

CARDINAL HEALTH INC
Form DEF 14A
September 17, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
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 under § 240.14a-12

CARDINAL HEALTH, INC.

(Name of Registrant as Specified in its Charter)

N/A

(Names 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 6, 2013

Date and time: Wednesday, November 6, 2013, at 8:00 a.m., local time

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

Purpose:

- (1) To elect the 12 director nominees named in the proxy statement;
- (2) To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2014;
- (3) To approve, on a non-binding advisory basis, the compensation of our named executive officers;
- (4) To vote on a shareholder proposal described in the accompanying proxy statement, if properly presented at the meeting; and
- (5) To transact such other business as may properly come before the meeting or any adjournment or postponement.

Who may vote: Shareholders of record at the close of business on September 9, 2013 are entitled to vote at the meeting or any adjournment or postponement.

By Order of the Board of Directors.

STEPHEN T. FALK

Executive Vice President, General Counsel and
Corporate Secretary

September 17, 2013

Important notice regarding the availability of proxy materials for the Annual Meeting of Shareholders to be held on November 6, 2013:

This Notice of Annual Meeting of Shareholders, the accompanying proxy statement, and our 2013 Annual Report to Shareholders all are available at www.edocumentview.com/cah.

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2013 PROXY SUMMARY

This summary highlights information contained elsewhere in our proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Shareholders

Time and date: 8:00 a.m., local time, November 6, 2013

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

Record date: September 9, 2013

How to vote: In general, you may vote either in person at the Annual Meeting or by telephone, the Internet, or mail. See "Voting Information — How to Vote" on page 1 for more detail.

Admission: An admission ticket or satisfactory proof of share ownership, and photo identification are required to enter the Annual Meeting. See "Attending the Annual Meeting" on page 2 for more detail.

Voting Matters

Proposal	Board Voting Recommendation	Page Reference (for more detail)
(1) Election of directors	FOR ALL DIRECTOR NOMINEES	3
(2) Ratification of the appointment of Ernst & Young LLP as auditor for fiscal 2014	FOR	7
(3) Advisory vote to approve the compensation of our named executive officers	FOR	7
(4) Shareholder proposal regarding political contributions and expenditures	AGAINST	7

Board Nominees*

Name	Age	Director Since	Occupation	Independent	Committee Memberships		
					Audit	Human Resources and Compensation	Nominating and Governance
Colleen F. Arnold	56	2007	SVP, Application Management Services, IBM Global Business Services	X			X
George S. Barrett	58	2009	Chairman and CEO, Cardinal Health				
Glenn A. Britt	64	2009	Chairman and CEO, Time Warner Cable	X	Chair		
Carrie S. Cox	56	2009	Chairman and CEO, Humacyte, Inc. and former EVP and President, Global Pharmaceuticals, Schering-Plough	X	X		
Calvin Darden	63	2005	Retired SVP of U.S. Operations, UPS	X		X	
Bruce L. Downey	65	2009	Partner, NewSpring Health Capital II, L.P. and retired Chairman and CEO, Barr Pharmaceuticals	X	X		
John F. Finn	65	1994	President and CEO, Gardner		X		Chair

				X (Presiding Director)			
Patricia A. Hemingway Hall†	60	2013	President and CEO, Health Care Service Corporation	X			
Clayton M. Jones	64	2012	Non-Executive Chairman, Rockwell Collins and Retired President and CEO, Rockwell Collins	X		X	
Gregory B. Kenny	60	2007	President and CEO, General Cable	X		Chair	X
David P. King	57	2011	Chairman, President, and CEO, LabCorp	X	X		
Richard C. Notebaert	66	1999	Retired Chairman and CEO, Qwest Communications International	X		X	X

* Jean G. Spaulding, M.D., a director since 2002 and a member of the Human Resources and Compensation Committee, has decided not to stand for re-election at the Annual Meeting.

