$16,438.0</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Notes payable and other short-term borrowings	\$ -	\$ 0.8
Current portion of long-term obligations	228.7	17.4
Accounts payable	5,288.4	5,504.5
Other accrued liabilities	1,733.0	1,287.7
Liabilities from discontinued operations	64.3	-
<b>Total current liabilities</b>	<b>7,314.4</b>	<b>6,810.4</b>
Long-term obligations, less current portion	2,471.9	2,207.0
Deferred income taxes and other liabilities	977.0	1,027.6
Shareholders' equity:		
Preferred Stock, without par value		
Authorized – 0.5 million shares, Issued – None	-	-
Common Shares, without par value		
Authorized – 755.0 million shares, Issued – 467.2 million shares and 461.0 million shares at June 30, 2003 and 2002, respectively	2,403.7	2,105.2
Retained earnings	6,517.3	5,156.1
Common Shares in treasury, at cost, 18.8 million shares and 12.2 million shares at June 30, 2003 and 2002, respectively	(1,135.8)	(737.0)
Other comprehensive loss	(19.2)	(120.9)
Other	(7.9)	(10.4)
<b>Total shareholders' equity</b>	<b>7,758.1</b>	<b>6,393.0</b>
<b>Total</b>	<b>\$18,521.4</b>	<b>\$16,438.0</b>

Refer to the Cardinal Health, Inc. 2003 Annual Report on Form 10-K for a complete set of financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

	Fiscal year ended June 30,		
(in millions)	2003	2002	2001
<b>Cash flows from operating activities:</b>			
Earnings from continuing operations before cumulative effect of change in accounting	\$ 1,411.9	\$ 1,126.3	\$ 857.4
Adjustments to reconcile earnings from continuing operations before cumulative effect of change in accounting to net cash from operations:			
Depreciation and amortization	265.8	243.5	280.6
Provision for deferred income taxes	215.2	239.7	149.1
Provision for bad debts	17.2	42.6	41.4
Change in operating assets and liabilities, net of effects from acquisitions:			
Decrease/(increase) in trade receivables	(414.8)	145.4	(31.4)
Increase in inventories	(234.4)	(1,071.1)	(1,517.8)
Decrease/(increase) in net investment in sales-type leases	107.8	71.2	(141.8)
Increase/(decrease) in accounts payable	(281.2)	179.2	1,313.8
Other accrued liabilities and operating items, net	310.5	7.1	(79.6)
Net cash provided by operating activities	1,398.0	983.9	871.7
<b>Cash flows from investing activities:</b>			
Acquisition of subsidiaries, net of cash acquired	(26.8)	(383.8)	(364.3)
Proceeds from sale of property and equipment	57.7	18.3	72.1
Additions to property and equipment	(423.2)	(285.4)	(341.2)
Proceeds from sale of discontinued operations	48.6	-	-
Net cash used in investing activities	(343.7)	(650.9)	(633.4)
<b>Cash flows from financing activities:</b>			
Net change in commercial paper and short-term debt	8.5	(9.7)	(824.9)
Reduction of long-term obligations	(191.0)	(19.6)	(53.8)
Proceeds from long-term obligations, net of issuance costs	509.4	362.3	911.3
Proceeds from issuance of Common Shares	197.3	140.0	252.1
Dividends on Common Shares, minority interests and cash paid in lieu of fractional shares	(44.8)	(45.0)	(36.6)
Purchase of treasury shares	(1,191.7)	(308.3)	(139.4)
Other	-	(4.8)	-
Net cash provided by/(used in) financing activities	(712.3)	114.9	108.7
<b>Net increase in cash and equivalents</b>	342.0	447.9	347.0
<b>Change in fiscal year of acquired subsidiary</b>	-	-	47.6
<b>Cash and equivalents at beginning of year</b>	1,382.0	934.1	539.5
<b>Cash and equivalents at end of year</b>	\$ 1,724.0	\$ 1,382.0	\$ 934.1

Refer to the Cardinal Health, Inc. 2003 Annual Report on Form 10-K for a complete set of financial statements.

