



Supplier reference manual

**For suppliers to the pharmaceutical
distribution supply chain**

REV 07/2013

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Section 1: **Introduction**

The Cardinal Health Supplier Reference Manual is a policy document governing the relationship between the Cardinal Health Pharmaceutical Distribution Business and its suppliers. This manual provides guidance regarding Cardinal Health operational expectations to manufacturers/suppliers of pharmaceutical products distributed by the pharmaceutical segment of Cardinal Health. These policies were constructed to allow Cardinal Health and its suppliers to meet the commitment to excellence expected by our mutual customers while reflecting an ongoing commitment to conduct business in a manner that respects the contributions of all stakeholders. The policies and standards contained within may be updated at any time and it is therefore important that suppliers periodically review the current revision of this manual for updates.

Pharmaceutical Segment

Our Pharmaceutical segment consolidates pharmaceuticals from hundreds of manufacturers into site-specific deliveries to retail pharmacies, hospitals, mail-order facilities, physician offices, surgery centers and long-term and other alternate care facilities. Through this segment, Cardinal Health offers the most secure, efficient and economical source of pharmaceuticals, specialty plasma products and value-added services to healthcare providers and pharmaceutical manufacturers. Cardinal Health also operates the world's largest network of nuclear pharmacies and is expanding its positron emission tomography (PET) agent manufacturing capabilities to support new drug development and the future of personalized medicine. In addition, about 200 hospitals across the U.S. outsource the management of their inpatient pharmacy to Cardinal Health because of our proven expertise and track record of improving efficiency and safety within inpatient pharmacies.

Products and services

- **Beckloff Associates**
- **Cold Chain – Refrigerated Pharmaceutical Tote Packaging for Pharmacy Deliveries**
- **Leader® pharmacy services**
- **Medicap® franchise pharmacies**
- **Medicine Shoppe®**
- **Nuclear Pharmacy Services**
- **Pharmaceutical distribution –**
this Supplier Guide applicable to these businesses
- **Pharmacy Management**
- **Rxe-sourceSM hospital pharmacy remote medication order review service**
- **Rxe-viewTM hospital pharmacy medication order management tool**
- **Specialty Pharmaceutical Distribution –**
this Supplier Guide applicable to these businesses
- **Specialty Pharmaceutical Services (SPS)**

Medical Segment

In addition to delivering medical-surgical products to ambulatory care centers, physician offices, clinical laboratories and hospitals across the U.S. and Canada, the Cardinal Health Medical segment also manufactures high-volume replenishable products such as gloves, gowns, surgical drapes, scrubs and fluid management products. In addition, the Medical segment includes Cardinal Health surgical and procedural kitting operations that assemble all necessary single-use surgical products and apparel for specific procedures into one kit, allowing clinicians to focus on the patient. The value-added services offered by the Medical segment also reflect the consultative approach that Cardinal Health takes with healthcare providers to improve efficiency and safety across their operations.

Products and services

- **Clinician Apparel and Patient Protection Products (Convertors®)**
- **Fluid suction and collection products**
- **Glove products**
- **Hospital supply solutions**
- **Physician office products**
- **Presource® products and services**
- **Scientific products for laboratories (View our SP® lab catalog)**
- **EnduraTM Performance Apparel (Scrubs)**
- **Surgery center products**
- **Surgical masks, drapes and gowns**
- **ValueLink®**

Who to contact

Request type	Contact information (email, phone, etc.)
Generic new item set-up	rxgenerics@cardinalhealth.com
Brand new item set-up	GMB-DUB-Rx Brand-New Items@cardinalhealth.com
Brand new vendor set-up request	sheila.pancam@cardinalhealth.com
Consumer new item set-up	GMB-DUB-consumerhealthgatekeeper@cardinalhealth.com
Contract pricing and membership questions	PricingResearch@cardinalhealth.com
Case pack changes – generics	Your Cardinal Health Buyer
Case pack changes – brand	DSA Manager
Product availability	PurchasingServices@cardinalhealth.com
Product recalls	GMB-HSCS-P-Recalls@cardinalhealth.com, 614.553.5671 (fax)
Electronic Data Interchange (EDI)	vendoredi@cardinal.com
Customer service (dropship)	800.926.3161
Holiday shipping/supplier shutdown schedules	hpsuppliersshutdown@collab.cardinalhealth.com
Wholesale Acquisition Cost (WAC) price changes	GMB-DUB.DatabasePricing@cardinalhealth.com
DEA and State Facility Licenses	GMB-QRA-PSCVendorLicensing@cardinalhealth.com
Supplier Quality Award	Brand – DSA Manager Consumer – Product Category Manager Generics – Product Director
Emergency purchase orders	GMB-EPOdesk@cardinalhealth.com
Chargeback	See attached contact list by vendor number
Supplier reference manual	GMB-SupplierGuide-Pharma@cardinalhealth.com

Getting set up with Cardinal Health

Prior to engaging in business with the Pharmaceutical Segment of Cardinal Health, Cardinal Health requires that the supplier and Cardinal Health enter into a services agreement. For more information on establishing a relationship with Cardinal Health, contact the appropriate individual listed below:

Generic Pharmaceuticals	Amy Larson	614.757.3312
Branded Pharmaceuticals	Sheila Pancamo	614.757.7323
Consumer Health Products	Dawn Foster	614.757.7486
Specialty Pharmaceutical Distribution	Michael Crawford	614.757.7541

Once a services agreement is in place, suppliers will need to follow the new supplier set up process as guided by the Cardinal Health relationship manager. Documents required by Cardinal Health to initiate new supplier set-up include:

- Current Price List for all Products
- Certificate of Insurance stating Cardinal Health and subsidiaries as additional insured
- Signed Wholesaler's Purchase Agreement
- Guaranteed Sale Letter
- Database Supplier setup sheet **Attachment A**
- HDMA Product Information Sheet
- Package Insert Sheet
- Authorized Exclusive Distributor State and DEA license for each state shipping out of. Sign and return ADR letter **Attachment B**
- DEA controlled substance or List Chemical registration number
- Material Safety Data Sheets (MSDS)
- Supplier Quality Agreement
- Copy of state license for the following states:
 - Colorado
 - Florida
 - Illinois
 - Missouri
 - New Jersey
 - North Carolina
 - West Virginia

In the event of a conflict between the requirements of this Supplier Reference Manual and the terms of an agreement between Cardinal Health and a supplier, the terms of the agreement prevail unless otherwise agreed in writing by Cardinal Health.

New item set up process

When launching a new item, please ensure you submit the following five documents to Cardinal Health in order to have the item set up in our system.

- HDMA/NWDA Standard Product Information Form
- Package Insert
- Copy of all sides of Package Label
- MSDS Information
- Pricing Sheet

Cardinal Health must have all five documents before the item can be setup in our system. Failure to provide all of the above information will delay getting your new item ordered.

Please see **Attachment C** for Consumer Health documents.

Filling Cardinal Health purchase orders

Orders and shipments must be made in accordance with written agreements in place between Cardinal Health and supplier.

Standard purchase order transmissions

Cardinal Health transmits purchase orders (PO) to the supplier using three methods:

- **Electronic Data Interchange (EDI 850)** - EDI POs are collected approximately every two minutes throughout the Cardinal Health work day. EDI services then recognizes and transmits to the suppliers every 30 minutes on the half-hour. This process begins at 5:30am EST and ends at 10:30pm EST.
- **Fax** - Fax POs are generated and sent via fax using the Cardinal Health automated fax system (FAX401) or manually faxed. The FAX401 system transmits to the supplier every 2 minutes.
- **AS2/Cyclone** - AS2 is a point-to-point file transfer protocol (ftp) that is used to encrypt and transfer data files via the Internet. Cardinal Health is currently using Axway AS2 (formerly known, and also still sometimes referred to, as Cyclone) to trade data with both customers and suppliers. This managed file transfer system moves EDI (x12-formatted) data as well as other types of data. For suppliers already up on EDI, once they have the applicable software on their side, they can contact vendoredi@cardinal.com to test and implement.

Narcotic purchase order transmissions

Narcotic POs require special processing based on government regulations. Each narcotic PO can contain no more than 10 items and must be accompanied by a DEA blank number. Cardinal Health generally sends the PO and the accompanying DEA blanks (222) to the supplier via overnight delivery. Some suppliers can request that narcotic PO transmissions are sent same day via EDI. However, processing of the EDI transmission cannot occur until the receipt of the corresponding DEA blank. All blanks expire in 60 days.

Purchase order management

Purchase orders are expected to ship complete and consistently within the agreed upon lead time. An expected delivery date based on this lead time is generated for each purchase order transmitted by Cardinal Health. If for some reason a purchase order or purchase order line will not arrive within the normal lead time or will be partially shipped, Cardinal Health must be notified in advance. Please refer to the section on Product Availability reporting for information on how and where to communicate this information to Cardinal Health.

What is EDI?

EDI is an electronic sharing of information in a global standardized format. Traditionally, communications between business partners (like purchase orders or invoices) were conducted on paper and sent via mail or fax.

