2017 Investor Day Agenda

Craig Mercer – Senior Vice President, Investor Relations
John Hammergren – Chairman, President and Chief Executive Officer
Paul Julian – Executive Vice President, Group President Distribution Solutions
Mark Walchirk – President, U.S. Pharmaceutical
Nick Loporcaro – President, McKesson Specialty Health
Stanton McComb – President, McKesson Medical-Surgical

Q&A: McKesson Distribution Solutions – U.S.

Break

Domenic Pilla – CEO, McKesson Canada
Brian Tyler – Chairman, Celesio Management Board

Q&A: McKesson Distribution Solutions – All

James Beer – Executive Vice President, Chief Financial Officer

Q&A: Wrap-Up

Closing Remarks
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.
Welcome

John Hammergren
Chairman, President and Chief Executive Officer
McKesson’s Executive Committee
Diverse and Experienced Leadership

John H. Hammergren
Chairman, President & Chief Executive Officer
21 years

Paul Julian
EVP & Group President Distribution Solutions
21 years

James Beer
EVP & Chief Financial Officer
4 years

Kathy McElligott
EVP, Chief Information Officer & Chief Technology Officer
2 years

Lori Schechter
EVP, General Counsel & Chief Compliance Officer
5 years

Jorge Figueredo
EVP, Corporate Human Resources & Administration
9 years

Bansi Nagji
EVP, Corporate Strategy & Business Development
2 years
McKesson At A Glance
Delivering Better Health to All

Fortune 5 company

Founded in 1833

More than 15,000 owned and banner pharmacies

Delivering 1/3 of all prescription medicine in North America¹

$199B FY17 revenues

75,000+ employees worldwide

$4.7B FY17 operating cash flow

¹This information is an estimate derived from the use of information under license from the following QuintilesIMS information service: Market Prognosis North America for the period 2017-2021 (published March 2017). Note: QuintilesIMS expressly reserves all rights, including rights of further copying, distribution and republication. McKesson does not warrant or represent the accuracy of QuintilesIMS data or McKesson’s interpretations of QuintilesIMS data. Any subsequent use or interpretation of this data will be the liability of the receiving party and not of McKesson or QuintilesIMS. Financial data reported for Fiscal Year ended March 31, 2017. Operational and employee data reflected as of March 31, 2017.
The Evolving Healthcare Environment

Consolidation
Industry Pressures
Growing Complexity
McKesson’s Response To Consolidation
Leveraging Our Sourcing Scale

Case Study: ClarusONE
 McKesson’s Response To Industry Pressures
Deepening Our Relationships

Case Study: Community Oncology
McKesson’s Response To Growing Complexity
Innovating in Retail

**Prior authorization:** CoverMyMeds

**Claims adjudication:** RelayHealth Pharmacy

**Narrowing networks:** AccessHealth

**Revenue / reimbursement optimization:** Payer programs

**Value-based care:** STAR ratings

**Operational efficiency:** Automated pharmacy solutions

**Branding:** Health Mart, banners, European Pharmacy Network

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Case Study: Pharmacy Business Optimization
Broad Solutions Portfolio
Inspiring a Better Healthcare System

- **5,500** Hospitals
- **117,000** Dentists
- **800,000** Physicians
- **600** Laboratories
- **2,100** Payer Connections
- **1 in 5** U.S. Patient Records
- **$2 trillion** Healthcare Claims
- **12 billion** Healthcare Transactions

Source: www.changehealthcare.com
Change Healthcare Drives Transformation

Accelerate the transition to a value-based healthcare system

Address healthcare system inefficiencies

Drive improved outcomes
Recent Challenges

- Less profitable generic launches compared to prior years
- Moderation of buy side pharmaceutical manufacturer pricing trends
- Customer pricing sell side environment
- Impact of customer consolidation
Why Invest In McKesson?
Long-Term Growth Opportunity

Well-positioned businesses
Operational excellence
Customer-first focus
Experienced management team
Disciplined capital deployment

Pathway to Double-Digit Adjusted EPS Growth
Our People, Our Purpose

Our work is about helping our customers improve lives.

It starts with a relentless focus on helping our customers and partners solve their toughest challenges. It starts with creating lasting value across the pharmaceutical and medical supply chain. It starts with the scale and expertise to anticipate what our customers need and develop solutions for the future, today. That’s what drives the people of McKesson every second, every minute, every day.

We are McKesson, and we deliver opportunities to make better health possible.
McKesson Distribution Solutions

Paul Julian
Executive Vice President
Group President Distribution Solutions
Distribution Solutions: Core Operations

North America Pharmaceutical Distribution and Services

Supplies pharmaceuticals and technology to pharmacies and health systems; retail operations in Canada

Medical-Surgical Distribution and Services

Provides medical-surgical supplies to non-acute care settings in the U.S.

Celesio

Provides pharmaceutical distribution and retail operations in Europe

Global Procurement and Sourcing

Enterprise-wide sourcing and contracting organization

$196B in revenues and $3.8B in adjusted operating profit\(^1\) in FY17

\(^1\)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.
Distribution Solutions Leadership Team

- **Paul Julian**
  - EVP & Group President
  - Distribution Solutions
  - 21 years

- **Brian Tyler**
  - Chairman
  - Celesio Management Board
  - 20 years

- **Stanton McComb**
  - President
  - McKesson Medical-Surgical
  - 15 years

- **Mark Walchirk**
  - President
  - U.S. Pharmaceutical
  - 16 years

- **Nick Loporcaro**
  - President
  - McKesson Specialty Health
  - 14 years

- **Domenic Pilla**
  - CEO
  - McKesson Canada
  - 11 years

- **Nathan Mott**
  - President
  - McKesson Rx Technology Solutions
  - 23 years

- **Jack Fragie**
  - President
  - Global Procurement and Sourcing
  - 35 years
FY17 Milestones

**ClarusONE**
- established and fully operational

**增高**
- Health Mart store count to
  - >4,800 stores

**iKnowMed #1**
- ranked EHR platform for oncologists and hematologists for sixth consecutive year

**>$24B**
- in Specialty revenues in Fiscal 2017

**Expanded retail ownership in Canada and Europe**

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1. Specialty revenues include U.S. businesses McKesson Specialty Health and McKesson Plasma & Biologics
Acquisitions Closed In Fiscal 2017

**McKesson Specialty Health**
- **Vantage Oncology**: Leading national provider of integrated cancer care
- **Biologics**: Leading independent oncology-focused specialty pharmacy

**McKesson Canada**
- **Rexall**: Canadian national retail pharmacy chain with ~450 stores

**Celesio**
- **United Drug**: Pharmaceutical distribution in Ireland / Northern Ireland
- **Sainsbury’s**: ~280 pharmacies operated in the U.K.
- **Bupa Home Healthcare**: Leading clinical homecare provider in the U.K.
- **Mediq**: Retail / wholesale in The Netherlands, acquired via Brocacef JV
- **Holon**: Network of ~380 independent pharmacies in Portugal
- **MDD Pharma**: Automated, central fill platform in Belgium

**McKesson Medical-Surgical**
- **Labsco**: Point-of-care testing for small and independent hospitals

Note: Brocacef is a joint venture where Celesio has an equity interest of 45%.
FY17 Achievements

**U.S. Pharmaceutical**
- Maintained share position in independent retail despite pricing variability
- Expanded Health Mart franchise to >4,800 stores
- ClarusONE joint sourcing with Walmart became fully operational
- Navigated challenging market trends and positioned business for growth going forward

**McKesson Specialty Health**
- Leading position in community oncology
- Closed and integrated acquisitions of Vantage Oncology and Biologics
- Aligned offerings into Practice Management, Provider Solutions and Manufacturer Solutions to better serve customer needs
- Supported Oncology Care Model (OCM) launch and market transition to value-based care

**McKesson Medical-Surgical**
- Year-over-year growth driven by lab, physician office and home care
- Completed acquisition of Labsco, expanding position in lab services

**McKesson Canada**
- Closed acquisition of Rexall and in process of integrating ~450 retail pharmacies
- Continued focus on expansion of retail store footprint and specialty operations

**Celesio**
- Recent acquisitions strengthened specialty, retail and wholesale positions
- France National Re-Distribution Center fully operational
- Continued private label growth with new NorthStar molecules
Global Healthcare Markets Are Growing

Market Overview

North America

- Pharmaceutical spend expected to **grow** approximately 6-9% CAGR 2016-2021
- **Transformative specialty** products
- **Biosimilars add a new dimension** to growth outlook

Europe

- Pharmaceutical spend expected to **grow** approximately 1-4% CAGR 2016-2021
- Reaction to **high Hep C spending** in recent years
- **Impact of Brexit** on pharmaceutical sector is unclear

