

McKesson Corporation 2018 Investor Day

June 28, 2018



2018 Investor Day Agenda

Craig Mercer – Senior Vice President, Investor Relations

John Hammergren – Chairman, President and Chief Executive Officer

Bansi Nagji – Executive Vice President, Corporate Strategy and Business Development

Britt Vitalone – Executive Vice President and Chief Financial Officer

Nick Loporcaro – President, U.S. Pharmaceutical & Specialty Health

Q&A

Break

Brian Tyler – Chairman of the Management Board, McKesson Europe

Stanton McComb – President, McKesson Medical-Surgical

Britt Vitalone – Executive Vice President and Chief Financial Officer

Q&A

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 And Leadership Team

Diverse and Experienced Leadership

John H. Hammergren

Chairman, President &
Chief Executive Officer
22 years

Jorge Figueredo

EVP, Corporate Human
Resources & Administration
10 years

Kathy McElligott

EVP, Chief Information Officer &
Chief Technology Officer
3 years

Bansi Nagji

EVP, Corporate Strategy &
Business Development
3 years

Lori Schechter

EVP, General Counsel &
Chief Compliance Officer
6 years

Britt Vitalone

EVP, Chief
Financial Officer
12 years

Nick Loporcaro

President
U.S. Pharmaceutical &
Specialty Health
15 years

Stanton McComb

President
McKesson
Medical-Surgical
16 years

Nathan Mott

President
McKesson Prescription
Technology Solutions
24 years

Domenic Pilla

Chief Executive Officer
McKesson Canada
12 years

Emilie Ray

President
Growth Initiatives
18 years

Brian Tyler

Chairman of the
Management Board
McKesson Europe
21 years

McKesson At A Glance

Putting the Patient at the Center of What We Do



More than
16,000
owned and banner
pharmacies

\$208B
FY18
revenues



\$3.8B
FY18 free
cash flow¹



275,000+
SKUs of brand &
private label
**medical-
surgical
supplies**

73,000 patients
supported in **1,600**
clinical trials²



CHANGE
HEALTHCARE
Unique
value creation

Delivering **1/3** of **all**
prescription medicine
in North America



Serving **>2.1 million customers**
each day in **13 countries**
across Europe

78,000+
employees
worldwide






¹Reflects non-GAAP measure defined as net cash provided by operating activities less property acquisitions and capitalized software expenditures. Property acquisitions and capitalized software expenditures were approximately \$0.6 billion in FY18.

²Represents activity from program inception through March 31, 2018.

Financial data reported for Fiscal Year ended March 31, 2018. Operational and employee data reflected as of March 31, 2018.

Global Healthcare Markets Are Growing

<i>Geography</i>	<i>Market Growth (5-year CAGR)¹</i>	<i>Specialty Revenue Growth (5-year CAGR)¹</i>	<i>Number of Pharmacies</i>	<i>Population 65+⁵</i>
 <i>United States</i>	5%	10%	~59K ²	48M
 <i>Europe</i>	3%	7%	>90K ³	70M
 <i>Canada</i>	4%	8%	~11K ⁴	6M

¹IQVIA™ Market Prognosis, March and May 2018; IQVIA Institute. Market growth data for Europe is for E.U. countries. Specialty revenue growth for Europe is based on France, Germany, Italy and U.K.

²IQVIA™ Outlet Universe Reference File (June 2018)

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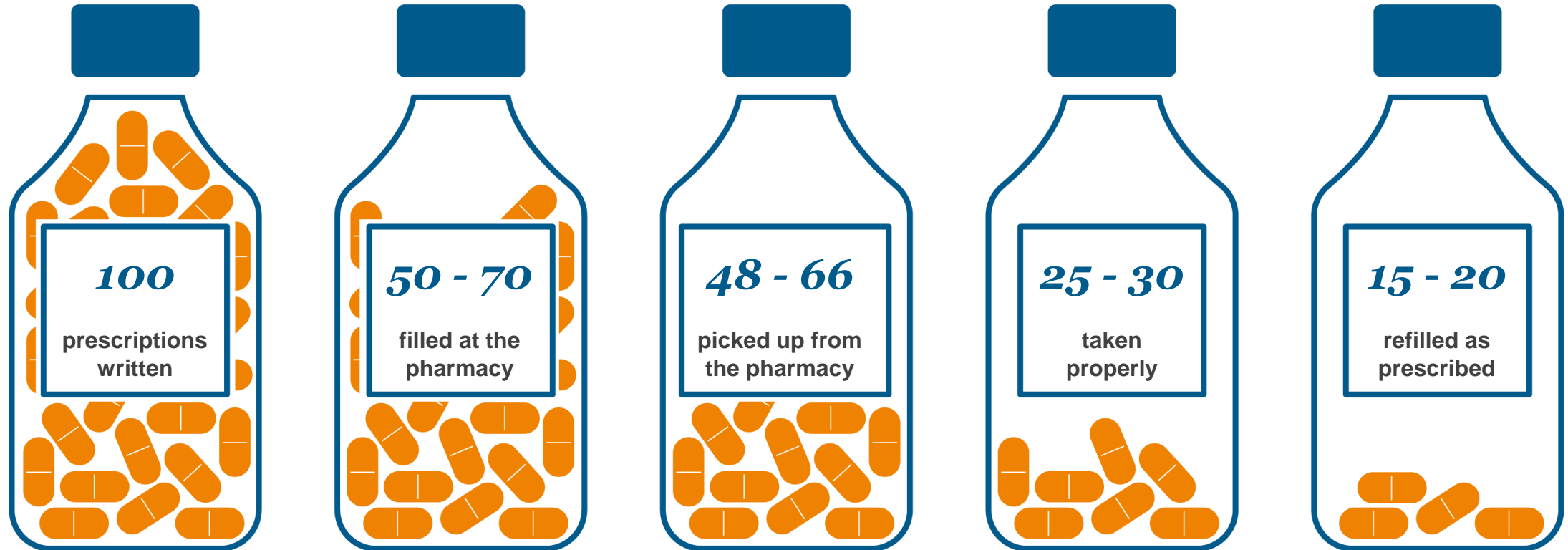
³Statistica, For all 13 McKesson Europe countries except Slovenia, data is for 2015; Slovenia data is for 2014: HelgiLibrary

⁴NAPRA National Statistics, As of January 1, 2018

⁵The World Bank, Data for the U.S., Canada and all 13 McKesson Europe countries as of 2016

Medication Adherence Represents A Significant Barrier To Healthcare

For Every 100 Prescriptions Written...



National Association of Chain Drug Stores, Pharmacies: Improving Health, Reducing Costs (March 2011)

McKesson Continues To Evolve

From...

Wholesale distribution and
technology company

Pharmacy as a dispensing site

Manufacturers as suppliers

Product- and provider-centric

Limited collection and use of data



To...

