



for Life



CardinalHealth

ABOUT OUR NEW LOGO

Cardinal Health is excited to introduce our new logo on the cover of this annual report to express the spirit and innovation with which we do business. The simple red strokes intersecting in a wing-like pattern symbolize the integration of our products and services and our collaboration with our customers. Watch for our businesses around the world to embrace this new logo, giving customers one symbol and name to remember for efficiency and quality in health care: Cardinal Health.

Cardinal Health is...

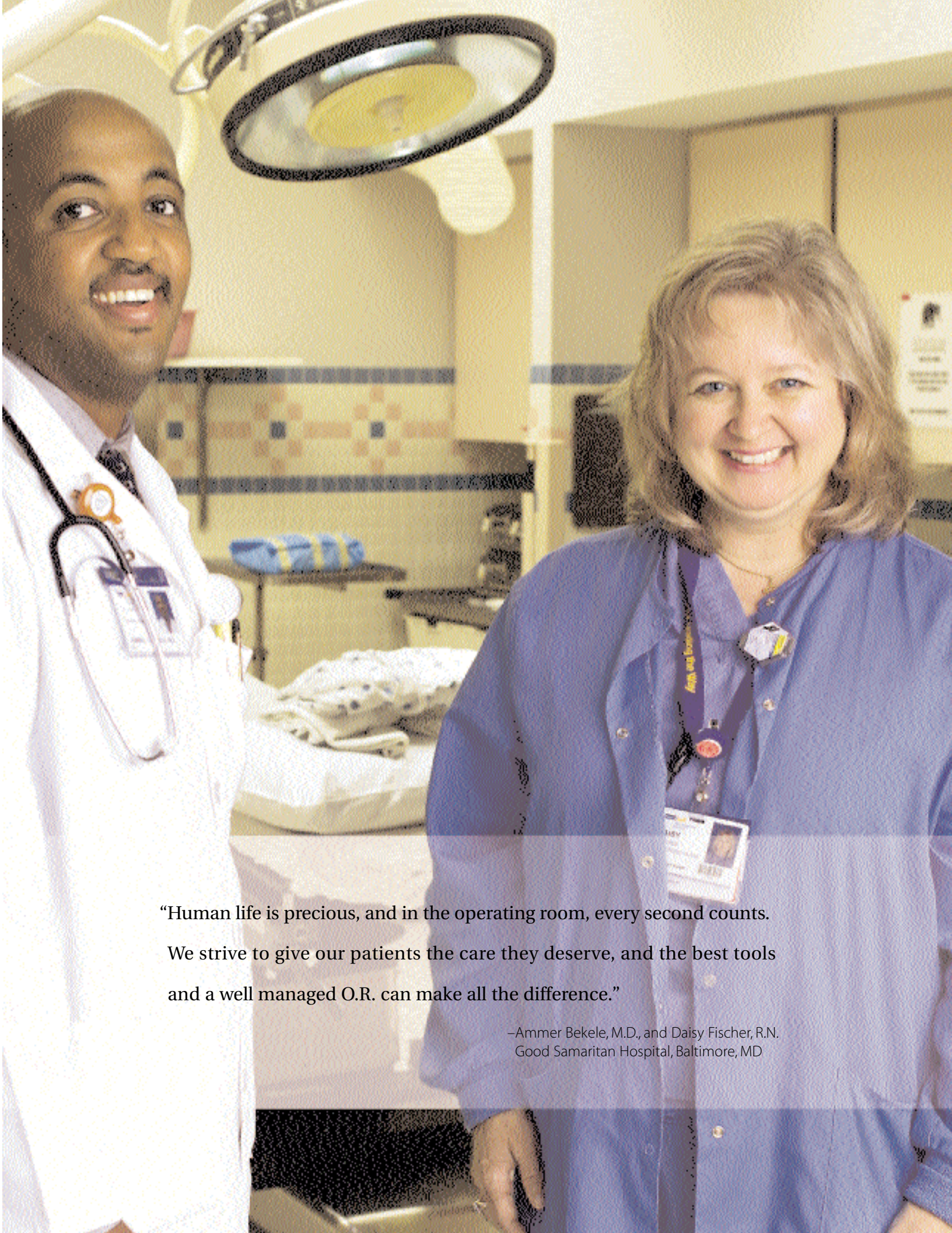
The people of Cardinal Health are united by one common purpose: to help our customers across the health care industry find answers to the challenges they face and improve the quality of care for their patients. Our approach is: Partnership—We believe the best results come from creative, long-term collaboration. Integration—We create unique solutions by linking our unparalleled resources to address specific customer issues. Innovation—We achieve superior results when we are inspired to advance health care through new ideas for products and services.

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...for Life.

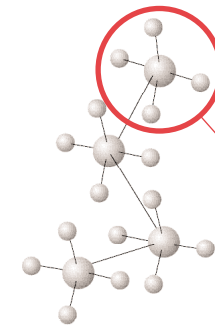
A molecule represents a basic component of life and the integration of complex parts. In many ways, it is a metaphor for Cardinal Health's essential role in the health care industry. We partner with our diverse customers to improve the quality of patients' lives through integrated and innovative solutions, and we not only develop life-sustaining products and services, we build lifelong relationships. Our customers' dedication to enhancing life also reflects our commitment—for Life.





“Human life is precious, and in the operating room, every second counts. We strive to give our patients the care they deserve, and the best tools and a well managed O.R. can make all the difference.”

—Ammer Bekele, M.D., and Daisy Fischer, R.N.
Good Samaritan Hospital, Baltimore, MD



DIRECT PATIENT CARE

Physicians and nurses have direct contact with patients, so they recognize that quality products and an efficient clinical environment are essential to maintaining the highest standard of care. Health care providers rely on us to supply their vital needs so they can focus on their patients.

The patient is ultimately our concern, too.

Cardinal Health is the business behind health care and the well-being of patients is paramount in everything we do. Our contribution is evident nowhere more than in direct care, where we assist customers like MedStar’s Good Samaritan Hospital by providing the basic resources they require. In hospitals, outpatient clinics and physician practices, we offer products and services that span the health care continuum—from distribution and manufacturing to custom medical procedure packs and automation.

SUPPLYING THE ESSENTIALS

When a physician or nurse prepares to treat a patient, our best-in-class, comprehensive distribution services make critical supplies readily available. Cardinal Health’s businesses deliver pharmaceuticals, provide therapeutic blood products such as plasma, deliver nuclear medicine for internal diagnosis, and provide the broadest selection of trusted medical-surgical and laboratory brands.

In fact, health care providers can meet more than 80 percent of their medical-surgical and laboratory supply needs through Cardinal Health. As the largest distributor of such products in the world, we maintain an inventory of 500,000 different products from as many as 2,200 leading manufacturers. We deliver over one million boxes of products to 6,000 health care customers each day. In 2002, even more providers looked to us to cover their patient supply needs, including the prestigious Mayo Foundation for Medical Education and Research.



Over **1,000** Cardinal Health scientists and Ph.D.s conduct original research and development to bring innovation to health care. We currently hold more than 1,200 patents worldwide with another 555 pending approval.

CREATING WORLD-CLASS TOOLS

In addition to distribution, we are a leading manufacturer of respected medical-surgical products that benefit patients daily. Each day, Cardinal Health produces more than three million products in 28 plants around the world. These products are important in the delivery of quality patient care and include surgical drapes, gowns, gloves, preparation and skin care products, respiratory care and suction devices, and the finest in surgical instruments. The quality and consistent performance of these products result from a combination of advanced automation and skilled craftsmanship, whether it be artisans in St. Louis individually handcrafting precision instruments used in brain surgery or medical gloves produced by the millions using sophisticated molding technology at facilities in Thailand and Malaysia.

Providers and patients have come to expect continuous improvement in health care, and Cardinal Health stands at the forefront of medical advancements, both as a world-class researcher and a developer of state-of-the-art medical tools. The innovative Cosgrove Flex Clamps are just one such example. In 1997, Delos Cosgrove, M.D., of The Cleveland Clinic, came to us to help him create instruments that would make heart surgery less invasive. Working closely with Dr. Cosgrove, our scientists and manufacturing experts developed a line of clamps that help significantly shorten recovery time for heart surgery patients. Today, these patented Flex Clamps remain in high demand throughout the U.S., Europe and Japan.

SETTING THE STANDARD IN CUSTOMIZATION

Designing custom packs for physicians and nurses—packs that include all the medical items needed for a procedure—is another

way Cardinal Health meets customers' patient supply needs. These kits, including our proprietary Procedure Based Delivery Systems[®], reduce provider work, procedure costs and medical waste while maximizing efficiency and quality. Produced for operating and emergency rooms as well as admissions and maternity care, these packs allow nurses and doctors to spend more time providing care than sourcing supplies. Providers can even configure their own kits and manage their O.R. inventory through the Web-based Pack Manager[®] service.

AUTOMATING FOR ACCURACY & EFFICIENCY

Assuring on-time delivery of quality products is essential, but ensuring accuracy is equally vital. Our automated dispensing systems, installed in more than 4,800 health care facilities worldwide, ensure that medications and supplies are secure, organized and ready for use. With its Pyxis products,

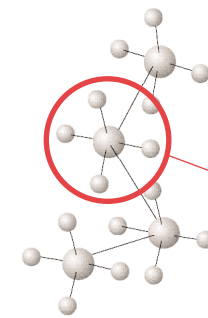
Cardinal Health is the industry pioneer in the development of automated technology that improves patient safety, helps manage costs and saves time for nurses and others so they can focus on what matters most—caring for patients. We offer more than 50 automation and information management products including SUPPLYSTATION[®] units, which control patient supplies, and the medicine dispensing MEDSTATION[®] units, both of which have set new standards for health care excellence. In January 2002, we celebrated the installation of the 100,000th Pyxis unit, a MEDSTATION[®] SN at the University Medical Center of Southern Nevada in Las Vegas.

