

CARDINAL HEALTH INC
Form DEF 14A
September 24, 2009
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SCHEDULE 14A

(RULE 14A-101)

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

(AMENDMENT NO. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12.

CARDINAL HEALTH, INC.

(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

N/A

(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD NOVEMBER 4, 2009

DATE AND TIME: Wednesday, November 4, 2009 at 2:00 p.m. Local Time

LOCATION: Cardinal Health, Inc., 7000 Cardinal Place, Dublin, OH 43017

PURPOSE:

- (1) To elect each of the 10 nominees named in the accompanying proxy statement (or, if necessary, any substitute nominees selected by the Board of Directors) as a director, each to serve until the 2010 annual meeting and until his or her successor is duly elected and qualified;
- (2) To ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2010;
- (3) To re-approve the material terms of the performance criteria under Cardinal Health's Amended and Restated Management Incentive Plan;
- (4) To vote on two shareholder proposals described in the accompanying proxy statement, if properly presented at the meeting, regarding performance-based stock options and an amendment to our Restated Code of Regulations to require that the Chairman of the Board be an independent director; and
- (5) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

WHO MAY VOTE: Shareholders of record at the close of business on September 9, 2009 are entitled to vote at the meeting or any adjournment or postponement thereof.

By Order of the Board of Directors.

September 23, 2009

/s/ Stephen T. Falk
STEPHEN T. FALK
Executive Vice President, General Counsel and

Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on November 4, 2009:

This proxy statement and our 2009 annual report to shareholders are also available on our website at www.cardinalhealth.com/proxymaterials.

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PROXY STATEMENT

GENERAL INFORMATION

This proxy statement is being furnished to solicit proxies on behalf of the Board of Directors (the Board) of Cardinal Health, Inc., an Ohio corporation (Cardinal Health, we or us), for use at our Annual Meeting of Shareholders to be held on Wednesday, November 4, 2009, at our corporate offices located at 7000 Cardinal Place, Dublin, Ohio 43017, at 2:00 p.m., local time (the Annual Meeting), and at any adjournment or postponement thereof. **This proxy statement and the accompanying proxy, together with our Annual Report to Shareholders for the fiscal year ended June 30, 2009 and additional information, are first being sent to our shareholders on or about September 28, 2009. Exhibits to our Annual Report on Form 10-K for the fiscal year ended June 30, 2009 will be provided to any shareholder upon request to our Investor Relations department.**

References to our fiscal years in this proxy statement mean the fiscal year ended or ending on June 30 of such year. For example, fiscal 2009 refers to the fiscal year ended June 30, 2009.

Principal Executive Office

The address of our principal executive office is 7000 Cardinal Place, Dublin, Ohio 43017.

Voting Information

Record Date. The close of business on September 9, 2009 has been fixed as the record date for the determination of our shareholders entitled to notice of and to vote at the Annual Meeting. On that date, we had outstanding 360,608,892 common shares, without par value. Holders of common shares at the record date are entitled to one vote per share for the election of directors and upon all matters on which shareholders are entitled to vote.

Quorum. We will have a quorum and will be able to conduct the business of the Annual Meeting if the holders of a majority of the votes that shareholders are entitled to cast are present at the Annual Meeting, either in person or by proxy.

How to Vote. We encourage you to vote promptly. Telephone and Internet voting are available through 2:00 a.m. Eastern Time on Wednesday, November 4, 2009. If your shares are registered in your name, then you are a registered holder and you may vote in person at the Annual Meeting or by proxy. If you decide to vote by proxy, you may do so in any one of the following three ways:

By Telephone. You may vote your shares by calling the toll free number 1-800-652-VOTE (8683) within the United States, Puerto Rico or Canada and following instructions provided by the recorded message. You may vote by telephone 24 hours a day. The telephone voting system allows you to confirm that the system has properly recorded your votes.

By Internet. You may vote your shares over the Internet by logging onto www.investorvote.com/cah and following the steps outlined on the secure website. As with the telephone voting system, you will be able to confirm that the system has properly recorded your votes.

By Mail. You may mark, sign and date your proxy card and return it by mail in the enclosed postage-paid envelope.

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If you are a beneficial holder of shares held in street name through a broker, trustee, bank or other nominee that holds shares on your behalf, you may vote in person at the Annual Meeting by obtaining a legal proxy from the nominee that holds your shares. Alternatively, you may vote by proxy by completing and signing the voting instruction form provided to you by the nominee that holds your shares, or by using telephone or Internet voting arrangements described on the voting instruction form or other materials provided you by the nominee that holds your shares.

Changing or Revoking Your Proxy. Your presence at the Annual Meeting will not automatically revoke your proxy. You may revoke your proxy at any time before a vote is taken at the meeting by giving notice to us in writing or in open meeting or by executing and forwarding a later-dated proxy to us or voting a later proxy by telephone or the Internet. If you are a beneficial shareholder only, you should check with the broker, trustee, bank or other nominee that holds your shares to determine how to change or revoke your vote.

Shares Held Under Plans. If you hold shares through our retirement and savings plans, you will receive voting instructions from that plan's administrator, which may have a different deadline for determining the manner in which such shares will be voted. If you hold shares under our equity award and employee stock purchase plans, your proxy includes the number of shares held through such plans.

How Shares Will Be Voted. The common shares represented by your proxy will be voted in accordance with specifications provided on your proxy or voting instruction card or with specifications you provided by telephone or Internet. Proxies returned without any such specifications will be voted for the election of each of the 10 directors as set forth under Proposal 1 Election of Directors below, in favor of Proposals 2 and 3 and against Proposals 4 and 5. If any other matters shall properly come before the Annual Meeting, the persons named in your proxy, or their substitutes, will determine how to vote thereon in accordance with their judgment. The Board of Directors does not know of any other matters that will be presented for action at the Annual Meeting.

The Board recommends that you vote FOR the election of the 10 directors listed in Proposal 1, FOR Proposals 2 and 3 and AGAINST Proposals 4 and 5.

Attending the Annual Meeting

Only persons with an admission ticket or proof of share ownership will be admitted to the Annual Meeting. If you are a registered shareholder, your admission ticket is attached to your proxy card. Please bring it with you to the Annual Meeting together with photo identification. If your shares are not registered in your name, you must bring proof of share ownership (such as a recent bank or brokerage firm account statement, together with photo identification) to be admitted to the Annual Meeting.

Whether or not you expect to attend the Annual Meeting in person, we urge you to complete, date and sign the enclosed proxy and return it in the enclosed postage-paid envelope, or to vote by telephone or the Internet using the instructions provided with the proxy.

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PROPOSAL 1 ELECTION OF DIRECTORS

Our Board of Directors currently consists of 10 members. At the Annual Meeting, our shareholders will be asked to vote for the election of the 10 nominees named below, each to serve until the next annual meeting and until his or her successor is duly elected and qualified.

Effective August 31, 2009, we completed the separation of CareFusion Corporation (CareFusion) from Cardinal Health through the distribution of approximately 81% of CareFusion s outstanding common stock to our shareholders (the CareFusion separation). In connection with the CareFusion separation, R. Kerry Clark, who served as our Chairman of the Board (Chairman) and Chief Executive Officer, retired immediately after the CareFusion separation was effective, and three directors, Philip L. Francis, J. Michael Losh and Michael D. O Halleran, resigned from our Board and joined the CareFusion board of directors, effective August 31, 2009. Also effective August 31, 2009, the size of the Board was reduced to 10 members. At that time, George S. Barrett, who had served as Vice Chairman of Cardinal Health and Chief Executive Officer Healthcare Supply Chain Services, joined the Board and became our Chairman and Chief Executive Officer. The Board appointed Bruce L. Downey to fill one of the Board vacancies, effective August 31, 2009, and Glenn A. Britt to fill the remaining vacancy, effective October 1, 2009.

Common shares represented by proxies, unless otherwise specified, will be voted for the election of the 10 nominees. If, by reason of death or other unexpected occurrence, any one or more of the nominees should not be available for election, the proxies will be voted for the election of any substitute nominee(s) as the Board may nominate. Proxies may not be voted at the Annual Meeting for more than 10 nominees. Votes will be tabulated by or under the direction of inspectors of election, who will certify the results of the voting at the Annual Meeting.

At the 2008 annual meeting, we recommended and our shareholders approved amendments to our Amended and Restated Articles of Incorporation (the Articles) and Restated Code of Regulations (the Regulations) to implement a majority voting standard for the election of directors in uncontested elections of directors (as defined in our Articles). The election of directors at the Annual Meeting is an uncontested election, so for a nominee to be elected to the Board, the number of votes cast FOR the nominee s election must exceed the number of votes cast AGAINST his or her election. Abstentions and broker non-votes will not be considered votes cast FOR or AGAINST a nominee. If a nominee is not elected because he or she did not receive a greater number of votes FOR his or her election than AGAINST such election, he or she will be required to tender his or her resignation for the Board s consideration of whether to accept it in accordance with the policy set forth in our Corporate Governance Guidelines. See Corporate Governance Resignation Policy for Incumbent Directors Not Receiving Majority Votes.

