

CARDINAL HEALTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

(in millions, except per Common Share amounts)

	SECOND QUARTER		
	FISCAL		
	2006	2005	% Change
Revenue	\$ 19,919.0	\$ 18,547.1	7 %
Cost of products sold	18,611.8	17,337.8	7 %
Gross margin	1,307.2	1,209.3	8 %
Selling, general and administrative expenses	796.7	699.1	14 %
Impairment charges and other	5.1	80.9	N.M.
Special items			
Restructuring charges	14.4	105.1	N.M.
Merger charges	7.5	10.2	N.M.
Other	(0.9)	(12.2)	N.M.
Operating earnings	484.4	326.2	48 %
Interest expense and other	33.9	16.7	103 %
Earnings before income taxes and discontinued operations	450.5	309.5	46 %
Provision for income taxes	146.5	100.3	46 %
Earnings from continuing operations	304.0	209.2	45 %
Earnings from discontinued operations (net of tax \$ 0.1 and \$(6.5) for the second quarter of fiscal 2006 and 2005, respectively)	-	4.8	N.M.
Net earnings	<u>\$ 304.0</u>	<u>\$ 214.0</u>	N.M.
Basic earnings per Common Share:			
Continuing operations	\$ 0.71	\$ 0.48	48 %
Discontinued operations	-	0.01	N.M.
Net basic earnings per Common Share	<u>\$ 0.71</u>	<u>\$ 0.49</u>	N.M.
Diluted earnings per Common Share:			
Continuing operations	\$ 0.70	\$ 0.48	46 %
Discontinued operations	-	0.01	N.M.
Net diluted earnings per Common Share	<u>\$ 0.70</u>	<u>\$ 0.49</u>	N.M.
Weighted average number of shares outstanding:			
Basic	425.5	432.1	
Diluted	431.9	437.1	

The following table summarizes the impact of special items on net earnings and diluted earnings per Common Share in the quarters in which they were recorded:

	2006		2005	
	Net Earnings	Diluted EPS	Net Earnings	Diluted EPS
Impact of special items				
Restructuring charges	\$ (9.1)	\$ (0.02)	\$ (72.4)	\$ (0.17)
Merger charges	(4.7)	(0.01)	(6.3)	(0.01)
Other	(3.2)	(0.01)	7.6	0.02
Impact of special items	<u>\$ (17.0)</u>	<u>\$ (0.04)</u>	<u>\$ (71.1)</u>	<u>\$ (0.16)</u>

CARDINAL HEALTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

(in millions, except per Common Share amounts)

	YEAR - TO - DATE		
	FISCAL		
	2006	2005	% Change
Revenue	\$ 39,292.4	\$ 36,339.4	8 %
Cost of products sold	36,772.0	34,039.6	8 %
Gross margin	2,520.4	2,299.8	10 %
Selling, general and administrative expenses	1,612.3	1,391.6	16 %
Impairment charges and other	7.6	84.7	N.M.
Special items			
Restructuring charges	23.5	112.6	N.M.
Merger charges	15.3	27.1	N.M.
Other	4.9	(4.7)	N.M.
Operating earnings	856.8	688.5	24 %
Interest expense and other	65.6	54.1	21 %
Earnings before income taxes and discontinued operations	791.2	634.4	25 %
Provision for income taxes	252.6	202.9	24 %
Earnings from continuing operations	538.6	431.5	25 %
Loss from discontinued operations (net of tax \$0.2 and \$(3.5) for fiscal 2006 and 2005, respectively)	(6.3)	(4.2)	N.M.
Net earnings	\$ 532.3	\$ 427.3	N.M.
Basic earnings per Common Share:			
Continuing operations	\$ 1.26	\$ 1.00	26 %
Discontinued operations	(0.02)	(0.01)	N.M.
Net basic earnings per Common Share	\$ 1.24	\$ 0.99	N.M.
Diluted earnings per Common Share:			
Continuing operations	\$ 1.25	\$ 0.99	26 %
Discontinued operations	(0.02)	(0.01)	N.M.
Net diluted earnings per Common Share	\$ 1.23	\$ 0.98	N.M.
Weighted average number of shares outstanding:			
Basic	425.9	431.7	
Diluted	431.7	436.3	

The following table summarizes the impact of special items on net earnings and diluted earnings per Common Share in the years in which they were recorded:

	2006		2005	
	Net Earnings	Diluted EPS	Net Earnings	Diluted EPS
Impact of special items				
Restructuring charges	\$ (14.9)	\$ (0.03)	\$ (77.1)	\$ (0.18)
Merger charges	(9.7)	(0.02)	(16.9)	(0.04)
Other	(6.8)	(0.02)	2.9	0.01
Impact of special items	\$ (31.4)	\$ (0.07)	\$ (91.1)	\$ (0.21)

**CARDINAL HEALTH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(in millions)

	<u>December 31, 2005</u>	<u>June 30, 2005</u>	<u>December 31, 2004</u>
<u>ASSETS</u>			
Cash and equivalents	\$ 2,223.9	\$ 1,401.2	\$ 1,274.3
Short-term investments available for sale	419.0	99.8	-
Trade receivables, net	3,543.8	3,446.8	2,813.5
Current portion of net investment in sales-type leases	260.5	238.2	211.6
Inventories	7,276.7	7,376.1	8,170.0
Prepaid expenses and other	862.1	860.6	792.9
Assets held for sale from discontinued operations	26.6	36.0	105.7
	<u>14,612.6</u>	<u>13,458.7</u>	<u>13,368.0</u>
Total current assets			
Property and equipment, net	2,490.0	2,468.0	2,338.8
Net investment in sales-type leases, less current portion	733.1	693.8	631.9
Other assets	5,394.5	5,438.7	5,450.3
	<u>5,394.5</u>	<u>5,438.7</u>	<u>5,450.3</u>
TOTAL ASSETS	<u>\$ 23,230.2</u>	<u>\$ 22,059.2</u>	<u>\$ 21,789.0</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current portion of long-term obligations and other short-term borrowings	\$ 441.3	\$ 307.9	\$ 435.4
Accounts payable	8,116.6	7,612.2	7,228.7
Other accrued liabilities	2,324.0	2,175.3	1,965.7
Liabilities from discontinued operations	8.8	9.6	59.5
	<u>10,890.7</u>	<u>10,105.0</u>	<u>9,689.3</u>
Total current liabilities			
Long-term obligations, less current portion and other short-term borrowings	2,568.3	2,319.9	2,384.6
Deferred income taxes and other liabilities	1,020.2	1,041.3	1,155.7
	<u>3,588.5</u>	<u>3,361.2</u>	<u>3,540.3</u>
Total shareholders' equity	<u>8,751.0</u>	<u>8,593.0</u>	<u>8,559.4</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 23,230.2</u>	<u>\$ 22,059.2</u>	<u>\$ 21,789.0</u>

CARDINAL HEALTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)

	SECOND QUARTER		YEAR - TO - DATE	
	FISCAL		FISCAL	
	2006	2005	2006	2005
Cash Flows From Operating Activities:				
Earnings from continuing operations	\$ 304.0	\$ 209.2	\$ 538.6	\$ 431.5
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:				
Depreciation and amortization	98.2	102.3	201.3	192.3
Asset impairments	3.0	148.8	5.5	153.7
Equity-based compensation	55.8	2.8	138.7	4.9
Provision for bad debts	7.4	(2.3)	16.4	0.8
Change in operating assets and liabilities, net of effects from acquisitions:				
Decrease/(increase) in trade receivables	160.0	548.4	(114.7)	623.2
Decrease/(increase) in inventories	98.2	16.2	95.3	(705.4)
Increase in net investment in sales-type leases	(23.1)	(50.6)	(61.9)	(95.4)
Increase/(decrease) in accounts payable	33.7	(453.3)	504.2	795.3
Other accrued liabilities and operating items, net	(76.3)	104.1	61.5	119.7
Net cash provided by operating activities	<u>660.9</u>	<u>625.6</u>	<u>1,384.9</u>	<u>1,520.6</u>
Cash Flows From Investing Activities:				
Acquisition of subsidiaries, net of divestitures and cash acquired	(75.8)	(8.3)	(72.5)	(273.2)
Proceeds from sale of property and equipment	7.1	(0.1)	7.6	4.1
Additions to property and equipment	(142.2)	(105.9)	(218.2)	(210.5)
Purchase of investment securities available for sale	(219.2)	-	(319.2)	-
Proceeds from sale of discontinued operations	0.2	36.7	0.2	39.5
Net cash used in investing activities	<u>(429.9)</u>	<u>(77.6)</u>	<u>(602.1)</u>	<u>(440.1)</u>
Cash Flows From Financing Activities:				
Net change in commercial paper and short-term borrowings	3.0	72.9	6.0	(562.7)
Net change in long-term obligations, net of issuance costs	406.4	(503.9)	408.6	(356.6)
Proceeds from issuance of Common Shares	33.7	18.0	68.5	47.8
Tax benefits from exercises of stock options	11.5	-	20.9	-
Dividends on Common Shares	(25.7)	(13.0)	(51.2)	(25.9)
Purchase of treasury shares	(412.9)	-	(412.9)	-
Net cash provided by/(used) in financing activities	<u>16.0</u>	<u>(426.0)</u>	<u>39.9</u>	<u>(897.4)</u>
Net Increase in Cash and Equivalents	247.0	122.0	822.7	183.1
Cash and Equivalents at Beginning of Period	1,976.9	1,152.3	1,401.2	1,091.2
Cash and Equivalents at End of Period	<u>\$ 2,223.9</u>	<u>\$ 1,274.3</u>	<u>\$ 2,223.9</u>	<u>\$ 1,274.3</u>