Cardinal Health partners with direct care providers to enhance patient treatment through production, provision and packaging of the highest quality products ... for Life.



“Keeping informed *and* keeping stocked on all the latest drugs isn’t easy.
I don’t want to disappoint doctors’ patients or underserve my customers.”

—Alan Honorkamp, Pharmacist
The Medicine Shoppe, St. Louis, MO



PHARMACY

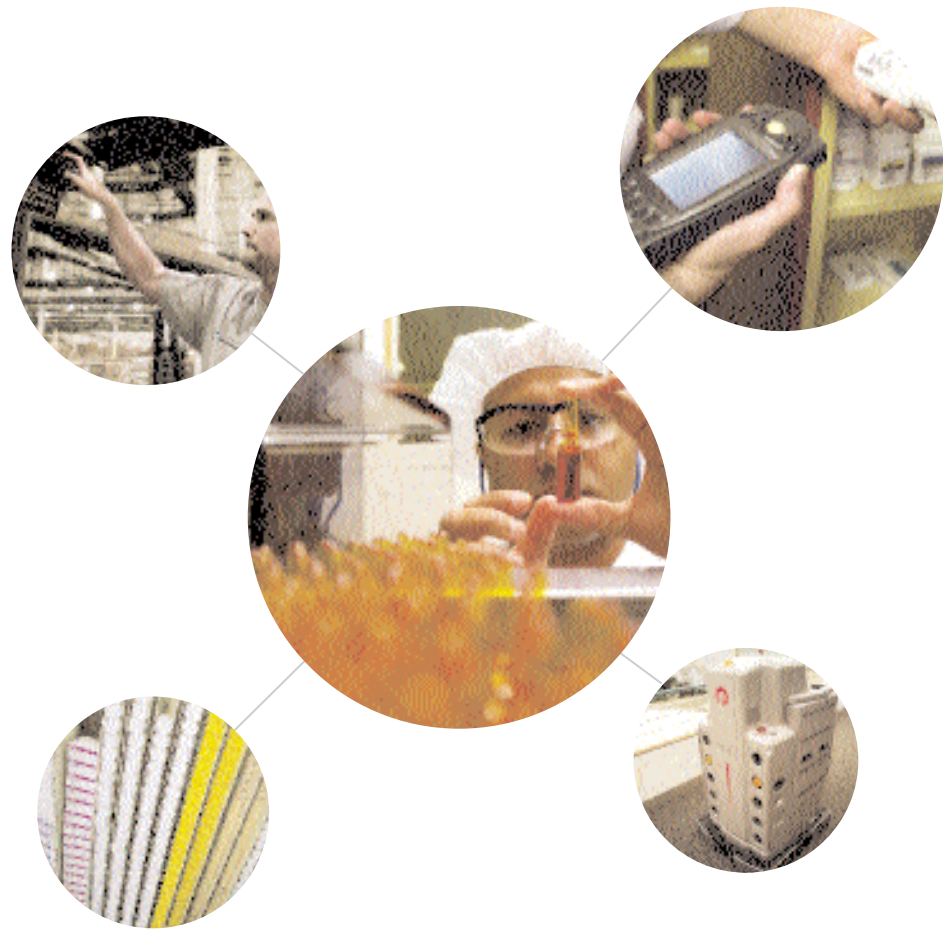
Pharmaceutical sales are expected to double within five years and millions of additional drug products will need to be dispensed through pharmacies. At the same time, the professional pharmacy workforce is decreasing. We have what it takes to bridge the gap.

We provide capability and confidence.

Wherever people procure a pharmaceutical product, Cardinal Health is there. As the nation’s leading pharmaceutical distributor, we manage the most automated, efficient and lowest cost distribution network in the industry. From hospitals, outpatient clinics, nursing homes and alternate care facilities to retail pharmacy chains, independent pharmacies and The Medicine Shoppe franchises, our distributed pharmaceutical products reliably reach the patients who need them. However, delivering products is just part of the Cardinal Health story. We assist pharmacies, such as The Medicine Shoppe in St. Louis, to better manage their customer relationships by leveraging distribution and inventory technology, offering full service consulting, and expanding our product lines to meet growing demands.

BEYOND BRICK & MORTAR DISTRIBUTION

To keep pace with the expanding pharmacy industry, the reach of our distribution capabilities is equally broad. We keep over 75,000 different pharmaceutical products in our inventory and make 24,000 customer deliveries daily throughout the U.S. To accomplish this, Cardinal Health maintains one of the most sophisticated distribution systems in the world. We have recently invested more than \$500 million to upgrade our facilities, taking us well beyond traditional distribution. In 2002, more than 90 percent of all pharmaceutical order transactions were performed electronically, and all orders—even those processed manually—may be easily accessed and tracked via the Internet. These infrastructure investments position us to leverage new advancements well into the future for the benefit of our customers.



An average of **\$2 billion** in product will move annually through each of Cardinal Health's 24 pharmaceutical distribution centers by the end of 2003, affirming our leadership position as the industry's most efficient distributor. Our centers will be three times more efficient than in 2000.

EMPOWERMENT THROUGH ADVANCED TECHNOLOGY

Our industry-leading e-commerce technology makes it easier for all our customers to do business with us. Cardinal Health was even recognized as one of the top e-commerce companies by *Internet Week* magazine. Our Web site, Cardinal.com, features our entire pharmaceutical procurement, fulfillment and support system and one of the industry's largest online catalogs, meeting the real-time needs of our customers 24 hours a day. Within 18 months of its launch in 2000, the site processed over \$1.5 billion in sales. Today, more than 23,000 customers are registered, half of whom access the site daily.

Cardinal Health continuously introduces new pharmacy technology that enhances reliability and cost-effectiveness. For example, HELPMATE® is a trackless robotic courier system designed to perform material transport tasks throughout the

hospital environment. As an alternative to using skilled workers to perform time-consuming delivery tasks, HELPMATE® helps cut costs, increase efficiencies and improve staff satisfaction.

FULL SERVICE FROM PRODUCT TO PROCESS

We not only help pharmacists manage and resupply their inventories, we provide a broad range of products and services to help them operate their pharmacies better. CardinalASSIST®, a packaging and logistics process, enables wireless and Internet ordering, tracking and auto-replenishment of pharmaceuticals directly to our Pyxis automated systems. Launched in 2002, Mobile Solutions™ is a handheld scanner designed to put fast and accurate inventory management solutions in the hands of retail pharmacists. MEDSTATION® medication dispensing machines efficiently manage the flow of pharmaceuticals, while decision management tools such as our Jericho® product

provide detailed drug records that allow pharmacists to make more informed decisions about pharmaceutical protocols and disease management. We also offer pharmacy management, temporary staffing services, and pharmacy contracting and data services.

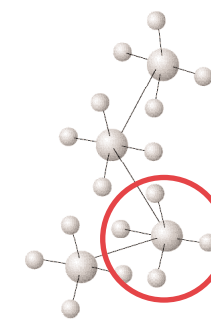
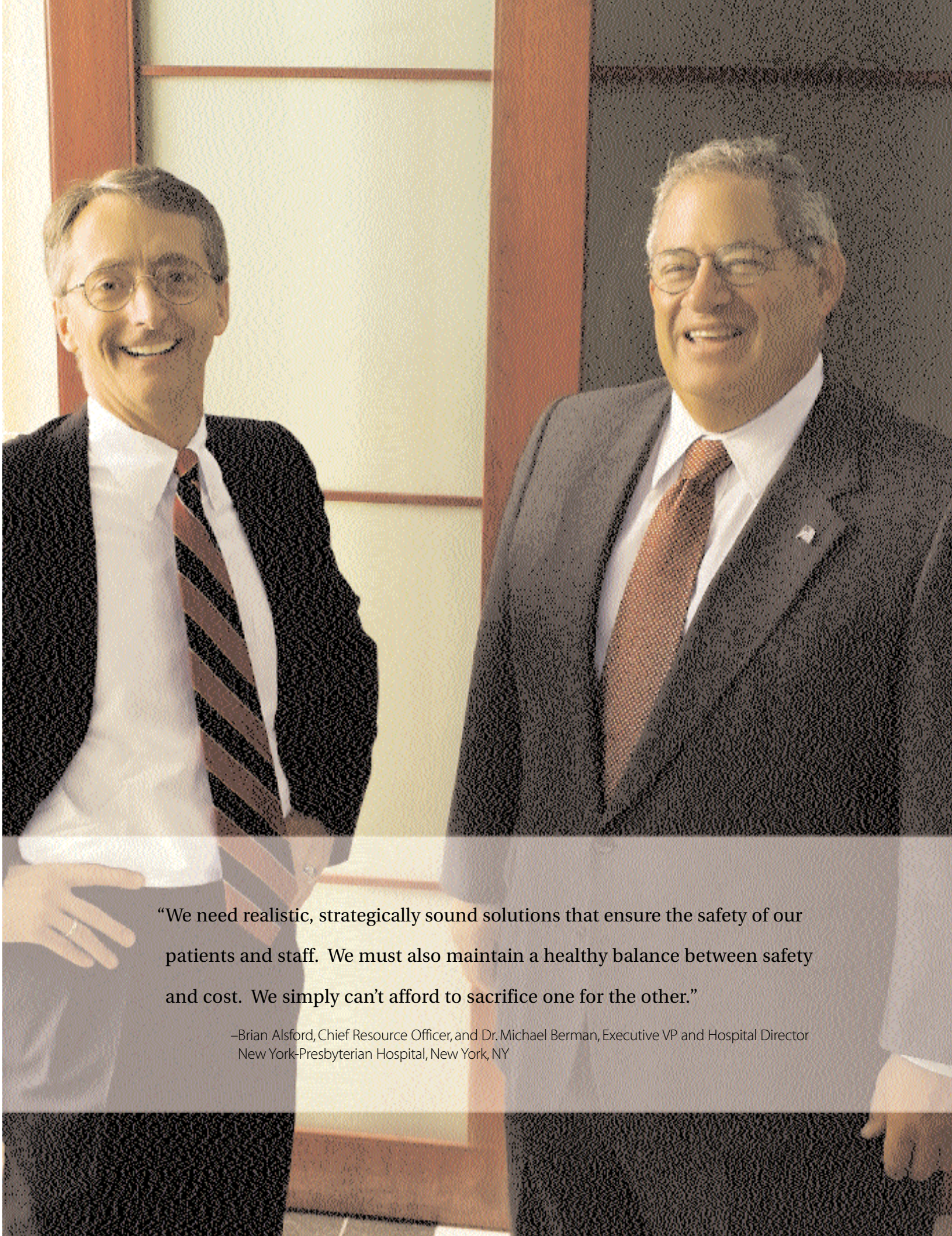
Cardinal Health never loses sight of the need to expand customer offerings to improve patient care. In 2002, we announced an agreement to acquire Syncor International, a nuclear medicine firm which compounds and dispenses radiopharmaceuticals for diagnostic and therapeutic use in cancer and heart disease treatment. The addition of Syncor will greatly expand our presence in the \$1.5 billion per year nuclear medicine market.

