2014 Investor Day Agenda

- Erin Lampert - Senior Vice President, Investor Relations
- John Hammergren - Chairman and Chief Executive Officer
- Paul Julian - Executive Vice President, MDS Group President
- Mark Walchirk - President, U.S. Pharmaceutical
- Stanton McComb - President, McKesson Medical-Surgical
- Marc Owen - President, McKesson Specialty Health
- Nick Loporcaro - President, McKesson Canada
- Break
- Pat Blake - Executive Vice President, MTS Group President
- James Beer - Executive Vice President, Chief Financial Officer
- Q&A and Wrap-Up
Forward-Looking Statements

Some of the information in this presentation is not historical in nature and may constitute forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking terminology such as “believes,” “expects,” “anticipates,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” or the negative of these words or other comparable terminology. The discussion of financial trends, strategy, plans or intentions may also include forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied by such statements. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, those described in the Company’s annual, quarterly and current reports (i.e., Form 10-K, Form 10-Q and Form 8-K) as filed or furnished with the Securities and Exchange Commission (SEC). You are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date such statements were first made. To the degree financial information is included in this presentation, it is in summary form only and must be considered in the context of the full details provided in the Company’s most recent annual, quarterly or current report as filed or furnished with the SEC. The Company’s SEC reports are available at www.mckesson.com under the “Investors” tab. Except to the extent required by law, the Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

GAAP / Non-GAAP Reconciliation

In an effort to provide additional and useful information regarding the Company’s financial results and other financial information as determined by generally accepted accounting principles (GAAP), certain materials presented during this event include non-GAAP information. The rationale for management’s use of non-GAAP information, a reconciliation of that information to GAAP, and other related information is available in the supplemental material attached as an appendix to this presentation and posted to www.mckesson.com under the “Investors” tab.
Welcome

John Hammergren
Chairman and
Chief Executive Officer
Industry In Transformation

Pool of Healthcare Consumers is Growing

By 2020, healthcare will account for nearly 1/5 of the total U.S. economic output.

Convergence & Consolidation

Demographic Trends
- 10K baby boomers turn 65 every day.
- People 65+ years cost 3x more than 25-44 years.
- Chronic conditions account for 75¢ out of every healthcare dollar.

New Payment and Care Delivery Models

Rising Administrative Costs

Nearly 20% of GDP to be Spent on Healthcare By 2020 (HealthLeaders Media July 28, 2011); Untapped Potential in the Healthy Aging Marketplace (BIOtechNOW July 1, 2013); Slowdown in Healthcare Spending Could Be At Risk (Wall Street Journal July 14, 2013); CMS National Health Expenditure Projections 2010-2020.
Impact Of Value-Based Reimbursement

70% of providers are expected to enter into value-based arrangements by 2020\textsuperscript{1}

Moves risk from payers to providers & consumers

High deductible plans have grown by 40% annually since 2005\textsuperscript{2}

Value-based purchasing worries providers (Healthcare Finance News May 20, 2014)\textsuperscript{1}; AHIP 2013 HSA Census\textsuperscript{2}
Unparalleled Growth: FY07-FY14

- 5% CAGR Total Revenues
- 17% CAGR Adjusted EPS
- $23B Added to Market Cap

Reflects non-GAAP information calculated on an Adjusted Earnings basis. A reconciliation to GAAP is available in the appendix to this presentation and on the Company's website under the “Investors” tab.
Profiles Of McKesson Distribution Solutions
$134B in Revenues and $3.2B in Adjusted Op Profit in FY14

<table>
<thead>
<tr>
<th>North America Pharmaceutical Distribution &amp; Services</th>
<th>International Pharmaceutical Distribution &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Pharmaceutical</strong></td>
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<tr>
<td>• Distribution</td>
<td>• Distribution</td>
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<tr>
<td>• Health Mart</td>
<td>• Retail Pharmacy</td>
</tr>
<tr>
<td>• AccessHealth</td>
<td>• Operations in 14 countries</td>
</tr>
<tr>
<td>• NorthStar</td>
<td></td>
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<td>• Packaging</td>
<td></td>
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<tr>
<td><strong>Specialty Health</strong></td>
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<tr>
<td>• Specialty Distribution &amp; Onmark GPO</td>
<td>• Distribution</td>
</tr>
<tr>
<td>• The US Oncology Network</td>
<td>• Retail Pharmacy</td>
</tr>
<tr>
<td>• Pharma &amp; Biotech Solutions</td>
<td>• Operations in 14 countries</td>
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<tr>
<td>• Payer Solutions</td>
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<tr>
<td>• Technology Services</td>
<td></td>
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<tr>
<td><strong>Canada</strong></td>
<td></td>
</tr>
<tr>
<td>• Distribution</td>
<td>• Physician Offices</td>
</tr>
<tr>
<td>• Retail Pharmacy Banners</td>
<td>• Long Term Care</td>
</tr>
<tr>
<td>• Specialty/Infusion</td>
<td>• Home Care</td>
</tr>
<tr>
<td>• Technology Solutions</td>
<td>• Surgery Centers</td>
</tr>
<tr>
<td></td>
<td>• Retail Clinics</td>
</tr>
<tr>
<td></td>
<td>• Urgent Care Centers</td>
</tr>
</tbody>
</table>

**Medical Surgical Distribution & Services**
- Physician Offices
- Long Term Care
- Home Care
- Surgery Centers
- Retail Clinics
- Urgent Care Centers

Reflects non-GAAP information calculated on an Adjusted Earnings basis. A reconciliation to GAAP is available in the appendix to this presentation and on the Company’s website under the “Investors” tab.
## FY14 Milestones

Delivered Strong Results Across Distribution Solutions

### U.S. Pharmaceutical
- Generated record operating cash flow
- Expanded Health Mart from 3,095 to 3,281 stores
- Grew McKesson OneStop Generics 17% year-over-year
- Continued long track record of annual operating margin expansion

### Canada
- Achieved 15% profit growth in a difficult regulatory environment
- Expanded Sivem line of private label generics
- Grew Specialty business through acquisition of BioClin and AIM Infusion Clinics

### Specialty Health
- Expanded US Oncology physician base
- Launched new technologies including Clear Value Plus and iKnowMed second generation EHR
- Led 8 first-patient-on-study research trials

### Medical-Surgical
- Revenue growth of 57% driven by PSS acquisition
- Met or exceeded all year one PSS integration priorities
- Achieved strong retention of 1400+ person sales force
- Expanded global sourcing and McKesson Brand

### Pharmacy Systems & Automation
- EnterpriseRX pharmacy system named Best in KLAS
- 43% revenue growth in Hospital segment
- Added 645 pharmacies across three core products

Reflects non-GAAP information calculated on an Adjusted Earnings basis. A reconciliation to GAAP is available in the appendix to this presentation and on the Company’s website under the “Investors” tab.
McKesson is at the Forefront of Distribution Excellence

### Operational Excellence

**U.S. Pharmaceutical**
- Order Accuracy 99.98%
- Inventory Accuracy 99.99%
- Six Sigma process improvement generated over $151M in savings
- Achieved significant working capital efficiencies at National Re-Distribution Center

**Canada**
- Order Accuracy 99.95%
- Warehouse picking errors of 0.046%
- Six Sigma process improvement generated over $8M in savings
- Lines per man hour picked increased by 2.1%

**Medical-Surgical**
- Order Accuracy 99.8%
- Six Sigma process improvement generated over $13M in savings
- Shipped 69M lines including 9M patient home deliveries
- Opened 2 new state-of-the art distribution centers

**Specialty Health**
- Order Accuracy 99.96%
- Inventory Accuracy 99.99%
- Reduced distribution center cost per line by 8%
- Implemented full distribution center redundancy model
Global Sourcing Excellence
Creating Purchasing Power and Operational Efficiencies to Add Value for our Stakeholders

- 2002: NorthStar program launch
- 2007: Cypress acquisition
- 2012: Sivem launched / PSS acquisition
- 2014: NorthStar / Sivem collaboration in Canada
Global Sourcing – Our Approach

McKesson’s Differentiated Sourcing Model Drives Value Across the Enterprise

**Consolidation and Scale**
- Extensive experience in consolidation of enterprise-wide sourcing
- Proven governance model at scale
- Experienced leadership

**International Sourcing**
- Expertise in international sourcing of medical products and generic pharmaceuticals
- Partnership in multiple countries across several continents
McKesson: A Valuable Partner To Manufacturers

