

CARDINAL HEALTH INC  
Form 11-K  
June 25, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2014

or  
 TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 1-11373

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:  
Cardinal Health 401(k) Savings Plan
- B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:  
Cardinal Health, Inc.  
7000 Cardinal Place  
Dublin, Ohio 43017
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Cardinal Health 401(k) Savings Plan  
Financial Statements and Supplemental Information  
Years Ended December 31, 2014 and 2013  
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Consent of Independent Registered Public Accounting Firm	Exhibit 23.01

All other financial schedules required by Section 2520.103-10 of the U.S. Department of Labor's Annual Reporting \*and Disclosure Requirements under the Employee Retirement Income Security Act of 1974, as amended have been omitted because they are not applicable.

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Report of Independent Registered Public Accounting Firm

Financial Benefit Plans Committee of the Cardinal Health 401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of Cardinal Health 401(k) Savings Plan as of December 31, 2014 and 2013, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Cardinal Health 401(k) Savings Plan as of December 31, 2014 and 2013, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2014, delinquent participant contributions and nonexempt transactions for the year then ended, have been subjected to audit procedures performed in conjunction with the audit of Cardinal Health 401(k) Savings Plan's financial statements. The information in the supplemental schedules is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

Columbus, Ohio

June 25, 2015

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Cardinal Health 401(k) Savings Plan  
 Statements of Net Assets Available for Benefits  
 December 31, 2014 and 2013

	December 31 2014	2013
Assets		
Plan's interest in Stable Value Master Trust's assets at fair value	\$322,225,767	\$334,485,818
Investments at fair value	2,160,737,001	1,972,754,309
Notes receivable from participants	64,500,712	63,194,235
Accrued income	1,549,545	1,469,865
Cash	14,877	—
Receivables:		
Transfer of assets from other qualified plan	—	41,362,029
Company contributions	2,732,083	1,475,105
Pending trades	835,322	793,326
Total receivables	3,567,405	43,630,460
Total assets	2,552,595,307	2,415,534,687
Liabilities		
Cash overdraft	—	34,652
Pending trades payable	2,712,115	1,864,952
Accrued fees	300,318	66,913
Total liabilities	3,012,433	1,966,517
Net assets reflecting investments at fair value	2,549,582,874	2,413,568,170
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(6,305,220 )	(4,305,805 )
Net assets available for benefits	\$2,543,277,654	\$2,409,262,365

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

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Cardinal Health 401(k) Savings Plan  
 Statements of Changes in Net Assets Available for Benefits  
 For the Years Ended December 31, 2014 and 2013

	2014	2013
Additions to net assets attributed to:		
Investment income:		
Plan's interest in Stable Value Master Trust's net investment income	\$5,974,268	\$7,263,906
Net appreciation in the fair value of investments	132,534,950	417,688,727
Interest and dividends	36,343,320	27,836,482
Total investment income	174,852,538	452,789,115
Interest income on notes receivable from participants	2,627,740	2,639,155
Contributions:		
Company	89,818,405	75,862,823
Participant	91,799,837	84,210,934
Rollovers	15,469,645	11,209,177
Total contributions	197,087,887	171,282,934
Total additions	374,568,165	626,711,204
Deductions from net assets attributed to:		
Benefits paid to participants	238,587,060	222,310,213
Administrative expenses	1,965,816	2,088,675
Total deductions	240,552,876	224,398,888
Net increase prior to transfers	134,015,289	402,312,316
Net assets transferred from other qualified plans	—	41,362,029
Net increase	134,015,289	443,674,345
Net assets available for benefits:		
Beginning of year	2,409,262,365	1,965,588,020
End of year	\$2,543,277,654	\$2,409,262,365
The accompanying notes are an integral part of these financial statements.		

