

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

DIRECT DIAL
202-371-7180
DIRECT FAX
202-661-9010
EMAIL ADDRESS
BRIAN.BREHENY@SKADDEN.COM

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June 22, 2021

BY EMAIL (shareholderproposals@sec.gov)

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

Re: Shareholder Proposal Submitted by Kenneth Steiner

Ladies and Gentlemen:

This letter is submitted on behalf of Cardinal Health, Inc., an Ohio corporation (the “Company”), pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company requests that the staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) not recommend enforcement action if the Company omits from its proxy materials for the Company’s 2021 Annual Meeting of Shareholders (the “2021 Annual Meeting”) the shareholder proposal and supporting statement (the “Proposal”) submitted by Kenneth Steiner (“Mr. Steiner”), with John Chevedden (“Mr. Chevedden”) and/or his designee authorized to act on Mr. Steiner’s behalf (Mr. Steiner and Mr. Chevedden are referred to collectively as the “Proponent”).

This letter provides an explanation of why the Company believes it may exclude the Proposal and includes the attachments required by Rule 14a-8(j). In accordance with Section C of Staff Legal Bulletin 14D (Nov. 7, 2008) (“SLB 14D”), this letter is being submitted by email to shareholderproposals@sec.gov. A copy of this letter also is being sent to the Proponent as notice of the Company’s intent to omit the Proposal from the Company’s proxy materials for the 2021 Annual Meeting.

Rule 14a-8(k) and Section E of SLB 14D 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 be furnished concurrently to the Company.

Summary of the Proposal

The text of the resolution contained in the Proposal is as follows:

Shareholders request our Board of Directors adopt as policy, and amend our governing documents to require that the Chairman of the Board be an independent member of the Board whenever possible.

Background

On March 16, 2021, the Company received an initial version of the Proposal, accompanied by a cover letter from Mr. Steiner and a letter from TD Ameritrade verifying Mr. Steiner's ownership of Company shares (the "Broker Letter"). On March 23, 2021, the Company sent a letter to Mr. Chevedden, on behalf of Mr. Steiner (the "Deficiency Letter"), requesting that the initial version of the Proposal be revised so that it does not exceed 500 words and requesting that Mr. Chevedden submit documentation describing Mr. Steiner's delegation of authority to Mr. Chevedden consistent with Staff Legal Bulletin No. 14I (Nov. 1, 2017). On March 23, 2021, the Company received a revised version of the Proposal, and on March 29, 2021, the Company received documentation of Mr. Steiner's delegation of authority to Mr. Chevedden. Copies of the initial Proposal, Broker Letter, Deficiency Letter, revised Proposal and related correspondence are attached hereto as Exhibit A.

Basis for Exclusion

We hereby respectfully request that the Staff concur in the Company's view that it may exclude the Proposal from the proxy materials for the 2021 Annual Meeting pursuant to Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal.

Analysis

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., *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 a company already addressed the underlying concerns and satisfied the essential objective of the proposal, even if the proposal had not been implemented exactly as proposed by the proponent. In *Wal-Mart Stores, Inc.* (Mar. 30, 2010), for example, the proposal requested that the company adopt six principles for national and international action to stop global warming. The company argued that its Global Sustainability Report, available on the company’s website, substantially implemented the proposal. Although the report referred to by the company set forth only four principles that covered most, but not all, of the issues raised by the proposal, the Staff concluded that the company had substantially implemented the proposal. See, e.g., *Masco Corp.* (Mar. 29, 1999) (permitting exclusion on substantial implementation grounds where the company adopted a version of the proposal with slight modifications and clarification as to one of its terms); see also *The Wendy’s Co.* (Apr. 10, 2019) (permitting exclusion on substantial implementation grounds of a proposal requesting a report assessing human rights risks of the company’s operations, including the principles and methodology used to make the assessment, the frequency of assessment and how the company would use the assessment’s results, where the company had a code of ethics and a code of conduct for suppliers and disclosed on its website the frequency and methodology of its human rights risk assessments); *Oshkosh Corp.* (Nov. 4, 2016) (permitting exclusion on substantial implementation grounds of a proposal requesting six changes to the company’s proxy access bylaw, where the company amended its

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

proxy access bylaw to implement three of six requested changes); *MGM Resorts International* (Feb. 28, 2012) (permitting exclusion on substantial implementation grounds of a proposal requesting a report on the company's sustainability policies and performance, including multiple objective statistical indicators, where the company published an annual sustainability report); *Exelon Corp.* (Feb. 26, 2010) (permitting exclusion on substantial implementation grounds of a proposal requesting a report disclosing policies and procedures for political contributions and monetary and non-monetary political contributions where the company had adopted corporate political contributions guidelines).