Differentiated channel access
across multiple platforms

Low cost, high-quality care setting

Valued partner and customer

Patient-centric

Data-enabled services and insights

Multi-Year Strategic Growth Initiative



*Manufacturer
Value Proposition*



*Specialty
Pharmaceuticals*

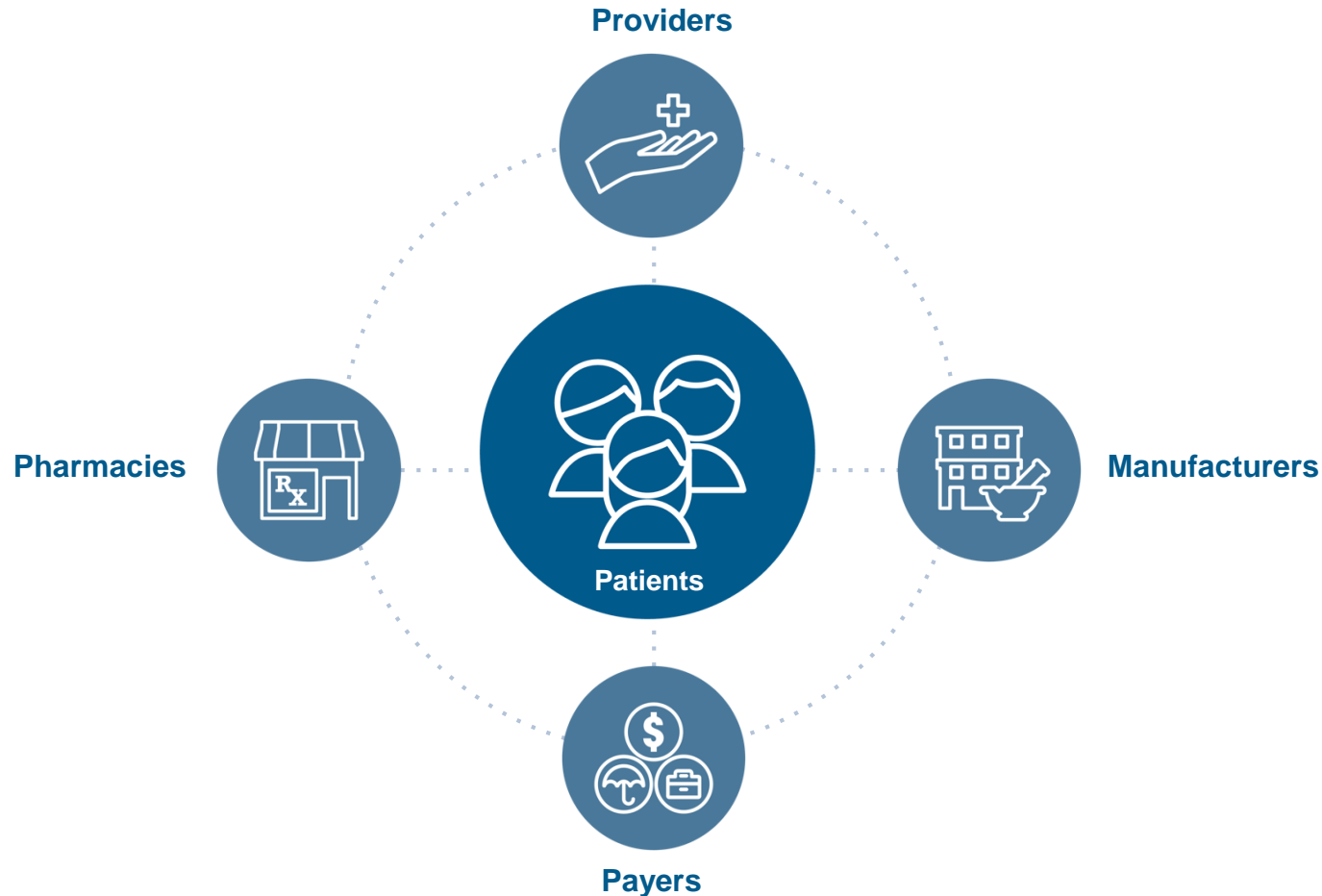


*Role of Retail
Pharmacy*

Supported By Data and Analytics Capabilities

Optimized, Efficient Operating Structure

Our Work Is About Helping Our Customers Improve Patients' Lives

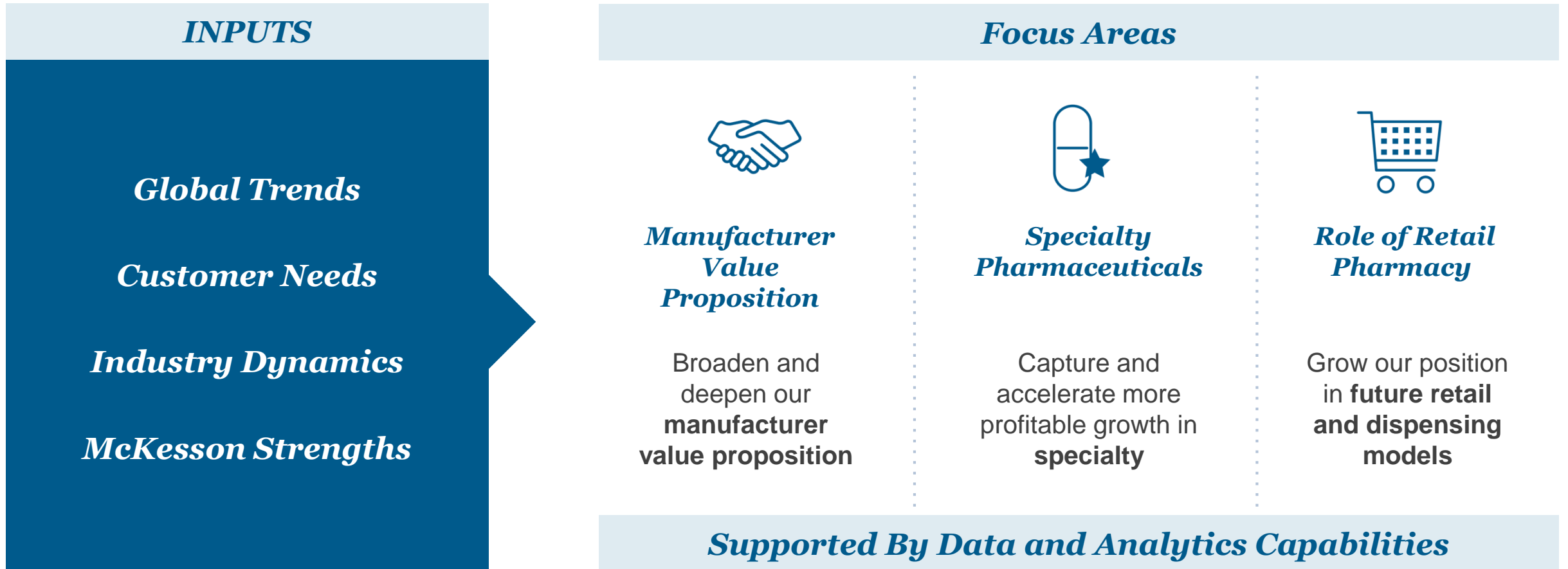


Growth Areas

Bansi Nagji

EVP, Corporate Strategy and Business Development

We Have Prioritized The Following Growth Areas





Patient-Centered Care:

Manufacturer Value Proposition

The average cost to develop, gain marketing approval and post-approval R&D for a new drug is approximately \$2.9B¹

¹Tufts Center for the Study of Drug Development Assessment of Cost to Develop and Win Marketing Approval for a New Drug, Mar 2016

Patient-Centered Care:

Specialty Pharmaceuticals

*Robust growth potential
of 7% to 10% 5-year CAGR
through 2022¹*

¹IQVIA™ Market Prognosis, Sept 2017, IQVIA Institute Oct 2017. Specialty revenue growth is based on U.S., Canada and Europe (France, Germany, Italy and U.K.)
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McKesson





Patient-Centered Care:

Role Of Retail Pharmacy

Healthcare represented almost 18% of U.S. GDP in 2016 and is anticipated to grow¹

¹Centers for Medicare & Medicaid Services historical national health expenditure data

Patient-Centered Care:

Data and Analytics

The healthcare industry is challenged by vast increases in data, but the promise of increasingly preventative healthcare is now within reach.¹

¹Content based on Forbes article dated September 18, 2017.

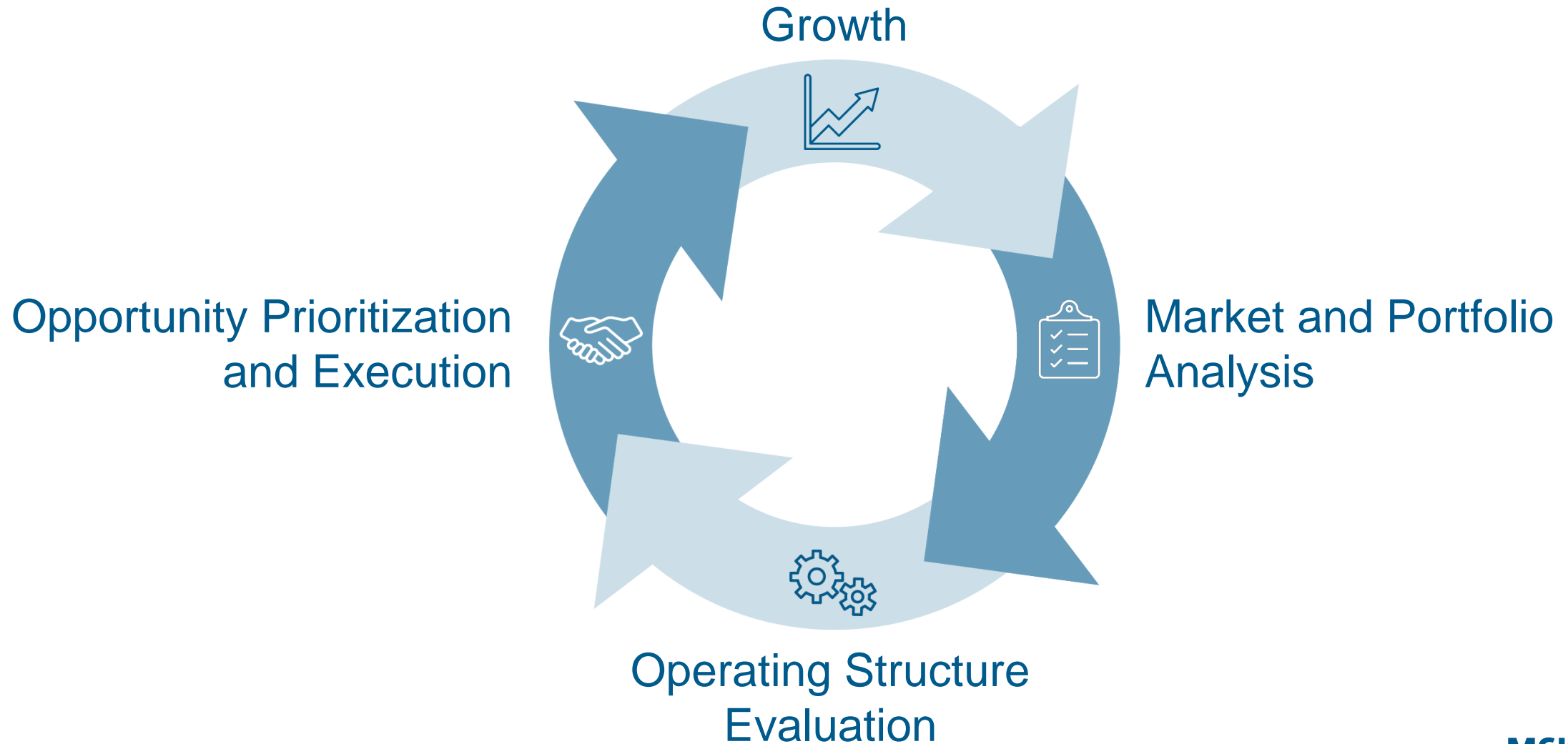


Operating Model and Segment Overview

Britt Vitalone

EVP, Chief Financial Officer

Multi-Year Strategic Growth Initiative



Improving Patient Care Delivery

*Focus on
the Patient*

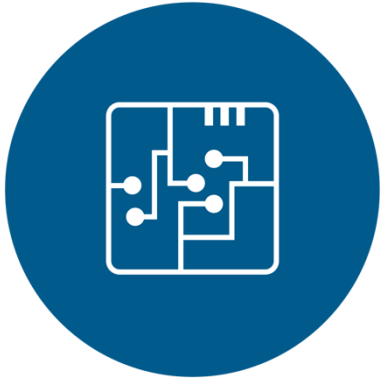
*Drive Superior
Execution*

*Innovate to
Advance*

*Deliver
Enhanced Value*



Cost Initiatives Aligned To Our Operating Structure



*Information
Technology*



Finance



*Human
Resources*



*Indirect
Spend*

Future operating structure will align with and help to fund growth initiatives

We Revised Segment Reporting Beginning FY19

Delivers Increased Clarity and Transparency

	<i>U.S. Pharmaceutical and Specialty Solutions</i>	<i>European Pharmaceutical Solutions</i>	<i>Medical-Surgical Solutions</i>	<i>Other</i>
	<i>U.S. Pharmaceutical and Specialty Health</i>	<i>Wholesale and retail pharmacy solutions</i>	<i>Non-acute healthcare solutions</i>	<i>McKesson Canada, MRxTS and Change Healthcare</i>
FY18 Revenue	\$162.6B	\$27.3B	\$6.6B	\$11.8B
FY18 Adjusted Operating Profit ¹	\$2,566M	\$340M	\$544M	\$928M
FY18 Adjusted Operating Margin ¹	1.58%	1.24%	8.23%	n/a

FY19 Opportunities and Considerations

¹Reflects 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.