**CARDINAL HEALTH, INC. AND SUBSIDIARIES
SECOND QUARTER FY 2006 BUSINESS ANALYSIS**

(in millions)

<u>PHARMACEUTICAL DISTRIBUTION AND PROVIDER SERVICES</u>			<u>MEDICAL PRODUCTS AND SERVICES</u>		
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
<u>REVENUE</u>			<u>REVENUE</u>		
- Amount	\$16,202	\$15,059	- Amount	\$2,595	\$2,427
- Growth Rate	8 %	15 %	- Growth Rate	7 %	6 %
- Mix	80 %	80 %	- Mix	13 %	13 %
<u>OPERATING EARNINGS</u>			<u>OPERATING EARNINGS</u>		
- Amount	\$240	\$207	- Amount	\$153	\$154
- Growth Rate	16 %	(11)%	- Growth Rate	(1)%	(3)%
- Mix	42 %	40 %	- Mix	27 %	30 %
- Ratio to Revenue	1.48%	1.38%	- Ratio to Revenue	5.89%	6.35%
<u>PHARMACEUTICAL TECHNOLOGIES AND SERVICES</u>			<u>CLINICAL TECHNOLOGIES AND SERVICES</u>		
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
<u>REVENUE</u>			<u>REVENUE</u>		
- Amount	\$760	\$752	- Amount	\$603	\$547
- Growth Rate	1 %	8 %	- Growth Rate	10 %	38 %
- Mix	4 %	4 %	- Mix	3 %	3 %
<u>OPERATING EARNINGS</u>			<u>OPERATING EARNINGS</u>		
- Amount	\$79	\$83	- Amount	\$94	\$70
- Growth Rate	(5)%	(22)%	- Growth Rate	34 %	(24)%
- Mix	14 %	16 %	- Mix	17 %	14 %
- Ratio to Revenue	10.35%	11.00%	- Ratio to Revenue	15.61%	12.85%

**CARDINAL HEALTH, INC. AND SUBSIDIARIES
SECOND QUARTER FY 2006 BUSINESS ANALYSIS**

(in millions)

	<u>2006</u>	<u>2005</u>	EXCLUDING SPECIAL ITEMS	
			<u>2006</u>	<u>2005</u>
<u>REVENUE</u>				
- Amount	\$19,919	\$18,547		
- Growth Rate	7 %	13 %		
<u>OPERATING EARNINGS</u>				
- Amount	\$484	\$326	\$505	\$429
- Growth Rate	48 %	(43)%	18 %	(26)%
<u>RATIO TO REVENUE</u>				
- Gross Margin	6.56%	6.52%		
- Selling, General and Administrative Expenses	4.00%	3.77%		
- Impairment Charges and Other	0.02%	0.44%		
- Special Items	0.11%	0.55%		
- Operating Earnings	2.43%	1.76%	2.54%	2.31%
<u>EARNINGS FROM CONTINUING OPERATIONS</u>				
- Amount	\$304	\$209	\$321	\$280
- Growth Rate	45 %	(44)%	15 %	(26)%
- Ratio to Revenue	1.53%	1.13%	1.61%	1.51%
<u>PRODUCTIVITY</u>				
- Margin per Expense Dollar	\$1.64	\$1.73		
<u>ASSET MANAGEMENT</u>				
- Operating Cash Flow	\$661	\$626		
- Return on Invested Capital	6.13%	4.17%	7.13% ⁽¹⁾	5.55% ⁽¹⁾