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Cardinal Health 401(k) Savings Plan

Notes to Financial Statements

December 31, 2014 and 2013

1. Description of Plan

General

The Cardinal Health 401(k) Savings Plan (the “Plan”) is a defined contribution plan covering substantially all U.S. employees of Cardinal Health, Inc. (the “Company”) and certain of its subsidiaries. Employees who are covered by a collective bargaining agreement are not eligible to participate unless the agreement provides for participation, and employees who are covered by the Cardinal Health 401(k) Savings Plan for Employees of Puerto Rico are not eligible to participate. Eligible employees participate upon their date of hire. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The Cardinal Health Stable Value Fund (the “Stable Value Master Trust”) was established for the Plan and certain other plans of the Company. See Note 4 for more information regarding the Stable Value Master Trust.

Effective January 1, 2011, the Plan was amended and restated in compliance with the Internal Revenue Code of 1986, as amended (the “Code”). The Plan was most recently amended on May 28, 2014.

The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

Administration

The Company is the Plan administrator, and the Company’s Financial Benefit Plans Committee (the “Committee”) is responsible for the general operation and administration of the Plan.

Wells Fargo Bank, N.A. (“Wells Fargo”) serves as the Plan trustee, record keeper and asset custodian.

RGH Enterprises, Inc. 401(k) Profit Sharing Plan Merger

The RGH Enterprises, Inc. 401(k) Profit Sharing Plan (the “RGH Plan”) was merged into the Plan effective December 31, 2013, as permitted by the Plan document. Effective January 1, 2014, eligible employees of RGH Enterprises, Inc. could participate in the Plan. See Note 10. The merger did not result in a material adverse financial effect with regards to investment contracts as described in Note 4.

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Notes to Financial Statements (continued)

1. Description of Plan (continued)

Contributions

Contributions to the Plan may consist of participant elective contributions, rollover contributions, and Company matching, discretionary employer, and discretionary special contributions.

Participants may elect to contribute up to 50% of their compensation (subject to certain limitations), as defined by the Plan. Participants who have or will attain at least age 50 by the end of the Plan year may elect to contribute up to an additional \$5,500 as a catch-up contribution. Participants may also roll over amounts representing distributions from other qualified plans. Participant contributions may be contributed on a pre-tax basis or as “Roth” contributions or as a combination of the two, subject to applicable limitations. Rollover contributions may also include “Roth” rollovers. Matching contributions sufficient to meet the safe harbor requirements under the Code were made to each eligible participant. Specifically, the Company matched 100% of the first 3% of participant elective contributions, and 50% of the next 2% of elective contributions. Matching contributions are allocated on an aggregate basis to both pre-tax and Roth elective contributions, subject to the matching limitations in the preceding sentence.

Discretionary employer contributions are allocated to participants based on their proportionate share of total eligible compensation and eligible compensation above the Social Security taxable wage base amount for the year of allocation.

The Plan’s discretionary employer contribution is known as the Company Performance Contribution (“CPC”), and is contingent upon the Company’s financial performance. To be eligible for the CPC, participants generally must be employed on the last day of the Company’s fiscal year, June 30. If financial performance goals are met, the CPC is calculated on eligible compensation earned during the Company’s fiscal year and contributed in lump sum to participant accounts. The CPC is recognized by the Plan in the year the contribution is made to the Plan. For the Company’s fiscal years ended June 30, 2014 and 2013, the CPC was \$42,250,863 and \$34,802,402, respectively, and was deposited into participant accounts in September 2014 and 2013, respectively.

The discretionary special contributions, if any, are allocated to the participants in the eligible group ratably based on their proportionate share of the total eligible compensation in that group. No discretionary special contributions were made for the Plan Years ending December 31, 2014, and December 31, 2013, respectively.

Participants direct the investment of their contributions into various investment options offered by the Plan. The Company’s matching, discretionary employer and discretionary special contributions, if any, are also invested as directed by participants.

Participant Accounts

Each participant’s account is credited with the participant’s elective contributions, any rollover contributions made by the participant and allocations of the Company’s contributions and Plan earnings. A participant is entitled to the benefit provided from the participant’s vested account balance.