U.S. Pharmaceutical and Specialty Health

Nick Loporcaro

President, U.S. Pharmaceutical and Specialty Health

U.S. Pharmaceutical And Specialty Health

Improving Patient Care Delivery

Focus on the Patient

- Grew Health Mart to >4,900 stores
- Enhanced offering and platform serves patients through the continuum of care
- 73,000 patients supported in 1,600 clinical trials program to date

Innovate to Advance

- Created Health Mart Atlas, a joint venture PSAO partnership serving >6,600 pharmacies
- Support >9,100 oncologists & other specialists
- Collaborating with MRxTS business on ExpressCoverage offering

¹Specialty revenues include U.S. businesses McKesson Specialty Health and McKesson Plasma & Biologics
All statistics as of March 31, 2018



Drive Superior Execution

- 99.98% order accuracy
- Leading sourcing capabilities through ClarusONE sourcing joint venture and established private label offering NorthStar
- Reducing costs by combining two businesses

Deliver Enhanced Value

- >\$30B in Specialty revenues¹ in Fiscal 2018
- Acquisitions including BDI Pharma and RxCrossroads enhancing manufacturer value proposition
- Serving 250+ biopharma manufacturers through the commercialization life-cycle

Industry Landscape

The U.S. Healthcare Industry Continues to be Dynamic and Growing

5%

Total Market Sales CAGR
2017 to 2022¹

Oncology-related
products make up

more than 1/3
of late-phase specialty
drug pipeline²

***Independent
pharmacy***

count stable over
past decade at

***~1/3 of total
pharmacies³***

***Biosimilar Launches
~\$29B***

of biologics sales at risk from
2018 to 2022²

***Generic Launches
~\$76B***

of brand sales at risk
from 2018 to 2022²

¹IQVIA™ Market Prognosis 2018-2022: North America – United States (March 2018)

²IQVIA™ Institute Medicine Use and Spending in the U.S.: A Review of 2017 and Outlook to 2022 (April 2018)

³IQVIA™ Outlet Universe Reference File (June 2018)

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Leading With Our Core Offerings Across Multiple Channels

Improved our Supply Chain Infrastructure

- Opened state-of-the-art distribution center in NY
- Completed BDI Pharma acquisition

Broadened our Value Prop to Health Systems

- Enhanced analytics solutions
- Extended footprint with broader specialty and retail pharmacy capabilities

Extended our Retail Pharmacy Footprint

- Expanded our Health Mart franchise to >4,900 stores
- Entered PrescribeWellness partnership

Enhanced solutions for Community-Based Specialists

- Developed Lynx[®] inventory management system for retina specialists
- Partnered with NeuroNet to offer managed services to neurologists

Foundation of leading pharmaceutical sourcing

Driving Competitive Advantage In Growing Markets



Manufacturer Value Proposition

Helping manufacturers through the full commercialization and supply chain life cycle



Specialty Pharmaceuticals

Supporting the access to specialty products and vitality of providers through practice management, supply chain and technology solutions



Role of Retail Pharmacy

Leading the future of retail pharmacy through innovative solutions and strategic partnerships

Focusing On Our Manufacturer Value Proposition

Case Study: McKesson Commercialization Partnership With AstraZeneca



Strong Partnership and History of Success



April 2011

Caprelsa®

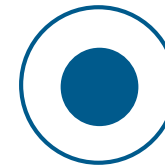
Launched AstraZeneca's first oral oncology drug



December 2014

Lynparza®

Exclusive access at launch
Supported HUB services



November 2017

Calquence®

AstraZeneca's largest clinical education investment



A Trusted Partner



Unique Value Proposition







End-to-end Solutions

Strategic Moves To Connect Patients To Therapies Faster And More Efficiently

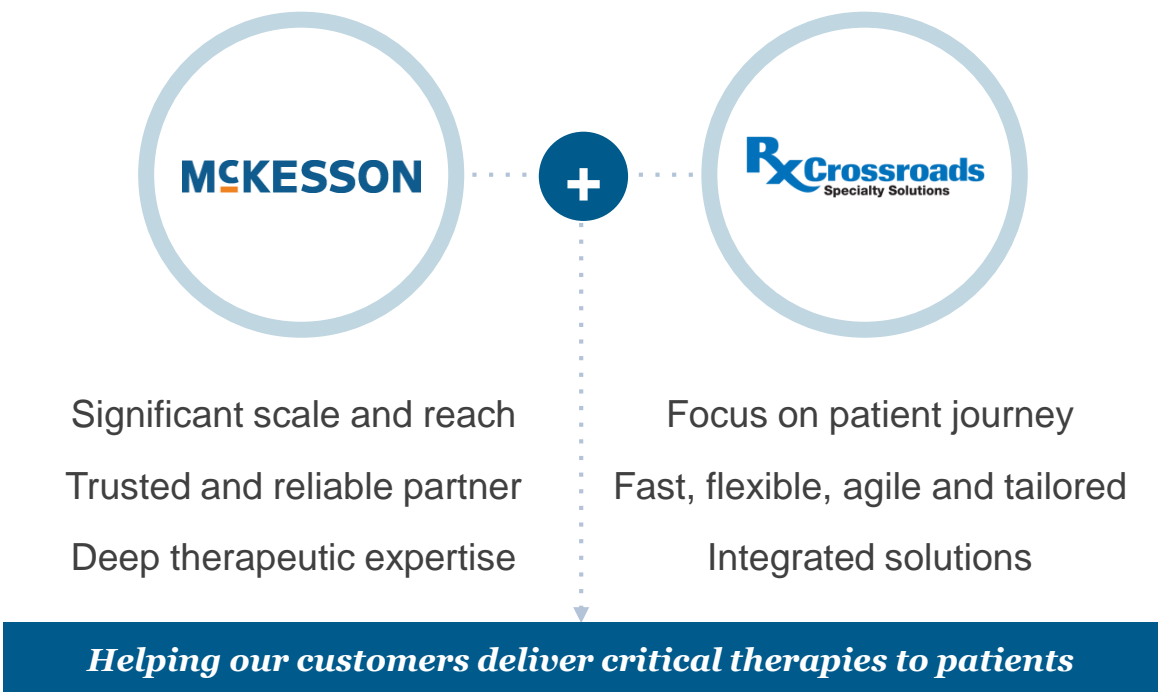
ExpressCoverage™

A collaborative new solution leveraging the expertise of McKesson's hub services and CoverMyMeds' vast healthcare network

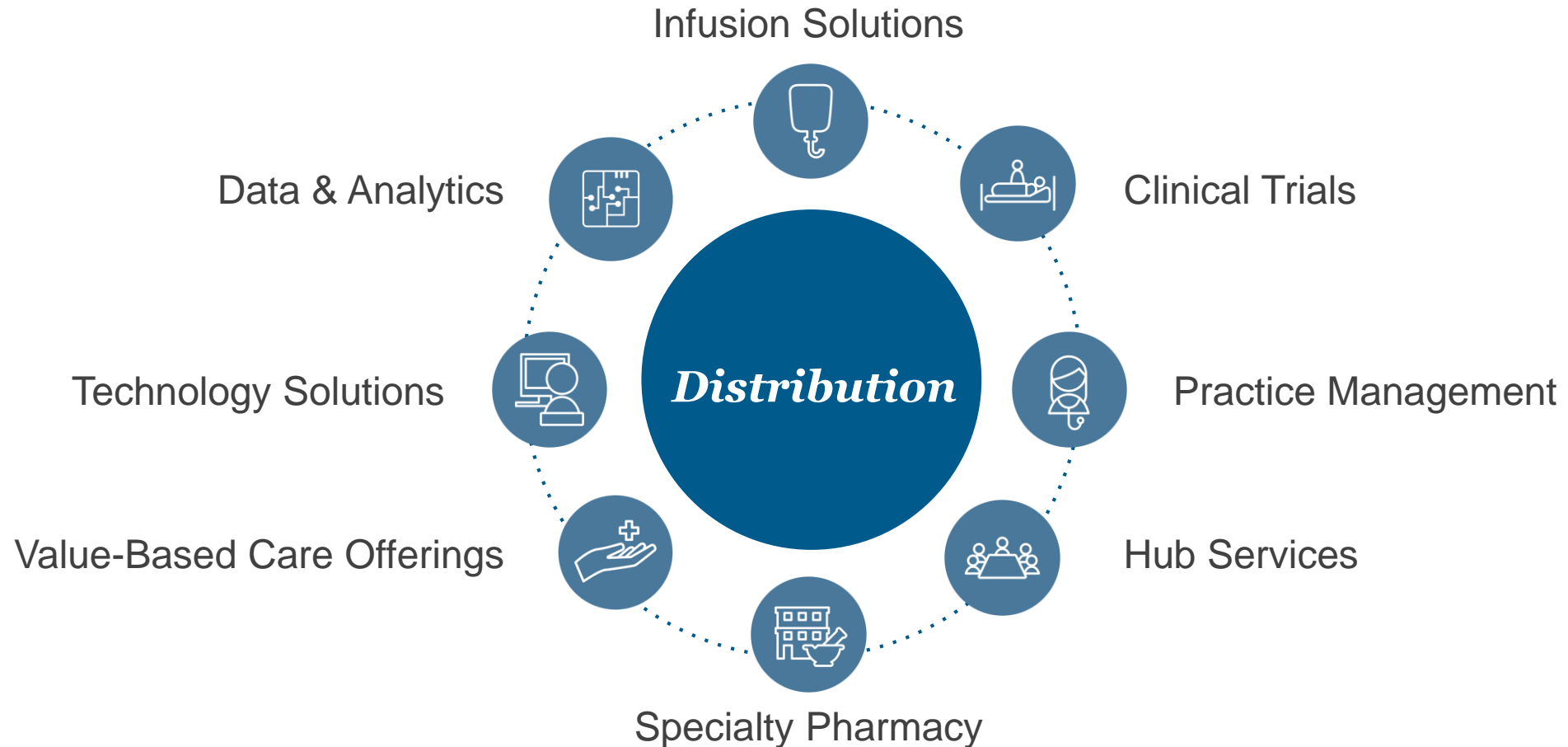
-  Real-Time, Electronic Hub Support: Revolutionizing Drug Access & Adherence
-  Electronic Enrollment Referrals: Greater Support to More Patients
-  PA Referrals: Greater Patient Support and Less Rx Abandonment
-  Integration of Copay Card and Prior Authorization Technology

RxCrossroads Acquisition

Combining the scale and reliability of McKesson with the flexible and tailored offerings of RxCrossroads



Well Positioned As A Leader In Specialty Therapies



Innovative Solutions And Partnerships To Lead The Future Of Retail

Leveraging insights...

...throughout the organization,
as we pursue our commitment
to innovative and market-
leading retail models



Enhancing strength, stability and support...