Pharmaceutical Manufacturers
- Global scale
- Highly efficient distribution platform
- Direct relationships

Medical Surgical Supplies
- U.S. market leadership in non-acute setting
- Extensive direct sales force
Celesio Update
Celesio Profile
McKesson & Celesio: A Global Leader in Healthcare Services

Business Profile
• Founded in 1835 and operating in 14 European countries and Brazil
• 39,000 employees¹
• Key Operations:
  • Wholesale
  • Retail
• Operates a network of 2,200 pharmacies under the Lloyds Brand and an additional 4,200 participants banner partnerships¹

Operating Countries
<table>
<thead>
<tr>
<th>UK</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Italy</td>
</tr>
<tr>
<td>Germany</td>
<td>Belgium</td>
</tr>
<tr>
<td>Brazil</td>
<td>Denmark</td>
</tr>
<tr>
<td>Norway</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Austria</td>
<td>Ireland</td>
</tr>
<tr>
<td>Portugal</td>
<td>Slovenia</td>
</tr>
</tbody>
</table>
Celesio Markets
Growth Forecast Across Selected Celesio Markets

CY 2014-2017 European healthcare spend CAGR

- Germany: 3.2%
- Italy: 2.9%
- Sweden: 5.7%
- Norway: 4.7%
- France: 2.4%
- UK: 3.4%
- USA: 4.7%
- Germany: 3.2%

Celesio weighted average: 4.7%

Economist Intelligence Unit country reports, Sept 2013
Demographic Trends Similar to North America; Rate of Generic Dispensing Varies Widely Across Europe

**Population > 60 years old**

<table>
<thead>
<tr>
<th>Country</th>
<th>2012</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>19%</td>
<td>27%</td>
</tr>
<tr>
<td>UK</td>
<td>23%</td>
<td>30%</td>
</tr>
<tr>
<td>Sweden</td>
<td>25%</td>
<td>31%</td>
</tr>
<tr>
<td>Germany</td>
<td>27%</td>
<td>37%</td>
</tr>
<tr>
<td>France</td>
<td>24%</td>
<td>31%</td>
</tr>
</tbody>
</table>

**Current generic dispensing rate**

- **USA**: 87%
- **UK**: 68%
- **Sweden**: 61%
- **Germany**: 65%
- **France**: 24%

Global Age Watch Index 2013 (Help Age International); Economist Intelligence Unit Country reports: UK August 2013, Sweden September 2013, Germany September 2013, France September 2013, USA Credit Suisse First Boston June 21, 2013
Celesio Timeline And Next Steps
Important Milestones Over the Coming Months

July 15
Celesio Annual General Meeting

Late First Half FY15 Operating Control

July 16
Marc Owen Assumes Role of Chairman of the Celesio Management Board

Fiscal 2015 Q3
Begin Execution of Synergy Plan
Realize $275M to $325M in combined synergies by the fourth year following achieving operating control

Offer strong value proposition to manufacturers in a global marketplace with in-depth and direct country knowledge

Learn, understand, assess, and prioritize opportunities

Ensure excellent ongoing service to our customers

Coordinate effectively across key functions
Celesio Observations
Significant Similarities Across Our Businesses and Strong Shared Values
Distribution Solutions Summary
Distribution Solutions Summary

- Track record of strong financial performance across the segment
- Operational excellence is at the core of everything we do
- Differentiated approach to working with manufacturing partners on a global scale
- Proven ability to successfully deliver on value of acquisitions
- Significant depth of leadership experience and strong management bench strength
Experienced Management Team

Paul C. Julian  
*Executive Vice President, Group President*  
McKesson Corporation (18 years)

**North America Pharmaceutical Distribution & Services**
- **Brian Tyler**  
  *Effective 7/16/14 President North American Pharmaceutical Distribution & Services (17 years)*
- **Mark Walchirk**  
  *President McKesson U.S. Pharmaceutical (13 years)*
- **Nick Loporcaro**  
  *Effective 7/16/14 President McKesson Specialty Health (11 years)*

**International Distribution & Services**
- **Marc Owen**  
  *Effective 7/16/14 Chairman Celesio Management Board (12 years)*
- **Emilie Ray**  
  *President, McKesson Pharmacy Systems & Automation (14 years)*

**Medical Surgical Distribution & Services**
- **Stanton McComb**  
  *President McKesson Medical-Surgical (12 years)*

**Global Sourcing**
- **Saul Factor**  
  *President Global Sourcing (8 years)*
Mark Walchirk
President,
U.S. Pharmaceutical
Pharmaceutical Industry Landscape
Low Single-Digit Growth in the Near Future

Sales ($ Billions) % Change

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>300</td>
<td>-4%</td>
</tr>
<tr>
<td>2009</td>
<td>320</td>
<td>-2%</td>
</tr>
<tr>
<td>2010</td>
<td>340</td>
<td>0%</td>
</tr>
<tr>
<td>2011</td>
<td>360</td>
<td>2%</td>
</tr>
<tr>
<td>2012</td>
<td>370</td>
<td>4%</td>
</tr>
<tr>
<td>2013</td>
<td>380</td>
<td>6%</td>
</tr>
<tr>
<td>2014</td>
<td>390</td>
<td>8%</td>
</tr>
<tr>
<td>2015</td>
<td>400</td>
<td>10%</td>
</tr>
<tr>
<td>2016</td>
<td>410</td>
<td>8%</td>
</tr>
<tr>
<td>2017</td>
<td>420</td>
<td>6%</td>
</tr>
<tr>
<td>2018</td>
<td>430</td>
<td>4%</td>
</tr>
</tbody>
</table>

Upward Trends
- Aging population/ prescription demand
- Specialty growth
- Manufacturer support
- Drug pipeline improvement

Downward Pressures
- Generic conversions
- Cost containment
- Inconsistent utilization

Note: This information is an estimate derived from the use of information under license from the following IMS Health information service: Market Prognosis North America for the period 2008-2014 (published March 2014). IMS expressly reserves all rights, including rights of further copying, distribution and republication. McKesson does not warrant or represent the accuracy of IMS data or McKesson’s interpretations of IMS data. Any subsequent use or interpretation of this data will be the liability of the receiving party and not of McKesson or IMS.
U.S. Pharmaceutical Market Overview

Brand Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Brand Sales ($ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$225</td>
</tr>
<tr>
<td>2012</td>
<td>$237</td>
</tr>
<tr>
<td>2014</td>
<td>$241</td>
</tr>
<tr>
<td>2018</td>
<td>$245</td>
</tr>
</tbody>
</table>

0.4% CAGR

Generic Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Generic Sales ($ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$32</td>
</tr>
<tr>
<td>2012</td>
<td>$55</td>
</tr>
<tr>
<td>2014</td>
<td>$69</td>
</tr>
<tr>
<td>2018</td>
<td>$112</td>
</tr>
</tbody>
</table>

12.6% CAGR

13.9% CAGR

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Generics Launch Opportunity

($ Billions)

Brand Sales at Risk

2009: 18.4
2010: 16.5
2011: 21.5
2012: 35.2
2013: 9.4
2014: 19.2
2015: 18.0
2016: 12.2
2017: 10.6
2018: 19.5

Note: IMS National Sales Perspectives, November 2013; sales in year prior to expiry for 2009-2012; MAT Nov 2013 sales shown for 2013-2018. IMS expressly reserves all rights, including rights of further copying, distribution and republication. McKesson does not warrant or represent the accuracy of IMS data or McKesson’s interpretations of IMS data. Any subsequent use or interpretation of this data will be the liability of the receiving party and not of McKesson or IMS.
## Distribution Center Network Optimization Results in Continued Operational Excellence

<table>
<thead>
<tr>
<th>Productivity</th>
<th>Quality</th>
<th>Efficient Supply Chain</th>
</tr>
</thead>
</table>
| • 1.2 million lines per night across the network | • Industry-leading order-accuracy and service levels  
  • 99.98% order-accuracy  
  • 98.5% service-levels  
  • Six Sigma process improvement savings | • National Re-Distribution Center  
  • Ability to rapidly deploy products to areas of greatest demand  
 • Investments in facilities and automation  
  • Tri-States Distribution Center  
  • New automation solutions |
# U.S. Pharmaceutical Has A Broad Value Proposition