Global

- **Global pharmaceutical market will grow approximately 4-7% CAGR 2016-2021**
- **Innovation in specialty products** in all markets
- Driven by **oncology, autoimmune and diabetes therapies**

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1QuintilesIMS Institute Outlook for Global Medicines through 2021: Balancing Cost and Value (December 2016)
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Global Distribution Footprint

**United States**
- Best-in-class distribution network
- Supply pharmaceuticals and medical-surgical supplies
- Ongoing investments in established network

**Canada**
- Leading distribution network
- Reach spans all provinces and territories
- Continued investment in network

**Western Europe**
- Supply pharmacies, hospital and alternate sites
- France National Re-Distribution Center on track
- Continued investment in distribution centers and automation
Driving Operational Excellence

99.98% Order Accuracy Across North America Distribution and Services

~$220M in Six Sigma-Related Savings Across North America

~11% Increase in Lines Processed Across U.S. Pharmaceutical

~5% Increase in Total Orders Shipped for Medical-Surgical Supplies

99.90% Inventory Accuracy Across International Distribution and Services

>1% Increase in Automation Rate in International Distribution and Services
Committed To Excellence In Retail Pharmacy

A Global Footprint

- **15,000+** pharmacies globally
- **Europe:** >8,100 owned and banner
- **Canada:** ~2,500 owned and banner
- **United States:** >4,800 Health Mart stores

Growth in FY17

- **Rexall:** Acquired ~450 Rexall retail pharmacies in Canada
- **Sainsbury’s:** Acquired ~280 retail pharmacies in the U.K.
- **Health Mart:** >200 independent retail pharmacies joined Health Mart

Data as of March 31, 2017
Established Global Private Label Platform
Provides Opportunities for Strategic Expansion

**Over-the-Counter**
Increase penetration in new and existing geographies and categories

**Medical Supplies**
Advance opportunities in global medical-surgical supplied products

**Generics**
Grow through new molecules and partnership development
Specialty Medicine Spending Continues To Rise

New Therapies are Increasingly Specialty / Orphan Drugs

Payers focused on ensuring availability, but with a close eye on quality and cost

Accelerating pace of development in cancer treatments

Biosimilar impact expected to be highly variable

Demographics and increase in chronic diseases

1QuintilesIMS Institute Medicines Use and Spending in the U.S.: A Review of 2016 and Outlook to 2021 (May 2017)
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How McKesson Defines Specialty Revenue
>30% 3-Year Revenue CAGR To FY17

Two businesses with broad solutions

<table>
<thead>
<tr>
<th>Distribution Services</th>
<th>Manufacturer Solutions</th>
<th>Provider Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty drug distribution</td>
<td>Specialty pharmacy</td>
<td>Practice management</td>
</tr>
<tr>
<td>Plasma distribution</td>
<td>Reimbursement / hub services</td>
<td>Technology and analytics</td>
</tr>
<tr>
<td>3PL services</td>
<td>Informatics / HEOR</td>
<td>GPO services</td>
</tr>
<tr>
<td>Inventory management</td>
<td>Marketing services and clinical access</td>
<td>Clinical pathways solutions</td>
</tr>
<tr>
<td></td>
<td>Clinical research</td>
<td>Payer contracting support</td>
</tr>
</tbody>
</table>

Complex Specialty Therapies

McKesson Specialty Health

McKesson Plasma & Biologics

1Specialty revenue compound annual growth rate (CAGR) from Fiscal 2014 to Fiscal 2017 and includes U.S. businesses McKesson Specialty Health and McKesson Plasma & Biologics
Supporting Customers With Technology

**McKesson Rx Technology Solutions**
aligns an existing technology portfolio to enhance our core value proposition

**MDS**
- McKesson Pharmacy Technology & Services
- Pharmacy management and workflow and clinical / adherence programs
- High volume central fill dispensing
- Supplylogix inventory management
- Macro Helix 340B compliance platform

**LEGACY**
- RelayHealth Pharmacy
- Pharmacy claims management and reliability solutions
- Patient access and adherence programs
- Care coordination and collaboration tools

**ACQUISITION**
- CoverMyMeds
- Provides hospitals and providers with electronic prior authorization at point of prescribing
- Establishes a single connection point for all external prior authorization sources
- Seamlessly integrates with EHR systems
McKesson Distribution Solutions
Comprehensive Solutions & Services Across the Supply Chain

Customer-First Focus

Delivering Operational Excellence

Fostering Innovation

Driving Scale & Growth
Mark Walchirk
President
U.S. Pharmaceutical
U.S. Pharmaceutical
Broad Value Proposition Will Drive Continued Success

Customer-First Focus
- Improving Health Mart access to lives
- Coupling unique services with distribution expertise to add value
- Enhanced offerings to drive value for manufacturers and other partners

Delivering Operational Excellence
- Industry-leading automation and service levels
- Efficient, high-accuracy financial transaction processing
- Our people, infrastructure and investments drive operational excellence

Fostering Innovation
- Unique-to-customer integrated service offerings
- Creating innovative partnerships to drive incremental value
- Customer-focused and differentiated workflow, inventory and reimbursement technology portfolio

Driving Scale & Growth
- Productivity gains through technology investments
- Growing, state-of-the-art distribution network with ongoing investment
- Targeting accretive tuck-in acquisitions
Industry Landscape
Healthcare Continues to be a Dynamic and Growing Industry

5.4% Total Market Sales CAGR 2016 to 2021¹

~4.5 Billion Prescriptions Dispensed in 2016²

Generic Launches
$103 Billion
of brand sales at risk from 2017 to 2021²

40-45 Innovative Medicines
to launch annually from 2017 to 2021²

5.6% Generic CAGR 2016 to 2021¹

¹QuintilesIMS Market Prognosis 2017-2021: North America – USA, March 2017
²QuintilesIMS Institute Medicines Use and Spending in the U.S.: A Review of 2016 and Outlook to 2021 (May 2017); Generic launches exclude biosimilars
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Leading Portfolio Of Services And Products
Comprehensive Suite of Offerings in All Segments

National Retail Pharmacy
Health Systems
Independent & Small Chain Pharmacy

Customer-Driven Solutions
McKesson dedicates itself to excellence in distribution, its core business. Key measures are continually put into place to improve efficiency and stability in the supply chain. Equally as important, McKesson has always had a strategic focus. Finding and implementing proactive and innovative solutions to key industry challenges. Enhancing and improving the customer’s ability to succeed as our industry evolves.

- National retail pharmacy customer
Addressing Health Systems’ Complex Needs
Customer-Focused Solutions Driving Success

McKesson studied the company and came in with ideas that reflected a good depth of understanding of the book of business. By including all four areas of distribution, McKesson’s solution promised to greatly simplify the buyer’s analytic process and thereby improve operational efficiency. Only McKesson offered specialty oncology, plasma, clinic, and traditional pharmacy distribution.

“- Large health system customer
Spotlight: Enterprise-Wide Customized Solutions For Health Systems

- Inventory Management
- Ambulatory / Specialty Consultation
- Specialty Drug Access
- Analytics and Reporting
- Integration with Automation Vendors
- 340B Products and Services
Largest Network Of Independent Pharmacies
Health Mart Now >4,800 Independent Pharmacies

Focused Strategy

<table>
<thead>
<tr>
<th>Networks</th>
<th>Providing customers access to the right networks and support for improving STAR ratings</th>
</tr>
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<tbody>
<tr>
<td>Patients</td>
<td>Driving prescription volume through access to network lives</td>
</tr>
<tr>
<td>Results</td>
<td>Expanding store revenue</td>
</tr>
</tbody>
</table>

"I looked at what the other wholesalers were offering and they didn’t have either the right vision or a vision that aligned with mine. And that is to sustain independent pharmacy, help make us financially viable and thrive!"

