

CARDINAL HEALTH INC
Form SC TO-I
June 19, 2009

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

SCHEDULE TO

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934

CARDINAL HEALTH, INC.

(Name of Subject Company (Issuer) and Filing Persons (Offeror))

Options to Purchase Common Shares, without Par Value, with an Exercise Price Greater than \$56.45 per Share

(Title of Class of Securities)

14149Y108

(CUSIP Number of Class of Securities (Underlying Common Shares))

Cardinal Health, Inc.

7000 Cardinal Place

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Dublin, Ohio 43017

(614) 757-5000

Attention: Stephen T. Falk

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing persons)

Copies to:

Ronald O. Mueller

Gibson, Dunn & Crutcher LLP

1050 Connecticut Avenue, NW

Washington, DC 20036

(202) 955-8500

CALCULATION OF FILING FEE

Transaction Valuation (1)
\$13,413,907

Amount of Filing Fee
\$748.50

- (1) Estimated solely for purposes of calculating the amount of the filing fee. The calculation of the Transaction Value assumes that all options to purchase shares of the Issuer's common shares that may be eligible for exchange in the offer will be tendered for new options or new restricted share units and cancelled pursuant to this offer. These options have a value of \$13,413,907 calculated using the Black-Scholes method based on a price per share of common shares of \$30.37, the average of the high and low prices of the Issuer's common shares as reported on New York Stock Exchange on June 15, 2009.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable.
Filing Party: Not applicable.

Form or Registration No.: Not applicable.
Date Filed: Not applicable.

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer. Check the appropriate boxes below to designate any transactions to which the statement relates:

third-party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

Item 1. Summary Term Sheet

The information set forth under Section I (Summary Term Sheet Questions and Answers) in the Offer to Exchange Certain Outstanding Stock Options for New Stock Options, dated June 19, 2009, attached hereto as Exhibit (a)(1)(A) (the Offer to Exchange), is incorporated herein by reference.

Item 2. Subject Company Information

(a) *Name and Address.* The issuer is Cardinal Health, Inc., an Ohio corporation (the Company). The Company 's principal executive offices are located at 7000 Cardinal Place, Dublin, Ohio 43017, and the telephone number of its principal executive offices is (614) 757-5000.

(b) *Securities.* This Tender Offer Statement on Schedule TO relates to an offer by the Company to exchange certain outstanding options to purchase shares of the Company 's common shares that were granted before June 19, 2008, have an exercise price that is greater than \$56.45 per share, are scheduled to expire after August 31, 2010, and are outstanding and held by an Eligible Employee (as defined in the Offer to Exchange) as of the start date of the program and at the time the Offer expires (the Eligible Options), for new options (the New Options), and, in the case of employees working in France, new restricted share units (New RSUs). The Eligible Options were previously granted under the Cardinal Health, Inc. 2005 Long-Term Incentive Plan, as amended and restated as of November 5, 2008 (the Plan); the Cardinal Health, Inc. Amended and Restated Equity Incentive Plan, as amended; the Cardinal Health, Inc. Broadly-based Equity Incentive Plan, as amended; and various equity incentive plans assumed by the Company in connection with corporate acquisitions. Each New Option and New RSU will be issued under the Plan. As of June 11, 2009, options to purchase approximately 12,801,872 of the Company 's common shares were eligible for exchange in the exchange offer. The Company is making the offer upon the terms and subject to the conditions set forth in the Offer to Exchange and in the related accompanying Election Forms, attached hereto as Exhibit (a)(1)(B)-(C).

The information set forth in the Offer to Exchange under Section I (Summary Term Sheet Questions and Answers), Section II (Risks of Participating in the Offer), Section III.1 (General; Eligibility; Offer Expiration Time), Section III.2 (Source and Amount of Consideration; Terms of New Options), Section III.6 (Acceptance of Eligible Options for Exchange; Issuance of New Options and New RSUs) and Section III.10 (Price Range of Common Shares Underlying Eligible Options) is incorporated herein by reference.

(c) *Trading Market and Price.* The information set forth in the Offer to Exchange under Section III.10 (Price Range of Common Shares Underlying Eligible Options) is incorporated herein by reference.

Item 3. Identity and Background of Filing Person

The Company is both the filing person and the subject company. The information set forth under Item 2(a) above and the information set forth in the Offer to Exchange under Section III.11 (Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Eligible Options) and Schedule C (Information Concerning Our Executive Officers and Directors) is incorporated herein by reference.

