Shah Pritesh
Form 3
July 11, 2018

FORM 3

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â Shah Pritesh
(Last) (First) (Middle)

C/O NOVOCURE INC.,,Â 20 VALLEY STREAM PARKWAY, SUITE 300
(Street)

MALVERN,Â PAÂ 19355
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
07/01/2018

3. Issuer Name **and** Ticker or Trading Symbol
NovoCure Ltd [NVCR]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Commercial Officer

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Ordinary Shares	5,231	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative	5. Ownership Form of Derivative Security:	6. Nature of Indirect Beneficial Ownership (Instr. 5)

	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Security	Direct (D) or Indirect (I) (Instr. 5)	
Options to Buy Ordinary Shares	Â (1)	05/01/2028	Ordinary Shares	30,000	$ 27.6	D	Â
Options to Buy Ordinary Shares	Â (2)	02/27/2028	Ordinary Shares	67,586	$ 21.15	D	Â
Options to Buy Ordinary Shares	Â (3)	07/26/2027	Ordinary Shares	50,000	$ 19.25	D	Â
Options to Buy Ordinary Shares	Â (4)	05/02/2027	Ordinary Shares	50,000	$ 11.85	D	Â
Options to Buy Ordinary Shares	Â (5)	02/22/2027	Ordinary Shares	65,000	$ 7.15	D	Â
Options to Buy Ordinary Shares	Â (6)	02/24/2026	Ordinary Shares	24,963	$ 11.46	D	Â
Options to Buy Ordinary Shares	Â (7)	02/24/2026	Ordinary Shares	10,037	$ 11.46	D	Â
Options to Buy Ordinary Shares	Â (8)	03/05/2025	Ordinary Shares	17,739	$ 14.37	D	Â
Options to Buy Ordinary Shares	Â (9)	03/05/2025	Ordinary Shares	5,913	$ 14.37	D	Â
Options to Buy Ordinary Shares	Â (10)	02/26/2024	Ordinary Shares	59,130	$ 7.48	D	Â
Options to Buy Ordinary Shares	Â (11)	02/20/2023	Ordinary Shares	8,869	$ 7.03	D	Â
Options to Buy Ordinary Shares	Â (12)	11/13/2022	Ordinary Shares	23,652	$ 6.72	D	Â
Restricted Stock Units	Â (13)	05/01/2028	Ordinary Shares	7,000	$ 0	D	Â
Restricted Stock Units	Â (14)	02/27/2028	Ordinary Shares	9,259	$ 0	D	Â
Restricted Stock Units	Â (15)	02/22/2027	Ordinary Shares	39,000	$ 0	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Shah Pritesh C/O NOVOCURE INC., 20 VALLEY STREAM PARKWAY, SUITE 300	Â	Â	Â Chief Commercial Officer	Â

MALVERN,Â PAÂ 19355

Signatures

/s/ Kimberly Burke, Attorney in fact for Pritesh Shah	07/11/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) One-quarter of these options will vest on each of May 1, 2019, 2020, 2021 and 2022, subject to the reporting person's continued employment through such dates.

(2) One-quarter of these options will vest on each of February 27, 2019, 2020, 2021 and 2022, subject to the reporting person's continued employment through such dates.

(3) One-quarter of these options will vest on each of July 26, 2018, 2019, 2020 and 2021, subject to the reporting person's continued employment through such dates.

(4) One-quarter of these options will vest on each of May 2, 2018, 2019, 2020 and 2021, subject to the reporting person's continued employment through such dates.

(5) One-quarter of these options vest on each of February 22, 2018, 2019, 2020 and 2021, subject to the reporting person's continued employment through such dates.

(6) One-quarter of these options vest on each of February 24, 2017, 2018, 2019 and 2020, subject to the reporting person's continued employment through such dates.

(7) Options to buy 1,311 ordinary shares will fully vest and become exercisable on February 24, 2019 and options to buy 8,726 ordinary shares will fully vest and become exercisable on February 24, 2020.

(8) Options to buy 17,739 ordinary shares are vested and currently exercisable as of the date hereof.

(9) Options to buy 5,913 ordinary shares will fully vest and become exercisable on February 25, 2019.

(10) Options to buy 59,130 ordinary shares are vested and currently exercisable as of the date hereof.

(11) Options to buy 8,869 ordinary shares are vested and currently exercisable as of the date hereof.

(12) Options to buy 23,652 ordinary shares are vested and currently exercisable as of the date hereof.

(13) One-third of these restricted stock units are scheduled to vest on each of May 1, 2019, 2020 and 2021, subject to the reporting person's continued employment through such dates.

(14) One-third of these restricted stock units are scheduled to vest on each of February 27, 2019, 2020 and 2021, subject to the reporting person's continued employment through such dates.

(15) One-third of these restricted stock units are scheduled to vest on each of February 22, 2018, 2019 and 2020, subject to the reporting person's continued employment through such dates.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
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39,951

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The accompanying notes are an integral part of these consolidated statements.

Financial Statements

Consolidated Statements of Shareholders' Equity

	Common Shares			Treasury Shares				
(in millions)	Shares Issued	Amount	Retained Earnings	Shares	Amount	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interests	Total Shareholders' Equity
Balance at June 30, 2015	364	$3,003	$5,521	(36)	$(2,245)	$ (23)	$ —	$ 6,256
Net earnings			1,427				3	1,430
Other comprehensive loss, net of tax						(93)		(93)
Purchase of noncontrolling interests							(7)	(7)
Employee stock plans activity, including tax benefit of $33 million	—	7		2	137			144
Treasury shares acquired				(8)	(651)			(651)
Dividends declared			(529)					(529)
Other							21	21
Balance at June 30, 2016	364	3,010	6,419	(42)	(2,759)	(116)	17	6,571
Net earnings			1,288				2	1,290
Other comprehensive loss, net of tax						(9)		(9)
Purchase of noncontrolling interests							(1)	(1)
Employee stock plans activity, including tax benefit of $34 million	—	(11)		2	167			156
Treasury shares acquired				(8)	(600)			(600)
Dividends declared			(580)					(580)
Other			(1)				2	1
Retirement of Treasury Shares	(37)	(302)	(2,159)	37	2,461			—
Balance at June 30, 2017	327	2,697	4,967	(11)	(731)	(125)	20	6,828
Net earnings			256				(1)	255
Other comprehensive loss, net of tax						33		33
Purchase and divestiture of noncontrolling interests							(19)	(19)
Employee stock plans activity, including tax benefit of $10 million	—	33		1	57			90
Treasury shares acquired				(8)	(550)			(550)
Dividends declared			(584)					(584)
Other			6					6
Balance at June 30, 2018	327	$2,730	$4,645	(18)	$(1,224)	$ (92)	$ —	$ 6,059

The accompanying notes are an integral part of these consolidated statements.

Financial Statements

Consolidated Statements of Cash Flows

(in millions)	2018	2017	2016
Cash flows from operating activities:			
Net earnings	$259	$1,294	$1,431
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	1,032	717	641
Loss on extinguishment of debt	2	—	—
Impairments and loss on sale of other investments	6	4	—
Impairments and loss on disposal of assets, net	1,417	18	21
Share-based compensation	85	96	111
Provision for/(benefit from) deferred income taxes	(1,012)	291	87
Provision for bad debts	111	63	73
Change in fair value of contingent consideration obligation	(2)	(5)	(16)
Change in operating assets and liabilities, net of effects from acquisitions and divestitures:			
Increase in trade receivables	(871)	(665)	(866)
Increase in inventories	(1,211)	(673)	(1,179)
Increase in accounts payable	2,574	564	2,815
Other accrued liabilities and operating items, net	378	(520)	(147)
Net cash provided by operating activities	2,768	1,184	2,971
Cash flows from investing activities:			
Acquisition of subsidiaries, net of cash acquired	(6,142)	(132)	(3,614)
Additions to property and equipment	(384)	(387)	(465)
Purchase of available-for-sale securities and other investments	(9)	(194)	(200)
Proceeds from sale of available-for-sale securities and other investments	65	228	136
Proceeds from maturities of available-for-sale securities	—	77	50
Proceeds from divestitures, net of cash sold, and disposal of property and equipment	862	3	13
Net cash used in investing activities	(5,608)	(405)	(4,080)
Cash flows from financing activities:			
Payment of contingent consideration obligation	(35)	(3)	(25)
Net change in short-term borrowings	(50)	3	26
Purchase of noncontrolling interests	(106)	(12)	(10)
Reduction of long-term obligations	(954)	(310)	(6)
Proceeds from interest rate swap terminations	—	14	—
Proceeds from long-term obligations, net of issuance costs	3	5,171	—
Net tax proceeds/(withholding) from share-based compensation	(3)	26	6
Excess tax benefits from share-based compensation	—	34	33
Dividends on common shares	(581)	(577)	(512)
Purchase of treasury shares	(550)	(600)	(651)
Net cash provided by/(used in) financing activities	(2,276)	3,746	(1,139)
Effect of exchange rates changes on cash and equivalents	4	(2)	(12)
Cash reclassified to assets held for sale	(4)	—	—
Net increase/(decrease) in cash and equivalents	(5,116)	4,523	(2,260)
Cash and equivalents at beginning of period	6,879	2,356	4,616
Cash and equivalents at end of period	$1,763	$6,879	$2,356
Supplemental Information:			
Cash payments for interest	$320	$200	$174
Cash payments for income taxes	425	686	635

The accompanying notes are an integral part of these consolidated statements.

Notes to Financial Statements

Notes to Consolidated Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies
Cardinal Health, Inc. is a globally integrated healthcare services and products company providing customized solutions for hospitals, healthcare systems, pharmacies, ambulatory surgery centers, clinical laboratories and physician offices. The company provides medical products and pharmaceuticals and cost-effective solutions that enhance supply chain efficiency. References to “we”, “our” and similar pronouns in these consolidated financial statements are to Cardinal Health, Inc. and its majority-owned or controlled subsidiaries unless the context otherwise requires.
Our fiscal year ends on June 30. References to fiscal 2018, 2017 and 2016 in these consolidated financial statements are to the fiscal years ended June 30, 2018, 2017 and 2016, respectively.
Basis of Presentation
Our consolidated financial statements include the accounts of all majority-owned or controlled subsidiaries, and all significant intercompany transactions and amounts have been eliminated. To conform to the current year presentation, certain prior year amounts have been reclassified. The results of businesses acquired or disposed of are included in the consolidated financial statements from the date of the acquisition or up to the date of disposal, respectively.
Use of Estimates
Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The preparation of financial statements in accordance with GAAP requires us to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates, judgments and assumptions are used in the accounting and disclosure related to, among other items, allowance for doubtful accounts, inventory valuation and reserves, business combinations, goodwill and other intangible asset impairment, vendor reserves, loss contingencies, self-insurance accruals, income taxes and share-based compensation. Actual amounts could ultimately differ from these estimated amounts.
Cash Equivalents
We consider liquid investments purchased with an initial maturity of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.
Receivables and Allowance for Doubtful Accounts
Trade receivables are presented net of an allowance for doubtful accounts of $139 million and $137 million at June 30, 2018 and 2017, respectively. An account is considered past due on the first day after its due date. In accordance with contract terms, we generally have the ability to charge customers service fees or higher prices if an account is considered past due. We regularly monitor past due accounts and establish appropriate reserves to cover potential

losses, which are based primarily on historical collection rates and the credit worthiness of the customer. We write off any amounts deemed uncollectible against the established allowance for doubtful accounts.
We provide financing to various customers. Such financing arrangements range from 1 year to 5 years at interest rates that are generally subject to fluctuation. Interest income on these arrangements is recognized as it is earned. The financings may be collateralized, guaranteed by third parties or unsecured. Finance notes, net and related accrued interest were $136 million (current portion $26 million) and $171 million (current portion $53 million) at June 30, 2018 and 2017, respectively, and are included in other assets (current portion is included in prepaid expenses and other) in the consolidated balance sheets. Finance notes receivable allowance for doubtful accounts were $7 million and $9 million at June 30, 2018 and 2017, respectively. We estimate an allowance for these financing receivables based on historical collection rates and the credit worthiness of the customer. We write off any amounts deemed uncollectible against the established allowance for doubtful accounts.
Concentrations of Credit Risk
We maintain cash depository accounts with major banks, and we invest in high quality, short-term liquid instruments, and in marketable securities. Our short-term liquid instruments mature within three months and we have not historically incurred any related losses. Investments in marketable debt securities consist of a portfolio of high-grade

instruments. Such investments are made only in instruments issued by highly-rated institutions, whose financial condition we monitor. We had none of these investments at June 30, 2018.

Our trade receivables and finance notes and related accrued interest are exposed to a concentration of credit risk with certain large customers and with customers in the retail and healthcare sectors. Credit risk can be affected by changes in reimbursement and other economic pressures impacting the healthcare industry. With respect to customers in the retail and healthcare sectors, such credit risk is limited due to supporting collateral and the diversity of the customer base, including its wide geographic dispersion. We perform regular credit evaluations of our customers' financial conditions and maintain reserves for losses through the established allowance for doubtful accounts. Historically, such losses have been within our expectations. Refer to the "Receivables and Allowance for Doubtful Accounts" section within this Note for additional information on the accounting treatment of reserves for allowance for doubtful accounts.

Major Customers

CVS Health Corporation ("CVS") and OptumRx, are our only customers that individually account for at least 10 percent of revenue and gross trade receivables. These customers are primarily serviced through our Pharmaceutical segment.

Notes to Financial Statements

The following table summarizes historical percent of revenue and gross trade receivables from CVS and OptumRx:

	Percent of Revenue			Percent of Gross Trade Receivables at June 30	
	2018	2017	2016	2018	2017
CVS	25%	23%	25%	22 %	20 %
OptumRx	11%	11%	7 %	4 %	1 %

Our pharmaceutical distribution contract with OptumRx began in fiscal 2016 and did not exceed 10 percent until fiscal 2017.

We have entered into agreements with group purchasing organizations ("GPOs") which act as purchasing agents that negotiate vendor contracts on behalf of their members. Vizient, Inc. and Premier, Inc. are our two largest GPO member relationships in terms of revenue. Sales to members of these two GPOs collectively accounted for 22 percent, 21 percent and 17 percent of revenue for fiscal 2018, 2017 and 2016, respectively. Our trade receivable balances are with individual members of the GPO, and therefore no significant concentration of credit risk exists with these types of arrangements.

Inventories

A substantial portion of our inventories (56 percent at both June 30, 2018 and 2017) are valued at the lower of cost, using the last-in, first-out ("LIFO") method, or market. These inventories are included within the core pharmaceutical distribution facilities of our Pharmaceutical segment ("distribution facilities") and are primarily merchandise inventories. The LIFO method presumes that the most recent inventory purchases are the first items sold, so LIFO helps us better match current costs and revenue. We believe that the average cost method of inventory valuation provides a reasonable approximation of the current cost of replacing inventory within the distribution facilities. As such, the LIFO reserve is the difference between (a) inventory at the lower of LIFO cost or market and (b) inventory at replacement cost determined using the average cost method of inventory valuation.

If we had used the average cost method of inventory valuation for all inventory within the distribution facilities, the value of our inventories would not have changed in fiscal 2018 or 2017 because inventories valued at LIFO were $92 million and $46 million higher than the average cost value at June 30, 2018 and 2017, respectively. We do not record inventories in excess of replacement cost. As such, we did not record any changes in our LIFO reserve in fiscal 2018 and 2017.

Our remaining inventory that is not valued at the lower of LIFO or market is stated at the lower of cost, using the first-in, first-out method, or net realizable value. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Inventories presented in the consolidated balance sheets are net of reserves for excess and obsolete inventory which were $147 million and $76 million at June 30, 2018 and 2017, respectively. The increase in the reserves for excess and obsolete inventory during fiscal 2018 was driven by increased Cordis inventory

reserves and the Patient Recovery acquisition. We reserve for inventory obsolescence using estimates based on historical experience, historical and projected sales trends, specific categories of inventory and age of on-hand inventory.

Cash Discounts

Manufacturer cash discounts are recorded as a component of inventory cost and recognized as a reduction of cost of products sold as inventory is sold.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Property and equipment held for sale are recorded at the lower of cost or fair value less cost to sell. When certain events or changes in operating conditions occur, an impairment assessment may be performed on the recoverability of the carrying amounts.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, including capital lease assets which are depreciated over the terms of their respective leases. We generally use the following range of useful lives for our property and equipment categories: buildings and improvements—3 to 39 years; machinery and equipment—3 to 20 years; and furniture and fixtures—3 to 7 years. We recorded depreciation and amortization expense of $446 million, $314 million and $277 million for fiscal 2018, 2017 and 2016, respectively.

The following table presents the components of property and equipment, net at June 30:

(in millions)	2018	2017
Land, building and improvements	$2,115	$1,637
Machinery and equipment	3,006	2,860
Furniture and fixtures	139	130
Total property and equipment, at cost	5,260	4,627
Accumulated depreciation and amortization	(2,773)	(2,748)
Property and equipment, net	$2,487	$1,879

Repairs and maintenance expenditures are expensed as incurred. Interest on long-term projects is capitalized using a rate that approximates the weighted-average interest rate on long-term obligations, which was 4 percent at June 30, 2018. The amount of capitalized interest was immaterial for all periods presented.