†The Board has not yet appointed Ms. Hemingway Hall, who joined the Board in September 2013, to a committee.

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Fiscal 2013 Business Performance

Fiscal 2013 was another strong year for us. We increased our non-GAAP operating earnings by 10% to \$2.0 billion and our non-GAAP earnings per share by 16% to \$3.73.[‡] Our Pharmaceutical segment profit increased by 11% and our Medical segment profit increased by 12%.

We generated over \$1.7 billion in cash from operations during fiscal 2013. We twice increased our cash dividend (by 10.5% in July 2012 and by 16% in January 2013) and increased it by another 10% early in fiscal 2014. We also repurchased \$450 million of our common shares during fiscal 2013.

We acquired AssuraMed, Inc., expanding our ability to provide medical supplies to patients in the home. And we renewed our pharmaceutical distribution contracts with CVS Caremark Corporation, a long-term business partner of ours.

We also announced that our pharmaceutical distribution contract with Walgreen Co. would not be renewed due to the different strategic path that Walgreen Co. was pursuing. We had been preparing our strategies for a future that might not include that contract, and we believe we will be healthier in the long run.

Fiscal 2013 Executive Pay

Performance under our annual cash incentive payout matrix was 121% of target driven by above-target earnings before interest and taxes ("EBIT") and exceptional management of tangible capital. Our Board of Directors' Human Resources and Compensation Committee (the "Compensation Committee") approved fiscal 2013 cash incentive awards to the executive officers in the tables beginning on page 26 (the "named executives") that ranged from 92% to 127% of target based on consolidated, segment, and individual performance.

As in past years, a substantial majority of the named executives' compensation was in the form of long-term incentive awards. Our first grant of performance share units vested at 143% of target based on exceeding the 11% target for combined non-GAAP earnings per share annual growth rate and dividend yield over the two-year performance period. Our named executives did not receive base salary increases during fiscal 2013.

In September 2012, we extended the term of George S. Barrett's employment agreement as Chairman and Chief Executive Officer for another three years. His new agreement replaced a 2009 employment agreement, which was scheduled to expire in November 2012. The Board approved the new agreement because it determined that Mr. Barrett has served us and our shareholders well since he became Chairman and Chief Executive Officer in 2009.

Overall, the fiscal 2013 compensation of our named executives (as set forth below and in the Summary Compensation Table on page 26) reflects both our strong performance for the fiscal year and our compensation philosophy.

Named Executive	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity		Total (\$)
					Incentive Plan Compensation (\$)	All Other Compensation (\$)	
George S. Barrett	1,285,000	—	5,335,018	2,695,845	2,021,305	137,632	11,474,800
Jeffrey W. Henderson	740,000	—	1,674,169	836,056	846,153	29,108	4,125,486
Michael C. Kaufmann	635,000	—	1,505,017	784,868	714,375	28,908	3,668,168
Donald M. Casey Jr.	635,000	—	1,400,038	682,491	525,780	36,991	3,280,300
Craig S. Morford	500,000	—	820,007	409,498	453,750	29,108	2,212,363

On a GAAP basis, operating earnings were \$1.0 billion and diluted earnings per share from continuing operations were \$0.97 in fiscal 2013. Our fiscal 2013 GAAP operating earnings and diluted earnings per share from continuing operations were impacted by a non-cash charge of \$829 million (\$799 million after tax) related to a goodwill impairment in our Nuclear Pharmacy Services division. We provide a reconciliation of the differences between the non-GAAP and GAAP financial measures in Appendix A to this proxy statement.

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2013 PROXY STATEMENT

GENERAL INFORMATION

These proxy materials are being furnished to solicit proxies on behalf of the Board of Directors of Cardinal Health, Inc. for use at our Annual Meeting of Shareholders to be held on Wednesday, November 6, 2013, and at any adjournment or postponement (the “Annual Meeting”). The meeting will take place at our principal executive office located at 7000 Cardinal Place, Dublin, Ohio 43017, at 8:00 a.m., local time.