- Health Mart independent pharmacy owner

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As of March 31, 2017
ClarusONE Sourcing Services Driving Value…

Co-sourcing partnership leveraging joint scale

Became fully operational in late Fiscal 2017

Experienced team established in London

Ahead of expectations and both parties pleased with progress

Approaching market with combined generic volumes

Intent to expand services into other categories and geographies
…Complementing Established Generic Programs

OneStop
Proprietary Generics Program

World-Class Global Sourcing and Procurement

Strong Compliance

Competitive Pricing, Choice and Industry-Leading Service Levels

- Private label offering focused on mature molecules
- Operational for more than a decade
- Continued opportunities for expansion
Differentiated Pricing Model And Programs
Multi-Year Initiative

Brand Pharmaceuticals
Distribution and services

Generic Pharmaceuticals
Sourcing and distribution via proprietary generics programs

Specialty Pharmaceuticals
Manufacturer services, distribution, special handling and specialty pharmacy

Biosimilars
Distribution, services and specialty

Over-the-Counter
Products and services

Continued Progress Across Buy Side and Sell Side
Building Upon Plasma And Biologics Footprint
Pending BDI Pharma Acquisition, a Leading Plasma Distributor

**Access to New Growth Channels**

- Access to growth markets such as specialty pharmacy and homecare

**Value Proposition for Customers**

- Programs serving specialty pharmacies and rare disease manufacturers
  - Differentiated expertise and capabilities in the plasma channel

**Scale**

- Enhanced plasma scale in a growing market
  - Scale and operational efficiencies
Continued Investments In Established Distribution Network

<table>
<thead>
<tr>
<th>NRDC Model</th>
<th>Technology</th>
<th>Ongoing Investment</th>
</tr>
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<tbody>
<tr>
<td>National re-distribution center operational since FY13</td>
<td>Increased automation and productivity</td>
<td>Enhancing state-of-the-art distribution network</td>
</tr>
</tbody>
</table>

Investments in Automation Drive Operational Excellence and Productivity
Our People

United around our commitment to Better Health
Customer-First Focus

Delivering Operational Excellence

Fostering Innovation

Driving Scale & Growth
McKesson Specialty Health
Deep Expertise Across Specialty Portfolio

Customer-First Focus

• Aligned our organization to a customer-centric approach
• Expanding our suite of solutions to cater to the needs of all specialty stakeholders

Fostering Innovation

• Leveraging our unique physician network model to drive collaboration and evolution in the community setting
• Pioneering new tools, agreements and care delivery models in a value-based world

Delivering Operational Excellence

• Providing new technologies to further optimize distribution and patient support services
• Transforming care delivery to achieve optimal patient outcomes

Driving Scale & Growth

• Forming strategic partnerships and making smart acquisitions to advance specialty care in the community setting
• Integrated Biologics and Vantage Oncology acquisitions
U.S. Specialty Market Landscape
Well Positioned for Continued Growth

2016 Specialty Drug Market¹

~11% annual growth*
*Represents 80% of total U.S. pharmaceutical spend growth

Drivers
- New drug launches across specialties
- New indications for marketed drugs

Specialty Share of Drug Spend 2011-2021¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Specialty Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>24%</td>
</tr>
<tr>
<td>2016</td>
<td>36%</td>
</tr>
<tr>
<td>2021</td>
<td>46%</td>
</tr>
</tbody>
</table>

Specialty Market Trends
- Value-based care and capitation risk
- Reimbursement pressures
- Increased competition and biosimilars

Stakeholder Needs
- Technology-enabled practice transformation
- Product differentiation & outcomes research
- Commercialization services

¹QuintilesIMS Institute National Sales Perspectives (December 2016) and Medicines Use and Spending in the U.S. (April 2017)
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FY17 Achievements
Thriving in an Increasingly Complex Market

Integrated Biologics and Vantage Oncology

>1.3M prescriptions dispensed nationwide

Biologics Specialty Pharmacy
38 limited distribution
8 exclusive networks

iKnowMed\textsuperscript{SM}
Ranked #1 Oncology EHR by Black Book\textsuperscript{TM} Research
6 years in a row\textsuperscript{1}
>1,700 users

Texas Proton Therapy Center fully operational

Specialty Distribution
Brought 17 new therapies to market

Clinical Research
>1,500 Trials
>1,100 Investigators
>66,000 Patients

>750 payer relationships
Including all Top 10 payers

\textsuperscript{1}Black Book\textsuperscript{TM} Research (2017)
Market Leadership In Community Oncology

Currently serving >3,700 oncologists

Services

- Clinical research
- In-office dispensing
- Management services
- Specialty pharmacy
- Payer contracting
- Technology

40%
Year-over-year physician growth in The US Oncology Network

“The US Oncology Network provides practice management resources that have helped us to drive new development and achieve double digit growth rates while continuing to thrive as an independent community oncology provider.”

- Dr. R. Steven Paulson, Practice President, Texas Oncology
Strengthening Our Footprint In Other Specialties
Adding to Our Portfolio with Pending intraFUSION Acquisition

Currently serving >5,300 specialists

- Rheumatology Locations
- Gastroenterology Locations
- Ophthalmology/Retina Locations
- Neurology Locations

New infusion management offering
- ~100 infusion centers
- >36k infusion patients/year
Innovative Technology Solutions
Delivered at the Point of Care

Practice Insights℠
Analytics & Reporting

TotalView℠ Generation 2
Revenue Cycle Reporting

My Care Plus℠
Patient Engagement

iKnowMed℠ Generation 2
Electronic Health Records

Clear Value Plus℠
Clinical Regimen Support

Lynx Mobile®
Inventory & Purchasing Management

Scheduling | Diagnosis | Treatment Decision | Purchasing | Infusion | Patient Engagement | Analytics
# Comprehensive Solutions For Payers

## Supporting Value-Based Care

### Value-Based Care Leadership

| MSH supports >30 practices selected to participate in CMS' Oncology Care Model |
| The USOncology Network participation in OCM |
| >800 Physicians |
| >21k Patients |

### Commercial Payers

>20 value-based agreements

Radiation-specific programs

Value-based terms in national contracts

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**Value-Based Practice Assessments**

**Differentiated Practice Transformation Capabilities**

“Concierge-like” Integrated Clinical Delivery Models

Comprehensive Technology Platform and Tools

Decision-Support and Outcomes Analytics
Case Study: Zejula
Meeting Manufacturers’ Needs

Patient Support Hub
Comprehensive patient support program

Co-Pay Assistance Program
Pharmacy benefit assistance program

Patient Assistance Program
Non-commercial fulfillment

US Oncology Research
Pivotal trial for FDA approval

Biologics
Commercial fulfillment

Drug Distribution
Specialty distribution

Other Manufacturer Services

Third-Party Logistics
Clinical Education
Market Analytics

Drug Safety – REMS
Program Design and Operations

Health Economics and Outcomes Research
Driving Better Patient Outcomes
Throughout the Specialty Ecosystem
McKesson Specialty Health
Committed to Delivering Better Health

Customer-First Focus

Delivering Operational Excellence

Fostering Innovation

Driving Scale & Growth
McKesson Medical-Surgical
Extending Capabilities Across Alternate Care Sites

**Customer-First Focus**
- Best-in-class net promoter scores from alternate care providers
- Expanded services and technology offerings
- Providing differentiated value

**Fostering Innovation**
- Private label sourcing
- Rx partnership with U.S. Pharmaceutical
- Growing e-commerce business

**Delivering Operational Excellence**
- Continuously improving distribution network efficiencies
- Private fleet delivering lower cost-to-serve
- Using automation to further optimize supply chain

**Driving Scale & Growth**
- Leadership in laboratory distribution
- Expanding support models
- Growing private label portfolio
Leader Across Alternate Site Markets
Meeting Customer Needs Across a Diverse Landscape

Physician Office  Emergency Room  Hospice  Durable Medical Equipment  Lab Testing
Home Health Agencies  Rehabilitation Facilities  Long-Term Care  Ambulatory Surgery Centers  Urgent Care

Market Leader for the Ambulatory and Post-Acute Care Continuum
Medical-Surgical Distribution Network

Significant Scale and Reach Specializing in Non-Acute Markets
Poised To Meet Changing Market Needs
Competing Pressures Make McKesson Partner of Choice

Partnership with McKesson
Our Promise To Our Provider Customers

McKesson Delivers…

More Products, More Choice

Distribution You Can Count On

Solutions to Enhance Your Business

Support Every Step of the Way

100k+ SKUs
Brand
Private Label

National Footprint
Patient Home Delivery
Private Fleet

See, Switch & Save™

Clinical and IT Resources
MedTrainer® Lab Solutions
Access to Markets & Growth
One Distributor for All Alternate Site Markets
1,500 Sales Reps
Preferred Partnerships
Exclusive Sales Representation

Supply Chain Efficiencies
Supply Chain Savings with Scale
Operational Excellence

Innovative Merchandising
Digital Marketing
OnTarget™

Data & Analytics Quality Programs
Market Insights
QA & Compliance Systems for Domestic and Global Partners
Investing For Growth
Leveraging Areas of Strength as Markets Shift and Expand

Health Systems
- Expanding support model

Rx & Vaccines
- Partnering with U.S. Pharmaceutical; flu vaccines distribution

Surgery Centers
- Customized product and service solutions

E-Commerce
- >40% catalogue expansion

Lab
- Completed integration in less than one year

McKesson Brands and Global Sourcing
- Leverage on cost of private label via sourcing
Private Label Growth
Expanding Support and Product Offering for McKesson Brands
Formula For Success

- Growing Markets
- Leveraging Scale
- Supplier Value
- Increasing Profitability
For the period of Fiscal 2014 to Fiscal 2017. Adjusted operating profit excludes amortization of acquisition-related intangible assets, acquisition expenses and related adjustments and restructuring charges from GAAP operating profit, consistent with the Company's definition of Adjusted Earnings. GAAP operating profit CAGR for Fiscal 2014 to Fiscal 2017 was greater than 6x the revenue CAGR for the same period.