Business Combinations

The assets acquired and liabilities assumed in a business combination, including identifiable intangible assets, are recorded at their estimated fair values as of the acquisition date. The excess of the purchase price over the estimated fair value of the identifiable net assets acquired is recorded as goodwill. We base the fair values of identifiable intangible assets on detailed valuations that require management to make significant judgments, estimates and assumptions. Critical estimates and assumptions include: expected future cash flows for customer relationships, trade names and other identifiable intangible assets; discount rates that reflect the risk factors associated with future cash flows; and estimates of useful lives. When an acquisition involves contingent consideration, we recognize a liability equal to the fair value of the contingent consideration obligation at the acquisition date. The estimate of fair

Notes to Financial Statements

value of a contingent consideration obligation requires subjective assumptions to be made regarding future business results, discount rates, discount periods and probabilities assigned to various potential business result scenarios. See Note 2 for additional information regarding our acquisitions.

Goodwill and Other Intangible Assets

Purchased goodwill and intangible assets with indefinite lives are not amortized, but instead are tested for impairment annually or when indicators of impairment exist.

Purchased goodwill is tested for impairment at least annually. Qualitative factors are first assessed to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it is determined that it is more likely than not that the fair value does not exceed the carrying amount, then a quantitative test is performed. The quantitative goodwill impairment test involves a comparison of the estimated fair value of the reporting unit to the respective carrying amount.

Goodwill impairment testing involves judgment, including the identification of reporting units, qualitative evaluation of events and circumstances to determine if it is more likely than not that an impairment exists, and, if necessary, the estimation of the fair value of the applicable reporting unit. Our qualitative evaluation considers the weight of evidence and significance of all identified events and circumstances and most relevant drivers of fair value, both positive and negative, in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

We have two operating segments, which are the same as our reportable segments: Pharmaceutical and Medical. These operating segments are comprised of divisions (components), for which discrete financial information is available. Components are aggregated into reporting units for purposes of goodwill impairment testing to the extent that they share similar economic characteristics. Our reporting units are: Pharmaceutical operating segment (excluding our Nuclear Pharmacy Services division); Nuclear Pharmacy Services division; Medical operating segment (excluding our Cardinal Health at Home division and naviHealth division) ("Medical Unit"); Cardinal Health at Home division; and naviHealth division.

Fair value can be determined using market, income or cost-based approaches. Our determination of estimated fair value of the reporting units is based on a combination of the income-based and market-based approaches. Under the income-based approach, we use a discounted cash flow model in which cash flows anticipated over several future periods, plus a terminal value at the end of that time horizon, are discounted to their present value using an appropriate risk-adjusted rate of return. We use our internal forecasts to estimate future cash flows, which we believe are consistent with those of a market participant, and include an estimate of long-term growth rates based on our most recent views of the long-term outlook for each reporting unit. Actual results may differ materially from those used in our forecasts. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective reporting units and in our internally-developed forecasts. Discount rates used in our reporting unit valuations ranged from 8.5 percent to 13.5 percent.

Under the market-based approach, we determine fair value by comparing our reporting units to similar businesses or guideline companies whose securities are actively traded in public markets. We also use the guideline transaction method to determine fair value based on pricing multiples derived from the sale of companies that are similar to our reporting units. To further confirm fair value, we compare the aggregate fair value of our reporting units to our total market capitalization. Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including forecasted operating results. The use of alternate estimates and assumptions or changes in the industry or peer groups could materially affect the determination of fair value for each reporting unit and potentially result in goodwill impairment.

We performed annual impairment testing in fiscal 2018, 2017 and 2016 and with the exception of our Medical Unit in fiscal 2018, concluded that there were no impairments of goodwill as the estimated fair value of each reporting unit exceeded its carrying value. As discussed further in Note 5 of the "Notes to Consolidated Financial Statements," during the fourth quarter of fiscal 2018 we recognized a $1.4 billion goodwill impairment charge related to our Medical Unit, which is included in impairments and loss on disposal of assets in our consolidated statements of earnings. There was no tax benefit related to this goodwill impairment charge.

The impairment test for indefinite-lived intangibles other than goodwill (primarily IPR&D) involves first assessing qualitative factors to determine if it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount. If so, then a quantitative test is performed to compare the estimated fair value of the indefinite-lived intangible asset to the respective asset's carrying amount. Our qualitative evaluation requires the use of estimates and significant judgments and considers the weight of evidence and significance of all identified events and circumstances and most relevant drivers of fair value, both positive and negative, in determining whether it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount.

Intangible assets with finite lives, primarily customer relationships; trademarks, trade names and patents; and developed technology, are amortized using a combination of straight-line and accelerated methods based on the expected cash flows from the asset over their estimated useful lives. We review intangible assets with finite lives for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment loss occurred requires a comparison of the carrying amount to the sum of the future forecasted undiscounted cash flows expected to be generated by the asset group. Actual results may differ materially from those used in our forecasts.

Assets Held for Sale

We classify assets and liabilities (the “disposal group”) as held for sale when management commits to a plan to sell the disposal group in its present condition and at a price that is reasonable in relation to its current fair value. We also consider whether an active program to locate a buyer has been initiated and if it is probable that the sale will

Notes to Financial Statements

occur within one year without significant changes to the plan to sell. Upon classification of the disposal group as held for sale, we test the assets for impairment and cease related depreciation and amortization.

Investments

Investments in non-marketable equity securities are accounted for under either the cost or equity method of accounting and are included in other assets in the consolidated balance sheets. For investments in which we can exercise significant influence, we use the equity method of accounting. Our share of the earnings and losses was immaterial, both individually and in the aggregate, for all periods presented and is recorded in other income, net in the consolidated statements of earnings. We closely monitor our investments for other-than-temporary impairment by considering factors such as the operating performance of the investment and current economic and market conditions. Marketable securities are classified as available-for-sale and are carried at fair value in the consolidated balance sheets. Unrealized gains and losses on available-for-sale securities, net of applicable taxes, are included within shareholders' equity in accumulated other comprehensive income ("AOCI"). We monitor these securities for other-than-temporary impairment by considering factors such as the duration that, and the extent to which, the fair value is below cost, the operating performance and credit worthiness of the issuer of the securities and current economic and market conditions. See Note 6 for additional information regarding available-for-sale securities.

Vendor Reserves

In the ordinary course of business, our vendors may dispute deductions taken against payments otherwise due to them or assert other disputes. These disputes are researched and resolved based upon the findings of the research performed. At any given time, there are outstanding items in various stages of research and resolution. In determining appropriate reserves for areas of exposure with our vendors, we assess historical experience and current outstanding claims. We have established various levels of reserves based on the type of claim and status of review. Though the claim types are relatively consistent, we periodically refine our methodology by updating the reserve estimate percentages to reflect actual historical experience. The ultimate outcome of certain claims may be different than our original estimate and may require an adjustment. Adjustments to vendor reserves are included in cost of products sold. In addition, the reserve balance will fluctuate due to variations of outstanding claims from period-to-period, timing of settlements and specific vendor issues, such as bankruptcies. Vendor reserves were $45 million and $50 million at June 30, 2018 and 2017, respectively, excluding third-party returns. See Third-Party Returns section within this Note for a description of third-party returns.

Distribution Services Agreement and Other Vendor Fees

Our Pharmaceutical segment recognizes fees received from distribution services agreements and other fees received from vendors related to the purchase or distribution of the vendors' inventory when those fees have been earned and we are entitled to

payment. Since the benefit provided to a vendor is related to the purchase and distribution of the vendor's inventory, we recognize the fees as a reduction in the carrying value of the inventory that generated the fees, and as such, a reduction of cost of products sold in our consolidated statements of earnings when the inventory is sold.

Loss Contingencies and Self-Insurance

We accrue for contingencies related to disputes, litigation and regulatory matters if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We also self-insure for employee healthcare, general liability, certain product liability matters, auto liability, property and workers' compensation. Self-insurance accruals include an estimate for expected settlements or pending claims, defense costs, administrative fees, claim adjustment costs and an estimate for claims incurred but not reported. Because these matters are inherently unpredictable and unfavorable developments or resolutions can occur, assessing contingencies and other liabilities is highly subjective and requires judgments about future events. We regularly review contingencies and our self-insurance accruals to determine whether our accruals and related disclosures are adequate. The amount of ultimate loss may differ from these estimates. We recognize these estimated loss contingencies, income from favorable resolution of litigation and certain defense costs in litigation (recoveries)/charges in our consolidated statements of earnings. See Note 9 for additional information regarding loss contingencies and product liability lawsuits.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are measured using enacted tax rates in the respective jurisdictions in which we operate. We assess the realizability of deferred tax assets on a quarterly basis and provide a valuation allowance for deferred tax assets when it is more likely than not that at least a portion of the deferred tax assets will not be realized. The realizability of deferred tax assets depends on our ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction and also considers all available positive and negative evidence.

Deferred taxes for non-U.S. liabilities are not provided on the unremitted earnings of subsidiaries outside of the United States when it is expected that these earnings are indefinitely reinvested.

Tax benefits from uncertain tax positions are recognized when it is more likely than not that the position will be sustained upon examination of the technical merits of the position, including resolutions of any related appeals or litigation processes. The amount recognized is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement. See Note 8 for additional information regarding income taxes.

Other Accrued Liabilities

Other accrued liabilities represent various current obligations, including certain accrued operating expenses and taxes payable.

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Noncontrolling Interests and Redeemable Noncontrolling Interests

Noncontrolling interests represent the portion of net earnings, comprehensive income and net assets that is not attributable to Cardinal Health, Inc.

The redeemable noncontrolling interests relate to our ownership interest in naviHealth Holdings, LLC ("naviHealth"), which we acquired during fiscal 2016. The redeemable noncontrolling interests are redeemable at the option of the third-party noncontrolling interest holders at any time after the two-year anniversary of the closing, or earlier if a trigger event occurs. As such, the noncontrolling interests have been presented as redeemable noncontrolling interests in our consolidated balance sheets. The noncontrolling interests will be adjusted each period for net earnings and dividends attributable to the noncontrolling interests and changes in the noncontrolling ownership interests, if any. An additional adjustment to the carrying value of the noncontrolling interests may be required if the redemption value under the terms of the agreement exceeds the carrying value. Changes in the carrying value of the noncontrolling interests related to a change in the redemption value will be recorded through retained earnings and will not affect net earnings attributable to Cardinal Health, Inc. See Note 13 for additional information regarding redeemable noncontrolling interests.

In June 2018, we signed a securities purchase agreement and a contribution and rollover agreement with investor entities controlled by Clayton, Dubilier & Rice ("CD&R") to sell our ownership interest in naviHealth. For more information on this divestiture see Note 4.

Share-Based Compensation

Share-based compensation provided to employees is recognized in the consolidated statements of earnings based on the grant date fair value of the awards. The fair value of stock options is determined on the grant date using a lattice valuation model. The fair value of restricted share units and performance share units is determined by the grant date market price of our common shares. The compensation expense associated with nonvested performance share units is dependent on our periodic assessment of the probability of the targets being achieved and our estimate, which may vary over time, of the number of shares that ultimately will be issued. The compensation expense recognized for share-based awards is net of estimated forfeitures and is recognized ratably over the service period of the awards. All income tax effects of share-based awards are recognized in the statement of earnings as awards vest or are settled. We classify share-based compensation expense in distribution, selling, general and administrative ("SG&A") expenses to correspond with the same line item as the majority of the cash compensation paid to employees. If awards are modified in connection with a restructuring activity, the incremental share-based compensation expense is classified in restructuring and employee severance. See Note 17 for additional information regarding share-based compensation.

Dividends

We paid cash dividends per common share of $1.85, $1.80 and $1.55 in fiscal 2018, 2017 and 2016, respectively.

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, product delivery has occurred or the services have been rendered, the price is fixed or determinable, and collectability is reasonably assured.

Pharmaceutical Segment

The Pharmaceutical segment recognizes distribution revenue when title transfers to its customers and we have no further obligation to provide services related to such merchandise.

Revenue for deliveries that are directly shipped to customers from the manufacturer when we act as an intermediary in the ordering and delivery of products is recorded gross. This is in accordance with accounting standards addressing reporting revenue on a gross basis as a principal versus on a net basis as an agent. This revenue is recorded on a gross basis since we incur credit risk from the customer, are primarily responsible for fulfillment, bear the risk of loss for incomplete shipments and do not receive a separate fee or commission for the transaction and, as such, are the primary obligor. Revenue from these sales is recognized when title transfers to the customer and we have no further obligation to provide services related to such merchandise.

Radiopharmaceutical revenue is recognized upon delivery of the product to the customer and we have no further obligation to provide services related to such merchandise.

Medical Segment

The Medical segment recognizes revenue when title transfers to its customers and we have no further obligation to provide services related to such products.

Sales Returns and Allowances

Revenue is recorded net of sales returns and allowances. Our customer return policies generally require that the product be physically returned, subject to restocking fees, in a condition suitable to be added back to inventory and resold at full value, or returned to vendors for credit (“merchantable product”). Product returns are generally consistent throughout the year and typically are not specific to any particular product or customer.

We accrue for estimated sales returns and allowances at the time of sale based upon historical customer return trends, margin rates and processing costs. Our accrual for sales returns is reflected as a reduction of revenue and cost of products sold for the sales price and cost, respectively. At June 30, 2018 and 2017, the accrual for estimated sales returns and allowances was $479 million and $347 million, respectively, the impact of which is reflected in trade receivables, net and inventories, net in the consolidated balance sheets. Sales returns and allowances were $2.4 billion, $2.3 billion and $2.2 billion, for fiscal 2018, 2017 and 2016, respectively.

Third-Party Returns

We generally do not accept non-merchantable pharmaceutical product returns from our customers, so many of our customers return non-merchantable pharmaceutical products to the manufacturer through third parties. Since our customers generally do not have a direct relationship with manufacturers, our vendors pass the value of such returns to us (usually in the form of an accounts payable

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deduction) for distribution to customers. We, in turn, pass the value received, less an administrative fee, to our customer. In certain instances, we pass the estimated value of the return to our customer prior to our receipt of the value from the vendor. Although we believe we have satisfactory protections, we could be subject to claims from customers or vendors if our administration of this overall process was deficient in some respect or our contractual terms with vendors are in conflict with our contractual terms with our customers. We have maintained reserves for some of these situations based on their nature and our historical experience with their resolution.

Shipping and Handling

Shipping and handling costs are primarily included in SG&A expenses in our consolidated statements of earnings. Shipping and handling costs include all delivery expenses as well as all costs to prepare the product for shipment to the end customer. Shipping and handling costs were $543 million, $496 million and $504 million, for fiscal 2018, 2017 and 2016, respectively. Revenue received for shipping and handling was immaterial for all periods presented.

Restructuring and Employee Severance

Restructuring activities are programs that are not part of the ongoing operations of our underlying business, such as closing and consolidating facilities, changing the way we manufacture or distribute our products, moving manufacturing of a product to another location, changes in production or business process outsourcing or insourcing, employee severance (including rationalizing headcount or other significant changes in personnel) and realigning operations (including realignment of the management structure in response to changing market conditions). See Note 3 for additional information regarding our restructuring activities.

Amortization and Other Acquisition-Related Costs

We classify certain costs incurred in connection with acquisitions as amortization and other acquisition-related costs in our consolidated statements of earnings. These costs consist of amortization of acquisition-related intangible assets, transaction costs, integration costs and changes in the fair value of contingent consideration obligations. Transaction costs are incurred during the initial evaluation of a potential acquisition and primarily relate to costs to analyze, negotiate and consummate the transaction as well as due diligence activities. Integration costs relate to activities required to combine the operations of an acquired enterprise into our operations and, in the case of the Cordis and Patient Recovery businesses, to stand-up the systems and processes needed to support an expanded geographic footprint. We record changes in the fair value of contingent consideration obligations relating to acquisitions as income or expense in amortization and other acquisition-related costs. See Note 5 for additional information regarding amortization of acquisition-related intangible assets and Note 11 for additional information regarding contingent consideration.

Translation of Foreign Currencies

Financial statements of our subsidiaries outside the United States are generally measured using the local currency as the functional currency. Adjustments to translate the assets and liabilities of these foreign subsidiaries into U.S. dollars are accumulated in

shareholders' equity through AOCI utilizing period-end exchange rates. Revenues and expenses of these foreign subsidiaries are translated using average exchange rates during the year.

The foreign currency translation gains/(losses) included in AOCI at June 30, 2018 and 2017 are presented in Note 14. Foreign currency transaction gains and losses for the period are included in the consolidated statements of earnings in the respective financial statement line item.

Interest Rate, Currency and Commodity Risk

All derivative instruments are recognized at fair value on the consolidated balance sheets and all changes in fair value are recognized in net earnings or shareholders' equity through AOCI, net of tax.

For contracts that qualify for hedge accounting treatment, the hedge contracts must be effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the contract. Hedge effectiveness is assessed periodically. Any contract not designated as a hedge, or so designated but ineffective, is adjusted to fair value and recognized immediately in net earnings. If a fair value or cash flow hedge ceases to qualify for hedge accounting treatment, the contract continues to be carried on the balance sheet at fair value until settled and future adjustments to the contract's fair value are recognized immediately in net earnings. If a forecasted transaction is probable not to occur, amounts previously deferred in AOCI are recognized immediately in net earnings. See Note 12 for additional information regarding our derivative instruments, including the accounting treatment for instruments designated as fair value, cash flow and economic hedges.

