McKESSON
Empowering Healthcare

Lazard Capital Markets
6th Annual Healthcare Conference
November 18, 2009

Jeff Campbell
Executive Vice President and Chief Financial Officer

Safe Harbor Clause

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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.

McKesson At-A-Glance

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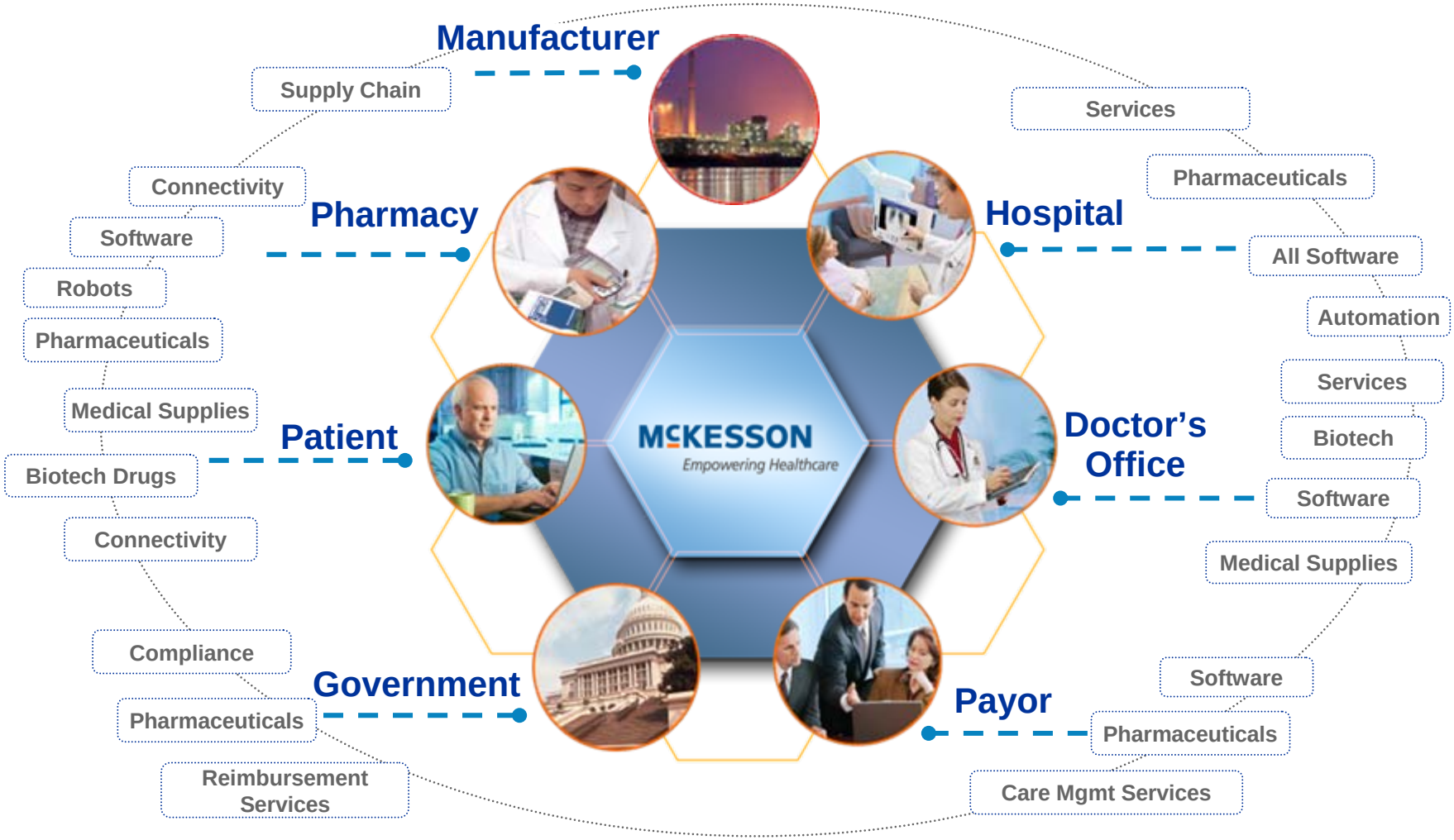
- $107 billion in revenues in FY09
- Two segments: Distribution Solutions and Technology Solutions
- FY10 EPS Guidance Range - $4.45-$4.60
- More than 32,000 employees
- 268 million diluted shares outstanding
- $17 billion market cap
- Founded 1833, headquartered in San Francisco

