

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

1440 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-2111

TEL: (202) 371-7000

FAX: (202) 393-5760

www.skadden.com

FIRM/AFFILIATE OFFICES

BOSTON
CHICAGO
HOUSTON
LOS ANGELES
NEW YORK
PALO ALTO
WILMINGTON

ABU DHABI
BEIJING
BRUSSELS
FRANKFURT
HONG KONG
LONDON
MUNICH
PARIS
SÃO PAULO
SEOUL
SINGAPORE
TOKYO
TORONTO

DIRECT DIAL
202-371-7233
DIRECT FAX
202-661-8280
EMAIL ADDRESS
MARC.GERBER@SKADDEN.COM

VIA STAFF ONLINE FORM

June 9, 2025

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RE: Cardinal Health, Inc. – 2025 Annual Meeting
Omission of Shareholder Proposal Submitted
By John Chevedden

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are writing on behalf of our client, Cardinal Health, Inc., an Ohio corporation (the “Company”), to request that the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) concur with the Company’s view that, for the reasons stated below, it may exclude the shareholder proposal and supporting statement (the “Proposal”) submitted by John Chevedden (the “Proponent”) from the proxy materials to be distributed by the Company in connection with its 2025 annual meeting of shareholders (the “2025 proxy materials”).

In accordance with relevant Staff guidance, we are submitting this letter and its attachments to the Staff through the Staff’s online Shareholder Proposal Form. In accordance with Rule 14a-8(j), we are simultaneously sending a copy of this letter and its attachments to the Proponent, as notice of the Company’s intent to omit the Proposal from the 2025 proxy materials.

Rule 14a-8(k) and Section E of Staff Legal Bulletin No. 14D (Nov. 7, 2008) provide that shareholder proponents are required to send companies a copy of any correspondence that the shareholder proponents elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to remind the Proponent that if the Proponent submits correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should concurrently be furnished to the Company.

I. Bases for Exclusion

We hereby respectfully request that the Staff concur with the Company's view that the Proposal may be excluded from the 2025 proxy materials pursuant to Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal. In this regard, the Company's Corporate Governance Guidelines were amended in 2021 to require that the Chairman of the Board of Directors (the "Board") be an independent member of the Board whenever possible.

In the event that the Staff does not concur with that view, we hereby respectfully request that the Staff concur with the Company's view that portions of the Proposal may be excluded from the 2025 proxy materials pursuant to Rule 14a-8(i)(3) because those portions are materially false and misleading in violation of Rule 14a-9. In particular, the title and closing sentence of the Proposal falsely suggest that a similar proposal received 42% support in 2024, when in fact shareholders of the Company have not voted on a similar proposal topic since 2021 and, in 2021, the proposal received only 23.2% support. The Proposal's supporting statement also includes various assertions that are objectively false and misleading, all of which could significantly impact shareholder voting decisions and therefore should be excluded from the 2025 proxy materials.

II. The Proposal

The text of the Proposal is set forth below:

Proposal 4 — Proposal Topic that Won 42% Support at the 2024 CAH Annual Meeting

Shareholders request that the Board of Directors adopt an enduring policy, and amend the governing documents as necessary in order that 2 separate people hold the office of the Chairman and the office of the CEO as follows:

Selection of the Chairman of the Board The Board [*sic*] requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer.

Whenever possible, the Chairman of the Board shall be an Independent Director.

The Board has the discretion to select a Temporary Chairman of the Board who is not an Independent Director to serve while the Board is seeking an Independent Chairman of the Board on an accelerated basis.

It is a best practice to adopt this proposal soon. However this policy could be phased in when there is a contract renewal for our current CEO or for the next CEO transition.

This proposal won 42%-support at the 2020 Cardinal Health (CAH) annual meeting even though CAH then had an independent Board Chairman on a temporary basis, as is the case now. It takes much more CAH shareholder conviction of the merits of this proposal topic to vote for this shareholder proposal topic than to reflexively vote according to the CAH Board of Directors instructions without any access to independent proxy voting advice.

The 42% vote likely represented a 50%+ majority vote from professional investors who had access to independent proxy voting advice. Any proposal that gets above, 40% support is probably obtaining a 50%+ majority vote from the most informed shareholders because there is an overwhelming abundance of automatic against votes from the disadvantaged CAH shareholders who have no access to independent proxy voting advice.