These proxy materials include our Notice of Annual Meeting and Proxy Statement and our Annual Report to Shareholders for the fiscal year ended June 30, 2013. In addition, these proxy materials may include a proxy card for the Annual Meeting. A copy of our Annual Report on Form 10-K for the fiscal year ended June 30, 2013, filed with the U.S. Securities and Exchange Commission (the “SEC”), will be provided, free of charge, to any shareholder upon written request addressed to our Investor Relations department at Cardinal Health, Inc., 7000 Cardinal Place, Dublin, Ohio 43017. These proxy materials are first being sent or made available to our shareholders on or about September 17, 2013.

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 2013” refers to the fiscal year ended June 30, 2013.

Notice of Internet Availability of Proxy Materials

As permitted by the SEC, we are providing proxy materials to some of our shareholders via the Internet. On or about September 17, 2013, we mailed a Notice of Internet Availability of Proxy Materials (“Notice”) explaining how to access our proxy materials online. If you received the Notice, you will not receive a printed copy of our proxy materials by mail unless you request one by following the directions included on the Notice.

Voting Information

Record date. We have fixed the close of business on September 9, 2013 as the record date for determining our shareholders entitled to notice of and to vote at the Annual Meeting. On that date, we had outstanding 340,357,529 common shares. Shareholders at the record date will have one vote per share for the election of each of our 12 director nominees, and one vote per share on each other voting matter.

Quorum. We will have a quorum to conduct business at the Annual Meeting if the holders of a majority of our common shares are present, either in person or by proxy.

How to vote. We encourage you to vote promptly. If you are a “registered holder” (meaning your shares are registered in your name with our transfer agent, Computershare Trust Company, N.A.), or you hold shares in an employee plan, then you may vote either 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 24 hours a day by calling the toll free number 1-800-652-VOTE (8683) within the United States, U.S. territories, or Canada, and following instructions provided by the recorded message. You will need to enter identifying information that appears on your proxy card or the Notice. The telephone voting system allows you to confirm that your votes were properly recorded.

By Internet. You may vote your shares 24 hours a day by logging on to a secure website, www.envisionreports.com/CAH, and following the instructions provided. You will need to enter identifying information that appears on your proxy card or the Notice. As with the telephone voting system, you will be able to confirm that your votes were properly recorded.

By mail. If you received a proxy card, you may mark, sign, and date your proxy card and return it by mail in the enclosed postage-paid envelope.

Telephone and Internet voting is available through 2:00 a.m. Eastern time on Wednesday, November 6, 2013. If you vote by mail, your proxy card must be received before the Annual Meeting to assure that your vote is counted.

If, like most shareholders, you are a beneficial owner of shares held in “street name” (meaning a broker, trustee, bank, or other nominee holds shares on your behalf), you may vote in person at the Annual Meeting only if you obtain a legal

proxy from the nominee that holds your shares. Alternatively, you may vote by completing and signing the voting instruction form that the nominee provides to you, or by following any telephone or Internet voting instructions described on the voting instruction form, the Notice, or other materials that the nominee provides to you.

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

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Shares held under plans. If you hold shares through our 401(k) Savings Plans or Deferred Compensation Plan, you will receive voting instructions from Computershare Trust Company, N.A. Please note that employee plan shares have an earlier voting deadline of 2:00 a.m. Eastern time on Monday, November 4, 2013.

Broker non-votes. If you are a beneficial owner whose shares are held by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your broker is not permitted to vote your shares on the election of directors, the advisory vote to approve the compensation of our named executive officers, or the shareholder proposal. This is called a “broker non-

vote.” In these cases, the broker can register your shares as being present at the Annual Meeting for purposes of determining a quorum and may vote your shares on ratification of the appointment of our auditor.