⁽¹⁾ The return on invested capital excludes special items and equity compensation

Margin per Expense Dollar = gross margin / selling, general and administrative expenses

See the GAAP / NON-GAAP RECONCILIATION schedule for the calculations and definitions supporting the balances excluding special items.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
FIRST SIX MONTHS OF FISCAL YEAR 2006 BUSINESS ANALYSIS

(in millions)

<u>PHARMACEUTICAL DISTRIBUTION AND PROVIDER SERVICES</u>			<u>MEDICAL PRODUCTS AND SERVICES</u>		
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
<u>REVENUE</u>			<u>REVENUE</u>		
- Amount	\$31,969	\$29,460	- Amount	\$5,156	\$4,820
- Growth Rate	9 %	15 %	- Growth Rate	7 %	9 %
- Mix	80 %	80 %	- Mix	13 %	13 %
<u>OPERATING EARNINGS</u>			<u>OPERATING EARNINGS</u>		
- Amount	\$439	\$366	- Amount	\$304	\$279
- Growth Rate	20 %	(21)%	- Growth Rate	9 %	(8)%
- Mix	42 %	40 %	- Mix	29 %	30 %
- Ratio to Revenue	1.37%	1.24%	- Ratio to Revenue	5.89%	5.79%
 <u>PHARMACEUTICAL TECHNOLOGIES AND SERVICES</u>			 <u>CLINICAL TECHNOLOGIES AND SERVICES</u>		
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
<u>REVENUE</u>			<u>REVENUE</u>		
- Amount	\$1,473	\$1,454	- Amount	\$1,179	\$1,071
- Growth Rate	1 %	8 %	- Growth Rate	10 %	46 %
- Mix	4 %	4 %	- Mix	3 %	3 %
<u>OPERATING EARNINGS</u>			<u>OPERATING EARNINGS</u>		
- Amount	\$124	\$161	- Amount	\$172	\$112
- Growth Rate	(23)%	(22)%	- Growth Rate	54 %	(29)%
- Mix	12 %	18 %	- Mix	17 %	12 %
- Ratio to Revenue	8.40%	11.06%	- Ratio to Revenue	14.61%	10.44%

CARDINAL HEALTH, INC. AND SUBSIDIARIES
FIRST SIX MONTHS OF FISCAL YEAR 2006 BUSINESS ANALYSIS

(in millions)

			EXCLUDING SPECIAL ITEMS	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<u>REVENUE</u>				
- Amount	\$39,292	\$36,339		
- Growth Rate	8%	15%		
<u>OPERATING EARNINGS</u>				
- Amount	\$857	\$689	\$901	\$824
- Growth Rate	24 %	(37)%	9 %	(25)%
<u>RATIO TO REVENUE</u>				
- Gross Margin	6.41%	6.33%		
- Selling, General and Administrative Expenses	4.10%	3.83%		
- Impairment Charges and Other	0.02%	0.23%		
- Special Items	0.11%	0.37%		
- Operating Earnings	2.18%	1.90%	2.29%	2.27%
<u>EARNINGS FROM CONTINUING OPERATIONS</u>				
- Amount	\$539	\$432	\$570	\$523
- Growth Rate	25 %	(38)%	9 %	(26)%
- Ratio to Revenue	1.37%	1.19%	1.45%	1.44%
<u>PRODUCTIVITY</u>				
- Margin per Expense Dollar	\$1.56	\$1.65		
<u>ASSET MANAGEMENT</u>				
- Operating Cash Flow	\$1,385	\$1,521		
- Return on Invested Capital	5.51%	4.42%	6.63% ⁽¹⁾	5.30% ⁽¹⁾

⁽¹⁾ The return on invested capital excludes special items and equity compensation

Margin per Expense Dollar = gross margin / selling, general and administrative expenses

See the GAAP / NON-GAAP RECONCILIATION schedule for the calculations and definitions supporting the balances excluding special items.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
QUARTERLY FY 2006 BUSINESS ANALYSIS

(in millions)