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Notes to Financial Statements (continued)

1. Description of Plan (continued)

Vesting

Participants are vested immediately in their elective deferral, safe harbor and qualified matching contributions, plus actual earnings thereon. A participant is 100% vested in the Company's discretionary employer, discretionary special and any other non-safe harbor contributions after three years of vesting service, or if the participant dies, becomes totally disabled, or reaches retirement age, as defined by the Plan document, while employed by the Company. The Plan provides for the partial vesting of the Company contributions to non-highly compensated participants with more than one year, but less than three years of vesting service, who were terminated as part of a designated reduction in workforce, as defined in the Plan document.

Forfeitures

Non-vested account balances are generally forfeited either upon full distribution of vested balances or completion of five consecutive one-year breaks in service, as defined by the Plan document. Forfeitures are either used to reduce Company contributions to the Plan or to pay reasonable expenses of the Plan, pursuant to guidelines determined by the Committee.

Forfeitures used to reduce Company contributions and pay reasonable expenses were \$1,200,000 and \$2,425,228 during 2014 and 2013, respectively. At December 31, 2014 and 2013, forfeited non-vested accounts were \$1,340,223 and \$0, respectively.

Administrative Expenses

Administrative expenses are paid by the Company or from the assets of the Plan. General expenses paid from the Plan's assets are allocated among participant accounts to the extent not paid from forfeitures, except for fees for loans, withdrawals and Qualified Domestic Relations Orders ("QDROs"), which are paid from the account of participant incurring the expense.

Revenue sharing and sub-transfer agent fee income received by the Plan are credited to an administrative account and can be used to reduce administrative expenses. During 2014 and 2013, the Plan earned \$2,141,794 and \$1,888,598, respectively, in revenue sharing and sub-transfer agent fee income.

Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 less the highest outstanding loan balance during the prior 12 months or 50% of their vested account balance. Loan terms primarily range from 1 to 5 years or up to 15 years for the purchase of a primary residence. Participant loans are secured by 50% of the vested balance in the participant's account as of the date of the loan and bear interest at a reasonable rate, as established by the Committee, currently Prime plus 1%, which is set for the life of the loan. Interest rates for new loans are subject to change on a monthly basis. Loan repayments, including interest and applicable loan fees, are generally repaid through payroll deductions.

Payment of Benefits

Upon termination of employment, death, retirement or total disability, distributions are generally made in the form of a lump-sum payment. In addition, the Plan includes a provision for participants to make withdrawals from their account under certain hardship circumstances or after attaining age 59 1/2, as defined in the Plan document. Required qualified joint and survivor annuity payment options are preserved for the portion of participant accounts transferred to the Plan from a money purchase pension plan, if any.



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Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts in the financial statements and accompanying notes and supplemental schedules. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncement

In May 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (“ASU 2015-07”). ASU 2015-07 amended Accounting Standards Codification (“ASC”) 820 to remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset per share practical expedient as well as to remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The amendments are to be applied retrospectively and are effective for years beginning after December 15, 2015. The Company plans to adopt ASU 2015-07 in the 2015 financial statements of the Plan.

Investment Valuation and Income Recognition

In accordance with FASB authoritative guidance included in ASC Subtopic 962, Defined Contribution Pension Plans, the Statements of Net Assets Available for Benefits present certain investment contracts at fair value as well as an additional line item showing the adjustment of fully benefit-responsive contracts from fair value to contract value. The Statements of Changes in Net Assets Available for Benefits are prepared on a contract value basis for the fully benefit-responsive investment contracts. Contract value represents contributions plus earnings, less participant withdrawals and administrative expenses.

Certain Plan investments are in the Stable Value Master Trust, while others are held in custody by Wells Fargo. Plan investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

The Committee is responsible for determining the Plan’s valuation policies and analyzing information provided by the investment custodians and issuers that is used to determine the fair value of the Plan’s investments. The Committee is comprised of management level employees from the benefits, treasury and finance departments and reports to the Human Resources and Compensation Committee of the Board of Directors of the Company.

For instruments within Level 3 of the fair value hierarchy, the Committee, in determining the reasonableness of the methodology, evaluates a variety of factors including a review of existing contracts, economic conditions, industry and market developments, and overall credit ratings.

