

Prepared for the unexpected

Natural disasters.
Terrorism.
Worldwide conflicts.
Pandemic preparedness.
National security.
Regulatory compliance.

Business Continuity and Crisis Management



Business Continuity and Crisis Management

About Cardinal Health

Headquartered in Dublin, Ohio, Cardinal Health, Inc. (NYSE: CAH) is an \$87 billion, global company serving the health-care industry with products and services that help hospitals, physician offices and pharmacies reduce costs, improve safety, productivity and profitability, and deliver better care to patients. With a focus on making supply chains more efficient, reducing hospital-acquired infections and breaking the cycle of harmful medication errors, Cardinal Health develops market-leading technologies, including Alaris® IV pumps, Pyxis® automated dispensing systems, MedMined™ data mining surveillance and the CareFusion™ patient identification system. The company also manufactures medical and surgical products and is one of the largest distributors of pharmaceuticals and medical supplies worldwide. Ranked No. 19 on the Fortune 500 and No. 1 in its sector on Fortune's ranking of Most Admired firms, Cardinal Health employs more than 40,000 people on five continents. More information about the company may be found at www.cardinalhealth.com.

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Business Recovery:

Being able to serve our customers is our goal

Because actions speak louder than words, we'll let our actions do the talking:

Fire

On August 2, 2000 a Cardinal Health distribution center in Phoenix, Ariz. burned to the ground. While all employees were safe and accounted for, the distribution center's customers still needed their orders filled. Through proper teamwork, communication and Business Continuity plans, a distribution center in Ontario, Calif. was able to reroute all business to their facility and began to process orders immediately. While the Phoenix building was still smoldering, both Phoenix and Ontario customers received their deliveries with minimal delay. During the next five weeks, orders from the Phoenix distribution center were flawlessly processed and in the end, not a single customer order had been lost.

SARS epidemic

In April and May of 2003, SARS (Severe Acute Respiratory Syndrome) was spreading in Hong Kong and having access to face masks became a matter of life and death. Through advance planning and extra effort, Cardinal Health was able to meet customer needs as international orders for face masks doubled during the height of the epidemic.

Power loss

In 2003, power was lost in eight states and parts of Canada, causing the largest blackout in U.S. history and affecting up to 50 million people. Despite the blackout, Pharmaceutical Distribution was able to deliver all of their orders and was even prepared to help customers who missed ordering because of the power outage. Several Medical Products and Services facilities relied on backup generators, yet were still able to fulfill all scheduled orders.

Natural disaster

In 2004, three hurricanes — Charley, Frances and Ivan devastated the Southeastern region of the United States. These hurricanes caused significant damage to homes and workplaces, left hundreds of thousands of people without power and forced schools, businesses and hospitals to close their doors. During this time, Cardinal Health employees continued to respond to customer calls, fill emergency orders, evacuate patients from hospitals and help keep pharmacies open.

Going above and beyond

- In 2005, the costliest and one of the deadliest hurricanes in U.S. history — Hurricane Katrina hit the South. In the days preceding the storms, and weeks after, thousands of pharmacies, hospitals, labs and clinics counted on us for the products and services needed to treat patients. Despite severe fuel shortages, hundreds of distribution center employees and drivers worked around the clock making sure hospitals and pharmacies were well-stocked and prepared for the upcoming disaster.

During the height of Katrina, pharmacy technicians and other on-site Cardinal Health personnel worked at hospitals for 10 or more days without power or running water.

After the storm, many continued to work long hours to supply field hospitals and makeshift triage units while expediting deliveries to remote locations assisting thousands of evacuees. Within days, all major Cardinal Health facilities were up and running in the New Orleans area, ready to meet customers' needs for regular or emergency orders. Cardinal Health was, in fact, the first medical distributor back in the New Orleans market following the disaster.

Initially in a crisis, the demand for information is high, but good information is rare. Cardinal Health has developed communication and coordination plans so we can fill that information gap when a crisis occurs and respond more quickly. This is particularly important to healthcare professionals, who require information, products and services as quickly as possible.

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All of these have the potential to cause a crisis in our healthcare system.

Cardinal Health realizes that an event that causes a serious disruption to our operations will likely affect our customers. Likewise, an event that seriously disrupts our customers' operations will likely affect Cardinal Health. As an essential partner, Cardinal Health takes seriously its responsibility to maintain service in any situation, and enable our customers to succeed.

*Together, with our customers,
we make healthcare work better —
even in a crisis.*

Prepared for the unexpected

Because patients depend on our customers, and our customers depend on us, Cardinal Health takes an "all-hazards" approach to emergency preparedness. We've developed appropriate response and recovery capabilities to address everyday incidents that could affect our ability to provide service, as well as unique capabilities required in an emergency or disaster.