For the period of Fiscal 2014 to Fiscal 2017. Adjusted operating profit excludes amortization of acquisition-related intangible assets, acquisition expenses and related adjustments and restructuring charges from GAAP operating profit, consistent with the Company's definition of Adjusted Earnings. GAAP operating profit CAGR for Fiscal 2014 to Fiscal 2017 was greater than 6x the revenue CAGR for the same period.

Steady Revenue Growth

Leveraged to **2.5x**

Adjusted Operating Profit CAGR\(^1\)

---

\(^1\)For the period of Fiscal 2014 to Fiscal 2017. Adjusted operating profit excludes amortization of acquisition-related intangible assets, acquisition expenses and related adjustments and restructuring charges from GAAP operating profit, consistent with the Company's definition of Adjusted Earnings. GAAP operating profit CAGR for Fiscal 2014 to Fiscal 2017 was greater than 6x the revenue CAGR for the same period.
McKesson Medical-Surgical
Committed to Delivering Better Health

Customer-First Focus

Delivering Operational Excellence

Fostering Innovation

Driving Scale & Growth
Question and Answer
MCKESSON
McKesson Canada

Domenic Pilla
CEO
McKesson Canada
McKesson Canada
Unmatched Capabilities and Unique Offerings Driving Growth

Customer-First Focus

• Expand solutions across core businesses
• Enhance capabilities to support specialty growth
• Leverage current assets to serve customers in new markets

Fostering Innovation

• Innovative care programs
• Digital engagement
• Infusion capabilities and manufacturer solutions

Delivering Operational Excellence

• Network optimization
• Leader in pharmaceutical distribution
• Enhance retail banner shared services offering

Driving Scale & Growth

• Deepen retail pharmacy knowledge and expertise
• Strengthen specialty care leadership
• Expand into payer and provider markets
# Market Dynamics

## Macro Trends in Canada Mirror Global Healthcare Landscape

<table>
<thead>
<tr>
<th>Aging &amp; Chronic Conditions</th>
<th>Affordability</th>
<th>Quality</th>
<th>Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age group 65 years and older growing <strong>4x faster</strong> than overall population&lt;sup&gt;1&lt;/sup&gt;</td>
<td><strong>$200-$300 billion</strong> annual health budget shortfall by 2035&lt;sup&gt;2&lt;/sup&gt;</td>
<td><strong>Ranked 10 out of 11 in healthcare performance</strong> amongst its developed peer countries&lt;sup&gt;3&lt;/sup&gt;</td>
<td>&gt;30% of total drug spend in 2016&lt;sup&gt;4&lt;/sup&gt;</td>
</tr>
<tr>
<td>More than <strong>1 in 5</strong> Canadian adults suffer from a chronic disease&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<sup>1</sup>Public Health Agency of Canada, *How Healthy Are Canadians?*, December 2016

<sup>2</sup>The Conference Board of Canada, *Driving Towards Sustainable Healthcare*, December 2016

<sup>3</sup>The Commonwealth Fund, *Mirror, Mirror on the Wall*, June 2014

<sup>4</sup>QuintilesIMS, TSA Market Share Report, MAT March 2017
Growing Through Our Integrated Ecosystem

Distribution

Retail Pharmacies

Providers

Hospitals

Patients

Specialty & Infusion

Payers
Distribution Growth Supported By Operational Excellence

- Deliver to majority of pharmacies and hospitals
- Distribution network optimization
- Continued formulary growth
- New specialty distribution service
Expand Pharmacy Solutions
Local Access to Serve ~80% of Canadians

**Owned Pharmacies**

~450 owned pharmacies

**Banner and Franchise**

>2,000 banners and franchises

1Based on the share of Canadian population within three miles of a McKesson owned, banner or franchise pharmacy
Enhance Specialty Offering

**Leading Position with Full Suite of Assets**

- Specialty pharmacy provider
- Delivery of infusion services
- Manufacturer solutions

**Key Priorities**

- Expand specialty pharmacy scale
- Grow clinic network
- Enhance payer and provider solutions

**National network of infusion clinics**

**Own** 13 specialty pharmacies with national reach
Domestic And Global Synergies
Leveraging Capabilities Across the Global Organization
McKesson Canada
Committed to Delivering Better Health

Customer-First Focus

Delivering Operational Excellence

Fostering Innovation

Driving Scale & Growth
Celesio

Brian Tyler
Chairman
Celesio Management Board
Celesio Core Operations

Highlights

- Extensive network across 13 countries in Europe
- Leader in pharmaceutical distribution
- Strong retail presence with more than 8,100 owned and banner pharmacies
- Relatively fragmented industries
- Population of nearly 350 million in the markets we serve\(^1\)
- Management comprised of strong and tenured leaders from McKesson and Celesio

\(^1\)U.S. Census Bureau International Database (2016)
Note: Celesio completed the sale of its Brazilian operations on May 31, 2016
European Pharmaceutical Industry Landscape

Stable, Growing Market

Increasing Generics Penetration

Demographics, Chronic Disease and New Therapies

Overall European Market¹
Sales (USD Billion)

¹QuintilesIMS Health Market Prognosis 2017-2021: Summary – Europe (March 2017)
Note: QuintilesIMS expressly reserves all rights, including rights of further copying, distribution and republication. McKesson does not warrant or represent the accuracy of QuintilesIMS data or McKesson’s interpretations of QuintilesIMS data. Any subsequent use or interpretation of this data will be the liability of the receiving party and not of McKesson or QuintilesIMS.
U.K. Regulatory & Political Environment Impacting Celesio Results

NHS Funding
Reimbursement Cuts
Brexit
New Payment Structure
Celesio
Strong Platform for Growth

Customer-First Focus

- Expanding retail pharmacy footprint and services across Europe with EPN initiative
- Enhancing capabilities to support specialty commercialization and growth
- Growing private label solutions

Fostering Innovation

- Digital platform investment for owned retail and third-party wholesale customers
- Driving online doctor programs to allow connectivity in patient care
- Continue to create manufacturer programs in order to expand offerings across supply chain

Delivering Operational Excellence

- Six Sigma now implemented and driving savings
- Focus on distribution network optimization, increasing automation and introducing new models
- Multi-year ERP investment to drive efficiency

Driving Scale & Growth

- Further consolidation opportunities in key Western European markets
- Investing in new channels to increase value proposition (specialty, homecare, long-term care)
European Pharmacy Network (EPN)
Strong Network of Owned, Franchise and Independent Pharmacies

Owned Pharmacies
Consistent European brand
A differentiated pharmacy concept

Franchise Partner
Common store appearance
New technology and product focus helps drive store traffic

Independent Pharmacies
Lloyds’ concept elements customized for pharmacies
Focusing on specialty services and product categories

Customer-Centric Approach Across All Offerings
Broad Retail Footprint Across Europe

IRELAND
- LloydsPharmacy

UNITED KINGDOM
- LloydsPharmacy
- Betterlife from LloydsPharmacy
- Careway
  - John Bell & Croyden

FRANCE
- Pharmactiv

GERMANY
- gesundleben

PORTUGAL
- Farmácias Holon

IRELAND
- LloydsPharmacy

UNITED KINGDOM
- vitusapotek+

SWEDEN
- LloydsApotek

BELGIUM
- LloydsPharma
- Pharmactiv

NETHERLANDS
- BROCACEF
  - a PHOENIX company

ITALY
- LloydsFarmacia

Note: Brocacef is a joint venture where Celesio has an equity interest of 45%.
EPN Channel Helps Build Momentum In Private Label

Private Label Revenue Total\(^1\)

<table>
<thead>
<tr>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>+96%</td>
<td></td>
</tr>
</tbody>
</table>

Global Initiatives
NorthStar launch in the U.K.

