

Q4 Fiscal 2017 Earnings Call

May 18, 2017

Supplemental Slides

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 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.

Consolidated Gross Profit Summary

Q4 and Fiscal 2017 Results

Q4 Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Consolidated Gross Profit (in millions USD)	\$2,796	\$2,940	--	+\$42	\$2,982	+3%

Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Consolidated Gross Profit (in millions USD)	\$11,271	\$11,268	-\$4	+\$191	\$11,455	-2%

¹Adjusted Earnings excluding Unusual Items ("Adj. Earnings ex Items (Non-GAAP)") excludes from Adjusted Earnings (Non-GAAP) one or more of the following as applicable: charges/credits related to the Cost Alignment Plan as disclosed in March 2016 ("CAP"); gains on the sale of two businesses recorded in FY16; and foreign currency exchange effects. ²YoY Change Constant Currency is calculated by comparing the Q4 and FY17 Adj. Earnings ex Items (Non-GAAP) to the Q4 and FY16 Adj. Earnings ex Items (Non-GAAP) values of \$2,909 million and \$11,693 million, respectively. A reconciliation of Adjusted Earnings (Non-GAAP) to GAAP is available in the tables attached to the press release dated May 18, 2017, which is available on the Company's website under the "Investors" tab.

Consolidated Operating Expense Summary

Q4 and Fiscal 2017 Results

Q4 Fiscal 2017	As Reported GAAP¹	Adjusted Earnings Non-GAAP	CAP Charges/Credits	EIS Goodwill Impairment	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP²	YoY Change Constant Currency³
Consolidated Operating Expense (in millions USD)	-\$1,930	\$1,922	-\$10	--	+\$41	\$1,953	+10%
Fiscal 2017	As Reported GAAP¹	Adjusted Earnings Non-GAAP	CAP Charges/Credits	EIS Goodwill Impairment	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP²	YoY Change Constant Currency³
Consolidated Operating Expense (in millions USD)	\$4,162	\$7,535	-\$18	-\$290	+\$169	\$7,396	+2%

¹As Reported GAAP includes a pre-tax gain of \$3,947 million (\$3,018 million after-tax), net, recognized from the Healthcare Technology Net Asset Exchange within our Technology Solutions segment. ²Adj. Earnings ex Items (Non-GAAP) excludes from Adjusted Earnings (Non-GAAP) one or more of the following as applicable: charges/credits related to the CAP as disclosed in March 2016; Enterprise Information Solutions (EIS) goodwill impairment charge; gains on the sale of two businesses recorded in FY16; and foreign currency exchange effects. ³YoY Change Constant Currency is calculated by comparing the Q4 and FY17 Adj. Earnings ex Items (Non-GAAP) to the Q4 and FY16 Adj. Earnings ex Items (Non-GAAP) values of \$1,783 million and \$7,238 million, respectively, which excludes the \$51 million gain on the sale of the nurse triage business recorded in Q1FY16 and the \$52 million gain on the sale of Zee Medical in Q2FY16. A reconciliation of Adjusted Earnings (Non-GAAP) to GAAP is available in the tables attached to the press release dated May 18, 2017, which is available on the Company's website under the "Investors" tab.

Consolidated Earnings Summary

Q4 and Fiscal 2017 Results

Q4 Fiscal 2017	As Reported GAAP¹	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	EIS Goodwill Impairment	Adj. Earnings ex Items Non-GAAP²
Earnings per diluted share from continuing operations ³	\$16.79	\$3.39	+\$0.03	--	\$3.42

Fiscal 2017	As Reported GAAP¹	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	EIS Goodwill Impairment	Adj. Earnings ex Items Non-GAAP²
Earnings per diluted share from continuing operations ³	\$23.28	\$11.61	+\$0.04	+\$1.26	\$12.91

¹As Reported GAAP includes a pre-tax gain of \$3,947 million (\$3,018 million after-tax), net, recognized from the Healthcare Technology Net Asset Exchange within our Technology Solutions segment. ²Adj. Earnings ex Items (Non-GAAP) excludes from Adjusted Earnings (Non-GAAP) charges/credits related to the CAP and the EIS goodwill impairment charge. ³Earnings per diluted share from continuing operations is calculated using 214 million weighted average shares outstanding for Q4 and 223 million weighted average shares outstanding for FY17.