With the advent of electronic file sharing, communicating such information electronically greatly reduces the time and resources required to manage such interactions. ANSI (American National Standards Institute) is the governing organization that establishes EDI standards. Within ANSI, HDMA (the Healthcare Distribution Management Association) establishes standards unique to the health care industry. However, HDMA standards always fall within ANSI standards; they do not conflict with nor negate one another.

Ideally, when trading partners use standardized communications in accordance with ANSI and HDMA, communications are automated and efficient.

EDI Transactions

Cardinal Health supports a range of EDI documents and transmission protocols to transfer information to and from our business partners. In addition, Cardinal Health maintains partnerships with various communication and van providers and complies with both the American National Standards Institute (ANSI) and the Healthcare Distribution Management Association (HDMA) EDI guidelines. Cardinal Health sends and receives EDI data every 30 minutes, starting at 5:30 a.m. Eastern Standard Time and ending at 10:30 p.m. Eastern Standard Time.

EDI transactions received (inbound)

Document	Description
810	Invoice
845	Bid award/Price authorization
849	Chargeback reconciliation
855	Purchase order acknowledgement
856	Advance ship notice
997	Functional acknowledgement

EDI transactions sent (outbound)

820	Payment order/remittance advice
844	Chargebacks
850	Purchase order
852	Product activity data
867	Product transfer and resale report
997	Functional acknowledgement

EDI Supplier Requirements and penalties

Cardinal Health expects all suppliers, at their expense, to maintain the appropriate systems and software to facilitate the electronic exchange of information pertinent to the respective business relationship.

Cardinal Health expects the supplier to be fully engaged and compliant with all applicable inbound EDI requirements. Compliance is required within 90 days of becoming a supplier or upon notification of non-compliance. Full details on Cardinal Health EDI requirements are contained within an EDI Technical Specifications Document available from the Cardinal Health EDI team or a sourcing representative. Please note that an EDI Technical Specifications Document exists for each EDI document type.

- Upon receipt of an electronic document from Cardinal Health, suppliers are required to transmit an electronic acknowledgement (EDI Document Type 997) within 24 hours of the transmission. The electronic acknowledgement will certify and establish evidence that the electronic document has been properly received.
- Suppliers are required to monitor the receipt of acknowledgements (Functional acknowledgement EDI Document Type 997) from Cardinal Health for electronic documents sent by the supplier and take prompt action to resolve issues relating to unacknowledged electronic transmissions.
- Suppliers are required to maintain compatible electronic document version numbers in accordance with current Cardinal Health software.

EDI Supplier Requirements and penalties *cont.*

For EDI questions or to obtain a copy of an EDI Technical Specifications Document, email the EDI vendoredi@cardinalhealth.com or call 614.757.5334.

EDI Penalties

Suppliers must transmit all required EDI documents or a penalty will be assessed. Penalties will be calculated based on EDI compliance of the previous month and will be communicated via a separate invoice.

EDI Required Document	Penalty
Advanced Ship Notice (EDI 856)	\$5 per line for purchase orders received without an ASN*

**Invoices will be sent to those manufacturers with a total monthly penalty of \$50 or more.*

Filling Cardinal Health purchase orders – Product availability report

Cardinal Health communicates product availability issues to customers via customer ordering systems. In an effort to ensure accuracy of this information, suppliers must provide either a product availability report or a cut report on a weekly basis. Product availability reports contain information regarding the current status of all active products such as backordered items, allocated items, short dated items, etc. Cut reports provide line item information on a purchase order that has been canceled by the supplier due to varying product availability issues or other supplier issues.

Report submission requirements

Suppliers are required to send the product availability report or the cut report to Cardinal Health weekly via email to purchasingservices@cardinalhealth.com. If for some reason the status of a product changes between reporting periods, Cardinal Health must be notified via email to purchasingservices@cardinalhealth.com.

Standard report templates

Product availability report standard template

Below is the recommended product availability standard template. See **Attachment D** for report definitions. If the recommended template is not used, please be sure that the below fields are contained within the submitted report. All active products with an availability issue must be included in the report. If an item is not included on the product availability report, Cardinal Health will consider the item available for purchase and shipping in full to Cardinal Health.

"SUPPLIER NAME" PRODUCT AVAILABILITY REPORT FOR THE WEEK ENDING IN MM/DD/YY				
Description	NDC/CIN/UPC/MFG#	Product availability category	Estimated supplier ship date (mm/dd/yyyy)	Product availability information
Product A	68084023901	Allocation	ETA 11/23/2009	Only shipping 200 unit per wk
Product B	68084023701	Backorder	11/16/2009	Short Term/Raw materials shortage
Product C	68084023801	Regulatory issues	No release date	Recall on all lots
Product D	62584082721	Short dated	ETA 10/26/2009	Best dating 4/31/2010
Product E	68084068301	Discontinued	Discontinued	Discontinued
Product F	62584073301	New item launch	ETA 12/28/2009	Item has not launched yet
Product G	62584082721	Backorder	No releasedate	Long Term/Suspension of production
Product H	68084036101	Dropship only	11/6/2009	Short term dropships available

Week Ending is the last date in the reporting period, Friday of each week.

Disclaimer: If a product does not appear on the Product Availability Report, the product will be indicated as available for purchase and shipping in full to Cardinal Health.

All reports must include the above disclaimer

Cut report standard template

Below is the recommended cut report standard template. If the recommended template is not used, please be sure that the below fields are contained within the submitted report. All purchase order line items that have been canceled by the supplier must be included in the report. This report will limit the number of times the Cardinal Health expeditor needs to contact the supplier for updated purchase order information.

"SUPPLIER NAME" CUT REPORT FOR THE WEEK ENDING IN MM/DD/YY

PO #	NDC/CIN/UPC/MFG#	Description	Quantity cut	Reason quantity cut
C0477600FND	68462019790	Product A	12	Allocating product
C0354627HUD	68462015713	Product B	12	Raw material issue
C0354627HUD	68462019890	Product C	10	Spike in demand

Cut report field definitions

Field name	Field description
PO #	This is the Cardinal Health purchase order number.
PO date	This is the date Cardinal Health placed the purchase order with the supplier.
NDC #/CIN	National Drug Code Number (NDC) based off of First Data Bank (FDB) standards. The NDC must be in an 11 digit format with no dashes. Suppliers can also provide the Cardinal Health Identification Number (CIN). This is a seven digit number that you receive on all purchase orders from Cardinal Health.
Description	This is the product name.
Quantity cut	This is the amount of product the supplier canceled per line item.
Reason quantity cut	This indicates the reason why the line item was canceled. The supplier should select a reason from the general product availability categories if applicable.

Product availability compliance metrics

Metrics are in place to measure supplier compliance with product availability reporting requirements. Supplier will receive points for each reporting requirement met. A percent compliance score will be calculated for each supplier based on the total points scored out of 100 possible points.

Product Availability Report scoring criteria:		Cut Report scoring criteria:	
Compliance with Standard Template:		Compliance with Standard Template:	
Category	Score	Category	Score
Description	10 points	PO#	10 points
NDC#/CIN	20 points	NDC#/CIN	20 points
Product availability category	10 points	Description	10 points
Estimated supplier release date	10 points	Quantity ordered	10 points
Product availability information	10 points	Reason quantity cut	10 points
<i>Compliance with submission requirements:</i>		<i>Compliance with submission requirements:</i>	
Receiving Availability Report on a weekly basis and sent to the Purchasing Services Mailbox at: PurchasingServices@CardinalHealth.com	40 points	Receiving Availability Report on a weekly basis and sent to the Purchasing Services Mailbox at: PurchasingServices@CardinalHealth.com	40 points
Total	100 points	Total	100 points

Item and supplier record maintenance

Cardinal Health understands that changes occur with item and supplier information. In order to reduce potential service and inventory issues, Cardinal Health asks its suppliers to communicate any item and supplier record changes in a timely manner. The table below lists such changes and communication requirements Cardinal Health expects of its suppliers.

Type of change	Notification requirement
Case pack	30 day notice prior to supplier shipment
UPC/NDC change	30 day notice
Line Discontinuation	30-60 day notice
Price change	Received two days before effective
Supplier contact changes	30 day notice

Delivering orders to Cardinal Health – Transportation

The written agreement between Cardinal Health and an individual supplier governs the manner in which freight charges are handled. There are non-routine events that occur during which Cardinal Health may assume responsibility for freight charges.

In an effort to reduce inbound transportation expenses, the Shipment Control Center of Cardinal Health directs the flow of shipments where Cardinal Health is responsible for the freight charges.

Please follow these instructions when shipping products to a Cardinal Health facility and **Cardinal Health is responsible for the freight charge**. These instructions must be followed in order to be in complete compliance with the Cardinal Health Freight Billing and Routing Policy.

Use only Cardinal Health program carriers (**Attachment E**)

Less than truckload (LTL) and truckload (TL) routing:

Complete a Shipment Control Center routing request form and email to **GMB-MCG-USD-SHIPMENT-CONTROL@cardinalhealth.com**. The Shipment Control Center will respond with the authorization number, carrier SCAC and carrier name. If you do not have email capabilities, please fax the routing request form to 847.689.6477. The shipper is responsible for arranging pick up with the selected carrier(s) with the exception of truckload shipments which will be arranged by the Shipment Control Center. If you have any questions or need a copy of the form emailed to you, please contact Cardinal Health Shipment Control at 1.800.624.8201. In order to receive the routing request form via email, please provide the Shipment Control Center with the appropriate email address.