Also at the 2008 annual meeting, we recommended and our shareholders approved amendments to our Articles and Regulations to eliminate cumulative voting in elections of directors. Accordingly, no shareholder has the right to cumulate his or her voting power in the election of directors at the Annual Meeting.

Set forth below is the following information regarding those persons nominated for election as our directors (each is currently one of our directors, except for Mr. Britt who will become a director effective October 1, 2009): their names, ages, the year in which he or she first became one of our directors, principal occupations and positions held during the past five years (unless otherwise stated, the positions listed have been held during the entire past five years) and certain other board memberships.

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Colleen F. Arnold, 52, Director since 2007

General Manager of GBS Strategy, Global Consulting Services and SOA Solutions, Global Industries and Global Application Services of International Business Machines Corporation (IBM), a globally integrated innovation company that provides systems and financing, software and services to enterprises and institutions worldwide since January 2007

General Manager of IBM Northern and Eastern Europe, Russia, the Middle East and South Africa of IBM from 2005 to January 2007

General Manager of Global Communications Sector, Sales and Distribution Group of IBM, from 2002 to 2005

George S. Barrett, 54, Director since August 2009

Chairman and Chief Executive Officer of Cardinal Health since August 31, 2009

Vice Chairman of Cardinal Health and Chief Executive Officer Healthcare Supply Chain Services from January 2008 to August 31, 2009

President and Chief Executive Officer of Teva North America and Executive Vice President Global Pharmaceutical Markets and a member of the Office of the Chief Executive Officer of Teva Pharmaceutical Industries Limited (Teva), a pharmaceutical company, from November 2006 to January 2008

President and Chief Executive Officer of Teva North America and Group Vice President North America of Teva from 2005 to 2006

President of Teva USA from 1998 to 2005

Glenn A. Britt, 60, Director effective October 1, 2009

Chairman, President and Chief Executive Officer of Time Warner Cable Inc. (Time Warner Cable), a cable operator; President and Chief Executive Officer since February 2006 and Chairman since March 2009

Chairman and Chief Executive Officer of Time Warner Cable from March 2003 to February 2006

Member of the Board of Xerox Corporation, a developer, manufacturer, marketer, servicer and financier of document equipment, software, solutions and services

Calvin Darden, 59, Director since 2005

Retired Senior Vice President of U.S. Operations of United Parcel Service, Inc., a package delivery company and provider of specialized transportation and logistics services, from January 2000 to April 2005

Member of the Board of:

Target Corporation, an operator of large-format general merchandise discount stores

Coca-Cola Enterprises, Inc., a marketer, seller, manufacturer and distributor of nonalcoholic beverages

Bruce L. Downey, 61, Director since August 2009

Partner of NewSpring Health Capital II, L.P., a venture capital firm, since March 2009

Chairman of the Board and Chief Executive Officer of Barr Pharmaceuticals, Inc. (Barr), a pharmaceutical company, from February 1994 through December 2008

Member of the Board of Momenta Pharmaceuticals, Inc., a biotechnology company

John F. Finn, 61, Director since 1994

President and Chief Executive Officer of Gardner, Inc., a supply chain management company serving industrial and consumer markets, since 1985

Member of the Board of:

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J.P. Morgan Funds, a registered investment company
Greif, Inc., an industrial package products and services company

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Gregory B. Kenny, 56, Director since 2007

President and Chief Executive Officer of General Cable Corporation (General Cable), a manufacturer of aluminum, copper and fiber-optic wire and cable products, since August 2001

Member of the Board of:

General Cable

Corn Products International, Inc., a corn refining and ingredient company

Richard C. Notebaert, 62, Director since 1999

Retired Chairman and Chief Executive Officer of Qwest Communications International Inc., a telecommunications systems company, from July 2002 to August 2007

Member of the Board of Aon Corporation (Aon), a provider of risk management services, insurance and reinsurance brokerage, and human capital consulting

David W. Raisbeck, 60, Director since 2002

Retired Vice Chairman of Cargill, Incorporated (Cargill), a marketer, processor and distributor of agricultural, food, financial and industrial products and services, from November 1999 to October 2008

Member of the Board of Eastman Chemical Company, a plastics, chemicals and fibers manufacturer

Jean G. Spaulding, M.D., 62, Director since 2002

Private medical practice in psychiatry since 1977

Consultant, Duke University Health System, a non-profit academic health care system, since January 2003

Associate Clinical Professorships at Duke University Medical Center, a non-profit academic hospital, since 1998

Trustee, The Duke Endowment, a charitable trust, since January 2002

The Board recommends that you vote FOR the election of these nominees.

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**PROPOSAL 2 RATIFICATION OF THE SELECTION OF OUR INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has appointed Ernst & Young LLP as our independent registered public accounting firm for fiscal 2010, and we are asking our shareholders to ratify this selection at the Annual Meeting. Although ratification is not required by the Regulations, Ohio law or otherwise, the Board has determined to annually submit the selection of our independent registered public accounting firm to our shareholders for ratification as a matter of good corporate governance practices. If the selection is not ratified, the Audit Committee will consider whether it is appropriate to select another registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different registered public accounting firm at any time during the fiscal year if it determines that such a change would be in our best interest and the best interest of our shareholders.

Representatives of Ernst & Young LLP, which served as our independent registered public accountants for fiscal 2009, are expected to be present at the Annual Meeting. At the Annual Meeting representatives of Ernst & Young LLP will have the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions from shareholders.

Vote Required and Recommendation of the Board of Directors

Approval of the proposal to ratify the selection of Ernst & Young as our independent registered public accounting firm requires the affirmative vote of a majority of the common shares present in person or by proxy and entitled to be voted on the proposal at the Annual Meeting. Abstentions will have the same effect as votes against the proposal. Broker non-votes will not be considered common shares present and entitled to vote on the proposal and will not have a positive or negative effect on the outcome of this proposal.

The Board recommends that you vote FOR the proposal to ratify the selection of Ernst & Young as our independent registered public accounting firm for our fiscal year ending June 30, 2010.

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PROPOSAL 3 RE-APPROVAL OF THE MATERIAL TERMS OF THE PERFORMANCE CRITERIA UNDER CARDINAL HEALTH'S AMENDED AND RESTATED MANAGEMENT INCENTIVE PLAN

General

On August 14, 1996, our Board of Directors adopted the Cardinal Health, Inc. Performance-Based Incentive Compensation Plan, which was later renamed the Cardinal Health Management Incentive Plan (as amended to date, the MIP). The MIP was most recently amended and restated in 2006 and amended in 2007.

The MIP is designed so that awards granted pursuant to the terms of the MIP will generally not be subject to the tax deduction limits of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). Section 162(m) of the Code generally limits a company's federal income tax deduction for compensation paid to certain named executive officers to \$1 million each, unless all amounts in excess of \$1 million qualify for an exception to the limit. One of the available exceptions is for compensation that is paid under a performance-based compensation plan subject to performance criteria, the material terms of which have been approved by shareholders as discussed in more detail below.

The purpose of the MIP is to:

advance our interests and the interests of our shareholders by providing employees in leadership positions with an annual bonus incentive to achieve our strategic objectives and the strategic objectives of our subsidiaries;

focus management on key measures that drive superior financial and management performance and that result in our enhanced value;

provide compensation opportunities that are externally competitive and internally consistent with our strategic objectives and total reward strategies;

provide bonus opportunities that reward executives who are in positions to make significant contributions to our overall success and the overall success of our subsidiaries; and

to permit us to provide incentive compensation that is tied to the achievement of pre-established and objective performance criteria that will exempt such compensation from the tax deduction limits under Section 162(m) of the Code.

For additional information regarding the MIP and awards made thereunder for fiscal 2009, see Compensation Discussion and Analysis Our Compensation Decisions Annual Cash Incentive Compensation.

Section 162(m) of the Code requires specific shareholder approval of the material terms of the performance criteria under a plan providing qualified performance-based compensation to employees covered by Section 162(m). Such material terms are required to be re-approved by shareholders at least once every five years when, as is the case under the MIP, the Human Resources and Compensation Committee (the Compensation Committee) has the ability to change the targets under a performance criterion after shareholder approval of the criterion. The MIP and material terms of its performance criteria were last approved by our shareholders at our 2004 annual meeting. Under Section 162(m), the material terms of the performance criteria under the MIP that must be re-approved include (a) the class of employees eligible to receive compensation upon achievement of performance criteria applicable to awards under the MIP; (b) the business criteria on which such performance criteria may be based; and (c) the maximum amount that may be paid to any employee subject to Section 162(m) upon achievement of the performance criteria applicable to an award under the MIP.

The Compensation Committee retains the authority to make performance-based awards to our executives outside of the MIP, in such amounts and at such times as it determines in its sole discretion, which will not be affected by this proposal.

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The following is a summary of the material terms of the performance criteria under the MIP that shareholders are being asked to approve. The MIP is set forth as Appendix A to this proxy statement.