<table>
<thead>
<tr>
<th>Independent &amp; Small Chain Pharmacy</th>
<th>National Chain Pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Health Mart Franchise</td>
<td>• Re-Distribution Center</td>
</tr>
<tr>
<td>• OneStop Generics</td>
<td>• Central Fill</td>
</tr>
<tr>
<td>• Managed Care Contracting</td>
<td>• OneStop Generics</td>
</tr>
<tr>
<td>• Pharmacy &amp; Point-of-Sale Systems</td>
<td>• Six Sigma</td>
</tr>
<tr>
<td>• Private Brand</td>
<td>• Clinical Services</td>
</tr>
<tr>
<td>• Clinical Services</td>
<td>• Pharmacy Systems</td>
</tr>
<tr>
<td>• RelayHealth</td>
<td>• RelayHealth</td>
</tr>
<tr>
<td>• Supplylogix</td>
<td>• NorthStar</td>
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</table>

<table>
<thead>
<tr>
<th>Mail Order</th>
<th>Health Systems</th>
</tr>
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<tbody>
<tr>
<td>• OneStop Generics</td>
<td>• OneStop Generics</td>
</tr>
<tr>
<td>• Central Fill</td>
<td>• Clinical/Operational Solutions &amp; Consulting</td>
</tr>
<tr>
<td>• Pharmacy Systems</td>
<td>• Inventory Management</td>
</tr>
<tr>
<td>• RelayHealth</td>
<td>• 340B Solutions / Macro Helix</td>
</tr>
<tr>
<td>• NorthStar</td>
<td>• Ambulatory Pharmacy</td>
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<table>
<thead>
<tr>
<th>Alternate Site Pharmacy</th>
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</thead>
<tbody>
<tr>
<td>• OneStop Generics</td>
<td></td>
</tr>
<tr>
<td>• Six Sigma</td>
<td></td>
</tr>
<tr>
<td>• Pharmacy Systems</td>
<td></td>
</tr>
<tr>
<td>• RelayHealth</td>
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</table>
Pharma/Biotech Company Needs

McKesson: A Valuable Partner To Manufacturers
Pharma/Biotech Company Needs

**Scale**
We control significant purchasing volume which continues to grow

**Services**
We offer more than a transactional relationship; we effectively and efficiently market products to the end pharmacist or patient

**High Efficiency**
Our best-in-class network offers the optimal supply chain experience; we are organized for quality, efficiency and speed

**Reach**
We have 40,000+ customer locations with that scope expanding daily
McKesson: A Valuable Generics Channel Partner With Global Scale

Industry Landscape

• Manufacturer consolidation
• Large purchasing groups
• Drug shortages
• FDA backlog
• Regulatory uncertainty

McKesson

• Highly efficient distribution network
• One of the largest purchasers of generics

OneStop Generics

• Competitive pricing
• Expert product sourcing
• Customer-specific solutions

NorthStar

• Private label
McKesson: A Valuable Partner To Independent Pharmacy

- Marketing support drives awareness & more traffic to the pharmacy
- Clinical support drives improvement and PBM recognition of performance
- Operations support frees up time to focus on driving business growth

Health Mart Store Count

<table>
<thead>
<tr>
<th>Year</th>
<th>Store Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08</td>
<td>1,851</td>
</tr>
<tr>
<td>FY10</td>
<td>2,615</td>
</tr>
<tr>
<td>FY12</td>
<td>2,941</td>
</tr>
<tr>
<td>FY14</td>
<td>3,281</td>
</tr>
</tbody>
</table>
Our Operational Excellence Is Driven By Our People, Infrastructure And Investments
Stanton McComb
President,
McKesson Medical-Surgical
Medical-Surgical Market Overview

2013 revenue includes approximately 5 weeks of PSS World Medical (PSS) and 2014 revenue includes a full year of PSS.

Market Trends

• Net favorable demographic trends
• Consolidation of customers and distributors
• Markets remain highly fragmented
• Extended care markets remain attractive
• Consumerism and new delivery models influencing utilization
Medical-Surgical Has A Broad Value Proposition

**Physician Offices**
- Medical Supplies & Equipment
- In-Office Rx & Vaccines
- In-Office Lab
- McKesson Brand Products
- HIT Solutions
- Inventory Management Tools

**Home Care**
- Medical Supplies & Equipment
- Direct-to-Patient Services
- McKesson Brand Products
- Respiratory
- Vaccines
- Inventory Management Tools
- Spend Utilization Management

**Surgery Centers**
- Medical Supplies & Equipment
- Pharmaceuticals
- McKesson Brand Products
- Inventory Management Tools
- Cost Savings Services

**Long Term Care**
- Medical Supplies & Equipment
- Vaccines
- McKesson Brand Products
- Formulary & Inventory Manager
- Budget Manager and Charge Capture
- Business Management Insight
- Reimbursement Services
McKesson Case Study: Home Care

Nurse visits home / does assessment

Nurse is able to provide formulary assistance and track orders via McKesson Mobile Manager HCSM

Better Health For:
- The Patient & Care Giver
- The Home Care Nurse
- The Home Care Agency
- The Payer & Physician

Orders supplies via McKesson Mobile Manager HCSM

Nurse completes order and patient receives supplies via our Patient Home Delivery service

Nurse checks real time availability and can recommend McKesson Brands or other product options to the patient

Better Health For:
Low Cost Platform Scales To Non-Acute Setting

**Customer and Value**
- Grow our understanding of our customers
- Provide differentiated value

**Reach**
- Continue to develop strong customer relations
- Demonstrate value to manufacturers

**Foundation**
- Realize efficiencies from single operating platform

**People**
- Retain, develop and incent superior talent
- Build a highly effective, collaborative team
McKesson’s PSS Integration Plan

Combine Sales Force of More Than 1,400 Reps

Successfully Merge Back Office Functions

Create One Team

Meet and Exceed Synergy Expectations

Optimize Distribution Network

Execute on Supplier and Sourcing Opportunities
Year 1 Accomplishments

- Combined leadership teams
- Retained sales force of more than 1,400 field sales reps
- Eliminated redundant infrastructure
- Began realization of procurement synergies
- Shared best practices throughout the organization
- Began optimization of distribution centers and IT infrastructure

Year 2 and 3 Focus

- Continue optimization of distribution network
- Move to single integrated technology platform
- Maintain customer focus and sales force engagement
- Continual process improvement and benchmarking
- Concentrate on achieving and exceeding synergies

Met Or Exceeded All Of Our Year 1 Integration Priorities... With More Work To Be Done
We Are Creating An Unrivaled Platform For Sustained Growth

<table>
<thead>
<tr>
<th>Sales Channel</th>
<th>Distribution Network</th>
<th>Sourcing Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;1,400 field sales reps</td>
<td>National distribution network</td>
<td>National brand vendors</td>
</tr>
<tr>
<td>Serving &gt;200,000 customers</td>
<td>Flexible transportation</td>
<td>Leading private-brand offering</td>
</tr>
<tr>
<td>Complete geographic coverage</td>
<td>Low-cost-to-serve through scale</td>
<td>Sourcing capabilities</td>
</tr>
<tr>
<td>Deep expertise and tenure</td>
<td>Moving to single integrated technology platform</td>
<td>Strategic partnerships</td>
</tr>
<tr>
<td>Extensive technology portfolio</td>
<td></td>
<td>Customer solutions</td>
</tr>
</tbody>
</table>

Backed by the Strength and Scale of a Fortune 15 Company
Marc Owen
President,
McKesson Specialty Health
Specialty Market Overview

Steady Growth Expected in Specialty

- Specialty distributors are well positioned for growth
- Aging population driving new cancer cases
- Biological products driving sustained growth

Note: Total specialty market does not necessarily reflect McKesson Specialty Health’s portfolio


Note: This information is an estimate derived from the use of information under license from the following IMS Health information service: Market Prognosis North America for the period 2008-2014 (published March 2014) – Combined Clinics Sector Forecasts. IMS expressly reserves all rights, including rights of further copying, distribution and republication. McKesson does not warrant or represent the accuracy of IMS data or McKesson Specialty’s interpretations of IMS data. Any subsequent use or interpretation of this data will be the liability of the receiving party and not of McKesson Specialty or IMS.
### McKesson Specialty Health Has A Broad Value Proposition