If there are any changes to the shipment characteristics (quantity, weight, etc.) after the routing instructions have been provided, you must notify the Shipment Control Center of these changes prior to shipping. Quantities and/or weight may change the mode of transportation and carrier selection.

Parcel packages:

Please use UPS Collect account for ground shipments to a Cardinal Health facility (example: 45XXXXXXXX) weighing 150 pounds or less and for shipments weighing 150 pounds to 300 pounds that have an average package weight of at least 13 pounds or more. As long as the shipment meets these requirements, you are not required to send this shipment information to the Shipment Control Center for authorization.

- All **expedited** shipments must be communicated to Shipment Control for account number and authorization.
- Do not use UPS Collect when shipping direct to a Customer for Cardinal Health.
- Do not ship UPS Consignee Billing when shipping into Cardinal Health facilities.

Freight billing:

All Less than Truck Load, Truck Load and expedited shipments to a Cardinal Health facility (example: 45XXXXXXXX) must be third party billed by Cardinal Health program carrier to:

**Cardinal Health
5157 Freight Bill Processing Department
1900 Brannan Road, Suite 300
McDonough, GA 30253**

- Mark the bill of lading Third Party Collect and include the above address on your bill of lading for shipments into a Cardinal Health facility only.
- Reference the Cardinal Health purchase order numbers on the bills of lading.
- Please do not add insurance; additional insurance is not necessary because Cardinal Health is self-insured.

Freight classification:

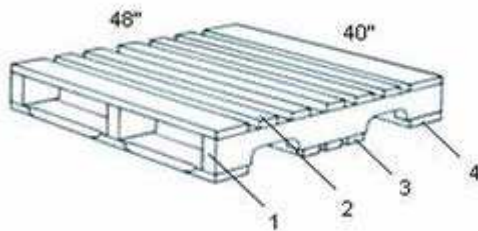
All shipping bills of lading must include:

- The National Motor Freight Classification (NMFC) item number for each product being shipped.
- A proper freight description of the merchandise.
- The NMFC freight class for each product being shipped.

If you have any questions regarding classification of your products, please contact Dan Horning at 703.838.1820.

Inbound requirements

- Case pack:** The Cardinal Health NLC has been constructed to receive product from our suppliers **IN FULL CASE PACKS ONLY**. Many suppliers have split ship product on our initial orders, or shipped partial cases (or mixed cases). Please limit shipments to full case packs only. Every effort has been made to generate POs with full case quantities on every item, (or pallet quantities). If PO quantities are not in full case quantities, please contact the NLC Inventory department with any quantity discrepancies or changes immediately.
- Product dating:** Cardinal Health requires a minimum of 12 months dating on all orders. Any deviation from this policy must be approved by Cardinal Health Corporate or the NLC inventory department, if applicable, before shipping.
- Transportation and freight:** When shipping multiple POs on the same truck, please identify pallets by PO number. When possible, please do not “pinwheel” pallets. There should be a 10” gap from the top of the trailer with no obstructions on the truck which would prevent unloading product. All pallets need to be readily retrievable on the tail of the trailer.
- Refrigerated or frozen pallets (specialty):** All refrigerated products must be clearly labeled and separated from ambient and controlled products. Refrigerated product pallets must be clearly identified as such on all four sides of the pallet.
- Controlled substance pallets (specialty):** All controlled products must be separated from ambient and refrigerated products.
- Pallet construction:** All pallets should be in good, stable condition and should be the standard pallet dimensions (48” x 40”). The pallet height should be no more than 54”. Product should not exceed pallet dimensions (i.e., falling off or hanging over the side) and shrink wrap should be intact. All pallets should be PO specific. PO numbers should be clearly identified on all four sides of the pallet. Like product should be on a pallet and grouped together as much as possible, separated by slip sheets with heavier product on the bottom. Any pallets shipped to Cardinal Health from your organization or at your direction must be free of chemicals and chemical treatments, including halogenated phenols (2,4,6-tribromophenol (TBP) or 2,4,6-trichlorophenol (TCP)).



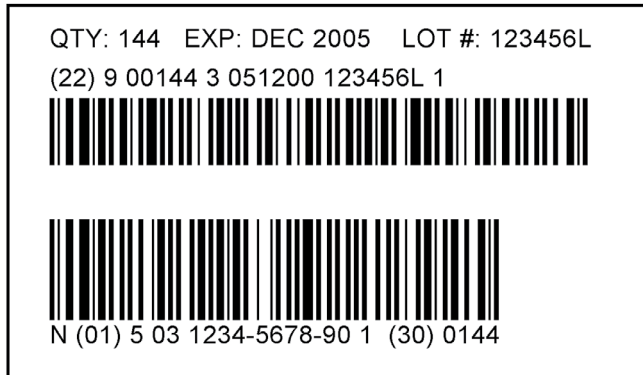
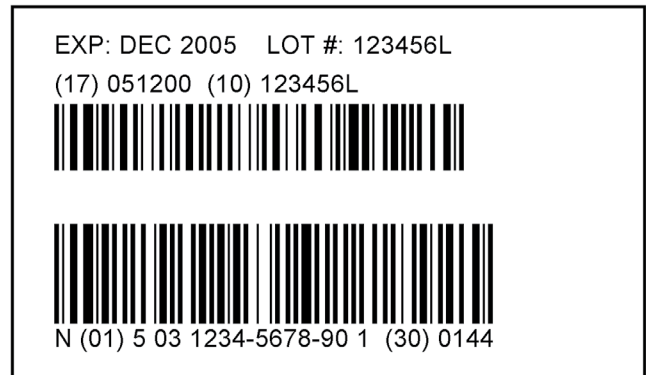
Description:

- Stringers (3 min – 1-1/2” x 3-1/2”)
- Top deck boards (max space of 3-1/4”)
- Bottom deck boards
- Bottom lead deck boards

- Delivery schedules:** All deliveries are by appointment only (please reference attached contacts list for delivery times and DC contact or call 614.867.5309). The inventory department will establish regular order and delivery days. The transportation companies must call for an appointment 24 hours in advance of delivery. Failure to adhere to scheduled delivery times may result in delays in the unloading process. Information requested at that time will include PO number(s), pallet count and case count.
- Advance shipping notice (ASN):** We require ASNs (EDI 856) for all inbound shipments to a Cardinal Health facility. For EDI questions or to obtain a copy of an EDI Technical Specifications Document, email the EDI vendoredi@cardinal.com or call 614.757.5334.

Inbound requirements cont.

- 9. Case label:** Cardinal Health requires that each case is individually labeled and is compliant with UCC128 barcode guidelines. Cardinal Health will accept two formats of the HDMA's recommended GS1-128 barcodes. HDMA barcode guidelines are currently being modified to prepare for upcoming California Pedigree regulations.

Option 1 – Preferred format**Option 2**

- This option includes the Application Identifier, (AI)22, in the top barcode
 - AI(22) consists of quantity, a six-digit date and lot number
- The bottom barcode includes both AI(01), consisting of the GTIN and NDC, and AI(30), which states quantity
- This option lists AI(17) and AI(10) in the top barcode, including a six-digit expiration date and lot number.
- The bottom barcode includes both AI(01), consisting of the GTIN and NDC, and AI(30), which states quantity.

- 10. Packing list:** A packing list should be included with each purchase order. The packing list should be accurate, include SKU level detail and easily located in the shipment. Please refer to Attachments H and I for scorecard information.

Addressing product overages, shortages and damages

Cardinal Health is focused on proactive, timely communication in an effort to minimize any receiving issues and to ensure timely resolution when they occur.

- **Damages:** Damaged freight that is found during the unload process will be noted on the BOL and coded for communication to the manufacturer on the receiving discrepancy notification. In addition, concealed damages found during the receiving process will also be coded for communication to the manufacturer on the receiving discrepancy notification. The manufacturer should send a call tag for the damaged items.
- **Shortages:** When Cardinal Health finds and confirms shortages from the manufacturer, the information will be coded for communication to the manufacturer on the receiving discrepancy notification. This is notification that an invoice deduction will be taken.
- **Overages:** When Cardinal Health finds and confirms overages from the manufacturer, the exceptions team will contact the manufacturer by phone and determine whether or not Cardinal Health will keep the product and be billed for it or whether the manufacturer will send a call tag.
- **Expectations:** Manufacturers are expected to notify the Cardinal Health DC exceptions team of any disagreement to the receiving discrepancy notification within two business days in order to attempt to resolve the issue prior to an invoice deduction. Manufacturers should send call tags for pick up of damages or overages within two business days of notification.

Backhaul

For suppliers stocked within the NLC, there is an opportunity for cost savings and improved service by using NLC's dedicated fleet. The NLC backhaul program is an option for manufacturers who have shipping locations and shipping days aligned with available NLC lanes. The service provided by the NLC dedicated fleet is equivalent to premium services provided by many national carriers. The following is an overview of the service provided.