Description of the Material Terms of the Performance Criteria Under the MIP

Administration. The MIP is currently administered by the Compensation Committee and may be administered by such other committee of directors appointed by the Board and comprised of two or more individuals who are outside directors (as that term is defined in Section 162(m)) or such of our officers as have been delegated such authority (the administrator is generally referred to as the Compensation Committee in this summary description of the material plan terms). Among other things, the Compensation Committee has the authority to select participants in the MIP from among our executive officers and to determine the performance criteria, target amounts and other terms and conditions of awards under the MIP. In addition, the Compensation Committee has the authority to determine whether all or certain of the participants will be treated as covered employees for purposes of the MIP. Covered employees are subject to additional limitations under the MIP. The Compensation Committee also has the authority to interpret the MIP and the terms of awards, to establish, amend and rescind rules and regulations relating to the MIP, to determine the terms and provisions for making or modifying awards, to correct administrative errors and to make all other determinations necessary and advisable for the administration of the MIP. All decisions made by the Compensation Committee pursuant to the MIP are made in the Compensation Committee's sole discretion and are final and binding.

Eligibility. Our employees and employees of our subsidiaries who are our executive officers may be designated by the Compensation Committee as eligible to be granted awards under the MIP. Currently, we have seven executive officers. Although the tax laws currently limit deductibility only for compensation paid to the principal executive officer and the three most highly compensated executive officers other than the principal executive officer or the principal financial officer, the performance criteria are applied to all executive officers in the event that one or more should become subject to the limits of Section 162(m) of the Code.

Terms of Awards. Awards under the MIP consist of cash amounts payable upon the achievement, during a specified performance period, of specified performance criteria. A performance period is the twelve month period beginning on each July 1st and ending on the next succeeding June 30th during the term of the MIP, or such other time period established by the Compensation Committee from time to time with respect to which the attainment of performance criteria will be determined. Employees who become eligible to participate in the MIP after the beginning of the performance period may participate for a partial performance period on a pro rata basis, for example, if they are hired or promoted to an eligible position after the period begins, subject to compliance with Section 162(m). Prior to the beginning of a performance period, or as soon as practicable thereafter, the Compensation Committee will establish the performance criteria and the target award for each participant, which will be earned if the performance criteria are achieved. At the end of the performance period, the Compensation Committee will certify the extent to which the performance criteria are achieved during the performance period for any participants who are covered employees within the meaning of Section 162(m). If the performance criteria for the performance period are met, covered employees shall be entitled to the payment of the awards, subject to the Compensation Committee's exercise of negative discretion to reduce any earned bonus payable to a covered employee based on performance goals established for that covered employee or other factors as determined by the Compensation Committee in its sole discretion. With respect to participants who are not covered employees, the Compensation Committee will determine the bonus amount based on the performance criteria and other performance goals. The Compensation Committee may adjust (up or down) any bonus amount for participants who are not covered employees on the basis of such further considerations as the Compensation Committee determines in its sole discretion. As discussed below under Compensation Discussion and Analysis Our Compensation Decisions Annual Cash Incentive Compensation, the Compensation Committee approves other performance goals in addition to the performance criteria required under Section 162(m) that factor into the Compensation Committee's exercise of discretion in determining final award amounts.

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Performance Criteria. The performance criteria for awards are based upon the achievement of one or more performance measures stated in the MIP. Under the MIP the performance criteria for awards may be based upon targeted measures of (i) cash flow; (ii) earnings (including gross margin, earnings before interest and taxes, earnings before taxes and net earnings); (iii) earnings per share; (iv) growth in earnings or earnings per share; (v) stock price; (vi) return on equity or average shareholders' equity; (vii) total shareholder return; (viii) return on capital; (ix) return on assets or net assets; (x) return on investment; (xi) revenue; (xii) income or net income; (xiii) operating income or net operating income; (xiv) operating profit or net operating profit (whether before or after taxes); (xv) operating margin; (xvi) return on operating revenue; (xvii) market share; (xviii) contract awards or backlog; (xix) overhead or other expense reduction; (xx) growth in shareholder value relative to the moving average of the S&P 500 Index or a peer group index; (xxi) credit rating; (xxii) strategic plan development and implementation; (xxiii) improvement in workforce diversity; (xxiv) customer satisfaction; (xxv) employee satisfaction; (xxvi) management succession plan development and implementation; and (xxvii) employee retention. Once established, the performance criteria cannot be changed during the performance period. Subject to the requirements of Section 162(m) with respect to covered employees, at the time the award is made and the performance criteria are established, the Compensation Committee is authorized to determine the manner in which the performance criteria will be calculated or measured to take into account certain factors over which participants have no or limited control, including, but not limited to, market-related changes in inventory value, changes in industry margins, changes in accounting principles and extraordinary charges to income. See Compensation Discussion and Analysis Our Policies, Guidelines and Practices Related to Executive Compensation Tax Matters for a discussion of the performance criterion for Section 162(m) purposes for fiscal 2009 annual incentive compensation.

Maximum Award Payable and Not Subject to Deduction Limitation Rules of Section 162(m) of the Code. Under the MIP the maximum award that can be paid to a participant for any performance period is \$7.5 million, with such maximum award amount to be prorated if the performance period is less than a full fiscal year.

Termination of Employment. A participant whose employment terminates at any time during the performance period for an award because of retirement, death or disability will receive a prorated portion of the award, based upon the length of time that the participant was employed by us during the performance period. A participant whose employment is terminated by us (other than for cause (as defined in the MIP)) during the fourth quarter of the performance period for an award will receive a prorated portion of the award, based upon the length of time that the participant was employed by us during the performance period. A participant whose employment is terminated for any other reason will not be entitled to any payment with respect to the award unless the Compensation Committee determines otherwise. A participant who terminates employment for any other reason, or who is terminated by us for cause, before the date a bonus is paid will not be entitled to any payment with respect to the award.

Amendment and Discontinuance. The MIP may be amended, modified, suspended or terminated by the Compensation Committee at any time and without notice, but no such amendment, modification, suspension or termination will, without the consent of the participant, materially reduce the right of such participant to a payment or distribution to which he or she has already become entitled. The approval of our shareholders of any amendment of the MIP will be required only as required by the applicable provisions of Section 162(m).

Vote Required

Approval of the proposal to re-approve the material terms of the performance criteria under the MIP requires the affirmative vote of a majority of the common shares voted on the proposal at the Annual Meeting. Abstentions and broker non-votes will not be considered as common shares voted on the proposal and will not have a positive or negative effect on the outcome of this proposal.

The Board of Directors recommends a vote FOR this proposal to re-approve the material terms of the performance criteria under Cardinal Health's Amended and Restated Management Incentive Plan.

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PROPOSAL 4 SHAREHOLDER PROPOSAL REGARDING PERFORMANCE-BASED STOCK OPTIONS

We received notice that a shareholder intends to present the following proposal at the Annual Meeting. The proposed resolution and its supporting statement, for which neither we nor the Board of Directors accepts responsibility, are set forth below. The proposal was submitted by William C. Thompson, Jr., Comptroller, City of New York, on behalf of the Boards of Trustees of the New York City Pension Funds, 1 Centre Street, New York, New York 10007-2341, a shareholder owning over \$2,000 in market value of our common shares as of May 5, 2009.

The shareholder proposal and the supporting statement read as follows:

RESOLVED: That the shareholders of **Cardinal Health, Inc.** (the Company) request the Board of Directors to adopt a policy requiring that stock options, which are granted to senior executives, as part of their compensation package, are performance-based. For the purposes of this proposal, performance-based stock options are defined as either of the following:

- (1) Performance Vesting Stock Options grants which do not vest or become exercisable unless specific business performance goals are met.
- (2) Index Options grants with a variable option exercise price geared to a relative external measure such as a comparable peer group or S&P industry index.
- (3) Performance Accelerated Stock Options grants whose vesting is accelerated upon achievement of specific business performance goals.

Supporting Statement

Institutional investors increasingly are urging that, in order to align the interests of executives with the interests of stockholders, stock options which are granted as part of executive compensation packages are linked to goals of long-term growth and superior performance.

Stock options too often facilitate a disconnect between reward and long term performance at many companies. They afford opportunities to manipulate stock price, backdate or spring load options, or simply take advantage of volatility in stock price to reap gains from exercising options gains often related more to timing than to performance. Performance-based options, options tied to business performance goals or exceeding peers performance, may better serve to align the interests of executives and stockholders.

Cardinal Health, Inc. has received weak pay-for-performance ratings from one or more proxy rating agencies. We strongly urge the Company to adopt a policy that options granted to senior executives be performance based. We also recommend that the company avoid large sign-on grants. Assigning grants in smaller more frequent amounts may reduce incentives to benefit from gains unrelated to performance.

For these reasons, we urge shareholders to vote **FOR** this proposal.