QUALITY AT EVERY LEVEL

Distributing 2.5 million pharmaceutical products every day, we realize the importance of maintaining the strictest standards in

quality control. Erroneous orders can compromise patient care, so each stage of the distribution process is quality controlled. Our pharmaceutical distribution centers are recognized as models for the validation of order accuracy prior to shipment. Our quality control efforts also extend to pharmaceutical manufacturing and packaging operations. This year, Johnson & Johnson awarded its first ever Six Sigma Quality Award to the Printed Components team in our packaging services business in Moorestown, N.J., for achieving a remarkable zero quality defect rate on 60 million drug packaging inserts while maintaining 100 percent on-time delivery.

Cardinal Health partners with pharmacy customers to ensure safe and efficient delivery of pharmaceuticals to patients through high-tech and top quality distribution services, automation and process consulting ... for Life.



HEALTH ADMINISTRATION
 Health care executives are under intense pressure to control expenses. As costs steadily rise, they face difficult decisions in managing scarce resources while maintaining patient safety as their top priority. They partner with us to develop effective solutions.

“We need realistic, strategically sound solutions that ensure the safety of our patients and staff. We must also maintain a healthy balance between safety and cost. We simply can’t afford to sacrifice one for the other.”

—Brian Alford, Chief Resource Officer, and Dr. Michael Berman, Executive VP and Hospital Director
 New York-Presbyterian Hospital, New York, NY

Our integrated systems meet today’s challenges.

Cardinal Health offers market-leading products and services, proprietary technologies, exceptional quality of service, and a firm commitment to help our customers optimize costs and improve patient outcomes. Our inherent value lies in the talent of Cardinal Health’s people for connecting these resources and making the power of integration a reality for our customers. Our multi-business Corporate Solutions team specializes in tailoring solutions to individual customer needs, rather than a one-size-fits-all methodology. By linking distribution, automation, information systems and process improvements, we create the right combination of resources to help customers like New York-Presbyterian Hospital meet their integrated supply chain and safety needs.

MANAGING THE SUPPLY CHAIN

In many instances, rising health care costs are forcing customers to control expenses more aggressively just to maintain their financial viability. At the same time, they must continue to provide the high quality care patients expect. Supply chain efficiency is indispensable in this environment. Cardinal Health offers everything that health executives might need, from combined medical-surgical, laboratory and pharmaceutical product distribution to advanced automation technology and a wide selection of consulting services. The return on investment from implementing our solutions is tangible and timely; many customers achieve significant process improvements and cost savings in the millions of dollars within the first or second year of implementation.



Roughly **500 trillion** bytes of data are stored
in the Cardinal Health information systems database,
which is managed through five primary data centers in the
U.S. and Europe. This data constitutes real-time information
that is used daily to improve health care outcomes.

IMPROVING PATIENT SAFETY ON ALL FRONTS

We appreciate the fact that safety is foremost in the minds of health care executives and their patients. By providing a diverse array of process consulting services, automated systems and cutting-edge Web-based capabilities, Cardinal Health is a key player in the all-important safety imperative: "Protect patients, staff and the financial bottom line." Because proper medication use is one of the greatest safety concerns, we have developed safeguards at each potential problem point in the patient medication process.

To reduce errors during prescription and transcription, we offer VisualMED™, a computerized physician order entry system. At the point of medication preparation, we offer unit-dose barcode packaging through our distribution business, as well as our specialized packaging services and repacking businesses. To reduce errors in dispensing, our Pyxis MEDSTATION® units

provide an automated point-of-use medication management system. In the administering of drugs to patients, we help eliminate errors with our PyxisVERIS®, a handheld device that scans barcodes on drug packages and patient wrist IDs to help ensure that the "five rights" are preserved: right patient, medication, dosage, time and route. Every day, Cardinal Health automation products help customers manage more than five million medication dispensing events in 4,800 health care facilities worldwide.

To support better medication management, we offer our Jericho® product, a Web-based clinical outcomes analysis tool focusing on drug usage, appropriateness, cost and process improvement consulting services. Cardinal Health also provides consulting services that increase patient safety, including optimizing the use of automation and technology, ensuring regulatory compliance, enhancing pharmacy operations and providing supplemental staffing.

ENABLING EXECUTIVE INSIGHT

To empower health care executives to manage their organizations more efficiently, in 2002, Cardinal Health launched The Insight Center, the industry's only comprehensive online decision support tool. Customers utilize a Web-based "executive command center" that presents critical information on our activities within their system. This powerful tool allows executives to begin with an aggregated view of such bottom-line metrics as performance against savings goals, and then view all details such as inventory item usage. In addition to this organization-specific data, The Insight Center can compile industry benchmarking comparisons, identify savings opportunities, conduct Webcasts on safety issues, and host academic archives to better support decision making.

ACHIEVING SAFETY, ENTERTAINMENT & REVENUE ALL IN ONE

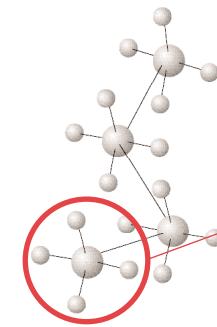
The next "big idea" in health care is our Pyxis PATIENTSTATION®, the first integrated point-of-care information and entertainment system designed for both providers and patients. This multi-use system is installed at the patient's bedside and allows physicians, nurses and compliance personnel to access patient records and verify the accuracy of treatment. For patients, it offers up-to-date, Web-based medical information so they can better understand their medical conditions. Patients and their families can also use the system for e-mail, Internet access, on-demand movies, music and games. These extra features offer health care providers the dual benefit of an additional revenue source while satisfying patient information and entertainment needs.

Cardinal Health partners with health care executives to achieve organization-wide supply efficiencies and advance the cause of patient safety through the creation of integrated and innovative solutions ... for Life



“Having a great idea is just half the battle. To make our drug a reality, we need an experienced partner, one that can provide complementary services and who understands that time is critical.”

—Walter Piskorski, Vice President of Outsourcing
Sepracor, Marlborough, MA



PHARMACEUTICAL AND BIOTECHNOLOGY COMPANIES

A new drug can take 15 years and \$1 billion to research, test and market. In the marketplace for new drugs, competition is fierce, time is precious and resources are limited. Manufacturers turn to us for help.

From idea to market—we’re ready when you are.

Cardinal Health is the world’s premier global pharmaceutical services firm. That’s why the top 10 pharmaceutical companies and most of the leading biotechnology firms rely on our ever-expanding resources. These manufacturers, such as Sepracor, understand that outsourcing is an expedient, more cost effective way to bring new drugs to market. They can reduce their manufacturing and packaging costs, redirect investment dollars to higher return activities like research and development, as well as shorten the lead time for introducing new patient care products and thus better focus on their core competencies. By contracting with Cardinal Health, customers can select from a complete menu of services ranging from drug development, manufacturing and packaging to marketing, warehousing and product delivery.

UNIQUE AND PROPRIETARY OFFERINGS

All Cardinal Health businesses in our Pharmaceutical Technologies and Services segment are market leaders. Working in concert, their capabilities offer our customers a unique, integrated package of technologies and services available nowhere else in the pharmaceutical outsourcing arena. With primary operations in New Jersey, North Carolina, California, Puerto Rico, England and Germany, we have a strong presence at the global crossroads of the pharmaceutical industry and stand ready to serve both large



Over **500 million** medication doses are developed, manufactured or packaged every day—nearly 6,000 per second—in Cardinal Health facilities worldwide. Twenty of these facilities are located outside the U.S. including in Australia, Japan, Argentina, Canada and several in Europe.

and small firms in any capacity they may require. We also offer other differentiated value-added services to help manufacturers succeed in the market faster, including specialty pharmaceutical distribution and services.

Cardinal Health's extensive proprietary offerings—particularly drug delivery technologies—yield significant market advantage for our company and our customers. One such technology is Zydis[®] tablets, a patented, freeze-dried drug delivery system that dissolves instantly on the tongue. We also have a series of technically advanced, patented formulations and manufacturing technologies for soft-gels—elastic gelatin capsules which improve a drug's bio-availability (the portion of the drug that reaches the bloodstream). Other unique offerings include a range of particle coating systems for controlling a drug's release or masking its taste, as well as the Microsponge[®] system for sustained release of topical products. Since many of our drug delivery offerings

are either patented or potentially patentable, we can help pharmaceutical and biotechnology customers extend the market presence of their product, a key concern for many companies.