Purchases and sales of securities are recorded on a trade-date basis using fair market value, except for those investments in investment contracts that are transacted at contract value. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

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Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Adjustment from Fair Value to Contract Value for Fully Benefit-Responsive Investment Contracts

This amount represents the difference between fair value and contract value of investment contracts that are considered fully benefit-responsive issued by insurance companies and banks.

Notes Receivable from Participants

Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. If a participant ceases to make loan repayments and the Plan Sponsor deems the participant loan to be a distribution, the participant loan balance is retained as a defaulted loan amount until a distributable event occurs, at which time the loan amount is offset from the value of the account.

Payment of Benefits

Benefit payments are recorded when paid.

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## Notes to Financial Statements (continued)

## 3. Investments

The fair values of individual assets held outside of the Stable Value Master Trust that represent 5% or more of the Plan's net assets available for benefits were as follows:

	December 31	
	2014	2013
Mutual funds:		
Dodge & Cox Stock Fund	\$294,862,233	\$274,327,934
Fidelity Growth Company Fund	287,662,851	254,819,853
Vanguard Institutional Index Fund	260,752,178	235,774,946
PIMCO Total Return Fund	190,130,524	179,094,750
Fidelity Diversified International Fund	186,393,970	191,221,010
Columbia Acorn USA Fund Z	169,785,373	174,078,243
CRM Mid Cap Value Fund	138,083,359	136,843,874
Cardinal Health, Inc. common shares	243,081,259	209,968,865
Net appreciation (depreciation) in the fair value of investments held outside of the Stable Value Master Trust was as follows for the years ended December 31, 2014 and 2013:		
	2014	2013
Mutual funds	\$88,827,573	\$336,646,341
Common collective trust	1,066,823	(1,898,366 )
Cardinal Health, Inc. common shares	42,640,554	82,940,752
Total net appreciation in the fair value of investments	\$132,534,950	\$417,688,727

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## Notes to Financial Statements (continued)

## 4. Assets Held in the Stable Value Master Trust

Certain of the Plan's investments are held in the Stable Value Master Trust which was established for the investment of assets of the Plan and other Company sponsored retirement plans. Each participating plan's interest in the investment funds (i.e., separate accounts) of the Stable Value Master Trust is based on account balances of the participants and their elected investment funds. The Stable Value Master Trust's assets are allocated among the participating plans by assigning to each plan those transactions (primarily contributions, benefit payments, and plan specific expenses) that can be specifically identified and by allocating among all plans, in proportion to the fair value of the assets assigned to each plan, income and expenses resulting from the collective investment of the assets of the Stable Value Master Trust. The Plan's interest in the Stable Value Master Trust's net investment income (loss) presented in the Statements of Changes in Net Assets Available for Benefits consists of the unrealized and realized gains (losses) and the earnings on those investments.

The Stable Value Master Trust invests in guaranteed investment contracts ("GICs") and actively managed, structured or synthetic investment contracts ("SICs"). The GICs are promises by an insurance company to repay principal plus a fixed rate of return through contract maturity. SICs differ from GICs in that there are specific assets supporting the SICs, and these assets are owned by the Plan. The bank or insurance company issues a wrapper contract that allows participant-directed transactions to be made at contract value. The assets supporting the SICs are invested in Wells Fargo fixed income collective trust funds comprised of government agency bonds, corporate bonds, asset-backed securities and collateralized mortgage obligations. The major credit ratings of the issuer or wrapper providers for the GICs and SICs are investment grade.

Interest crediting rates on the GICs in the Stable Value Master Trust are determined at the time of purchase. Interest crediting rates on the SICs are set at the time of purchase and reset periodically, normally quarterly, based on the market value, duration and yield to maturity of the underlying assets. The crediting interest rate is based on a formula agreed upon with the contract issuer, but may not be less than zero. The crediting interest rates for GICs and SICs ranged from 1.12% to 3.02% and 1.20% to 5.30% at December 31, 2014 and 2013, respectively. To the extent that the underlying portfolio of a security-backed contract has unrealized and/or realized losses that are accounted for, under contract value accounting, through a positive adjustment to contract value, the future crediting rate may be lower over time than then-current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, reflected in a negative adjustment to contract value under contract value accounting, the future crediting rate may be higher than then-current market rates.