Please vote yes:

**Proposal Topic that Won 42% Support at the 2024 CAH Annual Meeting
– Proposal 4**

III. Background

The Company received the Proposal via email on December 12, 2024, accompanied by a cover letter from the Proponent. On December 18, 2024, the Company received via email a letter from Fidelity Investments, dated December 18, 2024, verifying the Proponent's continuous ownership of at least the requisite amount of stock for at least the requisite period preceding and including the date of submission

of the Proposal. Copies of the Proposal, cover letter and related correspondence are attached hereto as Exhibit A.¹

IV. The Proposal May Be Excluded Pursuant to Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Proposal.

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal if the company has already substantially implemented the proposal. The Commission adopted the “substantially implemented” standard in 1983 after determining that the “previous formalistic application” of the rule defeated its purpose, which is to “avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management.” *See* Exchange Act Release No. 34-20091 (Aug. 16, 1983) (“1983 Release”) and Exchange Act Release No. 34-12598 (July 7, 1976). In adopting this standard, the Commission made it clear that the actions requested by a proposal need not be “fully effected” provided that they have been “substantially implemented” by the company. *See* 1983 Release.

Applying this standard, the Staff has consistently permitted the exclusion of a proposal under Rule 14a-8(i)(10) when it has determined that the company’s policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal. *See, e.g., Mastercard* (Apr. 23, 2025); *JPMorgan Chase & Co.* (Apr. 2, 2025); *BlackRock, Inc.* (Apr. 2, 2021)*; *JPMorgan Chase & Co.* (Mar. 9, 2021)*; *Devon Energy Corp.* (Apr. 1, 2020)*; *Johnson & Johnson* (Jan. 31, 2020)*; *Pfizer Inc.* (Jan. 31, 2020)*; *The Allstate Corp.* (Mar. 15, 2019); *Johnson & Johnson* (Feb. 6, 2019); *United Cont’l Holdings, Inc.* (Apr. 13, 2018); *eBay Inc.* (Mar. 29, 2018); *Kewaunee Scientific Corp.* (May 31, 2017); *Wal-Mart Stores, Inc.* (Mar. 16, 2017).

In addition, the Staff has permitted exclusion under Rule 14a-8(i)(10) where the company already addressed the underlying concerns and satisfied the essential objectives of the proposal, even if the proposal had not been implemented exactly as proposed by the proponent. *See* Staff Legal Bulletin No. 14M (Feb. 12, 2025) (noting that, for a request to exclude a shareholder proposal under Rule 14a-8(i)(10), the Staff “considers no-action requests and supplemental correspondence in accordance with operative Commission rules and applicable staff guidance” rather than applying the

¹ Exhibit A omits correspondence between the Company and the Proponent that is irrelevant to this request. *See* the Staff’s “Announcement Regarding Personally Identifiable and Other Sensitive Information in Rule 14a-8 Submissions and Related Materials” (Dec. 17, 2021), available at <https://www.sec.gov/corpfina/announcement/announcement-14a-8-submissions-pii-20211217>.

* Citations marked with an asterisk indicate Staff decisions issued without a letter.

more rigid standard contemplated in the Commission's proposed amendments to Rule 14a-8(i)(10) proposed in July 2022 but not adopted).

Furthermore, the Staff consistently has permitted exclusion under Rule 14a-8(i)(10) of proposals, substantially similar to the Proposal, requesting that a company adopt a policy and amend its governing documents as necessary to require that the company's chairman be an independent member of the board of directors, where the company already had such a policy in place. For example, in *Edison International* (Feb. 23, 2022), the Staff permitted exclusion under Rule 14a-8(i)(10) of a proposal requesting that the company's board of directors adopt a policy to require that the chairman of the board, whenever possible, be an independent member of the board and to amend its governing documents, as necessary, "in order that 2 separate people hold the office of the Chairman and the office of the CEO," where the company's corporate governance guidelines already stated that the board of directors "shall appoint one of its members who is an independent director to serve as Chair." *See also, The AES Corp.* (Feb. 21, 2019) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting that the company's board of directors adopt a policy to require that the chairman of the board, whenever possible, be an independent member of the board and to amend its governing documents to implement the policy, as needed, where the company's corporate governance guidelines were revised to state "[w]henever possible, the [c]hairman of the [b]oard shall be an [i]ndependent [d]irector."); *Expeditors International of Washington, Inc.* (Jan. 30, 2014) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting that the company's board of directors adopt a policy requiring that any future chairman be independent, where the company adopted a policy requiring that, after the term of the current chair, the position "shall" be filled by an independent director).

