

EVALUATING MANAGEMENT

Company CARDINAL HEALTH INC

(CAH)

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	LAST 5 YEAR AVG.	TREND	
													UP	DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	3.1	2.9	2.4	3.2	3.6	3.0	3.3	3.1	3.6	3.8	3.4	EVEN	
B	% Earned on Equity (E/S ÷ Book Value)	27.0	17.6	14.5	26.8	15.5	16.3	18.0	17.7	18.6	18.3	17.8	UP	

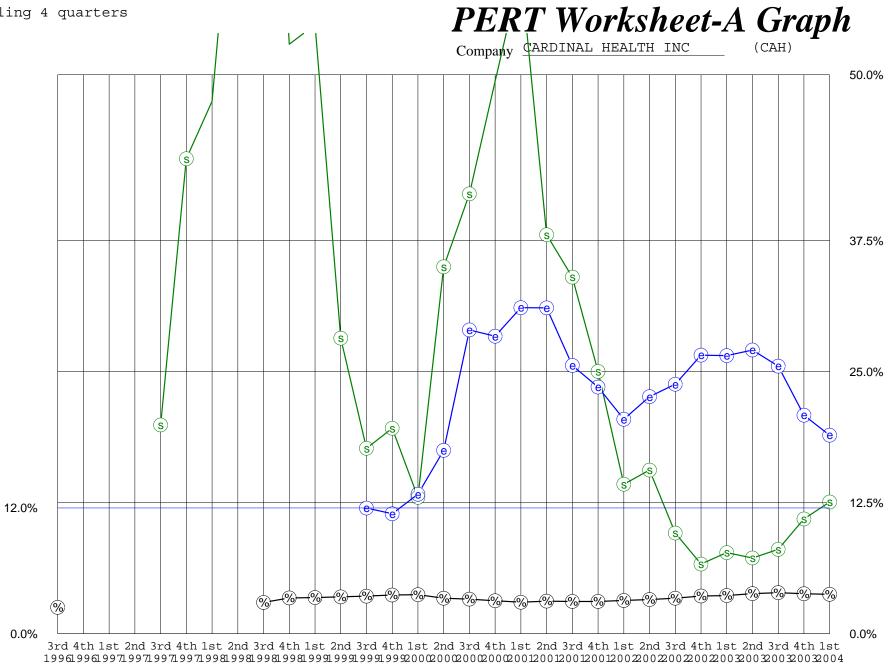
PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices. 61.680 HIGH THIS YEAR 67.960 50.000 PRESENT PRICE LOW THIS YEAR D F C н А В Ε G PRICE Earnings Price Earnings Ratio Dividend Year % Payout % High Yield Per Per Share HIGH LOW B ÷ C F ÷ C X 100 HIGH 1 OW Share F ÷ B X 100 0.070 1 1999 55.5 35.8 1.34 41.5 26.8 5.2 0.2 2 2000 49.4 24.7 1.80 27.4 13.7 0.070 3.9 0.3 3 2001 0.090 77.3 44.8 2.18 35.5 20.6 4.1 0.2 4 2002 76.7 59.5 2.64 29.1 22.6 0.100 3.8 0.2 5 22.7 3.5 2003 72.3 46.6 3.19 14.6 0.110 0.2 TOTAL 6 211.4 79.2 50.9 20.5 7 **AVERAGE** 42.3 26.4 17.0 4.1 AVERAGE PRICE EARNINGS RATIO 9 CURRENT PRICE EARNINGS RATIO 8 21.7 18.8 Proj. P/E [16.79] Based on Next 4 qtr. EPS [3.67] Current P/E Based on Last 4 gtr. EPS [3.28] **EVALUATING RISK and REWARD over the next 5 years** Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward. A HIGH PRICE -- NEXT 5 YEARS 26.4 5.78 152.6 Avg. High P/E X Estimate High Earnings/Share = Forecast High Price \$ (4A1) (3D7 as adj.) **B LOW PRICE -- NEXT 5 YEARS** 17.0 3.19 54.2 (a) Avg. Low P/E X Estimated Low Earnings/Share = \$ (3E7 as adj.) 42.3 (b) Avg. Low Price of Last 5 Years = (c) Recent Severe Market Low Price = 46.6 0.120 42.3 Present Divd. = (d) Price Dividend Will Support 0.003 (H) High Yield 46.6 Selected Estimate Low Price C ZONING 152.6 (4B1) High Forecast Price Minus 46.6 Low Forecast Price Equals 106.0 Range. 1/3 of Range = 26.5 (4A1) (4B1) (4CD) (C)73.1 46.6 (4C2) Lower 1/3 = (4B1) to (Buy) Note: Ranges changed to 25%/50%/25% (4C3) Middle 1/3 = 73.1 126.1 to (Maybe) 126.1 152.6 (4C4) Upper 1/3 = to (4A1) (Sell) 61.680 Buy Present Market Price of is in the Range (4C5) D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss) High Price (4A1) 152.6 Minus Present Price 61.680 90.9 6.0 To 1 61.680 Minus Low Price (4B1) 46.6 Present Price 15.1 (4D) E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.) 152.6 High Price (4A1) 147.4 2.474) X 100 = (247.4 % Appreciation) - 100 = 61.680 Present Market Price (4E) Relative Value: 86.6% Proj. Relative Value: 77.4% **5** 5-YEAR POTENTIAL This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks. Note: Results are expressed as a simple rate; use the table below to convert to a compound rate. A Present Full Year's Dividend \$ 0.120 0.2 0.002 X 100 = Present Yield or % Returned on Purchase Price Present Price of Stock \$ 61.680 **B AVERAGE YIELD OVER NEXT 5 YEARS** 4.61 X Avg. % Payout Avg. Earnings Per Share Next 5 Years (3G7) 4.1 18.9 0.3 % (5B) 61.680 Present Price \$ C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS P.A.R. Tot. Ret. 5 Year Appreciation Potential (4E) 147.4 Average Yield 0.2% 0.2% 29.5 5 % Annual Appreciation 15.3% 19.9% Average Yield (5B) 0.3 % Average Total Annual Return Over the Next 5 Years 15.4% 20.0% % Compd Ann Rate of Ret (5C) 29.8 % © 1996, National Association of Investors Corporation: 711 West Thirteen Mile Road, Madison Hots., Michigan 48071

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