<u>PHARMACEUTICAL DISTRIBUTION AND PROVIDER SERVICES</u>						<u>MEDICAL PRODUCTS AND SERVICES</u>					
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>YTD</u>		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>YTD</u>
<u>REVENUE</u>						<u>REVENUE</u>					
- Amount	\$15,768	\$16,202			\$31,969	- Amount	\$2,561	\$2,595			\$5,156
- Growth Rate	9 %	8 %			9 %	- Growth Rate	7 %	7 %			7 %
- Mix	80 %	80 %			80 %	- Mix	13 %	13 %			13 %
<u>OPERATING EARNINGS</u>						<u>OPERATING EARNINGS</u>					
- Amount	\$199	\$240			\$439	- Amount	\$151	\$153			\$304
- Growth Rate	25 %	16 %			20 %	- Growth Rate	21 %	(1)%			9 %
- Mix	42 %	42 %			42 %	- Mix	32 %	27 %			29 %
- Ratio to Revenue	1.26%	1.48%			1.37%	- Ratio to Revenue	5.89%	5.89%			5.89%
<u>PHARMACEUTICAL TECHNOLOGIES AND SERVICES</u>						<u>CLINICAL TECHNOLOGIES AND SERVICES</u>					
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>YTD</u>		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>YTD</u>
<u>REVENUE</u>						<u>REVENUE</u>					
- Amount	\$713	\$760			\$1,473	- Amount	\$576	\$603			\$1,179
- Growth Rate	2 %	1 %			1 %	- Growth Rate	10 %	10%			10 %
- Mix	4 %	4 %			4 %	- Mix	3 %	3%			3 %
<u>OPERATING EARNINGS</u>						<u>OPERATING EARNINGS</u>					
- Amount	\$45	\$79			\$124	- Amount	\$78	\$94			\$172
- Growth Rate	(42)%	(5)%			(23)%	- Growth Rate	88 %	34 %			54 %
- Mix	10 %	14%			12 %	- Mix	16 %	17 %			17 %
- Ratio to Revenue	6.33%	10.35%			8.40%	- Ratio to Revenue	13.57%	15.61%			14.61%

The sum of the quarters may not equal year-to-date due to rounding.

The results for each segment have been adjusted to reflect the revised methodology to allocate corporate costs.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
QUARTERLY FY 2006 BUSINESS ANALYSIS
(EXCLUDING SPECIAL ITEMS)

(in millions)

	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>YTD</u>
<u>REVENUE</u>					
- Amount	\$19,373	\$19,919			\$39,292
- Growth Rate	9 %	7 %			8 %
<u>OPERATING EARNINGS</u>					
- Amount	\$395	\$505			\$901
- Growth Rate	-	18 %			9 %
<u>RATIO TO REVENUE</u>					
- Gross Margin	6.26%	6.56%			6.41%
- Selling, General and Administrative Expenses	4.21%	4.00%			4.10%
- Impairment Charges and Other	0.01%	0.02%			0.02%
- Operating Earnings	2.04%	2.54%			2.29%
<u>EARNINGS FROM CONTINUING OPERATIONS</u>					
- Amount	\$249	\$321			\$570
- Growth Rate	3 %	15 %			9 %
- Ratio to Revenue	1.29%	1.61%			1.45%
<u>PRODUCTIVITY</u>					
- Margin Per Expense Dollar	\$1.49	\$1.64			\$1.56
<u>ASSET MANAGEMENT</u>					
- Operating Cash Flow	\$724	\$661			\$1,385
- Return on Invested Capital	6.13% ⁽¹⁾	7.13% ⁽¹⁾			6.63% ⁽¹⁾

⁽¹⁾ The return on invested capital excludes special items and equity compensation

Margin per Expense Dollar = gross margin / selling, general and administrative expenses

The sum of the quarters may not equal year-to-date due to rounding.

See the GAAP / NON-GAAP RECONCILIATION schedule for the calculations and definitions supporting the balances excluding special items.

CARDINAL HEALTH, INC. AND SUBSIDIARIES
FISCAL 2006 AND 2005 ASSET MANAGEMENT ANALYSIS

(in millions)

	2006				YTD
	Q1	Q2	Q3	Q4	
RECEIVABLE DAYS	17.3	16.3			
DAYS INVENTORY ON HAND	32	31			
CASH AND EQUIVALENTS	\$1,977	\$2,224			
DEBT	\$2,609	\$3,010			
EQUITY	\$8,879	\$8,751			
NET DEBT / TOTAL CAPITAL ⁽¹⁾	5 %	4 %			
TANGIBLE NET WORTH ⁽²⁾	\$3,811	\$3,668			
RETURN ON EQUITY	10.7%	13.8%			12.3%
RETURN ON EQUITY - EXCLUDING SPECIAL ITEMS AND EQUITY COMPENSATION	13.8%	16.2%			15.0%
TAX RATE FROM CONTINUING OPERATIONS	31.1%	32.5%			31.9%
TAX RATE FROM CONTINUING OPERATIONS - EXCLUDING SPECIAL ITEMS AND EQUITY COMPENSATION	32.5%	32.3%			32.4%