Earnings Per Share (EPS) Walk

Quarter and Full Year Fiscal 2017

	As Reported GAAP ¹	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	EIS Goodwill Impairment	Adj. Earnings ex Items Non-GAAP
Q1	\$2.88	\$3.50	+\$0.02	--	\$3.52
Q2	\$1.35	\$1.72	-\$0.02	+\$1.24	\$2.94
Q3	\$2.86	\$3.03	+\$0.02	--	\$3.05
Q4	\$16.79	\$3.39	+\$0.03	--	\$3.42
Full Year	\$23.28	\$11.61	+\$0.04	+\$1.26	\$12.91

¹As Reported GAAP includes a pre-tax gain of \$3,947 million (\$3,018 million after-tax), net, recognized from the Healthcare Technology Net Asset Exchange within our Technology Solutions segment. Note: EPS figures may not foot due to different diluted weighted average shares outstanding (WASO) balances or rounding differences.

Distribution Solutions Gross Profit Summary

Q4 and Fiscal 2017 Results

Q4 Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Distribution Solutions Gross Profit (in millions USD)	\$2,523	\$2,667	--	+\$42	\$2,709	7%

Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Distribution Solutions Gross Profit (in millions USD)	\$9,856	\$9,850	--	+\$191	\$10,041	-2%

¹Adj. Earnings ex Items (Non-GAAP) excludes from Adjusted Earnings (Non-GAAP) one or more of the following as applicable: charges/credits related to the CAP; gain on the sale of one business recorded in FY16; and foreign currency exchange effects. ²YoY Change Constant Currency is calculated by comparing the Q4 and FY17 Adj. Earnings ex Items (Non-GAAP) to the Q4 and FY16 Adj. Earnings ex Items (Non-GAAP) values of \$2,521 million and \$10,198 million, respectively. A reconciliation of Adjusted Earnings (Non-GAAP) to GAAP is available in the tables attached to the press release dated May 18, 2017, which is available on the Company's website under the "Investors" tab.

Distribution Solutions Operating Expense Summary

Q4 and Fiscal 2017 Results

Q4 Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Distribution Solutions Operating Expense (in millions USD)	\$1,775	\$1,639	-\$6	+\$40	\$1,673	+18%

Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Distribution Solutions Operating Expense (in millions USD)	\$6,559	\$6,024	-\$19	+\$167	\$6,172	+6%

¹Adj. Earnings ex Items (Non-GAAP) excludes from Adjusted Earnings (Non-GAAP) one or more of the following as applicable: charges/credits related to the CAP; gain on the sale of one business recorded in FY16; and foreign currency exchange effects. ²YoY Change Constant Currency is calculated by comparing the Q3 and year-to-date (YTD) FY17 Adj. Earnings ex Items (Non-GAAP) to the Q4 and FY16 Adj. Earnings ex Items (Non-GAAP) values of \$1,412 million and \$5,835 million, respectively. A reconciliation of Adjusted Earnings (Non-GAAP) to GAAP is available in the tables attached to the press release dated May 18, 2017, which is available on the Company's website under the "Investors" tab.

Distribution Solutions Operating Profit Summary

Q4 and Fiscal 2017 Results

Q4 Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Distribution Solutions Operating Profit (in millions USD)	\$769	\$1,051	+\$6	+\$4	\$1,061	-5%
Distribution Solutions Operating Profit Margin	1.60%	2.18%			2.19%	-25bps

Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Distribution Solutions Operating Profit (in millions USD)	\$3,361	\$3,901	+\$19	+\$26	\$3,946	-11%
Distribution Solutions Operating Profit Margin	1.72%	1.99%			2.00%	-35bps

¹Adj. Earnings ex Items (Non-GAAP) excludes from Adjusted Earnings (Non-GAAP) one or more of the following as applicable: charges/credits related to the CAP; gain on the sale of one business recorded in FY16; and foreign currency exchange effects. ²YoY Change Constant Currency is calculated by comparing the Q4 and FY17 Adj. Earnings ex Items (Non-GAAP) to the Q4 and FY16 Adj. Earnings ex Items (Non-GAAP) values of \$1,122 million and \$4,409 million, respectively. A reconciliation of Adjusted Earnings (Non-GAAP) to GAAP is available in the tables attached to the press release dated May 18, 2017, which is available on the Company's website under the "Investors" tab.