In this instance, the Company has substantially implemented the Proposal because its Corporate Governance Guidelines (the "Guidelines") were amended in 2021 to require that the Chairman of the Board be an independent member of the Board whenever possible. In this respect, the Proposal requests that the Board (1) "adopt an enduring policy," (2) "amend the governing documents," (3) "in order that 2 separate people hold the office of the Chairman and the office of the CEO," (4) and "that the Chairman of the Board be an Independent Director," (5) "whenever possible." On June 21, 2021, the Board approved an amendment to the Guidelines to include the requirement that "[w]henever possible, the Chairman of the Board shall be an independent [d]irector." In the event the Chairman is not independent, for example, due to an intervening event, then the independent directors of the Board will elect a lead independent director. While the Guidelines do not specifically call for two separate people to hold the office of the Chairman and the CEO, the effect of requiring an independent Chairman, whenever possible, accomplishes the same effect. *See the*

Guidelines, attached hereto as Exhibit B. Thus, the Company's governing documents address the underlying concerns and satisfy the essential objectives of the Proposal sought by the Proponent and compare favorably with the Proposal in a manner similar to the precedent described above. Therefore, the Company believes that it has substantially implemented the Proposal.

Accordingly, consistent with the precedent described above, the Proposal should be excluded from the Company's 2025 proxy materials pursuant to Rule 14a-8(i)(10) as substantially implemented.

V. Portions of the Proposal May Be Excluded Pursuant to Rule 14a-8(i)(3) Because Those Portions Are Materially False and Misleading in Violation of Rule 14a-9.

Under Rule 14a-8(i)(3), a shareholder proposal may be excluded from a company's proxy materials if the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in a company's proxy materials. *See* Staff Legal Bulletin No. 14B (Sept. 15, 2004) ("SLB 14B"). Specifically, Rule 14a-9(a) prohibits any statement that is "false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading." The Staff has recognized that a company may exclude specific statements contained in proposals when those specific statements are materially false and misleading. In SLB 14B, the Staff acknowledged that companies have relied on Rule 14a-8(i)(3) to exclude statements included in a supporting statement, even if the balance of the proposal and the supporting statement may not be excluded, and indicated that "reliance on [R]ule 14a-8(i)(3) to exclude or modify a statement may be appropriate where . . . the company demonstrates objectively that a factual statement is materially false or misleading."

Consistent with SLB 14B, the Staff has permitted companies to exclude one or more statements from a proposal under Rule 14a-8(i)(3) where those statements were materially false or misleading. For example, in *Rite Aid Corp.* (Mar. 13, 2015), the Staff permitted exclusion under Rule 14a-8(i)(3) of a sentence included in the supporting statement falsely claiming, among other things, that the SEC supported the proposal, noting that "a portion of the supporting statement may be materially false or misleading." *See also, e.g., Walmart Inc.* (Mar. 28, 2019, *recon. granted* Apr. 4, 2019) (permitting exclusion under Rule 14a-8(i)(3) of an image and parenthetical that references the image, noting that the "[i]mage is irrelevant to a consideration of the subject matter of the [p]roposal, such that there is a strong likelihood that a reasonable shareholder would be uncertain as to the matter on which he or she is being asked to vote"); *General Electric Company* (Mar. 6, 2019) (same); *Bob Evans Farms, Inc.* (June 26, 2006) (permitting exclusion under Rule 14a-8(i)(3) of a paragraph included in the

supporting statement falsely claiming that the proposal had received “tremendous shareholder support”); *Piper Jaffray Cos.* (Feb. 24, 2006) (permitting exclusion under Rule 14a-8(i)(3) of a paragraph included in the supporting statement falsely claiming that management had demonstrated a disregard for shareholders’ interests).

In this instance, the title and closing sentence of the Proposal are materially false and misleading. The title and closing sentence of the Proposal claim that the “Proposal Topic [] Won 42% Support at the 2024 CAH Annual Meeting.” However, shareholders of the Company have not voted on a similar proposal topic since 2021 and, in 2021, the proposal received only 23.2% support. While the supporting statement goes on to correctly state that a similar proposal won 42% support at the Company’s 2020 annual meeting, this does not cure the objectively false and misleading statements included in the title and closing sentence of the Proposal, which create the misleading impression that the proposal topic very recently, and since the date of the Guidelines amendment, received significant voting support. Moreover, the Proponent’s convenient omission of the most recent voting results for a similar proposal further exacerbates the significant impact that the false statements could have on shareholder voting decisions. Thus, the title and closing sentence’s assertion that a similar proposal topic received 42% support at the Company’s 2024 annual meeting is objectively false and misleading.

In addition, the assertion in the last paragraph of the supporting statement claiming that the 42% support received in 2020 “likely represented a 50%+ majority vote from professional investors who had access to independent proxy voting advice” is also objectively false and misleading because there is no way for the Proponent to know which shareholders voted for or against a particular proposal. The Proponent goes on to assert that “[a]ny proposal that gets above 40% support is probably obtaining a 50%+ majority vote from the most informed shareholders because there is an overwhelming abundance of automatic against votes from the disadvantaged CAH shareholders who have no access to independent proxy voting advice.” The Proponent provides no evidence for these assertions and such baseless claims suggest a higher level of support than is factually supportable. Thus, the last paragraph of the Proposal is also objectively false and misleading.