BUILDING THE WORLD'S BEST PLATFORM

During fiscal 2002, we executed a strategy of extending our capabilities beyond the established core. The resulting broader platform enables us to provide pharmaceutical and biotechnology customers with all the services necessary to launch a drug, from the idea stage to the marketplace.

The acquisition of Magellan Laboratories dramatically increased our drug discovery and development services with an immediate expansion of our ability to work with manufacturers in the pre-launch formulation and development phases. Magellan doubles our scientific expertise, including 80 new professionals with advanced degrees in analytical and synthetic chemistry

as well as pharmaceutical research Ph.D.s. This additional expertise, in conjunction with our new \$80 million development facility in Somerset, N.J., which began operations in 2002, gives Cardinal Health the ideal platform from which our customers can develop new products.

Drug delivery technology and contract manufacturing remain in high demand across the pharmaceutical and biotechnology industries, so we sought to augment our resources in these areas as well. We acquired SP Pharmaceuticals based in Albuquerque, N.M., where it operates a 215,000-square-foot center specializing in sterile, injectable drugs and biologics in liquid and lyophilized (freeze-dried) formulations packaged in glass vials and ampoules. Complementing this acquisition was our purchase from Schering-Plough in 2001 of a 75,000-square-foot sterile manufacturing facility in Raleigh, N.C.

Both early involvement in the developmental phase and an effective marketing launch are essential for establishing a manufacturer's new drug product in the marketplace. This is why we dramatically expanded our drug sales and marketing services with the acquisition of Boron, LePore & Associates, a leading medical education services firm. With these new capabilities, Cardinal Health now spans the entire pharmaceutical product life cycle—from development of marketing strategies and pre-launch programs to delivery of full-scale educational services at launch and beyond.

Cardinal Health partners with drug makers to take their ideas out of the lab and bring them to the patient through a unique and integrated platform of development, manufacturing, packaging, marketing and delivery services ... for Life

OUR PEOPLE

STRATEGIC DRIVERS & EPIC CORE VALUES



CUSTOMER FOCUS: “We are continually aligning ourselves to better service the customer. As customer needs evolve, we make sure our team stays in sync.”

–Raymond Alan, Customer Support

OPERATIONAL EXCELLENCE: “Quality is not optional in our business. We strive for nothing less than perfection.”

–Nadiyah Follwood, Laboratory 233



GROWTH: “As an official supplier to the 2002 Winter Olympics, our growing international presence was on full display.”

–Betty Blumenauer, Meetings & Events



LEADERSHIP DEVELOPMENT: “The more we understand about our industry, the more we can help our customers. The company’s new Learning Maps help us gain insight.”

–Malik Malone, Supplier Diversity

COMMON PURPOSE, UNCOMMON STRENGTH

Our 50,000 employees work on five continents, but they speak the common language of our customers: partnership, integration and innovation. We realize that Cardinal Health succeeds by helping our health care customers succeed; that’s why we care passionately about doing our part to serve customers well and make health care better.

Cardinal Health’s inner strength is the mutual respect and synergistic relationships among our team members. Our entrepreneurial culture unites us and constantly reminds us of the value of hard work, collaboration and results. Our Strategic Drivers—*Customer Focus, Operational Excellence, Growth and Leadership Development*—and EPIC core values—*Ethical, Performance-Driven, Innovative, Collaborative*—reflect our culture and guide everything we do.

Nearly **40 percent** of Cardinal Health employees are based overseas. Bahasa Malaysia, the official language of Malaysia, is the third most spoken language at our company.



COLLABORATIVE: “Successfully partnering with impacted customers allowed us to be the first to respond with medical supplies into New York on September 11th. It was a proud moment.”

–Jill Ethridge, Business Development



ETHICAL: “I like working at a company that does things right, but also does the right things.”

–Edith Rodriguez Solis, Manufacturing



PERFORMANCE-DRIVEN: “We maintain a laser-tight focus in order to stay the leading manufacturer of drug inserts. Producing 100 million inserts every month demands vigilance.”

–Mark Petrich, Technical Writing



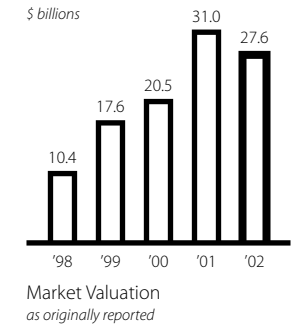
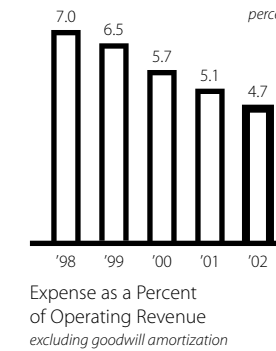
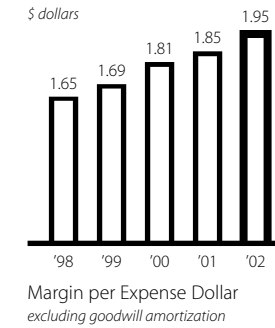
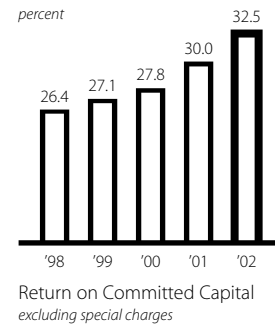
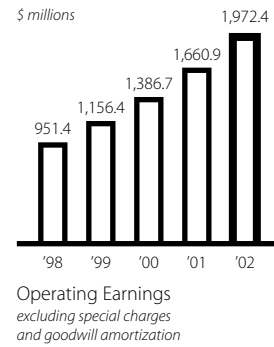
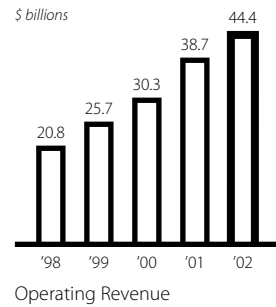
INNOVATIVE: “It’s thrilling to be on the edge of science creating something that can change the way we heal the human body.”

–Li He, Analytical Lab

Investing in our people for professional and life-affirming growth is essential to the company’s future. We share risks and rewards through incentive plans and profit sharing, offer competitive wages and benefits, and foster a rewarding work environment. We are convinced that these are significant factors in our

extremely low turnover rate and high productivity. Moreover, even as operating earnings per employee have increased 30 percent over the past three years, the Cardinal Health team remains committed to improving our ability to serve customers better every day.

GROWTH



FOUNDATION FOR SUSTAINABLE GROWTH

Cardinal Health has built an extraordinary platform for further growth. Our success to date is only the beginning; we have all the attributes necessary to sustain this expansion well into the future.

History of Performance: We have successfully executed a customer-centric business plan since the company was founded in 1971. As a result, our revenue, profit and market value have all outpaced the competition. This year marks the 15th straight year of achieving our goal of 20 percent or more annual earnings growth.

Leadership Position: We hold the #1 or #2 position in all the major lines of business in which we compete. Our company jumped to #23 on the *Fortune* 500 list, up from #51 the previous year.¹

Favorable Future Markets: Industry analysts expect health care to remain a major growth sector in the national economy as demographics favor ongoing expansion of health services. The demand for what we provide will only increase.

Broadest Capabilities: We provide an unrivaled combination of health care products and services. Our leadership capabilities extend to development, manufacturing, packaging, sales and marketing, distribution, automation, supply chain management, staffing, information systems and consulting.

Proprietary Offerings: Many of our products and processes are truly unique and are protected by over 1,200 patents. These

proprietary offerings include our Pyxis automation products, pharmaceutical sterile and fast-dissolve technologies, and medical-surgical customized kits.

Operating Strengths: Our manufacturing, distribution and services operations enjoy a world-class reputation for quality and scale. Our passion for performance and a culture of continuous improvement has made us a model for effective execution. The new \$12 million facility built for our specialty pharmaceutical distribution business in Nashville, TN, is a prime example of our ongoing investment in state-of-the-art infrastructure.

Strong Financial Foundation: Fiscal discipline is a way of life for us and we have the solid balance sheet to prove it. The quality of our earnings mix and diversification of our business are core strengths. The lowest net debt-to-capital ratio in our history, along with a robust cash flow of almost \$1 billion in 2002, gives us tremendous advantages.

Cardinal Health is positioned as the industry leader and fastest growing company in a high growth market.

GROWTH STRATEGY

Cardinal Health is pursuing growth opportunities on several fronts. We have proven that by focusing on superior customer service, integrating our offerings and developing innovative products and services, we can generate new revenue and earnings growth. Strategic acquisitions complement this organic expansion. Some of the ways in which we pursue balanced growth include:

Capture more of a growing market: The Pharmaceutical Distribution and Provider Services segment, in addition to our other business segments, is committed to expanding its revenue base faster than the projected rate of market expansion.

Enter other segments of the market: Today, the Medical Products and Services segment leads the way in more parts of its market because of our decision to self-manufacture products. Development and technology licensing are driving new demand for these product lines.

Consolidate fragmented markets: The Pharmaceutical Technologies and Services segment has assembled all the critical services and technologies required to bring a drug to market and drive market demand. We have united these traditionally decentralized functions and constructed a unique product and service offering.

Create new markets: Our Automation and Information Services segment has invented several automation markets: narcotics management, medical-surgical supply management and bedside scanning technology. Three years ago, our Pyxis business offered only five products; today Cardinal Health sells over 50 such products in 20 countries.

Generate cross-selling: Since launching Corporate Solutions in 1999, more than 110 corporate agreements have been signed totaling over \$1.4 billion in new business leveraged from existing relationships. With our central position in the health care value chain, cross-selling creates more value for our company and our customers.

Investments: To drive future growth, we invested nearly \$100 million during 2002 in research and development and other strategic initiatives. Over the last four years, we invested approximately \$250 million in information technology.