The Board of Directors Statement in Opposition to Proposal 4

Your Board recommends a vote against Proposal 4, because we believe that our current long-term incentives are performance-based and effectively align participants interests with those of our shareholders. We believe that stock options, which historically have been an important part of Cardinal Health s long-term incentive program, are an important form of performance-based compensation because a stock option provides no realizable value to a recipient until the vesting requirements have been met and the trading price of our common shares increases. We believe that it is important to be able to use stock options as an element of compensation that focuses primarily on

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stock price performance and retention, and to use other elements of compensation to focus on other aspects of performance on an annual or long-term basis, as appropriate. As a result, the Compensation Committee believes that fixed-price stock options provide an objective performance measure that is directly aligned with the interests of shareholders and is an appropriate performance measure for Cardinal Health.

The Board also believes that the Compensation Committee, composed solely of independent directors, is best suited to formulate executive compensation principles and practices that reflect the interests of shareholders, while retaining the ability to address the needs of our business and the many regulatory and financial aspects of our executive compensation programs. Executive compensation practices are influenced by a wide range of complex factors, including changes in strategic goals, competitive compensation practices of other companies, changing economic and industry conditions, evolving governance trends and accounting requirements and tax laws. The Board believes that the Compensation Committee should continue to have the flexibility to structure our executive compensation programs using a variety of incentives and performance-based arrangements that balance these influences so that Cardinal Health can attract and retain executives of outstanding ability and motivate them to achieve superior performance.

For the reasons cited above, the Board believes adoption of this proposal is unnecessary, as our current approach to long-term incentives already effectively aligns the interests of participating executives with those of our shareholders and maintains the flexibility needed to continue to attract and retain qualified executives.

Vote Required and Recommendation of the Board of Directors

If properly presented at the Annual Meeting, approval of the shareholder proposal requires the affirmative vote of a majority of the common shares present in person or by proxy and entitled to be voted on the proposal at the Annual Meeting. Abstentions will have the same effect as votes against the proposal. Broker non-votes will not be considered common shares present and entitled to vote on the proposal and will not have a positive or negative effect on the outcome of this proposal.

The Board recommends a vote AGAINST the adoption of this shareholder proposal. Proxies solicited by the Board will be so voted unless shareholders otherwise specify in their proxies.

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PROPOSAL 5 SHAREHOLDER PROPOSAL REGARDING AMENDMENT TO OUR RESTATED CODE OF REGULATIONS TO REQUIRE THAT THE CHAIRMAN OF THE BOARD BE

AN INDEPENDENT DIRECTOR

We received notice that a shareholder intends to present the following proposal at the Annual Meeting. The proposed resolution and its supporting statement, for which neither we nor the Board of Directors accepts responsibility, are set forth below. The proposal was submitted by Michael J. Barry on behalf of Norges Bank Investment Management, Postboks 1179 Sentrum, 0107 Oslo, Norway, a shareholder owning over \$2,000 in market value of our common shares as of May 21, 2009.

The shareholder proposal and supporting statement reads as follows:

RESOLVED: Pursuant to Section 1701.11 of the Ohio Revised Code, the shareholders hereby amend the Code of Regulations to add the following text where designated:

Add a new Section 3.8:

Notwithstanding any other provision of these regulations, the chairman of the board shall be a director who is independent from the Company. For purposes of this regulation, independent has the meaning set forth in the New York Stock Exchange (NYSE) listing standards, unless the Company's common stock ceases to be listed on the NYSE and is listed on another exchange, in which case such exchange's definition of independence shall apply. If the board of directors determines that a chairman who was independent at the time he or she was selected is no longer independent, the board of directors shall select a new chairman who satisfies the requirement of this regulation within 60 days of such determination. Compliance with this regulation shall be excused if no director who qualifies as independent is elected by the shareholders or if no director who is independent is willing to serve as chairman of the board. This regulation shall apply prospectively, so as not to violate any contractual obligation of the Company in effect when this regulation was adopted.

Add to the end of Section 3.1:

except that no person shall serve concurrently as chief executive officer and chairman of the board.

SUPPORTING STATEMENT

Sound corporate governance is a prerequisite for long term value creation. In that context, the composition of the board should be such that it represents all shareholders to whom it is accountable. 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 the responsibilities between these positions to ensure a balance of power and authority on the board. Approximately 45% of S&P 1500 companies have separate CEO and chairman positions.

The board should be led by an independent chairman and be in a position to make independent evaluations and decisions, hire management, decide a remuneration policy that encourages performance, provide strategic direction and have the support to take long-term views in the development of business strategies. An independent chairman is better able to oversee and give guidance to company executives and help prevent conflict or the perception of conflict, and in turn effectively strengthen the system of checks-and-balances within the corporate structure and protect shareholder value.

In our current challenging markets, we believe the need for an independent chairman is even more imperative. An independent chairman will be a strength to the company when the board must make the necessary strategic decisions and prioritizations ahead to sustain a sound business that creates shareholder value over time.

We therefore urge shareholders to vote FOR this proposal.

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The Board of Directors Statement in Opposition to Proposal 5

Your Board recommends a vote AGAINST Proposal 5, a proposed amendment to Cardinal Health's Regulations to require that the Chairman be independent. We believe that our shareholders benefit from a governance structure that allows the Board appropriate flexibility to implement the leadership structure that best serves the interests of Cardinal Health and our shareholders at any given time. We further believe that our current board structure and governance practices, including an independent Presiding Director, provide strong leadership as well as effective, independent oversight of management. Our current practice of combining the Chief Executive Officer and Chairman positions, which is consistent with the practices of the majority of S&P 500 companies, is something we are committed to reviewing on a periodic basis as part of our review of Cardinal Health's overall corporate governance practices.

As stated in our Corporate Governance Guidelines, the Board believes that it is in the best interests of Cardinal Health for the Board to retain the flexibility to decide who should serve as Chairman and Chief Executive Officer, and whether the offices should be combined or separate, based upon the circumstances facing us at any given time. This enables the Board to assess our opportunities and challenges and organize our leadership structure appropriately. The proposal to amend the Regulations to require an independent chairman would limit the ability of the Board to select the director the Board believes is best suited to serve as Chairman at any given time.

At the present time, as we develop our strategy following the successful spin-off of our clinical and medical products businesses and address the challenges of a difficult economy and continuing changes in the healthcare markets, the Board believes that the most effective leadership structure is for our Chief Executive Officer to serve as Chairman. This structure enables Mr. Barrett to ensure that the Board's agenda responds to our strategic challenges, that the Board is presented with information required for it to fulfill its responsibilities, and that Board meetings are as productive and effective as possible.

As noted above, the Board is committed to effective corporate governance and promoting a strong, independent Board. A substantial majority of our directors are independent as defined under the New York Stock Exchange regulations and the Corporate Governance Guidelines, and each of the Audit, Nominating and Governance and Compensation Committees is comprised entirely of independent directors. In addition, the independent directors annually elect an independent director to serve as the Presiding Director. The Presiding Director has the authority to call additional executive sessions of the independent directors as appropriate; serves as a liaison between the Chairman and the independent directors; advises on the flow of information sent to the Board, and reviews the agenda, materials and schedule for Board meetings; is available for consultation and direct communication with major shareholders; and presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors.

Accordingly, the Board believes that the proposal to amend the Regulations to require that the Chairman be independent unnecessarily limits the flexibility of the Board to implement the governance structures for Cardinal Health that best serve the interests of our shareholders and Cardinal Health. The Board believes that our Corporate Governance Guidelines already provide strong corporate governance and promote independent leadership, and that the combined role of Chairman and Chief Executive Officer is in the best interests of Cardinal Health and our shareholders at this time.

Vote Required and Recommendation of the Board of Directors

If properly presented at the Annual Meeting, approval of the shareholder proposal requires the affirmative vote of the holders of a majority of the issued and outstanding common shares. Abstentions and broker non-votes will have the same effect as votes against the proposal.

The Board recommends a vote AGAINST the adoption of this shareholder proposal. Proxies solicited by the Board will be so voted unless shareholders otherwise specify in their proxies.

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Our Board of Directors held four regular meetings and five special meetings during fiscal 2009. Each director attended 75% or more of the meetings of the Board and Board committees on which he or she served during fiscal 2009. All members of the Board at the time of the 2008 annual meeting of shareholders attended such meeting. Absent unusual circumstances, each director is expected to attend the Annual Meeting.

Committees of the Board of Directors

The Board has established the Audit Committee, the Nominating and Governance Committee, the Executive Committee and the Compensation Committee. The charters for each of these committees are available on our website, at www.cardinalhealth.com, under Investors Corporate Governance: Board Committees/charters. This information also is available in print (free of charge) to any shareholder who requests it from our Investor Relations department at (614) 757-5222. The following table identifies the current committee members. Each member of the Audit Committee, Nominating and Governance Committee and Compensation Committee during his or her service on such committee had been determined by the Board to be independent as defined by the rules of the NYSE in accordance with our Corporate Governance Guidelines discussed in more detail below, and with respect to the members of the Compensation Committee, in accordance with Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and Rule 162(m) of the Code.