Fair Value Measurements

Fair value is defined as the price that would be received upon selling an asset or the price paid to transfer a liability on the measurement date. It focuses on the exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair values are:

Level 1 -	Observable prices in active markets for identical assets and liabilities.
Level 2 -	Observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3 -	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

See Note 11 for additional information regarding fair value measurements.

Recent Financial Accounting Standards

In March 2018, the Financial Accounting Standards Board (the "FASB") issued amended accounting guidance to codify guidance

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pursuant to SEC staff accounting bulletin 118 (“SAB 118”), which was issued in connection with the Tax Cuts and Jobs Act (the “Tax Act”) of December 2017. The guidance allows companies to use provisional estimates to record the effects of the Tax Act and also provides a measurement period (not to exceed one year from the date of enactment) to complete the accounting for the impacts of the Tax Act. We adopted this guidance in the second quarter of fiscal 2018 when it was initially issued as SAB 118. We are still completing our accounting for the tax effects of the Tax Act because all the necessary information is not currently available, prepared, or analyzed. As such, we have made reasonable estimates of the effects of the Tax Act on our financial results. As we complete our analysis of the accounting for the tax effects of enactment of the Tax Act, we may record additional provisional amounts or adjustments to provisional amounts as discrete items in future periods. See Note 8 for additional information regarding income taxes.

In August 2017, the FASB issued accounting guidance which is intended to improve and simplify accounting rules around hedge accounting. The guidance will be effective for us in the first quarter of fiscal 2020 and early adoption is permitted. While we are currently evaluating the timing of adoption, we do not expect the impact of this standard to have a material impact on our consolidated financial statements.

In March 2016, the FASB issued amended accounting guidance that changed the accounting for certain aspects of share-based compensation to employees. The guidance requires all income tax effects of share-based awards to be recognized in the statement of earnings as awards vest or are settled. Additionally, the guidance increases the amount employers can withhold in shares to cover employee income taxes without requiring liability classification and allows a policy election for accounting for forfeitures. The primary impact of adoption is the recognition of excess tax benefits in the statement of earnings on a prospective basis, rather than as a component of equity. The impact on the presentation in the consolidated statement of cash flows is also prospective. We adopted this guidance in the first quarter of fiscal 2018. The impact of adoption on the provision for/(benefit from) income taxes on our consolidated statement of earnings was immaterial. The inclusion of excess tax benefits and deficiencies as a component of our income tax expense will increase volatility within our provision for/(benefit from) income taxes as the amount of excess tax benefits or deficiencies from share-based compensation awards depends on our stock price at the date the awards vest or settle.

In February 2016, the FASB issued amended accounting guidance that requires lessees to recognize most leases on the balance sheet as a lease liability and corresponding right-of-use asset. The guidance also requires disclosures that meet the objective of enabling financial statement users to assess the amount, timing, and uncertainty of cash flows arising from leases. This guidance will be effective for us in the first quarter of fiscal 2020 and we expect to elect the practical expedient which will allow us to not apply the amended lease accounting guidance to comparative periods that will be presented. The majority of our lease spend relates to certain real estate with the remaining lease spend primarily related to equipment.

We are continuing to evaluate the impact of this standard on our consolidated financial statements and the methods of adoption.

In May 2014, the FASB issued amended accounting guidance related to revenue recognition which is effective for us in the first quarter of fiscal 2019. This guidance is based on the principle that revenue is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to customers. The guidance also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The FASB also subsequently issued several amendments to the standard, including clarification on principal versus agent considerations, performance obligations and licensing, and certain scope improvements and practical expedients.

During fiscal 2018 we finalized our evaluation and assessment of the amended revenue recognition guidance. Our revenue is primarily distribution revenue, which we recognize at a point in time when title transfers to customers and we have no further obligation to provide services related to such merchandise. The timing of recognition of our distribution revenue will be unchanged under the amended guidance. The adoption of the amended accounting

guidance will not have a material impact on our consolidated financial statements.
In May 2017, the FASB issued final guidance that clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. Entities will apply the modification accounting guidance if the value, vesting conditions or classification of the award changes. This guidance will be effective for us in the first quarter of fiscal 2019 and the impact of this new guidance is dependent on future events.
In February 2017, the FASB clarified the guidance on how to account for the derecognition of nonfinancial assets (e.g., real estate, land, buildings, intangibles) and in-substance nonfinancial assets once an entity adopts the new revenue recognition guidance that is discussed in more detail above. The guidance also defines what constitutes an in-substance nonfinancial asset. This guidance will be effective for us in the first quarter of fiscal 2019. We anticipate the adoption of this guidance will not impact our consolidated financial statements.
In January 2017, the FASB issued amended accounting guidance that simplifies the accounting for goodwill impairment by eliminating the step of measuring a goodwill impairment by estimating the implied fair value of goodwill. Instead, goodwill impairment will be measured as the amount by which the reporting unit's carrying value exceeds its fair value, limited to the carrying value of the goodwill. We adopted this guidance in the second quarter of fiscal 2018. During the fourth quarter of fiscal 2018, we measured the Medical Unit's impairment at the amount by which the reporting unit's carrying value exceeded its fair value, resulting in an impairment charge of $1.4 billion. Refer to Note 5 for further discussion.
Also in January 2017, the FASB issued new accounting guidance that changes the definition of a business when evaluating whether a set of transferred assets and activities is considered a business. This

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guidance will be effective for us in the first quarter of fiscal 2019. The impact of adoption is dependent on future events.
In October 2016, the FASB issued amended accounting guidance that requires an entity to recognize the income tax effect of intercompany sales and transfers of assets other than inventory at the time that the transfer occurs rather than when the asset is sold to a third party. This amendment will be effective for us in the first quarter of fiscal 2019. We are currently evaluating the impact of this standard on our consolidated financial statements.
In August 2016, the FASB issued accounting guidance which clarifies the classification of certain cash receipts and cash payments in the statement of cash flows, including those related to contingent consideration payments made after a business combination, distributions received from equity method investees, debt prepayment or debt extinguishment costs and proceeds from the settlement of insurance claims. This guidance will be effective for us in the first quarter of fiscal 2019. We are currently evaluating the impact of this standard on our consolidated financial statements.
In June 2016, the FASB issued amended accounting guidance that will require entities to measure credit losses on trade and other receivables, held-to-maturity debt securities, loans and other instruments using an "expected credit loss" model that considers historical experience, current conditions and reasonable supportable forecasts. This guidance also requires that credit losses on available-for-sale debt securities with unrealized losses be recognized as allowances rather than as deductions in the amortized cost of the securities. This guidance will be effective for us in the first quarter of fiscal 2021. We are currently evaluating the impact of adoption on our consolidated financial statements.
2. Acquisitions
During fiscal 2018, we completed several acquisitions, the most significant of which is the Patient Recovery Business described in more detail below. The pro forma results of operations and the results of operations for acquired businesses since the acquisition dates have not been separately disclosed because the effects were not significant compared to the consolidated financial statements, individually or in the aggregate.
Patient Recovery Business
On July 29, 2017, we acquired the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses (the "Patient Recovery Business") from Medtronic plc for $6.1 billion in cash. The Patient Recovery Business manufactures 23 categories of medical products sold into multiple healthcare channels. The acquisition further expanded the Medical segment's portfolio of self-manufactured products. We closed the Patient Recovery Business acquisition in 28 principal countries on July 29, 2017, and acquired control of, for GAAP purposes, and the rights to the net economic benefit from the entire Patient Recovery Business in the remaining countries at the closing. We are in the process of transitioning legal ownership in the remaining non-principal countries, which we expect to complete in early calendar 2019.

The results for the entire Patient Recovery Business in all countries are included in the consolidated financial statements beginning July 29, 2017. We funded the acquisition through $4.5 billion in long-term debt, existing cash and borrowings under our existing credit arrangements.
Transaction and integration costs associated with the acquisition of the Patient Recovery business were $109 million during the fiscal year ended June 30, 2018 and are included in amortization and other acquisition-related costs in the consolidated statements of earnings.
Fair Value of Assets Acquired and Liabilities Assumed
The allocation of the purchase price for the acquisition of the Patient Recovery Business is not yet finalized and is subject to adjustment as we complete the valuation analysis for this acquisition.
The valuation of identifiable intangible assets utilizes significant unobservable inputs and thus represents a Level 3 nonrecurring fair value measurement. The estimated fair value of the identifiable intangible assets was determined using income-based approaches, which includes market participant expectations of the cash flows that an asset could generate over its economic life, discounted back to present value using an appropriate rate of return. The weighted-average discount rate used to arrive at the present value of the identifiable intangible assets was 8.0 percent, and considers the inherent risk of each intangible asset relative to the internal rate of return and weighted-average cost of

capital.
The following table summarizes the estimated fair value of the assets acquired and liabilities assumed as of the acquisition date for the Patient Recovery Business:

(in millions)	Patient Recovery Business
Identifiable intangible assets:	
Customer relationships (1)	$ 1,733
Trade names (2)	187
Developed technology and other (3)	732
Total identifiable intangible assets acquired	2,652
Cash and equivalents	22
Inventories	425
Prepaid expenses and other	252
Property and equipment, net	741
Other accrued liabilities	(322)
Deferred income taxes and other liabilities	(982)
Total identifiable net assets acquired/(liabilities assumed)	2,788
Goodwill	3,292
Total net assets acquired	$ 6,080

(1) The range of useful lives for customer relationships is 10 to 18 years.
(2) The useful life of trade names is 15 years.
(3) The useful life of developed technology is 15 years.

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3. Restructuring and Employee Severance

The following tables summarize restructuring and employee severance costs:

(in millions)	2018	2017	2016
Employee-related costs (1)	$ 34	$ 51	$ 15
Facility exit and other costs (2)	142	5	10
Total restructuring and employee severance	$ 176	$ 56	$ 25

(1) Employee-related costs primarily consist of termination benefits provided to employees who have been involuntarily terminated and duplicate payroll costs during transition periods.

(2) Facility exit and other costs primarily consist of product distribution and lease contract termination costs, accelerated depreciation, equipment relocation costs, project consulting fees and costs associated with restructuring our delivery of information technology infrastructure services.

In September 2017, we entered into an agreement to transition the distribution of our Medical segment's surgeon gloves in certain international markets from a third-party distribution arrangement to a direct distribution model. The costs with this restructuring include $125 million, on a pre-tax basis, of contract termination costs which have been paid and are reflected in facility exit and other costs in the consolidated statement of earnings during the fiscal year ended 2018.

The following table summarizes activity related to liabilities associated with restructuring and employee severance:

(in millions)	Employee-Related Costs	Facility Exit and Other Costs	Total
Balance at June 30, 2016	$ 15	$ 1	$ 16
Additions	43	1	44
Payments and other adjustments	(17)	(2)	(19)
Balance at June 30, 2017	41	—	41
Additions	19	131	150
Payments and other adjustments	(36)	(127)	(163)
Balance at June 30, 2018	$ 24	$ 4	$ 28

4. Divestitures and Assets Held for Sale

China Divestiture

In February 2018, we sold our pharmaceutical and medical products distribution business in China ("China distribution business") for proceeds of $861 million (after adjusting for third party indebtedness and preliminary transaction adjustments) to Shanghai Pharmaceuticals Holding Co., Ltd. The proceeds are not reflective of tax obligations due in connection with the sale, for which we have recorded a liability of $59 million. The purchase price is subject to adjustment based on working capital requirements as set forth in the definitive agreement, which would impact the loss related to this divestiture.

We determined that the sale of the China distribution business does not meet the criteria to be classified as discontinued operations. The China distribution business primarily operated within our Pharmaceutical segment, and a smaller portion operated within our Medical segment.

During the fiscal year ended 2018, we recognized a pre-tax loss of $41 million related to this divestiture.

naviHealth Assets Held for Sale

In June 2018, we entered into a Securities Purchase Agreement and related Contribution and Rollover Agreement with investor entities controlled by CD&R. Pursuant to those agreements, on August 1, 2018, we sold our 98% ownership interest in naviHealth Holdings, LLC in exchange for proceeds of $736 million (after adjusting for certain fees and expenses) and a 44% equity interest in a partnership that owns 100% of the equity interest of naviHealth. We also have certain call rights to reacquire naviHealth.

Upon signing the agreement, we met the criteria for the related assets and liabilities of naviHealth to be classified as held for sale. At June 30, 2018, we determined that the fair value less cost to sell exceeded the book value of the disposal group and there were no other indicators of asset impairment. We recognized a provisional tax benefit of $12 million related to the transaction during the three months ended June 30, 2018. See Note 8 for additional information regarding income taxes. We determined that the sale of naviHealth does not meet the criteria to be classified as discontinued operations. The naviHealth business operated within our Medical segment.

The following table presents information related to the assets and liabilities that were classified as held for sale at June 30, 2018 in the consolidated balance sheets:

(in millions)	June 30, 2018
Trade Receivables, net	$ 74
Goodwill and other intangibles, net	642
Other assets	40
Total assets held for sale	$ 756
Deferred revenue	35
Deferred income taxes	38
Other liabilities	140
Total liabilities related to assets held for sale	$ 213

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5. Goodwill and Other Intangible Assets
Goodwill
The following table summarizes the changes in the carrying amount of goodwill by segment and in total:

(in millions)	Pharmaceutical (1)	Medical (2)	Total
Balance at June 30, 2016	$ 2,919	$4,248	$7,167
Goodwill acquired, net of purchase price adjustments	29	35	64
Foreign currency translation adjustments and other	(9)	(1)	(10)
Balance at June 30, 2017	2,939	4,282	7,221
Goodwill acquired, net of purchase price adjustments	1	3,342	3,343
Foreign currency translation adjustments and other	28	6	34
Goodwill divested with the sale of our China distribution business	(347)	(54)	(401)
naviHealth goodwill reclassified to assets held for sale	—	(509)	(509)
Impairment	—	(1,372)	(1,372)
Balance at June 30, 2018	$ 2,621	$5,695	$8,316

(1) At June 30, 2018 and 2017, the Pharmaceutical segment accumulated goodwill impairment loss was $829 million.
(2) At June 30, 2018, the Medical segment accumulated goodwill impairment loss was $1.4 billion. The Medical segment had no accumulated goodwill impairment loss at June 30, 2017.

The increase in the Medical segment goodwill during fiscal 2018 is primarily due to the Patient Recovery Business acquisition. Goodwill recognized in connection with the Patient Recovery Business acquisition primarily represents the expected benefits from certain synergies of integrating the business, the existing workforce of the acquired entity, and the expected growth from new customers. See Note 2 for further discussion of this acquisition.

In conjunction with the preparation of our consolidated financial statements for fiscal 2018, we recently completed our annual quantitative goodwill impairment test, which we perform annually in the fourth quarter. This quantitative test resulted in a $1.4 billion goodwill impairment charge related to our Medical Unit, which is included in impairments and loss on disposal of assets in our consolidated statements of earnings. The impairment was primarily driven by inventory and cost challenges within our Cordis business which furthered in the fourth quarter of fiscal 2018. This impairment charge does not impact our liquidity, cash flows from operations, or compliance with debt covenants. There was no tax benefit related to the goodwill impairment charge. The goodwill balance for our Medical Unit, after recognizing the impairment, was $4.3 billion at June 30, 2018.

Using a combination of income and market-based approaches (using a discount rate of 8.5 percent), the carrying amount exceeded the fair value and resulted in an impairment of $1.4 billion for the Medical unit. Our fair value estimates utilize significant unobservable inputs and thus represent Level 3 fair value measurements.

During fiscal 2018, goodwill was also reduced by $401 million and $509 million in connection with the sale of our China distribution

business and reclassification of naviHealth's assets and liabilities to held for sale, respectively.
See Note 4 for further discussion of this divestiture and assets held for sale.

Other Intangible Assets
The following tables summarize other intangible assets by class at June 30:

(in millions)	2018 Gross Intangible	Accumulated Amortization	Net Intangible	Weighted- Average Remaining Amortization Period (Years)
Indefinite-life intangibles:				
IPR&D, trademarks and other	$62	$ —	$ 62	N/A
Total indefinite-life intangibles	62	—	62	N/A
Definite-life intangibles:				

Customer relationships	3,513	1,191	2,322	15
Trademarks, trade names and patents	667	246	421	15
Developed technology and other	1,562	454	1,108	12
Total definite-life intangibles	5,742	1,891	3,851	14
Total other intangible assets	$5,804	$ 1,891	$ 3,913	N/A

(in millions)	2017 Gross Intangible	Accumulated Amortization	Net Intangible
Indefinite-life intangibles:			
IPR&D, trademarks and other	$61	$ —	$ 61
Total indefinite-life intangibles	61	—	61
Definite-life intangibles:			
Customer relationships	1,966	967	999
Trademarks, trade names and patents	509	195	314
Developed technology and other	916	304	612
Total definite-life intangibles	3,391	1,466	1,925
Total other intangible assets	$3,452	$ 1,466	$ 1,986

Total amortization of intangible assets was $574 million, $395 million and $355 million for fiscal 2018, 2017 and 2016, respectively. The estimated annual amortization for intangible assets for fiscal 2019 through 2023 is as follows: $529 million, $501 million, $430 million, $398 million and $348 million.

During fiscal 2018, other intangible assets were reduced by $62 million and $133 million in connection with the sale of our China distribution business and reclassification of naviHealth's assets and liabilities to held for sale, respectively.

