UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____ to _____

Commission File Number: 1-13252



McKESSON CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**94-3207296**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

6555 State Hwy 161,
Irving, TX 75039
(Address of principal executive offices, including zip code)
(972) 446-4800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	*(Trading Symbol)*	*(Name of each exchange on which registered)*
Common stock, $0.01 par value	**MCK**	**New York Stock Exchange**
3.125% Notes due 2029	**MCK29**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date 115,456,664 shares of the issuer's common stock were outstanding as of October 30, 2026.

McKESSON CORPORATION

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McKESSON CORPORATION

PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Revenues	$ 110,957	$ 103,150	$ 216,337	$ 200,977
Cost of sales	(107,001)	(99,608)	(208,696)	(194,156)
Gross profit	3,956	3,542	7,641	6,821
Selling, distribution, general, and administrative expenses	(2,269)	(2,074)	(4,533)	(4,270)
Claims and litigation charges, net	2	2	36	2
Restructuring, impairment, and related charges, net	(85)	(63)	(221)	(110)
Total operating expenses	(2,352)	(2,135)	(4,718)	(4,378)
Operating income	1,604	1,407	2,923	2,443
Other income, net	63	62	129	126
Interest expense	(105)	(74)	(182)	(123)
Income before income taxes	1,562	1,395	2,870	2,446
Income tax expense	(266)	(232)	(542)	(452)
Net income	1,296	1,163	2,328	1,994
Net income attributable to noncontrolling interests	(78)	(53)	(496)	(100)
Net income attributable to McKesson Corporation	$ 1,218	$ 1,110	$ 1,832	$ 1,894
Earnings per common share attributable to McKesson Corporation				
Diluted	$ 10.44	$ 8.92	$ 15.53	$ 15.16
Basic	$ 10.47	$ 8.95	$ 15.59	$ 15.22
Weighted-average common shares outstanding				
Diluted	116.7	124.4	117.9	124.9
Basic	116.3	124.0	117.5	124.5

See Financial Notes

McKESSON CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 1,296	$ 1,163	$ 2,328	$ 1,994
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	(20)	(5)	(29)	16
Unrealized gains (loss) on cash flow and other hedges	1	(5)	6	9
Changes in retirement-related benefit plans	—	—	—	(1)
Other comprehensive income (loss), net of tax	(19)	(10)	(23)	24
Comprehensive income	1,277	1,153	2,305	2,018
Comprehensive income attributable to noncontrolling interests	(78)	(53)	(496)	(100)
Comprehensive income attributable to McKesson Corporation	$ 1,199	$ 1,100	$ 1,809	$ 1,918

See Financial Notes

McKESSON CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)
(Unaudited)

	September 30, 2026	March 31, 2026
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,528	$ 3,975
Receivables, net	30,806	27,985
Inventories, net	28,217	24,207
Prepaid expenses and other	1,134	1,043
Total current assets	66,685	57,210
Property, plant, and equipment, net	2,665	2,668
Operating lease right-of-use assets	1,937	2,058
Goodwill	11,272	11,316
Intangible assets, net	3,942	4,079
Other non-current assets	5,822	4,992
Total assets	$ 92,323	$ 82,323
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS, AND DEFICIT		
Current liabilities		
Drafts and accounts payable	$ 67,761	$ 59,973
Current portion of long-term debt	794	1,267
Current portion of operating lease liabilities	286	287
Other accrued liabilities	5,555	5,490
Total current liabilities	74,396	67,017
Long-term debt	8,414	5,259
Long-term deferred tax liabilities	1,457	1,330
Long-term operating lease liabilities	1,667	1,801
Long-term litigation liabilities	4,563	5,091
Other non-current liabilities	2,842	2,659
Redeemable noncontrolling interests	2,563	943
McKesson Corporation stockholders' deficit		
Preferred stock, $0.01 par value, 100 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.01 par value, 800 shares authorized, 280 shares issued at September 30, 2026 and March 31, 2026	3	3
Additional paid-in capital	8,907	8,284
Retained earnings	23,916	22,291
Accumulated other comprehensive loss	(768)	(745)
Treasury shares, at cost, 165 and 160 shares at September 30, 2026 and March 31, 2026, respectively	(36,012)	(32,005)
Total McKesson Corporation stockholders' deficit	(3,954)	(2,172)
Noncontrolling interests	375	395
Total deficit	(3,579)	(1,777)
Total liabilities, redeemable noncontrolling interests, and deficit	$ 92,323	$ 82,323

See Financial Notes

McKESSON CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended September 30, 2026								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury		Noncontrolling Interests	Total Deficit
	Shares	Amount				Common Shares	Amount		
Balance, June 30, 2026	280	$ 3	$ 8,588	$ 22,808	$ (749)	(164)	$ (34,890)	$ 376	$ (3,864)
Issuance of shares under employee plans, net of forfeitures	—	—	33	—	—	—	(1)	—	32
Share-based compensation	—	—	58	—	—	—	—	—	58
Repurchase of common stock	—	—	215	—	—	(1)	(1,120)	—	(905)
Net income	—	—	—	1,218	—	—	—	46	1,264
Other comprehensive loss	—	—	—	—	(19)	—	—	—	(19)
Cash dividends declared, $0.94 per common share	—	—	—	(110)	—	—	—	—	(110)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(39)	(39)
Adjustment to fair value of redeemable noncontrolling interests	—	—	14	—	—	—	—	—	14
Other	—	—	(1)	—	—	—	(1)	(8)	(10)
Balance, September 30, 2026	280	$ 3	$ 8,907	$ 23,916	$ (768)	(165)	$ (36,012)	$ 375	$ (3,579)

	Three Months Ended September 30, 2025								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury		Noncontrolling Interests	Total Deficit
	Shares	Amount				Common Shares	Amount		
Balance, June 30, 2025	280	$ 3	$ 8,449	$ 18,616	$ (898)	(155)	$ (28,137)	$ 379	$ (1,588)
Issuance of shares under employee plans, net of forfeitures	—	—	28	—	—	—	(1)	—	27
Share-based compensation	—	—	68	—	—	—	—	—	68
Repurchase of common stock	—	—	—	—	—	(1)	(817)	—	(817)
Net income	—	—	—	1,110	—	—	—	48	1,158
Other comprehensive loss	—	—	—	—	(10)	—	—	—	(10)
Cash dividends declared, $0.82 per common share	—	—	—	(103)	—	—	—	—	(103)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(44)	(44)
Adjustment to fair value of redeemable noncontrolling interests	—	—	(47)	—	—	—	—	—	(47)
Other	—	—	1	(1)	—	—	—	1	1
Balance, September 30, 2025	280	$ 3	$ 8,499	$ 19,622	$ (908)	(156)	$ (28,955)	$ 384	$ (1,355)

See Financial Notes

McKESSON CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In millions, except per share amounts)
(Unaudited)

	Six Months Ended September 30, 2026								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury		Noncontrolling Interests	Total Deficit
	Shares	Amount				Common Shares	Amount		
Balance, March 31, 2026	280	$ 3	$ 8,284	$ 22,291	$ (745)	(160)	$ (32,005)	$ 395	$ (1,777)
Issuance of shares under employee plans, net of forfeitures	—	—	56	—	—	—	(103)	—	(47)
Share-based compensation	—	—	125	—	—	—	—	—	125
Repurchase of common stock	—	—	429	—	—	(5)	(3,903)	—	(3,474)
Net income	—	—	—	1,832	—	—	—	81	1,913
Other comprehensive loss	—	—	—	—	(23)	—	—	—	(23)
Cash dividends declared, $1.76 per common share	—	—	—	(206)	—	—	—	—	(206)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(91)	(91)
Adjustment to fair value of redeemable noncontrolling interests	—	—	13	—	—	—	—	—	13
Other	—	—	—	(1)	—	—	(1)	(10)	(12)
Balance, September 30, 2026	280	$ 3	$ 8,907	$ 23,916	$ (768)	(165)	$ (36,012)	$ 375	$ (3,579)

	Six Months Ended September 30, 2025								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury		Noncontrolling Interests	Total Deficit
	Shares	Amount				Common Shares	Amount		
Balance, March 31, 2025	279	$ 3	$ 8,373	$ 17,921	$ (932)	(154)	$ (27,439)	$ 380	$ (1,694)
Issuance of shares under employee plans, net of forfeitures	1	—	50	—	—	—	(107)	—	(57)
Share-based compensation	—	—	123	—	—	—	—	—	123
Repurchase of common stock	—	—	—	—	—	(2)	(1,409)	—	(1,409)
Net income	—	—	—	1,894	—	—	—	95	1,989
Other comprehensive income	—	—	—	—	24	—	—	—	24
Cash dividends declared, $1.53 per common share	—	—	—	(192)	—	—	—	—	(192)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(91)	(91)
Adjustment to fair value of redeemable noncontrolling interests	—	—	(47)	—	—	—	—	—	(47)
Other	—	—	—	(1)	—	—	—	—	(1)
Balance, September 30, 2025	280	$ 3	$ 8,499	$ 19,622	$ (908)	(156)	$ (28,955)	$ 384	$ (1,355)

See Financial Notes

McKESSON CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

(Unaudited)

	Six Months Ended September 30,	
	2026	**2025**
OPERATING ACTIVITIES		
Net income	$ 2,328	$ 1,994
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	139	124
Amortization	253	221
Asset impairment charges	46	4
Deferred taxes	18	(41)
Credits associated with last-in, first-out inventory method	(5)	(18)
Non-cash operating lease expense	152	140
Gain from sales of businesses and investments	(24)	(85)
Provision for bad debts	83	232
Other non-cash items	145	169
Changes in assets and liabilities:		
Receivables	(2,850)	(2,296)
Inventories	(4,032)	(3,199)
Drafts and accounts payable	7,797	5,170
Operating lease liabilities	(148)	(152)
Taxes	(478)	121
Litigation liabilities	(529)	(657)
Other	(45)	(225)
Net cash provided by operating activities	2,850	1,502
INVESTING ACTIVITIES		
Payments for property, plant, and equipment	(177)	(217)
Capitalized software expenditures	(98)	(168)
Acquisitions, net of cash, cash equivalents, and restricted cash acquired	(23)	(3,389)
Proceeds from sales of businesses and investments, net	29	133
Other	(75)	53
Net cash used in investing activities	(344)	(3,588)
FINANCING ACTIVITIES		
Proceeds from short-term borrowings	—	2,275
Repayments of short-term borrowings	—	(2,275)
Proceeds from issuances of long-term debt	3,215	1,990
Repayments of long-term debt	(505)	(2)
Common stock transactions:		
Issuances	56	50
Share repurchases	(3,424)	(1,399)
Dividends paid	(198)	(179)
Sale of noncontrolling interest in Medical-Surgical Solutions, net	1,238	—
Other	(324)	(245)
Net cash provided by financing activities	58	215
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(13)	24
Net increase (decrease) in cash, cash equivalents, and restricted cash	2,551	(1,847)
Cash, cash equivalents, and restricted cash at beginning of period	4,068	5,956
Cash, cash equivalents, and restricted cash at end of period	6,619	4,109
Less: Restricted cash at end of period included in Prepaid expenses and other	(91)	(105)
Cash and cash equivalents at end of period	$ 6,528	$ 4,004

See Financial Notes

McKESSON CORPORATION

FINANCIAL NOTES
(UNAUDITED)

1. Significant Accounting Policies

Nature of Operations: McKesson Corporation together with its subsidiaries (collectively, the "Company" or "McKesson") is a diversified healthcare services leader dedicated to advancing health outcomes for patients everywhere. McKesson partners with biopharma companies, care providers, pharmacies, manufacturers, governments, and others to deliver insights, products, and services to help make quality care more accessible and affordable. The Company reports its financial results in four reportable segments: North American Pharmaceutical, Oncology & Multispecialty, Prescription Technology Solutions, and Medical-Surgical Solutions. The Company's former Norwegian operations were included in Other until its divestiture on January 30, 2026. The organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, and the results of certain investments. Refer to Financial Note 13, "Segments of Business," for additional information.