Voting. You may either vote FOR, AGAINST, or ABSTAIN on each of the proposals. Votes will be tabulated by or under the direction of inspectors of election, who will certify the results following the Annual Meeting. To elect directors and approve the other proposals, the following votes are required under our governing documents:

Proposal	Vote Required	Effect of Abstentions and Broker Non-Votes on Vote Required
(1) Election of directors	Approval of the majority of votes cast in an uncontested election (1)	Not considered as votes cast and have no effect on the outcome
(2) Ratification of the appointment of Ernst & Young LLP as auditor for fiscal 2014	Approval of the majority of votes cast	Not considered as votes cast and have no effect on the outcome
(3) Advisory vote to approve the compensation of our named executive officers	Approval of the majority of votes cast	Not considered as votes cast and have no effect on the outcome
(4) Shareholder proposal regarding political contributions and expenditures	Approval of the majority of votes cast	Not considered as votes cast and have no effect on the outcome

If a director nominee who is a sitting Board member is not re-elected by a majority vote, that individual is required to tender a resignation for the Board’s consideration. See “Corporate Governance — Resignation Policy for Incumbent Directors Not Receiving Majority Votes” on page 13. Proxies may not be voted for more than 12 nominees, and shareholders may not cumulate their voting power.

How shares will be voted. The shares represented by all valid proxies received by telephone, by Internet, or by mail will be voted in the manner specified. Where specific choices are not indicated, the shares represented by all valid proxies received will be voted FOR the election of all 12 director nominees, FOR the ratification of the appointment of Ernst & Young LLP as auditor for fiscal 2014, FOR approval of the compensation of our named executive officers, and AGAINST the shareholder proposal. If any other matters properly come before the Annual Meeting, the individuals named in your proxy, or their substitutes, will determine how to vote on those matters in their discretion. 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 12 director nominees, FOR Proposals 2 and 3, and AGAINST Proposal 4.

Transfer Agent

Registered shareholders should direct communications regarding change of address, transfer of share ownership, lost share certificates, and other matters regarding their share ownership to Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078. Our transfer agent may also be contacted via the Internet at www.computershare.com/investor or by telephone at (877) 498-8861 or (781) 575-2879.

Attending the Annual Meeting

You will not be admitted to the Annual Meeting unless you have an admission ticket or satisfactory proof of share ownership, and photo identification. If you are a registered shareholder, your admission ticket is attached to your

proxy card or you may present the Notice. If your shares are not registered in your name, your proof of share ownership can be the Notice or a photocopy of the voting instruction form that the nominee provided to you if your shares are held by a bank or brokerage firm. You can call our Investor Relations department at (614) 757-4757 if you need directions to the Annual Meeting.

Even if you expect to attend the Annual Meeting in person, we urge you to vote your shares in advance.

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PROPOSAL 1—ELECTION OF DIRECTORS

Our Board has nominated 12 directors for election at this Annual Meeting to serve until the next annual meeting of shareholders and until his or her successor is duly elected and qualified. All of the nominees currently are directors of Cardinal Health. Each agreed to be named in this proxy statement and to serve if elected. If, due to death or other unexpected occurrence, one or more of the nominees is not available for election, proxies will be voted for the

election of all remaining nominees and any substitute nominee(s) the Board selects.

Jean G. Spaulding, M.D., a director since 2002, has decided not to stand for re-election at the Annual Meeting. The size of the Board will be reduced to 12 at that time.

Set forth below is background information regarding each individual nominated for election as a director. We believe that each of our nominees has sound judgment and integrity and is able to commit sufficient time and attention to the activities of the Board.

Colleen F. Arnold, 56, Director since 2007

- Senior Vice President, Application Management Services, IBM Global Business Services of International Business Machines Corporation, a provider of systems, financing, software, and services, since 2010
- General Manager of GBS Strategy, Global Consulting Services and SOA Solutions, Global Industries and Global Application Services of IBM from 2007 to 2010

Director qualifications: As an executive officer of IBM, Ms. Arnold brings to the Board valuable experience that contributes to the Board's understanding of the impact of information technology on our business. She also brings to the Board more than 30 years of relevant experience in the areas of operations, management, executive leadership, strategic planning, and international markets.