Service summary

- NLC Dedicated Carrier
- Satellite tracking: GPS tractor/GLS trailer.
- Team drivers ensure consistency with pick-up and delivery.
- Temperature controlled trailers (36° - 46° Fahrenheit) with temperature tracking capabilities.
- Freight continues straight through to NLC from time of pick-up to delivery.
- "7/24" dispatch with full messaging/tracking capabilities with each team.
- All teams have been cleared through proper background checks.
- Team photos of drivers sent to all locations prior to pick-up in an effort to escalate security measures.

Section 5 Delivering orders to Cardinal Health

Distribution center listing

Pharmaceutical Supply Chain Division Directory 7000 Cardinal Place, Dublin, OH 43017 (614) 757-5000

Division	Division number	Division suffix	Region	Address	Toll free number	DEA Licenses
Atlanta	55	ATL	East	500 Jerry Steele Lane McDonough, GA 30253	866.257.3500	RC0271267
Aurora	15	AUR	Central	2353 Prospect Drive Aurora, IL 60502-9418	888.999.8032	RW0231908
Boston	6	BOS	East Region	11 Centennial Drive Peabody, MA 01960	800.388.9000	RD0108200
Borschow	66	GUA		Centro Intl de Distribucion EDIF #10 Carr 869 KM 4.2 Guaynabo, PR 00965	800.981.2301	RB0374683
Dallas	16	DLS	Central Region	851 Henrietta Creek Road Roanoke, TX 76262-6347	800.567.5832	RW0279996
Denver	29	DEN	West Region	4875 Florence Street Denver, CO 80238	800.554.9093	RW0263549
Greensboro	26	GBO	East Region	4 Cardinal Health Court Greensboro, NC 27407	800.645.0641	RW0243903
Houston	28	HUS	Central Region	13651 Dublin Court Stafford, TX 77477	800.558.0770	RC0333524
Hudson	24	MIN	Central Region	2901 Enloe Street Hudson, WI 54016	800.670.7568	RW0243725
Jackson	10	JKS	Central Region	1240 Gluckstadt Road Madison, MS 39110	800.365.6085	RC00221236
Kansas City	27	KAN	Central Region	7601 NE Gardner Ave. Kansas City, MO 64120	866.780.4071	RW0191926
Knoxville	9	KNX	East Region	2512 Westcott Blvd. Knoxville, TN 37931	877.692.4500	RC0238104
Lakeland	11	LKD	East Region	2045 Interstate Dr. Lakeland, FL 33805	800.637.8587	RC0182080
National Logistic Center (NLC)	99	NLC		5995 Commerce Center Drive Groveport, OH 43125	866.853.8576	RC0314891
ParMed	94	PAR		4220 Hyde Park Blvd. Niagara Falls, NY 14305	800.727.6331	RP0337370
Pharmaceutical Repackaging				3540 East Pike Zanesville, OH 43701	800.299.2462	RN0209583
Pharmaceutical Repackaging				850 Airport Distribution Drive Zanesville, OH 43701	800.299.2462	Distributor: RN0396658 Manufacturer: RN0231427
Phoenix	19	PNX	West Region	600 North 83rd Avenue Tolleson, AZ 85353	800.284.5844	RW0263056
St. Louis	18	STL	Central Region	2840 Elm Point Industrial Drive St. Charles, MO 63301	877.899.8381	RW0283452
Sacramento	34	SAC	West Region	3238 Dwight Road Elk Grove, CA 95758	800.554.5135	RW0236009
Salt Lake City	35	SAL	West Region	955 West 3100 South S. Salt Lake City, UT 84119	800.258.5180	RW0191419
Seattle	37	SEA	West Region	801 C. Street Auburn, WA 98001	800.456.5550	RW0191813
Specialty Pharmaceutical Distribution				15 Ingram Blvd, Suite 200 LaVergne, TN 37086	866.476.1340	RC0403802
Swedesboro	43	SWD	East Region	1120 Commerce Boulevard Swedesboro, NJ 08085	877.860.2489	RW0269654
Syracuse	3	SYR	East Region	6012 Molloy Road Syracuse, NY 13211	800.627.6666	PC0003044
Valencia	32	VAL	West Region	27680 Avenue Mentry Valencia, CA 91355	888.565.4002	RW0216449
Wheeling	8	WHE	Central Region	71 Mil-Acres Drive Wheeling, WV 26003	800.777.6978	RO0153609

*Depending on what products are shipped and for what purpose, the supplier may ship on one or the other.

Cardinal Health has the right to return products to supplier for credit and supplier will process and provide appropriate credits to Cardinal Health with respect to all product returns, all in accordance with this section and the Cardinal Health return goods policy ("Returned Goods Policy") in effect at the time of the return or in accordance a mutually agreed policy within a written agreement between Cardinal Health and supplier. The Returned Goods Policy may be amended by Cardinal Health from time to time. Cardinal Health shall notify supplier of its intent to return products to obtain return authorization from supplier. Return authorization shall not be unreasonably withheld by supplier. Products with more than six months of remaining dating are not eligible for return absent prior authorization from supplier, such authorization not to be unreasonably withheld. Cardinal Health may return specific products without limit, without regard to remaining dating, and without authorization under the following circumstances: (a) new products during six month period following their introduction; (b) products discontinued by supplier to the extent the then current product inventory is not sold within 60 days; (c) products that experience decreased market demand due to circumstances beyond Cardinal Health control; and (d) all products immediately upon termination of the applicable agreement between supplier and Cardinal Health. Should any of the circumstances specified in subsections (a)-(d) of this section occur, supplier shall have the option to issue an additional 90 days of dating in which Cardinal Health may return the product. Third-party return companies shall be recognized as legitimate processors and partial returns by the parties' mutual customers shall be accepted and prorated at current WAC. The return guidelines shall be in effect for all products originally purchased by Cardinal Health from supplier, exclusive only of specialty or promotional program purchases specifically exempted by mutual written consent of the parties.

The following information, as applicable, is required for vendor Recall/Market Withdrawal notifications provided to Cardinal Health:

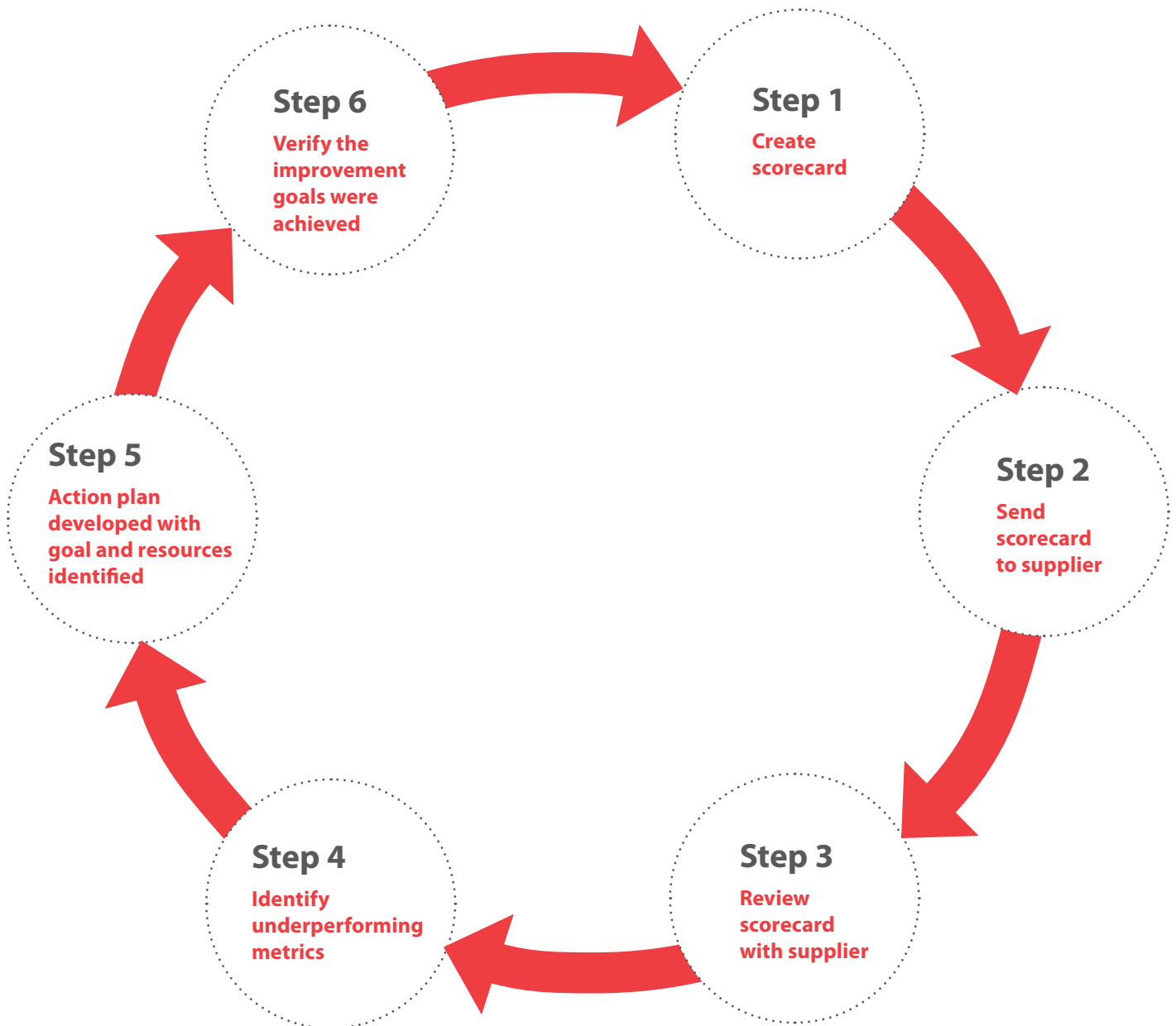
- **Level, i.e., wholesale, retail, consumer**
- Class of recall (if FDA has classified at time of the notice)
- **Affected product name, strength, size**
- **NDC and/or UPC number of affected product**
- **Lot numbers affected**
- **First date of distribution of affected product by the supplier**
- **Reason for recall/withdrawal**
- **Return instructions**
- Recall response form

If bolded information is missing, it may delay further distribution of the notification.