Acquisitions: When it makes good strategic sense to purchase market-leading capabilities rather than build them internally, we do so. In 2002, each of our eight acquisitions conformed to our strategy of buying market leaders with proprietary offerings which are scalable in a growing market. The largest of these were undertaken to further expand our robust offerings through the Pharmaceutical Technologies and Services segment. At the same time, while such acquisitions are important, our growth model is not dependent on them.

RECOGNITION

Cardinal Health's remarkable track record was widely acknowledged in 2002. *Forbes* magazine included us on its list of "The World's Best"—an elite ranking of the top 25 firms that "offer both a smart investment and smart management."¹ *Business Week* ranked us #33 on its list of the 50 best-performing large, publicly traded corporations.² *Fortune* predicted that Cardinal Health will be one of 40 investments to outperform the market into 2003.³ *Money* magazine reported, "All signs point to Cardinal Health's growth continuing."⁴ And *Smart Money* noted, "There's no better way to take advantage of all the [health care] trends ... than by owning Cardinal Health stock."⁵ We agree.

¹ *Forbes*, April 15, 2002.

² *Business Week*, Spring 2002.

³ *Fortune*, August 12, 2002.

⁴ *Money*, July 2002.



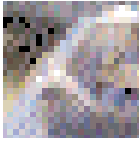





⁵ *Smart Money*, July 2002.

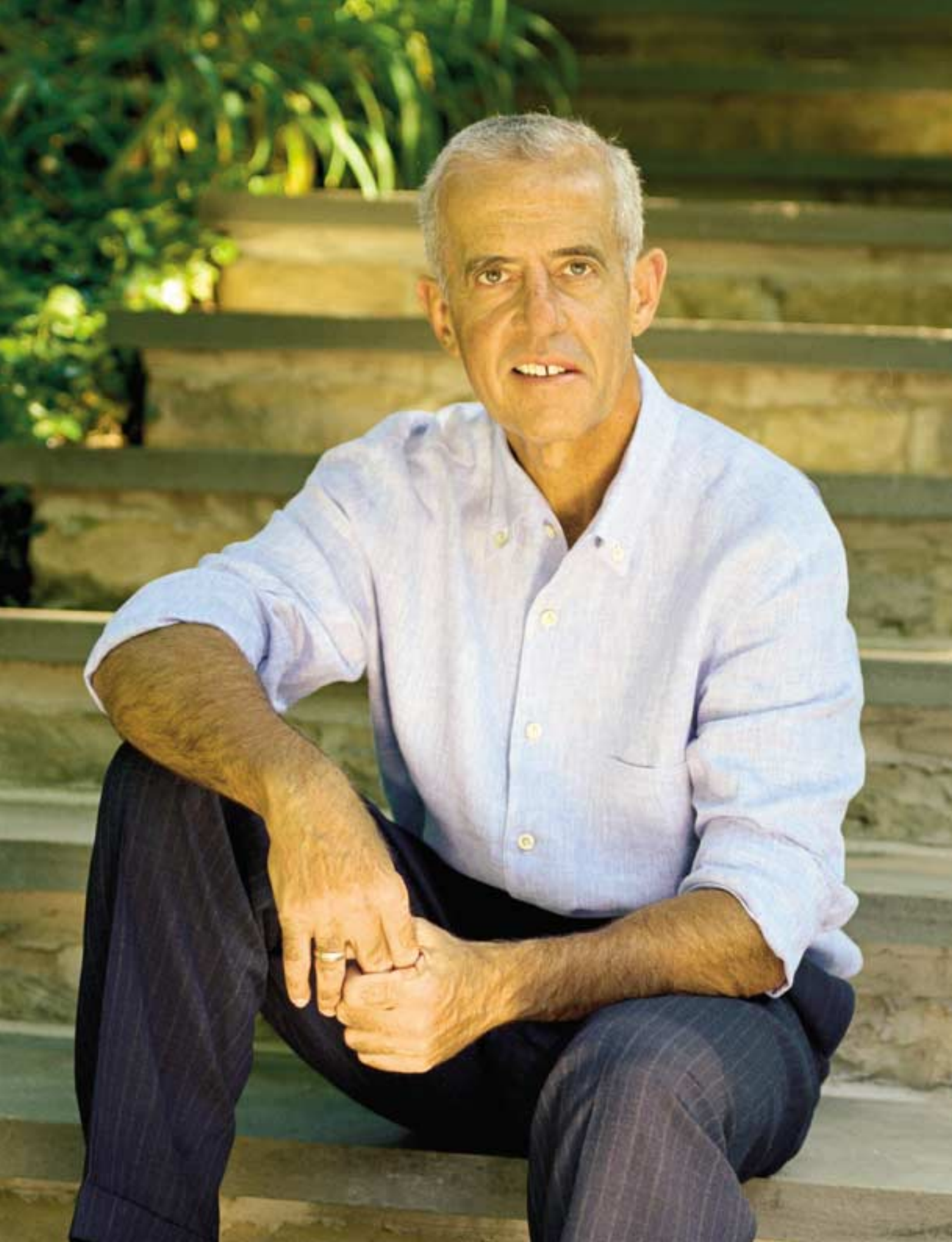
¹ *Fortune*, April 2002.

GROWTH PORTFOLIO

As one of the most highly diversified companies in the health care sector, Cardinal Health's financial stability derives mainly from our broad earnings mix. Ten years ago, all of our earnings came from pharmaceutical distribution. By 2002, while market share for our core drug distribution business continued to expand, over 50 percent of earnings came from other sources. During the past fiscal year, we weathered the profound market uncertainty because of this diversity and our stock remained a stable long-term investment.

The Cardinal Health growth model calls for continually broadening the company's capabilities, particularly those of a proprietary nature. We then scale those capabilities in expanding markets, sustain that growth through operational excellence, and integrate and cross-sell our offerings. These growth-sustaining capabilities reside in four complementary business segments.

Business Segments	Business Capabilities	Revenues	Operating Earnings	Select Accomplishments	Growth Focus
<p>PHARMACEUTICAL DISTRIBUTION AND PROVIDER SERVICES</p> 	<p>Cardinal Health distributes a broad line of pharmaceutical and other health care products to hospital, retail and alternate-site pharmacies. We also operate several specialty health care businesses which offer value-added services such as repackaging and third party logistics management, as well as specialty distribution of oncology products and other specialty products. In addition, Cardinal Health operates centralized nuclear pharmacies that prepare and deliver radiopharmaceuticals, provides integrated pharmacy management and temporary staffing, and manages The Medicine Shoppe, a retail pharmacy franchise.</p>	\$36.4B	<p>\$1.1B</p>  <p>52%</p>	<ul style="list-style-type: none"> ➤ Announced agreement to acquire Syncor International, a leader in radiopharmaceuticals (nuclear pharmacy). ➤ Integration of Bindley Western Industries distribution centers proceeded ahead of schedule with 14 of 16 facilities consolidated. ➤ Launched PharmaSite[®], an Internet-based procurement and information system for independent pharmacy retailers. 	<ul style="list-style-type: none"> ➤ Expand value-added services such as ordering, receiving, tracking and reporting. ➤ Leverage new product offerings in nuclear and specialty pharmaceuticals. ➤ Maximize generic drug opportunities.
<p>MEDICAL PRODUCTS AND SERVICES</p> 	<p>Cardinal Health manufactures and distributes a broad range of medical, surgical and laboratory products, representing more than 3,000 suppliers in addition to our own line of self-manufactured products. We self-manufacture sterile and non-sterile procedure kits, surgical drapes, gowns and apparel, medical and surgical gloves, surgical suction and irrigation systems, respiratory therapy products, surgical instruments, instrument repair services, and special biopsy procedure devices. We also provide a range of consulting services that help hospitals improve quality and efficiency.</p>	\$6.3B	<p>\$541m</p>  <p>26%</p>	<ul style="list-style-type: none"> ➤ Designated exclusive provider of products to dozens of major health care customers, including the Mayo Foundation for Medical Education and Research. ➤ Accelerated growth in international and U.S. physician office markets. ➤ Realigned organizational structure to better serve customers. 	<ul style="list-style-type: none"> ➤ Develop and acquire new proprietary products, services and technologies. ➤ Expand distribution to physician offices and other medical settings. ➤ Extend self-manufactured products to new international markets.
<p>PHARMACEUTICAL TECHNOLOGIES AND SERVICES</p> 	<p>Cardinal Health provides services to the developers and marketers of pharmaceutical and biotechnology products and offers a spectrum of complementary services including unique drug delivery systems. We are a leading provider of contract manufacturing of oral and sterile liquid and injectible pharmaceuticals, as well as other health care products in topical, inhaled and ophthalmic formulations. We also provide contract drug development and marketing services, and we are the leading provider of diversified clinical and commercial packaging services in the U.S. and Europe.</p>	\$1.3B	<p>\$261m</p>  <p>12%</p>	<ul style="list-style-type: none"> ➤ Began operations in a new \$80 million state-of-the-art drug development facility in Somerset, N.J. ➤ Acquired Magellan Laboratories, a leader in pharmaceutical development. ➤ Acquired Boron, LePore & Associates, a leader in medical education. 	<ul style="list-style-type: none"> ➤ Gain synergies and increase productivity from recent investments. ➤ Build development capabilities. ➤ Expand international operations.
<p>AUTOMATION AND INFORMATION SERVICES</p> 	<p>Cardinal Health operates leading-edge businesses focused on meeting customer needs through unique and proprietary automation and information products and services. These include our Pyxis point-of-use systems that automate the distribution and management of medications and supplies in hospitals and other health care facilities. We also provide information systems that analyze clinical outcomes and assist pharmacies in obtaining reimbursement from third parties.</p>	\$560m	<p>\$209m</p>  <p>10%</p>	<ul style="list-style-type: none"> ➤ Added customers in Portugal, Switzerland and Singapore, extending its international market presence to 19 countries. ➤ Completed transition to a build-to-order manufacturing process. 	<ul style="list-style-type: none"> ➤ Develop new Pyxis product applications. ➤ Expand proprietary patient safety solutions and supply automation market. ➤ Engage in strategic partnerships to enhance offerings.