Furthermore, the supporting statement’s assertion that the Company’s independent Board Chairman has served “on a temporary basis, as is the case now” is objectively false and misleading. Gregory B. Kenny has served as the Company’s Board Chairman since 2018 and was the independent Lead Director from 2014 to 2018. At no time has Mr. Kenny’s tenure as Board Chairman been considered temporary by Mr. Kenny or the Company. Thus, the statement indicating that the Company’s Board Chairman had served and continues to serve on a temporary basis is also objectively false and misleading.

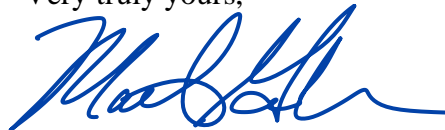
Given the objectively false statements included in various portions of the Proposal, as well as the significant impact that the false statements could have on shareholder voting decisions, those statements included in the Proposal are materially false and misleading. Accordingly, consistent with SLB 14B and the precedent described above, the Company should be permitted to exclude those materially false and misleading portions of the Proposal from the 2025 proxy materials.

VI. Conclusion

Based upon the foregoing analysis, the Company respectfully requests that the Staff concur that it will take no action if the Company excludes the Proposal from the 2025 proxy materials.

Should the Staff disagree with the conclusions set forth in this letter, or should any additional information be desired in support of the Company's position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff's response. Please do not hesitate to contact the undersigned at (202) 371-7233.

Very truly yours,



Marc S. Gerber

Enclosures

cc: John Chevedden

Patrick C. Pope
Executive Vice President, General Counsel and Secretary
Cardinal Health, Inc.

EXHIBIT A
(see attached)

Mr. Patrick Pope
Secretary
Cardinal Health Inc. (CAH)
7000 Cardinal Place
Dublin, OH 43017
PH: 614-757-5000

Dear Mr. Pope,

This Rule 14a-8 proposal is respectfully submitted in support of the long-term performance of our company.

This Rule 14a-8 proposal is intended as a low-cost method to improve company performance – especially compared to the substantial capitalization of our company.

This proposal is for the next annual shareholder meeting.

I intend to continue to hold the required amount of Company shares through the date of the Company's next Annual Meeting of Stockholders and beyond as is or will be documented in my ownership proof.

This submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

Please assign the proper sequential proposal number in each appropriate place.


Please use the title of the proposal in bold in all references to the proposal in the proxy including the table of contents, like Board of Directors proposals, and on the ballot. If there is objection to the title please negotiate or seek no action relief as a last resort.

I expect to forward a broker letter soon so if you acknowledge this proposal in an email message to [REDACTED] it may very well save you from formally requesting a broker letter from me.

Please confirm that this proposal was sent to the correct email address for rule 14a-8 proposals. Per SEC SLB 14L, Section F, the Securities and Exchange Commission Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested." I so request.

Sincerely,


John Chevedden


Date

cc: "Barnett, James" <[REDACTED]>
"Dhaliwal, Laura" <[REDACTED]>
"Pashi, Amanda" <[REDACTED]>

[CAH – Rule 14a-8 Proposal, December 12, 2024]

[This line and any line above it – *Not* for publication.]

Proposal 4 – Proposal Topic that Won 42% Support at the 2024 CAH Annual Meeting

Shareholders request that the Board of Directors adopt an enduring policy, and amend the governing documents as necessary in order that 2 separate people hold the office of the Chairman and the office of the CEO as follows:

Selection of the Chairman of the Board The Board requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer.

Whenever possible, the Chairman of the Board shall be an Independent Director.

The Board has the discretion to select a Temporary Chairman of the Board who is not an Independent Director to serve while the Board is seeking an Independent Chairman of the Board on an accelerated basis.

It is a best practice to adopt this proposal soon. However this policy could be phased in when there is a contract renewal for our current CEO or for the next CEO transition.

This proposal won 42%-support at the 2020 Cardinal Health (CAH) annual meeting even though CAH then had an independent Board Chairman on a temporary basis, as is the case now. It takes much more CAH shareholder conviction of the merits of this proposal topic to vote for this shareholder proposal topic than to reflexively vote according to the CAH Board of Directors instructions without any access to independent proxy voting advice.

