

CARDINAL HEALTH INC
Form 4
June 06, 2007

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)
06/04/2007

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)
Exec. Chairman of the Board

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	01/09/2007		G	V 6,512 D (3)	1,026,651	D	
Common Shares	03/19/2007		G	V 50,000 D (3)	976,651	D	
Common Shares	05/11/2007		G	V 346 D (3)	1,101,344 (4)	D	
Common Shares	06/04/2007		M	550,000 (1) (2) A \$ 31.167 (2) (5)	1,745,983 (1) (2) (5)	D	
Common Shares	06/04/2007		D	550,000 (1) (2) D \$ 72.67 (2)	1,195,983 (1) (2)	D	

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Common Shares	3,183	I	By ESPP
Common Shares	282,252	I	By GRAT IX
Common Shares	445,000	I	By LLC <u>(6)</u>
Common Shares	389,540	I	By GRAT X
Common Shares	282,000	I	By LLC II <u>(6)</u>
Common Shares	535,715	I	By GRAT XI
Common Shares	300,000	I	By LLC III <u>(6)</u>
Common Shares	700,000	I	By GRAT XII

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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount
Option (right to buy) <u>(7)</u>	\$ 36.307					03/02/2001	03/02/2008	Common Shares	96
Option (right to buy) <u>(7)</u>	\$ 43.14					08/11/2001	08/11/2008	Common Shares	13
Option (right to buy) <u>(7)</u>	\$ 47.333					03/01/2002	03/01/2009	Common Shares	18
Option (right to buy) <u>(7)</u>	\$ 31.167					<u>(12)</u>	11/15/2009	Common Shares	56
	\$ 66.083					11/20/2003	11/20/2010		27

Option (right to buy) <u>(7)</u>								Common Shares	
Option (right to buy) <u>(7)</u>	\$ 68.1				01/15/2006	11/19/2011		Common Shares	44
Option (right to buy) <u>(7)</u> <u>(8)</u>	\$ 67.9				11/18/2005	11/18/2012		Common Shares	48
Option (right to buy) <u>(7)</u> <u>(8)</u>	\$ 61.38				11/17/2006	11/17/2013		Common Shares	50
Option (right to buy) <u>(7)</u> <u>(8)</u>	\$ 44.15				08/23/2007	08/23/2014		Common Shares	56
Stock Appreciation Right <u>(9)</u>	\$ 44.15				08/23/2007	08/23/2014		Common Shares	14
Stock Appreciation Right <u>(10)</u>	\$ 31.167	06/04/2007		M	550,000	08/03/2005	<u>(15)</u>	Common Shares	86
Option (right to buy) <u>(7)</u> <u>(8)</u>	\$ 58.88					<u>(13)</u>	09/02/2012	Common Shares	37
Option (right to buy) <u>(8)</u> <u>(11)</u>	\$ 66.34					<u>(14)</u>	08/15/2013	Common Shares	19

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WALTER ROBERT D 7000 CARDINAL PLACE DUBLIN, OH 43017	X		Exec. Chairman of the Board	

Signatures

Robert D. Walter
06/05/2007

 **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).

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 2].

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- [Cont. from Footnote 1] As reflected on this Form 4, the reporting person has exercised the SAR as to 550,000 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 (\$72.67) over the exercise price of \$31.167, times (ii) the number of shares as to which the reporting person is exercising the SAR (550,000). No Company shares were actually bought or sold in connection with the SAR exercise. 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) on the date that is six months following the termination of reporting person's employment with the Company.
- (2) Bona fide gift(s).
 - (3) 125,039 of these shares were previously reported as indirectly beneficially owned through GRAT X, and were subsequently transferred to direct beneficial ownership on May 1, 2007.
 - (4) 94,639 of these shares were previously reported as indirectly beneficially owned through GRAT XI, and were subsequently transferred to direct beneficial ownership on May 18, 2007.
 - (5) The reporting person holds the controlling interest in, and is the sole manager of, the LLC.
 - (6) Stock option granted pursuant to the Cardinal Health, Inc. Equity Incentive Plan.
 - (7) Stock option granted pursuant to the reporting person's then-applicable Employment Agreement with Cardinal Health. The Company and the reporting person are parties to an Employment Agreement originally dated November 20, 2001, and amended and restated on February 1, 2004 and April 17, 2006, and further amended on August 2, 2006 (the "Employment Agreement").
 - (8) Deferred Payment Stock Appreciation Right granted in partial fulfillment of the Company's obligations to the reporting person pursuant to the Employment Agreement.
 - (9) 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.
 - (10) Stock option granted pursuant to the Cardinal Health, Inc. 2005 Long-Term Incentive Plan, as amended.
 - (11) Stock option vested in three equal annual installments beginning on 11/15/00.
 - (12) Stock option vests in four equal annual installments beginning on 9/2/2006.
 - (13) Stock option vests in four equal annual installments beginning on 8/15/2007.
 - (14) 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.

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.