Notes to Financial Statements

See Note 4 for further discussions of this divestiture and assets held for sale.

6. Available-for-Sale Securities

We invest in marketable securities, which are classified as available-for-sale and are carried at fair value in the consolidated balance sheets. We held the following investments in marketable securities at fair value at June 30:

(in millions)	2018	2017
Current available-for-sale securities:		
Treasury bills	—	25
International bonds	—	3
Corporate bonds	—	30
U.S. agency bonds	—	3
Asset-backed securities	—	3
International equity securities	—	1
Total available-for-sale securities	$ —	$ 65

In July 2017, we liquidated our marketable securities. There were no unrealized gains or losses at June 30, 2018 and unrealized gains and losses were immaterial at June 30, 2017. During fiscal 2018, 2017 and 2016, gross realized gains and losses were immaterial and we did not recognize any other-than-temporary-impairments.

7. Long-Term Obligations and Other Short-Term Borrowings

The following table summarizes long-term obligations and other short-term borrowings at June 30:

(in millions) (1)	2018		2017	
1.7% Notes due 2018	$	—	$	400
1.95% Notes due 2018	—		547	
1.948% Notes due 2019	998		996	
2.4% Notes due 2019	448		453	
4.625% Notes due 2020	514		519	
2.616% Notes due 2022	1,143		1,142	
3.2% Notes due 2022	243		248	
Floating Rate Notes due 2022	348		347	
3.2% Notes due 2023	525		544	
3.079% Notes due 2024	742		744	
3.5% Notes due 2024	390		396	
3.75% Notes due 2025	460		481	
3.41% Notes due 2027	1,340		1,340	
4.6% Notes due 2043	346		346	
4.5% Notes due 2044	342		341	
4.9% Notes due 2045	445		445	
4.368% Notes due 2047	594		594	
7.0% Debentures due 2026	124		124	
Other obligations	11		388	
Total	9,013		10,395	
Less: current portion of long-term obligations and other short-term borrowings	1,001		1,327	
	$	8,012	$	9,068

Long-term obligations,
less current portion

(1) Maturities are presented on a calendar year basis.

Maturities of existing long-term obligations and other short-term borrowings for fiscal 2019 through 2023 and thereafter are as follows: $1.0 billion, $452 million, $516 million, $1.7 billion, $526 million and $4.8 billion.

Notes to Financial Statements

Long-Term Debt

All the notes represent unsecured obligations of Cardinal Health, Inc. and rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The 7.0% Debentures represent unsecured obligations of Allegiance Corporation (a wholly-owned subsidiary), which Cardinal Health, Inc. has guaranteed. None of these obligations are subject to a sinking fund and the Allegiance obligations are not redeemable prior to maturity. Interest is paid pursuant to the terms of the obligations. These notes are effectively subordinated to the liabilities of our subsidiaries, including trade payables of $19.7 billion.

In June 2018, we repaid the full principal of the 1.95% Notes due 2018 at maturity for $550 million. In July 2017, we redeemed the 1.7% Notes due 2018 early in full with a portion of the proceeds from the June 2017 issuance for $400 million.

In June 2017, we issued additional debt with the aggregate principal amount of $5.2 billion to fund a portion of the acquisition of the Patient Recovery Business from Medtronic, which closed on July 29, 2017, to redeem the 1.7% Notes due 2018 and for general corporate purposes. The notes issued in conjunction with the acquisition are 1.948% Notes due 2019, 2.616% Notes due 2022, 3.079% Notes due 2024, 3.41% Notes due 2027, 4.368% Notes due 2047, and floating rate Notes due 2022. The amount of the notes issued net of discounts, premiums, mark-to-market of any interest rate swaps and debt issuance costs was $5.2 billion.

If we undergo a change of control, as defined in the notes, and if the notes receive specified ratings below investment grade by each of Standard & Poors Ratings Services, Moody's Investors Services and Fitch Ratings, any holder of the notes, excluding the debentures, can require with respect to the notes owned by such holder, or we can offer, to repurchase the notes at 101% of the principal amount plus accrued and unpaid interest.

Other Financing Arrangements

In addition to cash and equivalents and operating cash flow, other sources of liquidity include a $2.0 billion revolving credit facility and a $1.0 billion committed receivables sales facility program, which we increased in August 2017 from $1.75 billion to $2.0 billion. In November 2016, we renewed our committed receivables sales facility program through Cardinal Health Funding, LLC ("CHF") through November 1, 2019. CHF was organized for the sole purpose of buying receivables and selling undivided interests in those receivables to third-party purchasers. Although consolidated with Cardinal Health, Inc. in accordance with GAAP, CHF is a separate legal entity from Cardinal Health, Inc. and from our subsidiary that sells receivables to CHF. CHF is designed to be a special purpose, bankruptcy-remote entity whose assets are available solely to satisfy the claims of its creditors.

We also maintain a $2.0 billion commercial paper program backed by a $2.0 billion revolving credit facility. At June 30, 2018, we had no amounts outstanding under the revolving credit facility; however, availability was reduced by outstanding letters of credit of $24 million and $20 million at June 30, 2018 and 2017, respectively. We also had no amounts outstanding under the committed receivables sales facility program; however, availability was reduced by outstanding

standby letters of credit of $34 million and $46 million at June 30, 2018 and 2017, respectively. Under our commercial paper and committed receivables programs, we had a maximum amount outstanding of $1.7 billion and an average daily amount outstanding of $277 million during fiscal 2018. We had no amounts outstanding under the commercial paper program as of June 30, 2018.

Our revolving credit facility and committed receivables sales facility program require us to maintain, as of the end of any calendar quarter, a consolidated leverage ratio of no more than 4.25-to-1, which will reduce to 3.25-to-1 in March 2019. As of June 30, 2018, we were in compliance with these financial covenants.

We also maintain other short-term credit facilities and an unsecured line of credit that allowed for borrowings up to $8 million and $690 million at June 30, 2018 and 2017, respectively. The $11 million and $388 million balance of other obligations at June 30, 2018 and 2017, respectively, consisted of short-term borrowings and capital leases.

In fiscal 2018 we sold our China distribution business, including its debt which was $378 million as of June 30, 2017. See Note 4 for further discussion of this divestiture.

8. Income Taxes

Earnings/(loss) before Income Taxes and Provision for Income Taxes

The following table summarizes earnings/(loss) before income taxes:

(in millions)	2018	2017	2016
U.S. operations	$391	$1,772	$2,050
Non-U.S. operations	(619)	152	226
Earnings/(loss) before income taxes	$(228)	$1,924	$2,276

The following table summarizes the components of provision for/(benefit from) income taxes:

(in millions)	2018	2017	2016
Current:			
Federal	$341	$273	$633
State and local	41	10	52
Non-U.S.	143	56	73
Total current	$525	$339	$758
Deferred:			
Federal	$(1,003)	$258	$96
State and local	16	37	12
Non-U.S.	(25)	(4)	(21)
Total deferred	(1,012)	291	87
Provision for/(benefit from) income taxes	$(487)	$630	$845

Notes to Financial Statements

Effective Tax Rate

The following table presents a reconciliation of the provision based on the federal statutory income tax rate to our effective income tax rate:

	2018 (1)	2017 (2)	2016 (2)
Provision at Federal statutory rate	28.1 %	35.0 %	35.0 %
State and local income taxes, net of federal benefit	(16.0)	1.0	1.5
Foreign tax rate differential	(48.4)	(7.3)	(0.6)
Nondeductible/nontaxable items	(10.2)	0.2	1.0
Goodwill impairment	(124.7)	—	—
Tax Act	410.9	—	—
Capital loss	71.4	—	—
Change in valuation allowances	(76.9)	7.7	0.1
Foreign tax credits	27.3	(1.6)	(0.1)
China tax related to divestiture	(25.8)	—	—
Other	(21.9)	(2.3)	0.2
Effective income tax rate	213.8 %	32.7 %	37.1 %

(1) The effective income tax rate for fiscal 2018 represents an income tax benefit tax rate.

(2) The effective income tax rates for fiscal 2017 and 2016 represents income tax expense tax rates.

The income tax benefit rate in fiscal 2018 was 213.8% compared to income tax expense rates of 32.7% in fiscal 2017 and 37.1% in fiscal 2016. Fluctuations in the effective tax rates are primarily due to net benefits from the enactment of the Tax Act, the impact of nondeductible goodwill impairment charges, and a benefit from a capital loss due to international legal entity reorganization. There were also changes in valuation allowances related to capital losses, credit carryforwards and net operating loss carryforwards in U.S. federal, U.S. state and international jurisdictions.

On December 22, 2017, the United States enacted the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code that affect our fiscal year 2018 financial results in two primary ways. First, effective as of January 1, 2018, the Tax Act reduces the U.S. federal corporate tax rate from 35 percent to 21 percent. Second, it requires companies to pay a one-time U.S. repatriation tax on certain undistributed earnings of foreign subsidiaries. Because our fiscal year ends in June, we have a blended U.S. Federal statutory tax rate for fiscal 2018 of 28.1 percent under the Tax Act. The Tax Act also establishes new tax provisions that will affect us beginning July 1, 2018 including, (1) eliminating the U.S. manufacturing deduction; (2) establishing new limitations on deductible interest expense and certain executive compensation; (3) eliminating the corporate alternative minimum tax; (4) creating the base erosion anti-abuse tax; (5) creating a new provision designed to tax global intangible low-tax income (“GILTI”); (6) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; and (7) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

Regarding the new GILTI tax rules, we are allowed to make an accounting policy election to either (1) treat taxes due on future GILTI

exclusions in U.S. taxable income as a current period expense when incurred or (2) reflect such portion of the future GILTI exclusions in U.S. taxable income that relate to existing basis differences in our measurement of deferred taxes. Our analysis of the new GILTI rules and how they may impact us is incomplete. Accordingly, we have not made a policy election regarding the treatment of the GILTI tax.

As a result of the enactment of a lower tax rate, we remeasured our U.S. deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future. While we are still analyzing certain aspects of the Tax Act and refining our calculations, we have recorded a provisional net benefit of $977 million related to this required remeasurement. The provisional estimate is based on currently available information related to deferred tax assets and liabilities which is subject to change as additional information becomes available, prepared, and analyzed.

At June 30, 2018, we had $110 million of undistributed earnings from non-U.S. subsidiaries. In connection with the required one-time U.S. repatriation tax on undistributed earnings of foreign subsidiaries, we recorded a provisional tax expense of $41 million which may change when our calculation is complete. The Tax Act permits the payment of this tax in eight installments over an eight-year period beginning in fiscal 2019. Though these foreign earnings have been deemed to be repatriated from a U.S. federal tax perspective, we have not yet completed our assessment of the Tax Act on our plans to reinvest foreign earnings and as such have not changed our prior conclusion that the earnings are indefinitely reinvested. The repatriation tax is based on currently available information and technical guidance related to the new tax law. The provisional estimate will be updated when additional information related to undistributed foreign earnings, foreign taxes and foreign cash and equivalents becomes available, prepared and analyzed.

Our effective tax rate was unfavorably impacted by goodwill impairment charges related to our Medical operating segment for the portion attributable to nondeductible goodwill for income tax purposes.

On June 28, 2018, we executed an international legal entity reorganization. This transaction resulted in a US capital loss and a tax benefit of $163 million. Due to the uncertainty of the future utilization of the capital loss, we recorded a valuation allowance of $72 million on the carryforward.

We had other changes in valuation allowances related to federal credits and various international and state net operating losses that we believe are more likely than not to expire unutilized.

Deferred Income Taxes

Deferred income taxes arise from temporary differences between financial reporting and tax reporting bases of assets and liabilities and operating loss and tax credit carryforwards for tax purposes.

The following table presents the components of the deferred income tax assets and liabilities at June 30:

Notes to Financial Statements

(in millions)	2018	2017
Deferred income tax assets:		
Receivable basis difference	$41	$42
Accrued liabilities	110	125
Share-based compensation	40	53
Loss and tax credit carryforwards	526	378
Deferred tax assets related to uncertain tax positions	30	51
Other	101	43
Total deferred income tax assets	848	692
Valuation allowance for deferred income tax assets	(412)	(237)
Net deferred income tax assets	$436	$455
Deferred income tax liabilities:		
Inventory basis differences	$(1,103)	$(1,578)
Property-related	(176)	(183)
Goodwill and other intangibles	(934)	(570)
Total deferred income tax liabilities	$(2,213)	$(2,331)
Net deferred income tax liability	$(1,777)	$(1,876)

Deferred income tax assets and liabilities in the preceding table, after netting by taxing jurisdiction, are in the following captions in the consolidated balance sheets at June 30:

(in millions)	2018	2017
Noncurrent deferred income tax asset (1)	37	73
Noncurrent deferred income tax liability (2)	(1,814)	(1,949)
Net deferred income tax liability	$(1,777)	$(1,876)

(1) Included in other assets in the consolidated balance sheets.

(2) Included in deferred income taxes and other liabilities in the consolidated balance sheets.

At June 30, 2018 we had gross federal, state and international loss and credit carryforwards of $794 million, $2.0 billion and $1.1 billion, respectively, the tax effect of which is an aggregate deferred tax asset of $526 million. Substantially all of these carryforwards are available for at least three years. Approximately $379 million of the valuation allowance at June 30, 2018 applies to certain federal, state and international loss carryforwards that, in our opinion, are more likely than not to expire unutilized. However, to the extent that tax benefits related to these carryforwards are realized in the future, the reduction in the valuation allowance would reduce income tax expense.

Unrecognized Tax Benefits

We had $423 million, $417 million and $527 million of unrecognized tax benefits at June 30, 2018, 2017 and 2016, respectively. The June 30, 2018, 2017 and 2016 balances include $262 million, $268 million and $355 million, respectively, of unrecognized tax benefits that, if recognized, would have an impact on the effective tax rate. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits would not affect our effective tax rate. We include the full amount of unrecognized tax benefits in deferred income taxes and other liabilities in the consolidated balance sheets. The following table

presents a reconciliation of the beginning and ending amounts of unrecognized tax benefits:

(in millions)	2018	2017	2016
Balance at beginning of fiscal year	$417	$527	$542
Additions for tax positions of the current year	15	29	22
Additions for tax positions of prior years (1)	141	23	42
Reductions for tax positions of prior years	(40)	(8)	(48)
Settlements with tax authorities (1)	(99)	(154)	(30)

Expiration of the statute of limitations (1)	(11)	—	(1)
Balance at end of fiscal year	$423	$417	$527

(1) Included in additions for tax positions of prior years is $110 million related to exposures acquired as part of the Patient Recovery Business for which we are indemnified. Settlements of $81 million related to the Patient Recovery Business as well as $11 million of statute expirations.

It is reasonably possible that there could be a change in the amount of unrecognized tax benefits within the next 12 months due to activities of the U.S. Internal Revenue Service ("IRS") or other taxing authorities, possible settlement of audit issues, reassessment of existing unrecognized tax benefits or the expiration of statutes of limitations. We estimate that the range of the possible change in unrecognized tax benefits within the next 12 months is a net decrease of $0 million to $35 million, exclusive of penalties and interest.

We recognize accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. At June 30, 2018, 2017 and 2016, we had $110 million, $99 million and $145 million, respectively, accrued for the payment of interest and penalties. These balances are gross amounts before any tax benefits and are included in deferred income taxes and other liabilities in the consolidated balance sheets. During fiscal 2018 and 2017, we recognized $8 million and $12 million of expense for interest and penalties in income tax expense, respectively. During fiscal 2016, we recognized $9 million of benefit for interest and penalties in income tax expense.

Other Tax Matters

We file income tax returns in the U.S. federal jurisdiction, various U.S. state and local jurisdictions, and various foreign jurisdictions. With few exceptions, we are subject to audit by taxing authorities for fiscal years 2008 through the current fiscal year.

We are a party to a tax matters agreement with CareFusion Corporation ("CareFusion"), which has been acquired by Becton, Dickinson and Company. Under the tax matters agreement, CareFusion is obligated to indemnify us for certain tax exposures and transaction taxes prior to our fiscal 2010 spin-off of CareFusion. The indemnification receivable was $151 million and $142 million at June 30, 2018 and 2017, respectively, and is included in other assets in the consolidated balance sheets.

As a result of the acquisition of the Patient Recovery Business, Medtronic plc is obligated to indemnify us for certain tax exposures and transaction taxes related to periods prior to the acquisition under the purchase agreement. The indemnification receivable was $21 million at June 30, 2018 and is included in Other assets in the consolidated balance sheet.