Name	Audit (1)(2)(3)(4)	Nominating and Governance (2)(4)(5)	Executive (2)(5)(6)(7)	Human Resources and Compensation (5)
Colleen F. Arnold (8)	X			
George S. Barrett (9)			Chair	
Glenn A. Britt (10)	X			
Calvin Darden				X
Bruce L. Downey (10)	X			
John F. Finn (11)	Chair	X	X	
Gregory B. Kenny (12)		X	X	Chair
Richard C. Notebaert (13)			X	
David W. Raisbeck (14)	X	Chair	X	X
Jean G. Spaulding, M.D.				X

- (1) Philip L. Francis served on the Audit Committee during fiscal 2009 and until he resigned from the Board to join the CareFusion board of directors upon completion of the CareFusion separation on August 31, 2009.
- (2) J. Michael Losh served as Chair of the Audit Committee and on the Nominating and Governance and Executive Committees during fiscal 2009 and until he resigned from the Board to join the CareFusion board of directors upon completion of the CareFusion separation on August 31, 2009.
- (3) Michael D. O Halleran served on the Audit Committee during fiscal 2009 and until he resigned from the Board to join the CareFusion board of directors upon completion of the CareFusion separation on August 31, 2009.
- (4) George H. Conrades served on the Audit and Nominating and Governance Committees during fiscal 2009 until his term as a director expired in November 2008.
- (5) John B. McCoy served as Chair of the Nominating and Governance Committee and on the Executive and Compensation Committees during fiscal 2009 and until he retired from the Board on July 1, 2009.

- (6) Robert D. Walter served on the Executive Committee during fiscal 2009 until his term as a director expired in November 2008.

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- (7) R. Kerry Clark served as Chair of the Executive Committee during fiscal 2009 and until he retired from the Board immediately after the CareFusion separation was effective on August 31, 2009.
- (8) Ms. Arnold served on the Compensation Committee during fiscal 2009 until February 4, 2009 and was appointed to serve on the Audit Committee, effective February 4, 2009.
- (9) Mr. Barrett was appointed to serve as Chair of the Executive Committee upon his appointment as a director and our Chairman and Chief Executive Officer on August 31, 2009.
- (10) The Board appointed Mr. Downey, effective August 31, 2009, and Mr. Britt, effective October 1, 2009, to serve on the Audit Committee.
- (11) Mr. Finn was appointed to serve as Chair of the Audit Committee and on the Executive Committee, effective August 31, 2009.
- (12) Mr. Kenny was appointed to serve on the Nominating and Governance Committee, effective February 4, 2009.
- (13) Mr. Notebaert served on the Nominating and Governance Committee and as Chair of the Compensation Committee during fiscal 2009 until December 2008.
- (14) Mr. Raisbeck was appointed to serve as Chair of the Nominating and Governance Committee and on the Executive Committee, effective July 2, 2009, and on the Compensation Committee, effective August 31, 2009.

The Audit Committee. The Board has determined that each of Messrs. Britt, Downey, Finn and Raisbeck is an audit committee financial expert for purposes of the rules of the U.S. Securities and Exchange Commission (SEC). The Board also determined that during his service on the Audit Committee during fiscal 2009, each of Messrs. Conrades, Francis, Losh and O Halleran was an audit committee financial expert for purposes of such rules. The Board determined that Mr. Losh's simultaneous service on the audit committees of more than two other public companies did not impair his ability to effectively serve on the Audit Committee of our Board during fiscal 2009. In reaching this determination, the Board considered Mr. Losh's ability to devote sufficient and substantial time to service on our Audit Committee. During fiscal 2009, the Audit Committee met eight times and acted once by written action without a meeting.

The Audit Committee's duties and responsibilities are stated in a written charter, which was adopted by our Board and was most recently amended on November 5, 2008. The Audit Committee's primary responsibilities are to represent and assist the Board with the oversight of:

the integrity of our financial statements;

legal and *Standards of Business Conduct* compliance;

regulatory compliance;

the qualifications, independence and performance of our independent auditor; and

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the qualifications and performance of our internal audit function.

In performing its oversight role with respect to our financial statement and disclosure matters, the Audit Committee reviews quarterly and annual financial statements prior to filing or announcement and considers matters such as the judgment by the independent auditors as to the quality and appropriateness of the application of accounting principles, certain changes or alternatives in financial or accounting practices, proposed or pending changes in accounting or regulatory requirements and the adequacy and effectiveness of our internal control over financial reporting and disclosure controls and procedures.

With respect to our independent auditor, the Audit Committee pre-approves all services provided by the independent auditor and is responsible for its appointment, compensation and retention and the oversight of its work, including any disagreements with management, its independence from us and any regulatory or peer review matters. The Audit Committee also reviews our internal audit plan and the functions and structure of our internal

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audit department and reviews our compliance with and oversight and enforcement of our *Standards of Business Conduct*, including our insider trading policy and Business Conduct Line (a telephone line maintained by a third party that our employees may use to seek guidance or raise concerns), and other legal and regulatory matters.

The Nominating and Governance Committee. During fiscal 2009, the Nominating and Governance Committee met four times.

The Nominating and Governance Committee's duties and responsibilities are stated in a written charter adopted by the Board and most recently amended on August 5, 2009. The Nominating and Governance Committee's primary responsibilities are to:

identify individuals qualified to become Board members (consistent with criteria approved by the Board);

recommend director candidates for the Board;

develop and review our Corporate Governance Guidelines;

oversee the annual evaluation of the Board's effectiveness and performance; and

perform a leadership role in shaping our corporate governance practices.

In fulfilling this role, the Nominating and Governance Committee considers and recommends criteria to the Board for identifying and evaluating potential Board candidates, identifies and reviews the qualifications of such candidates, establishes procedures for the consideration of Board candidates recommended by our shareholders, assesses the contributions and independence of individual incumbent directors, recommends to the Board changes in the structure, composition and function of the Board's committees, oversees the evaluation of the Board's effectiveness and performance and considers and makes recommendations to the Board regarding director resignations. The Nominating and Governance Committee will consider director nominees recommended by shareholders as described under Corporate Governance Shareholder Recommendations for Director Nominees below.

The Executive Committee. The Executive Committee must have at least three members, a majority of whom must be independent in accordance with the definition of independent director in our Corporate Governance Guidelines. In addition, the members of the Executive Committee must include the Chairman, Chief Executive Officer, the chairpersons of each of the Audit, Nominating and Governance and Compensation Committee and the Presiding Director. During fiscal 2009, the Executive Committee met three times.

The Executive Committee operates under a written charter adopted by the Board on May 2, 2007. The Executive Committee is empowered to exercise substantially all powers and perform all duties of the Board, subject to certain limitations, when specific authority is delegated to it by the Board or when, in the intervals between meetings of the Board, it is necessary to consider or act upon a matter promptly. The Executive Committee does not have the authority to fill vacancies on the Board or on any committee of the Board, declare dividends, elect our Chief Executive Officer, submit matters for shareholder approval or act on matters specifically reserved for full Board authority.

Human Resources and Compensation Committee. During fiscal 2009, the Compensation Committee met 12 times and acted once by written action without a meeting.

Role of the Compensation Committee. The Compensation Committee's duties and responsibilities are stated in a written charter adopted by the Board and most recently amended on February 4, 2009. The Compensation Committee's primary duties and responsibilities are to:

develop an executive compensation policy to support overall business strategies and objectives, attract and retain key executives, link compensation with business objectives and organizational performance, and provide competitive compensation;

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approve compensation for the Chief Executive Officer, including relevant performance goals and objectives, and our other executive officers, and oversee their evaluations;

make recommendations to the Board with respect to the adoption of equity-based compensation plans and incentive compensation plans;

review the outside directors' compensation program for competitiveness and plan design, and recommend changes to the Board as appropriate;

oversee the management succession process for the Chief Executive Officer and selected senior executives;

oversee workplace diversity initiatives and progress; and

consult with management on major policies affecting employee relations.

Compensation decisions for our executive officers are made by the Compensation Committee. The details of the processes and considerations involved in making these compensation decisions, including the role of management, are described under "Compensation Discussion and Analysis" beginning on page 30. The Compensation Committee also acts as the administrator with respect to our equity and non-equity incentive plans covering executive officers and other senior management. The Compensation Committee may delegate authority for administration of the plans, including selection of participants, determination of award levels within plan parameters, and approval of award documents, to our officers and other key employees. However, the Compensation Committee may not delegate any authority under those plans for selection of participants, determination of award amounts or amendments or modifications of awards with respect to our executive officers.

The Compensation Committee's Compensation Consultant. During fiscal 2009, the Compensation Committee retained and was advised by Towers Perrin with respect to executive compensation matters. Towers Perrin is one of the three largest diversified human resources consulting firms in the world. In addition to consulting with the Compensation Committee on executive compensation, during fiscal 2009 Towers Perrin, directly or through an affiliate, had the following working relationships with us: (a) Towers Perrin provided executive compensation and other consulting services to management; and (b) until June 2009, Towers Perrin was a 15% partner in a joint venture to which we had outsourced our human resources administrative processes.

