CARDINAL HEALTH INC
Form 11-K
June 28, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 11-K

(Mark One)

[x] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ________ to ________

Commission File Number 1-11373

Cardinal Health Profit Sharing, Retirement and Savings Plan for PRN Employees

(Full Title of the Plan)

Cardinal Health, Inc.
7000 Cardinal Place
Dublin, Ohio 43017

(Name of Issuer of the Securities Held Pursuant to the Plan and Address of its Principal Executive Office)

1

Cardinal Health Profit Sharing, Retirement and Savings Plan for PRN Employees

Financial Statements and Supplemental Schedule

December 31, 2003 and 2002 and for the Year Ended December 31, 2003

TABLE OF CONTENTS

Report of Independent Registered Public Accounting Firm

To the Plan Committee of
Cardinal Health Profit Sharing, Retirement and Savings Plan for PRN Employees

We have audited the accompanying statements of net assets available for benefits of Cardinal Health Profit Sharing, Retirement and Savings Plan for PRN Employees as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2003 and 2002, and the changes in its net assets available for benefits for the year ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management and has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Columbus, Ohio /s/ Ernst & Young LLP
June 22, 2004

Cardinal Health Profit Sharing,
Retirement and Savings Plan for PRN Employees

Statements of Net Assets Available for Benefits

	DECEMBER 31 2003	2002
ASSETS:		
Investments, at fair value	$ 7,857,992	$ 8,831,664
Receivables:		
Contributions from participants	2,655	-
Net assets available for benefits	$ 7,860,647	$ 8,831,664

See accompanying notes.

Cardinal Health Profit Sharing,
Retirement and Savings Plan for PRN Employees

Statement of Changes in Net Assets Available for Benefits

	FOR THE YEAR ENDED DECEMBER 31, 2003
ADDITIONS:	
Contributions:	
Participant	$ 162,177
Assets transferred from other qualified plans	433,276
Net appreciation in the fair value of investments	410,245
Plan's interest in Master Trust net investment gain	186,062
Interest and dividend income	41,875
Total additions	1,233,635
DEDUCTIONS:	
Benefits paid directly to participants	2,194,063
Administrative expenses	10,589
Total deductions	2,204,652
Net decrease	(971,017)
Net assets available for benefits, beginning of period	8,831,664
Net assets available for benefits, end of period	$ 7,860,647

See accompanying notes.

Cardinal Health Profit Sharing, Retirement and Savings
Plan for PRN Employees

Notes to Financial Statements

December 31, 2003

1. DESCRIPTION OF PLAN

GENERAL

The Cardinal Health Profit Sharing, Retirement and Savings Plan for PRN Employees, established July 1, 2002, is a defined contribution plan covering all employees classified as PRN who have completed one year of service, as defined. This description of the Plan provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

The Plan is administered by the Plan Committee. The Plan trustee, record keeper and asset custodian is Putnam Fiduciary Trust Company (Putnam). Administrative expenses may be paid by the Company or the Plan, excluding loan fees, which are paid by the borrowing participant.

As record keeper and asset custodian of the Plan, Putnam maintains certain accounting and other records of the Plan transactions and assets. Therefore, the Plan and the Plan Committee rely on Putnam to provide the appropriate information for purposes of preparation of the financial statements for the Plan. Although certain procedures are designed to obtain reasonable assurance about whether the information provided by Putnam is complete and free of material misstatement, the Plan and Plan Committee's ability to verify the information is somewhat limited. For purposes of disclosures made in these financial statements, the Plan and Plan Committee have no reason to believe that the information provided by Putnam does not fairly present, in all material respects, the financial condition and results of operations of the Plan.

Effective January 1, 2001, the Company established the Master Trust for Retirement Plans of Cardinal Health (the Master Trust) for the Plan and certain other Company plans. Certain of the Plan investments are not included in the Master Trust.

CONTRIBUTIONS

Participants may contribute 1% to 50% of their compensation, as defined, to the Plan. Participants direct the investment of their contributions into various investment options offered by the Plan. The Company may contribute discretionary matching and profit sharing contributions to the Plan. The Company's discretionary matching and profit sharing contributions are invested as directed by participants. Contributions are subject to certain limitations.

Cardinal Health Profit Sharing, Retirement and Savings
Plan for PRN Employees

Notes to Financial Statements (continued)

1. DESCRIPTION OF PLAN (CONTINUED)

FORFEITURES

Non-vested account balances are generally forfeited either upon full distribution or completion of five consecutive one-year breaks in service, as defined. Such forfeited amounts are used to reduce future Company contributions to the Plan.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's elective contributions, allocations of the Company's contributions, Plan earnings and any rollover contributions made by the participant. A participant is entitled to the benefit provided from the participant's vested account balance. All amounts in participant accounts are participant-directed.

VESTING

Participants are vested immediately in their elective contributions, plus actual earnings thereon. Vesting in the Company's discretionary contribution portion of their accounts is based on years of continuous service. A participant is 100 percent vested after three years of vesting service.