...to independent pharmacies through a market-leading partnership



¹As of April 5, 2018

U.S. Pharmaceutical And Specialty Health

Improving Patient Care Delivery

*Focus on
the Patient*

*Drive Superior
Execution*

*Innovate to
Advance*

*Deliver Enhanced
Value*





Question and Answer

McKESSON

McKesson Europe

Brian Tyler

Chairman of the Management Board
McKesson Europe

McKesson Europe

Improving Patient Care Delivery

Focus on the Patient

- Expanding beyond retail to provide customers with an omnichannel experience and a broader range of services
- Servicing >9,000 owned and franchise pharmacies and more than 2.1 million customers every day

Innovate to Advance

- Introducing new models of retail pharmacy, including healthcare centers
- Implementing new programs, including diabetes and wound care
- Launched digital platform to >7,500 French pharmacies to facilitate interaction with customers



Drive Superior Execution

- Scaling central fill capabilities
- Operational rigor through Six Sigma mindset
- 99.89% inventory accuracy

Deliver Enhanced Value

- Continued investment in growth channels (specialty, homecare, long-term care)
- Targeting accretive tuck-in acquisitions
- Increasing private label and NorthStar penetration

European Pharmaceutical Industry Landscape

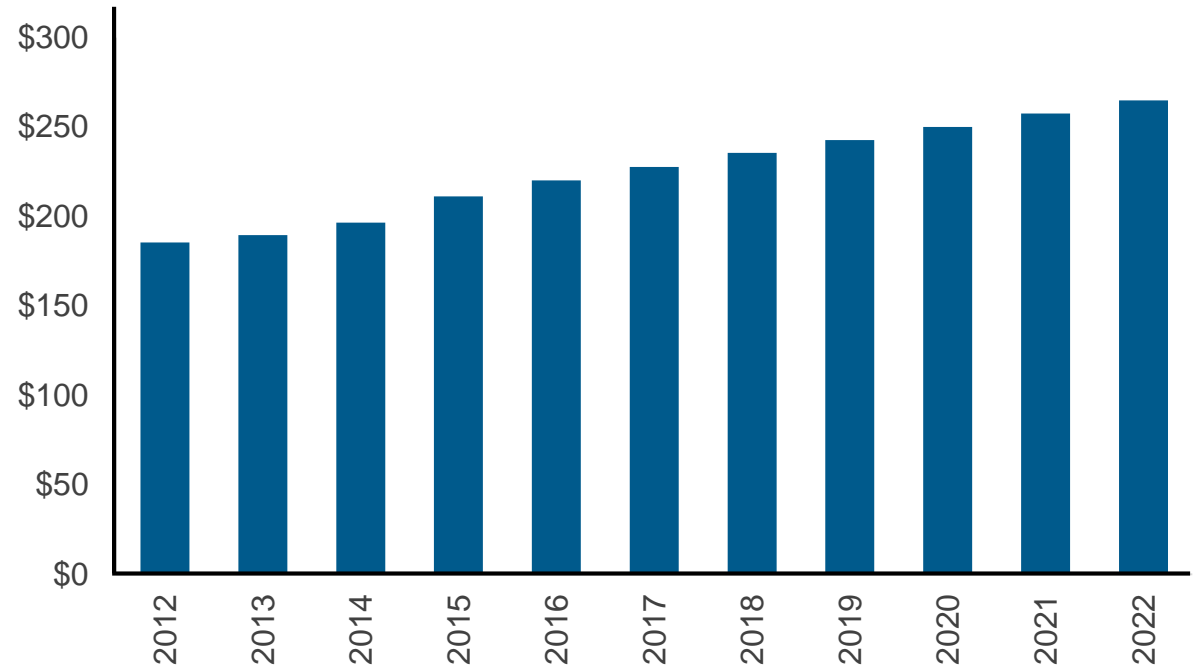
Stable, Growing Market

Increasing Generics and Biosimilars
Penetration

Demographics, Chronic Disease and
New Therapies

EU Pharmaceutical Market Forecast¹

Sales (USD Billion)

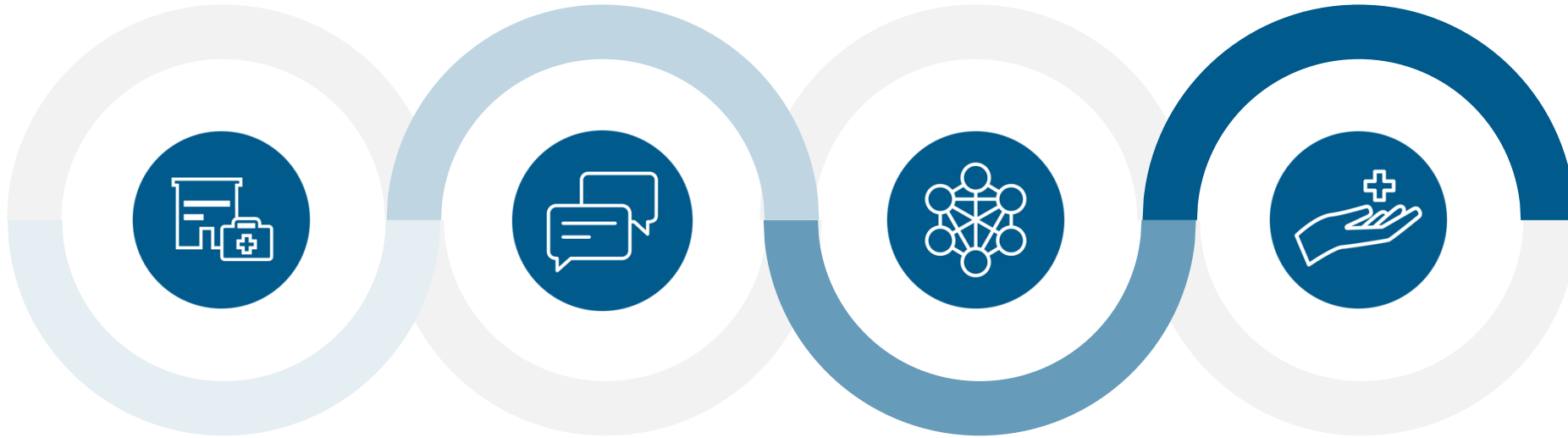


¹IQVIA™ Market Prognosis Summary Europe 2018-2022 (March 2018) for E.U. countries

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The McKesson Europe Journey



Leverage Scale

Coordinated
Procurement

Foundational Investments

ERP Live, Broader
Roll-Out Underway

NRDC (France)

Six Sigma

eCommerce

Consumer Channels

Traditional & Online Retail

Specialty Clinics

Diabetes and Wound Care

Clinical Homecare

Hospital Outpatient
Pharmacy

Manufacturer Value Proposition

Europe-wide Value
Proposition, Including
Patient Access

Data & Analytics

Brand Management

Clinical Trials

Driving Competitive Advantage In Challenging Markets



U.K. Retail Environment

Reimbursement environment required re-shaping of business

- FY18 restructuring and store rationalization substantially complete
- Central fill live and scaling
- Digital investments
- Expanding footprint in specialty and homecare



French Wholesale Environment

Competitive environment in France being addressed

- National re-distribution center live
- Digital investments live in >7,500 pharmacies
- Acquisition of two buying groups in FY18/19 strengthens our connection to independents

Innovation Platforms



Retail of the Future

Project to define the future consumer experience in retail pharmacy



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 (integrated to a wholesale branch) to assemble 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

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

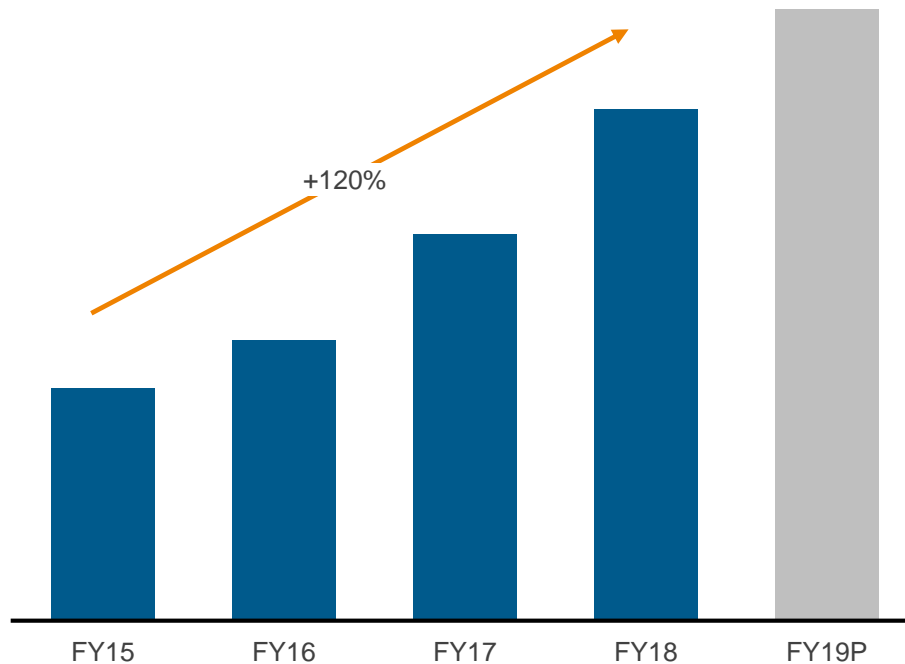
Lloyds' concept elements
customized for pharmacies

Focusing on specialty services
and product categories

EPN is our foundational platform to serve patients in a unique way going forward

EPN Channel Drives Momentum In Private Label

Private Label Revenue¹



¹In Euros, before FX effect. FY15 to FY18 data reflects actual results and FY19 data reflects projected results

Global Initiatives

- NorthStar expanding in the U.K.
- Medical-surgical product launches in Europe

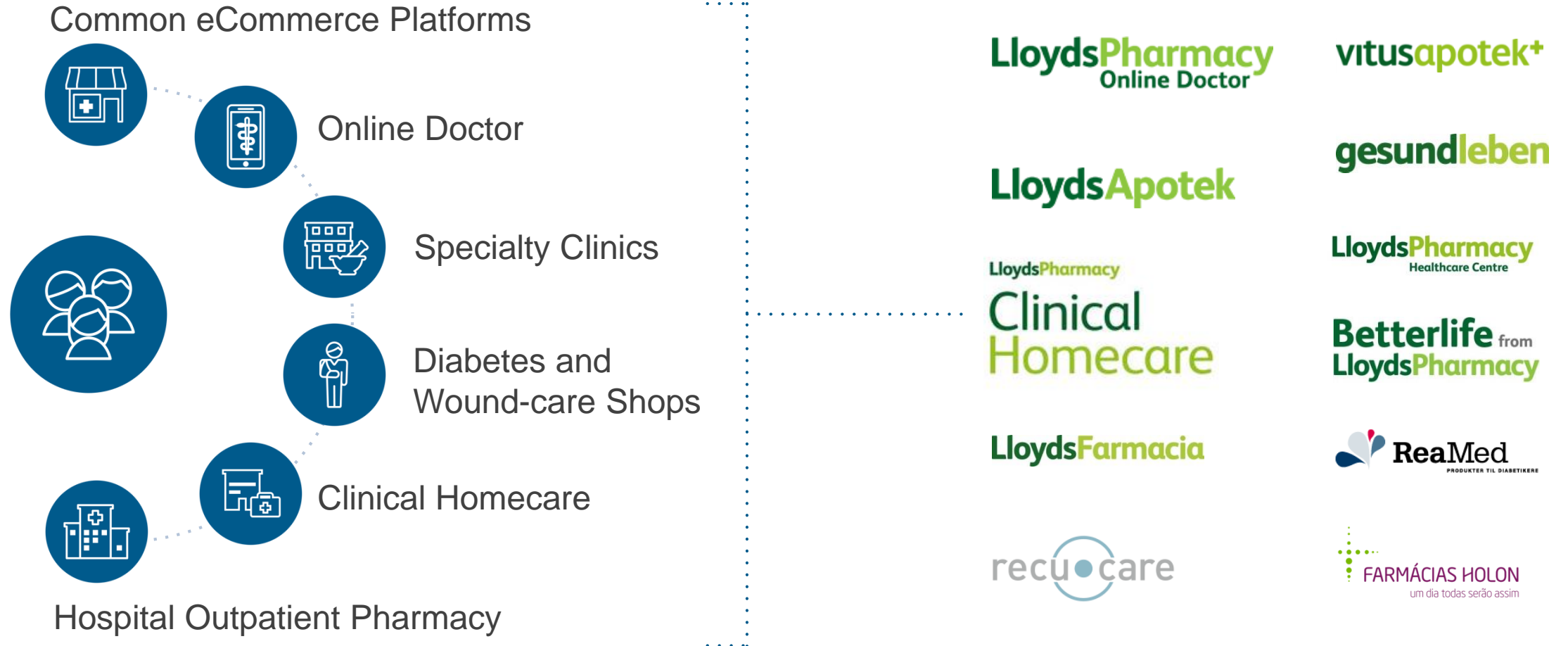
European Initiatives

- 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

Opportunities For Growth In Retail





Optimizing Retail Pharmacy For The Future

LloydsPharmacy
Healthcare Centre

- Pharmacies re-designed as Healthcare Centre
- Provides an alternative model of care to patients who require infusion and injectable specialty medicines
- New services are led by an experienced nursing and pharmacy teams
- NHS trusts driving patients closer to home rather than into hospitals
- Diversification of funding streams

