

McKesson Corporation Credit Suisse Healthcare Conference

John Hammergren

Chairman and Chief Executive Officer



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 in this presentation include non-GAAP information. McKesson also presents its financial results on a constant currency basis. The Company conducts business worldwide in local currencies, including Euro, British pound and Canadian dollar. As a result, the comparability of the financial results reported in U.S. dollars can be affected by changes in foreign currency exchange rates. The Company believes the presentation of non-GAAP measures provides useful supplemental information to investors with regard to its core operating performance as well as comparability of financial results period-over-period. A reconciliation of the non-GAAP information to GAAP, and other related information is available in the tables accompanying each period’s earnings press release, materials furnished to the SEC, and posted to www.mckesson.com under the “Investors” tab.

McKesson At A Glance

Delivering Better Health for More Than 180 Years

183
year history
of serving customers



\$190B in revenues



\$3.7B
in operating
cash flow



More than
13,000

owned and banner
pharmacies

Delivering
1/3
of all prescription
medicine in North America



68,000
employees worldwide



>99% order accuracy

October 27, 2016: FY17 Update

Revised FY17 Outlook: *\$12.35 to \$12.85 per diluted share*

Excludes ~\$1.31 to ~\$1.33 in charges to Adjusted Earnings related to the EIS goodwill impairment and the Cost Alignment Plan



Cash Flow from Operations to increase approximately 15% year-over-year

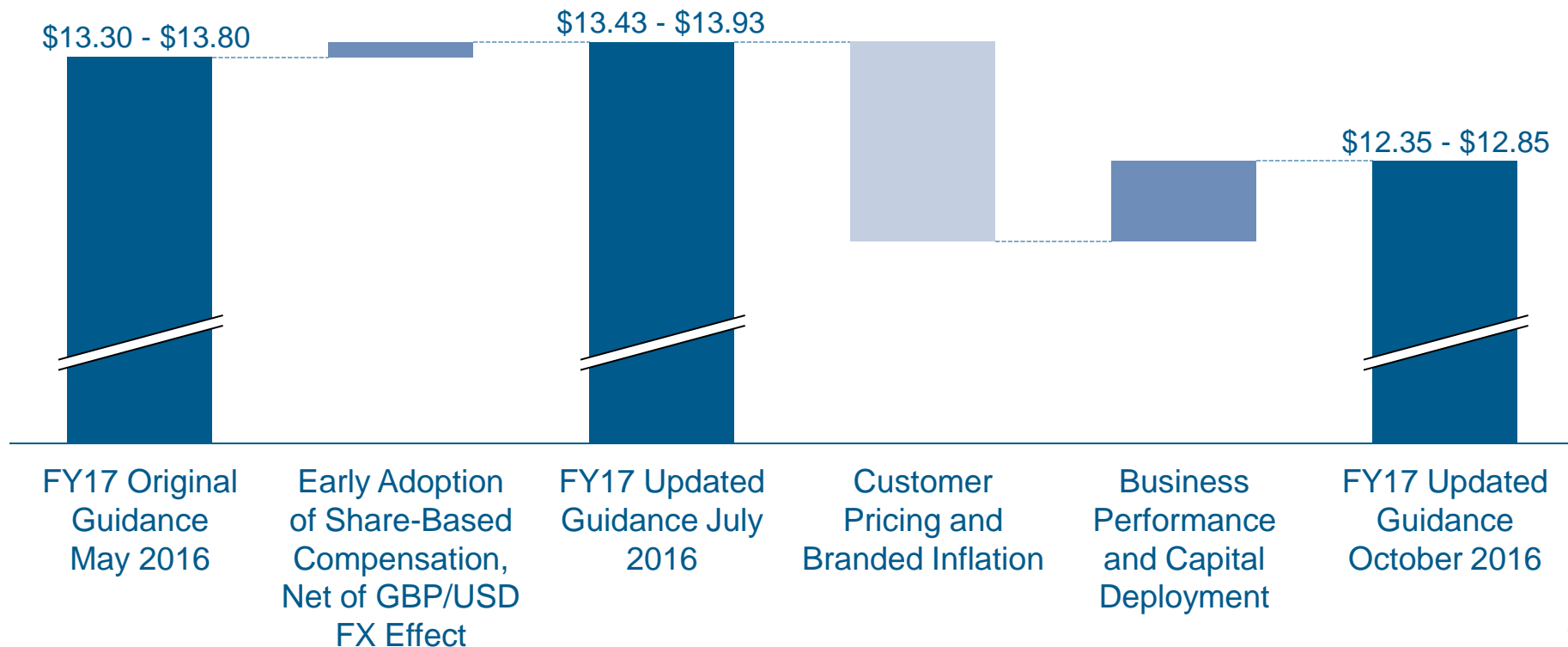
Consistent with original guidance assumption in May 2016