Basis of Presentation: The condensed consolidated financial statements and accompanying notes are prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial reporting and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and therefore do not include all information and disclosures normally included in the annual consolidated financial statements.

The condensed consolidated financial statements of McKesson include the financial statements of all majority-owned or controlled companies. For those consolidated subsidiaries where the Company's ownership is less than 100%, the portion of the net income or loss allocable to the noncontrolling interests is reported as "Net income attributable to noncontrolling interests" in the Condensed Consolidated Statements of Operations. All significant intercompany balances and transactions have been eliminated in consolidation, including the intercompany portion of transactions with equity method investees.

The Company considers itself to control an entity if it is the majority owner of or has voting control over such entity. The Company also assesses control through means other than voting rights and determines which business entity is the primary beneficiary of the variable interest entity ("VIE"). The Company consolidates VIEs when it is determined that it is the primary beneficiary of the VIE. Investments in business entities in which the Company does not have control, but instead has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method.

Fiscal Period: The Company's fiscal year begins on April 1 and ends on March 31. Unless otherwise noted, all references to a particular year means the Company's fiscal year.

Reclassifications: Certain prior period amounts have been reclassified to conform to the current year presentation.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of these financial statements and income and expenses during the reporting period. Actual amounts could differ from those estimated amounts. In the opinion of management, the unaudited condensed consolidated financial statements include all normal recurring adjustments necessary for a fair presentation of the results of operations, financial position, and cash flows of McKesson for the interim periods presented.

The results of operations for the six months ended September 30, 2026 and 2025 are not necessarily indicative of the results that may be anticipated for the entire year. These interim financial statements should be read in conjunction with the annual audited financial statements, accounting policies, and financial notes included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026, previously filed with the SEC on May 8, 2026 (the "2026 Annual Report").

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses.* ASU 2024-03 requires disclosure of certain costs and expenses on an interim and annual basis in the notes to the financial statements. ASU 2024-03 is effective for the Company for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, as clarified by ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*. Early adoption is permitted. The Company is evaluating the impact that this guidance will have on its disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software.* ASU 2025-06 amends the accounting and the disclosure of software costs, including website development costs. ASU 2025-06 is effective for the Company for fiscal years beginning after December 15, 2027, and interim periods within those annual reporting periods. Early adoption is permitted. The Company is evaluating the impact that this guidance will have on its disclosures.

In November 2025, the FASB issued ASU 2025-09, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*. ASU 2025-09 clarifies areas of the current hedge accounting guidance and addresses new hedge accounting related to global reference-rate reform. ASU 2025-09 is effective for the Company for fiscal years beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted. The Company is evaluating the impact that this guidance will have on its disclosures.

2. Business Acquisitions and Divestitures

Acquisitions

For all acquisitions, the Company allocates the purchase price to the assets acquired and the liabilities assumed, based on their fair values as of the acquisition date. Except as noted below, the fair values of the assets acquired and liabilities assumed are preliminary and may be subject to additional adjustments, which may be up to one year after the respective acquisition dates.

PRISM Vision Holdings, LLC

On April 1, 2025, the Company completed its acquisition of a controlling interest in PRISM Vision Holdings, LLC ("PRISM Vision"), a leading provider of general ophthalmology and retina administrative services. The Company acquired an 80% controlling interest in PRISM Vision for $875 million in net cash. The payment made upon closing was from cash on hand. Prior owners, including management and physicians in PRISM Vision practices, retained a 20% ownership interest, of which $25 million was classified as redeemable noncontrolling interest.

The financial results of PRISM Vision are included within the Company's Oncology & Multispecialty segment as of the acquisition date. The transaction was accounted for as a business combination.

The purchase price allocation included acquired intangible finite-lived assets of $510 million and goodwill of $437 million. Goodwill attributable to the acquisition of PRISM Vision is expected to be mostly deductible for tax purposes.

The following table summarizes the final purchase price allocation to the underlying assets acquired and liabilities assumed based upon their estimated fair values as of the acquisition date.

(In millions)		Amounts Recognized as of Acquisition Date (As adjusted)
Purchase consideration		
Cash consideration	$	875
Redeemable noncontrolling interests		25
Contingent stock-based compensation liability		16
Estimated fair value of total consideration	$	916
Identifiable assets acquired and liabilities assumed:		
Current assets	$	126
Intangible assets		510
Other non-current assets		106
Total assets		742
Current liabilities		176
Non-current liabilities		87
Net identifiable assets		479
Goodwill		437
Net assets acquired	$	916

Community Oncology Revitalization Enterprise Ventures, LLC

On June 2, 2025, the Company completed the acquisition of a controlling interest in Community Oncology Revitalization Enterprise Ventures, LLC ("Core Ventures"), a business and administrative services organization established by Florida Cancer Specialists & Research Institute, LLC ("FCS"). The Company acquired a 70% controlling interest for $2.5 billion in cash. The payment made upon closing was from cash on hand and the net proceeds from the May 30, 2025 public debt offering. FCS physicians retained a 30% interest. The 30% minority interest is classified as redeemable noncontrolling interest, with a put option exercisable every five years. Refer to Financial Note 5, "Redeemable Noncontrolling Interests and Noncontrolling Interests," for additional information.

The transaction was accounted for as a business combination, and the financial results of Core Ventures are included within the Company's Oncology & Multispecialty segment as of the acquisition date.

The purchase price allocation included acquired intangible finite-lived assets of $2.3 billion and goodwill of $752 million. Goodwill attributable to the acquisition of Core Ventures is expected to be deductible for tax purposes.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

The following table summarizes the final purchase price allocation to the underlying assets acquired and liabilities assumed based upon their estimated fair values as of the acquisition date.

(In millions)	Amounts Recognized as of Acquisition Date (As adjusted)
Purchase consideration	
Cash and other considerations	$ 2,481
Redeemable noncontrolling interests	700
Estimated fair value of total consideration	$ 3,181
Identifiable assets acquired and liabilities assumed:	
Current assets	$ 529
Intangible assets	2,310
Other non-current assets	328
Total assets	3,167
Current liabilities	473
Non-current liabilities	265
Net identifiable assets	2,429
Goodwill	752
Net assets acquired	$ 3,181

Divestitures

Medical-Surgical Solutions

On June 1, 2026, the Company completed a transaction under which funds managed by affiliates of Apollo Global Management, Inc. ("Apollo Funds") acquired an approximately 13% minority ownership interest in the Company's Medical-Surgical Solutions business through an investment of approximately $1.25 billion in the business's convertible preferred equity. The approximately 13% minority interest is classified as a redeemable noncontrolling interest. Refer to Financial Note 5, "Redeemable Noncontrolling Interests and Noncontrolling Interests," for additional information.

Norway

On January 30, 2026, the Company completed the sale of its retail and distribution businesses in Norway ("Norway disposal group") for an adjusted purchase price of $821 million. The Company's former Norwegian operations were included in Other. As part of the transaction, the Company divested net assets of $140 million. The Company determined that the Norway disposal group did not meet the criteria for classification as discontinued operations.

During the year ended March 31, 2026, the Company recorded a net gain of $480 million within "Selling, distribution, general, and administrative expenses" in its Consolidated Statements of Operations, which included a loss of $164 million related to the accumulated other comprehensive loss balances associated with the Norway disposal group.

Other

In early November, the Company completed the following transactions:

- the acquisition of Precision Medicine Group, LLC ("Precision Medicine"), a global provider of clinical research and biopharma commercialization services, for cash of approximately $2.25 billion (subject to customary post-closing adjustments).
- the acquisition of a controlling interest in Spectrum Vision Partners ("Spectrum Vision"), a provider of ophthalmology and retina management services, for approximately $525 million (subject to customary post-closing adjustments).

The operating results of these businesses will be reported within the Oncology & Multispecialty segment beginning on the acquisition date in the third quarter of fiscal 2027. The acquisitions will be accounted for as business combinations and the analyses to assign fair values to the assets acquired, liabilities assumed, and noncontrolling interest in Spectrum Vision is currently underway.

For the periods presented, the Company also completed immaterial acquisitions and divestitures within its reportable segments. Financial results for the Company's business acquisitions have been included in its condensed consolidated financial statements as of their respective acquisition dates.

3. Restructuring, Impairment, and Related Charges, Net

FY 2027 restructuring initiatives

During the first quarter of fiscal 2027, the Company approved multi-year initiatives within Corporate to further optimize its operating model and align certain enterprise support functions with its long-term strategic priorities. These initiatives include organizational changes, process enhancements, and the implementation of automation solutions designed to improve efficiency and productivity. The Company anticipates total charges of approximately $230 million to $310 million, consisting primarily of severance and employee-related costs and exit-related costs. For the three and six months ended September 30, 2026, the Company recorded immaterial charges. These programs are expected to be substantially complete by the end of fiscal 2028.

FY 2026 restructuring initiatives

During the fourth quarter of fiscal 2026, the Company approved an initiative within its Prescription Technology Solutions segment to increase operational efficiencies and cost optimization efforts, with the intent of aligning with the Company's long-term strategy. The initiative includes headcount reductions, the exit or downsizing of certain facilities, and other costs. The Company anticipates total charges between $200 million and $250 million, consisting primarily of employee severance and other employee-related costs, and facility, exit and other-related costs, including long-lived asset impairments. Of this amount, $99 million of charges were recorded as of September 30, 2026. This program is anticipated to be substantially complete by the end of fiscal 2029. For the three and six months ended September 30, 2026, the Company recorded charges of $18 million and $79 million, respectively, which includes asset impairments, severance and other employee-related costs.

FY 2025 restructuring initiatives

During fiscal 2025, the Company approved enterprise-wide initiatives to modernize and accelerate the technology service operating model which were intended to improve business continuity, compliance, operating efficiency and advance investments to streamline the organization. These initiatives include cost reduction efforts and support other rationalization efforts within Corporate, and the Medical-Surgical Solutions and North American Pharmaceutical segments to help realize long-term sustainable growth. The Company anticipates total charges related to these initiatives of $650 million to $700 million, consisting primarily of employee severance and other employee-related costs as well as facility, exit, and other related costs, including long-lived asset impairments. Of this amount, $562 million of charges were recorded as of September 30, 2026. These programs are anticipated to be substantially complete in fiscal 2028. For the three months ended September 30, 2026 and 2025, the Company recorded charges of $49 million and $52 million, respectively, and $94 million and $90 million, respectively, for the six months ended September 30, 2026 and 2025 related to these initiatives. These charges primarily include facility exit and other related costs as well as severance and other employee-related costs.

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FINANCIAL NOTES (CONTINUED)
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The Company recorded total restructuring, impairment, and related charges, net of $85 million and $63 million for the three months ended September 30, 2026 and 2025, respectively, and $221 million and $110 million for the six months ended September 30, 2026 and 2025, respectively. These charges were included in "Restructuring, impairment, and related charges, net" in the Condensed Consolidated Statements of Operations.