McKesson Europe

Improving Patient Care Delivery

*Focus on
the Patient*

*Innovate
to Advance*



*Drive Superior
Execution*

*Deliver Enhanced
Value*

McKesson Medical-Surgical

Stanton McComb

President, McKesson Medical-Surgical

McKesson Medical-Surgical

Improving Patient Care Delivery

Focus on the Patient

- Supporting shift to alternate sites of care
- Consumerism among patients driving demand for convenience
- 1,500 sales professionals dedicated to specialized sales, solutions and support

Innovate to Advance

- Enhancing manufacturer value proposition by providing access, efficiency and channel management
- Broadening our role in infusion services
- Introducing compelling programs and partnerships



Drive Superior Execution

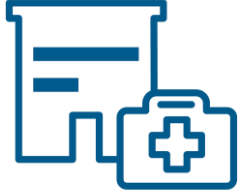
- Supporting customers by providing patient home delivery services to providers
- Lowering cost and increasing service with private fleet
- Providing the right product at the right time with 99.77% order accuracy

Deliver Enhanced Value

- Establishing exclusive partnerships with manufacturers
- Growing private label offerings
- Providing broad range of services from medical-surgical to Rx to Lab

Non-Acute Market Dynamics

Favorable Demographic and Market Trends



Shifting Sites of Care

- By 2020, **64%** of all surgeries will be performed outside the hospital¹
- Alternate site job growth is expected to be **3x to 8x** that of hospitals in the next ten years²
- Acquisition of non-acute to account for **84%** of all M&A in Health Systems in 2018²



Consumerism

- **48%** of patients research costs before seeing a healthcare provider³
- **71%** of providers report using telehealth solutions to some degree⁴

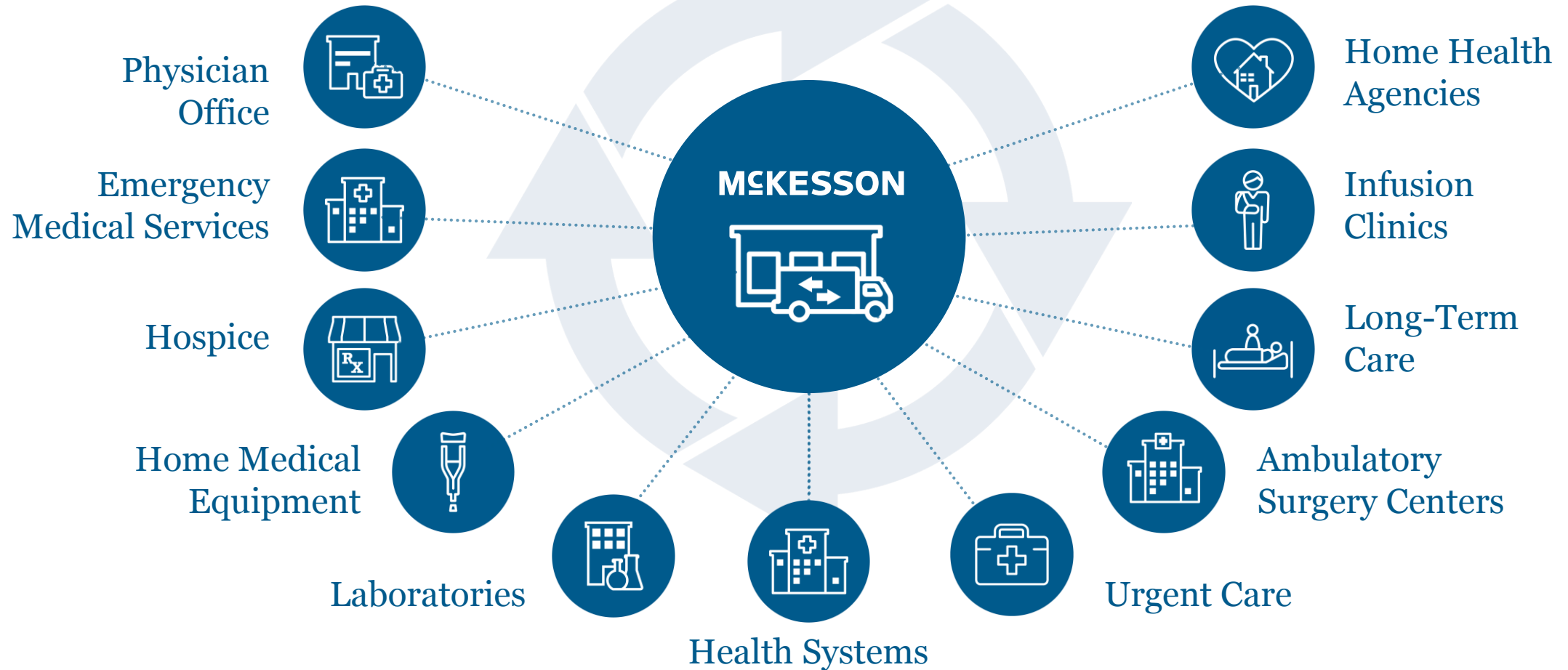
¹HIDA_2017-ASC-Market-Report

²Accenture, The Hidden Costs of Healthcare M&A Deals, 2018

³HIDA_2017-Physician-Market-Report

⁴HIMSS Analytics, April 2017

Leader Across Alternate Site Markets



Market Leader for the Ambulatory and Post-Acute Care Continuum

Specialized To Meet Customer Needs



“The non-acute side is a different ballgame. There’s a reason I want a non-acute specialist – like McKesson – handling my business.”

Senior Buyer, Health System Customer

Expanded Offerings To Support Customers



Rx Growth

>\$1B in sales

Selling vaccines and injectables
directly to providers



Private Label

>5,000 products

Recently introduced flu test kit
Global sourcing capabilities with
dedicated specialist team



Lab

Expanding footprint and leadership

Exclusive distribution for
physician and community
hospital lab products

Focusing On Our Manufacturer Value Proposition

Case Study: McKesson Exclusive Partnership with Sysmex



***77% of patients
prefer to receive lab
services at their
physician's office¹***



***First CLIA-waived
hematology analyzer
Provides complete blood
count analysis on site in as
little as three minutes***



***Available exclusively
through McKesson***

¹What Do Consumers Want from Primary Care? 10 Insights from the Primary Care Consumer Choice Survey, The Advisory Board Company, Marketing and Planning Leadership Council 2014

Expanding Specialty Footprint And Manufacturer Value Proposition

MSD Acquisition Complements Growth Initiative



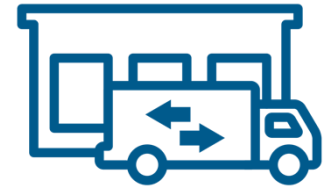
Patients

Enable more providers to deliver infusion services to patients in the comfort of home, a low-cost setting



Providers

Enhance McKesson's role and offering to providers operating in high-growth infusion technology



Manufacturers

Create opportunities for manufacturers to reach and monitor infusion care across all settings

MSD is a leader in alternate site infusion supply

McKesson Medical-Surgical

Improving Patient Care Delivery

*Focus on
the Patient*

*Drive Superior
Execution*

*Innovate
to Advance*

*Deliver Enhanced
Value*



Financial Update

Britt Vitalone

EVP, Chief Financial Officer

Improving Patient Care Delivery

More Than 185 Years of Driving Innovation and Growth

Attractive Healthcare Markets

- Macro demographics support continued growth of healthcare
- Payers and governments focused on access, affordability and quality
- Shift to value-based care

Driving Operational Efficiency and Leverage

- Scaled and highly-efficient distribution network
- Investment in automation enhances operational excellence
- Evolving our operating model will drive cost savings and increased efficiency



Well-Positioned Assets & Businesses

- Differentiated global sourcing strategy with an established private label platform
- Strong specialty presence with assets that serve the life cycle of a drug
- Owned and banner retail footprint with growing omnichannel presence

Creating and Delivering Shareholder Value

- Operating structure efficiencies fuel growth
- Value-enhancing M&A transactions that accelerate growth areas
- Capital allocation strategy balances investment in growth while returning cash to shareholders

FY18 Financial Highlights

Solid Performance Complemented by Meaningful Capital Deployment

Total Revenues
\$208.4B

Free Cash Flow¹
\$3.8B

Adjusted Earnings
\$12.62
per diluted share²

Total Capital Deployed
\$5.4B

¹Reflects non-GAAP measure defined as net cash provided by operating activities less property acquisitions and capitalized software expenditures. Property acquisitions and capitalized software expenditures were approximately \$0.6 billion in FY18.

²Reflects 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.

Executing Our Multi-Year Strategic Growth Initiative



Organic Growth

- **Sustainable growth supported by key strategy areas**
 - Manufacturer Value Proposition
 - Specialty Pharmaceuticals
 - Role of Retail Pharmacy
 - Data and Analytics



Free Cash Flow Conversion

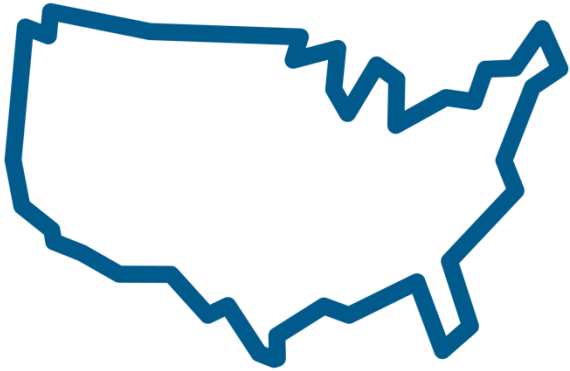
- **Free cash flow delivered through:**
 - Operational excellence
 - World-class tax and treasury capabilities
 - Strong operating performance



Balanced Capital Deployment

- **Drive long-term value and shareholder return**
 - Disciplined and balanced capital deployment
 - Maintain financial flexibility and drive long-term value

U.S. Pharmaceutical And Specialty Solutions



\$162.6B

FY18 Revenue

\$2.6B

FY18 Adjusted Op Profit¹

Full line distribution
Specialty distribution
Plasma and biologics
Infusion management
ClarusONE

Manufacturer services
Practice management
Hub services
Data and analytics
Pharmacy optimization

FY19 Outlook

Low- to mid-single digit revenue growth

Flat to down mid-single digit adjusted operating profit growth



¹Reflects 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.