Supplier shall reimburse Cardinal Health, consistent with Healthcare Distribution Management Association (HDMA) guidelines, for the full amount of all reasonable costs and expenses incurred by Cardinal Health in connection with Cardinal Health performance of any recall or market withdrawal services or assistance relating to the supplier's products.

Collaborating and improving processes

Delivering the highest levels of customer service via the lowest cost distribution platform requires continuous improvement and collaboration between suppliers and Cardinal Health. The Cardinal Health supplier performance management process reflects the collaborative effort required to achieve those goals. The metrics reported on the Cardinal Health supplier scorecard (**Attachment F**) are in place to manage our supply chain performance more effectively and to accurately assess supplier performance for our business. Our supplier performance metrics measure and track some of the critical operational components for delivering the highest level of customer satisfaction. For each supplier's performance document, we show an average rolling three month result, along with the prior three months average result. Those results are compared to a rolling twelve month and prior twelve month average result. Based on our suppliers' final performance at Cardinal Health fiscal year-end (June 30 of each year), we recognize the best suppliers at an awards ceremony during our annual national meeting.



Collaborating and improving processes *cont.*

Understanding the way we measure our suppliers' performance will enable you to utilize your individualized supplier performance document to maximize your own performance. Each of the following categories is used to track supplier performance. For clarity, the Cardinal Health Supplier Quality Award program is mutually exclusive of, but not in conflict with, the criteria in this Supplier Reference Manual.

Procurement and fulfillment statistics

Suppliers

List of all included supplier data pulled for the scorecard.

Dates

Date range identified for each column of data representing performance trend over the past three months, prior three months, past 12 months and prior 12 months.

Sales

Sales data is reported at extended contract cost and includes customer returns data.

Units shipped

Units are in unit of sales format (bottles, packs or eaches) and are net of customer returns.

Customer service level

The customer service level is the fulfillment rate that Cardinal Health provides to end-user customers as measured against sales order units for stocked items only. We measure each sales order line independently and calculate it by dividing the customer order quantity in units by the quantity that we can fulfill. This includes normal inventory transactions only and does not include customer returns. We average the customer service level for all customer orders in a given time period (for both the SOURCESM and non-SOURCESM program) to arrive at the total customer service level.

Customer service level reduction due to Manufacturer Backorder (MBO)

Service level reduction attributed to supplier backorder items. Supplier backorders are identified by the information received in the product availability report. The number represented as a percentage does not include any items identified as a temporarily out of stock.

Supplier service level (10, 20 and 30 day)

The supplier service level is the average fulfillment rate for all purchase order (PO) units for stocked items calculated 10, 20 and 30 days from PO creation. The 10, 20 and 30 day lead time is calculated by the difference in PO creation date to receipt date. For all shipments to the NLC (National Logistics Center) or FDCs (Forwarding Distribution Centers) we divide the quantity received by quantity ordered excluding customer returns. Each PO line is measured independently, the quantity received on the PO line is divided by the quantity ordered on the PO and the supplier service level for all PO lines in a given time period.

Supplier order completion

Supplier order completion measures the total number of units received as a percentage of total units ordered for all POs exhibiting receipts. This calculation does not include open POs.

Order lead time

Order lead time measures the number of calendar days it takes from the time Cardinal Health generates a purchase order until the material is received in inventory. The lead time is weighted based on units received.

Procurement and fulfillment statistics *cont.*

Order lead time variation

The fluctuation in the supplier's lead time due to early, late or incomplete shipments measured in days. The higher the deviation in lead time, the more safety stock is needed to achieve the SKU's service goals.

Inventory dollars

The value of inventory in the NLC and all FDCs calculated at WAC for the stated period of time on the report.

Inventory days

The days of inventory on hand included in the NLC and all FDCs calculated using total net sales at WAC.

Supplier returns

The value of inventory returned to supplier for the stated period of time on the scorecard.

Returns as a percent of sales at WAC

The total value of suppliers returns divided by customer sales at WAC.

Product availability

Represents an average score of the weekly product availability report for the time period selected. The details and requirements of the product availability report are described in **Section 4**.

Contracts and pricing

A set of metrics reporting a supplier's compliance in doing business with the Cardinal Health Contracts and Pricing team including (see **Attachment G**, Supplier pricing services (chargeback) requirements, for more detail):

EDI 844 chargeback: A yes/no metric on the ability to receive chargeback billings by EDI.

EDI 849 chargeback reconciliation: Measured as a percent of time a supplier uses the EDI transaction to accept and send chargeback reconciliation.

EDI 845 price notification: Measured as a percent of time the EDI transaction was used for the stated time period.

Received two days before effective: Measured as a percent of contracts that were received within two days of their effective date for the given time period.

First time pricing accuracy: Measures the total lines billed to customers versus the amount of credit/rebill due to supplier errors.

FDC/NLC operations score

An average score based on inbound receiving requirements for the stated time period. The operations score is based on Cardinal Health processes and procedures that both the supplier and carrier are expected to follow. Please refer to Section 5 for inbound shipping requirement details. Suppliers are provided a NLC/FDC scorecard indicating their compliance with these requirements. Please refer to **Attachments H and I** for an examples of the scorecards.

Section 8

Conclusion

Cardinal Health believes that the benefits of a common and unified approach to doing business are clear. Defining and complying with common operational requirements and processes create efficiencies in the supply chain for all stakeholders and result in improved service to our mutual customers. We welcome comments and inquiries that you have regarding supplier performance management and this supplier reference manual. Please direct such communication to **GMB-SupplierGuide-Pharma@cardinalhealth.com**. We are pleased to work together with you as we continue to strive to exceed customer expectations through the pursuit of continuous improvement in the way we work together with our suppliers. We appreciate your efforts and we thank you for your collaboration.

Attachments

Attachment A New supplier set up worksheet

NEW DATABASE SERVICES SUPPLIER SET-UP SHEET



Vendor Website:		E-mail:	
		Country:	
*Phone:	*Fax:		
*Rep Name:	*Rep E-mail:		
*Rep Phone:	*Rep Fax:		
		E-Mail:	
*A/P Finance Contact Name:			
		Country:	
*Phone:	Fax:		
*Controller/CFO Name:			
*D&B Number:			
*A/R Finance Contact Name:			
*A/R Phone:	*A/R E-mail:		
*Broker Name (if applicable):			
*Street Address:			
*City, State, & Zip:			*E-mail:
*Phone:	Fax:		
*Chargebacks Contact Name:			
*Street Address:			
*Phone:	*E-mail:		
DEA Number:	Supplier Carries C2 Items:	<input type="checkbox"/> Yes <input type="checkbox"/> No	If Yes, Please attach DEA License.
*Freight on Board Destination? <input type="checkbox"/>	Days: _____		Net Days: _____
*Freight Prepaid? <input type="checkbox"/>	*Accepts Returns? <input type="checkbox"/> Yes <input type="checkbox"/> No		
*Additional Freight Conditions:		*Backorders? <input type="checkbox"/> Yes <input type="checkbox"/> No	
*Florida License? <input type="checkbox"/> Yes <input type="checkbox"/> No	*Comments: _____		
*Supplier Class		Is your Mfg an authorized wholesaler?	
<input type="checkbox"/> Product <input type="checkbox"/> Drop Ship Only	*Minimum Purchase:	<input type="checkbox"/> Yes <input type="checkbox"/> No	
		If yes, you must attach a copy of license.	
		Is your Mfg a re-packager?	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
List applicable supplier labelers/prefixes: _____ / _____ / _____			
*List supplier uses: <input type="checkbox"/> NDC #'s <input type="checkbox"/> UPC #'s <input type="checkbox"/> Both			
Will the supplier provide an AWP: <input type="checkbox"/> Yes <input type="checkbox"/> No		If yes, supplier will supply: <input type="checkbox"/> \$ Amt. <input type="checkbox"/> Markup %	
*Will the supplier provide an MSRP: <input type="checkbox"/> Yes <input type="checkbox"/> No		If yes, supplier will supply: <input type="checkbox"/> \$ Amt. <input type="checkbox"/> Markup %	
Internal Use Only		*EDI Options:	
Supplier Type:		Auto P.O. <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> Normal <input type="checkbox"/> Alt Source <input type="checkbox"/> NLC	Orders <input type="checkbox"/> Yes <input type="checkbox"/> No*		*Sending Method:
<input type="checkbox"/> Source <input type="checkbox"/> Division <input type="checkbox"/> No*	Invoice <input type="checkbox"/> Yes <input type="checkbox"/> No*		
<input type="checkbox"/> Repack <input type="checkbox"/> Transfer <input type="checkbox"/> Group Buying Coop	Promotions <input type="checkbox"/> Yes <input type="checkbox"/> No*		
<input type="checkbox"/> Robo Pack <input type="checkbox"/> Government Vendor (See below)	Auto Cancel Days #: _____		
<input type="checkbox"/> VMI <input type="checkbox"/> Tradeshow Only	Fax 401#: _____		<input type="checkbox"/> EDI
<input type="checkbox"/> Excl Dist <input type="checkbox"/> Medical Emergency	EDI Contact Name*: _____		<input type="checkbox"/> Manual Fax
Lead Time (Calendar Days)* _____	EDI Phone No*: _____		<input type="checkbox"/> Ordernet
Government Supplier Information:		Price Protected? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, Mgmt Initials: _____	
<input type="checkbox"/> Manufacturer <input type="checkbox"/> Accept Chargebacks	<input type="checkbox"/> Supply WAC	<input type="checkbox"/> If Distributor uses Manufacturer's NDC	
<input type="checkbox"/> Distributor <input type="checkbox"/> Does Not Accept Chargebacks	<input type="checkbox"/> Supply Contract Cost	<input type="checkbox"/> If Distributor uses own NDC	
<input type="checkbox"/> Both			
Product Type: <input type="checkbox"/> RX <input type="checkbox"/> OTC <input type="checkbox"/> Supplies <input type="checkbox"/> Vials and Caps <input type="checkbox"/> Home Health Care <input type="checkbox"/> Other			
Contract Type: <input type="checkbox"/> DoD <input type="checkbox"/> Minnesota Multistate <input type="checkbox"/> State of Florida			