Restructuring, impairment, and related charges, net for the three months ended September 30, 2026 and 2025 consisted of the following:

	Three Months Ended September 30, 2026				
(In millions)	North American Pharmaceutical [1]	Prescription Technology Solutions [1]	Medical-Surgical Solutions [1]	Corporate [1]	Total
Severance and employee-related costs, net	$ —	$ 14	$ 9	$ —	$ 23
Exit and other-related costs [2]	1	4	5	53	63
Asset impairments and accelerated depreciation	—	—	—	(1)	(1)
Total	$ 1	$ 18	$ 14	$ 52	$ 85

(1) Includes costs related to operational efficiencies and cost optimization efforts to support the Company's North American Pharmaceutical segment, Prescription Technology Solutions segment, Medical-Surgical Solutions segment, and Corporate activities.

(2) Exit and other-related costs consist of accruals for costs to be incurred without future economic benefits, project consulting fees, and other exit costs expensed as incurred.

	Three Months Ended September 30, 2025			
(In millions)	North American Pharmaceutical [1]	Medical-Surgical Solutions [1]	Corporate [1]	Total
Severance and employee-related costs, net	$ 4	$ 5	$ —	$ 9
Exit and other-related costs [2]	1	14	37	52
Asset impairments and accelerated depreciation	1	—	1	2
Total	$ 6	$ 19	$ 38	$ 63

(1) Includes costs related to operational efficiencies and cost optimization efforts to support the Company's North American Pharmaceutical segment, Medical-Surgical Solutions segment, and Corporate activities.

(2) Exit and other-related costs consist of accruals for costs to be incurred without future economic benefits, project consulting fees, and other exit costs expensed as incurred.

Restructuring, impairment, and related charges, net for the six months ended September 30, 2026 and 2025 consisted of the following:

	Six Months Ended September 30, 2026				
(In millions)	North American Pharmaceutical [1]	Prescription Technology Solutions [1]	Medical-Surgical Solutions [1]	Corporate [1]	Total
Severance and employee-related costs, net	$ —	$ 25	$ 23	$ 7	$ 55
Exit and other-related costs [2]	2	14	14	90	120
Asset impairments and accelerated depreciation	1	40	—	5	46
Total	$ 3	$ 79	$ 37	$ 102	$ 221

(1) Includes costs related to operational efficiencies and cost optimization efforts to support the Company's North American Pharmaceutical segment, Prescription Technology Solutions segment, Medical-Surgical Solutions segment, and Corporate activities.

(2) Exit and other-related costs consist of accruals for costs to be incurred without future economic benefits, project consulting fees, and other exit costs expensed as incurred.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

(In millions)	Six Months Ended September 30, 2025			
	North American Pharmaceutical [1]	Medical-Surgical Solutions [1]	Corporate [1]	Total
Severance and employee-related costs, net	$ 4	$ 10	$ (1)	$ 13
Exit and other-related costs [2]	2	26	65	93
Asset impairments and accelerated depreciation	1	—	3	4
Total	$ 7	$ 36	$ 67	$ 110

(1) Includes costs related to operational efficiencies and cost optimization efforts to support the Company's North American Pharmaceutical segment, Medical-Surgical Solutions segment, and Corporate activities.

(2) Exit and other-related costs consist of accruals for costs to be incurred without future economic benefits, project consulting fees, and other exit costs expensed as incurred.

The following table summarizes the activity related to the liabilities associated with the Company's restructuring initiatives for the six months ended September 30, 2026:

(In millions)	North American Pharmaceutical	Prescription Technology Solutions	Medical-Surgical Solutions	Corporate	Total
Balance, March 31, 2026 [1]	$ 18	$ 3	$ 10	$ 13	$ 44
Restructuring, impairment, and related charges, net	3	79	37	102	221
Non-cash charges	(1)	(40)	—	(5)	(46)
Cash payments	(5)	(4)	(41)	(97)	(147)
Other	(1)	—	—	2	1
Balance, September 30, 2026 [2]	$ 14	$ 38	$ 6	$ 15	$ 73

(1) As of March 31, 2026, the total reserve balance was $44 million, of which $30 million was recorded within "Other accrued liabilities" and $14 million was recorded within "Other non-current liabilities" in the Company's Condensed Consolidated Balance Sheet.

(2) As of September 30, 2026, the total reserve balance was $73 million, of which $43 million was recorded within "Other accrued liabilities" and $30 million was recorded within "Other non-current liabilities" in the Company's Condensed Consolidated Balance Sheet.

4. Income Taxes

Income tax expense was as follows:

(Dollars in millions)	Three Months Ended September 30,		Six Months Ended September 30,	
	2026	2025	2026	2025
Income tax expense	$ 266	$ 232	$ 542	$ 452
Reported income tax rate	17.0 %	16.6 %	18.9 %	18.5 %

Fluctuations in the Company's reported income tax rates were primarily due to changes in the mix of earnings among various taxing jurisdictions and discrete items recognized in the quarters.

During the three months ended September 30, 2026 and 2025, the Company recognized a net discrete tax benefit of $105 million and $119 million, respectively, related to the release of a valuation allowance in a foreign jurisdiction based on management's reassessment of the amount of its deferred tax assets that are more likely than not to be realized. As of each reporting date, the Company considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets and has determined that there is sufficient positive evidence to conclude that it is more likely than not that these additional deferred tax assets will be realized and reduced the valuation allowance accordingly.

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions, and various foreign jurisdictions. As of September 30, 2026, the Company had $1.6 billion of unrecognized tax benefits, of which $1.5 billion would reduce income tax expense and the effective tax rate if recognized.

5. Redeemable Noncontrolling Interests and Noncontrolling Interests

Redeemable Noncontrolling Interests

Noncontrolling interests with redemption features, such as put rights, that are not solely within the Company's control are considered redeemable noncontrolling interests.

On June 1, 2026, the Company completed a transaction under which Apollo Funds acquired an approximately 13% minority ownership interest in the Company's Medical-Surgical Solutions business through an investment of approximately $1.25 billion in the business's convertible preferred equity. The 13% minority interest is classified as a redeemable noncontrolling interest.

During the three months ended September 30, 2025, the Company recognized redeemable noncontrolling interests of $25 million related to its acquisition of PRISM Vision and $700 million related to its acquisition of Core Ventures. The Company utilized a Monte Carlo simulation model for its periodic valuation of the redeemable noncontrolling interests for both acquisitions.

Redeemable noncontrolling interests are presented outside of stockholders' deficit in the Company's Condensed Consolidated Balance Sheet. Refer to Financial Note 2, "Business Acquisitions and Divestitures," for additional information on the activity discussed above.

Noncontrolling Interests

Net income attributable to noncontrolling interests primarily includes third-party equity interests in the Company's consolidated entities, including ClarusONE Sourcing Services LLP, Vantage Oncology Holdings, LLC, and SCRI Oncology, LLC.

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FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

The components of the changes in noncontrolling interests and redeemable noncontrolling interests for the six months ended September 30, 2026 and 2025 were as follows:

	Fiscal 2027		Fiscal 2026	
(In millions)	Noncontrolling Interests	Redeemable Noncontrolling Interests	Noncontrolling Interests	Redeemable Noncontrolling Interests
Balance, March 31	$ 395	$ 943	$ 380	$ —
Net income attributable to noncontrolling interests [1]	35	9	47	—
Adjustment to redemption value [2]	—	374	—	—
Adjustment to fair value [3]	—	1	—	—
Sale of noncontrolling interest in Medical-Surgical Solutions, net	—	1,238	—	—
Payments to noncontrolling interests	(52)	—	(47)	—
Acquisition of PRISM Vision	—	—	—	25
Acquisition of Core Ventures	—	—	—	700
Other	(2)	(2)	(1)	—
Balance, June 30	$ 376	$ 2,563	$ 379	$ 725
Net income attributable to noncontrolling interests [1]	46	15	48	5
Adjustment to redemption value [2]	—	17	—	—
Adjustment to fair value [3]	—	(14)	—	47
Payments to noncontrolling interests	(39)	(17)	(44)	—
Other	(8)	(1)	1	—
Balance, September 30	$ 375	$ 2,563	$ 384	$ 777

(1) Includes allocation of net income attributable to noncontrolling interests and redeemable noncontrolling interests during each respective period.

(2) Includes redemption value adjustments of $(11) million and $28 million related to the Medical-Surgical Solutions business and Core Ventures, respectively, for the three months ended September 30, 2026, and $282 million and $109 million related to the Medical-Surgical Solutions business and Core Ventures, respectively, for the six months ended September 30, 2026.

(3) Primarily includes a redeemable noncontrolling interests fair value adjustment for Core Ventures.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

6. Earnings Per Common Share

Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the reporting period. The computation of diluted earnings per common share is similar to that of basic earnings per common share, except that the former reflects the potential dilution that could occur if dilutive securities or other obligations to issue common stock were exercised or converted into common stock. Potentially dilutive securities include outstanding restricted stock units and performance-based restricted stock units.

The computations for basic and diluted earnings per common share were as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
(In millions, except per share amounts)	**2026**	**2025**	**2026**	**2025**
Numerator				
Net income	$ 1,296	$ 1,163	$ 2,328	$ 1,994
Net income attributable to noncontrolling interests	(61)	(53)	(105)	(100)
Adjustment to redemption value in net income attributable to noncontrolling interests	(17)	—	(391)	—
Net income attributable to McKesson Corporation	$ 1,218	$ 1,110	$ 1,832	$ 1,894
Denominator				
Weighted-average common shares outstanding:				
Basic	116.3	124.0	117.5	124.5
Effect of dilutive securities:				
Restricted stock units [1]	0.4	0.4	0.4	0.4
Diluted	116.7	124.4	117.9	124.9
Earnings per common share attributable to McKesson Corporation: [2]				
Diluted	$ 10.44	$ 8.92	$ 15.53	$ 15.16
Basic	$ 10.47	$ 8.95	$ 15.59	$ 15.22

(1) Includes dilutive effect from restricted stock units and performance-based restricted stock units.

(2) Certain computations may reflect rounding adjustments.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

7. Goodwill and Intangible Assets, Net

Goodwill

The Company evaluates goodwill for impairment on an annual basis in the first fiscal quarter, and more frequently if indicators for potential impairment exist. Goodwill impairment testing is conducted at the reporting unit level, which is generally defined as an operating segment or one level below an operating segment (also known as a component), for which discrete financial information is available and segment management regularly reviews the operating results of that reporting unit. The annual impairment testing performed in fiscal 2027 and fiscal 2026 did not indicate any impairment of goodwill.

Changes in the carrying amount of goodwill were as follows:

(In millions)	North American Pharmaceutical	Oncology & Multispecialty	Prescription Technology Solutions	Medical-Surgical Solutions	Total
Balance, March 31, 2026	$ 2,781	$ 3,963	$ 2,065	$ 2,507	$ 11,316
Goodwill acquired	—	14	—	—	14
Disposals	—	(5)	—	—	(5)
Foreign currency translation adjustments, net	(30)	—	—	—	(30)
Other adjustments [1]	—	(23)	—	—	(23)
Balance, September 30, 2026	$ 2,751	$ 3,949	$ 2,065	$ 2,507	$ 11,272

(1) Reflects acquisition-related goodwill adjustments.