European Pharmaceutical Solutions



\$27.3B

FY18 Revenue

\$340M

FY18 Adjusted Op Profit¹

Full line distribution
Private label
Hospital solutions
Home care

Owned retail
Banner retail
Digital channel
Online Doctor

FY19 Outlook

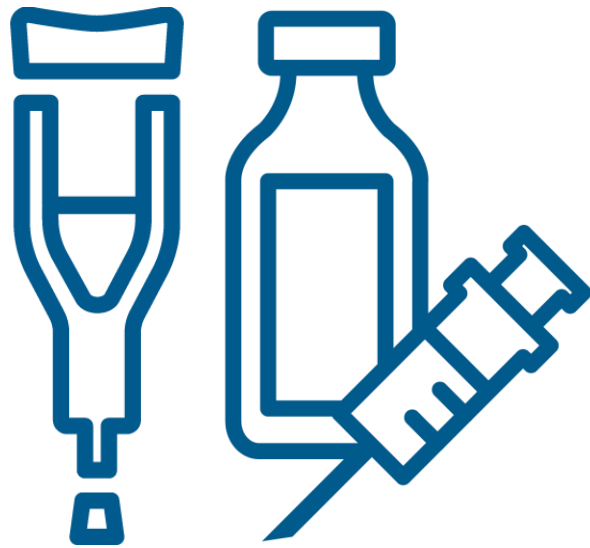
Flat to mid-single digit revenue growth

Flat to mid-single digit adjusted operating profit growth



¹Reflects 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.

Medical-Surgical Solutions



\$6.6B
FY18 Revenue

\$544M
FY18 Adjusted Op Profit¹

- >275K products
- Practice management
- Home medical equipment
- Lab and diagnostic services

- Manufacturer services
- Private label
- Physician office
- Home care

FY19 Outlook

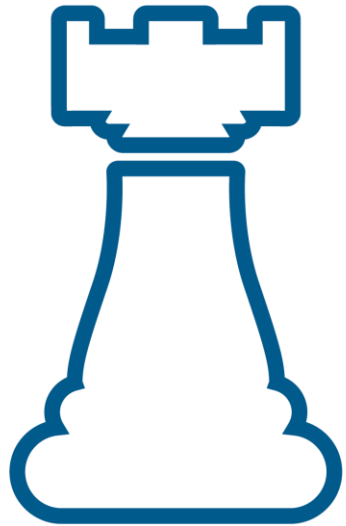
Low-double digit revenue growth

Mid- to high-single digit adjusted operating profit growth



¹Reflects 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.

Other



\$11.8B

FY18 Revenue

\$928M

FY18 Adjusted Op Profit¹

McKesson Canada

- Full line distribution
- Owned retail (Rexall)
- Banner retail

McKesson Prescription Technology Solutions (MRxTS)

Equity contribution from Change Healthcare

FY19 Outlook

Low-single digit revenue growth

*Flat adjusted operating profit;
includes gross headwind of
~\$100M to \$120M related to the
Canadian generic pricing
reductions*



¹Reflects 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.

Change Healthcare

FY19 Outlook:

Adjusted equity earnings growth in the low- to mid-single digits

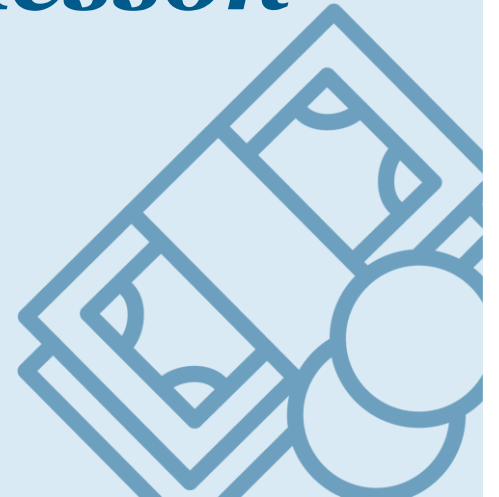


Synergy realization on track

Strong and scaled
technology businesses



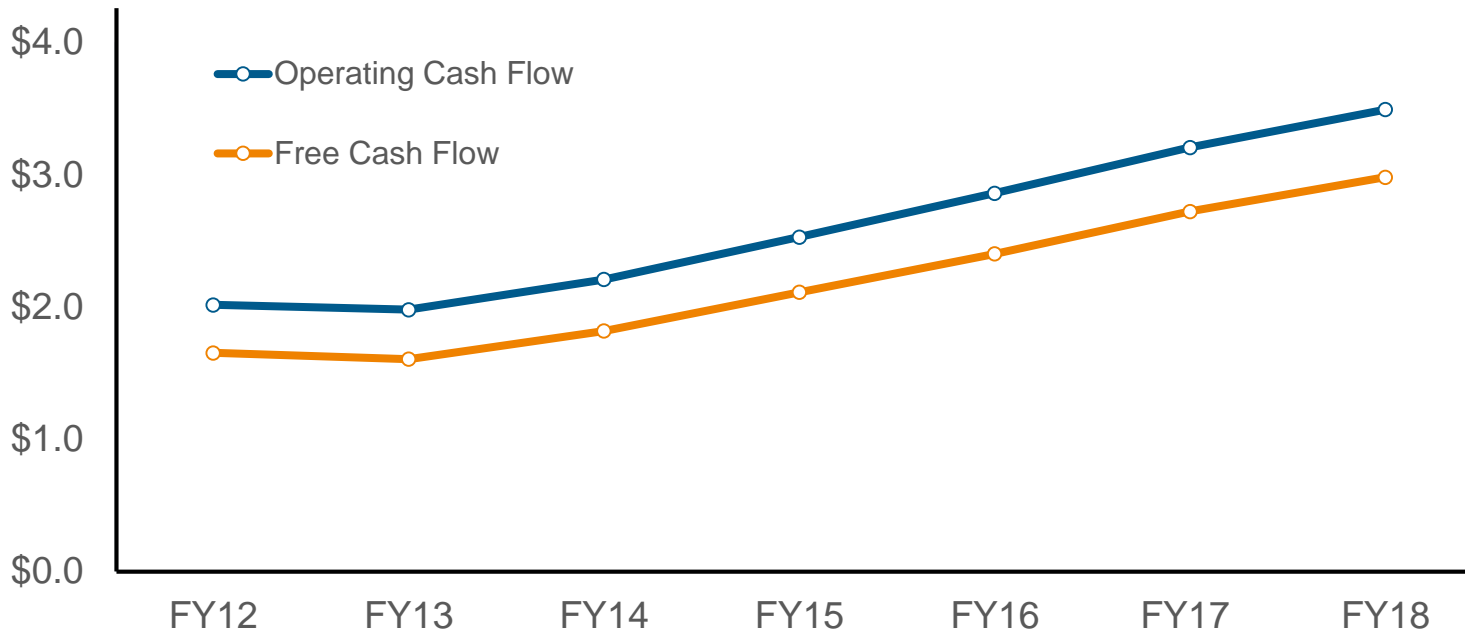
Evaluating timing and execution for
tax-efficient McKesson exit



Our Operating And Free Cash Flows Have Steadily Increased Over Time

7-Year Moving Average

(\$ Billions)



Free Cash Flow
FY12 – FY18

↑ 48%

Driven by:

Working capital efficiencies
Operating performance
Efficient capital investment

Free Cash Flow is a non-GAAP measure defined as net cash provided by operating activities less property acquisitions and capitalized software expenditures. Property acquisitions and capitalized software expenditures were approximately \$0.4 billion in FY12, FY13 and FY14; \$0.5 billion in FY15; \$0.7 billion in FY16; and \$0.6 billion in FY17 and FY18.

Disciplined Capital Allocation Strategy

Fiscal 2018 Free Cash Flow: \$3.8B

Investments in Growth: \$3.5B

Acquisitions	\$2.9B
Capital Expenditures	\$0.6B

Shareholder Returns: \$1.9B

Share Buybacks	\$1.7B
Dividends	\$0.3B

Maintaining Strong Credit Rating and Financial Flexibility
Reduction in Long-term Debt: \$0.8B

Note: Certain computations may reflect rounding adjustments

Platform Is In Place To Deliver Sustainable Growth



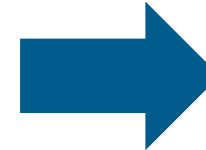
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Fiscal 2019 Adjusted Earnings Outlook



Full-Year Outlook

Reaffirming outlook of Adjusted Earnings per diluted share of \$13.00 to \$13.80



Quarterly Progression

Continue to expect the first half quarterly EPS progression to be similar to Fiscal 2018 and second half will have a stronger relative EPS contribution.



Q1 FY19 Early Read

Preliminary results anticipated to be in line with our plan; expect Adjusted Earnings per diluted share of approximately \$2.85 to \$2.95

Reflects non-GAAP information calculated on an Adjusted Earnings basis.

Improving Patient Care Delivery

*Attractive
Healthcare Markets*

*Well-Positioned
Assets & Businesses*



*Driving Operational
Efficiency and Leverage*

*Creating and Delivering
Shareholder Value*



Question and Answer

McKESSON

We Expect Fiscal 2019 Adjusted Earnings Per Diluted Share Of \$13.00 To \$13.80

The Fiscal 2019 outlook is based on the following key assumptions and is also subject to the Risk Factors outlined in our press release on May 24, 2018:

- McKesson to deliver mid-single digit percent revenue growth and down slightly to up mid-single digit percent adjusted income from operations growth in Fiscal 2019.
- U.S. Pharmaceutical and Specialty Solutions to deliver low- to mid-single digit percent revenue growth and flat to down mid-single digit percent adjusted operating profit growth in Fiscal 2019.
- European Pharmaceutical Solutions to deliver flat to mid-single digit percent revenue and adjusted operating profit growth in Fiscal 2019.
- Medical-Surgical Solutions is expected to deliver low-double digit percent revenue growth and mid- to high-single digit percent adjusted operating profit growth in Fiscal 2019.
- Other is expected to deliver low-single digit percent revenue growth and adjusted operating profit to be flat in Fiscal 2019, which includes a gross headwind of between \$100 million and \$120 million related to the generic pricing initiative the Canadian provincial governments enacted April 1, 2018, as well as the impact of an increase in minimum wage in multiple provinces.
- Adjusted equity earnings from the company's investment in Change Healthcare are expected to grow in the low- to mid-single digit percent in Fiscal 2019.
- Expect low-double digit percent decline in corporate expenses compared to Fiscal 2018.
- Interest expense is expected to decline year over year.
- The guidance range assumes a full-year adjusted tax rate of approximately 21% to 23%, which may vary from quarter to quarter.
- Income attributable to noncontrolling interests is expected to decline year over year.
- The company's ownership position in McKesson Europe is assumed to be approximately 77% for Fiscal 2019.
- Foreign currency exchange rate movements are assumed to have a net favorable impact of up to 10 cents per diluted share year over year.
- Commencing in Fiscal 2019, the company will provide free cash flow guidance. Free cash flow is expected to be approximately \$3.0 billion, which is net of expected property acquisitions and capitalized software expenditures of between \$600 million and \$800 million.
- Weighted average diluted shares used in the calculation of earnings per share are expected to be approximately 200 million for the year.