Towers Perrin confirmed to us that it has implemented policies and processes to mitigate potential issues of independence when providing consulting services to the Compensation Committee and providing services to us in other areas. These include the following:

the individual providing consulting services to the Compensation Committee is not personally involved in doing work in any of the other areas in which Towers Perrin provides services to us;

the individual providing consulting services to the Compensation Committee does not share information about the specific work he does on behalf of the Compensation Committee with other Towers Perrin staff providing assistance to us on other engagements; and

the individual providing consulting services to the Compensation Committee is not directly compensated for increasing the total revenues that Towers Perrin generates from us or expanding the range of services that Towers Perrin provides to us.

The Compensation Committee considered these relationships, the level of fees paid to Towers Perrin and its affiliates, and the Towers Perrin policies described above. The Compensation Committee also considered the quality of the services Towers Perrin provided to the Compensation Committee in the past, and the anticipated ability of Towers Perrin personnel to provide objective and independent assistance and advice to the Compensation Committee.

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During fiscal 2009, the Towers Perrin consultant attended 11 of the Compensation Committee's meetings. The nature and scope of Towers Perrin's engagement and the material elements of their instructions consisted primarily of the following:

participating in meetings of the Compensation Committee;

providing compensation data on similarly situated companies reviewed by the Compensation Committee, referred to as the Comparator Group; and

ongoing review, comment, consulting support, advice and recommendations related to:

draft and final materials provided to the members of the Compensation Committee in connection with Compensation Committee meetings during fiscal 2009;

compensation for the Chairman and Chief Executive Officer and the other executive officers, including comparative information for similarly-situated executives in our Comparator Group;

the design of our executive compensation program following the CareFusion separation and compensation of our Chairman and Chief Executive Officer and the other executive officers following the CareFusion separation;

composition of the companies included in our Comparator Group, including recommendations to change the composition of our Comparator Group following the CareFusion separation;

plan design for the annual and long-term incentives, including performance measures, performance standards and the individual pay and performance relationship;

plan design and benchmarking data with respect to the long-term performance cash program under our 2005 Long-Term Incentive Plan, as amended and restated as of November 5, 2008;

modifications to our long-term incentive compensation awards in connection with the CareFusion separation;

director compensation levels and practices;

policies and data related to governance and disclosure of executive compensation;

evaluating shareholder proposals and inquiries related to executive compensation; and

emerging trends in executive compensation.

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In addition, Towers Perrin's engagement during fiscal 2009 included ongoing review, consulting support and recommendations until the CareFusion separation related to the comparator group of companies for CareFusion, market pay rates for key executive positions of CareFusion, compensation for CareFusion's expected Chairman and Chief Executive Officer, plan design for CareFusion's annual and long-term incentives, compensation levels and practices for its directors and policies and data related to governance and disclosure of CareFusion's executive compensation.

CORPORATE GOVERNANCE

Shareholder Recommendations for Director Nominees

In nominating candidates for election as director, the Nominating and Governance Committee will consider candidates recommended by shareholders. Shareholders who wish to recommend a candidate may do so by writing to the Nominating and Governance Committee in care of the Office of the Corporate Secretary, Cardinal Health, Inc., 7000 Cardinal Place, Dublin, Ohio 43017. Recommendations submitted for consideration by the committee in preparation for the 2010 annual meeting of shareholders should be received no later than May 27, 2010, and must contain the following information:

the name and address of the shareholder;

the name and address of the person recommended for nomination;

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a representation that the shareholder is a holder of our common shares entitled to vote at the meeting;

a statement in support of the shareholder's recommendation, including a description of the candidate's qualifications;

information regarding the candidate as would be required to be included in a proxy statement filed in accordance with SEC rules; and

the candidate's written, signed consent to serve if elected.

Communicating with the Board

The Board of Directors has established procedures by which shareholders and other interested parties may communicate with the Board, any committee of the Board, any individual director (including the Presiding Director) or the non-management directors as a group. Such parties can send communications by mail to the Board in care of the Office of the Corporate Secretary, Cardinal Health, Inc., 7000 Cardinal Place, Dublin, Ohio 43017 or by e-mail to bod@cardinalhealth.com, as posted at www.cardinalhealth.com, under Investors Corporate Governance: Contact the Board of Directors. The name of any specific Board recipient should be noted in the communication. Communications from shareholders are distributed to the Board or to the committee or director(s) to whom the communication is addressed. In that regard, the Board has requested that the Corporate Secretary not distribute communications that are unrelated to the duties and responsibilities of the Board, such as spam, junk mail and mass mailings, business solicitations and advertisements, and communications that advocate our engaging in illegal activities or that, under community standards, contain offensive, scurrilous or abusive content.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines, the full text of which is available on our website, at www.cardinalhealth.com, under Investors Corporate Governance: Corporate governance guidelines. This information also is available in print (free of charge) to any shareholder who requests it from our Investor Relations department.

Director Independence

The Board has established categorical standards to assist it in making its determination of director independence. Under standards that the Board has adopted to assist it in assessing independence and as embodied in our Corporate Governance Guidelines, 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, Cardinal Health (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 us, 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 our internal or external auditor; (b) does not have an immediate family member who is a current partner of our internal or external auditor; and (c) is not and was not during the last three years, and whose immediate family member was not during the last three

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years, a partner or employee of our internal or external auditor who personally worked on our 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 our 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 us or to any of our executive officers, or a party to a personal services contract with us or with any of our executive officers;

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, us 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 we or our 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 (excluding amounts that we contribute under matching gifts programs); and

has no other material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us).

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 us, we or Cardinal Health above would 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.

In addition to the independence standards applicable to directors generally, Audit Committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from us or any of our subsidiaries, other than director fees and any regular benefits that other directors receive for services on the Board or Board committees. In addition, no Audit Committee member can be an affiliated person of us or any of our subsidiaries.

The Board has determined that each of Messrs. Britt, Conrades, Downey, Darden, Finn, Francis, Kenny, Losh, McCoy, O'Halleran and Raisbeck, Ms. Arnold and Dr. Spaulding is (or was, during his service on the Board in the case of Messrs. Conrades, Francis, Losh, McCoy and O'Halleran) independent under the listing standards of the NYSE and our Corporate Governance Guidelines. In addition, the Board had determined that Mr. Notebaert was independent until his brother became an executive of one of our customers during fiscal 2009.

In determining that the directors listed above are independent, the Nominating and Governance Committee and Board considered the transactions, relationships or arrangements described below. The Board determined that none of these transactions, relationships or arrangements conflicts with our interests or would impair the relevant director's independence or judgment.

Business Relationships between Cardinal Health and Entities Related to a Director

All of the transactions, relationships or arrangements of the types listed below were entered into, and payments were made or received, by us in the ordinary course of business and on competitive terms. Other than the transaction between us and Barr, aggregate payments to each of the relevant organizations did not exceed the greater of \$1 million or 2% of that organization's consolidated gross revenues for 2007, 2008 or 2009. In addition, other

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than the transactions between us and Barr and Time Warner Cable, neither the relevant director nor any of his or her family members held an executive officer position or significant ownership interest in such entity.

We purchase equipment and information technology services from IBM, with which Ms. Arnold holds a non-executive officer position.

We purchase cable services from Time Warner Cable, of which Mr. Britt is an executive officer.

We paid fees for legal services to a law firm in which a family member of Mr. Conrades had an ownership interest while he served as our director, but such family member did not personally provide such services to us.

We purchased pharmaceuticals from Barr, of which Mr. Downey was an executive officer until December 2008 when Barr was acquired by Teva, and we continue to purchase pharmaceuticals from Teva. Mr. Downey ceased to be an executive officer of Barr in December 2008 and joined our Board in August 2009. In addition, Mr. Downey currently is a partner in a venture capital fund in which one of our customers and one of our vendors are investors.

We make payments related to insurance brokerage services to Aon, with which Mr. O'Halleran held a non-executive officer position while he served as our director.

Compensation for Services Previously Provided to Cardinal Health. We issued an option to purchase our common shares to Mr. Losh in connection with his services as our interim Chief Financial Officer during the fiscal year ended June 30, 2005. The option is currently exercisable and expires on July 27, 2014.

Presiding Director

Mr. Notebaert was first elected as independent Presiding Director by the independent directors in November 2007. In December 2008, the Board determined that Mr. Notebaert no longer qualified as an independent director because his brother had become an executive of one of our customers. The Board considered the change in Mr. Notebaert's status and determined that he should continue as Presiding Director through the CareFusion separation in light of the Presiding Director's significant role in overseeing completion of the CareFusion separation and the need for continuity in that role at that time. In August 2009, and effective following the CareFusion separation, the Board acted to again provide that the Presiding Director be an independent director elected annually by the remaining independent directors and, in that regard, elected Mr. Finn to serve as Presiding Director effective September 1, 2009. In addition, the Board expanded the responsibilities and authority of the Presiding Director, which now include the following: presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors and non-management directors; having the authority to call additional executive sessions of the independent directors as appropriate; serving as a liaison between the Chairman and the independent directors; advising on the flow of information sent to the Board; reviewing the agenda, materials and schedule for Board meetings; and being available, as deemed appropriate by the Board, for consultation and direct communication with major shareholders. During fiscal 2009, the independent directors met in executive session on three separate dates and the non-management directors met in executive session on seven separate dates.