George S. Barrett, 58, Director since 2009

- Chairman of the Board and Chief Executive Officer of Cardinal Health since 2009
- Vice Chairman of Cardinal Health and Chief Executive Officer — Healthcare Supply Chain Services from 2008 to 2009
- Held a number of executive positions with Teva Pharmaceuticals Industries Limited, a generic and branded pharmaceutical manufacturer, from 1999 to 2007, including President and Chief Executive Officer of Teva North America, Corporate Executive Vice President — Global Pharmaceutical Markets and a member of the Office of the Chief Executive Officer, and President of Teva Pharmaceuticals USA
- Other current public company directorship: Eaton Corporation plc, a diversified power management company, since 2011

Director qualifications: Having worked for over 30 years in the pharmaceutical industry, Mr. Barrett has experience in the areas of healthcare, operations, management, regulatory compliance, finance, executive leadership, strategic planning, human resources, corporate governance, and international markets. As a result, he provides the Board with unique perspective and insights regarding our businesses, industry, challenges, and opportunities, and he communicates management's perspective on important matters to the Board. He also brings to the Board valuable perspective and insights from his service on Eaton's board of directors.

Glenn A. Britt, 64, Director since 2009

- Chief Executive Officer of Time Warner Cable Inc., a cable operator, since 2001 and Chairman of Time Warner Cable since 2009 and previously from 2001 to 2006 (Mr. Britt has announced his intention to retire from his current positions with Time Warner Cable effective in December 2013 and is expected to remain a member of its board of directors)

- Held other positions with Time Warner Cable and its predecessors from 1972 to 2001, including Chief Financial Officer of Time Inc. from 1988 to 1990
- Other current public company directorships:
 - Time Warner Cable since 2003
 - Xerox Corporation, a developer, manufacturer, marketer, servicer, and financier of document equipment, software, solutions, and services, since 2004

Director qualifications: Through his current and prior leadership positions at Time Warner Cable, Mr. Britt brings to the Board relevant experience in the areas of finance, operations, management, executive leadership, strategic planning, human resources, and corporate governance. His prior experience in several finance positions provides valuable insight in the areas of financial reporting and accounting and controls. He also brings to the Board valuable perspective and insights from his position as Chairman of Time Warner Cable's board of directors and from his service on Xerox's board of directors, including its Audit Committee and as its lead independent director.

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Carrie S. Cox, 56, Director since 2009

Chief Executive Officer of Humacyte, Inc., a privately held, development stage company

- focused on regenerative medicine, since 2010 and Chairman of Humacyte since January 2013

- Executive Vice President and President, Global Pharmaceuticals, of Schering-Plough Corporation, a branded pharmaceutical manufacturer, from 2003 through 2009

- Other current public company directorships:

- Texas Instruments Incorporated, a developer, manufacturer, and marketer of semiconductors, since 2004

- Celgene Corporation, a biopharmaceutical company, since 2009

Director qualifications: As a former executive officer of Schering-Plough and a licensed pharmacist, Ms. Cox brings to the Board valuable experience in the pharmaceutical aspects of our business. She has worked in the pharmaceutical industry for over 30 years, giving her relevant experience in the areas of healthcare, operations, management, regulatory compliance, executive leadership, strategic planning, and international markets. She also brings to the Board valuable perspective and insights from her service on the boards of directors of Texas Instruments and Celgene, including their respective Audit Committees. She is a former member of the Harvard School of Public Health's Health Policy and Management Executive Council, which contributes to her knowledge of and perspective on healthcare policy issues.