SELECTED CONSOLIDATED FINANCIAL DATA<sup>(1)</sup>

	Fiscal year ended June 30,				
(in millions, except per share amounts)	2003	2002	2001	2000	1999
<b>Earnings Statement Data:</b>					
Revenue:					
Operating revenue	\$50,466.6	\$ 44,394.3	\$38,660.1	\$30,257.8	\$25,682.5
Bulk deliveries to customer warehouses and other	6,270.4	6,741.4	9,287.5	8,092.1	7,050.4
Total revenue	\$56,737.0	\$ 51,135.7	\$47,947.6	\$38,349.9	\$32,732.9
Gross margin	\$ 4,510.0	\$ 4,046.2	\$ 3,611.6	\$ 3,096.2	\$ 2,813.2
Selling, general and administrative expenses	2,228.2	2,073.8	1,950.7	1,709.5	1,660.8
Goodwill amortization	–	–	48.9	41.5	36.4
Special items, net	39.9	138.6	124.9	64.7	161.4
Operating earnings <sup>(4)</sup>	\$ 2,241.9	\$ 1,833.8	\$ 1,487.1	\$ 1,280.5	\$ 954.6
Earnings from continuing operations before cumulative effect of change in accounting <sup>(4) (5)</sup>	\$ 1,411.9	\$ 1,126.3	\$ 857.4	\$ 717.8	\$ 499.3
Earnings from continuing operations per Common Share before cumulative effect of change in accounting: <sup>(2) (4) (5)</sup>					
Basic	\$ 3.17	\$ 2.50	\$ 1.93	\$ 1.64	\$ 1.14
Diluted	\$ 3.12	\$ 2.45	\$ 1.88	\$ 1.60	\$ 1.12
Weighted average number of Common Shares outstanding:					
Basic	446.0	450.1	443.2	438.8	434.9
Diluted	453.6	459.9	455.5	448.7	447.2
<b>Balance Sheet Data:</b>					
Cash and equivalents	\$ 1,724.0	\$ 1,382.0	\$ 934.1	\$ 539.5	\$ 228.4
Trade receivables, net	\$ 2,784.4	\$ 2,295.4	\$ 2,408.7	\$ 2,398.8	\$ 2,055.6
Inventories	\$ 7,623.3	\$ 7,361.0	\$ 6,286.1	\$ 4,657.0	\$ 3,585.8
Property and equipment, net	\$ 2,089.5	\$ 1,894.4	\$ 1,838.3	\$ 1,728.3	\$ 1,654.3
Total assets	\$18,521.4	\$ 16,438.0	\$14,642.4	\$12,024.1	\$ 9,682.7
Short-term obligations	\$ 228.7	\$ 18.2	\$ 14.2	\$ 423.4	\$ 313.9
Accounts payable	\$ 5,288.4	\$ 5,504.5	\$ 5,319.9	\$ 3,895.1	\$ 3,004.4
Long-term obligations, less current portion	\$ 2,471.9	\$ 2,207.0	\$ 1,871.0	\$ 1,524.5	\$ 1,224.5
Shareholders' equity	\$ 7,758.1	\$ 6,393.0	\$ 5,437.1	\$ 4,400.4	\$ 3,894.6
Total liabilities and shareholders' equity	\$18,521.4	\$ 16,438.0	\$14,642.4	\$12,024.1	\$ 9,682.7
Cash dividends declared per Common Share <sup>(2) (3)</sup>	\$ 0.105	\$ 0.100	\$ 0.085	\$ 0.070	\$ 0.067

Refer to the Cardinal Health, Inc. 2003 Annual Report on Form 10-K for a complete set of financial statements.

(1) Restated to reflect business combinations accounted for as pooling-of-interests.

(2) Earnings from continuing operations before cumulative effect of change in accounting and cash dividends declared per Common Share have been adjusted to retroactively reflect all stock dividends and stock splits through June 30, 2003.

(3) Cash dividends declared per Common Share exclude dividends paid by all entities with which the Company has merged.

(4) Amounts summarized above include special items, which represent merger-related costs and other special charges recorded in connection with various business combinations and facility rationalizations. In addition, the earnings from continuing operations before cumulative effect of change in accounting and earnings from continuing operations per Common Share before cumulative effect of change in accounting do not reflect the impact of the pro forma adjustments related to the taxes for Automatic Liquid Packaging, Inc. ("ALP") for the fiscal year ended June 30, 1999. Also fiscal year 2002 results reflect the adoption of Statement of Financial Accounting Standards No. 142, which eliminated goodwill amortization beginning July 1, 2001. The following information summarizes the results of operations of the Company, adjusted on a pro forma basis to reflect (a) the elimination of the effect of special items, (b) the inclusion of the impact of the adjustments related to taxes and (c) the elimination of goodwill amortization for fiscal years 1999 through 2001. See Footnote 4 on page 32 of this report for a reconciliation of these Non-GAAP measurements to their GAAP equivalents.