New \$4.0 billion share repurchase program approved

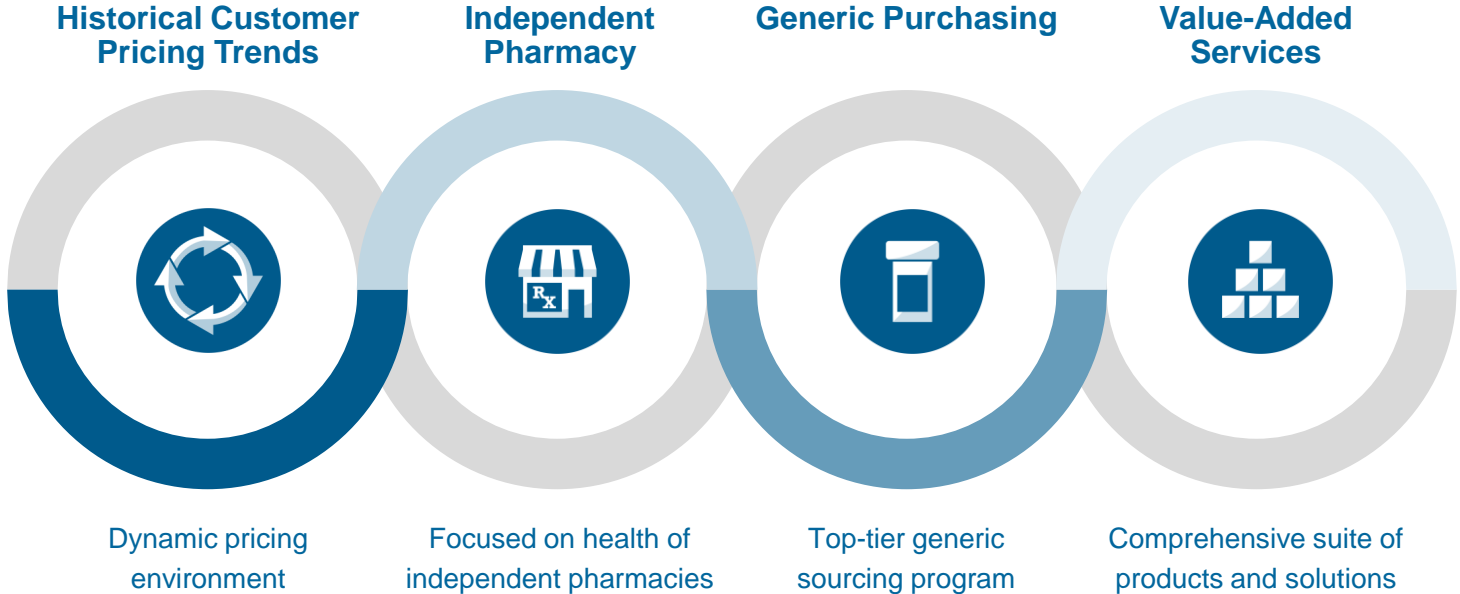
~\$1.0 billion available on prior share repurchase authorization



Evolution Of McKesson's FY17 EPS Guidance



Customer Pricing Landscape



Branded Pharmaceutical Pricing Environment



Election Effects



**Fixed and
Variable
Income**



**Manufacturer
Decisions**

Though McKesson Is Facing Near-Term Challenges...