The Staff has consistently 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 to require that the company's chair be an independent member of the board of directors where the company had amended its governing documents to adopt such a policy. For example, in *Expeditors International of Washington, Inc.* (Jan. 30, 2014), the Staff permitted exclusion under Rule 14a-8(i)(10) of a proposal requesting that the company adopt a policy requiring that any future chair of the board of directors be independent, where the company adopted a policy providing that following the term of the current chair, "the position of [c]hairman of the [b]oard shall be filled by a director that is 'independent.'" See, e.g., *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 chair 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"); *Nicor Inc.* (Feb. 11, 2009) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting that the company adopt a bylaw to require that the company have a lead independent director whenever possible and to include in the bylaw his or her responsibilities, where the company adopted a bylaw stating that the board "shall designate an independent [l]ead [d]irector" and specifying the lead independent director's responsibilities).

In this case, the Company has substantially implemented the Proposal because it has amended its governing documents, in precisely the manner requested by the Proponent, to require that the Chairman of the Board of Directors (the "Board") be an independent member of the Board whenever possible. In this respect, the Proposal requests that the Board (1) "adopt as policy," (2) "and amend [the] governing documents," (3) "to require that the Chairman of the Board be an independent member of the Board," (4) "whenever possible." On June [21], 2021, the Board took action to accomplish each of these four requests. The Board approved an amendment to the Company's Corporate Governance Guidelines (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. *See* the amended Guidelines, attached hereto as Exhibit B. In addition, the Proposal states that the Board would have the discretion to phase in this policy for the next Chief Executive Officer transition. This is moot, however, as the Company’s current Chairman is an independent director. Thus, the Company’s governing documents reflect the exact changes sought by the Proponent and compare favorably with the guidelines of the Proposal in a manner similar to the precedent described above. For this reason, the Company believes that it has substantially implemented the Proposal.

Accordingly, consistent with the precedent described above, the Proposal may be excluded from the Company’s proxy materials for the 2021 Annual Meeting pursuant to Rule 14a-8(i)(10) as substantially implemented.

Conclusion

On the basis of the foregoing, the Company respectfully requests the concurrence of the Staff that the Proposal may be excluded from the Company’s proxy materials for the 2021 Annual Meeting. If you have any questions or would like any additional information regarding the foregoing, please do not hesitate to contact me at (202) 371-7180. Thank you for your prompt attention to this matter.

Very truly yours,



Brian V. Breheny

Enclosures

cc: John Chevedden

John M. Adams, Jr.
Senior Vice President, Associate General Counsel and Secretary
Cardinal Health, Inc.

EXHIBIT A

Kenneth Steiner

PII

Mr. John M. Adams, Jr.
Secretary
Cardinal Health Inc. (CAH)
7000 Cardinal Place
Dublin, OH 43017
PH: 614-757-5000
FX: 614-757-6000
FX: 614-757-5051

Dear Mr. Adams,

I purchased stock in our company because I believed our company had potential for improved performance. My attached Rule 14a-8 proposal is submitted in support of the long-term performance of our company. This Rule 14a-8 proposal is submitted as a low-cost method to improve company performance.

My proposal is for the next annual shareholder meeting. I will meet Rule 14a-8 requirements including the continuous ownership of the required stock value until after the date of the respective shareholder meeting. My submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication. This is my proxy for John Chevedden and/or his designee to forward this Rule 14a-8 proposal to the company and to act on my behalf regarding this Rule 14a-8 proposal, and/or modification of it, for the forthcoming shareholder meeting before, during and after the forthcoming shareholder meeting. Please direct all future communications regarding my rule 14a-8 proposal to John Chevedden

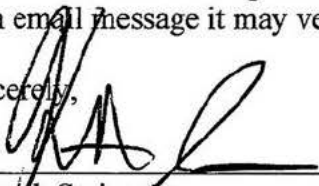
PII

to facilitate prompt and verifiable communications. Please identify this proposal as my proposal exclusively.

This letter does not cover proposals that are not rule 14a-8 proposals. This letter does not grant the power to vote. Your consideration and the consideration of the Board of Directors is appreciated in support of the long-term performance of our company. Please acknowledge receipt of my proposal promptly by email to PII

If not included here I expect to forward a broker letter soon so if you acknowledge this proposal in an email message it may very well save you from requesting a broker letter from me.