Director Qualification Standards and Performance Assessment

The Nominating and Governance Committee reviews with the Board the appropriate skills and characteristics required of Board members in the context of the composition of the Board and in developing criteria for identifying and evaluating qualified candidates for the Board. Candidates recommended by shareholders are evaluated based on the same criteria as candidates from other sources. These criteria, as described in our Corporate Governance Guidelines, include an individual's business experience, qualifications, attributes and skills (including skills in core areas such as operations, management, technology, healthcare industry knowledge, accounting and finance, leadership, strategic planning and international markets), independence, judgment, integrity and ability to commit sufficient time and attention to the activities of the

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Board, as well as the absence of potential conflicts with our interests. The Nominating and Governance Committee considers these criteria 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. If the Nominating and Governance Committee believes that a potential candidate may be appropriate for recommendation to the Board, there is generally a mutual exploration process, during which the committee seeks to learn more about the candidate's qualifications, background and interest in serving on the Board, and the candidate has the opportunity to learn more about us, the Board and its governance practices. The Board is responsible for selecting candidates for election as directors based on the recommendation of the Nominating and Governance Committee.

During fiscal 2009, the Nominating and Governance Committee engaged and paid fees to a search firm to assist with identifying and screening potential candidates, which referred such candidates to the Nominating and Governance Committee. Mr. Britt was initially identified by such search firm and Mr. Downey was initially identified by our Chief Executive Officer for consideration by the Nominating and Governance Committee as candidates to become members of our Board.

Under our Corporate Governance Guidelines, when a non-employee director's principal occupation or business association changes substantially during his or her tenure as a director, that director is required to tender his or her resignation for consideration by the Board. The Nominating and Governance Committee considers the tendered resignation and recommends to the Board the action, if any, to be taken with respect to the resignation. In October 2008, Mr. Raisbeck retired as Vice Chairman of Cargill and in June 2009, Mr. Francis ceased serving as Chief Executive Officer of PetSmart, Inc. In connection with such changes in principal occupations and in accordance with our Corporate Governance Guidelines, each of Mr. Raisbeck and Mr. Francis offered his resignation on this basis for consideration by the Board, neither of which resignation was accepted.

The Nominating and Governance Committee assesses Board performance by overseeing an annual evaluation of the Board's effectiveness and performance, the results of which are discussed with the full Board. Each of the Audit, Compensation and Nominating and Governance Committees conducts an annual self-assessment. In addition, the Nominating and Governance Committee conducts an individual evaluation of each director, the results of which are shared with such individual director.

Policies on Business Ethics; Chief Legal and Compliance Officer

All of our employees, including our senior executives and directors, are required to comply with our *Standards of Business Conduct*, which outline the standards of integrity and responsible conduct that all of our employees are required to follow to protect the trust our customers, suppliers and shareholders have in us. The Sarbanes-Oxley Act of 2002 requires companies to have procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and to allow for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Our procedures for these matters are set forth in the *Standards of Business Conduct*.

The full text of the *Standards of Business Conduct* is posted on our website, at www.cardinalhealth.com, under Investors Corporate Governance: Ethics and compliance. This information also is available in print (free of charge) to any shareholder who requests it from our Investor Relations department. Any waiver of the *Standards of Business Conduct* for directors or executive officers must be approved by the Audit Committee. We will disclose future amendments to our *Standards of Business Conduct*, or waivers from our *Standards of Business Conduct* for our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on our website within four business days following the date of the amendment or waiver. In addition, we will disclose any waiver from our *Standards of Business Conduct* for our other executive officers and our directors on our website.

We have a Chief Legal and Compliance Officer who reports to both the Chief Executive Officer and the chair of the Audit Committee. The Chief Legal and Compliance Officer has responsibility for, among other things, (a) our ethics and compliance functions and the authority to implement and maintain an effective ethics and compliance program; (b) providing reports reviewing our ethics and compliance program on a quarterly basis

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to the Audit Committee and at least annually to the Board; and (c) such other duties as may be assigned or designated by our Chief Executive Officer, Audit Committee or Board.

Resignation Policy for Incumbent Directors Not Receiving Majority Votes

Our Corporate Governance Guidelines provide that any nominee for director, who is not elected by shareholders in an uncontested election (as defined in our Articles) 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 our Regulations, will promptly tender his or her resignation to the Chairman 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. Thereafter, the Board will promptly 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 policy 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.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Policies and Procedures

In May 2007, the Board of Directors adopted a written *Related Party Transaction Policy and Procedures*. This policy requires the approval or ratification by the Audit Committee of any transaction or series of transactions exceeding \$120,000 in any calendar year, in which we are a participant and any related person has a direct or indirect material interest. Related persons include our directors, nominees for election as a director, persons controlling over 5% of our common shares and executive officers and the immediate family members of each of these individuals.

Once a transaction has been identified as requiring such approval, the Audit Committee will review all of the relevant facts and circumstances and approve or disapprove of the transaction. The Audit Committee will take into account such factors as it considers appropriate, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction.

If advance Audit Committee approval of a transaction is not feasible, the transaction will be considered for ratification at the Audit Committee's next regularly scheduled meeting. If a transaction relates to a director, that director will not participate in the Audit Committee's deliberations. In addition, the Audit Committee Chairman may pre-approve or ratify any related party transactions in which the aggregate amount is expected to be less than \$1 million.

The following types of transactions have been deemed by the Audit Committee to be pre-approved or ratified, even if the aggregate amount involved will exceed \$120,000:

compensation paid by us for service as one of our directors reported in our annual proxy statement;

employment arrangements, compensation or benefits paid by us for service as one of our executive officers approved by the Compensation Committee or otherwise generally available to employees and reported in our annual proxy statement; and

transactions where the related person's only interest is as a holder of our common shares and all holders receive proportional benefits, such as the payment of regular quarterly dividends.

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Related Party Transactions

Since July 1, 2008, there have been no transactions, or currently proposed transactions, involving an amount exceeding \$120,000 in which we were or are to be a participant and in which any related person had or will have a direct or indirect material interest, except for those described below.

Robert D. Walter, who served as one of our directors during fiscal 2009 until his term expired on November 5, 2008, has three sons who collectively own approximately 40% of Sarnova, Inc. ("Sarnova"), a company engaged in the emergency medical supply business. One of Mr. Walter's sons is also a director and consultant to Sarnova. During fiscal 2009, Sarnova and its affiliates (a) purchased approximately \$4 million of product from us and our subsidiaries, and (b) sold products to us and our subsidiaries totaling approximately \$6 million. All these transactions between us and our subsidiaries, on the one hand, and Sarnova, on the other hand, were in the ordinary course of business and represented less than 5% of Sarnova's consolidated gross revenues during Cardinal Health's fiscal 2009. The transactions with Sarnova were approved by our Audit Committee in compliance with the *Related Party Transaction Policy and Procedures* described above.

Mr. Downey, who was appointed to the Board on July 2, 2009, effective upon the CareFusion separation, previously served as Chairman and Chief Executive Officer of Barr until December 23, 2008 when Barr was acquired by Teva. Since the beginning of fiscal 2009 through the date that Mr. Downey ceased to be an executive officer of Barr, we made payments totaling approximately \$167 million to Barr. In addition to other compensation received in the course of his employment with Barr under his employment agreement with Barr, Mr. Downey received a change in control payment and continuation of medical and dental benefit coverage and secretarial and office support following Barr's acquisition by Teva. The transactions with Barr were not required to be approved by our Audit Committee because Mr. Downey was not affiliated with us when the transactions occurred and was no longer employed by Barr when he joined our Board.

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AUDIT COMMITTEE REPORT

The Audit Committee currently consists of four members of our Board of Directors, each of whom the Board has determined is independent, as defined by the rules of the NYSE. The Audit Committee's activities are governed by a written charter, approved in its current form by the Board in November 2008, which specifies the scope of the Audit Committee's responsibilities and how it carries out those responsibilities.

The Audit Committee has reviewed and discussed the audited financial statements for fiscal 2009 (the Fiscal 2009 Audited Financial Statements) with our management and with Ernst & Young LLP (Ernst & Young), our independent accountants. The Audit Committee also has discussed with Ernst & Young the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee also received from Ernst & Young the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young's communications with the Audit Committee concerning independence and has discussed with Ernst & Young its independence from Cardinal Health. The Audit Committee also has considered whether the provision of non-audit services to Cardinal Health is compatible with the independence of Ernst & Young.

Based on the review and discussions referred to above, and relying thereon, the Audit Committee recommended to the Board that the Fiscal 2009 Audited Financial Statements be included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2009 filed with the SEC.

Submitted by the Audit Committee of the Board of Directors.*

John F. Finn, Chairman

Colleen F. Arnold

David W. Raisbeck

* In addition to the three directors named above, Messrs. Losh, Francis and O'Halleran also participated in the review, discussions and recommendations referred to in the above report. Messrs. Losh, Francis and O'Halleran served on the Audit Committee until joining the CareFusion board of directors on August 31, 2009. Mr. Downey joined the Board and Audit Committee effective August 31, 2009 after the review, discussions and recommendations referred to in the above report took place.