Notes to Financial Statements

9. Commitments, Contingent Liabilities and Litigation
Commitments
Operating Leases
The future minimum rental payments for operating leases having initial or remaining non-cancelable lease terms in excess of one year at June 30, 2018 for fiscal 2019 through 2023 and thereafter are as follows: $113 million, $97 million, $77 million, $58 million, $41 million and $103 million. Rental expense relating to operating leases was $172 million, $159 million and $126 million in fiscal 2018, 2017 and 2016, respectively. Sublease rental income was immaterial for all periods presented.
Generic Sourcing Venture With CVS Health Corporation
Red Oak Sourcing, LLC ("Red Oak Sourcing") is a U.S.-based generic pharmaceutical sourcing venture with CVS Health for an initial term through June 2024. Red Oak Sourcing negotiates generic pharmaceutical supply contracts on behalf of its participants. Due to the achievement of predetermined milestones, we are required to make quarterly payments of $45.6 million to CVS Health for the initial term.
Contingencies
New York Opioid Stewardship Act
In April 2018, the State of New York passed a budget which included the Opioid Stewardship Act (the "OSA"). The OSA created an aggregate $100 million annual assessment on all manufacturers and distributors licensed to sell or distribute opioids in New York. Each licensed manufacturer and distributor will be required to pay a portion of the assessment based on its ratable share, as determined by the state, of the total morphine milligram equivalents sold or distributed in New York during the applicable calendar year. The initial payment is due on January 1, 2019 for opioids sold or distributed during calendar year 2017.
We accrue for contingencies if it is probable that a liability has been incurred and the amount can be reasonably estimated. At this time, we believe that it is probable that we owe an amount under the OSA for calendar years 2017 and 2018, but we are unable to estimate the amount because of uncertainties with respect to the implementation of the assessment and because the information necessary to determine our share of the assessment is not yet available.
Legal Proceedings
We become involved from time to time in disputes, litigation and regulatory matters.
We may be named from time to time in qui tam actions initiated by private third parties. In such actions, the private parties purport to act on behalf of federal or state governments, allege that false claims have been submitted for payment by the government and may receive an award if their claims are successful. After a private party has filed a qui tam action, the government must investigate the private party's claim and determine whether to intervene in and take control over the litigation. These actions may remain under seal while the government makes this determination. If the government declines to intervene, the private party may nonetheless continue to pursue the

litigation on his or her own purporting to act on behalf of the government.
From time to time, we become aware through employees, internal audits or other parties of possible compliance matters, such as complaints or concerns relating to accounting, internal accounting controls, financial reporting, auditing, or other ethical matters or relating to compliance with laws such as healthcare fraud and abuse, anti-corruption or anti-bribery laws. When we become aware of such possible compliance matters, we investigate internally and take appropriate corrective action. In addition, from time to time, we receive subpoenas or requests for information from various federal or state agencies relating to our business or to the business of a customer, supplier or other industry participants. Internal investigations, subpoenas or requests for information could lead to the assertion of claims or the commencement of legal proceedings against us or result in sanctions.
From time to time, we may determine that products we manufacture or market do not meet our specifications, regulatory requirements, or published standards. When we or a regulatory agency identify a potential quality or regulatory issue, we investigate and take appropriate corrective action. Such actions can lead to product recalls, costs to repair or replace affected products, temporary interruptions in product sales, action by regulators and product liability claims and lawsuits, including class actions. Even absent an identified regulatory or quality issue or product

recall, we can become subject to product liability claims and lawsuits.

We accrue for contingencies related to disputes, litigation and regulatory matters if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Because these matters are inherently unpredictable and unfavorable developments or resolutions can occur, assessing contingencies is highly subjective and requires judgments about future events. We regularly review contingencies to determine whether our accruals and related disclosures are adequate. The amount of ultimate loss may differ from these estimates.

We recognize income from the favorable outcome of litigation when we receive the associated cash or assets.

We recognize estimated loss contingencies for certain litigation and regulatory matters and income from favorable resolution of litigation in litigation (recoveries)/charges in our consolidated statements of earnings.

Opioid Lawsuits

Pharmaceutical wholesale distributors, including us, have been named as defendants in over 1,000 lawsuits relating to the distribution of prescription opioid pain medications. These lawsuits have been filed in various federal, state, and other courts by a variety of plaintiffs, which are primarily counties, municipalities and political subdivisions from 48 states. Plaintiffs also include state attorneys general, unions and other health and welfare funds, hospital systems and other healthcare providers. Of these lawsuits, 32 are purported class actions. The lawsuits seek equitable relief and monetary damages based on a variety of legal theories including various common law claims, such as negligence, public nuisance, unjust enrichment as well as violations of controlled substance laws and various other

Notes to Financial Statements

statutes. Many also name pharmaceutical manufacturers, retail pharmacy chains and other entities as defendants.
The vast majority of these lawsuits have been filed in U.S. federal court and have been transferred for consolidated pre-trial proceedings in a Multi-District Litigation proceeding in the United States District Court for the Northern District of Ohio. The court, among other things, ordered that three lawsuits proceed to trial in 2019 depending on the outcome of pre-trial motions. As a part of these proceedings, distributors have engaged in preliminary discussions with various parties, including state attorneys general, regarding possible resolution structures.

In addition, 39 state attorneys general have formed a multi-state task force to investigate the manufacturing, distribution, dispensing and prescribing practices of opioid medications. We have received requests related to this multi-state investigation, as well as civil investigative demands, subpoenas or requests for information from these and other state attorneys general offices. We are cooperating with the offices conducting these investigations.

We are vigorously defending ourselves in all of these opioid matters. Since all of the above-referenced lawsuits and investigations are in early stages, we are unable to predict their outcome or estimate a range of reasonably possible losses.

Product Liability Lawsuits

As of August 20, 2018, we are named as a defendant in 174 product liability lawsuits filed in Alameda County Superior Court in California involving claims by approximately 1,918 plaintiffs that allege personal injuries associated with the use of Cordis OptEase and TrapEase inferior vena cava (IVC) filter products. Another 20 lawsuits involving similar claims by approximately 21 plaintiffs are pending in other jurisdictions. These lawsuits seek a variety of remedies, including unspecified monetary damages. We are vigorously defending ourselves in these lawsuits.

At June 30, 2018, we had a total of $259 million, net of expected insurance recoveries, accrued for losses and legal defense costs related to the Cordis IVC filter lawsuits. While we have recorded accruals based on our assessment of these matters, because these lawsuits are in early stages, we are unable to estimate a range of reasonably possible losses in excess of this accrued amount.

10. Guarantees

In the ordinary course of business, we agree to indemnify certain other parties under acquisition and disposition agreements, customer agreements, intellectual property licensing agreements, and other agreements. Such indemnification obligations vary in scope and, when defined, in duration. In many cases, a maximum obligation is not explicitly stated, and therefore the overall maximum amount of the liability under such indemnification obligations cannot be reasonably estimated. Where appropriate, such indemnification obligations are recorded as a liability. Historically, we have not, individually or in the aggregate, made payments under these indemnification obligations in any material amounts. In certain circumstances, we believe that existing insurance arrangements, subject to the general deduction and exclusion provisions, would cover portions of the liability that may arise from these indemnification obligations. In addition, we believe that the likelihood of a material liability being triggered under these indemnification obligations is not probable.

From time to time we enter into agreements that obligate us to make fixed payments upon the occurrence of certain events. Such obligations primarily relate to obligations arising under acquisition transactions, where we have agreed to make payments based upon the achievement of certain financial performance measures by the acquired business. Generally, the obligation is capped at an explicit amount. See Note 11 for detail regarding contingent consideration obligations.

11. Fair Value Measurements

The following tables present the fair values for assets and (liabilities) measured on a recurring basis at June 30:

	2018			
(in millions)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$200	$ —	$ —	$200
Other investments (2)	117	—	—	117
Liabilities:				

Contingent consideration (3)	—	—	(1)	(1)
Forward contracts (4)	—	(76)	—	(76)

	2017			
(in millions)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$739	$ —	$ —	$739
Available-for-sale securities (1)	—	65	—	65
Other investments (2)	116	—	—	116
Liabilities:				
Contingent consideration (3)	—	—	(32)	(32)
Forward contracts (4)	—	(21)	—	(21)

(1) We invest in marketable securities, which are classified as available-for-sale and are carried at fair value in the consolidated balance sheets. Observable Level 2 inputs such as quoted prices for similar securities, interest rate spreads, yield curves and credit risk are used to determine the fair value. See Note 6 for additional information regarding available-for-sale securities.

(2) Level 1 other investments balance includes investments in mutual funds, which are used to offset fluctuations in deferred compensation liabilities. These mutual funds primarily invest in the equity securities of companies with large market capitalization and high quality fixed income debt securities. The fair value of these investments is determined using quoted market prices.

(3) Contingent consideration represents the obligations incurred in connection with acquisitions. We do not deem the fair value of the contingent consideration obligations under any single acquisition to be significant. The estimate of fair value of the contingent consideration obligations requires subjective assumptions to be made regarding future business results, discount rates, discount periods, and probabilities assigned to various potential business result scenarios and was determined using probability assessments with respect to the likelihood of reaching various targets or of achieving certain milestones. The fair value measurement is based on significant inputs unobservable in the market and thus represents a Level 3 measurement. Changes in current expectations of progress could change the probability of achieving the targets within the measurement periods and result in an increase or decrease in the fair value of the contingent consideration obligation.

Notes to Financial Statements

(4) The fair value of interest rate swaps, foreign currency contracts and commodity contracts is determined based on the present value of expected future cash flows considering the risks involved, including non-performance risk, and using discount rates appropriate for the respective maturities. Observable Level 2 inputs are used to determine the present value of expected future cash flows. The fair value of these derivative contracts, which are subject to master netting arrangements under certain circumstances, is presented on a gross basis in the consolidated balance sheets.

The following table presents those liabilities measured at fair value on a recurring basis using unobservable inputs (Level 3):

(in millions)	Contingent Consideration Obligation
Balance at June 30, 2016	$ 19
Additions from acquisitions	21
Changes in fair value of contingent consideration (1)	(5)
Payment of contingent consideration	(3)
Balance at June 30, 2017	32
Additions from acquisitions	5
Changes in fair value of contingent consideration (1)	(2)
Payment of contingent consideration	(35)
Balance at June 30, 2018	$ 1

The sum of the components may not equal the total due to rounding.

(1) Amount is included in amortization and other acquisition-related costs in the consolidated statements of earnings.

12. Financial Instruments

We utilize derivative financial instruments to manage exposure to certain risks related to our ongoing operations. The primary risks managed through the use of derivative instruments include interest rate risk, currency exchange risk, and commodity price risk. We do not use derivative instruments for trading or speculative purposes. While the majority of our derivative instruments are designated as hedging instruments, we also enter into derivative instruments that are designed to hedge a risk, but are not designated as hedging instruments. These derivative instruments are adjusted to current fair value through earnings at the end of each period.

We are exposed to counterparty credit risk on all of our derivative instruments. Accordingly, we have established and maintain strict counterparty credit guidelines and only enter into derivative instruments with major financial institutions that are investment grade or better. We do not have significant exposure to any one counterparty and we believe the risk of loss is remote. Additionally, we do not require collateral under these agreements.

Interest Rate Risk Management

We are exposed to the impact of interest rate changes. Our objective is to manage the impact of interest rate changes on cash flows and the market value of our borrowings. We utilize a mix of debt maturities along with both fixed-rate and variable-rate debt to manage changes in interest rates. In addition, we enter into interest rate swaps to further manage our exposure to interest rate variations related to our borrowings and to lower our overall borrowing costs.

Currency Exchange Risk Management

We conduct business in several major international currencies and are subject to risks associated with changing foreign exchange rates. Our objective is to reduce earnings and cash flow volatility associated with foreign exchange rate changes to allow management to focus its attention on business operations. Accordingly, we enter into various contracts that change in value as foreign exchange rates change to protect the value of existing foreign currency assets and liabilities, commitments and anticipated foreign currency revenue and expenses.

Commodity Price Risk Management

We are exposed to changes in the price of certain commodities. Our objective is to reduce earnings and cash flow volatility associated with forecasted purchases of these commodities to allow management to focus its attention on business operations. Accordingly, we enter into derivative contracts when possible to manage the price risk associated with certain forecasted purchases.

The following table summarizes the fair value of our assets and liabilities related to derivatives designated as hedging instruments and the respective line items in which they were recorded in the consolidated balance sheets at June 30:

(in millions)	2018	2017
Assets:		
Foreign currency contracts (1)	$ 3	$ 3
Commodity contracts (1)	2	—
Total assets	$ 5	$ 3
Liabilities:		
Foreign currency contracts (3)	$ 3	$ 2
Pay-floating interest rate swaps (2)	78	19
Pay-floating interest rate swaps (3)	$ —	$ 2
Commodity contracts (3)	—	1
Total liabilities	$ 81	$ 24

(1) Included in prepaid expenses and other in the consolidated balance sheets.

(2) Included in deferred income taxes and other liabilities in the consolidated balance sheets.

(3) Included in other accrued liabilities in the consolidated balance sheets.

Fair Value Hedges

We enter into pay-floating interest rate swaps to hedge the changes in the fair value of fixed-rate debt resulting from fluctuations in interest rates. These contracts are designated and qualify as fair value hedges. Accordingly, the gain or loss recorded on the pay-floating interest rate swaps is directly offset by the change in fair value of the underlying debt. Both the derivative instrument and the underlying debt are adjusted to market value at the end of each period with any resulting gain or loss recorded in interest expense, net in the consolidated statements of earnings.

During fiscal 2018 and 2017 we entered into pay-floating interest rate swaps with total notional amounts of $1.1 billion and $700 million, respectively. These swaps have been designated as fair value hedges of our fixed rate debt and are included in deferred income taxes and other liabilities in the consolidated balance sheets.

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During fiscal 2017 we terminated notional amounts of $600 million of pay-floating interest rate swaps that were previously designated as fair value hedges. During fiscal 2018 and 2017, $550 million and $250 million, respectively, of pay-floating interest rate swaps matured.

The following tables summarize the outstanding interest rate swaps designated as fair value hedges at June 30:

(in millions)	2018 Notional Amount	Maturity Date
Pay-floating interest rate swaps	$2,313	Nov 2019 - Sep 2025

(in millions)	2017 Notional Amount	Maturity Date
Pay-floating interest rate swaps	$1,813	Jun 2018 - Sep 2025

The following table summarizes the gain/(loss) recognized in earnings for interest rate swaps designated as fair value hedges:

(in millions)	2018	2017	2016
Pay-floating interest rate swaps (1)	$11	$17	$23
Fixed-rate debt (1)	(11)	(17)	(23)

(1) Included in interest expense, net in the consolidated statements of earnings.

There was no ineffectiveness associated with these derivative instruments for any periods presented.

Cash Flow Hedges

We enter into derivative instruments to hedge our exposure to changes in cash flows attributable to interest rate, foreign currency and commodity price fluctuations associated with certain forecasted transactions. These derivative instruments are designated and qualify as cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period during which the hedged transaction affects earnings. The ineffective portion of the gain or loss on the derivative instrument is recognized in earnings immediately.

During fiscal 2017 we entered into forward interest rate swaps with a total notional amount of $700 million to hedge probable, but not firmly committed, future transactions associated with our debt.

During fiscal 2017 we terminated $1.0 billion in forward interest rate swaps that were previously designated as cash-flow hedges.

We enter into foreign currency contracts to protect the value of anticipated foreign currency revenues and expenses. At June 30, 2018 and 2017, we held contracts to hedge probable, but not firmly committed, revenue and expenses. The principal currencies hedged are the Canadian dollar, Thai baht, Euro, and Mexican peso.

We enter into commodity contracts to manage the price risk associated with forecasted purchases of certain commodities used in our Medical segment.

The following tables summarize the outstanding cash flow hedges at June 30:

(in millions)	2018 Notional Amount	Maturity Date
Foreign currency contracts	$124	Jul 2018 - Jun 2019
Commodity contracts	12	Jul 2018 - Oct 2020

(in millions)	2017 Notional Amount	Maturity Date
Foreign currency contracts	$162	Jul 2017 - Jun 2018
Commodity contracts	17	Jul 2017 - Apr 2020

The following table summarizes the gain/(loss) included in AOCI for derivative instruments designated as cash flow hedges at June 30:

(in millions)	2018	2017
Commodity contracts	2	(1)
Foreign currency contracts	(2)	—

The following table summarizes the gain/(loss) reclassified from AOCI into earnings for derivative instruments designated as cash flow hedges:

(in millions)	2018	2017	2016
Foreign currency contracts (1)	$ 1	$ (1)	$ 1
Foreign currency contracts (2)	—	(1)	5
Foreign currency contracts (3)	(2)	2	(3)
Commodity contracts (3)	—	(3)	(5)

(1) Included in revenue in the consolidated statements of earnings.
(2) Included in cost of products sold in the consolidated statements of earnings.
(3) Included in SG&A expenses in the consolidated statements of earnings.

The amount of ineffectiveness associated with these derivative instruments was immaterial for all periods presented.

Economic (Non-Designated) Hedges

We enter into foreign currency contracts to manage our foreign exchange exposure related to sales transactions, intercompany financing transactions and other balance sheet items subject to revaluation that do not meet the requirements for hedge accounting treatment. Accordingly, these derivative instruments are adjusted to current market value at the end of each period through earnings. The gain or loss recorded on these instruments is substantially offset by the remeasurement adjustment on the foreign currency denominated asset or liability. The settlement of the derivative instrument and the remeasurement adjustment on the foreign currency denominated asset or liability are both recorded in other (income)/expense, net. The principal currencies managed through foreign currency contracts are the Euro, Canadian dollar, British pound, Japanese yen, and Chinese renminbi.

The following tables summarize the outstanding economic (non-designated) derivative instruments at June 30:

(in millions)	2018 Notional Amount	Maturity Date
Foreign currency contracts	$550	Jul 2018 - Jun 2019

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(in millions)	2017 Notional Amount	Maturity Date
Foreign currency contracts	$ 558	Jul 2017

The following table summarizes the gain/(loss) recognized in earnings for economic (non-designated) derivative instruments:

(in millions)	2018	2017	2016
Foreign currency contracts (1)	$(5)	$(5)	$(17)

(1) Included in other income, net in the consolidated statements of earnings.

