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ALARIS MEDICAL SYSTEMS INC
Form SC 13D
May 28, 2004

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
(RULE 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

ALARIS MEDICAL SYSTEMS, INC.

(Name of Issuer)

COMMON STOCK, PAR VALUE \$0.01 PER SHARE

(Title of Class of Securities)

011637105

(CUSIP Number)

PAUL S. WILLIAMS, ESQ.
EXECUTIVE VICE PRESIDENT, CHIEF LEGAL OFFICER AND SECRETARY
CARDINAL HEALTH, INC.
7000 CARDINAL PLACE
DUBLIN, OHIO 43017
(614) 757-5000

with a copy to:

DAVID A. KATZ, ESQ.
WACHTELL, LIPTON, ROSEN & Katz
51 WEST 52ND STREET
NEW YORK, NEW YORK 10019
(212) 403-1000

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

MAY 18, 2004

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report
the acquisition that is the subject of this Schedule 13D, and is filing this
schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following
box: []

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SCHEDULE 13D

CUSIP No. 011637105

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON CARDINAL HEALTH, INC. 31-0958666
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [] (b) [X]
3	SEC USE ONLY []
4	SOURCE OF FUNDS WC/BK/OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) _
6	CITIZENSHIP OR PLACE OF ORGANIZATION OHIO
	7 SOLE VOTING POWER -0-
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8 SHARED VOTING POWER -0-
	9 SOLE DISPOSITIVE POWER -0-
	10 SHARED DISPOSITIVE POWER 46,643,209
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 46,643,209
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

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CERTAIN SHARES

[]

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 64.6%
14	TYPE OF REPORTING PERSON HC, CO

ITEM 1: SECURITY AND ISSUER

This Statement on Schedule 13D (this "Schedule") relates to the common stock, par value \$0.01 per share ("Common Stock"), of ALARIS Medical Systems, Inc., a Delaware corporation ("ALARIS"). The principal executive offices of ALARIS are located at 10221 Wateridge Circle, San Diego, California 92121.

ITEM 2: IDENTITY AND BACKGROUND

This Schedule 13D is filed by Cardinal Health, Inc., an Ohio corporation ("Cardinal Health"). Cardinal Health is the leading provider of products and services supporting the health care industry. Through a number of wholly owned subsidiaries, Cardinal Health provides a variety of health care related products and services. Cardinal Health's principal executive offices are located at 7000 Cardinal Place, Dublin, Ohio 43017.

Each executive officer and each director of Cardinal Health is a citizen of the United States. The name, business address and present principal occupation of each executive officer and director of Cardinal Health are set forth in Annex I to this Schedule 13D, which is incorporated herein by this reference.

During the last five years, to the best of Cardinal Health's knowledge, neither Cardinal Health nor any of its executive officers or directors has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which Cardinal Health or such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or finding any violation with respect to such laws, and which judgment, decree or final order was not subsequently vacated.

ITEM 3: SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

No payments were made by or on behalf of Cardinal Health in connection with the execution of the Merger Agreement or the Support Agreement (as such terms are defined under Item 4 below). A description of the source and amount of funds required to purchase the Shares in the Offer (as such terms are defined under Item 4 below) pursuant to the Merger Agreement is contained in Section 12 of the Offer to Purchase dated May 28, 2004 filed as Exhibit (a)(1)(A) to the Schedule TO filed by Subcorp and Cardinal Health on May 28, 2004, which description is incorporated herein by reference.

ITEM 4: PURPOSE OF TRANSACTION

On May 18, 2004, Cardinal Health, Blue Merger Corp. ("Subcorp"), a Delaware

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corporation and a wholly owned subsidiary of Cardinal Health, and ALARIS entered into an Agreement and Plan of Merger (the "Merger Agreement"). The Merger Agreement provides that Subcorp will offer to purchase (the "Offer") all outstanding shares ("Shares") of Common Stock of ALARIS at a purchase price of \$22.35 per Share, net to the seller in cash, without interest. Following the consummation of the Offer and the satisfaction or waiver of certain conditions, ALARIS will merge with and into Subcorp, with ALARIS continuing as the surviving corporation. A more complete description of the Merger Agreement is contained in Section 11(b) of the Offer to Purchase dated May 28, 2004 filed as Exhibit (a)(1)(A) to the Schedule TO filed by Subcorp and Cardinal Health on May 28, 2004, which description is incorporated in this Schedule 13D by reference. A copy of the Merger Agreement is filed as Exhibit 1 to this Schedule 13D and is incorporated in this Schedule 13D by reference.