Table of Contents**INDEPENDENT ACCOUNTANTS****Fees Paid to Independent Accountants**

Our Audit Committee approved, and our shareholders ratified, the selection of Ernst & Young as our independent registered public accounting firm for fiscal 2009.

Audit Fees. Audit fees include fees paid by us to Ernst & Young related to the annual audit of our consolidated financial statements, the annual audit of the effectiveness of our internal control over financial reporting, the review of financial statements included in our Quarterly Reports on Form 10-Q and statutory audits of various international subsidiaries. Audit fees also include fees for services performed by Ernst & Young that are closely related to the audit and in many cases could only be provided by our independent accountant, such as comfort letters and consents related to SEC registration statements. The aggregate fees billed to us by Ernst & Young for audit services rendered to us and our subsidiaries for fiscal 2008 and fiscal 2009 totaled \$11,129,680 and \$10,286,141, respectively.

Audit-Related Fees. Audit-related services include services related to the CareFusion separation, including the audit of the financial statements included in CareFusion's Form 10 registration statement filed with the SEC and related consents, acquisitions and divestitures of certain businesses, audit-related research and assistance and employee benefit plan audits. The aggregate fees billed to us by Ernst & Young for audit-related services rendered to us and our subsidiaries for fiscal 2008 and fiscal 2009 totaled \$2,707,383 and \$5,901,265, respectively.

Tax Fees. Tax fees include tax compliance and other tax-related services. The total fees billed to us by Ernst & Young for tax services provided to us and our subsidiaries for fiscal 2008 and fiscal 2009 totaled \$2,487,175 and \$1,470,548, respectively. The tax compliance fees and other tax-related fees billed to us by Ernst & Young for such services provided to us and our subsidiaries for fiscal 2008 totaled \$1,210,432 and \$1,276,744, respectively, and for fiscal 2009 totaled \$1,031,058 and \$439,490, respectively.

All Other Fees. The aggregate fees billed to us by Ernst & Young for all other services rendered to us and our subsidiaries, including fees relating to consultation services related to the CareFusion separation and international and subsidiary matters, for fiscal 2008 and fiscal 2009 totaled \$235,868 and \$192,650, respectively.

Audit Committee Audit and Non-Audit Services Pre-Approval Policy

The Audit Committee is responsible for the appointment, compensation and oversight of the work of the independent accountants. As part of this responsibility, the Audit Committee is required to pre-approve the audit and permissible non-audit services performed by the independent accountants in order to monitor the accountants' independence from us. To implement these provisions of the Sarbanes-Oxley Act of 2002, the SEC has issued rules specifying the types of services that independent accountants may not provide to an audit client, as well as the Audit Committee's administration of the engagement of the independent accountants. Accordingly, the Audit Committee has adopted an *Audit and Non-Audit Services Pre-Approval Policy* (the *Pre-Approval Policy*), which sets forth the procedures and conditions under which services proposed to be performed by the independent accountants must be pre-approved by the Audit Committee.

Pursuant to the Pre-Approval Policy, certain proposed services may be pre-approved on a periodic basis so long as the services do not exceed certain pre-established cost levels. If not covered or encompassed by a periodic pre-approval, proposed services must be separately pre-approved. In addition, any engagement of the independent auditor to provide internal control-related services must be separately pre-approved by the Audit Committee at the time it is proposed. Any proposed services that were pre-approved on a periodic basis but later exceed the pre-determined cost level would require separate pre-approval of the incremental amounts by the Audit Committee.

In adopting the Pre-Approval Policy, the Audit Committee has delegated pre-approval authority to the Chairman of the Audit Committee for proposed services to be performed by the independent accountants for up

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to \$500,000. If the Chairman pre-approves services, the Chairman is required to report decisions to the full Audit Committee at its next scheduled meeting. Proposed services to be performed by the independent accountants equal to or exceeding \$500,000 require full Audit Committee approval. In addition, the Pre-Approval Policy requires that our Chief Accounting Officer evaluate, among other things, the independence requirements applicable to the accountants and specifically approve any engagement of the independent accountants to perform any of the pre-approved services.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common shares as of September 9, 2009, and the percentage of our common shares outstanding on September 9, 2009 represented by such ownership, by:

our directors;

each person who is known by us to own beneficially more than 5% of our outstanding common shares;

our Chairman and Chief Executive Officer and the other executive officers named in the Summary Compensation Table; and

our current executive officers and directors as a group.

Except as otherwise described in the notes below, the listed beneficial owners have sole voting and investment power with respect to all common shares set forth opposite their names:

Name of Beneficial Owner	Common Shares		Additional Restricted Share Units(16)
	Number Beneficially Owned	Percent of Class	
Dodge & Cox (1)	39,966,262	11.1%	
Capital Research Global Investors (2)	24,426,000	6.8	
AXA (3)	23,630,715	6.6	
Colleen F. Arnold (4)(7)	18,883	*	2,841
George S. Barrett (5)	164,370	*	84,100
Glenn A. Britt (4)(7)(8)	0	*	0
R. Kerry Clark (5)(9)	757,616	*	218,529
Calvin Darden (4)(7)	29,123	*	2,880
Bruce L. Downey (4)(7)	0	*	1,659
John F. Finn (4)(7)(10)	87,134	*	2,880
Ivan K. Fong (5)(11)	155,120	*	7,624
Jeffrey W. Henderson (5)(6)	268,576	*	49,069
Vivek Jain (5)(12)	9,405	*	22,392
Gregory B. Kenny (4)(7)	22,286	*	2,856
Richard C. Notebaert (4)(7)	67,730	*	2,880
David W. Raisbeck (4)(7)	49,054	*	2,880
David L. Schlotterbeck (5)(6)(13)	337,951	*	15,546
Jean G. Spaulding, M.D. (4)(7)(14)	46,520	*	2,880
All Executive Officers and Directors as a Group (16 Persons) (15)	1,096,603	*	251,864

* Indicates beneficial ownership of less than 1% of the outstanding common shares.

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- (1) Based on information obtained from a Schedule 13G/A filed with the SEC on February 11, 2009 by Dodge & Cox. The address of Dodge & Cox is 555 California Street, 40th Floor, San Francisco, California

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94104. Dodge & Cox reported that, as of December 31, 2008, it had sole voting power with respect to 37,560,432 common shares, shared voting power with respect to 96,100 common shares and sole dispositive power with respect to all common shares shown in the table and that the shares are beneficially owned by clients of Dodge & Cox, which clients may include registered investment companies and/or employee benefit plans, pension funds, endowment funds or other institutional clients. The number of common shares held by Dodge & Cox may have changed since the filing of the Schedule 13G/A.

- (2) Based on information obtained from a Schedule 13G/A filed with the SEC on February 13, 2009 by Capital Research Global Investors, a division of Capital Research and Management Company. The address of Capital Research Global Investors is 333 South Hope Street, Los Angeles, California 90071. Capital Research Global Investors reported that, as of December 31, 2008, it had sole voting power with respect to 8,451,000 common shares and sole dispositive power with respect to all common shares shown in the table. The number of common shares held by Capital Research Global Investors may have changed since the filing of the Schedule 13G.
- (3) Based on information obtained from a Schedule 13G jointly filed with the SEC on February 13, 2009 by AXA Assurances I.A.R.D Mutuelle and AXA Assurances Vie Mutuelle, as a group (collectively, the Mutuelles AXA), AXA and AXA Financial, Inc. The Mutuelles AXA, as a group, control AXA, and AXA owns AXA Financial, Inc. Their addresses are: the Mutuelles AXA 26, rue Drouot, 75009 Paris, France; AXA 25, avenue Matignon, 75008 Paris, France; and AXA Financial, Inc. 1290 Avenue of the Americas, New York, New York 10104. AllianceBernstein L.P. and AXA Equitable Life Insurance Company are subsidiaries of AXA Financial, Inc. and operate under independent management and make independent voting and investment decisions. The stock ownership of the Mutuelles AXA, AXA and AXA Financial, Inc., based on information supplied in the Schedule 13G, is provided in the following table. The number of common shares held by the Mutuelles AXA, AXA and AXA Financial, Inc., may have changed since the filing of the Schedule 13G.

	(i) Deemed to have Sole Power to Vote or to Direct the Vote	(ii) Deemed to have Shared Power to Vote or to Direct the Vote	(iii) Deemed to have Sole Power to Dispose or to Direct the Disposition	(iv) Deemed to have Shared Power to Dispose or to Direct the Disposition
The Mutuelles AXA, as a group	0	0	0	0
AXA	0	0	0	0
AXA Entity or Entities:				
AXA Investment Managers Paris (France)	7,289	0	7,289	0
AXA Konzern AG (Germany)	720	0	720	0
AXA Rosenberg Investment Management LLC	25,490	0	66,618	0
AXA Framlington	90,000	0	90,000	0
AXA Financial, Inc.	0			