Requested by: _____
 Buyer Name: _____
 Credit Review: _____
 Database Specialist: _____
 Purch. Svcs Setup by: _____
 *Field is required by MIF

Date: _____
 Buyer#: _____
 Date: _____
 Date: _____
 Date: _____

Revised: 04/24/2009

Attachment B

ADR letter

Pursuant to company policy concerning supply chain integrity, Cardinal Health, on behalf of itself and its subsidiaries (collectively, "Cardinal Health") is requesting confirmation of your status as a supplier of the pharmaceutical products that it sells to Cardinal Health, in one or more of the following categories:

- Manufacturer (as defined below)
- Exclusive distributor for a manufacturer (as defined below)
- Other

It is possible that your status may be different for different products, and if that is the case, please respond accordingly. Please read the definitions below, complete the questionnaire at the bottom of this letter, and, where applicable, submit requested documentation.

Manufacturer status and recognition of Cardinal Health as an ADR

For these purposes, a "Manufacturer" means an establishment that (x) is authorized to engage in the manufacture, preparation, propagation, compounding, or processing of a drug or drugs, as reflected in a registration with the FDA or (y) submits listing information directly to the FDA and has been assigned a Labeler Code.

To the extent your company is the manufacturer, according to the foregoing definition, of prescription pharmaceutical products it sells to Cardinal Health, by signing below your company certifies that it is the manufacturer and that it recognizes Cardinal Health as an "authorized distributor" or "ADR" (as defined under the Prescription Drug Marketing Act) for those products.

Exclusive distributor

For these purposes, an "exclusive distributor" is, in cases where the manufacturer sells or distributes prescription pharmaceuticals exclusively through distributors other than Cardinal Health, a distributor with whom the manufacturer has established an ongoing relationship to distribute such manufacturer's products, as established by a written agreement under which the distributor is authorized to distribute the manufacturer's products for a period of time or for a number of shipments.

For any pharmaceutical products that your company sells to Cardinal Health for which it is the exclusive distributor, please attach the following in support of your status as an exclusive distributor.

- A list of those products for which your company is the exclusive distributor, including NDC numbers
- Documentation either on the manufacturer's letterhead or on your company's letterhead that indicates that the manufacturer sells or distributes those products exclusively through distributors other than Cardinal Health
- Documentation on your company's letterhead that indicates that your company has and will only purchase those products directly from the manufacturer
- Documentation on your company's letterhead that indicates that your company has established with the manufacturer an ongoing relationship to distribute the products, as established by a written agreement under which your company is authorized to distribute the manufacturer's products for a period of time or for a number of shipments.

Other

If your company is neither the manufacturer nor an exclusive distributor with respect to some or all of the products, please indicate for which products that is the case.

Please send all responses to the attention of sheila.pancamo@cardinalhealth.com or fax to 614.757.8323. Thank you in advance for your attention to this matter.

Please respond to the following five questions then execute below to indicate your confirmation of the responses and your grant to Cardinal Health, to the extent applicable, of ADR status, and attach other documentation as applicable:

Manufacturer of all pharmaceutical products sold to Cardinal Health?	Y / N
Manufacturer of some pharmaceutical products sold to Cardinal Health?	Y / N
Exclusive Distributor of some pharmaceutical products sold to Cardinal Health?	Y / N
Exclusive Distributor of all pharmaceutical products sold to Cardinal Health?	Y / N
Neither Manufacturer nor Exclusive Distributor of some or all pharmaceutical products sold to Cardinal Health?	Y / N

Company name _____

Authorized signature _____

Print name _____

CHPM Item/Promo
Information Request
Packet Instructions/Guidelines

This newly created form will replace our current ePMA document.
Please make sure to complete all required areas for each request you wish us to perform.
i.e.: New Item Add, New Display Add

Return this entire packet and all relating documentation to:
Supplier or Regional Customer: Appropriate Category Manager or Category Manager Assistant
Division: Gatekeeper Mailbox GMB-DUB-consumerhealthgatekeeper@cardinal.com

We have divided the various requests into tabs at the bottom.
Please use the following as a guideline on filling out the various tabs.

New Item Add

You must complete all applicable fields highlighted in YELLOW.

The following documentation is required for all new item adds
and must be attached to this packet:

- Price List (On Company Letterhead with Effective Date)
- SRP included on Price List or on a separate document
- Original** Art Work of Product (carton, label, blister pack) **required: 4 for each item**
* should have country of origin on printed artwork
- Material Safety Data Sheets (MSDS)
* if MSDS exempt, this must be stated on company letterhead & include contact information
- FDA Approval Letter
- Copy of DEA Controlled Substance or DEA Chemical Registration (if applicable)
- State License From Manufacturing Site
- Contact for Quality Issues

The following documentation is suggested if available:

- Package Insert (PKI)
- Sell Sheet

New Display Add

Requires same information as above, with the following addition:
Must include Component item information.


Item Maintenance

All requests need to be submitted to the appropriate Category Manager


Color Key

- Green = Internal Use Only
- Yellow = Supplier Required to Complete



Supplier Information		Consumer Health Product Management ePMA						
Supplier:		NEW FOR BORSCHOW FACILITY						
Supplier #:	Release Date:	Is Product Available to Distribute in Puerto Rico? If yes, attach approval on company letterhead.						
Supplier Rep:	Order Dates:	Is Product Registered in Puerto Rico?						
Supplier Phone #:	Early Order Dates:	If yes, attach government stamped document.						
Supplier Address:	Ship Dates:	Will product for Puerto Rico be distributed from an Island facility or the US?						
Supplier Fax:	Early Ship Dates:	Does Law 75 Apply? If yes, list exclusive Island Supplier						
Supplier E-mail:	Deal Yes or No:	Can product be store at Controlled Room temperature 20-25C (68-77F)? Yes/No						
DEA Controlled Substance or DEA Chemical Registration #:		If no, define appropriate product storage temperature range						
	New Item # 1	New Item # 2	New Item # 3	New Item # 4	New Item # 5	New Item # 6	New Item # 7	New Item # 8
CIN								
NDC								
UPC# 12 digits								
Case UPC# 5 digits								
MFG Code								
New Item Description								
Fineline Code								
Sp Program Code								
UOM								
Unit Price (NIFO)								
AWP								
MSRP								
Shelf Pack								
Case Pack								
Case Weight								
Cases Per Layer								
Cases per Pallet								
Case Cost								
Comparison Item Cin								
Comparison Item Description								
New Item Forecast % to transfer from Comparison Cin								
New Item Weekly Forecast								
Activate Divisions								
Comments								
 Cardinal Health								

Manufacturer Documentation and Return Authorization must be attached to Request Packet

Consumer Health Product Management ePMA						
Supplier Information			NEW FOR BORSCHOW FACILITY			
Supplier:	Release Date:		Is Product Available to Distribute in Puerto Rico? If yes, attach approval on company letterhead.			
Supplier #:	Order Dates:		Is Product Registered in Puerto Rico?			
Supplier Rep:	Early Order Dates:		If yes, attach government stamped document.			
Supplier Phone #:	Ship Dates:		Will product for Puerto Rico be distributed from an Island facility or the US?			
Supplier Address:	Early Ship Dates:		Does Law 75 Apply?			
Supplier Fax:	Deal Yes or No:		If yes, list exclusive Island Supplier			
Supplier E-mail:	Component #1	Component #2	Component #3	Component #4	Component #5	Component #6
	Master Display					Component #7
CIN						
NDC						
UPC# 12 digits						
Case UPC# 5 digits						
MFG Code						
New Item Description						
Fineline Code						
Sp Program Code						
UOM						
Unit Price (NIFO)						
AMP						
MSRP						
Component Quantity	N/A					
Stickers Only Y/N	N/A					
Open Stock Y/N	N/A					
Shelf Pack						
Case Pack						
Case Weight						
Cases Per Layer						
Cases per Pallet						
Case Cost						
Comparison Item Cin						
Comparison Item Description						
New Item Forecast % to transfer from						
Comparison Cin						
New Item Weekly Forecast						
Activate Divisions						
Comments						
 CardinalHealth						

Manufacturer Documentation and Return Authorization must be attached to Request Packet. ONE DISPLAY PER SPREADSHEET.