As a condition and inducement to Cardinal Health and Subcorp's entering into the Merger Agreement, Jeffrey M. Picower ("Mr. Picower") and certain of his affiliates, Decisions Incorporated, JD Partnership, L.P. and JA Special Partnership Limited (collectively with Mr. Picower, "ALARIS' Majority Stockholder"), who, as of May 18, 2004, held the power to dispose of 46,643,209 Shares, immediately following the execution and delivery of the Merger Agreement entered into a Support/Tender Agreement (the "Support Agreement"), dated May 18, 2004, with Cardinal Health. Under the Support Agreement, ALARIS' Majority Stockholder agreed, among other things, to tender the Shares then held by him in the Offer. A more complete description of the Support Agreement is contained in Section 11(c) of the Offer to Purchase dated May 28, 2004 filed as Exhibit (a)(1)(A) to the Schedule TO filed by Subcorp and Cardinal Health on May 28, 2004, which description is incorporated herein by reference. A copy of the Support Agreement is filed as Exhibit 2 to this Schedule 13D and is incorporated in this Schedule 13D by this reference.

The purpose of the transactions described above is for Cardinal Health to acquire control of ALARIS. Upon consummation of the Merger, ALARIS will become a subsidiary of Cardinal Health, the shares of ALARIS Common Stock will cease to be freely traded or listed, ALARIS Common Stock will be de-registered under the Securities Act of 1933, as amended, and Cardinal Health will control the board of directors of ALARIS and will make such other changes in the charter, bylaws, capitalization, management and business of ALARIS as set forth in the Merger Agreement and/or as may be appropriate in its judgment.

Except as set forth or incorporated by reference in this Schedule, Cardinal Health does not have any current plans or proposals that relate to or would result in (i) the acquisition by any person of additional shares of ALARIS Common Stock or the disposition of shares of ALARIS Common Stock; (ii) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving ALARIS or any of its subsidiaries; (iii) a sale or transfer of any material amount of assets of ALARIS or any of its subsidiaries; (iv) any change in the present board of directors or management of ALARIS, including any plans or proposals to change the number or term of directors or to fill any vacancies on the board; (v) any material change in the present capitalization or dividend policy of ALARIS; (vi) any other material change in ALARIS' business or corporate structure; (vii) any change in ALARIS' Certificate of Incorporation or Bylaws, or instruments corresponding thereto, or other actions that may impede the acquisition of control of ALARIS by any person; (viii) causing a class of securities of ALARIS to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-

dealer quotation system of a registered national securities association; (ix) a

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class of equity securities of ALARIS becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended; or (x) any action similar to any of those enumerated above.

ITEM 5: INTEREST IN SECURITIES OF THE ISSUER

As a result of entering into the Support Agreement, Cardinal Health may be deemed to have shared dispositive power with respect to an aggregate of 46,643,209 Shares owned by ALARIS' Majority Stockholder, which constitutes, based on information provided by ALARIS and set forth in the Merger Agreement and/or the Support Agreement, approximately 64.6% of the issued and outstanding Shares. Cardinal Health disclaims beneficial ownership with respect to such Shares.

A copy of the Merger Agreement is filed as Exhibit 1 to this Schedule 13D and is incorporated by reference, and a copy of the Support Agreement is filed as Exhibit 2 to this Schedule 13D and is incorporated by reference. Reference to or description of the Merger Agreement or the Support Agreement, as the case may be, is qualified in its entirety by reference to such exhibit.

To the best of Cardinal Health's knowledge, as of the date hereof, no executive officer or director of Cardinal Health beneficially owns any shares of ALARIS common stock, nor (except for the Support Agreement) have any transactions in ALARIS common stock been effected during the past sixty days by Cardinal Health or, to the best knowledge of Cardinal Health, by any executive officer or director of Cardinal Health. In addition, no other person is known by Cardinal Health to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities covered by this Schedule 13D.

ITEM 6: CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

The information set forth, or incorporated by reference, in Items 3, 4 and 5 is incorporated by reference to this Item 6. Except as described in this Schedule, Cardinal Health presently has no contracts, arrangements, understandings or relationships with any other person with respect to any securities of ALARIS, including but not limited to the transfer or voting of any shares of Common Stock, finder's fees, joint ventures, loans or option arrangements, puts or calls, guarantees of profits, division of profits or loss or the giving or withholding of proxies.