Calvin Darden, 63, Director since 2005

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 2000 until his retirement in 2005

- Other current public company directorships:

- Target Corporation, an operator of large-format general merchandise discount stores, since 2003

- Coca-Cola Enterprises, Inc., a marketer, manufacturer, and distributor of nonalcoholic beverages in select international markets, since 2004

Director qualifications: A former executive officer of UPS, Mr. Darden has valuable experience in supply chain networks and logistics that contributes to the Board's understanding of this important aspect of our business. He has over 30 years of relevant experience in the areas of operations, management, executive leadership, efficiency and quality control, strategic planning, and labor relations. He also brings to the Board valuable perspective and insights from his service on Target's board of directors, including its Compensation Committee, and on Coca-Cola Enterprises' board of directors, including its Human Resources and Compensation Committee.

Bruce L. Downey, 65, Director since 2009

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

- Chairman and Chief Executive Officer of Barr Pharmaceuticals, Inc., a generic pharmaceutical manufacturer, from 1994 through 2008

- Other current public company directorship: Momenta Pharmaceuticals, Inc., a biotechnology company, since 2009

- Prior public company directorship: Barr Pharmaceuticals, Inc. from 1993 through 2008

Director qualifications: Having spent 14 years as Chairman and Chief Executive Officer of Barr Pharmaceuticals, Mr. Downey brings to the Board relevant experience in the areas of healthcare, operations, management, regulatory compliance, finance, executive leadership, strategic planning, human resources, and corporate governance. He also offers valuable experience in the pharmaceutical aspects of our business, and perspective and insights from his position as Chairman of Barr Pharmaceuticals' board of directors and from his service on

Momenta Pharmaceuticals' board of directors, including its Audit Committee. Before his career at Barr Pharmaceuticals, Mr. Downey was a practicing attorney for 20 years.

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John F. Finn, 65, Director since 1994 and Presiding Director since 2009

- President and Chief Executive Officer of Gardner, Inc., a supply chain management company serving industrial and consumer markets, since 1985
- Other current public company directorships:
 - J.P. Morgan Funds, a registered investment company, since 1998
 - Greif, Inc., an industrial package products and services company, since 2007

Director qualifications: As Chief Executive Officer of Gardner, Inc. for more than 25 years, Mr. Finn brings to the Board valuable experience in supply chain management that contributes to the Board's understanding of this important aspect of our business. He also brings relevant experience in the areas of operations, management, finance, executive leadership, strategic planning, and human resources. Mr. Finn has healthcare knowledge and historical perspective gained from over 19 years of service on our Board. He also brings to the Board valuable perspective and insights from his service as a trustee of the J.P. Morgan Funds and on Greif's board of directors, including their respective Audit Committees.

Patricia A. Hemingway Hall, 60, Director since September 2013

- President and Chief Executive Officer of Health Care Service Corporation, a mutual health insurer, since 2008
- President and Chief Operating Officer of Health Care Service Corporation from 2007 to 2008
- Other current public company directorship: ManpowerGroup Inc., a staffing services company, since 2011

Director qualifications: As President and Chief Executive Officer of Health Care Service Corporation, the largest customer-owned health insurer in the United States and fourth largest overall, operating through Blue Cross and Blue Shield Plans in Illinois, Montana, New Mexico, Oklahoma, and Texas, Ms. Hemingway Hall brings to the Board valuable experience managing a large healthcare payor organization. She has worked in the healthcare industry for over 30 years, first as a registered nurse and then later in health insurance, and has relevant experience in the areas of healthcare, operations, management, regulatory compliance, finance, executive leadership, strategic planning, and human resources. She also brings to the Board valuable perspective and insights from her service on ManpowerGroup's board of directors.