Intangible Assets

Information regarding intangible assets was as follows:

		September 30, 2026			March 31, 2026		
(Dollars in millions)	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	9	$ 1,476	$ (761)	$ 715	$ 1,477	$ (717)	$ 760
Service agreements	23	3,177	(832)	2,345	3,249	(833)	2,416
Trademarks and trade names	19	573	(300)	273	576	(293)	283
Provider networks	20	393	(24)	369	383	(15)	368
Technology	8	317	(170)	147	317	(160)	157
Other	21	127	(34)	93	127	(32)	95
Total		$ 6,063	$ (2,121)	$ 3,942	$ 6,129	$ (2,050)	$ 4,079

All intangible assets were subject to amortization as of September 30, 2026 and March 31, 2026. Amortization expense of intangible assets was $71 million and $80 million for the three months ended September 30, 2026 and 2025, respectively, and $145 million and $130 million for the six months ended September 30, 2026 and 2025, respectively.

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FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Estimated amortization expense of the assets listed in the table above is as follows:

(In millions)		**Estimated Amortization Expense**
Fiscal 2027 (from October 1, 2026 to March 31, 2027)	$	142
Fiscal 2028		279
Fiscal 2029		275
Fiscal 2030		273
Fiscal 2031		264
Thereafter		2,709

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

8. Debt and Financing Activities

Long-term debt consisted of the following:

(In millions)	September 30, 2026	March 31, 2026
U.S. Dollar notes [1] [2]		
1.30% Notes due August 15, 2026	—	500
7.65% Debentures due March 1, 2027	150	150
3.95% Notes due February 16, 2028	343	343
4.90% Notes due July 15, 2028	400	400
4.75% Notes due May 30, 2029	196	196
4.25% Notes due September 15, 2029	500	500
4.65% Notes due May 30, 2030	650	650
4.95% Notes due May 30, 2032	650	650
5.10% Notes due July 15, 2033	597	597
5.25% Notes due May 30, 2035	699	699
6.00% Notes due March 1, 2041	218	218
4.88% Notes due March 15, 2044	255	255
U.S. Dollar Medical-Surgical Solutions term loans [3]		
4.98% Term Loan A-2 due April 1, 2028	250	—
4.98% Term Loan A-1 due April 1, 2031	745	—
6.32% Term Loan B due June 9, 2032	2,239	—
Foreign currency notes [1] [4]		
1.63% Euro Notes due October 30, 2026	566	578
3.13% Sterling Notes due February 17, 2029	597	595
Lease and other obligations	153	195
Total debt	9,208	6,526
Less: Current portion	794	1,267
Total long-term debt	$ 8,414	$ 5,259

(1) These notes are unsecured and unsubordinated obligations of the Company.

(2) Interest on these U.S. dollar notes is payable semi-annually.

(3) Interest on these U.S. dollar Medical-Surgical Solutions term loans is payable quarterly.

(4) Interest on these foreign currency notes is payable annually.

Long-Term Debt

The Company's long-term debt includes both U.S. dollar and foreign currency-denominated borrowings. At September 30, 2026 and March 31, 2026, $9.2 billion and $6.5 billion, respectively, of total debt was outstanding, of which $794 million and $1.3 billion, respectively, was included under the caption "Current portion of long-term debt" in the Company's Condensed Consolidated Balance Sheets.

Medical-Surgical Solutions Facilities

Term Loan A and Revolving Facility

On April 1, 2026, McKesson Medical-Surgical Top Holdings, Inc. ("MMS Borrower") and certain of its subsidiaries entered into a credit agreement (the "MMS Credit Agreement") providing for (i) a $750 million senior secured term loan A facility due 2031 (the "Term Loan A-1 Facility"), (ii) a $250 million senior secured term loan A facility due 2028 (the "Term

Loan A-2 Facility" and, together with the Term Loan A-1 Facility, the "Term Loan A Facilities") and (iii) a $1.0 billion senior secured revolving credit facility (the "Revolving Credit Facility").

Borrowings under the Term Loan A Facilities bear interest at Adjusted Term SOFR (as defined in the MMS Credit Agreement) plus a margin ranging from 1.25% to 1.625%, determined based on the Company's leverage ratio and public credit ratings. As of September 30, 2026, borrowings under the Term Loan A Facilities were subject to interest at Adjusted Term SOFR plus 1.25%. Borrowings under the Revolving Credit Facility bear interest at either a benchmark rate or base rate plus applicable margins, which initially are 1.25% and 0.25%, respectively, and thereafter vary based on leverage ratios and public credit ratings. The Revolving Credit Facility also requires payment of a commitment fee ranging from 0.175% to 0.225%.

Total proceeds received from the issuance of the Term Loan A Facilities, net of discounts and debt offering expenses, were $993 million. The net proceeds from the Term Loan A Facilities were used by MMS Borrower for a payment of principal on an intercompany loan with the Company. MMS Borrower had no borrowings under the Revolving Credit Facility during the six months ended September 30, 2026.

Term Loan B

On June 9, 2026, MMS Borrower and certain of its subsidiaries amended the MMS Credit Agreement (as so amended, the "Amended MMS Credit Agreement") to establish a $2.25 billion senior secured term loan B facility due 2032 (the "Term Loan B Facility"). The amendment did not otherwise materially modify the terms of the existing credit agreement.

Borrowings under the Term Loan B Facility bear interest, at the borrower's option, at either Adjusted Term SOFR plus 2.25% or the Base Rate (as defined in the Amended MMS Credit Agreement) plus 1.25%. MMS Borrower initially elected an interest rate equal to Adjusted Term SOFR plus 2.25%.

Total proceeds received from the issuance of the Term Loan B Facility, net of discounts and debt offering expenses, were $2.2 billion. The net proceeds from the Term Loan B Facility were used by MMS Borrower for a payment of principal on an intercompany loan with the Company.

At September 30, 2026, MMS Borrower was in compliance with all debt covenants under the Amended MMS Credit Agreement.

The obligations under the Amended MMS Credit Agreement are secured by substantially all tangible and intangible assets of the MMS Borrower and certain of its material U.S. subsidiaries that guarantee the facilities, subject to customary exceptions. The agreement contains customary representations, warranties, and affirmative and negative covenants, including restrictions on indebtedness, liens, investments, fundamental changes, asset dispositions, and dividends and other distributions. Neither McKesson Corporation nor any of its subsidiaries outside of the MMS Borrower group guarantees or otherwise has any obligation with respect to the Amended MMS Credit Agreement.

Revolving Credit Facilities

2026 Credit Facility

On April 24, 2026, the Company replaced its prior revolving credit facilities with a new $5.0 billion senior unsecured revolving credit facility (the "2026 Credit Facility"), maturing in April 2031. The facility contains customary investment-grade covenants, including a maximum Total Debt-to-Consolidated EBITDA ratio, and is available for general corporate purposes. Borrowings bear interest at variable rates based on SOFR or other applicable benchmark rates plus an applicable margin. The remaining terms are substantially consistent with the Company's prior revolving credit facility.

There were no borrowings under any of the facilities during the six months ended September 30, 2026 and 2025, and no amounts were outstanding at September 30, 2026 and March 31, 2026. At September 30, 2026, the Company was in compliance with all covenants under the 2026 Credit Facility.

Retirements and Redemptions

The Company's $500 million of 1.30% Notes matured on August 15, 2026. The notes were repaid using cash on hand.

In October 2026, the Company's €500 million of 1.625% Notes matured and were repaid using cash on hand.

Commercial Paper

The Company maintains a commercial paper program to support its working capital requirements and for other general corporate purposes. Under the program, the Company could issue up to $5.0 billion in outstanding commercial paper notes. During the six months ended September 30, 2026, the Company had no borrowings under the program. During the six months ended September 30, 2025, the Company borrowed and repaid $2.3 billion under the program. At September 30, 2026 and March 31, 2026, there were no commercial paper notes outstanding.

9. Hedging Activities

In the normal course of business, the Company is exposed to interest rate and foreign currency exchange rate fluctuations. At times, the Company limits these risks through the use of derivatives as described below. In accordance with the Company's policy, derivatives are only used for hedging purposes. The Company does not use derivatives for trading or speculative purposes. The Company uses various counterparties for its derivative contracts to minimize the exposure to credit risk but does not anticipate non-performance by these parties.

Foreign Currency Exchange Risk

The Company conducts its business worldwide in U.S. dollars and the functional currencies of its foreign subsidiaries, including Canadian dollars, Euro, and British pounds sterling. Changes in foreign currency exchange rates could have a material adverse impact on the Company's financial results that are reported in U.S. dollars. The Company is also exposed to foreign currency exchange rate risk related to its foreign subsidiaries, including intercompany loans denominated in non-functional currencies. The Company has certain foreign currency exchange rate risk programs that use foreign currency forward contracts and cross-currency swaps. These forward contracts and cross-currency swaps are generally used to offset the potential income statement effects from intercompany loans and other obligations denominated in non-functional currencies. These programs reduce but do not entirely eliminate foreign currency exchange rate risk.

Interest Rate Risk

The Company has exposure to changes in interest rates, and it utilizes risk programs which use interest rate swaps to hedge the changes in debt fair values caused by fluctuations in benchmark interest rates. The Company also enters into forward contracts to hedge the variability of future benchmark interest rates on any planned bond issuances. These programs reduce but do not entirely eliminate interest rate risk.

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FINANCIAL NOTES (CONTINUED)
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Derivative Instruments

At September 30, 2026 and March 31, 2026, the notional amounts of the Company's outstanding derivatives were as follows:

(In millions)	Currency	Maturity Date [1]	September 30, 2026 Notional	March 31, 2026 Notional
Derivatives designated as net investment hedges: [2]				
Cross-currency swaps [3]	CAD	Jul-27 to Jul-30	C$ 7,500	C$ 6,500
Derivatives designated as fair value hedges: [2]				
Cross-currency swaps [4]	GBP	Nov-28	£ 450	£ 450
Cross-currency swaps [4]	EUR	Oct-26	€ 500	€ 500
Floating interest rate swaps [5]	USD	Aug-27 to Sep-29	$ 750	$ 750
Derivatives designated as cash flow hedges: [2]				
Forward-starting interest rate swap locks [6]	USD	Mar-32 to Mar-37	$ 200	$ —

(1) The maturity date reflected is for outstanding derivatives as of September 30, 2026.

(2) There was no ineffectiveness in these hedges for the three and six months ended September 30, 2026 and 2025.

(3) The Company agreed with third parties to exchange fixed interest payments in one currency for fixed interest payments in another currency at specified intervals and to exchange principal in one currency for principal in another currency, calculated by reference to agreed-upon notional amounts.

(4) Represents cross-currency fixed-to-fixed interest rate swaps to mitigate the foreign currency exchange fluctuations on its foreign currency-denominated notes.

(5) Represents fixed-to-floating interest rate swaps to hedge the changes in fair value caused by fluctuations in the benchmark interest rates.

(6) Represents forward-starting interest rate swap locks to hedge forecasted interest payments on an anticipated debt issuance.

Net Investment Hedges

The Company uses cross-currency swaps to hedge portions of the Company's net investments denominated in Canadian dollars against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. The changes in the fair value of these derivatives attributable to the changes in spot currency exchange rates and differences between spot and forward interest rates are recorded in accumulated other comprehensive loss and offset foreign currency translation gains and losses recorded on the Company's net investments denominated in Canadian dollars. To the extent cross-currency swaps designated as hedges are ineffective, changes in carrying value attributable to the change in spot rates are recorded in earnings.