	2005				YTD
	Q1	Q2	Q3	Q4	
RECEIVABLE DAYS	16.4	13.3	14.8	16.0	
DAYS INVENTORY ON HAND	39	38	35	33	
CASH AND EQUIVALENTS	\$1,152	\$1,274	\$1,546	\$1,401	
DEBT	\$3,255	\$2,820	\$2,892	\$2,628	
EQUITY	\$8,219	\$8,559	\$8,674	\$8,593	
NET DEBT / TOTAL CAPITAL ⁽¹⁾	20 %	15 %	13 %	12 %	
TANGIBLE NET WORTH ⁽²⁾	\$3,203	\$3,522	\$3,679	\$3,496	
RETURN ON EQUITY	11.0%	10.0%	17.3%	14.0%	13.2%
RETURN ON EQUITY - EXCLUDING SPECIAL ITEMS AND EQUITY COMPENSATION	12.0%	13.4%	18.6%	15.8%	15.1%
TAX RATE FROM CONTINUING OPERATIONS	31.6%	32.4%	32.0%	40.5%	34.5%
TAX RATE FROM CONTINUING OPERATIONS - EXCLUDING SPECIAL ITEMS AND EQUITY COMPENSATION	32.1%	32.1%	32.2%	38.5%	34.0%

⁽¹⁾ Net debt to total capital = net debt / (net debt + shareholders' equity)

Net debt = long-term obligations + short-term obligations + notes payable banks - cash and equivalents - short-term investments

⁽²⁾ Tangible net worth = shareholders' equity - goodwill and other intangibles

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

<u>SECOND QUARTER FISCAL 2006</u>				<u>SECOND QUARTER FISCAL 2005</u>			
	<u>GAAP⁽¹⁾</u>		<u>Excluding</u>		<u>GAAP⁽¹⁾</u>		<u>Excluding</u>
	<u>Basis</u>	<u>Special Items</u>	<u>Special Items</u>		<u>Basis</u>	<u>Special Items</u>	<u>Special Items</u>
<u>REVENUE</u>				<u>REVENUE</u>			
- Amount	\$19,919	-	\$19,919	- Amount	\$18,547	-	\$18,547
<u>SPECIAL ITEMS</u>				<u>SPECIAL ITEMS</u>			
- Restructuring Charges	\$14	\$14	-	- Restructuring Charges	\$105	\$105	-
- Merger Charges	\$8	\$8	-	- Merger Charges	\$10	\$10	-
- Other	(\$1)	(\$1)	-	- Other	(\$12)	(\$12)	-
<u>OPERATING EARNINGS</u>				<u>OPERATING EARNINGS</u>			
- Amount	\$484	\$21	\$505	- Amount	\$326	\$103	\$429
- Growth Rate	48 %		18 %	- Growth Rate	(43)%		(26)%
- Ratio to Revenue (Return on Sales)	2.43%		2.54%	- Ratio to Revenue (Return on Sales)	1.76%		2.31%
<u>EARNINGS BEFORE INCOME TAXES</u>				<u>EARNINGS BEFORE INCOME TAXES</u>			
- Amount	\$451	\$21	\$472	- Amount	\$309	\$103	\$412
<u>INCOME TAX PROVISION</u>				<u>INCOME TAX PROVISION</u>			
- Amount	\$147	\$4	\$151	- Amount	\$100	\$32	\$132
<u>EARNINGS FROM CONTINUING OPERATIONS</u>				<u>EARNINGS FROM CONTINUING OPERATIONS</u>			
- Amount	\$304	\$17	\$321	- Amount	\$209	\$71	\$280
- Growth Rate	45 %		15 %	- Growth Rate	(44)%		(26)%
- Ratio to Revenue	1.53%		1.61%	- Ratio to Revenue	1.13%		1.51%
- Diluted EPS	\$0.70	\$0.04	\$0.74	- Diluted EPS	\$0.48	\$0.16	\$0.64
<u>YEAR - TO - DATE FISCAL 2006</u>				<u>YEAR - TO - DATE FISCAL 2005</u>			
	<u>GAAP⁽¹⁾</u>		<u>Excluding</u>		<u>GAAP⁽¹⁾</u>		<u>Excluding</u>
	<u>Basis</u>	<u>Special Items</u>	<u>Special Items</u>		<u>Basis</u>	<u>Special Items</u>	<u>Special Items</u>
<u>REVENUE</u>				<u>REVENUE</u>			
- Amount	\$39,292	-	\$39,292	- Amount	\$36,339	-	\$36,339
<u>SPECIAL ITEMS</u>				<u>SPECIAL ITEMS</u>			
- Restructuring Charges	\$24	\$24	-	- Restructuring Charges	\$113	\$113	-
- Merger Charges	\$15	\$15	-	- Merger Charges	\$27	\$27	-
- Other	\$5	\$5	-	- Other	(\$5)	(\$5)	-
<u>OPERATING EARNINGS</u>				<u>OPERATING EARNINGS</u>			
- Amount	\$857	\$44	\$901	- Amount	\$689	\$135	\$824
- Growth Rate	24 %		9 %	- Growth Rate	(37)%		(25)%
- Ratio to Revenue (Return on Sales)	2.18%		2.29%	- Ratio to Revenue (Return on Sales)	1.90%		2.27%
<u>EARNINGS BEFORE INCOME TAXES</u>				<u>EARNINGS BEFORE INCOME TAXES</u>			
- Amount	\$791	\$44	\$835	- Amount	\$635	\$135	\$770
<u>INCOME TAX PROVISION</u>				<u>INCOME TAX PROVISION</u>			
- Amount	\$252	\$13	\$265	- Amount	\$203	\$44	\$247
<u>EARNINGS FROM CONTINUING OPERATIONS</u>				<u>EARNINGS FROM CONTINUING OPERATIONS</u>			
- Amount	\$539	\$31	\$570	- Amount	\$432	\$91	\$523
- Growth Rate	25 %		9 %	- Growth Rate	(38)%		(26)%
- Ratio to Revenue	1.37%		1.45%	- Ratio to Revenue	1.19%		1.44%
- Diluted EPS	\$1.25	\$0.07	\$1.32	- Diluted EPS	\$0.99	\$0.21	\$1.20