European Initiatives
Expand range of standardized central products in OTC, First Aid, Medical Devices and Hygiene for all markets

Local Initiatives
Product development projects with lower standardization to extend local range

\(^1\)In Euros, before FX effect. FY15, FY16 and FY17 data reflects actual results and FY18 data reflects projected results
Focus On Operational Excellence

France NRDC on track
>1% increase in automation rate

99.90% inventory accuracy
Multi-year ERP investment

200+ trained Six Sigma resources
2% improvement in supply chain cost per unit
Investing In Innovation

**Online Doctor**
Innovation driving connected care for patients in Sweden and the U.K.

**Hospital Solutions**
Unique value proposition to hospitals and manufacturers to further penetrate hospital market

**Prescription Assembly**
Automated assembly system for individual patient prescriptions in mass in the U.K.

**Digital Channel**
Harmonize and expand e-commerce capability for owned retail and third-party wholesale; drives insights into customer behavior

**Homecare Solutions**
M&A investment in U.K. to complement existing homecare solutions with more advanced services
Digital Channel As A Growth Driver

Expanding Customer Digital Experience in Owned Retail

- Continuing to invest in e-commerce capabilities in retail markets
- Strengthens Lloyds brand awareness
- Aligns with market e-commerce trends
- Driving online doctor programs to allow connectivity in patient care

Customer Value for Third-Party Wholesale Customers

- B2B2C Link offering in France delivers an operating platform for our third-party pharmacy customers
- 5,000+ subscribers and growing
Capital Deployment Drives Growth In Adjacent Markets

**Closed multiple acquisitions in FY17, including:**
- Sainsbury’s pharmacies
- United Drug
- Holon

**MDD Pharma**
Automated, central fill platform in Belgium
- Current focus in long-term care
- Leverages our LloydsPharmacy network
- Key entry-point to Belgian hospital channel

**Additional M&A opportunities**
- Further consolidation
- Channel expansion
- Geographic expansion

**Lloyds Home Healthcare**
Leading clinical homecare provider in the U.K.
High growth in specialized homecare medicines
Celesio
Committed to Delivering Better Health

Customer-First Focus

Delivering Operational Excellence

Fostering Innovation

Driving Scale & Growth
Financial Update

James Beer
Executive Vice President
Chief Financial Officer
McKesson Drives Sustained Value Creation

Attractive Healthcare Market

- Favorable demographics in North America and Europe
- Healthcare reform agenda concerned with access, affordability and quality
- Shift to value-based care

Well-Positioned and Diversified Businesses

- Continuing investment focus on our leading specialty business
- Leading global sourcing and private label capabilities
- Large owned / banner retail network
- Scaled, highly-efficient distribution infrastructure

Experienced and Tenured Management Team

- Results-oriented leadership
- Deep customer and manufacturer relationships
- Financial and analytical discipline

Portfolio Approach to Capital Deployment

- Optimize internal infrastructure
- Invest in M&A and partnerships
- Return cash to shareholders through:
  - Share buybacks
  - Dividends
Unlocking Value Of Technology Businesses

McKesson received $1.26 billion in cash at close of transaction, retaining ~70% equity stake.

Targeting $150+ million of annual synergies by end of second year post-creation.

Preparing for IPO with McKesson to exit in a tax-free distribution to McKesson shareholders.

Complementary capabilities, delivering financial, operational and clinical benefits to payers, providers and consumers.

Leading, scaled provider of software and analytics, network solutions and technology-enabled services.
Change Healthcare Illustrative Timeline

**Tax-Free Distribution to McKesson Shareholders**

- **Change Healthcare created**: 3/2017
- **Opportunity for Blackstone secondary offering**: 3/2019
- **IPO targeted, if conditions are appropriate**: 9/2018
- **Likely earliest opportunity for McKesson to initiate a tax-free distribution**: 9/2019
Distribution Solutions

Scaled and Diversified Portfolio with Multiple Growth Levers
FY17 Distribution Solutions At A Glance

Brand, Specialty, Generic, Biosimilar, OTC Opportunities

- Global Retail Pharmacy Footprint Now >15k Stores
- Deep Customer and Manufacturer Relationships
- Continued Investment in Sourcing, Retail, Distribution Network, and Technology

>30% Specialty Revenue FY17 Three-Year CAGR

>$4B in Acquisitions and Strategic Partnerships

Strong Operating Cash Flow Generation

ClarusONE Operational Future Growth Opportunities
Strong Operating Cash Flows

Reflects Adjusted Net Income information calculated on an Adjusted Earnings (Non-GAAP) basis for the fiscal years 2011 to 2017.

Operating Cash Flow

- Driven by Working Capital Improvements, Net of Lower Adjusted Earnings

FY16 – FY17

29%

$1.0
$2.0
$3.0
$4.0
$5.0

FY11 FY12 FY13 FY14 FY15 FY16 FY17

Operating Cash Flow
Adjusted Net Income Attributable to McKesson
Net Income Attributable to McKesson

1Reflects Adjusted Net Income information calculated on an Adjusted Earnings (Non-GAAP) basis for the fiscal years 2011 to 2017.
Strong Balance Sheet And Capital Deployment

**Cash Flow**

History of strong operating cash flow growth

**Financial Discipline**

Fulfilled commitment to de-lever after Celesio acquisition

**Capital Structure**

Diversified debt portfolio and commercial paper access

**Liquidity**

Strong balance sheet and laddered debt maturity profile

### Fiscal 2017 Portfolio Approach to Capital Deployment

- **$562M** in Internal Investments
- **$4.2B** in Acquisitions
- **$2.3B** in Buybacks
- **$253M** in Dividends
FY18 Capital Deployment Approach

Continuing Our Portfolio Approach to Capital Deployment

- Invest $650 to $750 million in internal investments
- M&A to accelerate key focus areas
- Return cash to shareholders via buybacks
- Pay dividend
- Maintain investment-grade rating
Financial Drivers
A Pathway to Double-Digit Adjusted EPS Growth

<table>
<thead>
<tr>
<th>Operational Execution</th>
<th>Strategic Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Organic growth</td>
<td>• Channel influence</td>
</tr>
<tr>
<td>• ClarusONE</td>
<td>• Global scale</td>
</tr>
<tr>
<td>• Private label</td>
<td>• Specialty offerings</td>
</tr>
<tr>
<td>• M&amp;A synergies</td>
<td>• Retail expansion</td>
</tr>
<tr>
<td>• Technology infrastructure, analytics, distribution network, retail investments</td>
<td>• Manufacturer solutions</td>
</tr>
<tr>
<td>• Operational excellence</td>
<td>• Technology businesses</td>
</tr>
</tbody>
</table>
McKesson
Committed To Delivering Better Health

Attractive Healthcare Market

Well-Positioned and Diversified Business

 Experienced and Tenured Management Team

Portfolio Approach to Capital Deployment
Question and Answer
We Expect Fiscal 2018 Adjusted Earnings Per Diluted Share of $11.75 to $12.45

The Fiscal 2018 outlook is based on the following key assumptions and are subject to the risk factors outlined in our press release on May 18, 2017:

• Distribution Solutions revenue growth is expected to increase by mid-single digits driven by market growth and acquisitions.
• We expect North America pharmaceutical distribution and services to deliver mid-single digit revenue growth in Fiscal 2018.
• International pharmaceutical distribution and services revenues are anticipated to grow mid-single digits on a constant currency basis in Fiscal 2018.
• Medical-Surgical distribution and services is expected to deliver mid-single digit revenue growth in Fiscal 2018.
• In the U.S. market, branded pharmaceutical manufacturer percentage price increases are assumed to be in the mid-single digits in Fiscal 2018.
• We expect a nominal contribution to our Fiscal 2018 results from generic pharmaceuticals that increase in price.
• We expect the profit contribution from the launch of new oral generic pharmaceuticals in the U.S. market to be nominal.
• We anticipate a full year contribution from Rite Aid of approximately $13 billion in annual revenues.
• We assume that our ownership position in Celesio will continue to be approximately 76% for Fiscal 2018.
• We expect our Distribution Solutions adjusted operating margin to be between 198 basis points and 208 basis points.
• Technology Solutions revenues, which reflects our Enterprise Information Solutions (EIS) business, are expected to be between approximately $450 million and $500 million in Fiscal 2018. As previously disclosed, McKesson is evaluating strategic alternatives for this business.
• We expect adjusted equity earnings from our investment in Change Healthcare to be between approximately $370 million and $430 million, and that our ownership position in Change Healthcare will be approximately 70% for Fiscal 2018. Equity earnings under GAAP will be reported in the income statement line “Equity income or loss from Change Healthcare”.
• Corporate expenses are expected to be between approximately $435 million and $465 million in Fiscal 2018.
We Expect Fiscal 2018 Adjusted Earnings Per Diluted Share of $11.75 to $12.45 (continued)

The Fiscal 2018 outlook is based on the following key assumptions and are subject to the risk factors outlined in our press release on May 18, 2017:

• We expect our interest expense to decrease by approximately 10% compared to Fiscal 2017.
• The guidance range assumes a full-year adjusted tax rate of approximately 27.0%, which may vary from quarter to quarter.
• Income attributable to noncontrolling interests is expected to increase approximately 200% from Fiscal 2017, driven primarily by the joint sourcing agreement with Walmart.
• We expect the impact of foreign currency exchange rate movements will have a net unfavorable impact of up to 5 cents per diluted share year-over-year.
• Property acquisitions and capitalized software expenditures are expected to be between $650 million and $750 million.
• Weighted average diluted shares used in the calculation of earnings per share are expected to be approximately 213 million for the year.
• Cash flow from operations is expected to decline by approximately 10% relative to the prior year, primarily due to a very strong Fiscal 2017 close as well as the loss of the majority of MTS’ cash flow following the creation of Change Healthcare.
• Based on acquisitions announced as of March 31, 2017:
  – We expect amortization of acquisition-related intangible assets of approximately $2.40 to $2.70 per diluted share;
  – We expect acquisition expenses and related adjustments of $1.10 to $1.30 per diluted share;
  – We expect LIFO inventory-related charges of 20 cents to 60 cents per diluted share;
  – We expect antitrust legal settlement credits of up to 4 cents per diluted share; and
  – We expect restructuring charges of up to 5 cents per diluted share.
• The Fiscal 2018 guidance range does not include the impact of any potential new acquisitions and divestitures, or other adjustments, including items such as impairments, gains or losses on disposal of assets or potential claim or litigation reserve adjustments.
The following are supplemental presentation of Adjusted Earnings (Non-GAAP) recast for fiscal years 2011 - 2017 reflecting the amended definition of Adjusted Earnings (Non-GAAP). No changes were made to our previously reported GAAP results.