For the years ended December 31, 2014 and 2013, the average yield for the investment contracts based on actual earnings was 1.59% and 1.78%, respectively.

For the years ended December 31, 2014 and 2013, the average yield adjusted to reflect the actual interest rate credited to participants was 1.98% and 2.19%, respectively.

Events that may limit the ability of the Plan to transact at contract value are events or conditions the occurrence of which are considered outside the normal operations of the Plan, which the contract issuer reasonably determines to have a material adverse financial effect on the issuer's interests such as: 1) Plan disqualification under the Code, 2) establishment of a defined contribution plan by the Company that competes for participant contributions, 3) material amendments to the Plan or administration as to investment options, transfer procedures or withdrawals, 4) Company's inducement to participants to withdraw or transfer funds from the contract, 5) termination or partial termination of the Plan, 6) group termination, layoff, early retirement incentive program or other downsizing by the Company, 7) merger or consolidation of the Plan with another plan or spin-off of any portion of the Plan's assets to another plan, and 8) any changes in law, regulation, ruling or administrative or judicial position that, in the issuer's reasonable determination, could result in substantial disbursements from the contract. The Committee does not consider that these events are probable in the future.



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## Notes to Financial Statements (continued)

## 4. Assets Held in the Stable Value Master Trust (continued)

Events that would allow the issuer to terminate the investment contract are: 1) the investment manager or trustee breaches any of its material obligations under the agreement, 2) any representation of the investment manager is or becomes untrue in any material respect, 3) the investment manager with respect to the contract is terminated, unless a qualified professional manager is duly appointed and is agreed to by the issuer, 4) the issuer determines that the execution, delivery or performance of the contract constitutes or will constitute a prohibited transaction, 5) failure to pay amounts due to the issuer, and 6) termination of the Plan or disqualification of the trust.

Each investment contract is subject to early termination penalties that may be significant. There are no reserves against contract value for credit risk of the contract issuers or other matters.

The assets held in the Stable Value Master Trust were as follows:

	December 31			
	2014	2013		
Common collective trusts	\$324,516,134	\$323,065,650		
Guaranteed investment contracts	—	12,669,063		
Cash and pending activity	(180,765 )	627,630		
Total net assets in Master Trust at fair value	324,335,369	336,362,343		
Bank wrappers at fair value	58,047	59,918		
Adjustment from fair value to contract value	(6,347,636 )	(4,330,733 )		
Total net assets in Master Trust	\$318,045,780	\$332,091,528		
Plan's ownership percentage in:				
Master Trust	99	% 99		%
Each investment held of the Master Trust:				
Common collective trusts	99	% 99		%
Other	99	% 99		%
The investment income of the Stable Value Master Trust was as follows for the years ended December 31:				
	2014	2013		
Dividend and interest income	\$5,613,401	\$6,916,975		
Net appreciation in the fair value of investments as determined by:				
Estimated fair value:				
Common collective trusts	397,614	388,384		
Total investment income	\$6,011,015	\$7,305,359		
Plan's investment income percentage	99	% 99		%

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Notes to Financial Statements (continued)

5. Fair Value Measurements

ASC 820, Fair Value Measurement, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

• quoted prices for similar assets or liabilities in active markets;

• quoted prices for identical or similar assets or liabilities in inactive markets;

• inputs other than quoted prices that are observable for the asset or liability; and

• inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

Mutual funds and common shares fair values are determined by applying the "market approach" and utilizing quoted market prices reported on the active market on which they are traded.

The common collective trusts ("CCTs") are designed to deliver safety and stability by preserving principal and accumulating earnings. The CCTs are valued by applying the "market approach" and utilizing the respective net asset values ("NAV") as reported by such trusts, which are reported at fair value. The fair value has been determined by the trustee sponsoring the CCT by dividing the trust's net assets at fair value by its units outstanding at the valuation dates. The trustee sponsoring the CCTs has estimated the fair value of those CCTs investing in investment contracts with insurance companies and banks. There are no restrictions as to the redemption of these investments nor does the Plan have any contractual obligations to further invest in any of these CCTs.