The company will not provide forward-looking guidance on a GAAP basis prospectively as McKesson is unable to provide a quantitative reconciliation of this forward-looking non-GAAP measure to the most directly comparable forward-looking GAAP measure, without unreasonable effort, because McKesson cannot reliably forecast LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring charges, and other adjustments, which are difficult to predict and estimate. These items are inherently uncertain and depend on various factors, many of which are beyond the company's control, and as such, any associated estimate and its impact on GAAP performance could vary materially.

McKESSON

GAAP To Non-GAAP Reconciliation: Fiscal 2018

McKESSEON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED EARNINGS (NON-GAAP)
(unaudited)
(in millions, except per share amounts)

	Year Ended March 31, 2018								Change Vs. Prior Period	
	As Reported (GAAP)	Amortization of Acquisition- Related Intangibles	Acquisition- Related Expenses and Adjustments	LIFO Inventory- Related Adjustments	Gains from Antitrust Legal Settlements	Restructuring Charges, Net	Other Adjustments, Net	Adjusted Earnings (Non-GAAP)	As Reported (GAAP)	Adjusted Earnings (Non-GAAP)
Gross profit	\$ 11,184	\$ -	\$ 14	\$ (99)	\$ -	\$ (1)	\$ -	\$ 11,098	(1) %	- %
Operating expenses ^{(1) (2) (3) (4)}	\$ (10,422)	\$ 503	\$ 68	\$ -	\$ -	\$ 680	\$ 1,571	\$ (7,600)	150 %	5 %
Other income, net ⁽⁵⁾	\$ 130	\$ 1	\$ 2	\$ -	\$ -	\$ -	\$ (43)	\$ 90	44 %	(11) %
Income (Loss) from equity method investment in Change Healthcare ⁽⁶⁾	\$ (248)	\$ 288	\$ 293	\$ -	\$ -	\$ -	\$ (61)	\$ 272	- %	- %
Loss on debt extinguishment ⁽⁷⁾	\$ (122)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122	\$ -	- %	- %
Income from continuing operations before income taxes	\$ 239	\$ 792	\$ 377	\$ (99)	\$ -	\$ 679	\$ 1,589	\$ 3,577	(97) %	(3) %
Income tax benefit (expense) ⁽⁸⁾	\$ 53	\$ (247)	\$ (124)	\$ 35	\$ -	\$ (89)	\$ (331)	\$ (703)	(103) %	(13) %
Income from continuing operations, net of tax, attributable to McKesson Corporation	\$ 62	\$ 545	\$ 253	\$ (64)	\$ -	\$ 590	\$ 1,258	\$ 2,644	(99) %	(5) %
Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation ⁽⁹⁾	\$ 0.30	\$ 2.60	\$ 1.20	\$ (0.31)	\$ -	\$ 2.82	\$ 6.01	\$ 12.62 ⁽¹⁰⁾	(99) %	1 %
Diluted weighted average common shares	209	209	209	209	-	209	209	209	(6) %	(6) %

Note: Please see footnote information on following slide

GAAP To Non-GAAP Reconciliation: Fiscal 2017

Year Ended March 31, 2017

	As Reported (GAAP)	Amortization of Acquisition- Related Intangibles	Acquisition- Related Expenses and Adjustments	LIFO Inventory- Related Adjustments	Gains from Antitrust Legal Settlements	Restructuring Charges, Net	Other Adjustments, Net	Adjusted Earnings (Non-GAAP)
Gross profit ⁽¹¹⁾	\$ 11,271	\$ 3	\$ 11	\$ (7)	\$ (144)	\$ (2)	\$ -	\$ 11,132
Operating expenses ^{(12) (13)}	\$ (4,162)	\$ 440	\$ (3,807)	\$ -	\$ -	\$ 26	\$ 269	\$ (7,234)
Other income, net	\$ 90	\$ 1	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 101
Income from continuing operations before income taxes	\$ 6,891	\$ 444	\$ (3,786)	\$ (7)	\$ (144)	\$ 24	\$ 269	\$ 3,691
Income tax expense	\$ (1,614)	\$ (135)	\$ 887	\$ 3	\$ 56	\$ (8)	\$ -	\$ (811)
Income from continuing operations, net of tax, attributable to McKesson Corporation	\$ 5,194	\$ 309	\$ (2,899)	\$ (4)	\$ (88)	\$ 16	\$ 269	\$ 2,797
Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation ⁽⁹⁾	\$ 23.28	\$ 1.39	\$ (13.00)	\$ (0.01)	\$ (0.39)	\$ 0.07	\$ 1.20	\$ 12.54
Diluted weighted average common shares	223	223	223	223	223	223	223	223

⁽¹¹⁾ 2018, as reported under GAAP, includes a pre-tax gain of \$37 million (\$22 million after-tax) recognized in the first quarter of 2018 related to the final net working capital settlement and other adjustments from the 2017 fourth quarter Healthcare Technology Net Asset Exchange within our Technology Solutions segment.

⁽¹²⁾ 2018, as reported under GAAP, includes non-cash goodwill impairment charges (pre-tax and after-tax) of \$1,283 million for our McKesson Europe reporting unit and \$455 million for our Rexall Health reporting unit. The 2018 goodwill impairment charges are recorded within our Distribution Solutions segment.

⁽¹³⁾ 2018, as reported under GAAP, includes non-cash pre-tax asset impairment charges of \$479 million (\$443 million after-tax) and a pre-tax restructuring charge of \$74 million (\$67 million after-tax) primarily representing employee severance and lease exit costs. These charges are included within our Distribution Solutions segment.

⁽¹⁴⁾ 2018, as reported under GAAP, includes a pre-tax gain of \$109 million (\$30 million after-tax) recognized from the 2018 third quarter sale of our EIS business within our Technology Solutions segment.

⁽¹⁵⁾ 2018, as reported under GAAP, includes a pre-tax gain of \$43 million (\$26 million after-tax) recognized from the 2018 second quarter sale of an equity method investment within our Distribution Solutions segment.

⁽¹⁶⁾ The amortization of equity investment intangibles and other acquired intangibles of \$288 million is included in our proportionate share of the income (loss) from our equity method investment in Change Healthcare. 2018, as reported under GAAP, includes our proportionate share of benefits recognized by Change Healthcare related to the 2017 Tax Act of \$76 million.

⁽¹⁷⁾ 2018, as reported under GAAP, includes a pre-tax loss of \$122 million (\$78 million after-tax) on debt extinguishment related to our February 2018 tender offers to redeem a portion of our existing debt.

⁽¹⁸⁾ 2018, as reported under GAAP, includes net discrete tax benefits of \$424 million related to the 2017 Tax Act.

⁽¹⁹⁾ Certain computations may reflect rounding adjustments.

⁽¹⁰⁾ Adjusted Earnings per share on a Constant Currency basis for 2018 was \$12.56 per diluted share, which excludes the foreign currency exchange effect of \$0.06 per diluted share.

⁽¹¹⁾ 2017, as reported under GAAP, includes \$144 million of net cash proceeds primarily received in the first quarter of 2017 representing our share of antitrust legal settlements within our Distribution Solutions segment.

⁽¹²⁾ 2017, as reported under GAAP, includes a non-cash pre-tax goodwill impairment charge of \$290 million (\$282 million after-tax) recognized in the second quarter of 2017 for our EIS reporting unit within our Technology Solutions segment.

⁽¹³⁾ 2017, as reported under GAAP, includes a pre-tax gain of \$3,947 million (\$3,018 million after-tax), net, recognized from the 2017 fourth quarter Healthcare Technology Net Asset Exchange within our Technology Solutions segment.

GAAP To Non-GAAP Reconciliation: Fiscal 2018 And Fiscal 2017

McKESON CORPORATION
RECONCILIATION OF GAAP SEGMENT FINANCIAL RESULTS TO ADJUSTED EARNINGS (NON-GAAP)
(unaudited)
(in millions)

	Year Ended March 31, 2018			Year Ended March 31, 2017			GAAP		Non-GAAP		Change			
	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	Foreign Currency Effects	Constant Currency	Foreign Currency Effects	Constant Currency	As Reported (GAAP)	Adjusted Earnings (Non-GAAP)	Constant Currency (GAAP)	Constant Currency (Non-GAAP)
REVENUES														
Distribution Solutions														
North America pharmaceutical distribution & services	\$ 174,188	\$ -	\$ 174,188	\$ 164,832	\$ -	\$ 164,832	\$ (252)	\$ 173,934	\$ (252)	\$ 173,934	6 %	6 %	6 %	6 %
International pharmaceutical distribution & services	27,320	-	27,320	24,847	-	24,847	(1,324)	25,996	(1,324)	25,996	10	10	5	5
Medical-Surgical distribution & services	6,611	-	6,611	6,244	-	6,244	-	6,611	-	6,611	6	6	6	6
Total Distribution Solutions	208,117	-	208,117	195,923	-	195,923	(1,576)	206,541	(1,576)	206,541	6	6	5	5
Technology Solutions - Products and Services	240	-	240	2,610	-	2,610	-	240	-	240	(91)	(91)	(91)	(91)
Revenues	\$ 208,357	\$ -	\$ 208,357	\$ 198,533	\$ -	\$ 198,533	\$ (1,576)	\$ 206,781	\$ (1,576)	\$ 206,781	5 %	5 %	4 %	4 %
GROSS PROFIT														
Distribution Solutions ⁽¹⁾	\$ 11,064	\$ (87)	\$ 10,977	\$ 9,856	\$ (140)	\$ 9,716	\$ (136)	\$ 10,928	\$ (136)	\$ 10,841	12 %	13 %	11 %	12 %
Technology Solutions	120	1	121	1,415	1	1,416	-	120	-	121	(92)	(91)	(92)	(91)
Gross profit	\$ 11,184	\$ (86)	\$ 11,098	\$ 11,271	\$ (139)	\$ 11,132	\$ (136)	\$ 11,048	\$ (136)	\$ 10,962	(1) %	- %	(2) %	(2) %
OPERATING EXPENSES														
Distribution Solutions ⁽²⁾⁽³⁾	\$ (9,953)	\$ 2,970	\$ (6,983)	\$ (8,559)	\$ 554	\$ (6,005)	\$ 336	\$ (9,617)	\$ 118	\$ (6,885)	52 %	16 %	47 %	14 %
Technology Solutions ⁽³⁾⁽⁴⁾⁽⁵⁾	104	(194)	(90)	2,799	(3,622)	(823)	-	104	-	(90)	(96)	(89)	(96)	(89)
Corporate	(573)	46	(527)	(402)	(4)	(406)	(1)	(574)	(1)	(528)	43	30	43	30
Operating expenses	\$ (10,422)	\$ 2,822	\$ (7,600)	\$ (4,162)	\$ (3,072)	\$ (7,234)	\$ 335	\$ (10,087)	\$ 117	\$ (7,483)	150 %	5 %	142 %	3 %