Sincerely,


Kenneth Steiner

2-16-21

Date

cc: Laura Vaughn <laura.vaughn@cardinalhealth.com>
James Barnett <James.Barnett@cardinalhealth.com>
Amanda Pashi <amanda.pashi@cardinalhealth.com>
Elaine Natsis <Elaine.Natsis@cardinalhealth.com>

[CAH – Rule 14a-8 Proposal, March 16, 2021]
[This line and any line above it – *Not* for publication.]

Proposal 4 – Independent Board Chairman

Shareholders request our Board of Directors adopt as policy, and amend our governing documents to require that the Chairman of the Board be an independent member of the Board whenever possible. Although it would be better to have an immediate transition to an independent Board Chairman, the Board would have the discretion to phase in this policy for the next Chief Executive Officer transition. Currently Cardinal Health directors can name one person to have the Chairman and CEO job at the same time at any time they want to.

This proposal topic won 52% support at Boeing in April 2020 and Boeing responded by naming an independent board chairman. This proposal topic also won 50%-plus support at 5 major U.S. companies in one year including 73%-support at Netflix.

This proposal topic won 42%-support from Cardinal Health shareholders in 2020 in spite of management's electioneering text on the ballot itself and text at the beginning of the proxy suggesting that the proposal might be moot. It is more important to support this proposal in 2021 because management pay was rejected by 37% of shares in 2020. It would be more difficult to set outlandish management pay with an permanent independent board chairman.

Cardinal Health is accused, like AmerisourceBergen, of recklessness in the distribution of opioids. And AmerisourceBergen was preparing to pay a whopping \$6 billion legal settlement to compensate communities ravaged by prescription drug abuse and meanwhile the AmerisourceBergen CEO, Mr. Steven Collis was set to receive a financial windfall.

Mr. Collis led AmerisourceBergen through the deadliest years of the opioid epidemic, when pain pills poured through AmerisourceBergen's warehouses and into the hands of drug addicts.

Mr. Collis got a \$14 million pay package in 2020 – up 24%. This bonanza was possible only because AmerisourceBergen's relied on a controversial accounting method: overlooking blockbuster legal settlements from its performance evaluation of Mr. Collis.

By removing the blockbuster settlement, AmerisourceBergen was able to turn its \$3 billion loss in 2020 — the biggest annual loss in the company's history — into a \$1.6 billion “adjusted” profit.

While parents lost their children to drug overdoses and entire communities were hobbled by drug addiction, drug industry titans expanded their wealth. In August, a few weeks before AmerisourceBergen reached its \$6 billion blockbuster settlement, Mr. Collis bought a \$6 million beach house. Such outlandish pay practices should not be allowed at Cardinal Health and an independent board Chair is a good way to prevent this from happening.

An independent Chairman is best positioned to build up the oversight capabilities of our directors while our CEO addresses the challenging day-to-day issues facing the company. The roles of Chairman of the Board and CEO are fundamentally different and should not be held by the same person. There should be a clear division of responsibilities between these positions to insure a balance of power and authority on the Board.

Please vote yes:

Independent Board Chairman – Proposal 4

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

Notes:

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 stock supporting this proposal will be held until after the annual meeting and the proposal will be presented at the annual meeting. Please acknowledge this proposal promptly by email

PII

The graphic below is intended to be placed at the conclusion of the rule 14a-8 proposal. The graphic would be the same size at the largest graphic that management uses in conjunction with a management proposal or a shareholder proposal in the 2021 proxy.





03/16/2021

Kenneth Steiner

PII

Re: Account ending [PII] in TD Ameritrade Clearing Inc DTC# 0188

Dear Kenneth Steiner,

As you requested this letter confirms that as of the date of this letter you have continuously held no less than 500 shares of each of the following stocks in the above reference account since January 1, 2020:

Extreme Networks, Inc (EXTR)
Cardinal Health Inc (CAH)
Conagra Brands Inc (CAG)
Oracle Corp (ORCL)

If we can be of any further assistance, please let us know. Just log in to your account and go to the Message Center to write us. You can also call Private Client Services at 800-400-4078. We're available 24 hours a day, seven days a week.

Sincerely,

Andrew P. Haag
Resource Specialist
TD Ameritrade

This information is furnished as part of a general information service and TD Ameritrade shall not be liable for any damages arising out of any inaccuracy in the information. Because this information may differ from your TD Ameritrade monthly statement, you should rely only on the TD Ameritrade monthly statement as the official record of your TD Ameritrade account.