The fair values of investment contracts and contract wrappers issued by insurance companies and banks are estimated by applying the "income approach" and are based on discounting the related cash flows. See Note 4 for more information.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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## Notes to Financial Statements (continued)

## 5. Fair Value Measurements (continued)

The following tables set forth by level, within the fair value hierarchy, the assets held in the Stable Value Master Trust at fair value as of December 31, 2014 and 2013. The following tables do not include the Plan's interest in assets held outside of the Stable Value Master Trust because that information is disclosed separately below:

	December 31, 2014			Total
	Level 1	Level 2	Level 3	
Common collective trusts:				
Fixed income (a)	\$—	\$299,760,601	\$—	\$299,760,601
Stable value (b)	—	24,755,533	—	24,755,533
Total common collective trusts	—	324,516,134	—	324,516,134
Bank wrappers	—	—	58,047	58,047
Cash and pending activity	—	(180,765 )	—	(180,765 )
Total assets at fair value	\$—	\$324,335,369	\$58,047	\$324,393,416
	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Common collective trusts:				
Fixed income (a)	\$—	\$301,361,693	\$—	\$301,361,693
Stable value (b)	—	21,703,957	—	21,703,957
Total common collective trusts	—	323,065,650	—	323,065,650
Guaranteed investment contracts	—	12,669,063	—	12,669,063
Bank wrappers	—	—	59,918	59,918
Cash and pending activity	—	627,630	—	627,630
Total assets at fair value	\$—	\$336,362,343	\$59,918	\$336,422,261

(a) This category includes investments in U.S. government and agency securities, municipal bonds, and corporate notes and bonds.

(b) This category primarily invests in investment contracts, including traditional GICs and security-backed contracts issued by insurance companies and other financial institutions.



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## Notes to Financial Statements (continued)

## 5. Fair Value Measurements (continued)

The following tables set forth by level, within the fair value hierarchy, the fair value of the Plan's assets held outside of the Stable Value Master Trust as of December 31, 2014 and 2013:

	December 31, 2014			Total
	Level 1	Level 2	Level 3	
Mutual funds:				
Large cap	\$901,157,235	\$—	\$—	\$901,157,235
Income	196,820,982	—	—	196,820,982
International	420,101,286	—	—	420,101,286
Small cap	198,835,524	—	—	198,835,524
Mid-cap	138,083,359	—	—	138,083,359
Total mutual funds	1,854,998,386	—	—	1,854,998,386
Common collective trusts:				
Fixed income (a)	—	55,028,357	—	55,028,357
Emerging markets (b)	—	7,628,999	—	7,628,999
Total common collective trusts	—	62,657,356	—	62,657,356
Cardinal Health, Inc. common shares	243,081,259	—	—	243,081,259
Total assets at fair value	\$2,098,079,645	\$62,657,356	\$—	\$2,160,737,001
	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large cap	\$806,236,064	\$—	\$—	\$806,236,064
Income	179,094,750	—	—	179,094,750
International	396,280,428	—	—	396,280,428
Small cap	200,825,356	—	—	200,825,356
Mid-cap	136,843,874	—	—	136,843,874
Total mutual funds	1,719,280,472	—	—	1,719,280,472
Common collective trusts:				
Fixed income (a)	—	38,303,446	—	38,303,446
Emerging markets (b)	—	5,201,526	—	5,201,526
Total common collective trusts	—	43,504,972	—	43,504,972
Cardinal Health, Inc. common shares	209,968,865	—	—	209,968,865
Total assets at fair value	\$1,929,249,337	\$43,504,972	\$—	\$1,972,754,309

(a) This category includes investments in U.S. government and agency securities, municipal bonds, and corporate notes and bonds.