McKesson Sits at the Center of Healthcare…



…Giving Us Leadership Positions in Both Segments

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McKesson Distribution Solutions

- #1 in pharmaceutical distribution in U.S., Canada, and Mexico
- #1 generics distributor
- #2 in rapidly growing specialty distribution & services market
- 2,000+ Health Mart retail pharmacy franchisees
- Comprehensive retail information systems and automation offerings
- #1 in medical-surgical distribution to alternate care sites

McKesson Technology Solutions

- 50% of all U.S. hospitals, 77% of those >200 beds
- Leader in clinical, revenue cycle, and resource management solutions
- Leading RelayHealth claims processing and connectivity business with > $1 trillion in transactions annually
- 100,000+ physician customers
- #1 in hospital automation
- #1 in medical management software and services for Payors
- #1 in disease management for Medicaid agencies

We Have a Track Record of Steady Revenue Growth…

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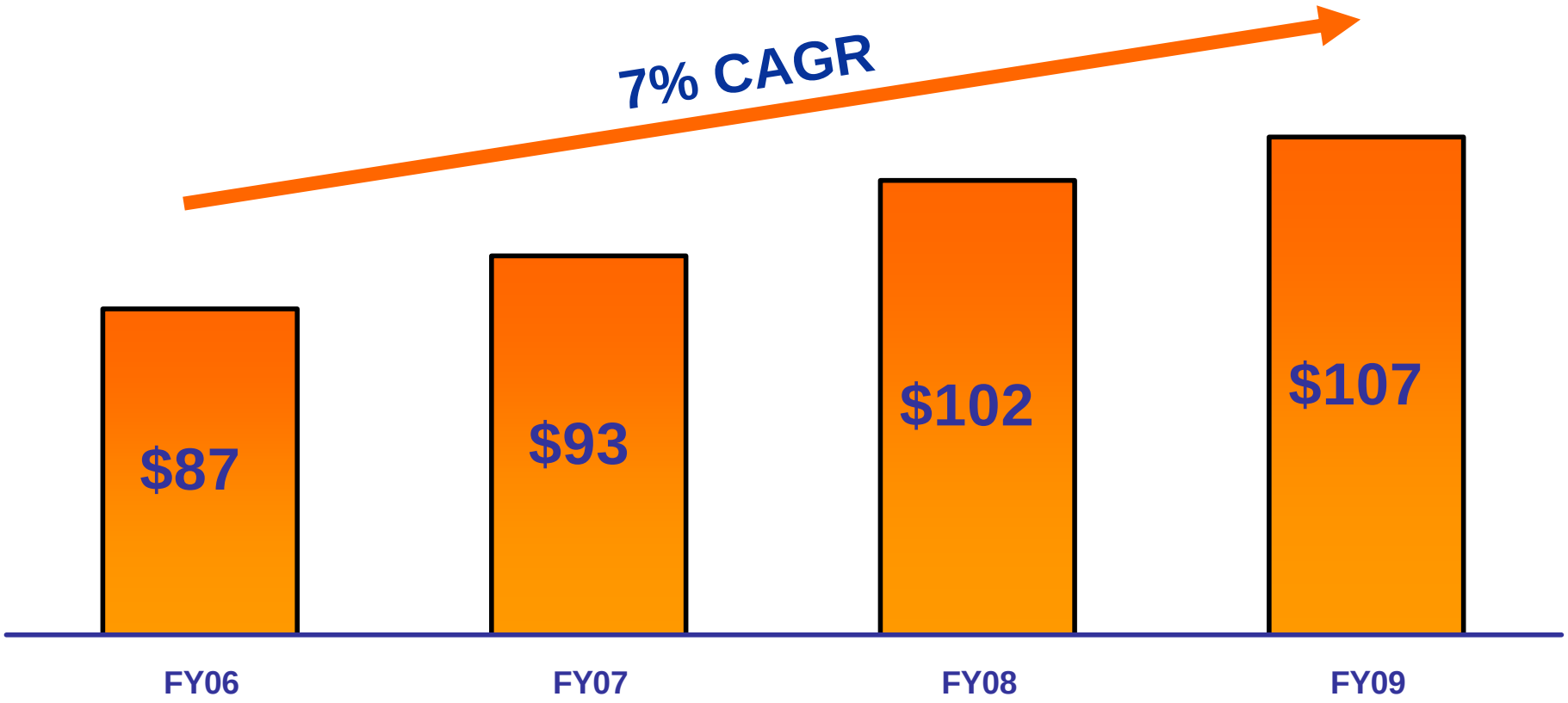
$ Billions