	Fiscal year ended June 30,				
(in millions, except per share amounts)	2003	2002	2001	2000	1999
Operating earnings	\$ 2,281.8	\$ 1,972.4	\$ 1,660.9	\$ 1,386.7	\$ 1,156.4
Earnings from continuing operations before cumulative effect of change in accounting	\$ 1,445.1	\$ 1,213.4	\$ 987.3	\$ 805.2	\$ 655.6
Earnings from continuing operations per Common Share before cumulative effect of change in accounting:					
Basic	\$ 3.24	\$ 2.69	\$ 2.22	\$ 1.83	\$ 1.51
Diluted	\$ 3.19	\$ 2.64	\$ 2.17	\$ 1.79	\$ 1.47

(5) Amounts summarized above exclude results from discontinued operations for fiscal 2003.

## Corporate office

Cardinal Health  
7000 Cardinal Place  
Dublin, Ohio 43017

(614) 757-5000  
www.cardinal.com

## Common shares

Cardinal Health's common shares are listed on the New York Stock Exchange under the ticker symbol "CAH," and is a component of the Standard & Poor's 500 Index. As of June 30, 2003, Cardinal Health had approximately 20,400 shareholders of record.

## Annual meeting

The 2003 Annual Meeting of Shareholders will be held at 11:30 a.m. local time on Wednesday, November 5, 2003, at the Cardinal Health corporate office in Dublin, Ohio. Shareholders are cordially invited to attend.

## Auditors

Ernst & Young LLP

## Financial information

Comprehensive financial and other information about Cardinal Health can be obtained by visiting Investor Relations at: [www.cardinal.com](http://www.cardinal.com).

Available information includes, but is not limited to, historical stock information, research analyst coverage, past and present financial statements, recent company presentations, corporate governance guidelines and board committee charters. This information – including Cardinal Health's Annual Report, Forms 10-K and 10-Q and other published corporate literature – is also available without charge upon written request to the Investor Relations department at the corporate office, or by calling the Investor Relations Line at (614) 757-5222.

For other inquiries, call (614) 757-5000 and ask to speak to someone in the Investor Relations department.

## Transfer agent and registrar

Shareholders with inquiries regarding address corrections, dividend payments, lost certificates or changes in registered ownership should contact the Cardinal Health stock transfer agent:

EquiServe  
P.O. Box 43069  
Providence, Rhode Island 02940-3069  
  
(800) 446-2617  
www.equiserve.com

## Fiscal 2003 cash dividend data

Fiscal quarter	Record date	Payment date	Per common share amount
1st	October 1, 2002	October 15, 2002	\$0.025
2nd	January 1, 2003	January 15, 2003	\$0.025
3rd	April 1, 2003	April 15, 2003	\$0.025
4th	July 1, 2003	July 15, 2003	\$0.030

As adjusted for stock splits.

## Common share price history

Twelve months ended June 30,

	2003	2002	2001	2000	1999
High	\$71.160	\$76.600	\$77.000	\$49.333	\$53.667
Low	\$49.080	\$60.800	\$45.271	\$24.792	\$36.556
Close	\$64.300	\$61.410	\$69.000	\$49.333	\$42.750

As adjusted for stock dividends and stock splits.

## Important notice regarding forward-looking statements

Except for historical information, all other information in this Annual Report consists of forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 the Company's Form 10-K, Form 8-K and Form 10-Q reports (including all amendments to those reports) and exhibits to those reports, and include (but are not limited to) the costs, difficulties, and uncertainties related to the integration of acquired 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 costs and other effects of governmental regulation and legal and administrative proceedings, and general economic and market conditions. The Company undertakes no obligation to update or revise any forward-looking statements.

Astound, cardinalMD.com, DelPouch, EnTec, Iso-Bac, Leader, LogisticSource, Pill Calendar, Procedure Based Delivery Systems, PBDS, ProcedureLink, Pyxis, Pyxis PatientStation SN, Rx-e-Source, SafetySource, The Medicine Shoppe, Tiburon, V. Mueller and Zydys are trademarks or service marks of Cardinal Health, Inc. or one of its subsidiaries. Amnesteem is a trademark of Bertek Pharmaceuticals Inc.



Cardinal Health  
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Dublin, OH 43017

[www.cardinal.com](http://www.cardinal.com)