The 42% vote likely represented a 50%+ majority vote from professional investors who had access to independent proxy voting advice. Any proposal that gets above 40% support is probably obtaining a 50%+ majority vote from the most informed shareholders because there is an overwhelming abundance of automatic against votes from the disadvantaged CAH shareholders who have no access to independent proxy voting advice.

Please vote yes:

**Proposal Topic that Won 42% Support at the 2024 CAH Annual Meeting
– Proposal 4**

[The line above – *Is* for publication.]

[Please assign the correct proposal number in the 2 places.]

Notes:

“Proposal 4” stands in for the final proposal number that management will assign. The proposal number and title at the top of proposal is the number and title intended for publication in the proxy and on the ballot – word for word with no added words or mixture of shareholder words with management words.

It is critically important that the proponent have control of the ballot title with no words added or subtracted from the title because the title of the proposal may be the only words a voting shareholder sees. If management disagrees then it has the option of negotiating now or asking for no action relief.

This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(l)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also: Sun Microsystems, Inc. (July 21, 2005).

The proponent is available for a telephone meeting on the first Monday and Tuesday after 10-days of the proposal submittal date at noon PT.
Please arrange in advance in a separate email message regarding a meeting if needed.

The proponent intends to continue holding the same required amount of Company shares through the date of the Company’s 2025 Annual Meeting of Stockholders as is or will be documented in his ownership proof.

Please acknowledge this proposal promptly by email [REDACTED].

The color version of the below graphic is to be published immediately after the bold title line of the proposal at the top of the proposal and be center justified with the title.



EXHIBIT B
(see attached)

Cardinal Health, Inc. Board of Directors Corporate Governance Guidelines

On August 6, 2003, the Cardinal Health, Inc. (the “Company” or “Cardinal Health”) Board of Directors (the “Board”) adopted the following Corporate Governance Guidelines, which were most recently amended by the Board effective August 16, 2024:

Role of the Board

The Board serves as the representative and acts on behalf of all of the shareholders of Cardinal Health. In representing Cardinal Health’s shareholders, the basic responsibility of the directors is to exercise their business judgment in good faith and to act in what they reasonably believe to be the best interests of the Company. In discharging that obligation, directors may rely on the honesty and integrity of their fellow directors and of the Company’s senior executives, outside advisors and outside auditors. The Board, operating directly and through its committees, fulfills the following primary functions:

- Oversee management in the conduct of Cardinal Health’s businesses;
- Oversee management’s efforts to establish and maintain for the Company high standards of legal and ethical conduct in all of its businesses, including conformity with all applicable laws and regulations;
- Review, evaluate and, where appropriate, approve, the Company’s major business strategies, capital deployment and long-term plans and review its performance;
- Select, evaluate and set the compensation for the Chief Executive Officer and other senior officers and plan for management succession;
- Oversee management’s efforts to protect the assets of Cardinal Health through the maintenance of appropriate accounting, financial reporting and financial and other controls;
- Oversee the Company’s policies and procedures for assessing and managing risk;
- Provide advice and counsel to senior management;
- Evaluate the overall effectiveness of the Board and its committees; and
- Evaluate, select and recommend an appropriate slate of candidates for election as directors.

Board Selection and Composition

Board Selection. The Board is responsible for selecting candidates for election as directors based on the recommendation of the Governance and Sustainability Committee.

Board Membership Criteria. The responsibilities of the Governance and Sustainability Committee include reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the Board’s current composition and objectives, and developing and recommending to the Board criteria for identifying and evaluating candidates for the Board. These criteria include, among other things, an individual’s business experience, qualifications, attributes and skills, such as: (i) relevant industry knowledge (including healthcare, supply chain and logistics); (ii) experience in operations, management, technology, accounting and finance, strategic planning and international markets and leadership experience,

including Board and executive leadership; (iii) independence (including independence from the interests of a particular group of shareholders), judgment and integrity; and (iv) the ability to commit sufficient time and attention to the activities of the Board, as well as the absence of actual or potential conflicts with the Company's interests. The Governance and Sustainability Committee considers these and such other criteria as it may determine relevant in the context of an assessment of the operation and goals of the Board as a whole and seeks to achieve diversity of occupational and personal backgrounds on the Board, including race and gender diversity. As part of the search process for each new director, the Governance and Sustainability Committee includes, and instructs any search firm the Governance and Sustainability Committee engages to include, women and racially and ethnically diverse candidates in the initial pool from which candidates are selected.