…That We Have Leveraged into Higher EPS Growth (from continuing operations)*

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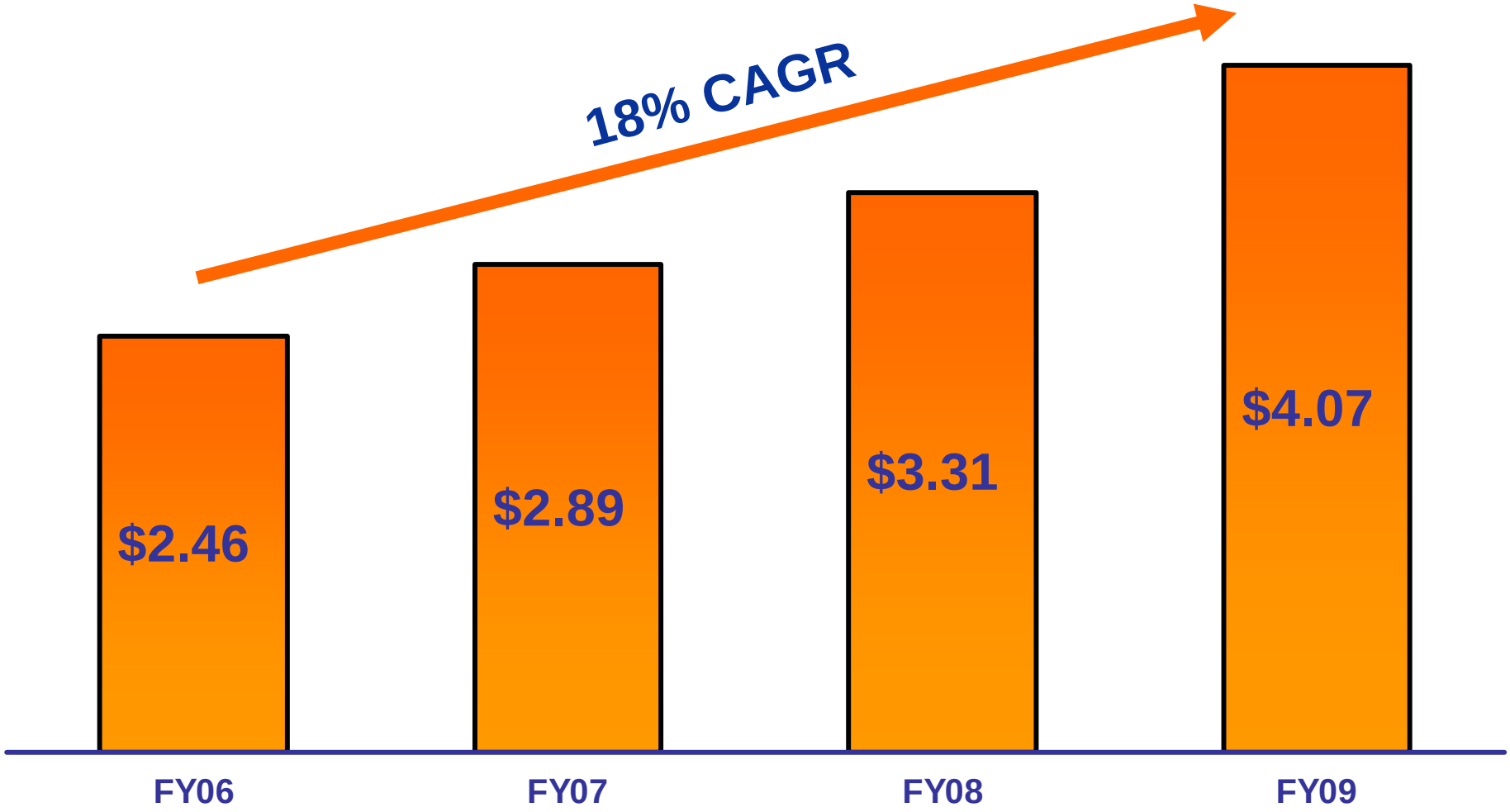

* Diluted EPS from continuing operations, excluding Litigation charges/(credits).

