

McKesson And Change Healthcare New Company Supplemental Slides

June 28, 2016

Risk Factors

This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks, uncertainties and other factors. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements regarding the expected timing of the completion of the transaction; the ability to complete the transaction considering the various closing conditions; the expected benefits and costs of the transaction; any projections of earnings, revenues, synergies or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding product or service developments, extensions or integration; any statements of expectation or belief; any statements regarding general industry conditions and competition; any statements regarding economic conditions; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include risks related to the timing or ultimate completion of the transaction, as the transaction is subject to closing conditions, including antitrust clearance and completion of MTS audited financial statements of the businesses being contributed to the new company; the possibility that expected benefits may not materialize as expected; ability to successfully implement integration strategy for the new company; as well as the ability to ensure continued performance or market growth of McKesson’s, Change Healthcare’s and the new company’s products and services. These risks, uncertainties and other factors, and the general risks associated with the respective businesses of McKesson and Change Healthcare described in the reports and other documents submitted by each of them to the Securities and Exchange Commission, could cause actual results to differ materially from those referred to in the forward-looking statements. All forward-looking statements are based on information currently available to McKesson and Change Healthcare and are qualified in their entirety by this cautionary statement. 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. Except to the extent required by law, neither McKesson nor Change Healthcare assumes any obligation to update any such forward-looking statements or other statements included in this presentation.

Shareholders are encouraged to review more information related to the transaction at <http://www.healthtechtransformation.com>, documents submitted to the SEC, and additional information about McKesson and Change Healthcare, which are located on the websites of each company.

1. Strategic Rationale
2. Industry Trends
3. New Company Overview
4. Transaction Summary
5. Shareholder Benefits

Compelling Strategic Rationale

- Creates a new company positioned to **address industry's emerging and most pressing challenges**
- **Experienced management team** comprised of leaders from both McKesson and Change Healthcare
- **Significant value for customers** by bringing together full suite of end-to-end payment and claims solutions, as well as robust portfolio of financial, clinical and operational IT products and services
- **Creates growth opportunities** from cross-selling and combined expertise
- **Expected to generate in excess of \$150 million of synergies** by the second year following the close of the transaction
- Unlocks value through **singular focus on healthcare technology and technology-enabled services**

Healthcare Industry Trends Support Strategic Rationale For Combination

Focus on Efficiency

- \$360 billion spent on administrative services
- Up to \$270 billion in costs potentially attributable to waste and abuse
- Financial pressure on providers and managed care organizations as they balance increasing patient volumes and complexity with lower margins

Avoid waste and streamline administration

Increasing Complexity

- Reimbursement and administration requirements growing in scope and complexity
- 12% of every healthcare dollar consumed by claims submission and reimbursement
- Health plans and providers need more effective solutions to address value-based care

Outsource and automate for scale and specialization

Shift to Value-Based Care

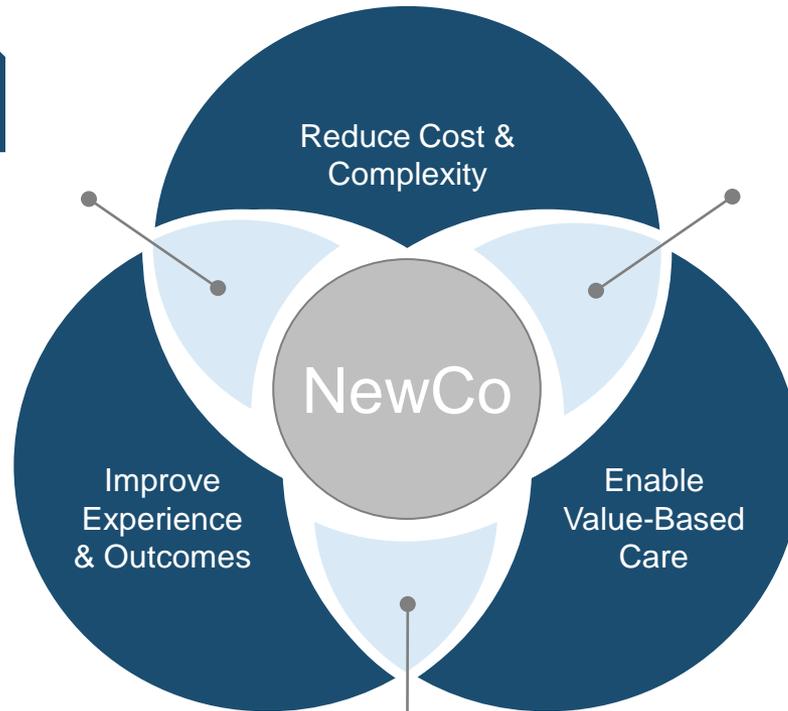
- By 2018, 50% of fee-for-service Medicare payments to be tied to quality or value through models such as accountable care organizations or bundled payments
- Shift to managed care for most medically complex and costly patients (Medicare, Medicaid)
- Consumers taking increased responsibility for financial implications of care decisions

Leverage content, connectivity and analytics to support transition

Combined Company Will Be Favorably Positioned To Address Critical And Complex Industry Challenges

Integrated Reimbursement Management

- Comprehensive solutions to support revenue performance, claims management and payment accuracy
- Empowers payers and providers to simplify administration and support financial health