Board Independence. A majority of the Board must be comprised of directors who meet the independence requirements of the New York Stock Exchange ("NYSE"), as determined by the Board. Under standards that the Board has adopted to assist it in assessing independence, the Board defines an "independent director" to be a director who:

- is not and has not been during the last three years an employee of, and whose immediate family member is not and has not been during the last three years an executive officer of, the Company (provided however, that, in accordance with NYSE listing standards, service as an interim executive officer, by itself, does not disqualify a director from being considered independent under this test following the conclusion of that service);
- has not received, and whose immediate family member has not received other than for service as an employee (who is not an executive officer), more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), in any 12-month period during the last three years (provided however, that, in accordance with NYSE listing standards, compensation received by a director for former service as an interim executive officer need not be considered in determining independence under this test);
- (a) is not a current partner or employee of a firm that is the Company's internal or external auditor; (b) does not have an immediate family member who is a current partner of the Company's internal or external auditor; and (c) is not and was not during the last three years, and whose immediate family member is not and was not during the last three years, a partner or employee of the Company's internal or external auditor who personally worked on the Company's audit within that time;
- is not and has not been during the last three years employed, and whose immediate family member is not and has not been during the last three years employed, as an executive officer of another company during a time when any of the Company's present executive officers served on that other company's compensation committee;
- is not, and whose immediate family member is not, serving as a paid consultant or advisor to the Company or to any executive officer of the Company, or a party to a personal services contract with the Company or with any executive officer of the Company;
- is not a current employee of, and whose immediate family member is not a current executive officer of, a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years,

exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues;

- is not, and whose spouse is not, an executive officer of a non-profit organization to which the Company or the Company foundation has made contributions during the past three years that, in any single fiscal year, exceeded the greater of \$1 million or 2% of the non-profit organization's consolidated gross revenues (amounts that the Company contributes under matching gifts programs are not included in the contributions for purposes of this standard); and
- has no other material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

The Board assesses on a regular basis and at least annually the independence of directors and, based on the recommendation of the Governance and Sustainability Committee, makes a determination as to which members are independent. References to the "Company" above include any subsidiary in a consolidated group with Cardinal Health. The terms "immediate family member" and "executive officer" above have the same meaning specified for such terms in the NYSE listing standards.

Board Leadership. The Board is responsible for the selection of the Chairman of the Board. Whenever possible, the Chairman of the Board shall be an independent director. In the event the Chairman is not independent, the independent directors will elect an independent director to serve as Lead Director, who would:

- set the agenda for and preside at all executive sessions of the independent directors;
- have authority to call additional executive sessions of the independent directors as appropriate;
- regularly communicate with the Chairman and each of the independent directors and serve as a liaison between the Chairman and the independent directors;
- provide input to the Chairman regarding the agenda, materials and schedule for Board meetings, and approve the agenda and information sent to the Board for each Board meeting;
- lead the Board's annual self-evaluation in coordination with the Governance and Sustainability Committee;
- review the results of the evaluation of individual directors with those directors;
- consult with and advise the Chairman on matters arising between Board meetings relating to the Company's business, strategy, operations or governance;
- contribute to the annual performance assessment of the Chief Executive Officer;
- preside at all meetings of the Board at which the Chairman is not present;
- participate directly in engagement with major shareholders when requested and deemed appropriate; and
- perform such additional functions as designated by the Board.

Size of the Board. Under the Company's Restated Code of Regulations, as amended (the "Restated Code of Regulations") the number of the directors in no case shall be fewer than nine (9) or more than sixteen (16).

Board Orientation and Continuing Education. A thorough understanding of the Company's business is required to enable a director to make a substantial contribution to the Board. Accordingly, after their election to the Board, all new directors participate in an orientation program developed by the Company. The orientation includes discussions with senior management to familiarize new directors with the Company's strategic plans, any significant financial, accounting and risk management issues, its compliance programs, its standards of business conduct and ethics, its principal officers, and its internal and independent auditors. The Company also encourages and pays for directors to participate in continuing education and other programs provided by outside sources.

Continuation of Service.