⁽¹⁾ GAAP - Amounts that conform with generally accepted accounting principles.

Growth rate (excluding special items) = (Current quarter earnings excluding special items - prior year quarter earnings excluding special items) / prior year quarter earnings excluding special item:

Ratio to revenue (excluding special items) = Current quarter earnings excluding special items / revenue

CARDINAL HEALTH, INC. AND SUBSIDIARIES
GAAP / NON-GAAP RECONCILIATION

(in millions)

	2006					2005				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
<u>RETURN ON EQUITY - excluding special items and equity compensator</u>										
Earnings from continuing operations	\$ 234.6	\$ 304.0			\$ 538.6	\$ 222.3	\$ 209.2	\$ 373.2	\$ 301.6	\$ 1,106.3
Net impact of special items	14.5	17.0			31.4	20.0	71.1	28.5	39.3	158.9
Net impact of equity compensation	52.3	35.9			88.2	1.4	1.8	1.4	1.7	6.3
Earnings from continuing operations - excluding special items and equity compensator	\$ 301.4	\$ 356.9			\$ 658.2	\$ 243.7	\$ 282.1	\$ 403.1	\$ 342.6	\$ 1,271.5
Annualized	1,205.6	1,427.6			1,316.4	974.8	1,128.4	1,612.4	1,370.4	1,271.5
Divided by average shareholders equity - excluding special items and equity compensator	\$ 8,762.8	\$ 8,824.2			\$ 8,759.6	\$ 8,119.3	\$ 8,433.8	\$ 8,665.7	\$ 8,666.5	\$ 8,440.2
Return on equity - excluding special items and equity compensator	13.8%	16.2%			15.0%	12.0%	13.4%	18.6%	15.8%	15.1%
<u>RETURN ON INVESTED CAPITAL - excluding special items and equity compensator</u>										
Operating earnings	\$ 372.4	\$ 484.4			\$ 856.8		\$ 326.2			\$ 688.5
Impact of special items	22.7	21.0			43.7		103.1			135.0
Impact of equity compensation	82.9	55.8			138.7		2.8			4.9
Operating earnings - excluding special items and equity compensator	\$ 478.0	\$ 561.2			\$ 1,039.2		\$ 432.1			\$ 828.4
Effective tax rate - excluding special items and equity compensation	32.5%	32.3%			32.4%		32.1%			32.1%
Operating earnings * (1 - effective tax rate excluding special items and equity compensation)	\$ 322.7	\$ 379.9			\$ 702.5		\$ 293.4			\$ 562.5
Annualized	1,290.6	1,519.7			1,405.0		1,173.6			1,125.0
Divided by average (equity+debt+unrecorded goodwill) ⁽¹⁾	\$ 21,054.8	\$ 21,324.7			\$ 21,190.2		\$ 21,127.0			\$ 21,208.6
Return on invested capital - excluding special items and equity compensator	6.13%	7.13%			6.63%		5.55%			5.30%
<u>EFFECTIVE TAX RATE - excluding special items and equity compensator</u>										
Earnings before income taxes and discontinued operations	\$ 340.7	\$ 450.5			\$ 791.2	\$ 324.9	\$ 309.5	\$ 549.1	\$ 506.8	\$ 1,690.2