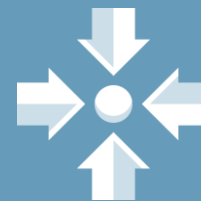
Fewer expected generic launches compared to prior years



Moderation of brand and generic pharmaceutical pricing trends



Increase in customer pricing competitiveness



Impact of customer consolidation

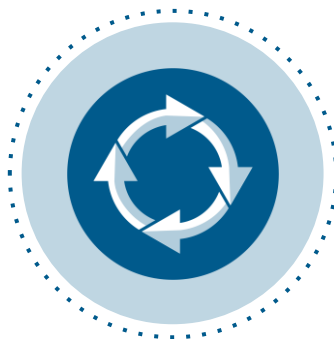
...We Are Well Positioned For Growth

*Sourcing
Expertise*



*Favorable
Demographics*

*Geographic
Breadth*



*Operational
Efficiency*

*Diversified Set of
Businesses*



*Robust Capital
Deployment*

Pathway to Double-Digit Growth

Strong Market Growth Expected Across Global Healthcare Ecosystem

Global



- Expected growth in global pharmaceutical market
- Increasing population of elderly and chronically ill
- Innovative therapies to fight disease states

North America



- Expected growth in North America pharmaceutical spend
- Strong U.S. growth driven by specialty
- Biosimilars launched in the U.S. and Canada

Europe



- Expected steady growth in pharmaceutical markets
- Strong growth expected in specialty
- Demographics, chronic disease and new therapies

McKesson And Walmart Sourcing Agreement

Agreement to jointly source generic pharmaceuticals, driving efficiencies and adding scale and value for both companies



Expanded distribution agreement



Natural next step for two companies with more than 20-year history of working together



Co-sourcing partnership will be made operational in late FY17



Potential to expand relationship in the future

Global Private Label Expertise And Value

OTC



Increase private label OTC penetration in new and existing geographies and categories

Medical Supplies



Advance appropriate utilization in medical-surgical business

Generics



Manage opportunities in U.S. and Canada and plan to implement NorthStar products in the U.K.