Fair Value of Financial Instruments

The carrying amounts of cash and equivalents, trade receivables, net, accounts payable, and other accrued liabilities at June 30, 2018 and 2017 approximate fair value due to their short-term maturities.

The following table summarizes the estimated fair value of our long-term obligations and other short-term borrowings compared to the respective carrying amounts at June 30:

(in millions)	2018	2017
Estimated fair value	$8,852	$10,713
Carrying amount	9,013	10,395

The fair value of our long-term obligations and other short-term borrowings is estimated based on either the quoted market prices for the same or similar issues or other inputs derived from available market information, which represents a Level 2 measurement.

The following table is a summary of the fair value gain/(loss) of our derivative instruments based upon the estimated amount that we would receive (or pay), considering counter-party credit risk, to terminate the contracts at June 30:

(in millions)	2018 Notional Amount	2018 Fair Value Gain/(Loss)	2017 Notional Amount	2017 Fair Value Gain/(Loss)
Pay-floating interest rate swaps	$2,313	$ (78)	$1,813	$ (19)
Foreign currency contracts	674	—	720	1
Commodity contracts	12	—	17	(1)

13. Redeemable Noncontrolling Interests

In connection with the acquisition of a 71 percent ownership interest in naviHealth during fiscal 2016, we recognized redeemable noncontrolling interests with a fair value of $119 million at the acquisition date.

In August 2017, certain third-party noncontrolling interest holders exercised their put right on the noncontrolling interest representing 16 percent of naviHealth with a redemption value of $103 million and a carrying value of $109 million. We settled the put in September 2017 and our ownership in naviHealth increased to 98 percent, up from 82 percent at June 30, 2017 and 2016.

In June 2018, we entered into a Securities Purchase Agreement and related Contribution and Rollover Agreement to sell our 98 percent ownership interest in naviHealth, which closed on August 1, 2018. See Note 4 and Note 19 for more information.

The reconciliation of the changes in redeemable noncontrolling interests are as follows:

(in millions)	Redeemable Noncontrolling Interests
Balance at June 30, 2016	$ 117
Net earnings attributable to redeemable noncontrolling interests	4
Net purchase of redeemable noncontrolling interests	(3)
Balance at June 30, 2017	118
Net earnings attributable to redeemable noncontrolling interest	2

Net purchase of redeemable noncontrolling interests	(103)
Adjustment of redeemable noncontrolling interests to redemption value	(5)
Balance at June 30, 2018	$ 12

14. Shareholders' Equity

At June 30, 2018 and 2017, authorized capital shares consisted of the following: 750 million Class A common shares, without par value; 5 million Class B common shares, without par value; and 500 thousand non-voting preferred shares, without par value. The Class A common shares and Class B common shares are collectively referred to below as “common shares”. Holders of common shares are entitled to share equally in any dividends declared by the Board of Directors and to participate equally in all distributions of assets upon liquidation. Generally, the holders of Class A common shares are entitled to one vote per share, and the holders of Class B common shares are entitled to one-fifth of one vote per share on proposals presented to shareholders for vote. Under certain circumstances, the holders of Class B common shares are entitled to vote as a separate class. Only Class A common shares were outstanding at June 30, 2018 and 2017.

We repurchased $1.8 billion of our common shares, in the aggregate, through share repurchase programs during fiscal 2018, 2017 and 2016, as described below. We funded the repurchases with available cash and short term borrowings. The common shares repurchased are held in treasury to be used for general corporate purposes.

During fiscal 2018, we repurchased 8.4 million common shares having an aggregate cost of $550 million. The average price paid per common share was $65.30. These repurchases include $300 million purchased under an accelerated share repurchase ("ASR") program, which began on February 14, 2018 and was completed on March 21, 2018. We repurchased 4.3 million shares under the ASR at an average price paid per share of $69.26.

During fiscal 2017, we repurchased 8.1 million common shares having an aggregate cost of $600 million. The average price paid per common share was $74.08.

During fiscal 2016, we repurchased 8.2 million common shares having an aggregate cost of $651 million. The average price paid per common share was $78.98.

During fiscal 2017, we retired 37 million common shares in treasury. The retirement of these shares had no impact on total shareholders' equity; however, it did impact certain individual components of

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shareholders' equity as follows: $2.5 billion decrease in common shares in treasury, $302 million decrease in common shares, and $2.2 billion decrease in retained earnings.

Accumulated Other Comprehensive Income/(Loss)

The following table summarizes the changes in the balance of accumulated other comprehensive income/(loss) by component and in total:

(in millions)	Foreign Currency Translation Adjustments and other	Unrealized Gain/(Loss) on Derivatives, net of tax	Accumulated Other Comprehensive Income/(Loss)
Balance at June 30, 2016	$ (123)	$ 7	$ (116)
Other comprehensive income/(loss), net before reclassifications	(25)	19	(6)
Amounts reclassified to earnings	—	(3)	(3)
Total other comprehensive loss attributable to Cardinal Health, Inc., net of tax of $9 million	(25)	16	(9)
Balance at June 30, 2017	(148)	23	(125)
Other comprehensive income/(loss), before reclassifications	58	—	58
Amounts reclassified to earnings	(23)	(2)	(25)
Total comprehensive income/(loss) attributable to Cardinal Health, Inc., net of tax of $1 million	35	(2)	33
Balance at June 30, 2018	$ (113)	$ 21	$ (92)

Activity related to realized and unrealized gains and losses on available-for-sale securities, as described in Note 6, was immaterial during fiscal 2018 and 2017.

15. Earnings Per Share Attributable to Cardinal Health, Inc.

The following table reconciles the computation of basic and diluted earnings per share attributable to Cardinal Health, Inc.:

(in millions, except per share amounts)	2018	2017	2016
Net earnings	$259	$1,294	$1,431
Net earnings attributable to noncontrolling interest	(3)	(6)	(4)
Net earnings attributable to Cardinal Health, Inc.	$256	$1,288	$1,427
Weighted-average common shares–basic	313	317	327
Effect of dilutive securities:			
Employee stock options, restricted share units, and performance share units	2	3	3
Weighted-average common shares–diluted	315	320	330
Basic earnings per common share attributable to Cardinal Health, Inc.:	$0.82	$4.06	$4.36
Diluted earnings per common share attributable to Cardinal Health, Inc.:	0.81	4.03	4.32

The potentially dilutive employee stock options, restricted share units and performance share units that were antidilutive for fiscal 2018, 2017 and 2016 were 6 million, 3 million and 2 million, respectively.

16. Segment Information

Our operations are principally managed on a products and services basis and are comprised of two operating segments, which are the same as our reportable segments: Pharmaceutical and Medical. The factors for determining the reportable segments include the manner in which management evaluates performance for purposes of allocating resources and assessing performance combined with the nature of the individual business activities.

The Pharmaceutical segment distributes branded and generic pharmaceutical, specialty pharmaceutical and over-the-counter healthcare and consumer products in the United States. This segment also provides services to pharmaceutical manufacturers and healthcare providers to support the development, marketing, and distribution of specialty pharmaceutical products; operates nuclear pharmacies and radiopharmaceutical manufacturing facilities; provides pharmacy management services to hospitals as well as medication therapy management and patient outcomes services to hospitals, other healthcare providers and payers; and repackages generic pharmaceuticals and over-the-counter healthcare products.

Our Medical segment manufactures, sources and distributes Cardinal Health branded medical, surgical and laboratory products, which are sold in the United States, Canada, Europe, Asia and other markets. We further expanded this segment's portfolio of manufactured products through the acquisition of the Patient Recovery Business from Medtronic in July 2017, which includes incontinence, wound care, enteral feeding, urology, operating room supply, electrode and needle, syringe and sharps disposal product lines. In addition to distributing Cardinal Health branded products, this segment also distributes a broad range of national brand products and provides supply chain services and solutions to hospitals, ambulatory surgery centers, clinical laboratories and other healthcare providers in the United States and Canada .

The following table presents revenue for each reportable segment and Corporate:

(in millions)	2018	2017	2016
Pharmaceutical	$121,241	$116,463	$109,131
Medical	15,581	13,524	12,430
Total segment revenue	136,822	129,987	121,561
Corporate (1)	(13)	(11)	(15)
Total revenue	$136,809	$129,976	$121,546

(1) Corporate revenue consists of the elimination of inter-segment revenue and other revenue not allocated to the segments.

We evaluate segment performance based on segment profit, among other measures. Segment profit is segment revenue, less segment cost of products sold, less segment distribution, selling, general, and administrative ("SG&A") expenses. Segment SG&A expenses include share-based compensation expense as well as allocated corporate expenses for shared functions, including corporate

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management, corporate finance, financial and customer care shared services, human resources, information technology, and legal and compliance. The results attributable to noncontrolling interests of consolidated entities are recorded within segment profit. Corporate expenses are allocated to the segments based on headcount, level of benefit provided, and other ratable allocation methodologies.

We do not allocate the following items to our segments: LIFO inventory charges/(credits); restructuring and employee severance; amortization and other acquisition-related costs; impairments and (gain)/loss on disposal of assets; litigation (recoveries)/charges, net; other income/expense, net; interest expense, net; loss on extinguishment of debt; and provision for/(benefit from) income taxes.

In addition, certain investment spending, certain portions of enterprise-wide incentive compensation, and other spending are not allocated to the segments. Investment spending generally includes the first-year spend for certain projects that require incremental investments in the form of additional operating expenses. We encourage our segments and corporate functions to identify investment projects that will promote innovation and provide future returns. As approval decisions for such projects are dependent upon executive management, the expenses for such projects are often retained at Corporate. Investment spending within Corporate was $43 million, $17 million and $34 million for fiscal 2018, 2017 and 2016, respectively.

The following tables present segment profit by reportable segment and Corporate:

(in millions)	2018	2017	2016
Pharmaceutical	$1,992	$2,187	$2,488
Medical	662	572	457
Total segment profit	2,654	2,759	2,945
Corporate	(2,528)	(639)	(486)
Total operating earnings	$126	$2,120	$2,459

The following tables present depreciation and amortization and additions to property and equipment by reportable segment and Corporate:

(in millions)	2018	2017	2016
Pharmaceutical	$156	$122	$128
Medical	278	156	136
Corporate	598	439	377
Total depreciation and amortization	$1,032	$717	$641

(in millions)	2018	2017	2016
Pharmaceutical	$58	$50	$88
Medical	127	123	96
Corporate	199	214	281
Total additions to property and equipment	$384	$387	$465

The following table presents total assets for each reportable segment and Corporate at June 30:

(in millions)	2018	2017	2016
Pharmaceutical	$21,421	$21,848	$20,662
Medical	16,066	10,688	10,236
Corporate	2,464	7,576	3,224
Total assets	$39,951	$40,112	$34,122

The following tables present revenue and property and equipment, net by geographic area:

(in millions)	2018	2017	2016
United States	$132,526	$125,006	$116,864
International	4,283	4,970	4,682
Total revenue	$136,809	$129,976	$121,546

(in millions)	2018	2017	2016
United States	$1,950	$1,623	$1,558
International	537	256	238
Property and equipment, net	$2,487	$1,879	$1,796

17. Share-Based Compensation

We maintain stock incentive plans (collectively, the “Plans”) for the benefit of certain of our officers, directors and employees. At June 30, 2018, 19 million shares remain available for future grants under the Amended Cardinal Health, Inc. 2011 Long-Term Incentive Plan ("2011 LTIP"). Under the 2011 LTIP's fungible share counting provisions, stock options are counted against the plan as one share for every share issued; awards other than stock options are counted against the plan as two and one-half shares for every share issued. This means that only 8 million shares could be issued under awards other than stock options while 19 million shares could be issued under stock options. Shares are issued out of treasury shares when stock options are exercised and when restricted share units and performance share units vest.

The following table provides total share-based compensation expense by type of award:

(in millions)	2018	2017	2016
Restricted share unit expense	$73	$ 69	$69
Employee stock option expense	22	19	21
Performance share unit expense	(10)	8	21
Total share-based compensation expense	$85	$ 96	$111

The total tax benefit related to share-based compensation was $23 million, $34 million and $38 million for fiscal 2018, 2017 and 2016, respectively.

Restricted Share Units

Restricted share units granted under the Plans generally vest in equal annual installments over three years. Restricted share units accrue cash dividend equivalents that are payable upon vesting of the awards.

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The following table summarizes all transactions related to restricted share units under the Plans:

(in millions, except per share amounts)	Restricted Share Units	Weighted-Average Grant Date Fair Value per Share
Nonvested at June 30, 2016	2	$ 71.73
Granted	1	82.34
Vested	(1)	69.23
Canceled and forfeited	—	—
Nonvested at June 30, 2017	2	76.72
Granted	1	65.97
Vested	(1)	78.92
Canceled and forfeited	—	—
Nonvested at June 30, 2018	2	$ 71.58

The following table provides additional data related to restricted share unit activity:

(in millions)	2018	2017	2016
Total compensation cost, net of estimated forfeitures, related to nonvested restricted share and share unit awards not yet recognized, pre-tax	$ 78	$ 73	$ 79
Weighted-average period in years over which restricted share and share unit cost is expected to be recognized (in years)	2	2	2
Total fair value of shares vested during the year	$ 65	$ 64	$ 65

Stock Options

Employee stock options granted under the Plans generally vest in equal annual installments over three years and are exercisable for a period up to ten years from the grant date. All stock options are exercisable at a price equal to the market value of the common shares underlying the option on the grant date.

The following table summarizes all stock option transactions under the Plans:

(in millions, except per share amounts)	Stock Options	Weighted-Average Exercise Price per Common Share
Outstanding at June 30, 2016	7	$ 54.09
Granted	1	83.09
Exercised	(2)	37.79
Canceled and forfeited	—	—
Outstanding at June 30, 2017	6	63.44
Granted	2	66.39
Exercised	(1)	43.12
Canceled and forfeited	—	—
Outstanding at June 30, 2018	7	$ 64.50
Exercisable at June 30, 2018	5	$ 59.60

The following table provides additional detail related to stock options:

(in millions, except per share amounts)	2018	2017	2016
Aggregate intrinsic value of outstanding options at period end	$ 13	$ 109	$ 181
Aggregate intrinsic value of exercisable options at period end	13	106	161
Aggregate intrinsic value of exercised options	14	73	63
Net proceeds/(withholding) from share-based compensation	(3)	26	6
Excess tax benefits from share based compensation	10	34	33
	17	22	22

Total compensation cost, net of estimated forfeitures, related to unvested stock options not yet recognized, pre-tax			
Total fair value of shares vested during the year	19	19	20
Weighted-average grant date fair value per stock option	13.50	16.67	17.40
(in years)	2018	2017	2016
Weighted-average remaining contractual life of outstanding options	7	7	6
Weighted-average remaining contractual life of exercisable options	5	6	5
Weighted-average period over which stock option compensation cost is expected to be recognized	2	2	2

Stock options are granted to our officers and certain employees. The fair values were estimated on the grant date using a lattice valuation model. We believe the lattice model provides reasonable estimates because it has the ability to take into account individual exercise patterns based on changes in our stock price and other variables, and it provides for a range of input assumptions, which are disclosed in the table below. The risk-free rate is based on the U.S. Treasury yield curve at the time of the grant. We analyzed historical data to estimate option exercise behaviors and employee terminations to be used within the lattice model. The expected life of the options granted was calculated from the option valuation model and represents the length of time in years that the options granted are expected to be outstanding. Expected volatilities are based on implied volatility from traded options on our common shares and historical volatility over a period of time commensurate with the contractual term of the option grant (up to ten years).
The following table provides the range of assumptions used to estimate the fair value of stock options:

	2018	2017	2016
Risk-free interest rate	2.1%	1.4%-2.0%	1.5%-1.9%
Expected volatility	25%	24%	23%
Dividend yield	2.7%-2.8%	2.2%-2.5%	1.8%-2.0%
Expected life in years	7	7	7

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Performance Share Units

Performance share units vest over a three-year performance period based on achievement of specific performance goals. Based on the extent to which the targets are achieved, vested shares may range from zero to 200 percent of the target award amount. Performance share units accrue cash dividend equivalents that are payable upon vesting of the awards.

The following table summarizes all transactions related to performance share units under the Plans (based on target award amounts):

(in millions, except per share amounts)	Performance Share Units	Weighted-Average Grant Date Fair Value per Share
Nonvested at June 30, 2016	0.8	$ 63.96
Granted	0.2	83.19
Vested (1)	(0.4)	51.49
Canceled and forfeited	—	—
Nonvested at June 30, 2017	0.6	77.83
Granted	0.2	66.43
Vested (2)	(0.2)	71.57
Canceled and forfeited	(0.2)	—
Nonvested at June 30, 2018	0.4	$ 66.13

(1) Vested at 170 percent of the target performance share units granted.

(2) Vested at 133 percent of the target performance share units granted.

The following table provides additional data related to performance share unit activity:

(in millions)	2018	2017	2016
Total compensation cost, net of estimated forfeitures, related to nonvested performance share units not yet recognized, pre-tax	$ 1	$ 13	$ 17
Weighted-average period over which performance share unit cost is expected to be recognized (in years)	2	2	2
Total fair value of shares vested during the year	$ 14	$ 19	$ 16

Employee Retirement Savings Plans

Substantially all of our domestic non-union employees are eligible to be enrolled in our company-sponsored contributory retirement savings plans, which include features under Section 401(k) of the Internal Revenue Code of 1986, and provide for matching and profit sharing contributions by us. Our contributions to the plans are determined by the Board of Directors subject to certain minimum requirements as specified in the plans. The total expense for our employee retirement savings plans was $129 million, $49 million and $84 million for fiscal 2018, 2017 and 2016, respectively.