Clayton M. Jones, 64, Director since 2012

- Non-Executive Chairman of Rockwell Collins, Inc., an aviation electronics and communications equipment company, since July 2013
- Chairman, President, and Chief Executive Officer of Rockwell Collins from 2002 to July 2013
- Other current public company directorships:
 - Rockwell Collins since 2001
 - Deere & Company, an agricultural and construction machinery manufacturer, since 2007
- Prior public company directorship: Unisys Corporation, an information technology company, from 2004 through 2010

Director qualifications: As Non-Executive Chairman and retired President and Chief Executive Officer of Rockwell Collins, Mr. Jones brings to the Board relevant experience in highly regulated industries as well as in the areas of operations, management, finance, executive leadership, strategic planning, human resources, corporate governance, and international markets. He also brings to the Board valuable perspective and insights from his position as Chairman of Rockwell Collins' board of directors and from his service on Deere & Company's board of directors, including its Compensation Committee.

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Gregory B. Kenny, 60, Director since 2007

- President and Chief Executive Officer of General Cable Corporation, a manufacturer of aluminum, copper, and fiber-optic wire and cable products, since 2001
- Other current public company directorships:
 - General Cable since 1997
 - Ingredion Incorporated, a corn refining and ingredient company, since 2005

Director qualifications: As Chief Executive Officer of General Cable, Mr. Kenny brings to the Board relevant experience in the areas of operations, management, finance, executive leadership, strategic planning, human resources, corporate governance, and international markets. He also brings to the Board valuable perspective and insights from his service on General Cable's and Ingredion's boards of directors, including Ingredion's Corporate Governance and Nominating Committee. He is a member of the board of directors of the Federal Reserve Bank of Cleveland (Cincinnati branch).

David P. King, 57, Director since 2011

- President and Chief Executive Officer of Laboratory Corporation of America Holdings, an independent clinical laboratory company ("LabCorp"), since 2007 and Chairman of LabCorp since 2009
- Executive Vice President and Chief Operating Officer of LabCorp from 2005 to 2006
- Held other senior positions with LabCorp prior to 2005, including Executive Vice President, Strategic Planning and Corporate Development and Senior Vice President, General Counsel, and Chief Compliance Officer
- Other current public company directorship: LabCorp since 2007

Director qualifications: Having spent 12 years in senior executive roles with LabCorp, including the past six years as its Chief Executive Officer, Mr. King brings to the Board valuable experience in the areas of healthcare, operations, management, regulatory compliance, finance, executive leadership, strategic planning, human resources, corporate governance, and international markets. He also brings to the Board valuable perspective and insights from his position as Chairman of LabCorp's board of directors. Before his career at LabCorp, Mr. King was a practicing attorney for 17 years, having worked in both private practice and with the U.S. Department of Justice.

Richard C. Notebaert, 66, Director since 1999

- Chairman and Chief Executive Officer of Qwest Communications International Inc., a telecommunications systems company, from 2002 until his retirement in 2007
- Other current public company directorships:
 - Aon plc, a provider of risk management services, insurance, and reinsurance brokerage, and human capital consulting, since 1998
 - American Electric Power Company, Inc., a public utility holding company, since 2011

Director qualifications: Having spent more than 11 years as Chairman and Chief Executive Officer of publicly traded companies Qwest and Ameritech Corporation, Mr. Notebaert brings to the Board relevant experience in the areas of operations, management, finance, executive leadership, strategic planning, human resources, corporate governance, and international markets. He has healthcare knowledge and historical perspective gained from 14 years of service on our Board, including formerly serving as our Presiding Director. Mr. Notebaert also brings to the Board valuable perspective and insights from his position as Chairman of the boards of directors of Qwest and Ameritech, from his service on Aon's board of directors, including chairing its Organization and Compensation Committee and serving on its Governance/Nominating Committee, and from his service on American Electric Power's board of directors, including serving on its Human Resources Committee.