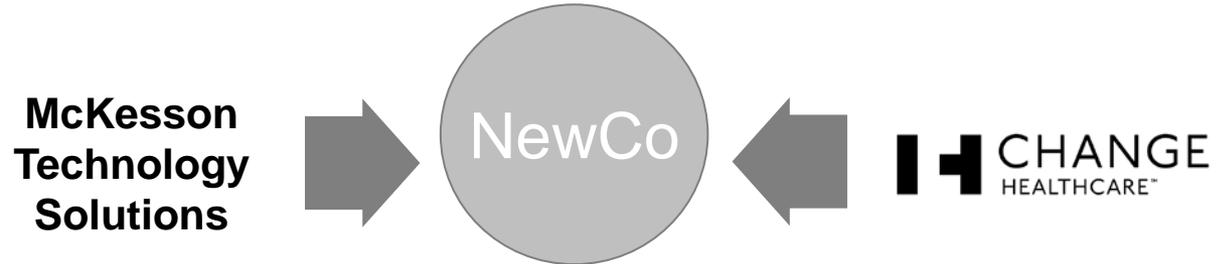
Network-Enabled Value

- Integrated quality/risk analytics, clinical decision support and value-based payment capabilities that leverage extensive connectivity
- Enables payers and providers to scale value-based reimbursement, and accelerate adoption of models such as bundled payments

Consumer/Patient Engagement

- Transparency, member engagement, patient access, care coordination and payment solutions are leveraged together to improve the consumer experience and enhance outcomes

Combination Creates A New Healthcare Technology Company With Leading Capabilities



OVERVIEW	Focused on improving patient safety, reducing cost and variability of care, and better managing revenue streams	Leading provider of software and analytics, network solutions and technology-enabled services
COMPANY	<p>Contributes four businesses:</p> <ul style="list-style-type: none"> • McKesson Health Solutions (MHS) • Connected Care and Analytics (CCA), excluding RelayHealth Pharmacy (RHP) • Imaging and Workflow Solutions (IWS) • Business Performance Services (BPS) 	<ul style="list-style-type: none"> • Contributes substantially all of its businesses, except for pharmacy switch and prescription routing business
EMPLOYEES	MHS, CCA, IWS and BPS: ~10,000 people	~7,000 people, of which ~2,000 are seasonal
LOCATIONS	Multiple locations including: Alpharetta, GA; Newton, MA; Vancouver, Canada	Multiple locations including: Nashville, TN; Atlanta, GA; San Francisco, CA

Breadth Of Complementary Capabilities Creates Opportunity To Deliver Significant Value To Customers



Providers

Capabilities to verify patient eligibility, deliver clinically appropriate care, submit claims and manage payments across the revenue cycle

- Patient Access Suite and Services
- Clinical Information Exchange
- Cost and Quality Analytics
- Imaging Workflow and Intelligence
- InterQual Clinical Decision Support
- Claims, Denials and Payments Management
- Revenue Cycle Outsourcing

Payers

Comprehensive solutions to address member engagement, payment accuracy, network management and the transition to value-based payments

- Medicare and Medicaid Engagement
- Payment Integrity Solutions
- Clinical Claims Management
- Claims, Eligibility and Electronic Remittance Advice Network
- Provider Network Management
- Communication and Payment Services
- Value-Based Care Analytics

Consumers

Digital tools to access personal health information, engage with providers, and make smart choices about quality, cost and convenience

- Cost and Quality Transparency
- Consumer Education and Health & Wellness Alerts
- Patient Portal
- Financial Responsibility Estimation
- Online/Mobile Payment

Transaction Summary

Transaction Structure

- McKesson contributes all MTS businesses, except for RHP and EIS businesses. Businesses contributed: MHS, CCA (excluding RHP), BPS, IWS
- Change Healthcare contributes all businesses, except for its pharmacy switch and prescription routing business

Financials

- Pro forma combined revenue of approximately \$3.4 billion (FYE 3/31/16)
- Expect synergies in excess of \$150 million by the second year following the close of the transaction
- Received commitments for \$6.1 billion of funded debt, with proceeds to be used to repay ~\$2.7 billion of existing Change Healthcare debt, ~\$1.25 billion in cash payments to McKesson, ~\$1.75 billion in cash payments to Change Healthcare, and the remainder to be used for transaction-related expenses

Ownership

- McKesson: ~70%
- Change Healthcare: ~30%

Transaction Summary (continued)

Management and Governance

- Governance will be shared jointly between McKesson and Change Healthcare
- CEO: Neil de Crescenzo, Change Healthcare’s current CEO
- Chairman of the Board: John H. Hammergren, Chairman and CEO of McKesson
- Board of directors (10): CEO; appointees from McKesson (3); appointees from Change Healthcare (3); independent directors (3; one McKesson nominated, one Change Healthcare nominated, one joint McKesson/Change Healthcare nominated)
- Experienced management team comprised of leaders from both McKesson and Change Healthcare

Timing

- Transaction expected to close in first half of calendar 2017
- McKesson and Change Healthcare to take steps to launch an initial public offering in the months following the close of the transaction, subject to market conditions
- McKesson plans to subsequently exit its investment in a tax-efficient manner

Closing

- Subject to closing conditions, including antitrust clearance and completion of audited financial statements of the MTS businesses being contributed to the new company

Combination Creates Substantial Shareholder Value

Enhances MTS' market opportunity, capabilities and scale

Targeting in excess of \$150 million of annual synergies with potential to capture further opportunities

McKesson to receive ~\$1.25 billion in cash at close of transaction while retaining an ~70% equity stake in the jointly-governed company

New focused company with peers in the healthcare technology industry, as opposed to healthcare distribution services

Strong partner in Blackstone with a shared focus on value creation, including agreed path to an IPO and tax-efficient exit of McKesson's investment

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