<table>
<thead>
<tr>
<th>Year Ended March 31, 2017</th>
<th>As Recast Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Reported (GAAP)</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$4,162</td>
</tr>
<tr>
<td>Other income, net</td>
<td>$50</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>$6,881</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>$(1,634)</td>
</tr>
<tr>
<td>Income from continuing operations, net of tax, attributable to McKesson Corporation</td>
<td>$5,144</td>
</tr>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td>$23.38</td>
</tr>
<tr>
<td>Diluted weighted average common shares</td>
<td>225</td>
</tr>
</tbody>
</table>

(a) Certain computations may reflect rounding adjustments.
MCKESON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED EARNINGS (NON-GAAP) RECONS For The Year Ended March 31, 2016 (in millions)

<table>
<thead>
<tr>
<th></th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition-Related Expenses and Adjustments</th>
<th>LIFO Inventory-Related Adjustments</th>
<th>Gains from Antitrust Legal Settlements</th>
<th>Restructuring Charges, Net</th>
<th>Other Adjustments, Net</th>
<th>As Presented Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>$11,416</td>
<td>$7</td>
<td>$ -</td>
<td>$214</td>
<td>($76)</td>
<td>$47</td>
<td>$ -</td>
<td>$11,630</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>($7,873)</td>
<td>$423</td>
<td>$110</td>
<td>$ -</td>
<td>$ -</td>
<td>$210</td>
<td>($103)</td>
<td>($7,233)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>$56</td>
<td>$1</td>
<td>$4</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$63</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>$3,250</td>
<td>$431</td>
<td>$114</td>
<td>$214</td>
<td>($76)</td>
<td>$257</td>
<td>($103)</td>
<td>$4,117</td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>($506)</td>
<td>($136)</td>
<td>($36)</td>
<td>($95)</td>
<td>$30</td>
<td>($71)</td>
<td>$35</td>
<td>($1,180)</td>
</tr>
<tr>
<td>Income from continuing operations, net of tax, attributable to McKesson Corporation</td>
<td>$2,280</td>
<td>$235</td>
<td>$78</td>
<td>$119</td>
<td>($46)</td>
<td>$186</td>
<td>($67)</td>
<td>$2,885</td>
</tr>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td>$9.84</td>
<td>$1.27</td>
<td>$0.24</td>
<td>$0.83</td>
<td>$0.20</td>
<td>$0.80</td>
<td>($0.29)</td>
<td>$12.26</td>
</tr>
<tr>
<td>Diluted weighted average common shares</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
</tr>
</tbody>
</table>

Year Ended March 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition-Related Expenses and Adjustments</th>
<th>LIFO Inventory-Related Adjustments</th>
<th>Gains from Antitrust Legal Settlements</th>
<th>Restructuring Charges, Net</th>
<th>Other Adjustments, Net</th>
<th>As Presented Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>$11,411</td>
<td>$9</td>
<td>$1</td>
<td>$337</td>
<td>($3)</td>
<td>$ -</td>
<td>$32</td>
<td>$11,787</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>($8,443)</td>
<td>$483</td>
<td>$223</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$152</td>
<td>($7,588)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>$63</td>
<td>$2</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$66</td>
<td>$60</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>$2,657</td>
<td>$494</td>
<td>$224</td>
<td>$337</td>
<td>($3)</td>
<td>$ -</td>
<td>$184</td>
<td>$3,883</td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>($116)</td>
<td>($167)</td>
<td>($76)</td>
<td>($131)</td>
<td>$1</td>
<td>$ -</td>
<td>$7</td>
<td>($1,187)</td>
</tr>
<tr>
<td>Income from continuing operations, net of tax, attributable to McKesson Corporation</td>
<td>$1,741</td>
<td>$337</td>
<td>$146</td>
<td>$236</td>
<td>($2)</td>
<td>$ -</td>
<td>$177</td>
<td>$2,638</td>
</tr>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td>$7.54</td>
<td>$1.43</td>
<td>$0.62</td>
<td>$0.87</td>
<td>($0.11)</td>
<td>$ -</td>
<td>$0.75</td>
<td>$11.21</td>
</tr>
<tr>
<td>Diluted weighted average common shares</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
<td>233</td>
</tr>
</tbody>
</table>