Item 4. Terms of the Transaction

(a) *Material Terms.* The information set forth under Item 2(b) above and in the Offer to Exchange under Section I (Summary Term Sheet Questions and Answers), Section II (Risks of Participating in the Offer), Section III.1 (General; Eligibility; Offer Expiration Time), Section III.2 (Source and Amount of Consideration; Terms of New Options), Section III.3 (Purpose), Section III.4 (Procedures for Tendering Eligible Options), Section III.5 (Withdrawal Rights and Change of Elections), Section III.6 (Acceptance of Eligible Options for Exchange; Issuance of New Options and New RSUs), Section III.7 (Extension of Offer; Termination; Amendment), Section III.8 (Material U.S. Federal Income Tax Consequences), Section III.9 (Conditions to Completion of the Offer), Section III.12 (Status of Eligible Options Acquired by Us in the Offer; Accounting Consequences of the Offer), Section III.13 (Legal Matters; Regulatory Approvals) and Section III.15 (Source and Amount of Consideration) is incorporated herein by reference.

(b) *Purchases.* Members of the Company's Board of Directors and executive officers named in the compensation tables included in the last proxy statement that the Company filed with the SEC are not eligible to participate in the exchange offer. Executive officers who are not named in the compensation tables included in the last proxy statement that the Company filed with the SEC are eligible to participate in the exchange offer. The information set forth in the Offer to Exchange under Section I (Summary Term Sheet Questions and Answers) and Section III.11 (Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Eligible Options) is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements

Agreements Involving the Subject Company's Securities. The information set forth in the Offer to Exchange under Section III.11 (Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Eligible Options), Section III.16 (Information Concerning Cardinal Health, Inc.) and Section III.17 (Corporate Plans, Proposals and Negotiations) is incorporated herein by reference. The Plan and the related forms of New Option and New RSU award agreements attached hereto as Exhibits (d)(1)-(d)(5) also contain information regarding the Company's securities.

Item 6. Purposes of the Transaction and Plans or Proposals

(a) *Purposes.* The information set forth in the Offer to Exchange under Section III.3 (Purpose) is incorporated herein by reference.

(b) *Use of Securities Acquired.* The information set forth in the Offer to Exchange under Section I (Summary Term Sheet Questions and Answers), Section III.3 (Purpose) and Section III.12 (Status of Eligible Options Acquired by Us in the Offer; Accounting Consequences of the Offer) is incorporated herein by reference.

(c) *Plans.* The information set forth in the Offer to Exchange under Section III.17 (Corporate Plans, Proposals and Negotiations) is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration

(a) *Source of Funds.* The information set forth in the Offer to Exchange under Section III.2 (Source and Amount of Consideration; Terms of New Options), Section III.14 (Fees and Expenses) and Section III.15 (Source and Amount of Consideration) is incorporated herein by reference.

(b) *Conditions.* The information set forth in the Offer to Exchange under Section III.9 (Conditions to Completion of the Offer) is incorporated herein by reference.

(d) *Borrowed Funds.* Not applicable.

Item 8. Interest in Securities of the Subject Company

(a) *Securities Ownership.* The information set forth in the Offer to Exchange under Section III.11 (Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Eligible Options) and Schedule C (Information Concerning Our Executive Officers and Directors) is incorporated herein by reference.

(b) *Securities Transactions.* The information set forth in the Offer to Exchange under Section III.11 (Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Eligible Options) is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used

Not applicable.

Item 10. Financial Statements

(a) *Financial Information.* The information set forth in Item 8. *Financial Statements and Supplementary Data* in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2008 and in Item 1. *Financial Statements* in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009 is incorporated herein by reference. The financial information contained in the Offer to Exchange under Section III.18 (*Additional Information*) and Section III.19 (*Financial Information*) is incorporated herein by reference.

(b) *Pro Forma Information.* Not applicable.

Item 11. Additional Information

(a) *Agreements, Regulatory Requirements and Legal Proceedings.* The information set forth in the Offer to Exchange under Section II (*Risks of Participating in the Offer*), Section III.8 (*Material U.S. Federal Income Tax Consequences*), Section III.11 (*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Eligible Options*) and Section III.13 (*Legal Matters; Regulatory Approvals*) is incorporated herein by reference.

(b) *Other Material Information.* Not applicable.