Market volatility, volume, and system availability may delay account access and trade executions.

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Cardinal Health
7000 Cardinal Place
Dublin, OH 43017
614.757.5000 main

cardinalhealth.com

March 23, 2021

VIA OVERNIGHT MAIL AND EMAIL

John Chevedden

PII

Dear Mr. Chevedden:

I am writing on behalf of Cardinal Health, Inc. (the "Company"), which received on March 16, 2021, the shareholder proposal you submitted on behalf of Kenneth Steiner (the "Proponent") entitled "Independent Board Chairman" pursuant to Securities and Exchange Commission ("SEC") Rule 14a-8 for inclusion in the proxy statement for the Company's 2021 Annual Meeting of Shareholders (the "Proposal").

The Proposal contains certain procedural deficiencies, which SEC regulations require us to bring to your attention. Your correspondence did not include sufficient documentation demonstrating that you had the legal authority to submit the Proposal on behalf of the Proponent as of the date the Proposal was submitted (March 16, 2021). In Staff Legal Bulletin No. 14I (Nov. 1, 2017) ("SLB 14I"), the SEC's Division of Corporation Finance ("Division") noted that proposals submitted by proxy, such as the Proposal, may present challenges and concerns, including "concerns raised that shareholders may not know that proposals are being submitted on their behalf." Accordingly, in evaluating whether there is a basis to exclude a proposal under the eligibility requirements of Rule 14a-8(b), as addressed below, SLB 14I states that in general the Division would expect any shareholder who submits a proposal by proxy to provide documentation to:

- identify the shareholder-proponent and the person or entity selected as proxy;
- identify the company to which the proposal is directed;
- identify the annual or special meeting for which the proposal is submitted;
- identify the specific proposal to be submitted (e.g., proposal to lower the threshold for calling a special meeting from 25% to 10%); and
- be signed and dated by the shareholder.

The documentation that you provided with the Proposal raises the concerns referred to in SLB 14I. Specifically, the Proposal raises the concerns referred to in SLB 14I because the documentation from the Proponent purporting to authorize you to act on the Proponent's behalf does not identify the specific proposal to be submitted. To remedy this defect, the Proponent should provide documentation that confirms that as of the date you submitted the Proposal, the

John Chevedden
March 23, 2021
Page 2

Proponent had instructed or authorized you to submit the specific proposal to the Company on the Proponent's behalf and should identify the specific proposal to be submitted.

Rule 14a-8(d) of the Exchange Act requires that any shareholder proposal, including any accompanying supporting statement, not exceed 500 words. The Proposal, including the supporting statement, exceeds 500 words. In reaching this conclusion, we have counted dollar and percent symbols as words and have counted acronyms and hyphenated terms as multiple words. To remedy this defect, the Proponent must revise the Proposal so that it does not exceed 500 words.

The SEC's rules require that any response to this letter be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please address any response to me at 7000 Cardinal Place, Dublin, OH 43017. Alternatively, you may transmit any response by email to me at james.barnett@cardinalhealth.com.

If you have any questions with respect to the foregoing, please contact me at (614) 757-4514. For your reference, I enclose a copy of Rule 14a-8, as applicable to this Proposal.

Sincerely,



James E. Barnett
Vice President and Associate General Counsel

cc: Kenneth Steiner

Enclosure

[CAH – Rule 14a-8 Proposal, March 16, 2021 | Revised March 23, 2021]

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

Proposal 4 – Independent Board Chairman

Shareholders request our Board of Directors adopt as policy, and amend our governing documents to require that the Chairman of the Board be an independent member of the Board whenever possible. Although it would be better to have an immediate transition to an independent Board Chairman, the Board would have the discretion to phase in this policy for the next Chief Executive Officer transition. Currently Cardinal Health directors can name one person to have the Chairman and CEO jobs at the same time at any time they want to.

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Mr. Collis led AmerisourceBergen through the deadliest years of the opioid epidemic, when pain pills poured through AmerisourceBergen's warehouses and into the hands of drug addicts.

Mr. Collis got a \$14 million pay package in 2020 – up 24%. This bonanza was possible only because AmerisourceBergen's relied on a controversial accounting method: overlooking blockbuster legal settlements from its performance evaluation of Mr. Collis.

By removing the blockbuster settlement, AmerisourceBergen was able to turn its \$3 billion loss in 2020 — the biggest annual loss in the company’s history — into a \$1.6 billion “adjusted” profit.

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Such outlandish pay practices should not be allowed at Cardinal Health and an independent board Chair is a good way to prevent this from happening.