Strong Results to First Half Fiscal Year 2010…

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($ in Millions except EPS)

	Six Months Ended September 30,		
	2009	2008	*Chg*
Revenues			
Distribution Solutions	$ 52,254	$ 51,772	*1%*
Technology Solutions	1,533	1,506	*2%*
	$ 53,787	$ 53,278	*1%*
Operating Profit			
Distribution Solutions	$ 845	$ 790	*7%*
Technology Solutions	219	137	*60%*
	$ 1,064	$ 927	*15%*
Income*	$ 577	$ 562	*3%*
Diluted EPS*	$ 2.12	$ 2.00	*6%*

** Income and Diluted EPS excluding the litigation credit*

…Were Driven by Strong Performance Across the Entire Company

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- Aggressive cost management in both segments of our business
- Solid levels of compensation from our agreements with branded pharmaceutical manufacturers
- In addition to branded pharmaceuticals, focus on higher-margin products and services
  - Continued profit growth in proprietary generics program
  - Synergies across all businesses through global sourcing initiatives
- Increased demand related to the flu season
- Strong cash flow generation in the first half

Portfolio Approach to Capital Deployment Allows Value Creation for Stockholders

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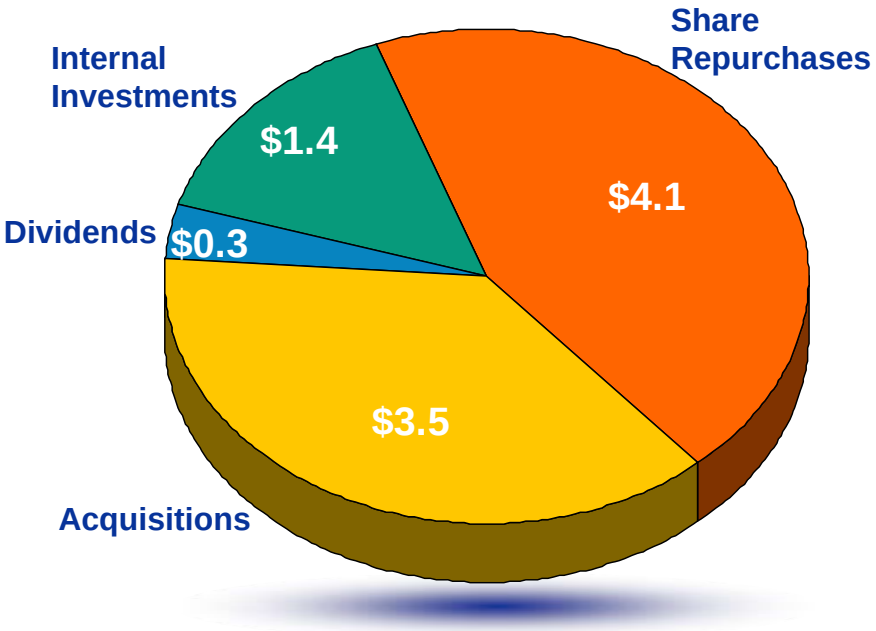
$9.3 Billion of Capital Deployed from FY06 – FY09



- Acquisitions
  - Synergistic opportunities
  - Accretive and value creating
- Measured share repurchase over time
- Internal investment
- Dividend policy periodically reviewed

Financial strength and flexibility to continue to execute our strategy

McKesson Drives Sustained Value Creation

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- Attractive markets
  - Demographics drive long-term demand
  - Public policy agenda supports greater access and improved efficiency
- Well-positioned businesses
  - Solid operating profit and cash flow strength from distribution segment
  - Diversified technology segment positioned for growth
- Steady track record of delivering results and a balanced approach to capital deployment
- Strong balance sheet and solid liquidity position
- Experienced and tenured management team

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Diluted EPS Reconciliation

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(In millions, except EPS)	YTD Ended 9/30/09	FY09	FY08	FY07	FY06*
Income from continuing operations - as reported	$ 589	$ 823	$ 989	$ 968	$ 745
Exclude:					
Litigation charges (credits), net	(20)	493	(5)	(6)	45
Estimated income tax expense (benefit)	8	(182)	2	2	(15)
Income tax reserve reversal on Litigation charge	-	-	-	(83)	-
Litigation charges (credits), net of tax	(12)	311	(3)	(87)	30
Income from continuing operations excluding Litigation charges (credits), net	$ 577	$ 1,134	$ 986	$ 881	$ 775
Diluted earnings per common share from continuing operations, excluding the Litigation charges (credits), net	$ 2.12	$ 4.07	$ 3.31	$ 2.89	$ 2.46
Shares on which diluted earnings per common share were based	272	279	298	305	316

• For purposes of calculating diluted earnings per share excluding the Securities Litigation charge for the year ended March 31, 2006, interest expense net of related taxes, of $1 million, was added to net income. This adjustment reflects the impact of the Company's potentially dilutive obligations.