PARTICIPANT LOANS

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their vested account balance. Loan terms range from 1-5 years or up to 15 years for the purchase of a principal residence. The loans are secured by the remaining vested balance in the participant's account and bear interest at a rate comparable to the rates being charged by commercial lending institutions for similar loans at the time the loan is approved. Principal and interest are repaid ratably through regular payroll deductions.

PAYMENT OF BENEFITS

Upon termination of employment, death, retirement or disability, all distributions will be made in the form of a lump-sum payment. In addition, the Plan includes a provision for participants to make withdrawals from their account under certain "hardship" circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Plan are prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the financial statements and accompanying notes.

Actual results could differ from those estimates.

INVESTMENT VALUATION AND INCOME RECOGNITION

The investments of the Plan are stated at fair market value as determined by the asset custodian using quoted market prices of underlying investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risk. Participant loans are valued at cost, which approximates fair market value.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

3. INVESTMENTS

The fair market values of individual assets that represent 5% or more of the Plan's assets as of December 31, 2003 and 2002 are as follows:

	DECEMBER 31, 2003	DECEMBER 31, 2002
Cardinal Health, Inc. common shares	$ 4,390,273	$ 5,684,201
Plan's interest in Master Trust	1,653,198	1,704,962
Montag & Caldwell Growth Fund, mutual fund	578,337	--
Dodge & Cox Stock Fund, mutual fund	493,599	--
Putnam Investors Fund, mutual fund	--	662,356

Net appreciation in fair value of investments is as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2003
Net appreciation in fair value of investments as determined by quoted market prices:	
Mutual funds	$ 301,334
Cardinal Health, Inc. common shares	108,911
Total net appreciation	$ 410,245

Plan for PRN Employees

Notes to Financial Statements (continued)

4. ASSETS HELD IN MASTER TRUST

The Master Trust assets are valued by the trustee daily, based on quoted market prices, and allocated to the Plan based on its equitable share of the total Master Trust assets. The Plan's interest in Master Trust net investment gain presented in the statement of changes in net assets available for benefits, consists of the unrealized and realized gains (losses) and the dividends on those investments.

MASTER TRUST
ASSETS AVAILABLE TO PARTICIPATING PLANS AS OF:

	DECEMBER 31, 2003	DECEMBER 31, 2002
Investments at fair value:		
Mutual funds	$ 193,636,628	$ 144,144,606
Common, Collective Trusts	474,353,972	382,873,704
Total investments	$ 667,990,600	$ 527,018,310

The Plan's share of assets in the Master Trust was less than 1% or $1,653,198 and $1,704,962 at December 31, 2003, and 2002, respectively.

MASTER TRUST INVESTMENT INCOME:

	FOR THE YEAR ENDED DECEMBER 31, 2003
Dividend and interest income	$ 12,865,382
Net appreciation in fair value of investments as determined by quoted market prices:	
Mutual funds	22,505,075
Common, Collective Trusts	34,479,241
Total investment gain	$ 69,849,698

5. INCOME TAX STATUS

The Plan has not received a determination letter from the Internal Revenue Service stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code"). Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes that the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

6. RISKS AND UNCERTAINTIES

The Plan has a significant participant-directed investment in Cardinal Health, Inc. common shares, which is exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk involved with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits and changes in net assets available for benefits.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

8. RELATED PARTY TRANSACTIONS

The Plan held $4,390,273 and $5,684,201 of Cardinal Health, Inc. common shares as of December 31, 2003 and 2002, respectively.

9. ASSET TRANSFERS

During 2003, net assets of approximately $433,000 were transferred to the Plan from the Cardinal Health Profit Sharing, Retirement and Savings Plan.

11

Cardinal Health Profit Sharing, Retirement and Savings Plan for PRN Employees

Schedule of Assets (Held At End of Year)
(Schedule H, Part IV, Line 4i on Form 5500)
As of December 31, 2003

EIN:31-0958666
Plan Number:059

(b) IDENTITY OF ISSUER, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, MATURITY OR PAR VALUE	(e) CURRENT VALUE
COMMON STOCK		
*Cardinal Health, Inc.	71,783 shares	$ 4,390,273
MUTUAL FUNDS		
Dodge & Cox Stock Fund	4,338 shares	493,599

Montag & Caldwell Growth Fund	26,432 shares	578,337
Artisan Mid Cap Fund	5,167 shares	133,215
Pimco Total Return Fund	27,709 shares	296,763
Columbia Acorn USA Fund Z	11,241 shares	236,170
LOANS		
Loans to participants	5.0 to 10.50%	76,438
Total		$ 6,204,795

* Denotes party-in-interest.

12

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Plan Committee have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

CARDINAL HEALTH PROFIT SHARING,
RETIREMENT AND SAVINGS PLAN
FOR PRN EMPLOYEES

Date: June 28, 2004 /s/ Richard J. Miller

Richard J. Miller, Plan Committee Member

13