The investment objective of this category is to generate an attractive return relative to the JP Morgan Emerging (b)Markets Bond Index Global through investments in a diversified portfolio of emerging markets debt and currency instruments by investing principally in the CIF II Opportunistic Emerging Markets Debt Portfolio.

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## Notes to Financial Statements (continued)

## 5. Fair Value Measurements (continued)

The following tables set forth a summary of changes in the fair value of the Stable Value Master Trust's Level 3 assets (bank wrappers) for the years ended December 31, 2014 and 2013:

	2014
	Bank Wrappers
Balance, beginning of year	\$59,918
Unrealized loss relating to wrappers still held at the reporting date	(1,871 )
Balance, end of year	\$58,047
	2013
	Bank Wrappers
Balance, beginning of year	\$140,800
Realized loss related to wrappers disposed of during the year	(70,778 )
Unrealized gain relating to wrappers still held at the reporting date	(10,104 )
Balance, end of year	\$59,918

## 6. Income Tax Status

On July 30, 2014, the Plan received a determination letter from the Internal Revenue Service ("IRS") based on plan amendments through August 2, 2013, stating that the Plan is qualified under Section 401(a) of the Code and therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The Plan Sponsor has indicated that it will operate the Plan in compliance with the Code. Accounting principles generally accepted in the United States of America require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examination for years prior to 2012.

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Notes to Financial Statements (continued)

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

8. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

9. Parties-in-Interest

Certain Plan investments held by the Plan at December 31, 2014 and 2013 were units of common collective trusts managed by Wells Fargo. Wells Fargo serves as the trustee as defined by the Plan, and, therefore, transactions involving these investments are considered party-in-interest transactions.

The Plan held \$243,081,259 and \$209,968,865 of Cardinal Health, Inc. common shares at December 31, 2014 and 2013, respectively.

10. Asset Transfers

The following net assets available for benefits were transferred into the Plan during 2013:

December 31,		
2013	Assets transferred in from RGH Plan	\$41,362,029
	Net assets transferred from other qualified plan during 2013	\$41,362,029

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Notes to Financial Statements (continued)

11. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31	
	2014	2013
Net assets available for benefits per the financial statements	\$2,543,277,654	\$2,409,262,365
Adjustment from fair value to contract value for certain fully benefit-responsive investment contracts	6,305,220	4,305,805
Net assets available for benefits per Form 5500	\$2,549,582,874	\$2,413,568,170

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements to the Form 5500:

	2014
Net increase in assets per the financial statements	\$134,015,289
Net investment income difference between fair value and contract value	1,999,415
Net income per Form 5500	\$136,014,704

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Cardinal Health 401(k) Savings Plan  
 Schedule G, Part III on Form 5500: Nonexempt Transactions  
 For the Year Ended December 31, 2014  
 EIN: 31-0958666 Plan Number: 055

(a) Identity of party involved	(b) Relationship to plan, employer, or either party-in-interest
Cardinal Health, Inc.	Plan sponsor

(c) Description of transactions including maturity date, rate of interest, collateral, par or maturity value  
 During 2014, expenses totaling \$13,750 of the Plan sponsor were improperly paid by the Plan. The Plan sponsor intends to correct this nonexempt transaction by reimbursing the Plan with interest in 2015.

(d) Purchase price	(e) Selling price	(f) Lease Rental	(g) Expenses incurred in connection with transaction
—	—	—	—
(h) Cost of asset	(i) Current value of asset	(j) Net gain or (loss) on each transaction	
\$ 13,750	\$ 14,215	—	

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Cardinal Health 401(k) Savings Plan  
 Schedule H, Line 4a on Form 5500: Schedule of Delinquent Participant Contributions  
 For the Year Ended December 31, 2014  
 EIN: 31-0958666 Plan Number: 055

Participant Contributions Transferred Late to Plan	Total That Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under Voluntary Fiduciary Correction Program (VFCP) and Prohibited Transaction Exemption 2002-51
	\$ 169,515			
Check Here if Late Participant Loan Repayments are included: p	Contributions Not Corrected	Contributions Corrected Outside VFCP	Corrections Pending Correction in VFCP	\$—
	\$ 114,470	(1) \$ 11,713	(5) \$—	
	16,824	(2) 13,542	(6)	
	12,800	(3)		
	166	(4)		

Represents delinquent participant contributions and loan repayments from a 2013 payroll period. The Company (1) transmitted the contributions to the Plan in 2014 and intends to transmit lost earnings to the Plan in 2015 and file Form 5330, Return of Excise Tax Related to Employee Benefit Plans.