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

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PROPOSAL 2—RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS 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 2014. While not required by law, we are asking our shareholders to ratify this appointment at the Annual Meeting as a matter of good corporate governance. If shareholders do not ratify this appointment, the Audit Committee will consider whether it is appropriate to appoint another registered public accounting firm. Even if the appointment is ratified, the Audit Committee in its discretion may appoint a different registered public accounting firm at any time during the fiscal year if it determines that such a change would be in the best interest of us and our shareholders. Our Audit Committee approved, and our shareholders ratified, the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2013. We expect representatives of Ernst & Young LLP to be present at the Annual Meeting. They will have an opportunity to make a statement if they desire to do so, and to respond to appropriate questions from shareholders. The Board recommends that you vote FOR the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal 2014.

PROPOSAL 3—ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

In accordance with Section 14A of the Securities Exchange Act of 1934 (the "Exchange Act"), we are asking our shareholders to approve, on a non-binding advisory basis, the compensation of our named executive officers, as disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table, and the related compensation tables, notes, and narrative in this proxy statement for the Annual Meeting.

We urge shareholders to read the Compensation Discussion and Analysis beginning on page 17 of this proxy statement, which describes in more detail how our executive compensation program operates and is designed to achieve our compensation objectives, as well as the Summary Compensation Table and related compensation tables, notes, and narrative appearing on pages 26 through 38, which provide detailed information on the compensation of our named executive officers. The Human Resources and Compensation Committee (the "Compensation Committee") and the Board believe that the executive compensation program articulated in the Compensation Discussion and Analysis is effective

in achieving our goals and that the compensation of our named executive officers reported in this proxy statement has supported and contributed to our success.

Although this advisory vote is not binding on the Board, the Board and the Compensation Committee will review and consider the voting results when evaluating our executive compensation program.

The Board has adopted a policy providing for annual say-on-pay advisory votes. Unless the Board modifies this policy, the next say-on-pay advisory vote will be held at our 2014 Annual Meeting of Shareholders.

The Board recommends that you vote FOR the approval, on a non-binding advisory basis, of the compensation of our named executive officers, as disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table, and the related compensation tables, notes, and narrative in this proxy statement.

PROPOSAL 4—SHAREHOLDER PROPOSAL REGARDING POLITICAL CONTRIBUTIONS AND EXPENDITURES

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 accepts responsibility, are set forth below. The International Brotherhood of Teamsters General Fund, 25 Louisiana Avenue, NW, Washington, DC 20001, a shareholder owning 75 of our common shares as of April 26, 2013, submitted this proposal.

The shareholder proposal and supporting statement read as follows:

Resolved, that the shareholders of Cardinal Health ("Company") hereby request that the Company provide a report, updated semiannually, disclosing the Company's:

1. Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.
2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:
 - a. The identity of the recipient as well as the amount paid to each; and
 - b. The title(s) of the person(s) in the Company responsible for decision-making.

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The report shall be presented to the Board of Directors or relevant board committee and posted on the Company's website.

Stockholder Supporting Statement:

As long-term shareholders of Cardinal Health, we support transparency and accountability in corporate spending on political activities. These include any activities considered intervention in any political campaign under the Internal Revenue Code, such as direct and indirect contributions to political candidates, parties, or organizations; independent expenditures; or electioneering communications on behalf of federal, state or local candidates.

Disclosure is in the best interest of the company and its shareholders and critical for compliance with federal ethics laws. The Supreme Court's Citizens United decision recognized the importance of political spending disclosure for shareholders when it said, "[D]isclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages." Gaps in transparency and accountability may expose the company to reputational and business risks that could threaten long-term shareholder value.

Currently, Cardinal Health does not offer any information on its corporate political spending program, other than a brief statement that it engages in "lawful corporate contributions."

Meanwhile, our Company contributed at least \$732,693 in corporate funds since the 2002 election cycle. (CQ: <http://moneyline.cq.com> and National Institute on Money in State Politics: <http://www.followthemoney.org>) In addition, it scored zero out of 100 points in the 2012 CPA-Zicklin Index of Corporate Political Accountability and Disclosure, placing