18. Selected Quarterly Financial Data (Unaudited)

The following is selected quarterly financial data for fiscal 2018 and 2017. The sum of the quarters may not equal year-to-date due to rounding.

(in millions, except per common share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2018				
Revenue	$32,641	$35,186	$33,633	$35,349
Gross margin (1)	1,672	1,861	1,913	1,735
Distribution, selling, general and administrative expenses	1,062	1,131	1,132	1,270
Net earnings/(loss) (2)	117	1,053	255	(1,166)

Less: Net earnings attributable to noncontrolling interests	(2)	—	—	—
Net earnings/(loss) attributable to Cardinal Health, Inc.	115	1,053	255	(1,166)
Net earnings/(loss) attributable to Cardinal Health, Inc. per common share:				
Basic	$0.36	$3.35	$0.81	$(3.76)
Diluted (3)	0.36	3.33	0.81	(3.76)

(1) Gross margin was not impacted by LIFO benefit/(charges) in fiscal 2018.

(2) During the fourth quarter of fiscal 2018, we recognized a goodwill impairment charge of $1.4 billion related to our Medical segment. There was no tax benefit related to this goodwill impairment charge.

(3) Due to the net loss during the fourth quarter of fiscal 2018, dilutive potential common shares have not been included in the denominator of the dilutive per share computation due to their antidilutive effect.

(in millions, except per common share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2017				
Revenue	$32,039	$33,150	$31,821	$32,966
Gross margin (4)	1,590	1,602	1,728	1,623
Distribution, selling, general and administrative expenses	920	910	960	983
Net earnings	310	324	382	278
Less: Net earnings attributable to noncontrolling interests	(1)	—	(1)	(4)
Net earnings attributable to Cardinal Health, Inc.	309	324	381	274
Net earnings attributable to Cardinal Health, Inc. per common share:				
Basic	$0.97	$1.02	$1.21	$0.87
Diluted	0.96	1.02	1.20	0.86

(4) Gross margin is impacted by LIFO benefit/(charges) of $9 million and $(9) million in the second and third quarter, respectively. We did not have LIFO benefits/(charges) in the fourth quarter.

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19. Subsequent Events

In June 2018, we entered into a Securities Purchase Agreement and related Contribution and Rollover Agreement with investor entities controlled by CD&R. Pursuant to those agreements, on August 1, 2018, we sold our 98% ownership interest in naviHealth in exchange for proceeds of $736 million (after adjusting for certain fees and expenses) and a 44% equity interest in a partnership that owns 100% of the equity interest of naviHealth. We also have certain call rights to reacquire naviHealth.

On August 16, 2018 we entered into an ASR program to purchase shares of our common stock for an aggregate purchase price of $600 million and received an initial delivery of 9.5 million shares of common stock using a reference price of $50.45. The program is expected to conclude in the second quarter of fiscal 2019.

Schedule II Valuation and Qualifying Accounts

Cardinal Health, Inc. and Subsidiaries
Schedule II - Valuation and Qualifying Accounts (1)

(in millions)	Balance at Beginning of Period	Charged to Costs and Expenses (1)	Charged to Other Accounts (2)	Deductions (3)	Balance at End of Period
Fiscal 2018					
Accounts receivable	$ 137	$ 113	$ 1	$ (111)	$ 139
Finance notes receivable	9	(2)	—	—	7
Sales returns and allowances	347	2,402	—	(2,270)	479
Other	1	—	—	—	1
	$ 494	$ 2,513	$ 1	$ (2,381)	$ 626
Fiscal 2017					
Accounts receivable	$ 135	$ 59	$ 1	$ (58)	$ 137
Finance notes receivable	19	3	—	(13)	9
Sales returns and allowances	386	2,285	—	(2,324)	347
Other	1	—	—	—	1
	$ 541	$ 2,347	$ 1	$ (2,395)	$ 494
Fiscal 2016					
Accounts receivable	$ 135	$ 72	$ 2	$ (74)	$ 135
Finance notes receivable	14	6	—	(1)	19
Sales returns and allowances	305	2,207	—	(2,126)	386
Other	1	—	—	—	1
	$ 455	$ 2,285	$ 2	$ (2,201)	$ 541

(1) Fiscal 2018, 2017 and 2016 include $3 million, $5 million and $5 million, respectively, for reserves related to customer pricing disputes, excluded from provision for bad debts on the consolidated statements of cash flows and classified as a reduction in revenue in the consolidated statements of earnings.
(2) Recoveries of amounts provided for or written off in prior years were $1 million, $1 million and $2 million for fiscal 2018, 2017 and 2016, respectively.
(3) Write-off of uncollectible accounts or actual sales returns.
The sum of the components may not equal the total due to rounding.

Directors, Executive Officers, and Corporate Governance

Directors, Executive Officers and Corporate Governance
The following is a list of our executive officers:

Name	Age	Position
George S. Barrett	63	Executive Chairman of the Board
Michael C. Kaufmann	55	Chief Executive Officer
Jorge M. Gomez	50	Chief Financial Officer
Jon L. Giacomin	53	Chief Executive Officer, Medical segment
Michele A. M. Holcomb	50	Executive Vice President, Strategy and Corporate Development
Pamela O. Kimmet	60	Chief Human Resources Officer
Craig S. Morford	59	Chief Legal and Compliance Officer
Patricia B. Morrison	59	Executive Vice President, Customer Support Services and Chief Information Officer

The business experience summaries provided below for our executive officers describe positions held during the last five years (unless otherwise indicated).

Mr. Barrett has served as Executive Chairman of the Board since January 2018. Prior to that, he served as Chairman and Chief Executive Officer from August 2009. He will retire in November 2018.

Mr. Kaufmann has served as Chief Executive Officer since January 2018. From November 2014 through December 2017, he served as Chief Financial Officer. From August 2009 until November 2014, he served as Chief Executive Officer, Pharmaceutical segment.

Mr. Gomez has served as Chief Financial Officer since January 2018. From June 2015 through December 2017, he served as Senior Vice President and CFO, Medical Segment. From February 2012 until June 2015, he was Senior Vice President and CFO, Pharmaceutical segment.

Mr. Giacomin has served as Chief Executive Officer, Medical segment since February 2018. From November 2014 to February 2018, he served as Chief Executive Officer, Pharmaceutical segment. From January 2011 until November 2014, he served as President, U.S. Pharmaceutical Distribution.

Ms. Holcomb has served as Executive Vice President, Strategy and Corporate Development since January 2017. She joined us from Teva Pharmaceutical Industries Ltd., where she served as Senior Vice President, Strategy, Portfolio, Search, and Partnerships and Chief Operating Officer, Global R&D from October 2015 to December 2016 and Senior Vice President, Chief Operating Officer, Global R&D from September 2012 to September 2015.

Ms. Kimmet has served as Chief Human Resources Officer since June 2016. Prior to joining us, Ms. Kimmet served as Senior Vice President, Human Resources at Coca-Cola Enterprises, Inc. from October 2010 to June 2016.

Mr. Morford has served as Chief Legal and Compliance Officer since May 2009.

Ms. Morrison has served as Executive Vice President, Customer Support Services and Chief Information Officer since June 2011. She will retire on September 1, 2018.

We have adopted Standards of Business Conduct that apply to all of our directors, officers and employees. The Standards of Business Conduct outline our corporate values and standards of integrity and behavior and are designed to protect and promote our reputation. The full text of the Standards of Business Conduct is posted on our website at www.cardinalhealth.com under “About Us — Corporate Citizenship — Ethics and Governance — Ethics and Compliance.” Any waiver of the Standards of Business Conduct for directors or executive officers must be approved by the Audit Committee. As required under SEC and New York Stock Exchange rules, we will disclose future amendments to our Standards of Business Conduct and waivers from the Standards of Business Conduct for our principal executive officer, principal financial officer, and principal accounting officer, or persons performing similar functions, and our other executive officers and directors on our website within four business days following the date of the amendment or waiver.

The other information called for by Item 10 of Form 10-K is incorporated by reference to our Definitive Proxy Statement (which will be filed with the SEC pursuant to Regulation 14A under the Exchange Act) relating to our 2018 Annual Meeting of Shareholders (our “2018 Proxy Statement”) under the captions “Corporate Governance” and “Share Ownership Information.”

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The table below summarizes information relating to our equity compensation plans at June 30, 2018.
Equity Compensation Plan Information

Plan Category	Common Shares to be Issued Upon Exercise of Outstanding Options and Rights (#)		Weighted Average Exercise Price of Outstanding Options ($)		Common Shares Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (#)	
	(a)		(b)		(c)	
Equity compensation plans approved by shareholders	10,320,017	(1)	$ 64.50	(1)	19,305,951	(2)
Equity compensation plans not approved by shareholders	4,203	(3)	—	(3)	—	
Total at June 30, 2018	10,324,220				19,305,951	

(1) In addition to stock options outstanding under the Amended Cardinal Health, Inc. 2011 Long-Term Incentive Plan (the "2011 LTIP") and the Cardinal Health, Inc. 2005 Long-Term Incentive Plan (the "2005 LTIP"), also includes 827,766 PSUs and 2,165,340 RSUs outstanding under the 2011 LTIP, 10,241 PSUs and 61,861 RSUs outstanding under the 2005 LTIP, and 165,024 RSUs outstanding under the 2007 Nonemployee Directors Equity Incentive Plan that are payable solely in common shares. PSUs and RSUs do not have an exercise price, and therefore were not included for purposes of computing the weighted-average exercise price. PSUs granted in fiscal 2015 are not reported in this table because they expired without any shares vesting. PSUs granted in fiscal 2016 and 2017 are reported in this table at the maximum payout level (200% of target) in accordance with SEC rules.

(2) Reflects common shares available under the 2011 LTIP in the form of stock options and other stock-based awards. Under the 2011 LTIP's fungible share counting provisions, stock options are counted against the plan as one share for every common share issued; awards other than stock options are counted against the plan as two and one-half shares for every common share issued. This means that only 7,722,380 shares could be issued under awards other than stock options while 19,305,951 shares could be issued under stock options.

(3) RSUs outstanding under the Cardinal Health, Inc. Amended and Restated Outside Directors Equity Incentive Plan that are payable solely in common shares. RSUs do not have an exercise price, and therefore were not included for purposes of computing the weighted-average exercise price.

The other information called for by Item 12 of Form 10-K is incorporated by reference to our 2018 Proxy Statement under the caption “Share Ownership Information.”

Exhibits

Exhibits, Financial Statement Schedules

(a)(1) The following financial statements are included in the "Financial Statements" section of this report:

(a)(2) The following Supplemental Schedule is included in this report:

All other schedules not listed above have been omitted as not applicable or because the required information is included in the Consolidated Financial Statements or in the Notes thereto.

Exhibit Number	Exhibit Description
2.1.1	Stock and Asset Purchase Agreement, dated April 18, 2017, between Cardinal Health, Inc. and Medtronic plc (incorporated by reference to Exhibit 2.1 to Cardinal Health's Current Report on Form 8-K filed on April 18, 2017, File No. 1-11373)
2.1.2	Amendment No. 1, dated as of July 28, 2017, to Stock and Asset Purchase Agreement, dated April 18, 2017, between Cardinal Health, Inc. and Medtronic plc (incorporated by reference to Exhibit 2.2.2 to Cardinal Health's Annual Report on Form 10-K for the year ended June 30, 2017, File No. 1-11373)
2.1.3	Letter Agreement, dated November 21, 2017, by and between Cardinal Health, Inc. and Medtronic, plc (incorporated by reference to Exhibit 2.2 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2017, File No. 1-11373)
3.1	Amended and Restated Articles of Incorporation of Cardinal Health, Inc., as amended (incorporated by reference to Exhibit 3.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-11373)
3.2	Cardinal Health, Inc. Restated Code of Regulations (incorporated by reference to Exhibit 3.2 to Cardinal Health's Current Report on Form 8-K filed on June 30, 2016, File No. 1-11373)
4.1	Specimen Certificate for Common Shares of Cardinal Health, Inc. (incorporated by reference to Exhibit 4.01 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2001, File No. 1-11373)
4.2.1	Indenture, dated as of June 2, 2008, between Cardinal Health, Inc. and The Bank of New York Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to Cardinal Health's Current Report on Form 8-K filed on June 2, 2008, File No. 1-11373)
4.2.2	Form of 4.625% Notes due 2020 (incorporated by reference to Exhibit 4.1 to Cardinal Health's Current Report on Form 8-K filed on December 14, 2010, File No. 1-11373)
4.2.3	Form of 3.200% Notes due 2022 (incorporated by reference to Exhibit 4.2 to Cardinal Health's Current Report on Form 8-K filed on May 21, 2012, File No. 1-11373)
4.2.4	Form of 1.700% Notes due 2018 (incorporated by reference to Exhibit 4.1 to Cardinal Health's Current Report on Form 8-K filed on February 22, 2013, File No. 1-11373)
4.2.5	Form of 3.200% Notes due 2023 (incorporated by reference to Exhibit 4.2 to Cardinal Health's Current Report on Form 8-K filed on February 22, 2013, File No. 1-11373)
4.2.6	Form of 4.600% Notes due 2043 (incorporated by reference to Exhibit 4.3 to Cardinal Health's Current Report on Form 8-K filed on February 22, 2013, File No. 1-11373)
4.2.7	

	Form of 2.400% Notes due 2019 (incorporated by reference to Exhibit 4.1 to Cardinal Health's Current Report on Form 8-K filed on November 19, 2014, File No. 1-11373)
4.2.8	Form of 3.500% Notes due 2024 (incorporated by reference to Exhibit 4.2 to Cardinal Health's Current Report on Form 8-K filed on November 19, 2014, File No. 1-11373)
4.2.9	Form of 4.500% Notes due 2044 (incorporated by reference to Exhibit 4.3 to Cardinal Health's Current Report on Form 8-K filed on November 19, 2014, File No. 1-11373)
4.2.10	Form of 1.950% Notes due 2018 (incorporated by reference to Exhibit 4.1 to Cardinal Health's Current Report on Form 8-K filed on June 23, 2015, File No. 1-11373)
4.2.11	Form of 3.750% Notes due 2025 (incorporated by reference to Exhibit 4.2 to Cardinal Health's Current Report on Form 8-K filed on June 23, 2015, File No. 1-11373)

Exhibits

4.2.12	Form of 4.900% Notes due 2045 (incorporated by reference to Exhibit 4.3 to Cardinal Health's Current Report on Form 8-K filed on June 23, 2015, File No. 1-11373)
4.2.13	Form of 1.948% notes due 2019 (incorporated by reference to Exhibit 4.1 to Cardinal Health's Current Report on Form 8-K filed on June 12, 2017, File No. 1-11373)
4.2.14	Form of 2.616% notes due 2022 (incorporated by reference to Exhibit 4.2 to Cardinal Health's Current Report on Form 8-K filed on June 12, 2017, File No. 1-11373)
4.2.15	Form of Floating rate notes due 2022 (incorporated by reference to Exhibit 4.3 to Cardinal Health's Current Report on Form 8-K filed on June 12, 2017, File No. 1-11373)
4.2.16	Form of 3.079% notes due 2024 (incorporated by reference to Exhibit 4.4 to Cardinal Health's Current Report on Form 8-K filed on June 12, 2017, File No. 1-11373)
4.2.17	Form of 3.410% notes due 2027 (incorporated by reference to Exhibit 4.5 to Cardinal Health's Current Report on Form 8-K filed on June 12, 2017, File No. 1-11373)
4.2.18	Form of 4.368% notes due 2047 (incorporated by reference to Exhibit 4.6 to Cardinal Health's Current Report on Form 8-K filed on June 12, 2017, File No. 1-11373)
4.3	Agreement to furnish to the Securities and Exchange Commission upon request a copy of instruments defining the rights of holders of certain long-term debt of Cardinal Health, Inc. and consolidated subsidiaries (incorporated by reference to Exhibit 4.07 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2005, File No. 1-11373)
10.1.1	Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Cardinal Health's Current Report on Form 8-K/A filed on November 4, 2011, File No. 1-11373)*
10.1.2	First Amendment to Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1.2 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2014)*
10.1.3	Form of Nonqualified Stock Option Agreement under the Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to Cardinal Health's Current Report on Form 8-K/A filed on November 4, 2011, File No. 1-11373)*
10.1.4	Form of Nonqualified Stock Option Agreement under the Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1.3 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2012, File No. 1-11373)*
10.1.5	Form of Restricted Share Units Agreement under the Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1.7 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2013, File No. 1-11373)*
10.1.6	Form of Restricted Share Units Agreement under the Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1.8 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2014)*
10.1.7	Form of Performance Share Units Agreement under the Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.4 to Cardinal Health's Current Report on Form 8-K/A filed on November 4, 2011, File No. 1-11373)*
10.1.8	Form of Amendment to Stock Option and Restricted Share Units Agreements under the Cardinal Health, Inc. 2011 Long-Term Incentive Plan, the Cardinal Health, Inc. 2005 Long-Term Incentive Plan and the Cardinal Health, Inc. 2007 Nonemployee Directors Equity Incentive Plan (incorporated by reference to Exhibit 10.1.9 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2013, File No. 1-11373)*
10.2.1	Amended Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Cardinal Health's Current Report on Form 8-K filed on November 7, 2016, File No. 1-11373)*
10.2.2	First Amendment to Amended Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2.2 to Cardinal Health's Annual Report on Form 10-K for the fiscal year end June 30, 2017, File No. 1-11373)*
10.2.3	Form of Nonqualified Stock Option Agreement under the Amended Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2.3 to Cardinal Health's Annual Report on Form 10-K