<table>
<thead>
<tr>
<th>Physician</th>
<th>Manufacturer</th>
<th>Payer</th>
</tr>
</thead>
</table>
| • Distribution and contracting  
  • Robust practice management services  
  • Integrated technology platform  
    – Lynx and iKnowMed technology solutions  
  • Payer support services  
  • Lab and specialty pharmacy  
  • Integrated care offerings  
  • Hospital management services | • Efficacy and safety  
  • Market intelligence  
  • 3PL and managed distribution  
  • Patient access to therapy  
  • Provider engagement  
  • Patient engagement and support | • Value-based reimbursement  
  • Evidence-based pathways  
  • Solutions to support clinical decision making at the point of care  
  • Prior authorization automation  
  • Advanced care planning and end of life models  
  • Oncology medical home |
Scale
- Serve 3,000+ physicians and more than 3,400 multi-specialty practices
- ~400 payer relationships through affiliated practices
- >50 pharma/biotech customers

Technology Platform
- >2,100 physicians using Lynx Mobile
- >1,400 physicians using iKnowMed EHR
- >75,000 patients on new patient portal

Breadth of Services
- ~90 radiation oncology facilities
- >57,000 patients accrued to clinical trials to date
- ~90M vaccine doses
- New Proton therapy investment on budget and on time for FY16 go-live
Positioned To Serve Manufacturer Needs

<table>
<thead>
<tr>
<th>Pre-Launch</th>
<th>Launch and Post Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Extensive clinical trial network</td>
<td>• Reimbursement and access services</td>
</tr>
<tr>
<td>• Involved in trials for 48 FDA-approved cancer drugs, nearly one-third of all FDA-approved cancer therapies to date</td>
<td>• 3PL and managed distribution</td>
</tr>
<tr>
<td>• Streamlined identification of patients for trial using EMR and genomic information</td>
<td>• Unique data and analytics</td>
</tr>
<tr>
<td>• Rapid study start-up</td>
<td>• Clinical education</td>
</tr>
<tr>
<td></td>
<td>• Health outcomes</td>
</tr>
<tr>
<td></td>
<td>• Patient education through patient portal</td>
</tr>
</tbody>
</table>
Positioned To Lead Payment Shifts

**Traditional Contracting Environment**
- Leverage market position
- Fee-for-service focus
- Optimize drug margins

**Quality-Based Performance Environment**
- Package and market a comprehensive, high quality patient experience
- Improve payer/provider financial incentives and reduce overall administrative costs
- Deliver point of care evidence to physicians through NCCN and Value Pathways product
- Address total cancer costs and reduce hospitalizations and ED visits
- Novel payment models (e.g., episodes) protect against reimbursement reductions
Positioned To Deliver Advanced Technologies

- **Health Information**
  - Ancillary Integration: iKnowMed/Med Fusion

- **Hospital Initiative**
  - Patient Engagement: My Care Plus

- **Physician Network Development**
  - Financial Stability: TotalView
  - Distribution: Lynx Mobile

- **Distribution**
  - Care Delivery: iKnowMed/Clear Value Plus
McKesson Specialty Health

**Broad expertise** in all aspects of cancer care delivery

Technology platform to drive enhanced value for physicians, payers and pharmaceutical manufacturers

**Deep Physician Engagement**

**Expanding presence** in other specialties
Canadian Pharmacy Rx Purchases By Market Segment

Canadian Pharmacy Rx Purchases $22.9 Billion CAD

- **88.4%** Retail
- **11.6%** Hospital

Source: IMS Brogan, Canadian Drug Store and Hospital Purchases Moving Annual Total to March 2014
Generics Consist Of >60% Of Total Prescriptions

Canadian Retail Pharmacy Rx Market Share: Brand versus Generic

Source: IMS Brogan, Canadian CompuScript; Moving Annual Total to December 2013
Improved Visibility In Generic Pricing

Generic Drug Pricing

Brand vs. Generic Shift

Bx ↔ Gx
Mckesson Canada Has A Broad Value Proposition

<table>
<thead>
<tr>
<th>Retail</th>
<th>Government &amp; Institution</th>
<th>Manufacturer</th>
</tr>
</thead>
</table>
| • 7,100 retail pharmacies  
• Out-patient automation  
• Web-based order management  
• Administrative and supply chain services  
• Generic formulary  
• Private label (Sivem)  
• Retail banner solutions | • 93 Integrated Health Networks & 1,350 hospitals  
• In-patient automation/integrated supply chain  
• Information technology solutions  
• Chronic Disease Management/teletriage | • 800 pharmaceutical partners  
• Distribution services  
• Informatics  
• McKesson Specialty  
• Reimbursement assistance  
• Adherence programs  
• Infusion services |
## Focusing On Our Core Competencies

<table>
<thead>
<tr>
<th>Drive volume and margin in distribution business</th>
<th>Grow Specialty</th>
<th>Increase controlled volume and retail margin participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Optimize supply chain</td>
<td>• Evolve capabilities &amp; assets to support specialty commercialization and growth</td>
<td></td>
</tr>
<tr>
<td>• North American &amp; global sourcing</td>
<td>• Lead drug delivery channels &amp; manufacturer programs to support specialty drugs</td>
<td></td>
</tr>
<tr>
<td>• Preferred networks</td>
<td>• Preferred networks</td>
<td></td>
</tr>
<tr>
<td>• Sivem</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Use automation to strengthen distribution channels</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Acquire new banners &amp; establish banner leadership</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Partnerships for controlled volume</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Develop retail models</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Position McKesson as a partner for new entrants</td>
<td></td>
</tr>
</tbody>
</table>
Delivering Excellence And Driving Operational Performance Through Network Optimization

16 Distribution Centers
7 Specialty Pharmacies
13 Offices
85 Infusion Clinics
Global Sourcing And Sivem

Banner Programs
Generic Rx

Increased Collaboration With NorthStar

Launched National Expansion
Phased Approach
Offering Comprehensive Specialty Capabilities

Specialty Pharmacies & Distribution

>70,000 Infusions Annually

Manufacturer Programs
- Reimbursement assistance
- Last stage clinical trial
- Patient adherence

85+ Infusion Clinics
Helping Independent Banner Members Grow And Thrive

National footprint
>1,700 stores in all 10 provinces and 2 territories

Exclusive brands to convert consumers
>100 SKUs >700 SKUs

Programs to foster lasting relationships
More Scripts + More OTC Sales + More Private Label Sales

Guardian
Proxim
Medicine Shoppe Canada
Leveraging Our Health Care Ecosystem

- **Drive volume and margin in distribution business**
- **Grow Specialty**
- **Increase controlled volume and retail margin participation**

- **Manufacturers** → **Pharmaceutical Distribution** → **Retail Banners** → **Patients** → **Private Payers** → **Specialty** → **Hospitals**
Agenda

Technology Solutions Overview

Industry Trends

Our Portfolio

Execution And Innovation

Summary
Technology Solutions Overview
Comprehensive Solutions Across The Healthcare Continuum

$3.2B in revenues and $467M in adjusted operating profit

Reflects non-GAAP information calculated on an Adjusted Earnings basis. A reconciliation to GAAP is available in the appendix to this presentation and on the Company’s website under the “Investors” tab.
Experienced Management Team

Pat Blake  
*Executive Vice President, Group President*  
McKesson Corporation  
(18 years)

---

**Analytics & Connectivity Solutions**

Jeff Felton  
*President*  
McKesson Connected Care and Analytics  
(14 years)

Emad Rizk, MD  
*President*  
McKesson Health Solutions  
(11 years)

**Payer & Financial Solutions**

Patrick Leonard  
*President*  
Business Performance Services  
(19 years)

**Physician Services**

Jim Pesce  
*President*  
Enterprise Information Systems  
(32 years)

**Health System Solutions**

Erkan Akyuz  
*President*  
Imaging Workflow Solutions  
(< 1 year)
Industry Trends
Industry Trends And Customer Imperatives

**Industry Trends**
- Declining reimbursement and utilization
- Unprecedented vertical and horizontal consolidation
- Regulatory demands
- Value redefined
- Consumerism

**Customer Imperatives**
- Effectively run core operations
- Optimize performance and quality
- Drive quality and operational efficiencies
- Define value proposition
Our Approach: Better Health 2020™

**Blocking and Tackling**

*Manage Core Operations*
- Efficiently and effectively manage core operations for:
  - Hospital
  - Physician Network
  - Health Plan