Report template field definitions for product availability report

This appendix contains definitions of all fields in the product report availability template. The definitions were derived in accordance with HDMA standards.

Field name	Field Description
Description	This is the product name.
NDC # /CIN	National Drug Code Number (NDC) based off of First Data Bank (FDB) standards. The NDC must be in an 11 digit format with no dashes. Suppliers also have the option of providing the Cardinal Health Identification Number (CIN). This is a seven digit number that you receive on all purchase orders from Cardinal Health.
Product availability	A general category used to describe the product availability issue. An appropriate category must be selected from the following list of seven categories:
Category	<ol style="list-style-type: none"> Allocation - Product availability is limited and supply is being managed. The current purchase order may exceed pre-determined allocated amount resulting in partial shipment from the supplier to Cardinal Health. Backorder - A backorder is defined as lines of a purchase order that are not shipped with the original order. Cardinal Health differentiates backorder items into two main categories Short Term and Long Term: <ul style="list-style-type: none"> Short Term Backorder - Product will be unavailable for less than a month and the supplier is able to provide a specific release date. Long Term Backorder - Product will be unavailable for over one month or the supplier is unable to provide a release date. Discontinued Item - Product has been discontinued and is no longer manufactured for sale by the supplier. The discontinued status is also used when a supplier deems an item temporarily unavailable. The item will be reactivated at a later date and available for sale at the supplier's request. <i>Note: Supplier must provide official documentation of an item's discontinued status.</i> Dropship - Products are transitioning from an item stocked at the Distribution center to a drop ship status (shipped direct to the customer). The supplier may also offer drop shipments to the customer due to product availability issues. Regulatory Issues - Any action that impedes the production or supply of products. Cardinal Health differentiates legal issues into the following categories: <ul style="list-style-type: none"> FDA Issue - The Food and Drug Administration (FDA) has an issue with the product that prevents the supplier from shipping product. Quarantine - When the supplier's product has been quarantined based on supplier issue. Recall - When Cardinal Health receives a notification of a recalled product at the retail or the wholesale level. New Item Launch - When a product has not been officially launched/released by the supplier. This may be used to refer to a pre-ordered product. Short Dated - Any product that has less than 12 months to expiration. Supplier should note in the Product Availability Information column, "best dating available, if the short dated product is the best available in the market.
Estimated supplier ship date (mm/dd/yyyy)	Estimated date when the product will become available to ship from the supplier. The date must be in the following format: mm/dd/yyyy.
Product availability information	Corresponds with the Product Availability Category. It gives more details regarding the product availability issue (ex. number of units allocated per week) or provides the customer better clarity on the cause of the issue (ex. material issues, spikes in demand, etc.).
Disclaimer	The standard disclaimer must be included on the Product Availability Report. In this disclaimer, the supplier certifies that if a product does not appear on the Product Availability Report, the product will be indicated as available for purchase and/or currently shipping in full to Cardinal Health.

Attachment E
Preferred inbound carriers (Feb-2010)

Truckload

Freight Exchange/TSG
 Ozark Motor Lines Inc
 Us Xpress Enterprises Inc
 Interstate Distributors Inc
 J B Hunt Transport
 Knight Transportation Inc
 Mega Carrier
 Dart Transit Company
 Paschall Truck Lines (PTL)
 Swift Transportation Co Inc

National LTL

Old Dominion Freight Line
 UPS Freight
 YRC Inc. (on hold)
 FEDEX National

Regional LTL

A. Duie Pyle	NE
Central Freight Lines Inc	W
New England Motor Freight Inc	NE
North Park Transportation Co	W
Saia Motor Freight Line Inc	US
Southeastern Freight Lines	SE
Teal's Express Inc.	NE
USF Holland	SE/MW
USF Reddaway	NW
Vitran Express / PJAX	MW
Wilson Trucking Corp	SE

Parcel

UPS

Alternate Regional Ltl's

Averitt Express Inc	SE
Dohrn Transfer Co.	W
H V H Transportation	W
La Porte Transit Co.	W
Lakeville Motor Express	
Oak Harbor Freight Lines	NW
Pitt Ohio Express Inc	MW
Southwestern Motor Transport	Central
United Delivery Services	

Heavy Air Freight

Expeditors
 AIT
 UPS
 FEDEX

AK, HI, PR

American Fast Freight, Inc
 Caribbean Transportation Serv
 Lynden Inc
 FEDEX
 UPS

Intermodal

J B Hunt Transport
 National Freight Inc
 Pacer Global Logistics
 Schneider National Inc

International

FEDEX
 UPS
 DHL

Procurement and fulfillment statistics scorecard



Procurement and fulfillment statistics

for Suppliers: Supplier 123

Supplier 345

Generic Code:

Not filtered

	Past 3 months 6/1/2010 - 9/1/2010 [detail]	Prior 3 months 3/1/2010 - 6/1/2010 [detail]	var%	Past 12 months 9/1/2009 - 9/1/2010	Prior 12 months 9/1/2008 - 9/1/2009	var%
Sales						
Source	\$73,059,386	\$73,410,866	-0.48%	\$275,062,082	\$277,412,714	-0.85%
Non-Source	\$62,282,243	\$59,456,085	4.75%	\$233,686,244	\$194,882,182	19.91%
Total Sales	\$135,341,629	\$132,866,951	1.86%	\$508,748,326	\$472,294,896	7.72%
Units Shipped						
Source	3,695,880	3,613,798	2.27%	13,666,587	11,361,346	20.29%
Non-Source	1,634,029	1,667,648	-2.02%	6,541,818	6,008,871	8.87%
Total ship	5,329,909	5,281,446	0.92%	20,208,405	17,370,217	16.34%
Customer Service Level						
Source	91.72%	94.39%	-2.83%	94.16%	97.19%	-3.12%
Non-Source	80.77%	90.92%	-11.16%	88.22%	93.24%	8.87%
Total service level	88.07%	93.28%	-5.58%	92.16%	95.77%	-3.77%
Customer Service Level Reduction Due to MBO						
Source	5.40%	3.95%	36.55%	5.75%	0.87%	-3.12%
Non-Source	14.36%	4.27%	236.18%	9.71%	2.33%	316.93%
Total backorder Rate	8.39%	4.06%	106.75%	7.01%	1.39%	403.11%
Supplier Service Level						
10 Days or less	91.55%	94.42%	-3.04%	93.24%	-	-
20 Days or less	95.14%	97.30%	-2.23%	96.45%	-	-
30 Days or less	96.10%	98.46%	-2.40%	97.55%	-	-
Supplier Order Completion	97.71%	99.53%	-1.83%	99.14%	0.00%	-
Lead Time (days)	4.57	4.92	-0.80%	4.92	0.00	-
Lead Time (variation)	4.68	5.26	-100.00%	5.15	-	-
Inventory Dollars	\$107,230,940	-	-	\$107,230,940	-	-
Inventory Days	45.10	-	-	38.84	-	-
Product Availability Reporting (6/25/2010 - 9/23/2010)						
Weeks Reported/ Weeks in period	13wks / 13wks	-	-	-	-	-
Weekly Compliance	40pts / 40pts	-	-	-	-	-
Standard Field Compliance	60pts / 60pts	-	-	-	-	-
Total	100pts / 100pts	-	-	-	-	-
Contracts & Pricing (Supplier 123)						
Chargeback (EDI 844)	No	No	-	No	-	-
Chargeback Reconciliation (EDI 849)	98.44%	98.16%	0.28%	97.40%	-	-
Price Notification (EDI 845)	23.17%	23.35%	-0.74%	22.93%	-	-
Received 2 days before effective	51.59%	80.36%	-35.79%	67.75%	-	-
First time pricing accuracy	99.98%	99.94%	0.04%	99.98%	-	-
FDC Operations Score	84.96%	31.25%	171.86%	71.53%	-	-
NLC Operations score	-	-	-	-	-	-

There may be format variations between generic, brand and consumer health suppliers.