◀ “Our mission is to help improve the quality and efficiency of health care so that people everywhere can live healthier, happier, longer lives.”

–Robert D. Walter
Chairman and Chief Executive Officer

To Our Customers, Employees and Shareholders:

The image of the mother and daughter on the cover of this year's annual report speaks to what Cardinal Health is all about: people. Our mission is to help improve the quality and efficiency of health care so that people everywhere can live healthier, happier, longer lives. We exude a strong sense of purpose because we appreciate the seriousness of our mission, where patient well-being is at stake. Our annual report is entitled “for Life” because we are in the business of health care—quite literally—for life.

From modest beginnings in 1971, Cardinal Health has become an important part of health care. We entered health care as a distributor of pharmaceuticals to those who dispensed prescriptions to patients. Over the past seven years, we branched out beyond traditional distribution services to dramatically broaden our capabilities to serve drug manufacturers and health care providers, and added medical and surgical products to our pharmaceutical product line. Today, we are the largest provider of health care products and services in the industry.

A Brief Financial Review

Cardinal Health had another outstanding year, as we continued to strengthen and broaden our offerings for our customers. We set records in virtually every key financial metric, including total sales, total earnings and earnings per share. (See sidebar on page 27.) We achieved record returns on sales and capital, and cash flow approached \$1 billion. Return on equity exceeded 20 percent for the first time, while year-end net debt-to-total capital reached an historic low of 12 percent. We accomplished all this without compromising future performance. In fact, we invested aggressively, pouring upwards of \$285 million in capital expenditures into expansion and modernization of our facilities, redirected almost \$100 million of current earnings into research, development and new initiatives, and spent a total of \$384 million on eight strategic acquisitions that further expand our capabilities and offerings to customers.

“In this competitive market, we have achieved a leadership position in scale and breadth of offering for our customers.”

Fiscal 2002 was the 15th straight year that our earnings per share growth exceeded 20 percent. Disciplined execution again produced rising returns on sales and capital, reaching 4.44 percent and 32.5 percent, respectively, compared to 2.88 percent and 15.43 percent a decade ago. Our cash flow remains robust and our balance sheet conservatively leveraged. The market is now recognizing the value of our strong balance sheet, which will serve us well as we pursue acquisitions that are more attractively priced in the current market. We are especially proud of the fact that *each* reporting segment grew faster than its market while producing record returns and strong cash flow. Our formula for success has always been straightforward: build a powerful business model, stay focused and execute well—an approach which continues to yield superior financial returns and the capital to reinvest for the future.

A Powerful Business Model

The focus of our business model is health care, where market economics are compelling. In this competitive market, we have achieved a leadership position in scale and breadth of offering for our customers. Health care is a large, fast growing, fragmented industry, where an aging population is driving strong, long-term demand. In the U.S. alone, the \$1 trillion health care sector represents about 15 percent of the economy. If we founded the company today, we would be hard-pressed to find a more attractive industry in which to build our business.

Staying Focused

Cardinal Health has attained immense scale in virtually every area of its operations by staying focused on our customers' needs and setting high standards of performance in each business segment. Ninety-nine percent of our earnings come from businesses which lead their market segments in profits, return on sales and return on committed capital. For example, in the U.S., half of all surgeries performed use our products and more than 25 percent of all prescriptions pass through our hands. Our distribution facilities are the industry's largest and most productive, and we are a world leader in health care products manufacturing. We add further value by integrating many of these products and services to create unique solutions for customers. This breadth of offering is a significant competitive advantage.

Consistent Execution

Our people's consistent ability to execute has enabled Cardinal Health and each of its business segments to outperform the markets in which we compete. The company's superior financial returns—particularly the cash we generate—are the best evidence that our team knows how to produce results and that our business model works. We expect to generate in excess of \$3 billion in cash flow over the next three years, funds we will leverage to make us even stronger. But solid execution is key, and with ample capital and growth opportunities ahead of us, we are hard at work to ensure that we continue to attract, retain and empower outstanding people who can execute well.

Fiscal Year 2002 Financial Records

- EPS \$2.64, up 22%
- Revenues \$44B, up 15%
- Return on Sales – All Segments
- Investment Spending approximately \$100M, up 20%
- Return on Committed Capital 32.5% vs. 30.0%
- Return on Equity 20.5% vs. 19.3%
- Operating Cash Flows \$984M
- Historic Low Receivable Days –17
- 12% Net Debt to Capital
- Effective Tax Rate 34.1% vs. 34.4%

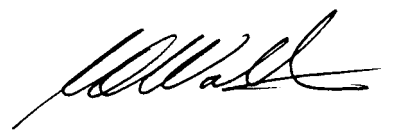
Finally, we must acknowledge two significant events of this past year—the tragedy of September 11th and corporate breaches of trust.

On September 11th, we watched in horror as events unfolded and immediately mobilized our people and resources throughout North America. As the largest supplier of medical products to the hospitals in New York City, our convoys were the first to arrive there with medical supplies. All 82 of our distribution facilities in North America were put on alert to move reserve inventory to the affected region and to prepare for a potentially more widespread crisis. Our systems functioned, our people performed and we stood united and committed. The crisis served to remind us of the importance of what we do every day.

The recent instances of corporate malfeasance also warrant comment. In my experience, most public companies value the trust placed in them by employees, customers and shareholders. It is therefore very upsetting to witness the breach of that trust by the leadership of a few large firms. This behavior is simply unthinkable at Cardinal Health. I am reminded of the image of the girl on the cover, who trusts that her mother will be there for her all the time, not just some of the time. That's the level of trust with which we operate, all day, every day. We value the trust you place in us to do the right thing and to tell it like it is.

As we move into the new fiscal year, on behalf of our management team, I want to close by thanking the customers, employees and investors who have helped us grow to become what we are today. We intend to honor that history by continuing to innovate for our customers and deliver outstanding financial performance, always remembering that Cardinal Health is in this business “for life.”

Sincerely,



Robert D. Walter
Chairman and Chief Executive Officer

OPERATING COMMITTEE

BOARD OF DIRECTORS



1. Brendan A. Ford
Executive Vice President – Corporate Development

2. George L. Fotiades
Executive Vice President, President and Chief Operating Officer – Pharmaceutical Technologies and Services

3. Ronald K. Labrum
Executive Vice President and Group President – Medical Products and Services

4. James F. Millar
Executive Vice President, President and Chief Operating Officer – Pharmaceutical Distribution and Medical Products

5. Richard J. Miller
Executive Vice President and Chief Financial Officer

6. Anthony J. Rucci
Executive Vice President and Chief Administrative Officer

7. Stephen S. Thomas
Executive Vice President and Group President – Automation and Information Services

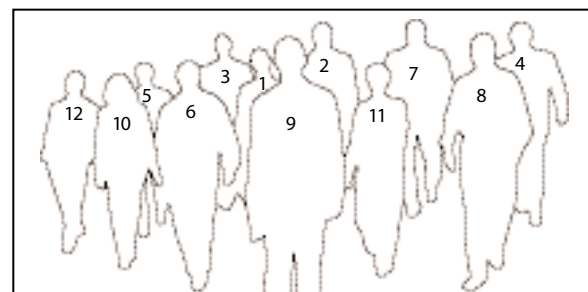
8. Gordon A. Troup
Executive Vice President and Group President – Pharmaceutical Distribution

9. Robert D. Walter
Chairman and Chief Executive Officer

10. Carole S. Watkins
Executive Vice President – Human Resources

11. Kathy Brittain White
Executive Vice President and Chief Information Officer

12. Paul S. Williams
Executive Vice President, Chief Legal Officer and Secretary



1. William E. Bindley
Chairman, Priority Healthcare Corporation

2. Dave Bing
Chairman and Chief Executive Officer, The Bing Group, L.L.C.

3. George H. Conrades
Chairman and Chief Executive Officer, Akamai Technologies, Inc.

4. John F. Finn
Chairman and Chief Executive Officer, Gardner, Inc.

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

6. John F. Havens
Director Emeritus and Retired Chairman, Bank One Corporation

7. J. Michael Losh
Former Chairman, Metaldyne Corporation

8. John B. McCoy
Chairman, Corillian Corporation

9. Richard C. Notebaert
Chairman and Chief Executive Officer, Qwest Communications International, Inc.

10. David W. Raisbeck
Vice Chairman, Cargill, Incorporated

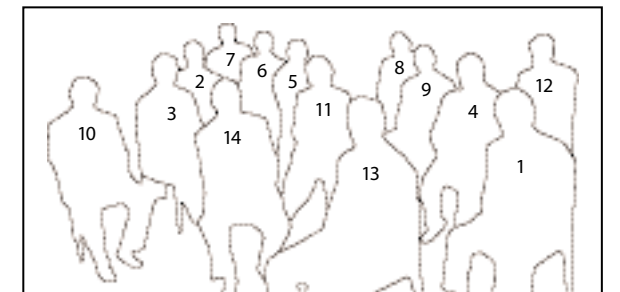
11. Jean G. Spaulding, M.D.
Trustee, The Duke Endowment