In July 2026, the Company terminated C$6.5 billion of cross-currency swaps designated as net investment hedges with original maturity dates of December 2026 to March 2027. Further, the Company entered into cross-currency swaps designated as net investment hedges with a total notional amount of C$7.5 billion to hedge portions of the Company's net investments denominated in Canadian dollars against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. These cross-currency swaps will mature in July 2027 through July 2030.

Fair Value Hedges

The Company uses cross-currency swaps to hedge the changes in the fair value of its foreign currency notes resulting from changes in benchmark interest rates and foreign currency exchange rates. The Company also uses floating interest rate swaps to hedge the changes in the fair value of its U.S. dollar notes resulting from changes in benchmark interest rates. The changes in the fair value of these derivatives and the offsetting changes in the fair value of the hedged notes are recorded in earnings. Gains and losses from the changes in the Company's fair value hedges recorded in earnings were largely offset by the gains and losses recorded in earnings on the hedged item. For components excluded from the assessment of hedge effectiveness, the initial value of the excluded component is recognized in accumulated other comprehensive loss and then released into earnings over the life

of the hedging instrument. The difference between the change in the fair value of the excluded component and the amount amortized into earnings during the period is recorded in other comprehensive loss.

In July 2026, the Company's €500 million cross-currency fixed-to-fixed interest rate swaps matured and the Company executed new cross-currency swaps with similar terms and a maturity date of October 2026, to continue to mitigate the currency exchange fluctuations on its foreign currency-denominated notes.

Cash Flow Hedges

The Company uses forward contracts to hedge the variability of future benchmark interest rates on any planned bond issuances and to offset the potential income statement effects from obligations denominated in non-functional currencies. The effective portion of changes in the fair value of these hedges is recorded in accumulated other comprehensive loss and reclassified into earnings in the same period in which the hedged transaction affects earnings. Changes in fair values representing hedge ineffectiveness are recognized in current earnings. There were no gains or losses reclassified from accumulated other comprehensive loss and recorded within "Selling, distribution, general, and administrative expenses" in the Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2026 and 2025.

In September 2026, the Company entered into $200 million of forward-starting interest rate swap locks to hedge interest payments on an anticipated debt issuance.

Derivatives Not Designated as Hedges

Derivative instruments not designated as hedges are marked-to-market at the end of each accounting period with the change in fair value included in earnings. Changes in the fair values for contracts not designated as hedges are recorded directly into earnings within "Selling, distribution, general, and administrative expenses" in the Condensed Consolidated Statements of Operations. The Company did not enter into or have any outstanding derivative instruments not designated as hedges during the periods presented.

Other Information on Derivative Instruments

Gains (losses) from derivatives included in other comprehensive income (loss) in the Condensed Consolidated Statements of Comprehensive Income were as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
(In millions)	**2026**	**2025**	**2026**	**2025**
Derivatives designated as net investment hedges:				
Cross-currency swaps	$ (9)	$ 98	$ 72	$ (135)
Derivatives designated as cash flow and other hedges:				
Cross-currency swaps [1]	$ (2)	$ (5)	$ 5	$ —
Interest rate swap locks, Foreign currency forwards, and Other	—	(2)	—	12
Forward-starting interest rate swap locks	3	—	3	—

(1) Includes other comprehensive income (loss) related to the excluded component of certain fair value hedges.

Information regarding the fair value of derivatives on a gross basis were as follows:

		September 30, 2026			March 31, 2026		
		Fair Value of Derivative			Fair Value of Derivative		
(In millions)	Balance Sheet Caption	Asset	Liability	U.S. Dollar Notional	Asset	Liability	U.S. Dollar Notional
Derivatives designated for hedge accounting:							
Cross-currency swaps (current)	Prepaid expenses and other/Other accrued liabilities	$ 4	$ 19	$ 1,875	$ 76	$ 160	$ 5,008
Cross-currency swaps (non-current)	Other non-current assets/liabilities	54	69	4,445	40	—	542
Interest rate swaps (current)	Other accrued liabilities	—	4	340	—	—	—
Interest rate swaps (non-current)	Other non-current liabilities	—	18	410	—	12	750
Forward-starting interest rate swaps (non-current)	Other non-current assets	3	—	200	—	—	—
Total		$ 61	$ 110		$ 116	$ 172	

Refer to Financial Note 10, "Fair Value Measurements," for more information on these recurring fair value measurements.

10. Fair Value Measurements

The Company measures certain assets and liabilities at fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - significant other observable market-based inputs.

Level 3 - significant unobservable inputs for which little or no market data exists and requires considerable assumptions that are significant to the fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Cash and cash equivalents at September 30, 2026 and March 31, 2026 included the Company's investments in money market funds of $1.6 billion and $843 million, respectively, which are reported at fair value. The fair value of money market funds was determined using quoted prices for identical investments in active markets, which are considered to be Level 1 inputs under the fair value measurements and disclosure guidance. The carrying value of all other cash equivalents approximates their fair value due to their relatively short-term nature.

Fair values of the Company's cross-currency swaps and interest rate swaps were determined using observable inputs from available market information, including quoted interest rates, foreign currency exchange rates, and other observable inputs from available market information. These inputs are considered Level 2 under the fair value measurements and disclosure guidance, and may not be representative of actual values that could have been realized or that will be realized in the future. Refer to Financial Note 9, "Hedging Activities," for fair values and other information on the Company's derivatives.

The Company holds investments in equity and debt securities of U.S. growth stage companies that address both current and emerging business challenges in the healthcare industry and which had a carrying value of $280 million and $227 million at September 30, 2026 and March 31, 2026, respectively. These investments primarily consist of equity securities without readily determinable fair values and are included within "Other non-current assets" in the Condensed Consolidated Balance Sheets. The net realized and unrealized gains and losses were immaterial for the three and six months ended September 30, 2026 and 2025.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

In addition to assets and liabilities that are measured at fair value on a recurring basis, the Company's assets and liabilities are also subject to nonrecurring fair value measurements. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges, including long-lived assets associated with the Company's restructuring initiatives as discussed in more detail in Financial Note 3, "Restructuring, Impairment, and Related Charges, Net."

The aforementioned investments in equity securities of U.S. growth stage companies include the carrying value of investments without readily determinable fair values, which were determined using a measurement alternative and are recorded at cost less impairment, plus or minus any changes in observable price from orderly transactions of the same or similar security of the same issuer. These inputs related to changes in observable price are considered Level 2 under the fair value measurements and disclosure guidance and may not be representative of actual values that could have been realized or that will be realized in the future. Inputs related to impairments of investments are generally considered Level 3 fair value measurements due to their inherently unobservable nature based on significant assumptions by management and use of company-specific information.

There were no other material assets or liabilities measured at fair value on a nonrecurring basis at September 30, 2026 and March 31, 2026.

Other Fair Value Disclosures

At September 30, 2026 and March 31, 2026, the carrying amounts of cash, certain cash equivalents, restricted cash, receivables, drafts and accounts payable, and other current assets and liabilities approximated their estimated fair values because of the short-term maturity of these financial instruments.

The Company determines the fair value of commercial paper using quoted prices in active markets for identical instruments, which are considered Level 1 inputs under the fair value measurements and disclosure guidance.

The Company's long-term debt is recorded at amortized cost. The carrying value and fair value of the Company's long-term debt was as follows:

	September 30, 2026		March 31, 2026	
(In millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	$ 9,208	$ 9,116	$ 6,526	$ 6,549

The estimated fair value of the Company's long-term debt was determined using quoted market prices in a less active market and other observable inputs from available market information, which are considered to be Level 2 inputs, and may not be representative of actual values that could have been realized or that will be realized in the future.

Goodwill

Fair value assessments of the reporting unit and the reporting unit's net assets, which are performed for goodwill impairment tests, are considered a Level 3 measurement due to the significance of unobservable inputs developed using company-specific information. The Company considered a market approach as well as an income approach using a discounted cash flow ("DCF") model to determine the fair value of each reporting unit.

Long-lived Assets

The Company utilizes multiple approaches, including the DCF model and market approaches, for estimating the fair value of intangible assets. The future cash flows used in the analysis are based on internal cash flow projections from its long-range plans and include significant assumptions by management. Accordingly, the fair value assessment of long-lived assets is considered a Level 3 fair value measurement.

The Company measures certain long-lived and intangible assets at fair value on a nonrecurring basis when events occur that indicate an asset group may not be recoverable. If the carrying amount of an asset group is not recoverable, an impairment charge is recorded to reduce the carrying amount by the excess over its fair value.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

11. Commitments and Contingent Liabilities

In addition to commitments and obligations incurred in the ordinary course of business, the Company is subject to a variety of claims and legal proceedings, including claims from customers and vendors, pending and potential legal actions for damages, governmental investigations, and other matters. The Company and its affiliates are parties to the legal claims and proceedings described below and in Financial Note 17 to the Company's 2026 Annual Report and Financial Note 11 to the Company's Quarterly Report on Form 10-Q filing for the period ended June 30, 2026, which disclosure is incorporated in this footnote by this reference. The Company is vigorously defending itself against those claims and in those proceedings. Those matters, including commitments related to them and significant developments, are described below. If the Company is unsuccessful in defending, or if it determines to settle, any of these matters, it may be required to pay substantial sums, be subject to injunction and/or be forced to change how it operates its business, which could have a material adverse impact on its financial position or results of operations.

Unless otherwise stated, the Company is unable to reasonably estimate the loss or a range of possible loss for the matters described below. Often, the Company is unable to determine that a loss is probable, or to reasonably estimate the amount of loss or a range of loss, for a matter because of the limited information available and the potential effects of future events and decisions by third parties, such as courts and regulators, that will determine the ultimate resolution of the matter. Many of the matters described are at preliminary stages, raise novel theories of liability, or seek an indeterminate amount of damages. It is not uncommon for claims to remain unresolved over many years. The Company reviews loss contingencies at least quarterly to determine whether the likelihood of loss has changed and whether it can make a reasonable estimate of the loss or range of loss. When the Company determines that a loss from a matter is probable and reasonably estimable, it records a liability for an estimated amount. The Company also provides disclosure when it is reasonably possible that a loss may be incurred or when it is reasonably possible that the amount of a loss will exceed its recorded liability. Amounts included within "Claims and litigation charges, net" in the Condensed Consolidated Statements of Operations consist of estimated loss contingencies related to opioid-related litigation matters, as well as any applicable income items or credit adjustments due to subsequent changes in estimates.

Litigation and Claims Involving Distribution of Controlled Substances

The Company and its affiliates have been sued as defendants in many cases asserting claims related to distribution of controlled substances, such as opioids. They have been named as defendants along with other pharmaceutical wholesale distributors, pharmaceutical manufacturers, and retail pharmacies. The plaintiffs in these actions have included state attorneys general, county and municipal governments, school districts, tribal nations, hospitals, health and welfare funds, third-party payors, and individuals. The Company is not able to conclude that a liability is probable or provide a reasonable estimate for the range of ultimate possible loss for opioid-related litigation matters other than those for which an accrual is described below.