Technology Solutions Gross Profit Summary

Q4 and Fiscal 2017 Results

Q4 Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Technology Solutions Gross Profit (in millions USD)	\$273	\$273	--	--	\$273	-30%

Fiscal 2017	As Reported GAAP	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP¹	YoY Change Constant Currency²
Technology Solutions Gross Profit (in millions USD)	\$1,415	\$1,418	-\$4	--	\$1,414	-5%

¹Adj. Earnings ex Items (Non-GAAP) excludes from Adjusted Earnings (Non-GAAP) one or more of the following as applicable: charges/credits related to the CAP; gain on the sale of one business recorded in FY16; and foreign currency exchange effects. ²YoY Change Constant Currency is calculated by comparing the Q4 and FY17 Adj. Earnings ex Items (Non-GAAP) to the Q4 and FY16 Adj. Earnings ex Items (Non-GAAP) values of \$388 million and \$1,495 million, respectively. A reconciliation of Adjusted Earnings (Non-GAAP) to GAAP is available in the tables attached to the press release dated May 18, 2017, which is available on the Company's website under the "Investors" tab.

Technology Solutions Operating Expense Summary

Q4 and Fiscal 2017 Results

Q4 Fiscal 2017	As Reported GAAP¹	Adjusted Earnings Non-GAAP	CAP Charges/Credits	EIS Goodwill Impairment	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP²	YoY Change Constant Currency³
Technology Solutions Operating Expense (in millions USD)	-\$3,816	\$174	+\$1	--	--	\$175	-26%

Fiscal 2017	As Reported GAAP¹	Adjusted Earnings Non-GAAP	CAP Charges/Credits	EIS Goodwill Impairment	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP²	YoY Change Constant Currency³
Technology Solutions Operating Expense (in millions USD)	-\$2,799	\$1,115	+\$6	-\$290	+\$1	\$832	-11%

¹As Reported GAAP includes a pre-tax gain of \$3,947 million (\$3,018 million after-tax), net, recognized from the Healthcare Technology Net Asset Exchange within our Technology Solutions segment. ²Adj. Earnings ex Items (Non-GAAP) excludes from Adjusted Earnings (Non-GAAP) one or more of the following as applicable: charges/credits related to the CAP; EIS goodwill impairment charge; gain on the sale of one business recorded in FY16; and foreign currency exchange effects. ³YoY Change Constant Currency is calculated by comparing the Q4 and year-to-date FY17 Adj. Earnings ex Items (Non-GAAP) to the Q4 and FY16 Adj. Earnings ex Items (Non-GAAP) values of \$235 million and \$938 million, respectively. A reconciliation of Adjusted Earnings (Non-GAAP) to GAAP is available in the tables attached to the press release dated May 18, 2017, which is available on the Company's website under the "Investors" tab.

