
Michele Lau

Senior Vice President, Corporate Secretary & Associate General Counsel

June 13, 2018

Patrick Doherty
Director, Corporate Governance
Office of the New York State Comptroller
59 Maiden Lane – 30th Floor
New York, NY 10038

Christine Shaw
Chief Compliance Officer & Assistant Treasurer for Policy
State of Connecticut, Office of the Treasurer
55 Elm Street
Hartford, CT 06106

Dear Mr. Doherty and Ms. Shaw:

We appreciate your time in talking with us recently and found the discussion to be very useful in reinforcing our mutual interests. We share your deep concern about the impact the opioid crisis is having on families and communities across the country. McKesson and its Board care deeply about this issue, and we agree that it is important to continue to inform the public about the steps the Company is taking as a distributor of prescription medications and beyond, in response to this critical public health issue.

We welcome the opportunity to engage with shareholders like yourselves. As we have demonstrated through our outreach, we have an established program to actively engage with shareholders and other stakeholders who are interested in McKesson's response to the opioid crisis. We agree with you that our Board and the Company must remain acutely focused on continuing our efforts to be an essential partner in addressing the epidemic.

The shareholder proposal submitted to the Company requested a report describing the Board's oversight of risks related to the opioid crisis. As we discussed, we believe the work of our Board over the last year substantially addresses the goals of your proposal. Below please find a roadmap to the actions we have taken and the path we see going forward as we partner with you and other stakeholders to tackle this issue.

McKesson's Board Made Public its Special Review Committee Findings and Recommendations

In April 2018, we publicly announced the findings and recommendations of the Board's Special Review Committee (SRC), which was initiated in response to a shareholder request. The SRC was composed of three independent directors and assisted by an independent law firm. The scope of the investigation focused on determining senior management's and the Board's oversight of compliance with the Company's legal and regulatory obligations relating to the distribution of opioids between 2008 to 2015. The report can be found [here](#) and directly addresses many of the issues raised in the shareholder proposal.

The SRC found that both senior management and the Board acted in good faith during that time period, but made several recommendations to further strengthen our compliance framework. The SRC shared the conclusions and discussed the report at length with the Board. As a result, the Board enhanced its oversight procedures related to opioid distribution, the Company's anti-diversion program, and pending lawsuits and investigations, and reiterated the importance of compliance in its compensation determinations for our executives.

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McKesson Will Continue to Publicly Disclose Timely Information About Fighting Opioid Abuse

We demonstrate our commitment to providing appropriate disclosure and to corporate social responsibility through our "*Fighting the Opioid Crisis*" [webpage](#) on our corporate website. We update this site on a regular basis to share information about our efforts to help address this national public health epidemic. The site represents a unique opportunity to explain our detailed focus and specific efforts, and shareholder feedback to the site has been positive.

McKesson Will Annually Report on Company Initiatives to Help Address Opioid Abuse

McKesson will publicly report each year on the progress we're making on the following Company initiatives to help address opioid abuse:

- Expedite development of a national prescription safety-alert system
- Facilitate e-prescribing to reduce fraudulent or counterfeit prescriptions
- Support limited-dose packaging to diminish the potential for unused product
- Fast-track distribution of new, non-opioid pain medications
- Provide complimentary pharmacist training developed by third parties

We believe such a report will help others in the supply chain and public officials as we share our learnings and insights.

New \$100 Million Foundation is Expected to Publicly Report on Its Progress

In addition, McKesson formed a new foundation dedicated solely to combatting the opioid crisis, to which we committed \$100 million. The non-profit organization is expected to focus on educating patients, caregivers, and providers, while addressing key policy issues, and increasing access to life-saving treatments, such as opioid overdose reversal medications. The foundation will be overseen by a newly-formed board with a majority of outside directors, including healthcare and subject matter experts, and we anticipate they will establish a reporting cadence on progress against their strategic initiatives.

McKesson is Committed to Transparency Regarding Its Political Contributions

McKesson believes that transparency and accountability with respect to political expenditures are important. In 2017, the Governance Committee of our Board approved increased disclosure and additional Board oversight with respect to the Company's political activity. We voluntarily disclose corporate political contributions and trade associations to which payments exceed \$50,000. We also prohibit trade organizations from using corporate dollars for political purposes. The 2017 CPA-Zicklin Index of Corporate Political Disclosure and Accountability lists the Company as a "Trendsetter" and named McKesson a "Most Improved" company for increasing its transparency score.

Committed to Working Together

McKesson's Board of Directors recognizes that the opioid epidemic is a serious national crisis and agrees that the Company has an important role to play to help as the nation collectively works to find solutions.

Meaningful solutions require the partnership of doctors, pharmacists, distributors, manufacturers, payers, policymakers, and regulators. We outline our policy recommendations in our two white papers [here](#), and have engaged with hundreds of lawmakers and other stakeholders to discuss our proposals. In addition, the Board has broadened its oversight role in this area. We are committed to maintaining – and continuously enhancing – strong programs designed to detect and prevent opioid diversion within the pharmaceutical supply chain. We also intend to continue to engage with stakeholders, including shareholders like yourselves, to publicly disclose our ongoing initiatives, new ideas and the progress made, and to continue our efforts to advocate for the changes we believe will help address many of the foundational issues contributing to this crisis.

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We have outlined above a report already issued by an independent board committee, our work to advance our policy recommendations, a website devoted to ongoing updates, an annual report on the Company's key initiatives focused on the crisis, an expectation that the new foundation we created will also provide public information about its work, and continued disclosure around political activities. All of these efforts demonstrate our commitment to dedicate meaningful resources to helping curtail the crisis and to continued transparency about those actions. We believe that this is consistent with the objectives in your proposal.

We thank you for your interest in this critical issue and look forward to future engagement with you and others on this topic.

Sincerely,



Michele Lau
Senior Vice President, Corporate Secretary &
Associate General Counsel
McKesson Corporation

cc: Thomas P. DiNapoli, State Comptroller, State of New York
Denise L. Nappier, State Treasurer, State of Connecticut
John H. Hammergren, Chairman, President and Chief Executive Officer, McKesson Corporation
Edward A. Mueller, Lead Independent Director, McKesson Corporation