State and Local Government Claims

The Company and two other national pharmaceutical distributors (collectively "Distributors") entered into a settlement agreement (the "Settlement") and consent judgment with 48 states and their participating subdivisions, as well as the District of Columbia and all eligible territories (the "Settling Governmental Entities"). Approximately 2,300 cases have been dismissed. The Distributors did not admit liability or wrongdoing and do not waive any defenses pursuant to the Settlement. A minimum of 85% of the $7.9 billion Settlement payments, to be paid by 2038, must be used by the Settling Governmental Entities to remediate the opioid epidemic, while the remainder relates to plaintiffs' attorneys' fees and costs and will be paid out through 2030. Pursuant to the Settlement, the Distributors are in the process of establishing a clearinghouse to consolidate their controlled-substance distribution data, which will be available to the settling U.S. states to use as part of their anti-diversion efforts.

The Company has also entered into separate settlement agreements with: (i) Alabama and its subdivisions for approximately $174 million through 2031, and (ii) certain West Virginia subdivisions for approximately $152 million through 2033. The Company previously settled with the state of West Virginia and has satisfied that settlement. The agreement with West Virginia subdivisions does not include school districts or the claims of Cabell County and the City of Huntington. After a trial, the claims of Cabell County and the City of Huntington were initially decided in the Company's favor on July 4, 2022. Those subdivisions appealed that decision and on October 28, 2025, a panel of the U.S. Court of Appeals for the Fourth Circuit issued a decision reversing the trial court's judgment and remanding the case to the trial court for additional proceedings.

Some state and local governmental subdivisions did not participate in the Settlement, including certain municipal governments, government hospitals, school districts, and government-affiliated third-party payors. The Company contends that those subdivisions' claims are foreclosed by the Settlement or other dispositive defenses, but the subdivisions contend that their claims are not foreclosed. An accrual for the remaining governmental subdivision claims is reflected in the total estimated liability for opioid-related claims in a manner consistent with how Settlement amounts were allocated to Settling Governmental Entities.

The district attorneys of the City of Philadelphia, Pennsylvania, and Allegheny County, Pennsylvania, did not participate in the Settlement and sought to bring separate claims against the Company, notwithstanding the settlement with the state of Pennsylvania and its attorney general. On January 26, 2024, the Commonwealth Court of Pennsylvania ruled that the Pennsylvania attorney general had settled and fully released the claims brought by those district attorneys under Pennsylvania's Unfair Trade Practices and Consumer Protection Law. The district attorneys have appealed that decision to the Supreme Court of Pennsylvania. An accrual for the remaining governmental subdivision claims is reflected in the total estimated liability for opioid-related claims in a manner consistent with how Settlement amounts were allocated to Settling Governmental Entities.

Native American Tribe Claims

The Company also entered into settlement agreements for opioid-related claims of federally recognized Native American tribes. A minimum of 85% of the $196 million total settlement payments through 2027 must be used by the settling Native American tribes to remediate the opioid epidemic.

Non-Governmental Plaintiff Claims

The Company has also been a defendant in hundreds of opioid-related cases brought in the U.S. by private plaintiffs, such as hospitals, health and welfare funds, third-party payors, and individuals. These claims, and those of private entities generally, are not included in the settlement agreements described above. The Company and two other national distributors reached class-action settlements with representatives of nationwide groups of acute care hospitals and certain third-party payors. The claims of remaining U.S. non-governmental plaintiffs are not included in the charges recorded by the Company (described below).

With respect to the acute care hospitals, the Company reached a settlement of $149 million with a nationwide class, which the Company paid into escrow on November 27, 2024. With respect to the third-party payors, the Company reached a settlement of $114 million with a nationwide class, which the Company paid into escrow on February 12, 2025. The remaining escrow payments were presented as restricted cash within "Prepaid expenses and other" in the Company's Condensed Consolidated Balance Sheet as of September 30, 2026.

The Company's estimated accrued liability for the above-described opioid-related claims of U.S. governmental entities, including Native American tribes, and certain non-governmental plaintiffs, including a settlement with certain third-party payors and a nationwide class of acute care hospitals, was as follows:

(In millions)	September 30, 2026	March 31, 2026
Current litigation liabilities [1]	$ 600	$ 601
Long-term litigation liabilities	4,563	5,091
Total litigation liabilities	$ 5,163	$ 5,692

(1) These amounts, recorded within "Other accrued liabilities" in the Condensed Consolidated Balance Sheets, are the amounts estimated to be paid within the next twelve months following each respective period end date.

During the three and six months ended September 30, 2026, the Company made payments totaling $496 million associated with the Settlement and the separate settlement agreements for opioid-related claims of participating states, subdivisions, and Native American tribes discussed above.

Canadian Plaintiff Claims

The Company and its Canadian affiliate are also defendants in four opioid-related cases pending in Canada. These cases involve the claims of the provincial governments, municipal governments, a group representing indigenous people, as well as one case brought by an individual. The claims of a class of provincial governments are pending in the Supreme Court of British Columbia, Docket No. S-189395, and a common-issues trial is scheduled to begin on February 22, 2028.

Defense of Opioids Claims

The Company believes it has valid legal defenses in all opioid-related matters, including claims not covered by settlement agreements, and it intends to mount a vigorous defense in such matters. Other than the accruals described above, the Company has not determined that a loss is probable in any of the matters; nor is any possible loss or range of loss reasonably estimable. An adverse judgment or negotiated resolution in any of these matters could have a material adverse impact on the Company's financial position, cash flows or liquidity, or results of operations.

Other Litigation and Claims

On October 17, 2024, the Company was served with a qui tam complaint filed in the United States District Court for the Eastern District of New York by a relator alleging that, from 2010 through at least 2012, the Company submitted false certifications to the government in support of Horizon Clinicals, an electronic health record product. *United States ex rel. James Thompson v. McKesson Corporation, No. 16-CV-2891*. The United States has declined to intervene in the case. The complaint seeks relief under the False Claims Act including damages, treble damages, civil penalties, attorney fees, and costs of suit. On September 30, 2026, the district court granted the Company's motion to dismiss the complaint in its entirety.

Since September 2026, the Company has been served with multiple putative class action complaints filed in the United States District Court for the Northern District of Texas, the first of which is *O'Connor v. McKesson Corporation,* Civil Action No. 3:26-cv-02929-L. The complaints allege a failure to properly secure and safeguard consumer protected health information and personally identifiable information following a cybersecurity incident and alleged data exfiltration by cybercriminals. The complaints seek relief including injunctive relief, damages, interest, attorney fees, and costs of suit.

Government Subpoenas and Investigations

From time to time, the Company receives subpoenas or requests for information from various governmental agencies. The Company generally responds to such subpoenas and requests in a cooperative, thorough, and timely manner. These responses sometimes require time and effort and can result in considerable costs being incurred by the Company. Such subpoenas and requests can lead to the assertion of claims or the commencement of civil or criminal legal proceedings against the Company and other members of the healthcare industry, as well as to settlements of claims against the Company. The Company responds to these requests in the ordinary course of business.

Antitrust Settlements

During the second quarter of fiscal 2027, the Company received net proceeds of $50 million related to its share of antitrust settlements. The lawsuits were filed against drug manufacturers alleging that the manufacturers, by themselves or in concert with others, took improper anticompetitive actions with respect to the sale of their drugs. The Company was not a named party to the litigation but was a member of the representative classes of those who purchased directly from the pharmaceutical manufacturers. The Company recognized a gain within "Cost of sales" in the Condensed Consolidated Statement of Operations in the second quarter of fiscal 2027 related to the settlements.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

12. Stockholders' Deficit

Each share of the Company's outstanding common stock is permitted one vote on proposals presented to stockholders and is entitled to participate equally in any dividends declared by the Company's Board of Directors (the "Board").

On July 21, 2026, the Company raised its quarterly dividend from $0.82 to $0.94 per share of common stock. The Company anticipates that it will continue to pay quarterly cash dividends in the future. However, the payment and amount of future dividends remain within the discretion of the Board and will depend upon the Company's future earnings, financial condition, capital requirements, legal requirements, and other factors.

Share Repurchase Plans

The Board has authorized the repurchase of common stock. The Company may repurchase common stock from time-to-time through open market transactions, privately negotiated transactions, accelerated share repurchase ("ASR") programs, or by combinations of such methods, any of which may use pre-arranged trading plans that are designed to meet the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934. The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including the Company's stock price, corporate and regulatory requirements, tax implications, restrictions under the Company's debt obligations, other uses for capital, impacts on the value of remaining shares, cash generated from operations, and market and economic conditions.

Excise taxes of $10 million and $8 million were accrued for shares repurchased during the three months ended September 30, 2026 and 2025, respectively. Excise taxes of $35 million and $10 million were accrued for shares repurchased during the six months ended September 30, 2026 and 2025, respectively. On July 30, 2026, the Company made a payment of $40 million for fiscal 2026 excise taxes previously accrued. As of September 30, 2026 and March 31, 2026, the amount accrued for excise taxes was $35 million and $40 million within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheets, respectively.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Information regarding share repurchase activity for the six months ended September 30, 2026 and 2025 was as follows:

	Share Repurchases [1]		
(In millions, except price per share)	Total Number of Shares Purchased [2]	Average Price Paid Per Share [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
Balance at March 31, 2026			$ 2,719
April 2026 Board Authorization [4]			5,000
Share Repurchase March 2026 ASR [5]	0.7	$ 820.04	—
Share Repurchase May 2026 ASR [6]	2.7	$ 810.17	(2,250)
Q1 Shares repurchased - Open market	0.4	$ 762.40	(294)
Q2 Shares repurchased - Open market [7]	1.0	$ 861.20	(895)
Balance at September 30, 2026			$ 4,280

(1) This table does not include the value of equity awards surrendered to satisfy tax withholding obligations or forfeitures of equity awards.

(2) The number of shares purchased reflects rounding adjustments.

(3) The average price paid per share excludes $35 million of excise taxes for the six months ended September 30, 2026.

(4) On April 29, 2026, the Board of Directors approved the Company to repurchase up to an additional $5.0 billion of the Company's common stock.

(5) In March 2026, the Company entered into an ASR program with a third-party financial institution to repurchase $2.3 billion of the Company's common stock. The total number of shares repurchased under this ASR program was 2.7 million shares at an average price per share of $820.04. The Company received 2.0 million shares as the initial share settlement during the fourth quarter of fiscal 2026 and, in May 2026, the Company received an additional 0.7 million shares upon the completion of this ASR program.

(6) In May 2026, the Company entered into an ASR program with a third-party financial institution to repurchase $2.3 billion of the Company's common stock. The total number of shares repurchased under this ASR program was 2.7 million shares at an average price per share of $810.17. The Company received 2.5 million shares as the initial share settlement during the first quarter of fiscal 2027 and, in September 2026, the Company received an additional 0.2 million shares upon the completion of this ASR program.

(7) Of the total dollar value, $15 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheet as of September 30, 2026 for share repurchases that were executed in late September 2026 and settled in early October 2026.

	Share Repurchases [1]		
(In millions, except price per share)	Total Number of Shares Purchased [2]	Average Price Paid Per Share [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
Balance at March 31, 2025			$ 7,469
Q1 Shares repurchased - Open market	0.8	$ 709.84	(590)
Q2 Shares repurchased - Open market	1.2	$ 693.25	(809)
Balance at September 30, 2025			$ 6,070

(1) This table does not include the value of equity awards surrendered to satisfy tax withholding obligations or forfeitures of equity awards.

(2) The number of shares purchased reflects rounding adjustments.