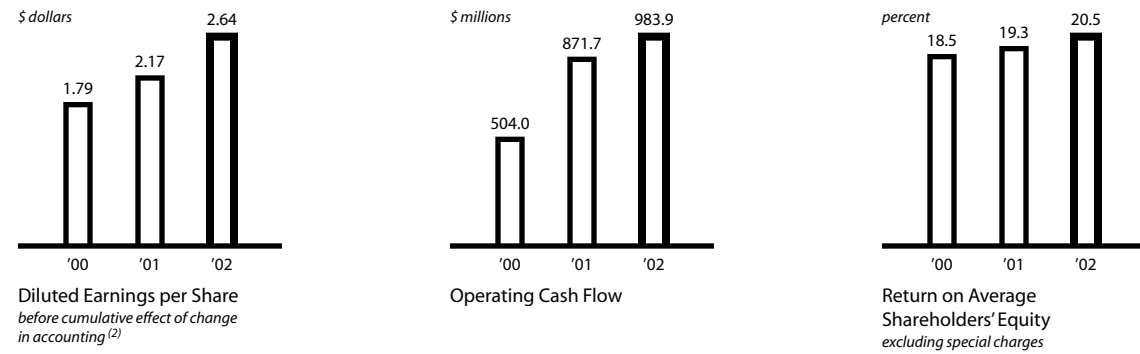
12. Matthew D. Walter
Chief Executive Officer, Bound Tree Medical, LLC

13. Robert D. Walter
Chairman and Chief Executive Officer, Cardinal Health

14. Melburn G. Whitmire
Retired Vice Chairman, Cardinal Health (retired from Board August 2002)

Michael D. O'Halleran (not pictured)
President and Chief Operating Officer, Aon Corporation





	Fiscal year ended June 30,			
	2002	Percent change	2001	2000
<i>(in millions, except percentages and per share amounts)</i>				
Summary of operations				
Operating revenue	\$44,394.3	15%	\$38,660.1	\$30,257.8
Operating earnings ⁽²⁾	1,972.4	19%	1,660.9	1,386.7
Earnings before cumulative effect of change in accounting ⁽²⁾	\$ 1,213.4	23%	\$ 987.3	\$ 805.2
Performance measures				
Operating earnings as a percentage of operating revenue ⁽²⁾	4.4%		4.3%	4.6%
Return on average shareholders' equity	20.5%		19.3%	18.5%
Operating cash flow	\$ 983.9	13%	\$ 871.7	\$ 504.0
Per share results				
Diluted earnings before cumulative effect of change in accounting ⁽²⁾⁽³⁾	\$ 2.64	22%	\$ 2.17	\$ 1.79
Dividends declared ⁽³⁾⁽⁴⁾	\$ 0.100	18%	\$ 0.085	\$ 0.070
Weighted average shares outstanding (number)				
Diluted	459.9		455.5	448.7
Balance sheet				
Working capital	\$ 5,096.2		\$ 4,141.5	\$ 2,899.7
Total assets	\$16,438.0		\$14,642.4	\$12,024.1
Long-term obligations	\$ 2,207.0		\$ 1,871.0	\$ 1,524.5
Shareholders' equity	\$ 6,393.0		\$ 5,437.1	\$ 4,400.4

Refer to the Cardinal Health, Inc. 2002 Annual Report on Form 10-K for a complete set of financial statements.

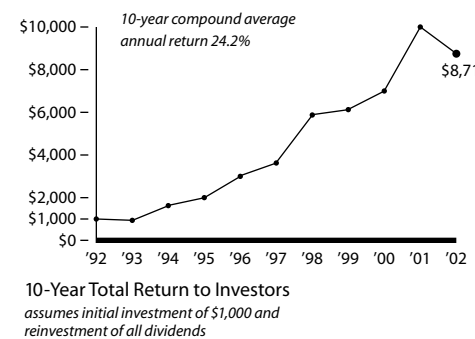
⁽¹⁾ Restated to reflect business combinations accounted for as pooling-of-interests.

⁽²⁾ Amounts (a) exclude the impact of special charges (which include merger-related charges recorded in connection with various business combinations and operational restructuring charges) and (b) exclude goodwill amortization for fiscal years 2001 and 2000. Amounts including special charges and goodwill amortization can be found on page 34 of this report.

⁽³⁾ Earnings before cumulative effect of change in accounting and cash dividends per Common Share have been adjusted to retroactively reflect all stock dividends and stock splits through June 30, 2002.

⁽⁴⁾ Cash dividends per Common Share exclude dividends paid by all entities with which the Company has merged.

Better than **6,000 percent**. That's how much Cardinal Health stock has increased in value since we went public in 1983. An investment of \$10,000 made at that time would be worth approximately \$600,000 today. Over the last 15 years, the company's stock has achieved a compound annual growth rate of 26 percent.



	Fiscal year ended June 30,		
	2002	2001	2000
<i>(in millions, except per share amounts)</i>			
Operating revenue	\$44,394.3	\$38,660.1	\$30,257.8
Operating cost of products sold	40,348.1	35,050.2	27,163.8
Operating gross margin	4,046.2	3,609.9	3,094.0
Bulk deliveries to customer warehouses	6,741.4	9,287.5	8,092.1
Cost of products sold – bulk deliveries	6,741.4	9,285.8	8,089.9
Bulk gross margin	–	1.7	2.2
Selling, general and administrative expenses	2,073.8	1,950.7	1,709.5
Goodwill amortization	–	48.9	41.5
Special charges	138.6	124.9	64.7
Operating earnings	1,833.8	1,487.1	1,280.5
Interest expense and other	132.5	154.9	138.7
Earnings before income tax	1,701.3	1,332.2	1,141.8
Provision for income taxes	575.0	474.8	424.0
Earnings before cumulative effect of change in accounting	1,126.3	857.4	717.8
Cumulative effect of change in accounting	70.1	–	–
Net earnings	\$ 1,056.2	\$ 857.4	\$ 717.8
Basic earnings per Common Share:			
Before cumulative effect of change in accounting	\$ 2.50	\$ 1.93	\$ 1.64
Cumulative effect of change in accounting	(0.16)	–	–
Net basic earnings per Common Share	\$ 2.34	\$ 1.93	\$ 1.64
Diluted earnings per Common Share:			
Before cumulative effect of change in accounting	\$ 2.45	\$ 1.88	\$ 1.60
Cumulative effect of change in accounting	(0.15)	–	–
Net diluted earnings per Common Share	\$ 2.30	\$ 1.88	\$ 1.60
Weighted average number of shares outstanding:			
Basic	450.1	443.2	438.8
Diluted	459.9	455.5	448.7

Refer to the Cardinal Health, Inc. 2002 Annual Report on Form 10-K for a complete set of financial statements.

(in millions)	June 30,	
	2002	2001
Assets		
Current assets:		
Cash and equivalents	\$ 1,382.0	\$ 934.1
Trade receivables, net	2,295.4	2,408.7
Current portion of net investment in sales-type leases	218.3	236.3
Inventories	7,361.0	6,286.1
Prepaid expenses and other	649.9	851.1
Total current assets	11,906.6	10,716.3
Property and equipment, at cost:		
Land, buildings and improvements	1,002.7	978.0
Machinery and equipment	2,321.5	2,167.5
Furniture and fixtures	185.1	200.4
Total	3,509.3	3,345.9
Accumulated depreciation and amortization	(1,614.9)	(1,507.6)
Property and equipment, net	1,894.4	1,838.3
Other assets:		
Net investment in sales-type leases, less current portion	618.6	671.7
Goodwill and other intangibles, net	1,544.1	1,175.4
Other	474.3	240.7
Total	\$16,438.0	\$14,642.4
Liabilities and shareholders' equity		
Current liabilities:		
Notes payable and other short-term borrowings	\$ 0.8	\$ 8.3
Current portion of long-term obligations	17.4	5.9
Accounts payable	5,504.5	5,319.9
Other accrued liabilities	1,287.7	1,240.7
Total current liabilities	6,810.4	6,574.8
Long-term obligations, less current portion	2,207.0	1,871.0
Deferred income taxes and other liabilities	1,027.6	759.5
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 – 461.0 million shares and 456.2 million shares at June 30, 2002 and 2001, respectively	2,105.2	1,893.1
Retained earnings	5,156.1	4,146.0
Common Shares in treasury, at cost, 12.2 million shares and 7.5 million shares at June 30, 2002 and 2001, respectively	(737.0)	(457.2)
Other comprehensive loss	(120.9)	(140.3)
Other	(10.4)	(4.5)
Total shareholders' equity	6,393.0	5,437.1
Total	\$16,438.0	\$14,642.4

Refer to the Cardinal Health, Inc. 2002 Annual Report on Form 10-K for a complete set of financial statements.

(in millions)	Fiscal year ended June 30,		
	2002	2001	2000
Cash flows from operating activities:			
Earnings before cumulative effect of change in accounting	\$ 1,126.3	\$ 857.4	\$ 717.8
Adjustments to reconcile net earnings to net cash from operating activities:			
Depreciation and amortization	243.5	280.6	257.0
Provision for deferred income taxes	239.7	149.1	128.5
Provision for bad debts	42.6	41.4	37.5
Change in operating assets and liabilities, net of effects from acquisitions:			
Decrease/(increase) in trade receivables	145.4	(31.4)	(377.3)
Increase in inventories	(1,071.1)	(1,517.8)	(1,071.6)
Decrease/(increase) in net investment in sales-type leases	71.2	(141.8)	(159.5)
Increase in accounts payable	179.2	1,313.8	899.4
Other operating items, net	7.1	(79.6)	72.2
Net cash provided by operating activities	983.9	871.7	504.0
Cash flows from investing activities:			
Acquisition of subsidiaries, net of cash acquired	(383.8)	(364.3)	(69.6)
Proceeds from sale of property and equipment	18.3	72.1	60.2
Additions to property and equipment	(285.4)	(341.2)	(331.1)
Purchase of marketable securities available for sale	–	–	(7.7)
Proceeds from sale of marketable securities available for sale	–	–	56.1
Net cash used in investing activities	(650.9)	(633.4)	(292.1)
Cash flows from financing activities:			
Net change in commercial paper and short-term debt	(9.7)	(824.9)	426.2
Reduction of long-term obligations	(19.6)	(53.8)	(179.8)
Proceeds from long-term obligations, net of issuance costs	362.3	911.3	0.5
Proceeds from securitized borrowings	–	–	125.8
Proceeds from issuance of Common Shares	140.0	252.1	97.5
Dividends on Common Shares, minority interests and cash paid in lieu of fractional shares	(45.0)	(36.6)	(30.0)
Purchase of treasury shares	(308.3)	(139.4)	(341.4)
Other	(4.8)	–	0.4
Net cash provided by financing activities	114.9	108.7	99.2
Net increase in cash and equivalents	447.9	347.0	311.1
Change in fiscal year of acquired subsidiary	–	47.6	–
Cash and equivalents at beginning of year	934.1	539.5	228.4
Cash and equivalents at end of year	\$ 1,382.0	\$ 934.1	\$ 539.5

Refer to the Cardinal Health, Inc. 2002 Annual Report on Form 10-K for a complete set of financial statements.