**Continuous Improvement**

*Optimize Performance & Quality*
- Make decisions based on actionable intelligence
- Optimize resource and system-wide efficiency for better performance and quality
- Protect and grow profitable service lines

**Unification**

*Connect for Quality & Operational Efficiency*
- Movement of data and information between key stakeholders
- Facilitate coordination of care and reduction of administrative complexity

**Transformation**

*Support Value-Based Care*
- Move from volume-to value-based reimbursement
- Drive physician and consumer engagement
- Manage patient populations
- Optimize revenue and decrease risk
Our Portfolio
Solutions That Span The Healthcare Sector

**Payer & Financial Solutions**
- Payment Automation & Value-Based Reimbursement
  - Clinical Decision Support
  - Health Plan Payment Management
  - Financial Connectivity & Provider Applications

**Physician Services**
- Physician Practices & Evolving Risk Models
  - Risk Management
  - Revenue Cycle Outsourcing
  - Practice Management Services

**Analytics & Connectivity Solutions**
- Connectivity & Value-Based Care
  - Pharmacy Network
  - Health Information Exchange
  - Population, Risk & Financial Analytics

**Health System Solutions**
- Health System Efficiency & Clinical Quality
  - EHR
  - Diagnostic Imaging
  - Revenue Cycle Software

---

Internal estimates based on publicly available information\(^1\); HIMSS Analytics 2014\(^2\)
Execution And Innovation
Execution For Today, Innovation For Tomorrow

**Blocking and Tackling**

- Manage Core Operations
  - 100% of Top US Health Plans
  - #2 KLAS Community Hospital HIS¹
  - 40+ specialties in 49 states for Revenue Cycle Outsourcing

**Continuous Improvement**

- Optimize Performance & Quality
  - 4,600+ hospitals and health plans use our evidence-based clinical criteria for utilization
  - 1,000+ hospitals and health systems use our analytics solutions
  - 650+ hospitals use Supply Chain products

**Unification**

- Connect for Quality & Operational Efficiency
  - 250+ health systems use our HIE now housing 21M patient records
  - We automate 50K+ retail pharmacies and manage 14B transactions
  - 2.3B financial transactions processed, representing >$1T in annual healthcare billing

**Transformation**

- Support Value-Based Care
  - 75+ customers undertaking the transformation to a value-based organization
  - 10+ years’ experience: population, disease and risk management
  - 18 years working with large physician groups for clinical transformation

KLAS #2 Community Hospital 2013¹
Manage Core Operations

**Blocking and Tackling**

**Manage Core Operations**

- Efficiently and effectively manage core operations for:
  - Hospital
  - Physician Network
  - Health Plan

**A Large Midwest Health System with >1,300 Affiliate Physicians**

*Supply Chain Solutions*

Savings:
- >$2M in contract price
- >$4M in price variability

**A Physician Network in NY with >400 MDs**

*Revenue Cycle Solutions*

- Coordination of Medicare and Medicaid credentialing
- Medicaid/Medicare eligibility and coverage determination
- 10-month collections exceeded initial projections by $1.5 million

**Large Regional Health Plan**

*Provider Network Management*

- Enrollment and credentialing time slashed by 90%
- Reliable provider data for creating value-based networks
# Optimize Performance & Quality

## Continuous Improvement

### Optimize Performance & Quality

- Make decisions based on actionable intelligence
- Optimize resource and system-wide efficiency for better performance and quality
- Protect and grow profitable service lines

<table>
<thead>
<tr>
<th>A Large Northeast Academic Health System</th>
<th>A Large Integrated Delivery System in NJ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Analytics</strong></td>
<td><strong>Health Analytics</strong></td>
</tr>
<tr>
<td>• Recouped $3M in underpayments through contract modeling</td>
<td>• <strong>14% reduction</strong> in overall heart failure readmission rate</td>
</tr>
<tr>
<td>• Increased state Medicaid rates by leveraging service line analytics</td>
<td>• <strong>50% reduction</strong> in hospital acquired conditions across all facilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regional Payer with &gt;300 K members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Automated Authorization Solutions</strong></td>
</tr>
<tr>
<td>• Expanded prior authorization program without adding staff</td>
</tr>
<tr>
<td>• Gained internal efficiency in processing authorizations</td>
</tr>
<tr>
<td>• Reduced authorization processing time for molecular diagnostics, imaging</td>
</tr>
</tbody>
</table>
Connect For Quality & Operational Efficiency

**Unification**

Connect for Quality & Operational Efficiency

- Movement of data and information between key stakeholders
- Facilitate coordination of care and reduction of administrative complexity

**Statewide Network of Providers Serving 6 Million Patients**

*Health Information Exchange*

- 1,600 Connected physicians
- 700 Connected practices
- > 2 Million monthly clinical transactions

**Multi-State Faith-Based Health System**

*Financial Connectivity*

- 4% increase in net patient revenue
- 26% improvement in collections
- 6% increase in post-service collections in 12 months

**National Retail Pharmacy Chain**

*Pharmacy Network*

- Over $85 million in co-pay savings to patients in one year from eVoucherRx™, driving lower cost of care and medication adherence
- Early adopter for benchmarking solution
Support Value-Based Care

Regional Blues Plan with 6,000+ Physician Partners

Risk Manager
- 6% reduction in readmissions
- 19% improvement in breast cancer screening
- 28% improvement in colorectal cancer screening

Health System with Over 1.3M Lives in Risk-based Contracts

Population & Risk Analytics
- 5.4% reduction in per member per month cost
- 18% lower admits

400+ Physician IPA with Commercial and Medicare Risk-Based Contracts

ACO Services
- Increased network revenue over 75%
- Improved physician income by 25%

Transformation

Support Value-Based Care
- Move from volume-to value-based reimbursement
- Drive physician and consumer engagement
- Manage patient populations
- Optimize revenue and decrease risk
Summary
Healthcare Technology Aligned With Customer Priorities

Unique McKesson Value Proposition

360° Perspective

- Expertise working with payers, hospitals, physicians, pharmacies
- Scaled leadership positions
- Comprehensive portfolio

Technology Solutions

- Payers
- Physicians
- Manufacturers
- Retail Pharmacies
- Consumers
- Hospitals and Health Systems
Financial Update

James Beer
Executive Vice President,
Chief Financial Officer
Agenda

Drivers Of Value Creation

Segment Financial Review
  • Distribution Solutions
  • Technology Solutions

Financial Flexibility And Capital Deployment

Track Record Of Financial Performance
McKesson Drives Sustained Value Creation

**Attractive healthcare markets**
- Public policy agenda supports greater access and improved efficiency
- Demographics drive long-term demand in North America and globally

**Well-positioned businesses with margin expansion opportunities**
- Market leading positions and scale
- Operational excellence
- Global sourcing expertise

**Strong operating profit, cash flow growth and a commitment to both retaining investment grade ratings and continuing a portfolio approach to capital deployment**

**Experienced and tenured management team with a steady track record of delivering results**
Distribution Solutions

Broad Value Proposition with Evolving Mix of Higher Margin Products and Services
Distribution Solutions: Organic Revenue Growth, Bolstered By Acquisitions…

($ Billions)

FY08: $98
FY09: 
FY10: 
FY11: 
FY12: 
FY13: 
FY14: $134

5% CAGR
…Driving Sustained Adjusted Operating Profit Growth

($ Billions)

Reflects non-GAAP information calculated on an Adjusted Earnings basis. A reconciliation to GAAP is available in the appendix to this presentation and on the Company’s website under the “Investors” tab.
Major Levers For Operating Profit Expansion

- Procurement at Scale
- Private Label Sourcing
- M&A Synergies
- Manufacturer Economics
- Operating Expense Leverage
- Deep Customer Relationships

Continued ability to drive steady profit growth

Operational Excellence
Distribution Solutions FY15 Outlook

Distribution Solutions
Revenue growth will increase significantly driven by the acquisition of Celesio

North American Distribution and Services
To deliver mid single-digit revenue growth versus Fiscal 2014

International Pharmaceutical Distribution and Services
To deliver low single-digit growth on the underlying annual revenues of Celesio

Medical Surgical Distribution and Services
To deliver mid single-digit revenue growth versus Fiscal 2014
# Celesio To Drive Value Creation

## Accretion
- Expected accretion to Adjusted Earnings per share of $1.00 to $1.20 in the first twelve months starting February 2014, assuming 100% ownership
- April 2014 ownership is 76%