(3) The average price paid per share includes $10 million of excise taxes for the six months ended September 30, 2025.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Accumulated Other Comprehensive Loss

Information regarding changes in accumulated other comprehensive loss for the three months ended September 30, 2026 and 2025 was as follows:

	Foreign Currency Translation Adjustments				
(In millions)	Foreign Currency Translation Adjustments, Net of Tax [1]	Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax [2]	Unrealized Gains on Cash Flow and Other Hedges, Net of Tax [3]	Unrealized Gains on Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
Balance, June 30, 2026	$ (777)	$ 2	$ 10	$ 16	$ (749)
Other comprehensive income (loss) before reclassifications	(15)	(7)	1	—	(21)
Amounts reclassified to earnings and other	2	—	—	—	2
Other comprehensive income (loss)	(13)	(7)	1	—	(19)
Balance, September 30, 2026	$ (790)	$ (5)	$ 11	$ 16	$ (768)

(1) Primarily results from the conversion of non-U.S. dollar financial statements of the Company's operations in Canada into the Company's reporting currency, U.S. dollars.

(2) Amounts recorded for the three months ended September 30, 2026 include losses of $(9) million related to net investment hedges from cross-currency swaps, which are net of income tax benefit of $2 million.

(3) Amounts recorded for the three months ended September 30, 2026 include net gains of $1 million from gains from forward-starting interest rate swap locks, partially offset by losses from cross-currency swaps.

	Foreign Currency Translation Adjustments				
(In millions)	Foreign Currency Translation Adjustments, Net of Tax [1]	Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax [2]	Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax [3]	Unrealized Gains on Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
Balance, June 30, 2025	$ (796)	$ (125)	$ 10	$ 13	$ (898)
Other comprehensive income (loss)	(77)	72	(5)	—	(10)
Balance, September 30, 2025	$ (873)	$ (53)	$ 5	$ 13	$ (908)

(1) Primarily results from the conversion of non-U.S. dollar financial statements of the Company's operations in Canada and Norway into the Company's reporting currency, U.S. dollars.

(2) Amounts recorded for the three months ended September 30, 2025 include gains of $98 million related to net investment hedges from cross-currency swaps, which are net of income tax expense of $(26) million.

(3) Amounts recorded for the three months ended September 30, 2025 include losses of $(7) million related to cash flow forwards and hedges from cross-currency swaps. These amounts are net of income tax benefit of $2 million.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Information regarding changes in accumulated other comprehensive loss, including noncontrolling interests, by components for the six months ended September 30, 2026 and 2025 was as follows:

	Foreign Currency Translation Adjustments				
(In millions)	Foreign Currency Translation Adjustments, Net of Tax [1]	Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax [2]	Unrealized Gains on Cash Flow and Other Hedges, Net of Tax [3]	Unrealized Gains on Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
Balance, March 31, 2026	$ (708)	$ (58)	$ 5	$ 16	$ (745)
Other comprehensive income (loss) before reclassifications	(84)	53	6	—	(25)
Amounts reclassified to earnings and other	2	—	—	—	2
Other comprehensive income (loss)	(82)	53	6	—	(23)
Balance, September 30, 2026	$ (790)	$ (5)	$ 11	$ 16	$ (768)

(1) Primarily results from the conversion of non-U.S. dollar financial statements of the Company's operations in Canada into the Company's reporting currency, U.S. dollars.

(2) Amounts recorded for the six months ended September 30, 2026 include gains of $72 million related to net investment hedges from cross-currency swaps, which are net of income tax expense of $(19) million.

(3) Amounts recorded for the six months ended September 30, 2026 include gains of $3 million from forward-starting interest rate swap locks and net gains of $5 million from cross-currency swaps, net of income tax expense of $(2) million.

	Foreign Currency Translation Adjustments				
(In millions)	Foreign Currency Translation Adjustments, Net of Tax [1]	Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax [2]	Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax [3]	Unrealized Gains (Losses) on Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
Balance, March 31, 2025	$ (989)	$ 47	$ (4)	$ 14	$ (932)
Other comprehensive income (loss)	116	(100)	9	(1)	24
Balance, September 30, 2025	$ (873)	$ (53)	$ 5	$ 13	$ (908)

(1) Primarily results from the conversion of non-U.S. dollar financial statements of the Company's operations in Canada and Norway into the Company's reporting currency, U.S. dollars.

(2) Amounts recorded for the six months ended September 30, 2025 include losses of $(135) million related to net investment hedges from cross-currency swaps, which are net of income tax benefit of $35 million.

(3) Amounts recorded for the six months ended September 30, 2025 include gains of $12 million primarily from cash flow hedges from foreign currency forwards, net of income tax expense of $(3) million.

13. Segments of Business

The Company reports its financial results in four reportable segments: North American Pharmaceutical, Oncology & Multispecialty, Prescription Technology Solutions, and Medical-Surgical Solutions. The Company's former Norwegian operations were included in Other until its divestiture on January 30, 2026. The organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, and the results of certain investments. This segment structure reflects how the Company's Chief Executive Officer, who is the chief operating decision maker ("CODM"), allocates resources and assesses performance. The factors for determining the reportable segments include the manner in which management evaluates the performance of the Company combined with the nature of the individual business activities. The Company evaluates the performance of its reportable segments on a number of measures, including revenues and operating profit before interest expense and income taxes.

The CODM uses operating profit before interest expense and income taxes to assess performance and allocate resources for each reportable segment during the Company's annual long-term planning process and through quarterly operating reviews focused on each segment's results compared to the budget and rolling forecast. The CODM is regularly provided with budgeted or forecasted expense information for the segment and also uses consolidated expense information. Assets by segment are not a measure used to assess the performance of the Company by the CODM and thus are not reported in the Company's disclosures.

The North American Pharmaceutical segment provides distribution and logistics services for branded, generic, specialty, biosimilar and over-the-counter pharmaceutical drugs along with other healthcare-related products to customers in the U.S. and Canada. In addition, the segment sells financial, operational, and clinical solutions to pharmacies (retail, hospital, alternate sites) and provides consulting, outsourcing, technological, and other services.

The Oncology & Multispecialty segment includes provider solutions that encompass specialty drug distribution, group purchasing organizations, infusion services, direct to patient pharmacy capabilities, cell and gene therapy services with InspiroGene, technology solutions, practice consulting services, and vaccine distribution. In addition, the segment supports The U.S. Oncology Network, one of the largest networks of physician-led, integrated, community-based oncology practices dedicated to advancing high-quality, evidence-based cancer care in the U.S. The segment also includes PRISM Vision, which drives patient outcomes in a retina and ophthalmology setting. Combined with Sarah Cannon Research Institute and the technology business, Ontada, this segment provides research, insights, technologies, and services that address and improve cancer and specialty care.

The Prescription Technology Solutions segment helps solve medication access, affordability, and adherence challenges for patients by working across healthcare to connect patients, pharmacies, providers, pharmacy benefit managers, health plans, and biopharma companies. Prescription Technology Solutions serves the Company's biopharma and life sciences partners, delivering innovative solutions that help people get the medicine they need to live healthier lives. This segment offers technology services, which includes electronic prior authorization, prescription price transparency, benefit insight, dispensing support services, and patient enrollment, in addition to third-party logistics and wholesale distribution support designed to benefit stakeholders.

The Medical-Surgical Solutions segment is a leading provider of medical-surgical supplies, laboratory equipment and pharmaceutical distribution, logistics, and other services to non-acute settings in the U.S. These include healthcare providers operating in ambulatory care environments, such as physician offices, surgery centers, and hospital reference labs, as well as extended care settings, including nursing homes, hospice and home health care agencies, government facilities and online marketplaces and retailers. This segment offers national brand medical-surgical products as well as its own line of more than 4,000 high-quality products through a network of distribution centers in the U.S. During fiscal 2026, the Company announced its intention to separate this segment into an independent company. As a part of the separation strategy, on June 1, 2026, the Company completed a transaction under which Apollo Funds acquired an approximately 13% minority ownership interest in the Company's Medical-Surgical Solutions business through an investment of approximately $1.25 billion in the business's convertible preferred equity. The Company recognized a redeemable noncontrolling interest associated with the divested portion of the Medical-Surgical Solutions segment. McKesson retains operating control and majority ownership of Medical-Surgical Solutions and continues to consolidate this segment into its consolidated financial statements.

The Company's former Norwegian operations, which provided distribution and services to wholesale and retail customers in Norway where it owned, partnered, or franchised with retail pharmacies, were included in Other. During fiscal 2026, the Company completed the sale of the Norway disposal group. Refer to Financial Note 2, "Business Acquisitions and Divestitures," for more information.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Financial information relating to the Company's reportable segments and reconciliations to the consolidated totals was as follows:

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

(In millions)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Six Months Ended September 30, 2026	Six Months Ended September 30, 2025
Segment revenues [1]				
North American Pharmaceutical	$ 91,360	$ 86,481	$ 178,133	$ 169,210
Oncology & Multispecialty	14,980	12,044	29,202	22,702
Prescription Technology Solutions	1,520	1,376	3,086	2,810
Medical-Surgical Solutions	3,097	2,947	5,916	5,648
Other	—	302	—	607
Total revenues	$ 110,957	$ 103,150	$ 216,337	$ 200,977
Other segment expense, net [2]				
North American Pharmaceutical [3]	$ 90,273	$ 85,629	$ 176,143	$ 167,764
Oncology & Multispecialty [4]	14,628	11,712	28,525	22,158
Prescription Technology Solutions [5]	1,245	1,132	2,585	2,313
Medical-Surgical Solutions [6]	2,933	2,727	5,630	5,207
Other	—	274	—	566
Total other segment expense, net	$ 109,079	$ 101,474	$ 212,883	$ 198,008
Segment operating profit				
North American Pharmaceutical	$ 1,087	$ 852	$ 1,990	$ 1,446
Oncology & Multispecialty	352	332	677	544
Prescription Technology Solutions	275	244	501	497
Medical-Surgical Solutions	164	220	286	441
Other	—	28	—	41
Subtotal	1,878	1,676	3,454	2,969
Corporate expenses, net [7]	(211)	(207)	(402)	(400)
Interest expense	(105)	(74)	(182)	(123)
Income before income taxes	$ 1,562	$ 1,395	$ 2,870	$ 2,446
Segment depreciation and amortization [8]				
North American Pharmaceutical	$ 41	$ 32	$ 80	$ 64
Oncology & Multispecialty	62	71	128	113
Prescription Technology Solutions	20	20	39	41
Medical-Surgical Solutions	27	23	53	45
Other	—	1	—	4
Corporate	47	41	92	78
Total segment depreciation and amortization	$ 197	$ 188	$ 392	$ 345
Segment expenditures for long-lived assets [9]				
North American Pharmaceutical	$ 61	$ 74	$ 125	$ 135
Oncology & Multispecialty	16	23	34	47
Prescription Technology Solutions	2	—	2	1
Medical-Surgical Solutions	16	32	43	57
Other	—	4	—	5
Corporate	28	63	71	140
Total segment expenditures for long-lived assets	$ 123	$ 196	$ 275	$ 385

McKESSON CORPORATION

FINANCIAL NOTES (CONCLUDED)
(UNAUDITED)

(1) Revenues from services on a disaggregated basis represent less than 1% of the North American Pharmaceutical segment's total revenues, approximately 7% of the Oncology & Multispecialty segment's total revenues, approximately 40% of the Prescription Technology Solutions segment's total revenues, and less than 1% of the Medical-Surgical Solutions segment's total revenues. The Company's Norwegian operations were included in Other.