(a) Certain computations may reflect rounding adjustments
<table>
<thead>
<tr>
<th>Year Ended March 31, 2014</th>
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<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition-Related Expenses and Adjustments</th>
<th>LIFO Inventory-Related Adjustments</th>
<th>Gains from Antitrust Legal Settlements</th>
<th>Restructuring Charges, Net</th>
<th>Other Adjustments, Net</th>
<th>Ag Recons Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>$ 6,352</td>
<td>$ 11</td>
<td>$ 53</td>
<td>$ 311</td>
<td>$ (37)</td>
<td>$ 34</td>
<td>$ -</td>
<td>$ 8,724</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$ (6,935)</td>
<td>$ 398</td>
<td>$ 155</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 16</td>
<td>$ 68</td>
<td>$ (5,366)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>$ -</td>
<td>$ 22</td>
<td>$ 0</td>
<td>$ 11</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 40</td>
<td>$ 0</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>$ 2,171</td>
<td>$ 319</td>
<td>$ 268</td>
<td>$ 311</td>
<td>$ (37)</td>
<td>$ 50</td>
<td>$ 68</td>
<td>$ 3,150</td>
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<tr>
<td>Income tax benefit (expense)</td>
<td>$ (757)</td>
<td>$ (18)</td>
<td>$ 94</td>
<td>$ (12)</td>
<td>$ 14</td>
<td>$ (15)</td>
<td>$ (15)</td>
<td>$ (1,997)</td>
</tr>
<tr>
<td>Income from continuing operations, net of tax, attributable to McKesson Corporation</td>
<td>$ 1,419</td>
<td>$ 197</td>
<td>$ 182</td>
<td>$ 190</td>
<td>$ (23)</td>
<td>$ 31</td>
<td>$ 53</td>
<td>$ 2,049</td>
</tr>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td>$ 6.68</td>
<td>$ 0.95</td>
<td>$ 6.73</td>
<td>$ 0.81</td>
<td>$ (0.10)</td>
<td>$ 0.11</td>
<td>$ 0.23</td>
<td>$ 6.78</td>
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<tr>
<td>Diluted weighted average common shares</td>
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<td>213</td>
<td>213</td>
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</tr>
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<table>
<thead>
<tr>
<th>Year Ended March 31, 2013</th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition-Related Expenses and Adjustments</th>
<th>LIFO Inventory-Related Adjustments</th>
<th>Gains from Antitrust Legal Settlements</th>
<th>Restructuring Charges, Net</th>
<th>Other Adjustments, Net</th>
<th>Ag Recons Adjusted Earnings (Non-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>$ 6,351</td>
<td>$ 13</td>
<td>$ -</td>
<td>$ 13</td>
<td>$ (44)</td>
<td>$ 9</td>
<td>$ 10</td>
<td>$ 6,382</td>
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<td>Operating expenses</td>
<td>$ (4,534)</td>
<td>$ 196</td>
<td>$ (10)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 34</td>
<td>$ 189</td>
<td>$ (4,208)</td>
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<td>Other income, net</td>
<td>$ (157)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 181</td>
<td>$ 34</td>
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<tr>
<td>Income from continuing operations before income taxes</td>
<td>$ 1,850</td>
<td>$ 265</td>
<td>$ 1</td>
<td>$ 13</td>
<td>$ (44)</td>
<td>$ 43</td>
<td>$ 309</td>
<td>$ 2,481</td>
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<td>Income tax benefit (expense)</td>
<td>$ (587)</td>
<td>$ (76)</td>
<td>$ (6)</td>
<td>$ (5)</td>
<td>$ 17</td>
<td>$ (14)</td>
<td>$ (81)</td>
<td>$ (752)</td>
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<tr>
<td>Income from continuing operations, net of tax, attributable to McKesson Corporation</td>
<td>$ 1,263</td>
<td>$ 189</td>
<td>$ (5)</td>
<td>$ 0</td>
<td>$ (27)</td>
<td>$ 26</td>
<td>$ 220</td>
<td>$ 1,729</td>
</tr>
<tr>
<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation (a)</td>
<td>$ 5.69</td>
<td>$ 0.56</td>
<td>$ (6.02)</td>
<td>$ 0.33</td>
<td>$ (0.11)</td>
<td>$ 0.15</td>
<td>$ 0.95</td>
<td>$ 7.22</td>
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<tr>
<td>Diluted weighted average common shares</td>
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<td>213</td>
<td>213</td>
<td>213</td>
<td>213</td>
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</tbody>
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(a) Certain computations may reflect rounding adjustments.
<table>
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<th>Year Ended March 31, 2012</th>
<th>As Reported (GAAP)</th>
<th>Amortization of Acquisition-Related Intangibles</th>
<th>Acquisition-Related Expenses and Adjustments</th>
<th>LIFO Inventory-Related Adjustments</th>
<th>Gains from Antitrust Settlements</th>
<th>Restructuring Charges, Net</th>
<th>Other Adjustments, Net</th>
<th>As Reconciled Adjusted Earnings (Non-GAAP)</th>
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</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>$ 6.435</td>
<td>$ 17</td>
<td>$ -</td>
<td>$ 11</td>
<td>$ -</td>
<td>$ 17</td>
<td>$ -</td>
<td>$ 8,486</td>
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<td>Operating expenses</td>
<td>$(4.269)</td>
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<td>$ 26</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 23</td>
<td>$ 146</td>
<td>$(3,524)</td>
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<tr>
<td>Other income, net</td>
<td>$ 20</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 26</td>
<td>$ 26</td>
</tr>
<tr>
<td>Income from continuing operations before income taxes</td>
<td>$ 1.15</td>
<td>$ 104</td>
<td>$ 26</td>
<td>$ 11</td>
<td>$ -</td>
<td>$ 40</td>
<td>$ 149</td>
<td>$ 2,325</td>
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<td>$(71)</td>
<td>$(16)</td>
<td>$(4)</td>
<td>$ -</td>
<td>$(16)</td>
<td>$(86)</td>
<td>$(71)</td>
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<td>Income from continuing operations, net of tax, attributable to McKesson Corporation</td>
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<td>$ 7</td>
<td>$ -</td>
<td>$ 24</td>
<td>$ 60</td>
<td>$ 1,514</td>
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<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation</td>
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<td>$ 0.45</td>
<td>$ 0.07</td>
<td>$ 0.02</td>
<td>$ -</td>
<td>$ 0.19</td>
<td>$ 0.24</td>
<td>$ 0.45</td>
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<td>Diluted weighted average common shares</td>
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<td>251</td>
<td>251</td>
<td>251</td>
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<td>251</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-Related Expenses and Adjustments</th>
<th>LIFO Inventory-Related Adjustments</th>
<th>Gains from Antitrust Settlements</th>
<th>Restructuring Charges, Net</th>
<th>Other Adjustments, Net</th>
<th>As Reconciled Adjusted Earnings (Non-GAAP)</th>
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</thead>
<tbody>
<tr>
<td>Gross profit</td>
<td>$ 5.828</td>
<td>$ 16</td>
<td>$ -</td>
<td>$ 3</td>
<td>$(51)</td>
<td>$ 72</td>
<td>$ -</td>
<td>$ 5,668</td>
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<tr>
<td>Operating expenses</td>
<td>$(4.041)</td>
<td>$ 115</td>
<td>$ 43</td>
<td>$ 3</td>
<td>$(51)</td>
<td>$ 72</td>
<td>$ 210</td>
<td>$(3,670)</td>
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<tr>
<td>Other income, net</td>
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<td>$(16)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 15</td>
<td>$ 15</td>
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<tr>
<td>Income from continuing operations before income taxes</td>
<td>$ 1.060</td>
<td>$ 131</td>
<td>$ 52</td>
<td>$ 3</td>
<td>$(51)</td>
<td>$ 72</td>
<td>$ 210</td>
<td>$ 2,620</td>
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<td>Income tax benefit (expense)</td>
<td>$(503)</td>
<td>$(51)</td>
<td>$(16)</td>
<td>$(1)</td>
<td>$ 20</td>
<td>$(24)</td>
<td>$(64)</td>
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<tr>
<td>Income from continuing operations, net of tax, attributable to McKesson Corporation</td>
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<td>$ 80</td>
<td>$ 36</td>
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<td>$(31)</td>
<td>$ 48</td>
<td>$ 148</td>
<td>$ 1,381</td>
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<td>Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation</td>
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<td>$ 0.20</td>
<td>$ 0.14</td>
<td>$ 0.01</td>
<td>$(0.12)</td>
<td>$ 0.18</td>
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<td>Diluted weighted average common shares</td>
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<td>263</td>
<td>263</td>
<td>263</td>
<td>263</td>
<td>263</td>
<td>263</td>
<td>263</td>
</tr>
</tbody>
</table>

(a) Certain computations may reflect rounding adjustments.
(a) Our Distribution Solutions segment’s noncontrolling interests primarily include the third-party equity interests related to Vantage Oncology Holdings, LLC and ClarusONE Sourcing Services, LLP.
# RECONCILIATION OF GAAP SEGMENT FINANCIAL RESULTS TO ADJUSTED EARNINGS (NON-GAAP) RECAST FOR FISCAL 2011 - 2017

<table>
<thead>
<tr>
<th></th>
<th>Year Ended March 31, 2016</th>
<th>Year Ended March 31, 2015</th>
<th>Year Ended March 31, 2014</th>
</tr>
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<tr>
<td></td>
<td>As Reported (GAAP)</td>
<td>Adjustments</td>
<td>Adjusted (Non-GAAP)</td>
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<td><strong>REVENUES</strong></td>
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<tr>
<td>Distribution Solutions</td>
<td>$158,469</td>
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<td>$158,469</td>
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<td>International pharmaceutical distribution &amp; services</td>
<td>$23,467</td>
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<td>$23,467</td>
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<tr>
<td>Medical Surgical distribution &amp; services</td>
<td>$5,300</td>
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<td>$5,300</td>
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<td>Total Distribution Solutions</td>
<td>$197,235</td>
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<td>$197,235</td>
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<td>$2,885</td>
<td>$ -</td>
<td>$2,885</td>
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<td>Revenue</td>
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<td><strong>GROSS PROFIT</strong></td>
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<tr>
<td>Distribution Solutions</td>
<td>$3,394</td>
<td>$174</td>
<td>$3,568</td>
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<tr>
<td>Technology Solutions</td>
<td>$1,448</td>
<td>$48</td>
<td>$1,506</td>
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<tr>
<td>Gross profit</td>
<td>$11,416</td>
<td>$222</td>
<td>$11,638</td>
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<td>Distribution Solutions</td>
<td>$(5,436)</td>
<td>$(631)</td>
<td>$(5,005)</td>
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<td>Technology Solutions</td>
<td>$(1,237)</td>
<td>$(431)</td>
<td>$(1,668)</td>
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<tr>
<td>Operating expenses</td>
<td>$(7,077)</td>
<td>$(640)</td>
<td>$(7,717)</td>
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<td><strong>OTHER INCOME/NET</strong></td>
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<tr>
<td>Distribution Solutions</td>
<td>$41</td>
<td>$5</td>
<td>$46</td>
</tr>
<tr>
<td>Technology Solutions</td>
<td>$2</td>
<td>$2</td>
<td>$4</td>
</tr>
<tr>
<td>Corporate</td>
<td>$15</td>
<td>$15</td>
<td>$30</td>
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<tr>
<td>Other income/Net</td>
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<td>$5</td>
<td>$63</td>
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<tr>
<td><strong>IMPAIRMENT OF AN EQUITY INVESTMENT - DISTRIBUTION SOLUTIONS</strong></td>
<td>$ -</td>
<td>$ -</td>
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<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td></td>
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<tr>
<td>Distribution Solutions</td>
<td>$3,553</td>
<td>$760</td>
<td>$4,313</td>
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<td>$667</td>
<td>$4,470</td>
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<td><strong>STATISTICS</strong></td>
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<td>Operating profit as % of revenues</td>
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<tr>
<td>Distribution Solutions</td>
<td>1.8%</td>
<td>2.3%</td>
<td>1.7%</td>
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<tr>
<td>Technology Solutions</td>
<td>17.9%</td>
<td>20.3%</td>
<td>14.3%</td>
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</table>
## Reconciliation of GAAP Earnings to Adjusted Earnings (Non-GAAP) Recast
### For Fiscal 2011 - 2017
#### (Unaudited)

