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Cardinal Health, Inc., F3Q09 (Qtr End 03/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Glen Santangelo - Credit Suisse.

Glen Santangelo - Credit Suisse

I just have a quick question with respect to CVS, you didn't comment at all on the upcoming re-negotiation; Kerry or George may be if you can give us a sense for where you are in that process and what you expect for timing that would be helpful?

Kerry Clark

Glen, as you know it is difficult for us to discuss that during the course of that process. So, I'm going to have to just let you know that the conversation obviously has been ongoing, has been very positive, and beyond that I think it is difficult to share any more at this time.

Glen Santangelo - Credit Suisse

George, is the contract up on June 30th and is there a chance we could go past the contract date?

George S. Barrett

Our contract actually I believe is July, but I think it is unlikely that we go past the contract date.

Glen Santangelo - Credit Suisse

And then if I could just ask one followup question; you suggested in your prepared remarks that the revenues were somewhat impacted by some store closures in mid-size chains, can you may be elaborate on that a little bit and may be discuss how much that impacted you in the quarter?

George S. Barrett

Yes, I can't give you the exact number and it's not something I am comfortable quantifying nor am I particularly comfortable talking about the relative health of each of our customers, but there are a few regional chains that in their competitive market had had to make some adjustments and are probably losing a little bit of share to some of the national players and so we see that dynamic in some of our markets.

Operator

Your next question comes from the line of Lisa Gill - J.P. Morgan.

Lisa Gill - J.P. Morgan

George, just following up on that line of questioning, can you talk about when a customer does file for bankruptcy or closes stores and the sales primarily moves to someone else, and in the case of Drug Fair, New Jersey where Walgreens buys it, how much of that volume do you generally pick up?

George S. Barrett

It's a good question and the answer is that it would vary a lot case by case; so, in some instances business may move literally from one pocket to the other and it also depends on the nature of that particular customer; are they a customer that buys generics directly from a manufacturer for example or are they a customer that buys generics through the distribution channel. So, it's hard to give a categorical answer in the case you described. Generally speaking, if business is moving to one of our major customers who are buying generics directly, we would expect over time that they are likely to move in that direction, and so in some cases it can be a negative to us and in some cases it is really neutral.

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