Each Cardinal Health business and critical function has a "crisis leader," responsible for developing and testing a documented step-by-step plan for emergency response, backup operations, and post-disaster recovery steps. The Business Continuity Plan focuses on essential business activities, and the people who need to support those activities.

As part of the Business Continuity Plan, Cardinal Health has:

- Up to three backup locations for each distribution center
- Emergency customer support and centralized command and control centers
- Procedures for contacting employees
- Systems to track the movement of our private fleet
- Strong relationships with suppliers to maintain fuel supply in the event of a shortage
- Working relationships with government agencies and industry trade associations

Following the 9/11 disaster, the government and private sector recognized the need to better understand how each could assist the other in responding to a crisis. Cardinal Health has developed working relationships with local, state and national government agencies such as the Department of Homeland Security, the Department of Health and Human Services, the Public Health Service, the Centers for Disease Control, state emergency management agencies, and local law enforcement. Cardinal Health tested these relationships during Hurricane Katrina and met the critical needs of those affected while maintaining service to our customers.

Emergency preparedness at Cardinal Health means having defined procedures for responding to, and stabilizing the situation immediately following an incident. It focuses on initial actions to protect lives, our customers and our supply chain in partnership with public emergency responders.



Prepared for a Pandemic

When a pandemic threat increases, the World Health Organization (WHO) will alert the healthcare community. The Cardinal Health Business Continuity Management Team has modeled our “all-hazards” approach to pandemic flu, other infectious diseases and biohazards, after various government and industry sources.

We have developed a Pandemic Preparedness Plan which describes the policies and actions we’ll take at each stage of the pandemic, as defined by the experts at WHO.

Cardinal Health believes that the best supply chain solution is one that helps get necessary medical supplies and infection-prevention products closest to hospital, laboratory or ambulatory care patients. We work with these customers to help them prepare for a pandemic, and have created offerings for the stockpiling of medical-surgical products. Cardinal Health will also coordinate the distribution of anti-virals or other pharmaceuticals to any of our healthcare provider customers in compliance with directives from state or national authorities.

How we prepare for the unexpected

At Cardinal Health we believe that no matter how complete our plans may be, they only work if we know how to use them. Therefore we’ve developed three types of training exercises for our employees:

- Orientation presentations or discussions
- Drills to test, develop or maintain skills in a single emergency response procedure and
- Tabletops or facilitated discussions to simulate a crisis situation in a structured, low-stress environment.

Our Crisis Leaders also have:

- Emergency Response Quick Reference Guides with emergency contact numbers, and procedures for medical emergencies, evacuations, fire safety, severe weather, workplace violence, hazardous material spills and bomb threats.
- Emergency communication plans which work with each facility’s emergency response plan and includes call trees for leadership team and staff, and evacuation procedures.

Business Continuity Plans at Cardinal Health are “living” documents that change as circumstances and our organization changes. Our Business Continuity Management Team tracks these changes, providing the ability to assist one or multiple locations during a crisis.

Developing and maintaining a Business Continuity Plan is the first step to preparedness. It takes much more than documentation, however, to truly be prepared for the unexpected. We believe that one of the most important aspects of our preparedness activities is to share and integrate our plans with our key business partners.

Natural disasters.

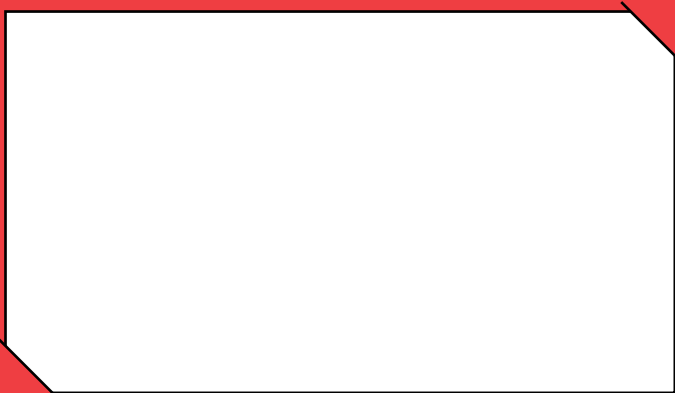
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What this means to you

Patients depend on you. Your community counts on you. You can rely on Cardinal Health to continuously provide the products and solutions you need when you need them. The extensive efforts of Cardinal Health to maintain service to our nation's healthcare community should give you peace of mind knowing that we are here to help you prevail in tough times.