- Re-Nomination. The Governance and Sustainability Committee assesses the qualifications, attributes, skills, contributions and independence of each director on an annual basis, taking into account the Board's current composition, to determine whether the director should be requested to stand for re-election and continue service on the Board.
- Retirement Age. A director will not be nominated for re-election after his or her 75th birthday.
- Change of Responsibility of Non-Management Director. When a non-management director's principal occupation or business association changes substantially during his or her term as a director, that director shall tender his or her resignation for consideration by the Board. The Governance and Sustainability Committee will consider the tendered resignation and recommend to the Board the action, if any, to be taken with respect to the resignation.
- Former Chief Executive Officer. When the Chief Executive Officer resigns or retires, he or she shall tender his or her resignation for consideration by the Board. The Governance and Sustainability Committee will consider the tendered resignation and recommend to the Board the action, if any, to be taken with respect to the resignation.
- Number of Other Directorships. Directors are expected to commit sufficient time and attention to the activities of the Board. Except as approved by the Board, (i) directors who serve as executive officers of a public company, including the Company, should not serve on more than one public company board in addition to the Company's Board and (ii) other directors should not serve on more than three public company boards in addition to the Company's Board. The Governance and Sustainability Committee conducts an annual review of director commitments in connection with its recommendation of directors for election to the Board at the annual meeting of shareholders, with consideration given to public company board service and leadership roles and other outside commitments. Directors should advise the Chairman of the Board, the Chairman of the Governance and Sustainability Committee and the Corporate Secretary in advance of (i) accepting an invitation to serve on another board or (ii) any appointment to an audit committee, a committee chair position, a lead director position, or a board chair position on any other public company board. No director who is a member of the Company's Audit Committee may, at the same time, serve on the audit committees of more than two other public

companies, unless the Governance and Sustainability Committee determines that such simultaneous service would not impair such director's ability to effectively serve on the Company's Audit Committee.

Voting for Directors. Article Eleventh ("Article Eleventh") of the Company's Amended and Restated Articles of Incorporation, as amended, provides, among other things, that, at each meeting of shareholders for the election of directors at which a quorum is present, a nominee for election as a director in an uncontested election (as defined in Article Eleventh) shall be elected to the Board if the number of votes cast for such nominee's election exceeds the number of votes cast against such nominee's election. Any nominee for director who is not elected by shareholders in an uncontested election because he or she did not receive a greater number of votes for his or her election than against such election, and who remains on the Board as a director in accordance with Section 2.5 of the Restated Code of Regulations, will promptly tender his or her resignation to the Chairman of the Board following certification of the shareholder vote. Within 90 days following the certification of the shareholder vote, the Governance and Sustainability Committee will make a recommendation to the Board as to whether to accept the tendered resignation. Promptly following such recommendation, the Board will act on the tendered resignation and publicly disclose its decision regarding the tendered resignation and the rationale behind the decision. Any director who tenders his or her resignation pursuant to this provision is expected to recuse himself or herself from voting on the recommendation of the Governance and Sustainability Committee or the decision of the Board with respect to his or her resignation.

Committee Matters

Number, Structure and Independence of Committees. The five committees of the Board are the Audit, Human Resources and Compensation, Executive, Governance and Sustainability, and Risk Oversight Committees. The Audit, Human Resources and Compensation, Governance and Sustainability, and Risk Oversight Committees are comprised only of directors who meet the independence requirements of the NYSE, as determined by the Board. In addition, members of the Audit and Human Resources and Compensation Committees must satisfy additional independence criteria, in accordance with requirements of the Securities and Exchange Commission rules and NYSE Listing Standards. It is intended that members of the Human Resources and Compensation Committee also qualify as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. Each of the Audit, Human Resources and Compensation, Executive, Governance and Sustainability, and Risk Oversight Committees has a written charter approved by the Board setting forth its duties, authority and responsibilities. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

Assignment of Committee Members. The Governance and Sustainability Committee is responsible for recommending to the Board the assignment of Board members to various committees and the selection of committee Chairs.

Frequency of Committee Meetings. With the exception of the Executive Committee, each committee is expected to meet at least four times per year with the Audit Committee meeting at least quarterly. Committees report regularly to the full Board with respect to their activities.

Committee Agenda. The Chair of each committee, in consultation with the Chairman of the Board and appropriate management liaisons, establishes the committee's agenda for its meetings. The committee Chair will consider the suggestions of committee members as to items for inclusion on the agenda.

Meetings of the Board

Agenda. The Chairman of the Board, in consultation with the Corporate Secretary, the Chief Executive Officer, and other members of management as appropriate establishes the agenda for each Board meeting. The Chairman will consider the suggestions of other directors as to items for inclusion on the agenda.

Advance Distribution of Board Meeting Materials. Information and materials that are important to the Board's understanding of the business to be conducted at each Board meeting are distributed to the Board before the Board meets. Highly confidential or sensitive matters, matters not requiring advanced preparation, and matters that arise immediately prior to Board meetings may be presented and discussed without prior distribution of background material.

Executive Sessions. The independent directors of the Board meet in executive session regularly.

Director Attendance. Absent unusual circumstances, each director is expected to adequately prepare for and attend all Board meetings and all meetings of the committee(s) of which the director is a member, and to spend the time needed and meet as frequently as necessary to discharge their responsibilities. Absent unusual circumstances, each director is expected to attend the annual meeting of shareholders.