## Synergies
- Anticipated annual synergies between $275 million and $325 million realized by the fourth year following the completion of the required steps to obtain operational control – expected late in the first half of Fiscal Year 2015

## Capital Allocation
- Leveraged cash on hand and issued $4.1B in notes as part of the financing structure to secure 76% ownership
- Maintaining financial flexibility to secure the remaining 24% ownership stake
Celesio: The Path To Operational Control

- Q4 FY2014
  - Achieved ownership of >75% of diluted shares
  - Consolidated the financial results of Celesio
  - Domination process begins

- Q1 FY2015
  - Independent valuation results released

- Q2 FY2015
  - Annual General Meeting
  - Domination agreement registered
  - Operational control expected late in 1H FY2015
Distribution Solutions Financial Drivers

- Differentiated global sourcing expertise
- Scaled leadership positions across a broad portfolio of products and services
- Operational excellence
- Contribution from value creating acquisitions
- Growth in gross profit from both generic and branded drugs
- Focus on higher margin, higher growth areas provides margin expansion opportunities
- Strong cash flow generation
Operating Margin Expansion Has Been Consistent Over The Long Term

Q4 FY05 earnings release:
Issued initial operating margin target of 150 – 200 bps
Achieved full-year adjusted operating margin of 149 bps
Achieved full-year adjusted operating margin of 239 bps

FY05 FY07 FY10 FY11 FY14 FY15

Achieved full-year adjusted operating margin of 149 bps
Q4 FY11 earnings release:
Issued new adjusted operating margin target of 200 – 250 bps
Outlook: High end of adjusted operating margin range of 200 – 250 bps

Establishing new long-term adjusted operating margin goal of 250 – 300 bps

Reflects non-GAAP information calculated on an Adjusted Earnings basis. A reconciliation to GAAP is available in the appendix to this presentation and on the Company’s website under the “Investors” tab.
Technology Solutions

Diversified Portfolio with Solid Long-Term Fundamentals
McKesson Technology Solutions
FY14 Adjusted Operating Profit Contribution

Reflects non-GAAP information calculated on an Adjusted Earnings basis. A reconciliation to GAAP is available in the appendix to this presentation and on the Company’s website under the “Investors” tab.
Consistent and predictable transaction and subscription-based revenue streams have grown to drive a majority of segment operating profits.

Reflects Technology Solutions Adjusted Operating Profit for FY14 allocated by Operating Profit streams.
Technology Solutions Financial Drivers

- Increasing demand for technology driven by industry dynamics and government requirements
- Scaled leadership positions across broad portfolio
  - Our connectivity and payer solutions are positioned to drive steady long-term growth
  - Horizon hospital software and certain portfolio restructuring activities will result in modest revenue declines in FY15
- Focus on higher margin, higher growth areas, such as analytics and connectivity solutions, will provide margin expansion opportunities
- Strong cash flow generation

Establishing new long-term adjusted operating margin goal of “high teens”
Financial Flexibility And Capital Deployment

Strong Cash Flow and a Portfolio Approach to Capital Allocation Lead to Value Creation
Our Operating Cash Flows Have Steadily Increased

7 Year Moving Average

*FY08 excludes $962 million Securities Litigation payment.
We Remain Committed To Our Historical Portfolio Approach To Capital Deployment...

FY08 - FY14 ($ Billions)

- Acquisitions: $13.7
- Share Repurchases: $7.8
- Dividends: $1.1
- Internal Capital Spending: $2.6

$25 Billion of Capital Deployed from FY08 – FY14
…And We Remain Committed To Maintaining Investment Grade Ratings As We Delever

Investment Grade Ratings Reaffirmed After February 2014 Financing

Gross Debt Position up $6.7B since FY12 ($Billions)

FY12: $4.0
FY13: $4.9
FY14: $10.7

Planning Ahead for Short- to Medium-Term Debt Repayments

• FY15: $ 0.2B
• FY16: $ 1.5B
• FY17: $ 1.8B

$ 3.5B

Refer to FY 2014 Form 10K: Refer to FY 2014 Form 10K, reflects Celesio Corporate bonds at stated maturity dates. FY 2015 excludes $0.3M in repayments for short term borrowings.
Capital Deployment As We Delever

Contemplated In Our Outlook

• Retaining investment grade ratings
• Leveraging expected cash flow from operations and opening cash position
  • March 31, 2014 cash and cash equivalents: $4.2B, of which approximately $2.4B was offshore
  • FY 2015 planned operating cash flow of $3B
• Planning ahead for upcoming short to medium term debt maturities
• Continuing our portfolio approach to capital deployment
  • Internal capital investments
  • Dividend payments

Other Considerations

• Timing of Celesio shares put to McKesson consistent with the Domination process
• Volume of potential acquisitions that deliver additional value to the business
• Opportunity for share repurchases to return value to shareholders
How Does It All Add Up?

Steady Track Record of Strong Results
We Have A Track Record Of Steady Revenue Growth…

($ Billions)
…That We Have Leveraged Into Higher Adjusted EPS Growth

FY15 Guidance: $10.40 - $10.80

16% CAGR

FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15
$3.41 $4.23 $4.65 $5.13 $6.28 $6.38 $8.35

Reflects non-GAAP information calculated on an Adjusted Earnings basis. A reconciliation to GAAP is available in the appendix to this presentation and on the Company’s website under the “Investors” tab.
Drivers Of FY15 Earnings And Cash Flow

- Furthering our global scale and sourcing capabilities with Celesio
- Benefiting from generic and branded drug manufacturer economics
- Realizing an increased level of generic drug launches
- Expanding our relationship with Rite-Aid
- Executing on PSS synergies
- Growing our Specialty pharmaceutical distribution and services business
- Delivering growth from our connectivity and payer facing technologies
In Business For Better Health
We Expect Fiscal 2015 Adjusted Earnings Per Diluted Share Of $10.40 - $10.80

- Distribution Solutions revenue growth will increase significantly driven by the acquisition of Celesio
  - North America pharmaceutical distribution and services and Medical Surgical distribution and services will deliver mid-single digit revenue growth compared to Fiscal 2014

- Technology Solutions revenue will decline modestly year-over-year driven by the elimination of a low-margin product line and an expected revenue decline in our Horizon hospital software business

- Branded drug price trends in Fiscal 2015 are expected to be similar to those we experienced in Fiscal 2014

- We expect the contribution to profit from the launch of new oral generic pharmaceuticals will increase year-over-year

- Price trends on generic drugs outside an exclusivity period are expected to be in the high single digits in Fiscal 2015, a decline from the price trends experienced in Fiscal 2014

- The guidance range assumes a full-year adjusted tax rate of approximately 31.5%, which may vary from quarter-to-quarter

- Property acquisitions and capitalized software expenditures should be between $575 million and $625 million

- We assume that our ownership position in Celesio will be approximately 76% for Fiscal 2015

- The guidance range assumes an exchange rate of $1.36 per Euro

- Weighted average diluted shares used in the calculation of earnings are expected to be approximately 236 million for the year

- Cash flow from operations is expected to be approximately $3 billion

- Based on acquisitions closed at March 31, 2014: We expect amortization of acquisition related intangible assets of approximately $1.31 per diluted share, acquisition related expenses and related adjustments of 54 cents per diluted share, and LIFO inventory-related charges of 86 cents per diluted share

- Fiscal 2015 guidance range does not include any potential litigation reserve adjustments, or the impact of any potential new acquisitions, divestitures, impairments or material restructurings
### RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED EARNINGS (NON-GAAP)
FOR FISCAL 2007 THROUGH FISCAL 2014

(unaudited)

(in millions, except per share data)