	for the fiscal year end June 30, 2017, File No. 1-11373)*
10.2.4	Form of Restricted Share Units Agreement under the Amended Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2.4 to Cardinal Health's Annual Report on Form 10-K for the fiscal year end June 30, 2017, File No. 1-11373)*
10.2.5	Form of Performance Share Units Agreement under the Amended Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2.5 to Cardinal Health's Annual Report on Form 10-K for the fiscal year end June 30, 2017, File No. 1-11373)*
10.2.6	Form of Directors Restricted Share Units Agreement under the Amended Cardinal Health, Inc. 2011 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2017, File No. 1-11373)
10.3.1	Cardinal Health, Inc. 2005 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, File No. 1-11373)*
10.3.2	First Amendment to Cardinal Health, Inc. 2005 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, File No. 1-11373)*
10.3.3	Second Amendment to Cardinal Health, Inc. 2005 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1.2 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, File No. 1-11373)*
10.3.4	Third Amendment to Cardinal Health, Inc. 2005 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2.4 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2014)*
10.4.1	Cardinal Health, Inc. 2007 Nonemployee Directors Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2007, File No. 1-11373)*
10.4.2	First Amendment to Cardinal Health, Inc. 2007 Nonemployee Directors Equity Incentive Plan (incorporated by reference to Exhibit 10.2.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, File No. 1-11373)*
10.4.3	Second Amendment to the Cardinal Health, Inc. 2007 Nonemployee Directors Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to Cardinal Health's Quarterly Report on Form 10-Q for the Quarter ended December 31, 2011, File No. 1-11373)*
10.5.1	Cardinal Health Deferred Compensation Plan, as amended and restated effective January 1, 2016 (incorporated by reference to Exhibit 10.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, File No. 1-11373)*
10.5.2	First Amendment to the Cardinal Health Deferred Compensation Plan, as amended and restated effective as of January 1, 2016 (incorporated by reference to Exhibit 10.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016, File No. 1-11373)*
10.5.3	Second Amendment, effective as of January 1, 2018, to the Cardinal Health Deferred Compensation Plan, as amended and restated effective as of January 1, 2016 (incorporated by reference to Exhibit 10.2 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2017, File No. 1-11373)

Exhibits

10.6	Cardinal Health, Inc. Policy Regarding Shareholder Approval of Severance Agreements (incorporated by reference to Exhibit 10.09 to Cardinal Health's Current Report on Form 8-K filed on August 7, 2006, File No. 1-11373)*
10.7.1	Employment Agreement, dated September 4, 2012, between Cardinal Health, Inc. and George S. Barrett (incorporated by reference to Exhibit 10.1 to Cardinal Health's Current Report on Form 8-K filed on September 6, 2012, File No. 1-11373)*
10.7.2	Amendment, dated August 5, 2015, to Employment Agreement, dated September 4, 2012, between Cardinal Health, Inc. and George S. Barrett (incorporated by reference to Exhibit 10.1 to Cardinal Health's Current Report on Form 8-K filed on August 6, 2015, File No. 1-11373)*
10.7.3	Aircraft Time Sharing Agreement, effective August 5, 2015, between Cardinal Health, Inc. and George S. Barrett (incorporated by reference to Exhibit 10.2 to Cardinal Health's Current Report on Form 8-K filed on August 6, 2015, File No. 1-11373)*
10.7.4	Letter Agreement, dated November 5, 2017, between Cardinal Health, Inc. and George S. Barrett (incorporated by reference to Exhibit 10.1 to Cardinal Health's Current Report on Form 8-K filed on November 6, 2017, File No. 1-11373)
10.8.1	Confidentiality and Business Protection Agreement, effective as of February 15, 2010, between Cardinal Health, Inc. and Michael C. Kaufmann (incorporated by reference to Exhibit 10.15 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2010, File No. 1-11373)*
10.8.2	Aircraft Time Sharing Agreement, effective as of February 8, 2018, by and between Cardinal Health, Inc. and Michael C. Kaufmann (incorporated by reference to Exhibit 10.2 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File No. 1-11373)
10.9	Confidentiality and Business Protection Agreement, effective as of April 9, 2012, between Cardinal Health, Inc. and Donald M. Casey Jr. (incorporated by reference to Exhibit 10.14.1 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2012, File No. 1-11373)*
10.10	Confidentiality and Business Protection Agreement, effective as of September 9, 2014, between Cardinal Health, Inc. and Jon L. Giacomin (incorporated by reference to Exhibit 10.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-11373)*
10.11	Confidentiality and Business Protection Agreement, effective as of November 6, 2017, between Cardinal Health, Inc. and Jorge M. Gomez (incorporated by reference to Exhibit 10.4 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2017 , File No. 1-11373)
10.12.1	Confidentiality and Business Protection Agreement, effective as of June 28, 2018, between Cardinal Health, Inc. and Patricia B. Morrison
10.12.2	Letter Agreement, dated July 17, 2018, between Cardinal Health, Inc. and Patricia B. Morrison
10.13.1	Form of Indemnification Agreement between Cardinal Health, Inc. and certain individual directors (incorporated by reference to Exhibit 10.38 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2004, File No. 1-11373)
10.13.2	Form of Indemnification Agreement between Cardinal Health, Inc. and certain individual executive officers (incorporated by reference to Exhibit 10.39 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2004, File No. 1-11373)
10.14.1	Issuing and Paying Agency Agreement, dated August 9, 2006, between Cardinal Health, Inc. and The Bank of New York (incorporated by reference to Exhibit 10.01 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2006, File No. 1-11373)
10.14.2	First Amendment to Issuing and Paying Agency Agreement, dated February 28, 2007, between Cardinal Health, Inc. and The Bank of New York (incorporated by reference to Exhibit 10.01 to Cardinal Health's Current Report on Form 8-K filed on March 6, 2007, File No. 1-11373)
10.14.3	

	Second Amendment to Issuing and Paying Agency Agreement, effective as of December 1, 2016, between Cardinal Health, Inc. and The Bank of New York (incorporated by reference to Exhibit 10.2 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016, File No. 1-11373)
10.14.4	Third Amendment to Issuing and Paying Agency Agreement, dated September 15, 2017, between Cardinal Health, Inc. and The Bank of New York (incorporated by reference to Exhibit 10.2 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-11373)
10.14.5	Commercial Paper Dealer Agreement, dated August 9, 2006, between Cardinal Health, Inc. and J.P. Morgan Securities Inc. (incorporated by reference to Exhibit 10.02 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2006, File No. 1-11373)
10.14.6	First Amendment to Commercial Paper Dealer Agreement, dated February 28, 2007, between Cardinal Health, Inc. and J.P. Morgan Securities Inc. (incorporated by reference to Exhibit 10.02 to Cardinal Health's Current Report on Form 8-K filed on March 6, 2007, File No. 1-11373)
10.14.7	Second Amendment to Commercial Paper Dealer Agreement, effective as of December 31, 2012, between Cardinal Health, Inc. and J.P. Morgan Securities LLC (formerly known as J.P. Morgan Securities Inc.) (incorporated by reference to Exhibit 10.4 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, File No. 1-11373)
10.14.8	Commercial Paper Dealer Agreement between Cardinal Health, Inc. and J.P. Morgan Securities LLC, effective as of December 1, 2016 (incorporated by reference to Exhibit 10.6 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016, File No. 1-11373)
10.14.9	Commercial Paper Dealer Agreement, dated August 9, 2006, between Cardinal Health, Inc. and Banc of America Securities LLC (incorporated by reference to Exhibit 10.03 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2006, File No. 1-11373)
10.14.10	First Amendment to Commercial Paper Dealer Agreement, dated February 28, 2007, between Cardinal Health, Inc. and Banc of America Securities LLC (incorporated by reference to Exhibit 10.03 to Cardinal Health's Current Report on Form 8-K filed on March 6, 2007, File No. 1-11373)
10.14.11	Second Amendment to Commercial Paper Dealer Agreement, effective as of December 31, 2012, between Cardinal Health, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, f/k/a Banc of America Securities LLC (incorporated by reference to Exhibit 10.5 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, File No. 1-11373)
10.14.12	Commercial Paper Dealer Agreement between Cardinal Health, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, effective as of December 1, 2016 (incorporated by reference to Exhibit 10.3 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016, File No. 1-11373)
10.14.13	Commercial Paper Dealer Agreement, dated August 9, 2006, between Cardinal Health, Inc. and Wachovia Capital Markets, LLC (incorporated by reference to Exhibit 10.04 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2006, File No. 1-11373)
10.14.14	First Amendment to Commercial Paper Dealer Agreement, dated February 28, 2007, between Cardinal Health, Inc. and Wachovia Capital Markets, LLC (incorporated by reference to Exhibit 10.04 to Cardinal Health's Current Report on Form 8-K filed on March 6, 2007, File No. 1-11373)
10.14.15	Second Amendment to Commercial Paper Dealer Agreement, effective as of December 31, 2012, between Cardinal Health, Inc. and Wells Fargo Securities, LLC, as successor in interest to Wachovia Capital Markets, LLC (incorporated by reference to Exhibit 10.6 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, File No. 1-11373)
10.14.16	Commercial Paper Dealer Agreement between Cardinal Health, Inc. and Wells Fargo Securities, LLC, effective as of December 1, 2016 (incorporated by reference to Exhibit 10.5 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016, File No. 1-11373)
10.14.17	Commercial Paper Dealer Agreement, dated August 9, 2006, between Cardinal Health, Inc. and Goldman, Sachs & Co. (incorporated by reference to Exhibit 10.05 to Cardinal Health's Annual Report on Form 10-K

for the fiscal year ended June 30, 2006, File No. 1-11373)

Exhibits

10.14.18	First Amendment to Commercial Paper Dealer Agreement, dated February 28, 2007, between Cardinal Health, Inc. and Goldman, Sachs & Co. (incorporated by reference to Exhibit 10.05 to Cardinal Health's Current Report on Form 8-K filed on March 6, 2007, File No. 1-11373)
10.14.19	Second Amendment to Commercial Paper Dealer Agreement, effective as of December 31, 2012, between Cardinal Health, Inc. and Goldman, Sachs & Co. (incorporated by reference to Exhibit 10.7 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, File No. 1-11373)
10.14.20	Commercial Paper Dealer Agreement between Cardinal Health, Inc. and Goldman Sachs & Co., effective as of December 1, 2016 (incorporated by reference to Exhibit 10.4 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016, File No. 1-11373)
10.14.21	Form of Commercial Paper Dealer Agreement between Cardinal Health, Inc. and SunTrust Robinson Humphrey, Inc. (incorporated by reference to Exhibit 10.2 to Cardinal Health's Current Report on Form 8-K filed on April 21, 2009, File No. 1-11373)
10.14.22	Form of First Amendment to Commercial Paper Dealer Agreement between Cardinal Health, Inc. and SunTrust Robinson Humphrey, Inc. (incorporated by reference to Exhibit 10.8 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2012, File No. 1-11373)
10.14.23	Commercial Paper Dealer Agreement between Cardinal Health, Inc. and SunTrust Robinson Humphrey, Inc., effective as of December 1, 2016 (incorporated by reference to Exhibit 10.7 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended December 31, 2016, File No. 1-11373)
10.15.1	Amended and Restated Five-Year Credit Agreement, dated as of June 16, 2016, among Cardinal Health, Inc., JPMorgan Chase Bank, N.A. as Administrative Agent, Joint Lead Arranger and Joint Book Manager, Bank of America, N.A. as Syndication Agent, The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Syndication Agent, Joint Lead Arranger and Joint Book Manager, Barclays Bank PLC, Deutsche Bank Securities Inc., Goldman Sachs Bank USA, HSBC Bank USA, National Association, Morgan Stanley Senior Funding, Inc. and Wells Fargo Bank, National Association, as Documentation Agents, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arranger and Joint Book Manager (incorporated by reference to Exhibit 10.1 to Cardinal Health's Current Report on Form 8-K filed on June 21, 2016, File No. 1-11373)
10.15.2	Amendment No. 1, dated as of May 1, 2017, to Amended and Restated Five-Year Credit Agreement as of June 16, 2016 (incorporated by reference to Exhibit 10.2 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, File No. 1-11373)
10.15.3	Amendment No. 2 to Amended and Restated Five-Year Credit Agreement, dated as of August 26, 2017, by and between Cardinal Health, Inc. and JPMorgan Chase Bank, N.A., individually and as administrative agent (incorporated by reference to Exhibit 10.3 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-11373)
10.16.1	Fourth Amended and Restated Receivables Purchase Agreement, dated as of November 1, 2013, among Cardinal Health Funding, LLC, as Seller, Griffin Capital, LLC, as Servicer, the Conduits party thereto, the Financial Institutions Party thereto, the Managing Agents party thereto, and LC Banks party thereto and the Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as the Agent (incorporated by reference to Exhibit 10.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, File No. 1-11373)
10.16.2	First Amendment and Joinder, dated as of November 3, 2014, to the Fourth Amended and Restated Receivables Purchase Agreement, dated as of November 1, 2013 (incorporated by reference to Exhibit 10.3 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-11373)
10.16.3	Second Amendment, dated as of November 14, 2016, to the Fourth Amended and Restated Receivables Purchase Agreement, dated as of November 1, 2013 (incorporated by reference to Exhibit 10.4.3 to Cardinal

	Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-11373)
10.16.4	Third Amendment, dated as of August 30, 2017, to the Fourth Amended and Receivables Purchase Agreement, dated as of November 1, 2013 (incorporated by reference to Exhibit 10.1 to Cardinal Health's Current Report on Form 8-K filed on August 31, 2017, File No. 1-11373)
10.17.1	Seventh Amended and Restated Performance Guaranty, dated as of November 14, 2016, executed by Cardinal Health, Inc. in favor of Cardinal Health Funding, LLC (incorporated by reference to Exhibit 10.5.1 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-11373)
10.17.2	Amendment No. 1 to Seventh Amended and Restated Performance Guaranty, dated as of November 14, 2016 (incorporated by reference to Exhibit 10.5.2 to Cardinal Health's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-11373
10.18.1	Tax Matters Agreement, dated as of August 31, 2009, by and between Cardinal Health, Inc. and CareFusion Corporation (incorporated by reference to Exhibit 10.3 to Cardinal Health's Current Report on Form 8-K filed on September 4, 2009, File No. 1-11373)
10.18.2	First Amendment to Tax Matters Agreement, dated as of May 28, 2012, by and between Cardinal Health, Inc. and CareFusion Corporation (incorporated by reference to Exhibit 10.20.2 to Cardinal Health's Annual Report on Form 10-K for the fiscal year ended June 30, 2012, File No. 1-11373)
12.1	Computation of Ratio of Earnings to Fixed Charges
21.1	List of Subsidiaries of Cardinal Health, Inc.
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Statement Regarding Forward-Looking Information
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
	* Management contract or compensatory plan or arrangement.

Form 10-K Cross Reference Index

Form 10-K Cross Reference Index

N/A Not applicable

(a) The information called for by Item 11 of Form 10-K is incorporated by reference to our 2018 Proxy Statement under the captions

“Corporate Governance” and “Executive Compensation.”

(b) The information called for by Item 13 of Form 10-K is incorporated by reference to our 2018 Proxy Statement under the caption "Corporate Governance."

(c) The information called for by Item 14 of Form 10-K is incorporated by reference to our 2018 Proxy Statement under the caption “Audit Committee Matters.”

Signatures

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on August 22, 2018.

Cardinal Health, Inc.

By: /s/ MICHAEL C. KAUFMANN
MICHAEL C. KAUFMANN
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed below by the following persons on behalf of the registrant and in the capacities indicated on August 22, 2018.

Name	Title
/s/ MICHAEL C. KAUFMANN Michael C. Kaufmann	Chief Executive Officer and Director (principal executive officer)
/s/ JORGE M. GOMEZ Jorge M. Gomez	Chief Financial Officer (principal financial officer)
/s/ STUART G. LAWS Stuart G. Laws	Senior Vice President and Chief Accounting Officer (principal accounting officer)
/s/ GEORGE S. BARRETT George S. Barrett	Executive Chairman of the Board
/s/ DAVID J. ANDERSON David J. Anderson	Director
/s/ COLLEEN F. ARNOLD Colleen F. Arnold	Director
/s/ CARRIE S. COX Carrie S. Cox	Director
/s/ CALVIN DARDEN Calvin Darden	Director
/s/ BRUCE L. DOWNEY Bruce L. Downey	Director
/s/ PATRICIA A. HEMINGWAY HALL Patricia A. Hemingway Hall	Director
/s/ AKHIL JOHRI Akhil Johri	Director
/s/ CLAYTON M. JONES Clayton M. Jones	Director

/s/ GREGORY B. KENNY Gregory B. Kenny	Director
/s/ NANCY KILLEFER Nancy Killefer	Director
/s/ DAVID P. KING David P. King	Director