Note: Please see footnote information on following slide

GAAP To Non-GAAP Reconciliation: Fiscal 2018 And Fiscal 2017 (continued)

	Year Ended March 31, 2018			Year Ended March 31, 2017			GAAP		Non-GAAP		Change			
	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	Foreign Currency Effects	Constant Currency	Foreign Currency Effects	Constant Currency	As Reported (GAAP)	Adjusted Earnings (Non-GAAP)	Constant Currency (GAAP)	Constant Currency (Non-GAAP)
OTHER INCOME, NET														
Distribution Solutions ⁽⁶⁾	\$ 120	\$ (40)	\$ 80	\$ 64	\$ 11	\$ 75	\$ (3)	\$ 117	\$ (4)	\$ 78	88 %	7 %	83 %	1 %
Technology Solutions	1	-	1	1	-	1	-	1	-	1	-	-	-	-
Corporate	9	-	9	25	-	25	-	9	-	9	(64)	(64)	(64)	(64)
Other income, net	\$ 130	\$ (40)	\$ 90	\$ 90	\$ 11	\$ 101	\$ (3)	\$ 127	\$ (4)	\$ 88	44 %	(11) %	41 %	(15) %
INCOME (LOSS) FROM EQUITY METHOD INVESTMENT IN CHANGE HEALTHCARE - Technology Solutions	\$ (248)	\$ 520	\$ 272	\$ -	\$ -	\$ -	\$ -	\$ (248)	\$ -	\$ 272	- %	- %	- %	- %
OPERATING PROFIT (LOSS)														
Distribution Solutions ^{(1) (2) (3) (6)}	\$ 1,231	\$ 2,843	\$ 4,074	\$ 3,381	\$ 425	\$ 3,786	\$ 197	\$ 1,428	\$ (22)	\$ 4,052	(63) %	8 %	(58) %	7 %
Technology Solutions ^{(3) (4) (5) (8)}	(23)	327	304	4,215	(3,621)	594	-	(23)	-	304	(101)	(49)	(101)	(49)
Operating profit	1,208	3,170	4,378	7,576	(3,196)	4,380	197	1,405	(22)	4,356	(84)	-	(81)	(1)
Corporate	(564)	46	(518)	(377)	(4)	(381)	(1)	(565)	(1)	(519)	50	36	50	36
Income from continuing operations before interest expense and income taxes	\$ 644	\$ 3,216	\$ 3,860	\$ 7,199	\$ (3,200)	\$ 3,999	\$ 196	\$ 840	\$ (23)	\$ 3,837	(91) %	(3) %	(88) %	(4) %
STATISTICS														
Operating profit as a % of revenues														
Distribution Solutions	0.59 %		1.96 %	1.72 %		1.93 %		0.69 %		1.96 %	(113) bp	3 bp	(103) bp	3 bp
Adjusted operating profit excluding noncontrolling interests as a % of revenues														
Distribution Solutions ⁽⁷⁾			1.87 %			1.91 %				1.87 %		(4) bp		(4) bp

⁽¹⁾ 2017, as reported under GAAP, includes \$144 million of net cash proceeds primarily received in the first quarter of 2017 representing our share of antitrust legal settlements within our Distribution Solutions segment.

⁽²⁾ 2018, as reported under GAAP, includes non-cash pre-tax asset impairment charges of \$479 million (\$443 million after-tax) and a pre-tax restructuring charge of \$74 million (\$67 million after-tax) primarily representing employee severance and lease exit costs. These charges are included within our Distribution Solutions segment.

⁽³⁾ 2018, as reported under GAAP, includes non-cash goodwill impairment charges (pre-tax and after-tax) of \$1,283 million for our McKesson Europe reporting unit and \$455 million for our Rexall Health reporting unit. The 2018 goodwill impairment charges are recorded within our Distribution Solutions segment. 2017, as reported under GAAP, includes the 2017 second quarter non-cash pre-tax goodwill impairment charge of \$290 million (\$282 million after-tax) for our EIS reporting unit within the Technology Solutions segment.

⁽⁴⁾ 2018, as reported under GAAP, includes a pre-tax gain of \$37 million (\$22 million after-tax) recognized in the first quarter of 2018 related to the final net working capital settlement and other adjustments from the 2017 fourth quarter Healthcare Technology Net Asset Exchange within our Technology Solutions segment. 2017, as reported under GAAP, includes a pre-tax gain of \$3,947 million (\$3,018 million after-tax), net, recognized from the 2017 fourth quarter Healthcare Technology Net Asset Exchange within our Technology Solutions segment.

⁽⁵⁾ 2018, as reported under GAAP, includes a pre-tax gain of \$109 million (\$30 million after-tax) recognized from the 2018 third quarter sale of our EIS reporting unit within the Technology Solutions segment.

⁽⁶⁾ 2018, as reported under GAAP, includes a pre-tax gain of \$43 million (\$26 million after-tax) recognized from the 2018 second quarter sale of an equity method investment within our Distribution Solutions segment.

⁽⁷⁾ Our Distribution Solutions segment's noncontrolling interests primarily include the third-party equity interests related to ClarusONE Sourcing Services LLP and Vantage Oncology Holdings, LLC.

⁽⁸⁾ Operating profit for our Technology Solutions segment for 2018 includes only our EIS business, the gain on sale of our EIS business, as reported under GAAP, and our proportionate share of income (loss) from our equity method investment in Change Healthcare. 2017 operating profit for this segment also included the Core MTS Business, which was contributed to the Change Healthcare joint venture in the fourth quarter of 2017.

GAAP To Non-GAAP Reconciliation: Historical Supplemental Information For Fiscal 2018, Fiscal 2017 And Fiscal 2016

McKESSON CORPORATION
RECONCILIATION OF GAAP SEGMENT FINANCIAL RESULTS TO ADJUSTED EARNINGS (NON-GAAP) SUPPLEMENTAL
FOR FISCAL 2016 - 2018
(unaudited)
(in millions)

	Year Ended March 31, 2018			Year Ended March 31, 2017			Year Ended March 31, 2016		
	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)
REVENUES									
U.S. Pharmaceutical and Specialty Solutions	\$ 162,587	\$ -	\$ 162,587	\$ 155,236	\$ -	\$ 155,236	\$ 149,222	\$ -	\$ 149,222
European Pharmaceutical Solutions	27,320	-	27,320	24,847	-	24,847	23,497	-	23,497
Medical-Surgical Solutions	6,611	-	6,611	6,244	-	6,244	6,033	-	6,033
Other ⁽¹⁾	11,839	-	11,839	12,206	-	12,206	12,132	-	12,132
Revenues	<u>\$ 208,357</u>	<u>\$ -</u>	<u>\$ 208,357</u>	<u>\$ 198,533</u>	<u>\$ -</u>	<u>\$ 198,533</u>	<u>\$ 190,884</u>	<u>\$ -</u>	<u>\$ 190,884</u>
OPERATING PROFIT									
U.S. Pharmaceutical and Specialty Solutions	\$ 2,535	\$ 31	\$ 2,566	\$ 2,488	\$ (2)	\$ 2,486	\$ 2,879	\$ 296	\$ 3,175
European Pharmaceutical Solutions	(1,681)	2,021	340	173	262	435	149	310	459
Medical-Surgical Solutions	461	83	544	401	86	487	280	123	403
Other ^{(1) (2)}	(107)	1,035	928	4,514	(3,542)	972	764	119	883
Operating profit	<u>1,208</u>	<u>3,170</u>	<u>4,378</u>	<u>7,576</u>	<u>(3,196)</u>	<u>4,380</u>	<u>4,072</u>	<u>848</u>	<u>4,920</u>
Corporate	<u>(564)</u>	<u>46</u>	<u>(518)</u>	<u>(377)</u>	<u>(4)</u>	<u>(381)</u>	<u>(469)</u>	<u>19</u>	<u>(450)</u>
Income from continuing operations before interest expense and income taxes	<u>\$ 644</u>	<u>\$ 3,216</u>	<u>\$ 3,860</u>	<u>\$ 7,199</u>	<u>\$ (3,200)</u>	<u>\$ 3,999</u>	<u>\$ 3,603</u>	<u>\$ 867</u>	<u>\$ 4,470</u>
OPERATING PROFIT AS A % OF REVENUES									
U.S. Pharmaceutical and Specialty Solutions	1.56 %		1.58 %	1.60 %		1.60 %	1.93 %		2.13 %
European Pharmaceutical Solutions	(6.15)		1.24	0.70		1.75	0.63		1.95
Medical-Surgical Solutions	6.97		8.23	6.42		7.80	4.64		6.68

Note: Please see footnote information on following slide

GAAP To Non-GAAP Reconciliation: Historical Supplemental Information For Fiscal 2018, Fiscal 2017 And Fiscal 2016 (continued)

- (1) Other primarily includes the results of our McKesson Canada, McKesson Prescription Technology Solutions and Enterprise Information Solutions ("EIS") businesses in 2018. Other primarily includes the results of McKesson Canada, McKesson Prescription Technology Solutions and our McKesson Technology Solutions ("MTS") segment in 2017 and 2016. In the fourth quarter of 2017, we contributed the majority of our MTS businesses to form a joint venture, Change Healthcare, LLC.
- (2) Operating profit also includes the gain on the 2018 third quarter sale of our EIS business, as reported under GAAP, and our proportionate share of income (loss) from our equity method investment in Change Healthcare. Our equity method investment in Change Healthcare includes amortization of acquisition-related intangibles which is included in our proportionate share of the income (loss) from this equity method investment. Operating profit also includes the net gain, as reported under GAAP, recognized from the Healthcare Technology Net Asset Exchange in the fourth quarter of 2017.

Supplemental Non-GAAP Financial Information

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 Corporation (the "Company" or "we") also presents the following Non-GAAP measures in this press release. 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, Last-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 expenses of intangible assets directly related to business combinations and/or the formation of joint ventures and equity method investments.

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 or 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 antitrust lawsuit settlements.

Restructuring charges - Non-acquisition related restructuring charges that are incurred for 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. These restructuring charges are reflected under various captions within our operating expenses.

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 dispositions of assets; asset impairments; adjustments to claim and litigation reserves for estimated probable losses; certain discrete benefits related to the December 2017 enactment of the 2017 Tax Cuts and Jobs Act; gains or losses from debt extinguishment; and other similar substantive and/or infrequent 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)

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.

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 internationally 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. 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.