Impact of special items	22.7	21.0			43.7	31.9	103.1	43.3	47.7	226.0
Impact of equity compensation	82.9	55.8			138.7	2.1	2.8	2.3	2.7	9.9
Earnings before income taxes and discontinued operations - excluding special items and equity compensation	\$ 446.3	\$ 527.3			\$ 973.6	\$ 358.9	\$ 415.4	\$ 594.7	\$ 557.2	\$ 1,926.1
Provision for income taxes	\$ 106.1	\$ 146.5			\$ 252.6	\$ 102.6	\$ 100.3	\$ 175.9	\$ 205.2	\$ 583.9
Tax impact of special items	8.2	4.0			12.3	11.9	32.0	14.8	8.4	67.1
Tax impact of equity compensation	30.6	19.9			50.5	0.7	1.0	0.9	1.0	3.6
Provision for income taxes - excluding special items and income taxes	\$ 144.9	\$ 170.4			\$ 315.4	\$ 115.2	\$ 133.3	\$ 191.6	\$ 214.6	\$ 654.6
Effective tax rate - excluding special items and equity compensation	32.5%	32.3%			32.4%	32.1%	32.1%	32.2%	38.5%	34.0%
<u>OPERATING EARNINGS - excluding special items and equity compensator</u>										
Operating earnings					\$ 856.8					
Impact of special items					43.7					
Impact of equity compensation					138.7					
Operating earnings - excluding special items and equity compensator					\$ 1,039.2					
Revenue					\$ 39,292.4					
Operating margin - excluding special items and equity compensator					2.64%					

⁽¹⁾ Unrecorded goodwill for all periods presented is \$9.7 million.

The sum of the quarters may not equal year-to-date due to rounding

CARDINAL HEALTH, INC. AND SUBSIDIARIES
SCHEDULE OF NOTABLE ITEMS

(in millions, except per Common Share amounts)	SECOND QUARTER		YEAR - TO - DATE	
	FISCAL		FISCAL	
	2006	2005	2006	2005
<u>NON-RECURRING AND OTHER ITEMS</u>				
Impairment charges and other	\$ (5.1)	\$ (80.9)	\$ (7.6)	\$ (84.7)
Less: Minority interest and realized currency translation adjustment	-	19.4	-	19.4
Net impairment charges	(5.1)	(61.5)	(7.6)	(65.3)
Alaris inventory adjustment	-	(3.4)	-	(23.6)
Latex litigation	-	-	-	(16.4)
Vendor credit adjustment	3.5	-	(28.3)	-
	(1.6)	(64.9)	(35.9)	(105.3)
Total non-recurring and other significant charges				
Tax impact	0.5	21.7	11.7	34.8
Impact on net earnings	\$ (1.1)	\$ (43.2)	\$ (24.2)	\$ (70.5)
Impact on EPS	\$ (0.01)	\$ (0.10)	\$ (0.06)	\$ (0.16)
<u>EQUITY COMPENSATION</u>				
Equity compensation	\$ (55.8)	\$ (2.8)	\$ (138.7)	\$ (4.9)
Tax impact	19.9	1.0	50.5	1.8
Impact on net earnings	\$ (35.9)	\$ (1.8)	\$ (88.2)	\$ (3.1)
Impact on EPS	\$ (0.08)	\$ -	\$ (0.20)	\$ (0.01)
Weighted average number of diluted shares outstanding	431.9	437.1	431.7	436.3