<table>
<thead>
<tr>
<th>Year Ended March 31</th>
<th>As Reported (GAAP)</th>
<th>Adjustments</th>
<th>As Recast Adjusted Earnings (Non-GAAP)</th>
<th>Year Ended March 31</th>
<th>As Reported (GAAP)</th>
<th>Adjustments</th>
<th>As Recast Adjusted Earnings (Non-GAAP)</th>
<th>Year Ended March 31</th>
<th>As Reported (GAAP)</th>
<th>Adjustments</th>
<th>As Recast Adjusted Earnings (Non-GAAP)</th>
</tr>
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<tbody>
<tr>
<td><strong>REVENUES</strong></td>
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</tr>
<tr>
<td>Distribution Solutions</td>
<td></td>
<td></td>
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<td>North America pharmaceutical distribution &amp; services</td>
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<td>International pharmaceutical distribution &amp; services</td>
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<td>-</td>
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</tr>
<tr>
<td>Medical Surgical distribution &amp; services</td>
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<td>-</td>
<td>27</td>
<td>(10)</td>
<td>17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income, net</td>
<td>34</td>
<td>-</td>
<td>34</td>
<td>20</td>
<td>-</td>
<td>20</td>
<td>25</td>
<td>(10)</td>
<td>15</td>
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<tr>
<td><strong>IMPAIRMENT OF GOODWILL INVESTMENT - Distribution Solutions</strong></td>
<td>-</td>
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<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td></td>
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<tr>
<td>Distribution Solutions</td>
<td>2,395</td>
<td>454</td>
<td>2,849</td>
<td>2,218</td>
<td>311</td>
<td>2,529</td>
<td>1,882</td>
<td>278</td>
<td>2,160</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Solutions</td>
<td>170</td>
<td>129</td>
<td>459</td>
<td>170</td>
<td>46</td>
<td>216</td>
<td>170</td>
<td>46</td>
<td>216</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>(295)</td>
<td>(63)</td>
<td>(358)</td>
<td>(413)</td>
<td>1</td>
<td>(412)</td>
<td>(341)</td>
<td>(14)</td>
<td>(355)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations before interest, expense and income taxes</td>
<td>2,350</td>
<td>490</td>
<td>2,840</td>
<td>2,186</td>
<td>410</td>
<td>2,596</td>
<td>1,822</td>
<td>290</td>
<td>2,112</td>
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</tbody>
</table>

### Statistics

Operating profit as a % of revenues

- Distribution Solutions: 184% 223% 186% 212% 174% 200%
- Technology Solutions: 104% 117% 116% 152% 94% 136%
SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

In an effort to provide investors with additional information regarding the company’s financial results as determined by generally accepted accounting principles ("GAAP"). McKesson also presents the following non-GAAP measures in this document. The Company believes the presentation of non-GAAP measures provides useful supplemental information to investors with regard to its operating performance, as well as assists with the comparison of its past financial performance to the Company’s future financial results. Moreover, the Company believes that the presentation of non-GAAP measures assists investors’ ability to compare its financial results to those of other companies in the same industry. However, the Company’s non-GAAP measures used in the press tables may be defined and calculated differently by other companies in the same industry.

- **Adjusted Earnings (Non-GAAP):** We define Adjusted Earnings as GAAP income from continuing operations attributable to McKesson, excluding amortization of acquisition-related intangibles, acquisition-related expenses and adjustments, Lifo-in-First-Out ("LIFO") inventory-related adjustments, gains from antitrust legal settlements, restructuring charges, other adjustments as well as the related income tax effects for each of these items, as applicable. The Company evaluates its definition of Adjusted Earnings on a periodic basis and updates the definition from time to time. The evaluation considers both the quantitative and qualitative aspects of the Company’s presentation of Adjusted Earnings.

  Amortization of acquisition-related intangibles - Amortization expense of intangible assets acquired in connection with business acquisitions.

  Acquisition-related expenses and adjustments - Transaction, integration and other expenses that are directly related to business combinations, the formation of joint ventures and the Healthcare Technology Net Asset Exchange. Examples include transaction closing costs, professional service fees, legal fees, restructuring or severance charges, retention payments and employee relocation expenses, facility or other exit-related expenses, certain fair value adjustments including deferred revenues, contingent consideration and inventory recoveries of acquisition-related expenses or post-closing expenses, bridge loan fees, gains or losses related to foreign currency contracts entered into directly due to acquisitions, gains on losses on business combinations, and gain on the Healthcare Technology Net Asset Exchange.

  Lifo inventory-related adjustments - Lifo inventory-related non-cash expense or credit adjustments.

  Gains from antitrust legal settlements - Net cash proceeds representing the Company’s share of anti-trust lawsuit settlements.

  Restructuring charges - Non-acquisition related restructuring charges that are incurred for significant programs in which we change our operations, the scope of a business undertaken by our business units, or the manner in which that business is conducted. Such charges may include employee severance, retention bonuses, facility closure or consolidation costs, lease or contract termination costs, asset impairments, accelerated depreciation and amortization, and other related expenses. The restructuring programs may be implemented due to the sale or discontinuation of a product line, reorganization or management structure changes, headcount rationalization, realignment of operations or products, and/or company-wide cost saving initiatives. The amount and/or frequency of these restructuring charges are not part of our underlying business, which includes normal levels of reinvestment in the business. Any credit adjustments due to subsequent changes in estimates are also excluded.

  Other adjustments - The Company evaluates the nature and significance of transactions qualitatively and quantitatively on an individual basis and may include them in the determination of our Adjusted Earnings from time to time. While not all-inclusive, other adjustments may include: gains or losses from divestitures of businesses that do not qualify as discontinued operations and from disposals of assets, asset impairments, adjustments to claim and litigation reserves for estimated probable losses, and other similar substantive and/or unusual items as deemed appropriate.

  Income taxes on Adjusted Earnings are calculated in accordance with Accounting Standards Codification ("ASC") 740, "Income Taxes," which is the same accounting principle used by the Company when presenting its GAAP financial results.

  Additionally, our equity method investments’ financial results are adjusted for the above noted items.
SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

- **Constant Currency** (Non-GAAP): To present our financial results on a constant currency basis, we convert current year period results of our operations in foreign countries, which are recorded in local currencies, into U.S. dollars by applying the average foreign currency exchange rates of the comparable prior year period. To present Adjusted Earnings per diluted share on a constant currency basis, we estimate the impact of foreign currency rate fluctuations on the Company’s noncontrolling interests and adjusted income tax expense, which may vary from quarter to quarter.

- **Adjusted Operating Profit Margin Excluding Noncontrolling Interests** (Non-GAAP): The Company has arrangements involving third-party noncontrolling interests. As a result, our pre-tax results are affected by the portion of pre-tax earnings attributable to noncontrolling interests. To provide additional useful information to investors, we present adjusted operating profit margin excluding noncontrolling interests for our Distribution Solutions segment. We believe such information provides a framework for assessing how our business performed excluding the effect of net income that is not attributable to McKesson. We calculate adjusted operating profit excluding noncontrolling interests by removing net income attributable to noncontrolling interests from adjusted operating profit (non-GAAP). Adjusted operating profit margin excluding noncontrolling interests is calculated by dividing the adjusted operating profit excluding noncontrolling interests with the applicable segment’s revenues.

The Company internally uses non-GAAP financial measures in connection with its own financial planning and reporting processes. Specifically, Adjusted Earnings serves as one of the measures management utilizes when allocating resources, deploying capital and assessing business performance and employee incentive compensation. The Company conducts its business worldwide in local currencies, including Euro, British pound sterling and Canadian dollars. As a result, the comparability of our results reported in U.S. dollars can be affected by changes in foreign currency exchange rates. We present constant currency information to provide a framework for assessing how our business performed excluding the estimated effect of foreign currency exchange rate fluctuations. In addition, the Company has arrangements involving third-party noncontrolling interests. As a result, our pre-tax results are affected by the portion of pre-tax earnings attributable to noncontrolling interests. We present adjusted operating profit margin excluding noncontrolling interests to provide a framework for assessing how our business performed excluding the effect of net income that is not attributable to McKesson. Nonetheless, non-GAAP financial results and related measures disclosed by the Company should not be considered a substitute for, nor superior to, financial results and measures as determined or calculated in accordance with GAAP.