Represents delinquent participant contributions from 2014 payroll periods. The Company transmitted the (2) contributions and lost earnings to the Plan in 2014 and intends to file Form 5330, Return of Excise Taxes Related to Employee Benefit Plans.

Represents delinquent participant contributions from 2014 payroll periods. The Company transmitted the (3) contributions to the Plan in 2014 and intends to transmit lost earnings to the Plan in 2015 and file Form 5330, Return of Excise Taxes Related to Employee Benefit Plans.

Represents a delinquent participant contribution from a 2014 payroll period. The Company transmitted the (4) contribution and lost earnings to the Plan in 2015 and intends to file Form 5330, Return of Excise Taxes Related to Employee Benefit Plans.

Represents delinquent participant contributions from 2012 payroll periods. The Company transmitted the (5) contributions and lost earnings to the Plan in 2014 and filed Form 5330, Return of Excise Taxes Related to Employee Benefit Plans.

Represents delinquent participant contributions from 2013 payroll periods. The Company transmitted the (6) contributions and lost earnings to the Plan in 2014 and filed Form 5330, Return of Excise Taxes Related to Employee Benefit Plans.

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## Cardinal Health 401(k) Savings Plan

Schedule H, Line 4i on Form 5500: Schedule of Assets (Held at End of Year)\*

December 31, 2014

EIN: 31-0958666 Plan Number: 055

(a)(b)	(c)	(e)
Identity of issuer, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, maturity or par value	Current value
Mutual funds:		
Dodge & Cox Stock Fund	1,629,613 shares	\$294,862,233
Fidelity Growth Company Fund	2,181,081 shares	287,662,851
Vanguard Institutional Index Fund	1,381,981 shares	260,752,178
PIMCO Total Return Fund	17,835,883 shares	190,130,524
Fidelity Diversified International Fund	5,410,565 shares	186,393,970
Columbia Acorn USA Fund Z	5,471,653 shares	169,785,373
CRM Mid Cap Value Fund	4,882,721 shares	138,083,359
Vanguard Total International Stock Index Fund	830,566 shares	86,362,301
BlackRock Global Allocation Fund	4,306,333 shares	85,566,811
PIMCO All Asset Fund	5,325,708 shares	61,778,204
Vanguard Total Stock Market Index Fund	1,121,705 shares	57,879,973
Vanguard Small Cap Index Fund	519,959 shares	29,050,151
Vanguard Total Bond Market Index Fund	615,498 shares	6,690,458
Common collective trusts:		
BlackRock Institutional Trust Company U.S. Treasury		
Inflation Protected Securities Non-Lendable Fund F	2,675,733 units	33,703,802
Loomis Sayles High Yield Conservative Trust	827,599 units	15,699,556
Wellington Trust Company CIF II Opportunistic Emerging Markets Debt Portfolio (Series 1)	709,014 units	7,628,999
** Wells Fargo Short Term Investment Fund S	5,624,999 units	5,624,999
Common shares:		
** Cardinal Health, Inc.	3,011,040 shares	243,081,259
Loans:		
** Participant loans	Interest rates ranging from 4.25% to 11.5%	64,500,712
Total		\$2,225,237,713

Other columns required by the U.S. Department of Labor's Annual Reporting and Disclosure Requirements under the Employee Retirement Income Security Act of 1974, as amended have been omitted because they are not applicable.

\*\* Denotes party-in-interest.

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Signature

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Plan Committee have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

Cardinal Health 401(k) Savings Plan

Date: June 25, 2015

/s/ KENDELL SHERRER

Kendell Sherrer

Financial Benefit Plans Committee Member