ITEM 7: MATERIAL TO BE FILED AS EXHIBITS

The following exhibits are filed as part of this Schedule 13D:

- | | | |
|-----------|----|---|
| Exhibit 1 | -- | Agreement and Plan of Merger, dated as of May 18, 2004, by and among Cardinal Health, Inc., Blue Merger Corp. and ALARIS Medical Systems, Inc. (incorporated in this Schedule 13D by reference to Exhibit (d)(1) of the Schedule TO filed by Cardinal Health on May 28, 2004). |
| Exhibit 2 | -- | Support/Tender Agreement, dated as of May 18, 2004, among Cardinal Health and Decisions Incorporated, JD Partnership, L.P., JA Special Partnership Limited and Jeffrey M. Picower (incorporated in this Schedule 13D by reference to Exhibit (d)(1) of the Schedule TO filed by Cardinal Health on May 28, 2004). |

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule is true, complete and correct.

Dated as of: May 28, 2004

CARDINAL HEALTH, INC.

By: /s/ Paul S. Williams

Name: Paul S. Williams
Title: Executive Vice President, Chief
Legal Officer and Secretary

ANNEX I

DIRECTORS AND EXECUTIVE OFFICERS OF CARDINAL HEALTH, INC.

Set forth below are the name and present principal occupation of each director and executive officer of Cardinal Health, Inc. as of May 23, 2004. The business address of each such director and executive officer is c/o Cardinal Health, Inc., 7000 Cardinal Place, Dublin, Ohio 43017.

1. DIRECTORS OF CARDINAL HEALTH

NAME	PRINCIPAL OCCUPATION
----	-----
Dave Bing	Chairman and Chief Executive Officer of The Bing Group, L.L.C., an automotive and industrial parts supplier and service provider
George H. Conrades	Chairman and Chief Executive Officer of Akamai Technologies, Inc., a provider of global internet services
John F. Finn	Chairman and Chief Executive Officer of Gardner, Inc., an outdoor power equipment distributor

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Robert L. Gerbig	Retired Chairman and Chief Executive Officer of Gerbig, Snell/Weisheimer & Associates, Inc., an advertising agency
John F. Havens	Director Emeritus and retired Chairman of Bank One Corporation, a bank holding company
J. Michael Losh	Retired Chairman of Metaldyne Corporation, a manufacturer of components primarily for the automotive industry
John B. McCoy	Retired Chairman of the Board of Corillian Corporation, a provider of internet-related financial services
Richard C. Notebaert	Chairman and Chief Executive Officer of Qwest Communications International Inc., a telecommunications systems company
Michael D. O'Halleran	President and Chief Operating Officer of Aon Corporation, an insurance brokerage, consulting and underwriting company
David W. Raisbeck	Vice Chairman of Cargill, Incorporated, an international marketer, processor and distributor of agricultural, food, financial and industrial products and services
Jean G. Spaulding, M.D.	Consultant to Duke University Health System, a non-profit academic health care system; Trustee of The Duke Endowment; Private practice in psychiatry for children, adolescents and adults; Associate Clinical Professorships with both the Department of Psychiatry and the Department of Community & Family Medicine at Duke University Medical Center
Matthew D. Walter	Chief Executive Officer, Bound Tree Medical, LLC, a provider of medical equipment and supplies to the emergency medical market
Robert D. Walter	Chairman and Chief Executive Officer of Cardinal Health.

2. EXECUTIVE OFFICERS OF CARDINAL HEALTH

The following is a list of the executive officers of Cardinal Health:

NAME	PRINCIPAL OCCUPATION
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Robert D. Walter	Chairman and Chief Executive Officer of Cardinal Health
George L. Fotiades	President and Chief Operating Officer of Cardinal Health
Ronald K. Labrum	President and Chief Executive Officer--Integrated Provider Solutions of Cardinal Health

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Mark W. Parrish	Executive Vice President and Group President-- Pharmaceutical Distribution of Cardinal Health
Brendan A. Ford	Executive Vice President--Corporate Development of Cardinal Health
Richard J. Miller	Executive Vice President and Chief Financial Officer of Cardinal Health
Anthony J. Rucci	Executive Vice President and Chief Administrative Officer of Cardinal Health
Jody R. Davids	Executive Vice President and Chief Information Officer of Cardinal Health
Gary D. Dolch	Executive Vice President, Quality and Regulatory Affairs of Cardinal Health
Carole S. Watkins	Executive Vice President--Human Resources of Cardinal Health
Paul S. Williams	Executive Vice President, Chief Legal Officer and Secretary of Cardinal Health