An independent Chairman is best positioned to build up the oversight capabilities of our directors while our CEO addresses the challenging day-to-day issues facing the company. The roles of Chairman of the Board and CEO are fundamentally different and should not be held by the same person.

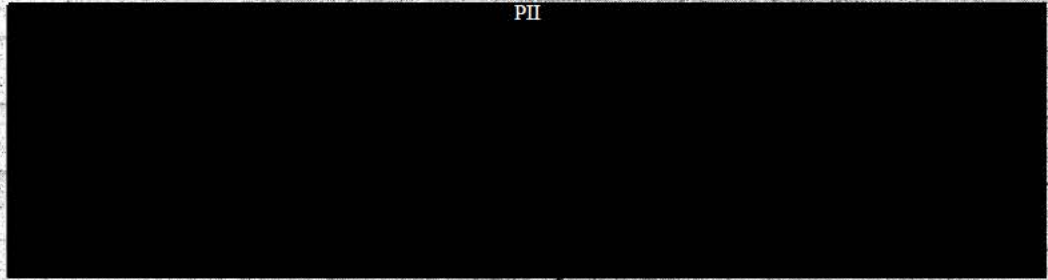
Please vote yes:

Independent Board Chairman – Proposal 4

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

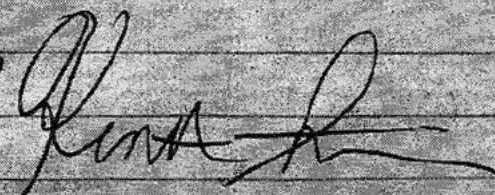
Kenneth Steiner

PII



My 2021 Proposal for
Cardinal Healthcare (CAH)

is: Independent Board
Chairman

Signature: 

Date: 3-29-21

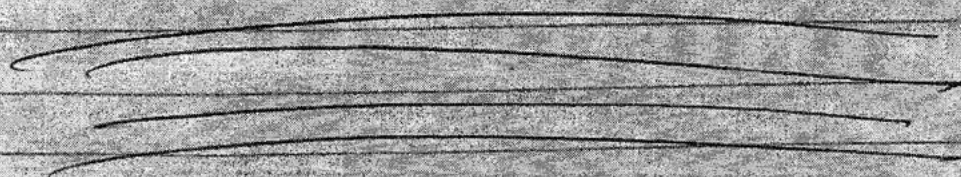


EXHIBIT B

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 June 21, 2021:

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 should be entitled to 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 Nominating and Governance Committee.

Board Membership Criteria. The responsibilities of the Nominating and Governance 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 relevant industry knowledge (including healthcare, supply chain and logistics), operations, management, technology, accounting and finance, leadership, strategic planning and international markets, Board and executive leadership,

independence (including independence from the interests of a particular group of shareholders), judgment, integrity and ability to commit sufficient time and attention to the activities of the Board, as well as the absence of potential conflicts with the Company's interests. The Nominating and Governance 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.

Board Independence. A majority of the Board must be comprised of Directors who meet the New York Stock Exchange definition of "independence," 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 New York Stock Exchange 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 New York Stock Exchange 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 serve 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 Nominating and Governance 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 New York Stock Exchange 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 Nominating and Governance 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, its 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 Nominating and Governance 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 tenure as a Director, that Director shall tender his or her resignation for consideration by the Board. The Nominating and Governance 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 Nominating and Governance 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, non-management Directors should not serve on more than three public company boards in addition to the Company's Board, and non-management Directors who serve as executive officer of a public company should not serve on a public company board other than the board of their own company. Non-management Directors should advise the Chairman of the Board, the Chairman of the Nominating and Governance Committee and the Corporate Secretary in advance of accepting an invitation to serve on another board.

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 Nominating and Governance 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 Nominating and Governance 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, Nominating and Governance, and Risk Oversight Committees. The Audit, Human Resources and Compensation, Nominating and Governance, and Risk Oversight Committees are comprised of only Directors who meet the New York Stock Exchange definition of “independence,” 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 New York Stock Exchange 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, Nominating and Governance, 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 Nominating and Governance 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, Nominating and Governance, 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 Nominating and Governance Committee, evaluates its effectiveness and performance annually and each Committee also evaluates its performance annually. The Nominating and Governance 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 Nominating and Governance Committee may retain advisors to assist the Nominating and Governance 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 New York Stock Exchange 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 Nominating and Governance 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 Nominating and Governance Committee is responsible for reviewing these guidelines at least annually and making recommendations for appropriate changes to the Board.