

CARDINAL HEALTH INC
Form 4
February 20, 2008

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN 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 *
WALTER ROBERT D

(Last) (First) (Middle)

7000 CARDINAL PLACE

(Street)

DUBLIN, OH 43017

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

CARDINAL HEALTH INC [CAH]

3. Date of Earliest Transaction (Month/Day/Year)

02/15/2008

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

Executive Director

6. Individual or Joint/Group Filing (Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Shares	01/07/2008		G	V 5,992 D 11	1,000,073 (2)	D	
Common Shares	02/15/2008		M	312,500 (3) (4) (5) A 31.167	1,312,573 (3) (4) (5)	D	
Common Shares	02/15/2008		D	312,500 (3) (4) (5) D 60.31	1,000,073 (3) (4) (5)	D	
Common Shares	02/19/2008		M	135,000 (6) A 43.14	1,135,073	D	
Common Shares	02/19/2008		F	110,241 (6) D 61.27	1,024,832	D	

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Common Shares	3,574	I	By ESPP
Common Shares	199,349	I	By GRAT IX
Common Shares	402,500	I	By LLC <u>(7)</u>
Common Shares	413,340	I	By GRAT X
Common Shares	255,000	I	By LLC II <u>(7)</u>
Common Shares	562,445	I	By GRAT XI
Common Shares	271,500	I	By LLC III <u>(7)</u>
Common Shares	609,544	I	By GRAT XII <u>(2)</u>
Common Shares	500,000	I	By GRAT XIII

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

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)	Am	Nur	Sha
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title		
Option (right to buy) <u>(8)</u>	\$ 43.14	02/19/2008		M	1	08/11/2001	08/11/2008	Common Shares	13	
Stock Appreciation Right <u>(9)</u>	\$ 31.167	02/15/2008		M	312,500	08/03/2005	<u>(10)</u>	Common Shares	86	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WALTER ROBERT D 7000 CARDINAL PLACE DUBLIN, OH 43017	X		Executive Director	

Signatures

Aneezal H. Mohamed,
Attorney-in-fact

02/20/2008

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(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) Bona fide gifts
- (2) 118,671 of these shares were previously reported as indirectly beneficially owned through GRAT XII, and were subsequently transferred to direct beneficial ownership on December 5, 2007.

As previously reported, a grant of 862,500 Deferred Payment Stock Appreciation Rights ("SAR") was made to the reporting person on August 3, 2005, at a grant price of \$31.167 per share, as a result of the Company's discovery that a portion of a stock option that had been granted to him in November 1999 was in excess of that permitted to be granted to a single individual during any fiscal year under the Company's Equity Incentive Plan. The purpose of this SAR grant was to remedy the error described above and was contingent upon the reporting person's agreement that the portion of the 1999 option in excess of the share limitation would be cancelled. The agreement reflecting the SAR grant dated 08/03/2005 (the "Grant Agreement") was filed with the Securities and Exchange Commission as Exhibit 10.01 to the Company's Current Report on Form 8-K filed on August 5, 2005. [Cont. in Footnote 4]
- (3) [Cont. from Footnote 3] On 6/4/2007, the reporting person exercised 550,000 of the 862,500 shares. As reflected on this Form 4, the reporting person has exercised the SAR as to the remaining 312,500 of the 862,500 shares. Pursuant to the terms of the Grant Agreement, the reporting person will be entitled to receive a cash payment equal to the product of (i) the excess of the last sale price of Company stock on the exercise date (\$60.31) over the exercise price of \$31.167, times (ii) the number of shares as to which the reporting person is exercising the SAR (312,500). No Company shares were actually bought or sold in connection with the SAR exercise. [Cont. in Footnote 5].
- (4) [Cont. from Footnote 4] The proceeds of the SAR exercise will not be paid to the reporting person at exercise, but will be deferred pursuant to the terms of the Grant Agreement and Internal Revenue Code Section 409A and paid to the reporting person (with interest accrued from the exercise date at the prime rate), subject to certain exceptions, on the first business day that is at least six months following the termination of reporting person's employment with the Company by reason of a separation from service.
- (5) The reporting person exercised 135,000 stock options granted on 8/11/1998 and delivered to the company 110,241 previously-owned mature shares as payment of the exercise price and taxes. The reporting person currently intends to hold all such 135,000 exercised shares.
- (6) The reporting person holds the controlling interest in, and is the sole manager of, the LLC.
- (7) Stock option granted pursuant to the Cardinal Health, Inc. Equity Incentive Plan.
- (8) Deferred Payment Stock Appreciation Right granted to compensate the reporting person for the portion of the option to purchase 1,425,000 common shares originally granted to the reporting person on November 15, 1999 (the "November 1999 Option"), which portion has subsequently been determined to be null and void.
- (9) Expires on the earlier of (x) November 15, 2009 (the expiration date of the November 1999 Option) or (y) six months after the reporting person's termination of employment.
- (10)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.