<table>
<thead>
<tr>
<th>Year Ended March 31, 2014</th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition Expenses and Related Adjustments</th>
<th>Litigation Reserve Adjustments</th>
<th>LIFO-Related Adjustments</th>
<th>Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 137,609</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 137,609</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 8,309</td>
<td>$ 11</td>
<td>$ 3</td>
<td>$ -</td>
<td>$ 311</td>
<td>$ 8,634</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(5,942)</td>
<td>308</td>
<td>155</td>
<td>68</td>
<td>-</td>
<td>(5,411)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>32</td>
<td>-</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>46</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(303)</td>
<td>-</td>
<td>46</td>
<td>-</td>
<td>-</td>
<td>(257)</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>2,096</td>
<td>319</td>
<td>218</td>
<td>68</td>
<td>311</td>
<td>3,012</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(742)</td>
<td>(114)</td>
<td>(69)</td>
<td>(15)</td>
<td>(121)</td>
<td>(1,081)</td>
</tr>
<tr>
<td>Income from continuing operations after tax</td>
<td>1,354</td>
<td>205</td>
<td>149</td>
<td>53</td>
<td>190</td>
<td>1,951</td>
</tr>
<tr>
<td>Loss (Income) from continuing operations, net of tax, attributable to noncontrolling interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations, net of tax, attributable to McKesson Corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year Ended March 31, 2013</th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition Expenses and Related Adjustments</th>
<th>Litigation Reserve Adjustments</th>
<th>LIFO-Related Adjustments</th>
<th>Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 122,069</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 122,069</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 6,848</td>
<td>$ 13</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 13</td>
<td>$ 6,874</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(4,523)</td>
<td>196</td>
<td>(10)</td>
<td>72</td>
<td>-</td>
<td>(4,265)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>34</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>34</td>
</tr>
<tr>
<td>Impairment of an equity investment</td>
<td>(191)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(191)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(240)</td>
<td>-</td>
<td>11</td>
<td>-</td>
<td>-</td>
<td>(229)</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>1,928</td>
<td>209</td>
<td>1</td>
<td>72</td>
<td>13</td>
<td>2,223</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(581)</td>
<td>(76)</td>
<td>(6)</td>
<td>(27)</td>
<td>(5)</td>
<td>(695)</td>
</tr>
<tr>
<td>Income from continuing operations after tax</td>
<td>1,347</td>
<td>133</td>
<td>(5)</td>
<td>45</td>
<td>8</td>
<td>1,528</td>
</tr>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Certain computations may reflect rounding adjustments
## RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED EARNINGS (NON-GAAP)
FOR FISCAL 2007 THROUGH FISCAL 2014
(unaudited)
(in millions, except per share data)

<table>
<thead>
<tr>
<th>Year Ended March 31, 2012</th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition Expenses and Related Adjustments</th>
<th>Litigation Reserve Adjustments</th>
<th>LIFO-Related Adjustments</th>
<th>Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$122,321</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$122,321</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$6,402</td>
<td>$17</td>
<td>$ -</td>
<td>$ -</td>
<td>$11</td>
<td>$6,430</td>
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<tr>
<td>Operating expenses</td>
<td>(4,278)</td>
<td>167</td>
<td>26</td>
<td>149</td>
<td>-</td>
<td>(3,936)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(251)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(251)</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>1,893</td>
<td>184</td>
<td>26</td>
<td>149</td>
<td>11</td>
<td>2,263</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(514)</td>
<td>(71)</td>
<td>(10)</td>
<td>(89)</td>
<td>(4)</td>
<td>(688)</td>
</tr>
<tr>
<td>Income from continuing operations after tax</td>
<td>$1,379</td>
<td>$113</td>
<td>$16</td>
<td>$60</td>
<td>$7</td>
<td>$1,575</td>
</tr>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td>$5.49</td>
<td>$0.45</td>
<td>$0.07</td>
<td>$0.24</td>
<td>$0.03</td>
<td>$6.28</td>
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<table>
<thead>
<tr>
<th>Year Ended March 31, 2011</th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition Expenses and Related Adjustments</th>
<th>Litigation Reserve Adjustments</th>
<th>LIFO-Related Adjustments</th>
<th>Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$111,677</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$111,677</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$5,797</td>
<td>$16</td>
<td>$ -</td>
<td>$ -</td>
<td>$3</td>
<td>$5,816</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(4,031)</td>
<td>115</td>
<td>43</td>
<td>213</td>
<td>-</td>
<td>(3,660)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>35</td>
<td>-</td>
<td>(16)</td>
<td>-</td>
<td>-</td>
<td>19</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(222)</td>
<td>-</td>
<td>25</td>
<td>-</td>
<td>-</td>
<td>(197)</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>1,579</td>
<td>131</td>
<td>52</td>
<td>213</td>
<td>3</td>
<td>1,978</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(496)</td>
<td>(51)</td>
<td>(16)</td>
<td>(64)</td>
<td>(1)</td>
<td>(628)</td>
</tr>
<tr>
<td>Income from continuing operations after tax</td>
<td>$1,083</td>
<td>$80</td>
<td>$36</td>
<td>$149</td>
<td>$2</td>
<td>$1,350</td>
</tr>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td>$4.12</td>
<td>$0.30</td>
<td>$0.14</td>
<td>$0.57</td>
<td>-</td>
<td>$5.13</td>
</tr>
</tbody>
</table>

(a) Certain computations may reflect rounding adjustments
## RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED EARNINGS (NON-GAAP)

### FOR FISCAL 2007 THROUGH FISCAL 2014

(unaudited)

(in millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended March 31, 2010</th>
<th>Year Ended March 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Reported (GAAP)</td>
<td>Amortization of Acquisition-Related Intangibles</td>
</tr>
<tr>
<td>Revenues</td>
<td>$ 108,295</td>
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<tr>
<td>Gross profit</td>
<td>$ 5,498</td>
<td>$ 21</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(3,549)</td>
<td>97</td>
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<tr>
<td>Other income, net</td>
<td>43</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(186)</td>
<td>-</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>1,806</td>
<td>118</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(601)</td>
<td>(46)</td>
</tr>
<tr>
<td>Income from continuing operations after tax</td>
<td>$ 1,205</td>
<td>$ 72</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Year Ended March 31, 2010</th>
<th>Year Ended March 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td>$ 4.41</td>
<td>$ 0.26</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Year Ended March 31, 2010</th>
<th>Year Ended March 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 106,234</td>
<td>$ -</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 5,213</td>
<td>$ 29</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(4,060)</td>
<td>97</td>
</tr>
<tr>
<td>Other income, net</td>
<td>72</td>
<td>-</td>
</tr>
<tr>
<td>Impairment of equity investments</td>
<td>(63)</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(143)</td>
<td>-</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>1,019</td>
<td>126</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(233)</td>
<td>(49)</td>
</tr>
<tr>
<td>Income from continuing operations after tax</td>
<td>$ 786</td>
<td>$ 77</td>
</tr>
</tbody>
</table>

Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a) | $ 2.82 | $ 0.28 | $ - | $ 1.11 | $ 0.02 | $ 4.23 |

(a) Certain computations may reflect rounding adjustments
## RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED EARNINGS (NON-GAAP)

**FOR FISCAL 2007 THROUGH FISCAL 2014**

(inaudited)

(in millions, except per share data)

<table>
<thead>
<tr>
<th>Year Ended March 31, 2008</th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition Expenses and Related Adjustments</th>
<th>Litigation Reserve Adjustments</th>
<th>LIFO-Related Adjustments</th>
<th>Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 101,311</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 101,311</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 4,861</td>
<td>$ 27</td>
<td>$ -</td>
<td>$ -</td>
<td>(14)</td>
<td>$ 4,874</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(3,414)</td>
<td>78</td>
<td>4</td>
<td>(5)</td>
<td>-</td>
<td>(3,337)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>116</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>116</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(140)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(140)</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>1,423</td>
<td>105</td>
<td>4</td>
<td>(5)</td>
<td>(14)</td>
<td>1,513</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(463)</td>
<td>(40)</td>
<td>(2)</td>
<td>2</td>
<td>5</td>
<td>(498)</td>
</tr>
<tr>
<td>Income from continuing operations after tax</td>
<td>$ 960</td>
<td>$ 65</td>
<td>$ 2</td>
<td>$ (3)</td>
<td>$ (9)</td>
<td>$ 1,015</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Year Ended March 31, 2007</th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition Expenses and Related Adjustments</th>
<th>Litigation Reserve Adjustments</th>
<th>LIFO-Related Adjustments</th>
<th>Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 92,647</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 92,647</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 4,186</td>
<td>$ 12</td>
<td>$ -</td>
<td>$ -</td>
<td>(64)</td>
<td>$ 4,134</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(2,946)</td>
<td>40</td>
<td>7</td>
<td>(6)</td>
<td>-</td>
<td>(2,905)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>127</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>127</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(98)</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>(94)</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>1,269</td>
<td>52</td>
<td>11</td>
<td>(6)</td>
<td>(64)</td>
<td>1,262</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(326)</td>
<td>(20)</td>
<td>(4)</td>
<td>(81)</td>
<td>25</td>
<td>(406)</td>
</tr>
<tr>
<td>Income from continuing operations after tax</td>
<td>$ 943</td>
<td>$ 32</td>
<td>$ 7</td>
<td>$ (87)</td>
<td>$ (39)</td>
<td>$ 856</td>
</tr>
</tbody>
</table>

Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)

- **2008**: $3.22
- **2007**: $3.09

(1) Certain computations may reflect rounding adjustments
## RECONCILIATION OF GAAP SEGMENT FINANCIAL RESULTS TO ADJUSTED EARNINGS (NON-GAAP)

### FOR FISCAL 2007 THROUGH FISCAL 2014

**(unaudited)**

**(in millions)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As Reported (GAAP):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$134,426</td>
<td>$119,046</td>
<td>$119,424</td>
<td>$108,889</td>
</tr>
<tr>
<td>Corporate</td>
<td>$119,046</td>
<td>$92,032</td>
<td>$92,897</td>
<td>$82,788</td>
</tr>
<tr>
<td>Technology &amp; Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations before interest and income taxes</td>
<td>$2,461</td>
<td>$2,195</td>
<td>$2,219</td>
<td>$1,896</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$255</td>
<td>$146</td>
<td>$120</td>
<td>$70</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$7,079</td>
<td>$5,450</td>
<td>$5,057</td>
<td>$4,565</td>
</tr>
<tr>
<td>Operating expenses as a % of revenues</td>
<td>3.22%</td>
<td>4.57%</td>
<td>4.23%</td>
<td>4.19%</td>
</tr>
<tr>
<td>Pre-tax profit as a % of revenues</td>
<td>1.83%</td>
<td>1.84%</td>
<td>1.76%</td>
<td>1.74%</td>
</tr>
<tr>
<td>Adjusted Earnings (Non-GAAP):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$134,426</td>
<td>$119,046</td>
<td>$119,424</td>
<td>$108,889</td>
</tr>
<tr>
<td>Corporate</td>
<td>$119,046</td>
<td>$92,032</td>
<td>$92,897</td>
<td>$82,788</td>
</tr>
<tr>
<td>Technology &amp; Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations before interest and income taxes</td>
<td>$2,461</td>
<td>$2,195</td>
<td>$2,219</td>
<td>$1,896</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$255</td>
<td>$146</td>
<td>$120</td>
<td>$70</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$7,079</td>
<td>$5,450</td>
<td>$5,057</td>
<td>$4,565</td>
</tr>
<tr>
<td>Operating expenses as a % of revenues</td>
<td>3.22%</td>
<td>4.57%</td>
<td>4.23%</td>
<td>4.19%</td>
</tr>
<tr>
<td>Pre-tax profit as a % of revenues</td>
<td>1.83%</td>
<td>1.84%</td>
<td>1.76%</td>
<td>1.74%</td>
</tr>
</tbody>
</table>

### (a) Certain computations may reflect rounding adjustments
## RECONCILIATION OF GAAP SEGMENT FINANCIAL RESULTS TO ADJUSTED EARNINGS (NON-GAAP)

### FOR FISCAL 2007 THROUGH FISCAL 2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Distribution Solutions</td>
<td>Technology Solutions &amp; Interest Expense</td>
<td>TOTAL</td>
<td>Distribution Solutions</td>
<td>Technology Solutions</td>
<td>Interest Expense</td>
</tr>
<tr>
<td><strong>As Reported (GAAP):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$ 103,568</td>
<td>$ 2,666</td>
<td>$ -</td>
<td>$ 106,234</td>
<td>$ 98,719</td>
<td>$ 2,592</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 3,955</td>
<td>$ 1,258</td>
<td>-</td>
<td>$ 5,213</td>
<td>$ 3,586</td>
<td>$ 1,275</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2,771)</td>
<td>(974)</td>
</tr>
<tr>
<td>Other income, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>43</td>
<td>4</td>
</tr>
<tr>
<td>Impairment of equity investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(63)</td>
<td>-</td>
</tr>
<tr>
<td>Income from continuing operations before interest and income taxes</td>
<td>1,158</td>
<td>288</td>
<td>(284)</td>
<td>1,162</td>
<td>1,463</td>
<td>283</td>
</tr>
<tr>
<td>Interest expense</td>
<td>2</td>
<td>(3)</td>
<td>(142)</td>
<td>143</td>
<td>4</td>
<td>(2)</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>$ 1,160</td>
<td>$ 285</td>
<td>$ (428)</td>
<td>$ 1,019</td>
<td>$ 1,487</td>
<td>$ 281</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>3.82%</td>
<td>47.19%</td>
<td>-</td>
<td>4.91%</td>
<td>3.63%</td>
<td>49.19%</td>
</tr>
<tr>
<td>Operating expenses as a % of revenues</td>
<td>2.68%</td>
<td>36.53%</td>
<td>-</td>
<td>3.82%</td>
<td>2.17%</td>
<td>38.50%</td>
</tr>
<tr>
<td>Operating pre-tax profit as a % of revenues</td>
<td>1.12%</td>
<td>10.80%</td>
<td>-</td>
<td>1.09%</td>
<td>1.50%</td>
<td>10.92%</td>
</tr>
<tr>
<td><strong>Pre-Tax Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 1</td>
<td>$ 28</td>
<td>-</td>
<td>$ 29</td>
<td>$ 1</td>
<td>$ 26</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>50</td>
<td>47</td>
<td>-</td>
<td>97</td>
<td>28</td>
<td>50</td>
</tr>
<tr>
<td>Amortization of acquisition-related intangibles</td>
<td>51</td>
<td>75</td>
<td>-</td>
<td>126</td>
<td>29</td>
<td>76</td>
</tr>
<tr>
<td>Gross profit</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Other income, net</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition expenses and related adjustments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating expenses - Litigation reserve adjustments</td>
<td>493</td>
<td>-</td>
<td>-</td>
<td>493</td>
<td>-</td>
<td>(5)</td>
</tr>
<tr>
<td>Gross Profit - LIFO-related adjustments</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>(14)</td>
<td>-</td>
</tr>
<tr>
<td>Total pre-tax adjustments</td>
<td>$ 552</td>
<td>$ 75</td>
<td>-</td>
<td>$ 627</td>
<td>$ 19</td>
<td>$ 76</td>
</tr>
<tr>
<td><strong>Adjusted Earnings (Non-GAAP):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$ 103,568</td>
<td>$ 2,666</td>
<td>$ -</td>
<td>$ 106,234</td>
<td>$ 98,719</td>
<td>$ 2,592</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 3,964</td>
<td>$ 1,286</td>
<td>-</td>
<td>$ 5,250</td>
<td>$ 3,573</td>
<td>$ 1,301</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(2,234)</td>
<td>(927)</td>
<td>(309)</td>
<td>(3,850)</td>
<td>(2,106)</td>
<td>(948)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>43</td>
<td>4</td>
<td>25</td>
<td>72</td>
<td>35</td>
<td>6</td>
</tr>
<tr>
<td>Impairment of equity investments</td>
<td>(63)</td>
<td>-</td>
<td>-</td>
<td>(63)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income from continuing operations before interest and income taxes</td>
<td>1,710</td>
<td>363</td>
<td>(284)</td>
<td>1,789</td>
<td>1,502</td>
<td>359</td>
</tr>
<tr>
<td>Interest expense</td>
<td>2</td>
<td>(3)</td>
<td>(142)</td>
<td>(143)</td>
<td>4</td>
<td>(2)</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>$ 1,712</td>
<td>$ 360</td>
<td>$ (428)</td>
<td>$ 1,644</td>
<td>$ 1,506</td>
<td>$ 357</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>3.83%</td>
<td>48.24%</td>
<td>-</td>
<td>4.91%</td>
<td>3.62%</td>
<td>50.19%</td>
</tr>
<tr>
<td>Operating expenses as a % of revenues</td>
<td>2.16%</td>
<td>34.77%</td>
<td>-</td>
<td>3.27%</td>
<td>2.13%</td>
<td>35.57%</td>
</tr>
<tr>
<td>Operating pre-tax profit as a % of revenues</td>
<td>1.65%</td>
<td>13.62%</td>
<td>-</td>
<td>1.68%</td>
<td>1.52%</td>
<td>13.85%</td>
</tr>
</tbody>
</table>

(a) Certain computations may reflect rounding adjustments