Board Access to Senior Management. At all times, directors have open access to the Company's senior management. Members of the Company's management are invited to attend and participate in Board meetings from time to time to brief the Board and the committees on particular topics. The Board encourages senior management to bring into Board or committee meetings and other scheduled events managers who can provide additional insight into matters being considered and/or whom senior management believes have future growth potential with the Company and should be given exposure to the members of the Board.

Board Access to Outside Advisors. The Board and the Audit, Human Resources and Compensation, Governance and Sustainability, and Risk Oversight Committees, consistent with their respective charters, have the authority to retain such outside counsel, experts and other advisors as they determine appropriate to assist them in the full performance of their functions.

Assessing Performance and Leadership Development

Evaluation and Compensation of the Chief Executive Officer. The Board, through the Human Resources and Compensation Committee with input from the Chairman, conducts an annual evaluation of the performance of the Chief Executive Officer. This evaluation is shared with the Chief Executive Officer and is used by the Human Resources and Compensation Committee in setting the Chief Executive Officer's compensation.

Evaluation of Board, Committee and Director Performance. The Board, through the Governance and Sustainability Committee, evaluates its effectiveness and performance annually and each Committee also evaluates its performance annually. The Governance and Sustainability Committee oversees an individual evaluation of each director and the results of this evaluation are reviewed with such individual director. To aid in this process, the Governance and Sustainability Committee may retain advisors to assist the Governance and Sustainability Committee in fulfilling its duties by conducting interviews and organizing and facilitating feedback to the Board for discussion.

Management Development and Succession Planning. The Human Resources and Compensation Committee oversees the succession planning process for the Chief Executive Officer and senior executives. The Board is responsible for maintaining an emergency succession plan as well as a long-term and continuing program for Chief Executive Officer development and succession and reviews succession planning for other senior management positions. To assist the Board, the Chief Executive Officer annually provides the Board or the Human Resources and Compensation Committee with an assessment of senior managers and their potential to succeed him or her. The Chief Executive Officer also provides the Board or the Human Resources and Compensation Committee with an assessment of persons considered potential successors to other senior management positions, including a review of any development plans recommended for such individuals. The results of these reviews are reported to and discussed with the Board on a regular basis. The Chief Executive Officer also provides the Board recommendations regarding an emergency succession plan which addresses who should assume the role of Chief Executive Officer in the event that the Chief Executive Officer becomes unwilling or unable to perform his or her duties.

Other Matters

Stock Ownership. Under the Cardinal Health Guidelines for Share Ownership adopted by the Board of directors, each executive officer and non-management director must accumulate and then hold the following dollar values of Company shares: six times base salary for the Chief Executive Officer; four times base salary for Segment Chief Executive Officers and the Chief Financial Officer; three times base salary for other executive officers; and five times the annual cash retainer for non-management directors.

Ethics and Compliance. The Company maintains an ethics and compliance program that is designed to be effective in the context of the Company's business and operations, including but not limited to appropriate standards of business conduct and ethics. The Board has formed a Risk Oversight Committee to assist the Board in monitoring risks associated with the Company's operations, including risks associated with ethical, quality, and legal and regulatory compliance matters. The Board shall be briefed upon and be provided information so that it may remain knowledgeable about these risks and the content and operation of the ethics and compliance program. The Risk Oversight Committee oversees compliance with standards of business conduct and ethics for the Company's employees, including its executive officers, and directors. The full text of the standards is posted on the Company's website. The Company will disclose on its website future amendments to or waivers from the standards for its executive officers and directors promptly upon any such amendment or waiver. Any waiver from its standards for directors or executive officers must be approved by the Risk Oversight Committee of the Board of Directors.

Review of Strategic Plans. The Board reviews and evaluates at least annually the long-term strategic and business plans of the Company.

Director Compensation. The form and amount of director compensation for service on the Board and committees is recommended by the Human Resources and Compensation Committee in accordance with the policies and principles set forth in its charter and any NYSE or other applicable rules, and that committee conducts periodic reviews of director compensation. Changes in director compensation, if any, are recommended by the Human Resources and Compensation Committee and approved by the full Board. To more closely align the interest of the directors with those of Cardinal Health's shareholders, a portion of directors' fees is paid in the form of equity incentive awards denominated in Company common shares. No additional compensation is paid to members of management for serving on the Board.

Political Expenditures. The Board, through the Governance and Sustainability Committee, oversees the Company's policies and practices regarding political expenditures and lobbying, including an annual review of the Company's political contributions policy and corporate political contributions, lobbying activities and trade association dues and payments.

Annual Review

The Governance and Sustainability Committee is responsible for reviewing these guidelines at least annually and making recommendations for appropriate changes to the Board.