Technology Solutions Operating Profit Summary

Q4 and Fiscal 2017 Results

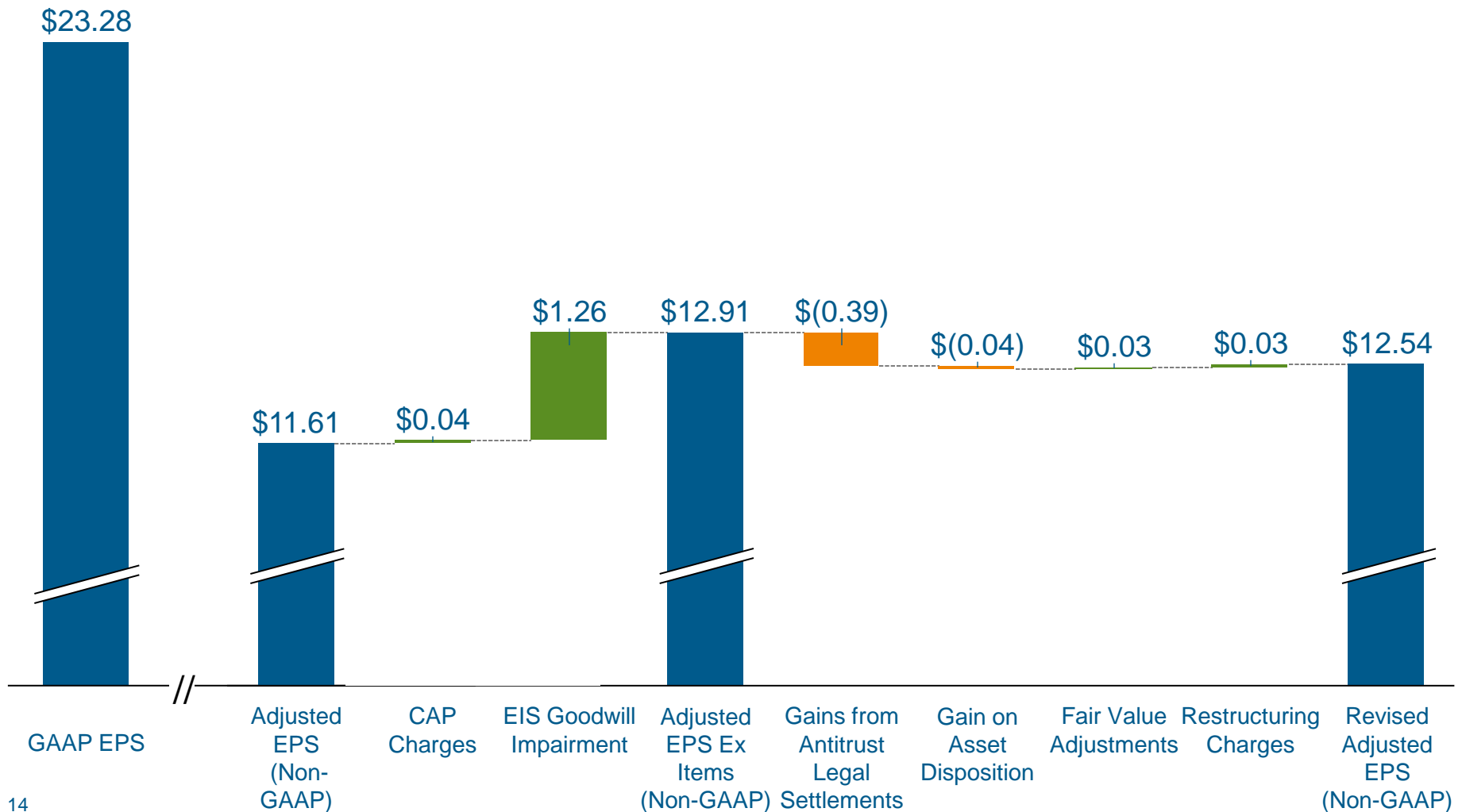
Q4 Fiscal 2017	As Reported GAAP¹	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	EIS Goodwill Impairment	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP²	YoY Change Constant Currency³
Technology Solutions Operating Profit (in millions USD)	\$4,089	\$99	-\$1	--	--	\$98	-36%
Technology Solutions Operating Profit Margin	798.63%	19.34%				19.14%	-170bps

Fiscal 2017	As Reported GAAP¹	Adjusted Earnings Non-GAAP	CAP Charges/ Credits	EIS Goodwill Impairment	Foreign Exchange Effect	Adj. Earnings ex Items Non-GAAP²	YoY Change Constant Currency³
Technology Solutions Operating Profit (in millions USD)	\$4,215	\$304	-\$10	+\$290	-\$1	\$583	+4%
Technology Solutions Operating Profit Margin	161.49%	11.65%				22.33%	+295bps

¹As Reported GAAP includes a pre-tax gain of \$3,947 million (\$3,018 million after-tax), net, recognized from the Healthcare Technology Net Asset Exchange within our Technology Solutions segment. ²Adj. Earnings ex Items (Non-GAAP) excludes from Adjusted Earnings (Non-GAAP) one or more of the following as applicable: charges/credits related to the CAP; EIS goodwill impairment charge; gain on the sale of one business recorded in FY16; and foreign currency exchange effects. ³YoY Change Constant Currency is calculated by comparing the Q4 and year-to-date FY17 Adj. Earnings ex Items (Non-GAAP) to the Q4 and FY16 Adj. Earnings ex Items (Non-GAAP) values of \$153 million and \$559 million, respectively. A reconciliation of Adjusted Earnings (Non-GAAP) to GAAP is available in the tables attached to the press release dated May 18, 2017, which is available on the Company's website under the "Investors" tab.

Revised Adjusted EPS for Fiscal 2017 Results and Fiscal 2018 EPS Outlook

Fiscal 2017 Walk to Revised Adjusted EPS



Fiscal 2018 EPS Outlook Walk