	Fiscal year ended June 30,				
<i>(in millions, except per share amounts)</i>	2002	2001	2000	1999	1998
Earnings statement data:					
Revenue:					
Operating revenue	\$44,394.3	\$38,660.1	\$30,257.8	\$25,682.5	\$20,844.8
Bulk deliveries to customer warehouses	6,741.4	9,287.5	8,092.1	7,050.4	7,541.1
Total revenue	\$51,135.7	\$47,947.6	\$38,349.9	\$32,732.9	\$28,385.9
Gross margin	\$ 4,046.2	\$ 3,611.6	\$ 3,096.2	\$ 2,813.2	\$ 2,407.1
Selling, general and administrative expenses	2,073.8	1,950.7	1,709.5	1,660.8	1,455.7
Goodwill amortization	–	48.9	41.5	36.4	35.8
Special charges	138.6	124.9	64.7	161.4	57.8
Operating earnings ⁽⁴⁾	\$ 1,833.8	\$ 1,487.1	\$ 1,280.5	\$ 954.6	\$ 857.8
Earnings before cumulative effect of change in accounting ⁽⁴⁾	\$ 1,126.3	\$ 857.4	\$ 717.8	\$ 499.3	\$ 474.3
Earnings per Common Share before cumulative effect of change in accounting: ^{(2) (4)}					
Basic	\$ 2.50	\$ 1.93	\$ 1.64	\$ 1.14	\$ 1.10
Diluted	\$ 2.45	\$ 1.88	\$ 1.60	\$ 1.12	\$ 1.07
Weighted average number of Common Shares outstanding:					
Basic	450.1	443.2	438.8	434.9	431.5
Diluted	459.9	455.5	448.7	447.2	445.3
Balance sheet data:					
Cash and equivalents	\$ 1,382.0	\$ 934.1	\$ 539.5	\$ 228.4	\$ 431.9
Trade receivables, net	\$ 2,295.4	\$ 2,408.7	\$ 2,398.8	\$ 2,055.6	\$ 2,054.9
Inventories	\$ 7,361.0	\$ 6,286.1	\$ 4,657.0	\$ 3,585.8	\$ 3,128.0
Property and equipment, net	\$ 1,894.4	\$ 1,838.3	\$ 1,728.3	\$ 1,654.3	\$ 1,555.6
Total assets	\$16,438.0	\$14,642.4	\$12,024.1	\$ 9,682.7	\$ 8,876.8
Short-term obligations	\$ 18.2	\$ 14.2	\$ 423.4	\$ 313.9	\$ 179.9
Accounts payable	\$ 5,504.5	\$ 5,319.9	\$ 3,895.1	\$ 3,004.4	\$ 2,881.3
Long-term obligations	\$ 2,207.0	\$ 1,871.0	\$ 1,524.5	\$ 1,224.5	\$ 1,362.2
Shareholders' equity	\$ 6,393.0	\$ 5,437.1	\$ 4,400.4	\$ 3,894.6	\$ 3,389.9
Total liabilities and shareholders' equity	\$16,438.0	\$14,642.4	\$12,024.1	\$ 9,682.7	\$ 8,876.8
Cash dividends declared per Common Share ⁽²⁾⁽³⁾	\$ 0.100	\$ 0.085	\$ 0.070	\$ 0.067	\$ 0.049

Refer to the Cardinal Health, Inc. 2002 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 before cumulative effect of change in accounting and cash dividends per Common Share have been adjusted to retroactively reflect all stock dividends and stock splits through June 30, 2002.

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

⁽⁴⁾ Amounts summarized above include special charges, which represent merger-related costs and other special charges recorded in connection with various business combinations and facility rationalizations. In addition, the earnings before cumulative effect of change in accounting and earnings before cumulative effect of change in accounting per Common Share do not reflect the impact of the pro forma adjustments related to the taxes for Automatic Liquid Packaging, Inc. ("ALP") for the fiscal years ended June 30, 1999 and 1998. 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 charges, (b) the inclusion of the impact of the adjustments related to ALP taxes and (c) the elimination of goodwill amortization for fiscal years 1998 through 2001.

	Fiscal year ended June 30,				
<i>(in millions, except per share amounts)</i>	2002	2001	2000	1999	1998
Operating earnings	\$ 1,972.4	\$ 1,660.9	\$ 1,386.7	\$ 1,156.4	\$ 951.4
Earnings before cumulative effect of change in accounting	1,213.4	987.3	805.2	655.6	527.2
Earnings per Common Share before cumulative effect of change in accounting:					
Basic	\$ 2.69	\$ 2.22	\$ 1.83	\$ 1.51	\$ 1.22
Diluted	\$ 2.64	\$ 2.17	\$ 1.79	\$ 1.47	\$ 1.18

Corporate Office

Cardinal Health
7000 Cardinal Place
Dublin, Ohio 43017

(614) 757-5000
www.cardinal.com

Common Stock

Cardinal Health's common stock is 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 September 9, 2002, Cardinal Health had approximately 21,000 shareholders of record.

Annual Meeting

The 2002 Annual Meeting of Shareholders will be held at 11:30 a.m. on Wednesday, November 6, 2002 at Cardinal Health's corporate office in Dublin, Ohio. Shareholders are cordially invited to attend.

Auditors

Ernst & Young LLP

Fiscal 2002 Cash Dividend Data

Fiscal quarter	Record date	Payment date	Per Common Share amount
1st	October 1, 2001	October 15, 2001	\$0.025
2nd	January 1, 2002	January 15, 2002	\$0.025
3rd	April 1, 2002	April 15, 2002	\$0.025
4th	July 1, 2002	July 15, 2002	\$0.025

As adjusted for stock splits.

Important Notice Regarding Forward-Looking Statements

Except for historical information, all other information in this report 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 risks and uncertainties are described in Cardinal Health's Form 10-K, Form 8-K and Form 10-Q 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, changes in the distribution outsourcing patterns for health care products and/or services, the costs and other effects of legislation and governmental regulation as well as legal and administrative proceedings, and general economic conditions. Cardinal Health undertakes no obligation to update or revise any forward-looking statements.

Information regarding the identity of the persons who may, under SEC rules, be deemed to be participants in the solicitation of stockholders of Syncor International Corporation in connection with the proposed merger, and their interests in the solicitation, is set forth in a Schedule 14A filed on June 14, 2002 with the SEC. Cardinal Health intends to file a registration statement on Form S-4 in connection with the transaction, and Syncor has filed a preliminary proxy statement on Schedule 14A and intends to mail a definitive proxy statement/prospectus to its stockholders in connection with the transaction. Information regarding the interests of Syncor's officers and directors in the transaction will be included in the proxy statement/prospectus. **Investors and security holders of Syncor are urged to read the preliminary proxy statement/prospectus and the definitive proxy statement/prospectus when it becomes available because each contains important information about Cardinal Health, Syncor and the transaction.** Investors and security holders may obtain a free copy of the preliminary proxy statement/prospectus at the SEC's Web site at <http://www.sec.gov>. When it becomes available, a free copy of the definitive proxy statement/prospectus may also be obtained from Cardinal Health or Syncor or at the SEC's Web site at <http://www.sec.gov>. In addition to the registration statement on Form S-4 to be filed by Cardinal Health in connection with the transaction, and the definitive proxy statement/prospectus to be mailed to the stockholders of Syncor in connection with the transaction, each of Cardinal Health and Syncor files annual, quarterly and special reports, proxy and information statements, and other information with the SEC. Investors may read and copy any of these reports, statements and other information at the SEC's public reference room located at 450 5th Street, N.W., Washington, D.C., 20549. Investors should call the SEC at 1-800/SEC-0330 for further information. The reports, statements and other information filed by Cardinal Health and Syncor with the SEC are also available for free at the SEC's Web site at <http://www.sec.gov>. A free copy of these reports, statements and other information may also be obtained from Cardinal Health or Syncor. **Investors should read the proxy statement/prospectus carefully when it becomes available before making any voting or investment decision.**

Financial Information

Comprehensive financial information about Cardinal Health can be obtained by visiting Investor Relations at: www.cardinal.com.

Available information includes, but is not limited to, historical stock information, research analyst coverage, past and present financial statements, and recent company presentations. This information – including Cardinal Health's Annual Report, Forms 10-K and 10-Q, and other published corporate literature – is also available 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 & Registrar

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

EquiServe
P.O. Box 43069
Providence, Rhode Island 02940-3069

(800) 446-2617
www.equiserve.com

Common Share Price History

	Twelve months ended June 30,				
	2002	2001	2000	1999	1998
High	\$76.600	\$77.000	\$49.333	\$53.667	\$42.778
Low	\$60.800	\$45.271	\$24.792	\$36.556	\$24.278
Close	\$61.410	\$69.000	\$49.333	\$42.750	\$41.667

As adjusted for stock dividends and stock splits.



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