McKesson Specialty Health

Thriving in an Increasingly Complex Market

Mid-teen Year-over-Year Revenue Growth in FY16



Expanding Footprint Across Specialties

>3,400 Oncologists

>5,000 Other Specialists

More Than **750K** Prescriptions Dispensed Nationwide



Clinical Research



Nearly **1,500** Phase 1 to Phase 4 Clinical Trials to Date

iKnowMedSM

Ranked #1 Oncology EHR >**1,600** Users



650+

Payer Relationships



Celesio's Broad Value Proposition

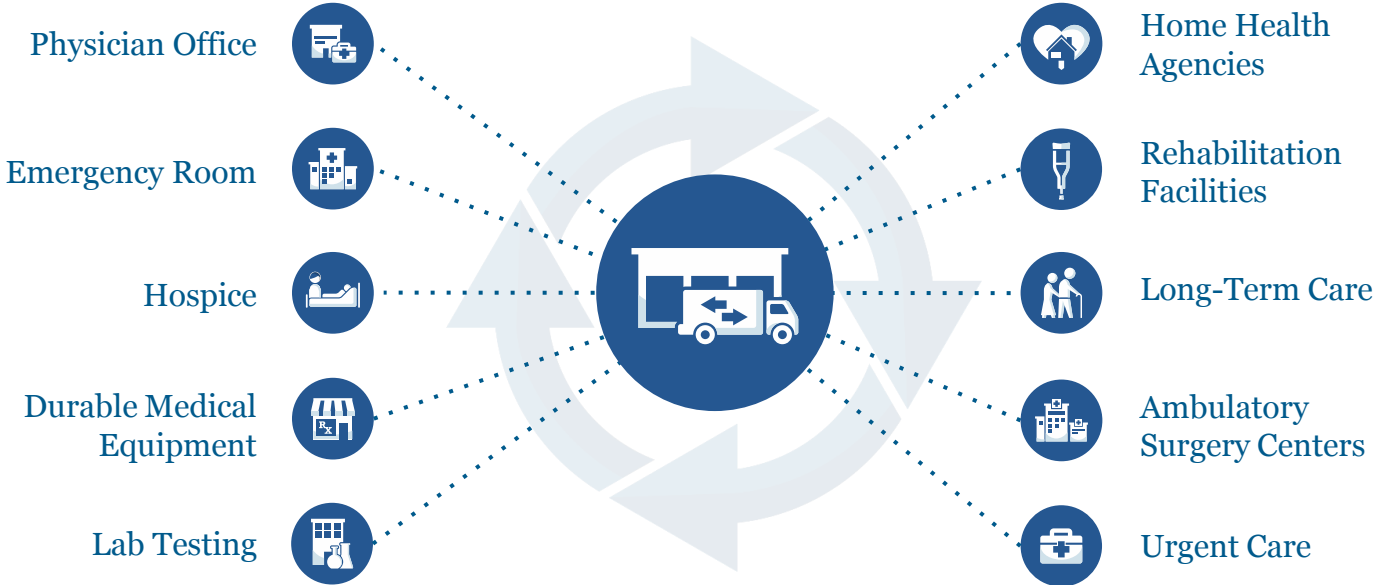
Highlights

- Extensive network across 13 countries in Europe
- Leader in pharmaceutical distribution
- Strong retail presence with more than 6,500 owned, managed and banner pharmacies
- Large player in fragmented industries
- Platform for further consolidation, channel expansion and geographic expansion
- Population of nearly 350 million in the markets we serve¹



McKesson Medical Surgical

Market Leader for the Ambulatory and Post-Acute Care Continuum



McKesson Canada

Comprehensive and Innovative Offerings Across the Healthcare Marketplace

Distribution

14 *Distribution Centers*



1.7 million
square feet of Warehousing Space

Driving Best-in-Class
Supply Chain Solutions

Specialty Pharmacy



7 Specialty
Pharmacies

Nearly

90

Infusion
Clinics



+10% Growth in
Annual Infusions

Increased National Footprint



**Grew Store
Count**

Servicing

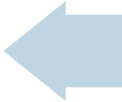
>2,100

Independent Pharmacies



NewCo Creates Substantial Shareholder Value

**McKesson
Technology
Solutions**



**CHANGE
HEALTHCARE™**

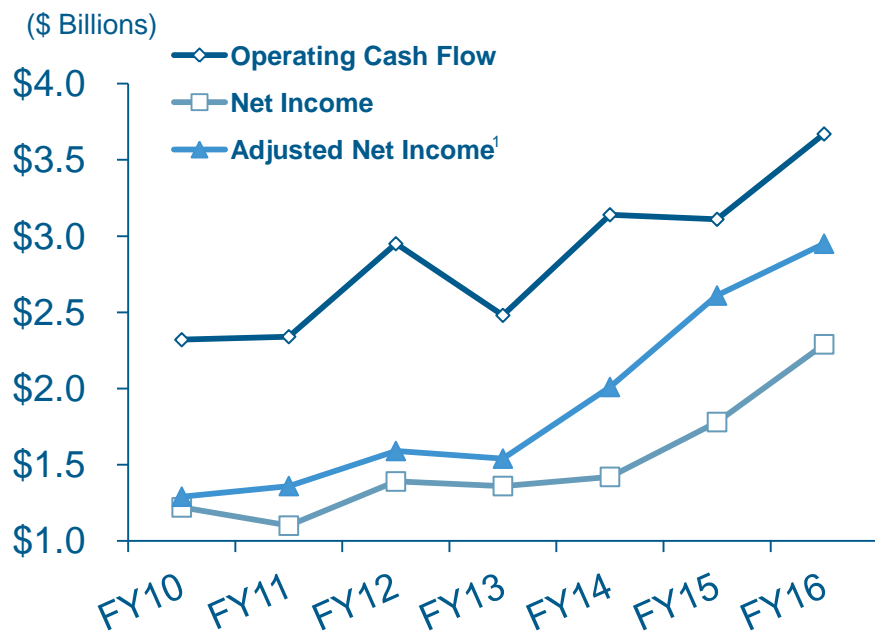
**Enhances MTS' Market opportunity,
capabilities and scale**