Item 12. Exhibits

Exhibit No. Description

- (a)(1)(A) Offer to Exchange Certain Outstanding Stock Options for New Stock Options.
- (a)(1)(B) Election Form/Notice of Withdrawal/Change of Election Form for Certain Eligible Employees Receiving Paper Materials.
- (a)(1)(C) Election Form/Notice of Withdrawal/Change of Election Form for Eligible Employees Working in France.
- (a)(1)(D) Form of Email Communication to Certain Eligible Employees Announcing Program Launch.
- (a)(1)(E) Form of Cover Letter to Certain Eligible Employees Receiving Paper Materials Announcing Program Launch.
- (a)(1)(F) Form of Email to Eligible Employees Working in France Announcing Program Launch.
- (a)(1)(G) Form of Communication Rejecting the Election Form/Notice of Withdrawal/Change of Election Form for Certain Eligible Employees Receiving Paper Materials.
- (a)(1)(H) Form of Communication Rejecting the Election Form/Notice of Withdrawal/Change of Election Form for Employees Working in France.
- (a)(1)(I) Form of Email Communication Reminder to Certain Eligible Employees.
- (a)(1)(J) Form of Email Communication to Certain Eligible Employees Confirming Election to Participate.
- (a)(1)(K) Form of Communication to Certain Eligible Employees Receiving Paper Materials Confirming Election to Participate.

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Exhibit No.	Description
(a)(1)(L)	Form of Communication to Eligible Employees Working in France Confirming Election to Participate.
(a)(1)(M)	Form of Email Communication to Certain Eligible Employees Confirming Election Not to Participate.
(a)(1)(N)	Form of Communication to Certain Eligible Employees Receiving Paper Materials Confirming Election Not to Participate.
(a)(1)(O)	Form of Communication to Eligible Employees Working in France Confirming Election Not to Participate.
(a)(1)(P)	Form of Final Email Communication to Certain Eligible Employees Confirming Non-Participation.
(a)(1)(Q)	Form of Final Communication to Certain Eligible Employees Receiving Paper Materials Confirming Non-Participation.
(a)(1)(R)	Form of Final Communication to Eligible Employees Working in France Confirming Non-Participation.
(a)(1)(S)	Form of Final Email Communication to Certain Eligible Employees Confirming Participation.
(a)(1)(T)	Form of Final Communication to Certain Eligible Employees Receiving Paper Materials Confirming Participation.
(a)(1)(U)	Form of Final Communication to Eligible Employees Working in France Confirming Participation.
(a)(1)(V)	Form of Password Reset Email Communication.
(a)(1)(W)	Screen Shots from Stock Option Exchange Program Website.
(a)(1)(X)	Transcript of Webcast for Certain Eligible Employees.
(a)(1)(Y)	Webcast Slide Presentation for Certain Eligible Employees.
(a)(1)(Z)	Criteria for Eligible Options.
(a)(1)(A)(A)	Frequently Asked Questions for Certain Eligible Employees.
(a)(1)(B)(B)	Supplemental Guides for Non-U.S. Employees.

Exhibit No.	Description
(b)	Not applicable.
(d)(1)	Cardinal Health, Inc. 2005 Long-Term Incentive Plan, as Amended and Restated as of November 5, 2008 (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, as filed on November 7, 2008).
(d)(2)	Form of Cardinal Health, Inc. Nonqualified Stock Option Agreement (Under the Cardinal Health, Inc. Stock Option Exchange Program).
(d)(3)	Form of Cardinal Health, Inc. Nonqualified Stock Option Agreement for International Grants (Under the Cardinal Health, Inc. Stock Option Exchange Program).
(d)(4)	Form of Cardinal Health, Inc. Restricted Share Units Agreement for Awardees Working in France (Under the Cardinal Health, Inc. Stock Option Exchange Program).
(d)(5)	Form of Rules of the Cardinal Health, Inc. 2005 Long-Term Incentive Plan for the Grant of Stock Units to Employees in France.
(d)(6)	Form of Australian Addendum to the Cardinal Health, Inc. 2005 Long-Term Incentive Plan.
(d)(7)	Form of United Kingdom Sub-Plan Under the Cardinal Health, Inc. 2005 Long-Term Incentive Plan.
(g)	Not applicable.
(h)	Not applicable.

Item 13. Information Required by Schedule 13E-3

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete, and correct.

CARDINAL HEALTH, INC.

By: /s/ Craig S. Morford
Name: Craig S. Morford
Title: Chief Legal and Compliance Officer

Date: June 19, 2009