Supplier pricing services (chargeback) requirements

1) Required method of communication:

- a) Ability to receive EDI 844:
 - i) If unable to accept EDI 844 then, chargeback billings will be sent via excel spread sheet via email communication
 - ii) Please contact the Cardinal Health EDI Team for questions on moving to EDI communication at **GMB-DUB-Vendor EDI@cardinalhealth.com**
- b) Ability to send EDI 849:
 - i) Ability to accept and send EDI resubmission in 2010
 - ii) Ability to provide comments with EDI resubmissions (80 character field) in 2010
 - (1) If unable to send EDI 849, supplier is required to send chargeback rejections via email to their designated Cardinal Health Supplier Pricing Services Team (*see Primary Point of Contact detail below*) in the excel format provided by Cardinal Health which will allow for the data to be uploaded into our system
 - iii) Please contact the Cardinal Health EDI Team for questions on moving to EDI communication at **GMB-DUB-Vendor EDI@cardinalhealth.com**

2) Required data elements needed for Cardinal Health to reconcile supplier chargeback rejections:

- a) Cardinal Health submitted lines should not be over written when data is submitted back in the form of a rejection
- b) Valid rejection reasons are required for all lines within debit memo that are being rejected
- c) Data elements:
 - i) Debit memo number
 - ii) Customer identifier, DEA or HIN
 - iii) Invoice number
 - iv) Invoice date
 - v) NDC
 - vi) Submitted contract number and MFG contract number
 - vii) Submitted Quantity and MFG Quantity
 - viii) Submitted WAC and MFG WAC
 - ix) Submitted Contract Cost and MFG Contract Cost
 - x) Line Variance

3) Required response time on original chargeback billings sent from Cardinal Health:

- a) Fifteen days response time from original submission date is required for supplier or the debit memo(s) which include all lines within debit memo can be closed with no future action allowing the AP deduction to occur

4) Required response time on any resubmission sent from Cardinal Health:

- a) Fifteen days response time from resubmission date is required for supplier or the debit memo(s) which include all lines within debit memo can be closed with no future action allowing the AP deduction to occur

5) Required frequency of chargeback billings:

- a) Supplier will accept daily chargeback billings from Cardinal Health (Monday through Friday)

6) Primary point of contact:

- a) All chargeback debit memo specific communication not sent via EDI 849 should be directed to your designated Supplier Pricing Services Chargeback Team
- b) All other chargeback communications should be sent to the Cardinal Health Supplier Relations Team

Supplier pricing services (chargeback) requirements cont.

1) Limitations on chargeback deduction inquires (AP checks):

- a) Any chargeback specific deduction question(s) need to be filtered through the Supplier Chargeback Team prior to communicating to the designated Cardinal Health Supplier Pricing Services Chargeback Team. This will ensure all valid deductions are not sent to Cardinal Health causing undue rework of the chargeback.
- b) Any valid chargeback specific deduction question is required to be sent to the designated Cardinal Health Supplier Pricing Services Chargeback Team within 30 days of the deduction and within time limits outlined in the original submission and resubmission response time frame sections above. Cardinal Health Supplier Pricing Services will be unable to assist with any requests outside these time frames due to certain customer time frame limitations regarding credit and rebills.

2) Received before effective:

- a) Percentage of contract pricing and membership data received before the effective date from the supplier

3) Supplier controlled first time pricing accuracy:

- a) Total billed lines to customers versus credit/rebill performed because of supplier error (late pricing notifications and membership attachments)

4) Collaboration:

- a) Interest in a collaboration session or conference calls to discuss strategic and tactical chargeback opportunities should be directed to the Supplier Relations Team (see Primary point of contact section)

Membership requirements

1) Required Method of Communication:

- a) Ability to send EDI 845
 - i) Send all adds and deletes
 - ii) Send all customer identifiers (DEA, HIN, Name, City, State, Zip)

2) Required lead time on any additions or deletions:

- a) Five days minimum

Contracts requirements

1) Validation elements for submitting contract pricing:

- a) Supplier contract number (for chargeback purposes)
- b) GPO/Customer (if ancillary/individual contract) name of who the contract pricing is for
- c) Effective date/end date of contract
- d) Detailed if the contract is base/committed
 - i) **base** (for all GPO members) or
 - ii) **tiered/committed** (select members who are required to sign an LOC and or/declaration form in order to be aligned to this contract)

2) Required method of communication:

- a) EDI 845
 - i) If sending EDI 845, do not also send the pricing via Excel/hardcopy (creates duplication and confusion)
- b) If not EDI capable, EXCEL is required

3) Lead time a minimum of five days prior to the effective date**4) Primary point of contact to submitted contract pricing and membership updates ONLY:**

- a) **contracts@cardinalhealth.com**

Attachment H National Logistics Center (NLC) scorecard

Measurements

The National Logistics Center provides a supplier scorecard to help communicate compliance with the receiving requirements and to provide a tool to measure continuous improvement efforts. This report will be communicated on a regular basis and will provide feedback to the Cardinal Health Supplier Measurement process.

Measure	Points	Description
Mixed Pallet ID	8	Pallets with mixed cases clearly identified
Partial Case ID	8	Partial cases clearly identified
ASN	8	ASN sent
Case Label	8	Case label meets GS1-128 specifications and HDMA guidelines
Refrigerated Pallets Identified	8	Pallets with refrigerated product are identified on all four sides of the pallet
On Time	7	Delivery arrives more or less than 30 minutes of scheduled time
Scheduled Delivery	7	Delivery scheduled
Pack list Accuracy - SKU Level	5	Pack list with SKU level detail
Packing List	5	Packing list included and clearly identified
Case Pack Changes	4	Case pack different than ordered
POs by Pallet	4	Shipments with multiple POs are on separate pallets
Specialties by Pallet	4	Shipments with controls and/or refrigerated items on separate pallets
Partial Cases	4	Order with partial cases
Counts on BOL	3	Qty of pallets matches qty on Bill of Lading
Schedule Information	3	Required information provided at time of shipment
Overages/Shortages to Pack list/ASN	2	Actual quantities greater/shorter than pack list quantity
Intact Shipment	2	Shipment secure and intact when received
Slip Sheets	2	Slip sheets used to separate mixed products
Regular Delivery Day	2	Regularly scheduled delivery day
Pallets Signed Over/Short	1	Actual pallets greater than Bill of Lading quantity
Damaged Cases	1	Shipment includes damaged cases
Pin-Wheeled Pallets	1	Pallets are pin-wheeled in the trailer
BOL Complete PO List	1	Bill of Lading includes all POs
Good Pallet	1	Pallets are in good condition and standard 48 x 40
Pallet Height < 54"	1	Pallet height less than "54 (for full pallets of a single product)
Total	100	Perfect order!

Forward Distribution Center (FDC) scorecard

The Forward Distribution Center provides a supplier scorecard to help communicate compliance with the receiving requirements and to provide a tool to measure continuous improvement efforts. This report will be communicated on a regular basis and will provide feedback to the Cardinal Health Supplier Measurement process.

Vendor scorecard critical elements

	Score	
Product arrived undamaged and without refusals	15	Cardinal Health receiving associate did not receive damaged product into live inventory, product was passed on to Cardinal Health discrepancy clerk for handling.
The shipment was free of picking errors	15	Label does not match product or the supplier shipped over ordered quantity.
The shipment was free of short dated products	15	Product was not received into live inventory due to expiration date requirement.
All specialty pallets were separated from other pallets	15	All refrigerated and controlled products is separated from regularly handled pallets.
Was a slip sheet or cardboard used to separate mixed cases on a pallet?	8	The supplier used a slip sheet or cardboard to identify different product numbers on a bulk pallet.
Were the POs by pallet?	8	All pallets should be PO specific. PO numbers should be clearly identified on all foursides of the pallet.
Was the pallet or gaylord structure organized well?	8	Pallet height for full pallets of a single product should be no more than 54 in. and like items were grouped together on pallet or gaylord.
Packing list easily found	8	The packing list was easily found on the pallet allowing Cardinal Health associate to quickly access necessary information.
Back orders listed on packing list	8	Backorders were easily found on packing list reducing time wasted searching for PO number.
	100	Total

Carrier scorecard critical elements

	Score	
Product arrived undamaged and without refusals	15	Receiver did not receive damaged product into live inventory, product was passed on to discrepancy clerk for handling.
Pallet count accuracy	15	
On time delivery	15	Was the delivery within 30 minutes before or after scheduled time?
Was the heavier product located on the bottom of the pallet?	15	
Was the pallet 40" x 48"?	8	
Was the pallet easily offloaded?	8	If Cardinal Health employee unloaded the truck, standard equipment was used. If driver unloaded the truck, driver worked with Cardinal Health employee to place pallets on correct area of dock.
Was the shrink-wrap intact?	8	Pallets arrived at the DC with shrink-wrap intact securing the load and product did not fall off the pallets.
Did the pallets come broken or pin wheeled?	8	Pin wheeled: Pallets loaded on truck sideways requiring special equipment to unload.
Was a slip sheet or cardboard used to separate mixed cases on a pallet?	8	<i>Example: There were two layers of the same item on the pallet and the other three layers were a different product so the vendor used a slip sheet to identify the difference)</i>
	100	Total



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