**Strong JV partner in Change Healthcare,
with focus on value creation**

**McKesson to receive \$1.25 billion
in cash at close of transaction,
retaining ~70% equity stake**

**Targeting \$150+ million of annual synergies,
with potential to capture more**

Strong Cash Flow Generation



Operating Cash Flow

FY15 – FY16

↑ **18%**

FY16 – FY17²

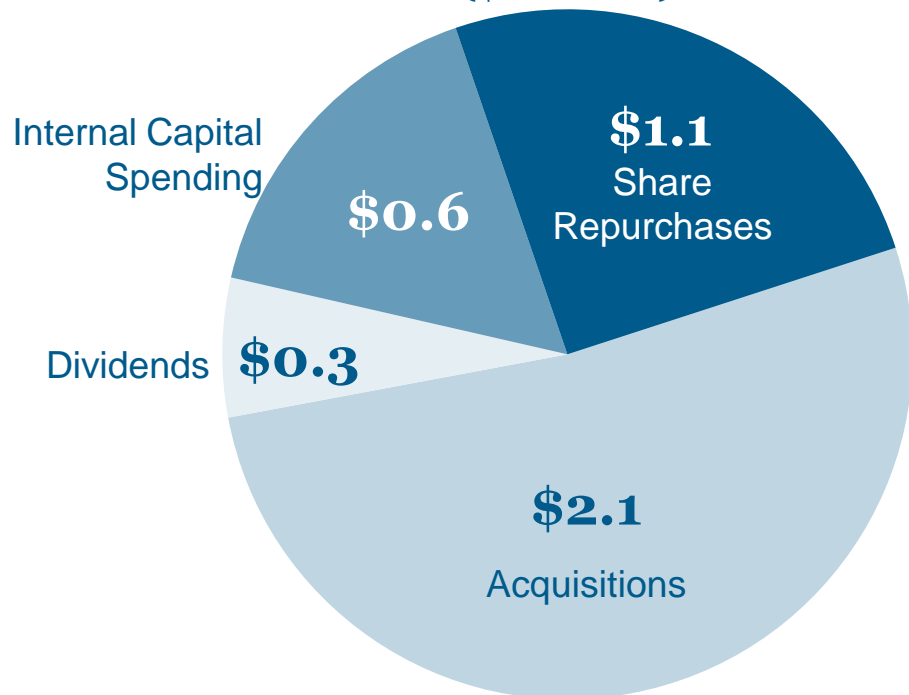
↑ **15%**

¹ Reflects Adjusted Net Income information calculated on an Adjusted Earnings (Non-GAAP) basis as reported (and recast) for the fiscal years 2010 to 2016. FY 2016 Adjusted Net Income excludes the Cost Alignment Plan and gains on sale of the two businesses and is expressed in constant currency.

² Projected growth excludes cash payments related to the Cost Alignment Plan and a settlement agreement with the U.S. Drug Enforcement Administration and the U.S. Department of Justice as previously disclosed in April 2015, and as originally outlined in the Q4 FY16 earnings conference call on May 4, 2016.

Portfolio Approach to Capital Deployment

Twelve months ended 9/30/16
(\$ Billions)



**~\$4 Billion of Capital
Deployed from
10/1/15 to 9/30/16**

FY17 Capital Deployment Priorities



Continuing Our Portfolio Approach to Capital Deployment

- Commit \$700 to \$800 million to internal investment
- Execute on FY16 announced and closed acquisitions
- Evaluate additional M&A opportunities
- Assume WASO at 226M
- Pay dividend
- Maintain investment grade rating; manage debt capacity accordingly

Strong Value Proposition For Long-Term Growth



MCKESSON