(2) Other segment expense, net includes cost of sales, total operating expenses, as well as other income, net, for the Company's reportable segments.

(3) The Company's North American Pharmaceutical other segment expense, net includes the following:

- related to the bankruptcy of the Company's customer Rite Aid Corporation (including certain of its subsidiaries, "Rite Aid"), the Company recorded a provision for bad debts of $189 million during the six months ended September 30, 2025. This was recorded within "Selling, distribution, general, and administrative expenses" in the Company's Condensed Consolidated Statements of Operations; and
- cash receipts for the Company's share of antitrust legal settlements were $50 million for the three months ended September 30, 2026, and $56 million and $8 million for the six months ended September 30, 2026 and 2025, respectively.

(4) The Company's Oncology & Multispecialty other segment expense, net includes the following:

- a net gain of $51 million for the three and six months ended September 30, 2025 related to the sale of an investment and market decisions, which was recorded within "Selling, distribution, general, and administrative expenses" in the Company's Condensed Consolidated Statement of Operations.

(5) The Company's Prescription Technology Solutions other segment expense, net includes the following:

- restructuring charges of $18 million and $79 million for the three and six months ended September 30, 2026, respectively, for restructuring initiatives as discussed in Financial Note 3, "Restructuring, Impairment, and Related Charges, Net."

(6) The Company's Medical-Surgical Solutions other segment expense, net includes the following:

- net charges of $42 million and $87 million for the three and six months ended September 30, 2026, respectively, related to our planned separation of the Medical-Surgical Solutions business.

(7) Corporate expenses, net include the following:

- restructuring charges of $52 million and $38 million for the three months ended September 30, 2026 and 2025, respectively, and $102 million and $67 million for the six months ended September 30, 2026 and 2025, respectively, for restructuring initiatives as discussed in Financial Note 3, "Restructuring, Impairment, and Related Charges, Net;"
- a credit of $36 million for the six months ended September 30, 2026 related to the estimated liability for opioid related claims, as discussed in Financial Note 11, "Commitments and Contingent Liabilities;" and
- charges of $4 million and $27 million for the three and six months ended September 30, 2026, respectively, related to the planned separation of the Medical-Surgical Solutions business.

(8) Amounts primarily consist of amortization of acquired intangible assets purchased in connection with business acquisitions and capitalized software for internal use as well as depreciation and amortization of property, plant, and equipment, net.

(9) Long-lived assets consist of property, plant, and equipment, net and capitalized software.

Long-lived assets by geographic area were as follows:

(In millions)	**September 30, 2026**	**March 31, 2026**
Long-lived assets		
United States	$ 3,162	$ 3,177
Foreign	269	255
Total long-lived assets	$ 3,431	$ 3,432

McKESSON CORPORATION

FINANCIAL REVIEW
(UNAUDITED)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

INDEX TO MANAGEMENT'S DISCUSSION AND ANALYSIS

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GENERAL

Management's discussion and analysis of financial condition and results of operations, referred to as the "Financial Review," is intended to assist the reader in the understanding and assessment of significant changes and trends related to the results of operations and financial position of McKesson Corporation together with its subsidiaries (collectively, the "Company," "McKesson," "we," "our," or "us," and other similar pronouns). This discussion and analysis should be read in conjunction with the condensed consolidated financial statements and accompanying financial notes in Item 1 of Part I of this Quarterly Report on Form 10-Q ("Quarterly Report") and in Item 8 of Part II of our Annual Report on Form 10-K for the fiscal year ended March 31, 2026 previously filed with the Securities and Exchange Commission (the "SEC") on May 8, 2026 ("2026 Annual Report").

Our fiscal year begins on April 1 and ends on March 31. Unless otherwise noted, all references to a particular year refer to our fiscal year.

Certain statements in this report constitute forward-looking statements. See *"Cautionary Notice About Forward-Looking Statements"* included in this Quarterly Report.

Overview of Our Business:

We are a diversified healthcare services leader dedicated to advancing health outcomes for patients everywhere. Our teams partner with biopharma companies, care providers, pharmacies, manufacturers, governments, and others to deliver insights, products, and services to help make quality care more accessible and affordable.

We report our financial results in four reportable segments: North American Pharmaceutical, Oncology & Multispecialty, Prescription Technology Solutions, and Medical-Surgical Solutions. Our former Norwegian operations were included in Other. Our organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, as well as the results of certain investments. The factors for determining the reportable segments include the manner in which management evaluates the performance of the Company combined with the nature of individual business activities. We evaluate the performance of our reportable segments on a number of measures, including revenues and operating profit before interest expense and income taxes.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

The following summarizes our four reportable segments. Refer to Financial Note 13, "Segments of Business," to the accompanying condensed consolidated financial statements included in this Quarterly Report for further information regarding our reportable segments.

- **North American Pharmaceutical** segment provides distribution and logistics services for branded, generic, specialty, biosimilar, and over-the-counter pharmaceutical drugs along with other healthcare-related products to customers in the United States ("U.S.") and Canada. In addition, the segment sells financial, operational, and clinical solutions to pharmacies (retail, hospital, alternate sites) and provides consulting, outsourcing, technological, and other services.
- **Oncology & Multispecialty** segment includes provider solutions that encompass specialty drug distribution, group purchasing organizations, infusion services, direct to patient pharmacy capabilities, cell and gene therapy services with InspiroGene, technology solutions, practice consulting services, and vaccine distribution. In addition, the segment supports The U.S. Oncology Network, one of the largest networks of physician-led, integrated, community-based oncology practices dedicated to advancing high-quality, evidence-based cancer care in the U.S., and includes PRISM Vision Holdings, LLC ("PRISM Vision"), which drives patient outcomes in a retina and ophthalmology setting. Combined with Sarah Cannon Research Institute and our technology business, Ontada, this segment provides research, insights, technologies, and services that address and improve cancer and specialty care.
- **Prescription Technology Solutions** segment combines automation and our ability to navigate the healthcare ecosystem to connect patients, pharmacies, providers, pharmacy benefit managers, health plans, and biopharma companies to address patients' medication access, affordability, and adherence challenges. Prescription Technology Solutions offers technology services, which includes electronic prior authorization, prescription price transparency, benefit insight, dispensing support services, and patient enrollment, in addition to third-party logistics, and wholesale distribution support across various therapeutic categories and temperature ranges to biopharma customers throughout the product lifecycle.
- **Medical-Surgical Solutions** segment provides medical-surgical, laboratory, and pharmaceutical distribution, logistics, and other services to U.S. healthcare providers operating in the non-acute settings. These include ambulatory care environments, such as physician offices, surgery centers, and hospital reference labs, as well as extended care settings, including nursing homes, hospice and home health care agencies, government facilities, and online marketplaces and retailers. This segment offers national brand medical-surgical products as well as our own line of more than 4,000 high-quality products through a network of distribution centers within the U.S. During fiscal 2026, we announced our intention to separate this segment into an independent company. As a part of the separation strategy, on June 1, 2026, we completed a transaction under which funds managed by affiliates of Apollo Global Management, Inc. ("Apollo Funds") acquired an approximately 13% minority ownership interest in our Medical-Surgical Solutions segment through an investment of approximately $1.25 billion in the segment's convertible preferred equity. We recognized a redeemable noncontrolling interest associated with the divested portion of the Medical-Surgical Solutions segment. We retain operating control and majority ownership of Medical-Surgical Solutions and continue to consolidate this segment into our consolidated financial statements.

Business Acquisitions and Divestitures

On October 5, 2026, we entered into a definitive agreement to acquire a 49% minority interest in Option Care Health, Inc. ("Option Care Health"), an independent provider of home and alternate site infusion services, for estimated cash consideration of approximately $1.4 billion. Under the agreement, Clayton, Dubilier & Rice, LLC ("CD&R") will hold a majority interest of 51% in Option Care Health. The transaction is currently expected to close in the first half of calendar year 2027, subject to customary closing conditions, regulatory approvals, and Option Care Health shareholder approval. Upon completion of the transaction, Option Care Health will be accounted for as an equity method investment. The agreement includes a framework to acquire additional ownership interest from CD&R in future periods, subject to specified conditions and regulatory approvals.

In early November, we completed the following transactions:

- the acquisition of Precision Medicine Group, LLC ("Precision Medicine"), a global provider of clinical research and biopharma commercialization services, for cash of approximately $2.25 billion (subject to customary post-closing adjustments).
- the acquisition of a controlling interest in Spectrum Vision Partners ("Spectrum Vision"), a provider of ophthalmology and retina management services, for approximately $525 million (subject to customary post-closing adjustments).

The operating results of these businesses will be reported within the Oncology & Multispecialty segment beginning on the acquisition date in the third quarter of fiscal 2027. The acquisitions will be accounted for as business combinations and the analyses to assign fair values to the assets acquired, liabilities assumed, and noncontrolling interest in Spectrum Vision is currently underway. Refer to Financial Note 2, "Business Acquisitions and Divestitures," to the consolidated financial statements included in this Quarterly Report for additional information regarding these transactions.

Executive Summary:

The following summary provides highlights and key factors that impacted our business, operating results, financial condition, and liquidity for the three and six months ended September 30, 2026, as well as other material developments:

- For the three months ended September 30, 2026 compared to the prior year, revenues increased by 8%, gross profit increased by 12%, total operating expenses increased by 10%, and other income, net increased by 2%. Refer to the "Overview of Consolidated Results" section below for an analysis of these changes;
- For the six months ended September 30, 2026 compared to the prior year, revenues increased by 8%, gross profit increased by 12%, total operating expenses increased by 8%, and other income, net increased by 2%. Refer to the "Overview of Consolidated Results" section below for an analysis of these changes;
- Diluted earnings per common share attributable to McKesson Corporation increased to $10.44 from $8.92 for the three months ended September 30, 2026 and increased to $15.53 from $15.16 for the six months ended September 30, 2026 compared to the respective prior year periods;
- In the first quarter of 2027, certain of our subsidiaries within the Medical-Surgical Solutions segment entered into, and then amended, a syndicated credit agreement for: a $750 million principal senior secured term loan due in 2031, a $250 million principal senior secured term loan due in 2028; a $2.25 billion senior secured term loan due 2032, for total proceeds received, net of discounts and debt offering expenses, of $3.2 billion; and a $1.0 billion senior secured revolving credit facility scheduled to mature in April 2031. Refer to Financial Note 8, "Debt and Financing Activities," to the accompanying condensed consolidated financial statements in this Quarterly Report for additional information;
- On April 24, 2026, we terminated our 2022 revolving credit facility and our 364-Day credit facility and entered into a new Credit Agreement (the "2026 Credit Facility") that provides a syndicated $5.0 billion senior unsecured credit facility. The 2026 Credit Facility matures in 2031. Refer to Financial Note 8, "Debt and Financing Activities," to the accompanying condensed consolidated financial statements in this Quarterly Report for additional information;
- As a part of our intention to separate our Medical-Surgical Solutions business into an independent company, on June 1, 2026, Apollo Funds invested approximately $1.25 billion for convertible preferred equity of our Medical-Surgical Solutions business to acquire an approximately 13% interest in the business;
- On April 29, 2026, our Board of Directors (the "Board") approved the Company to repurchase up to an additional $5.0 billion of common stock;
- During the six months ended September 30, 2026, we returned $3.6 billion of cash to shareholders through $3.4 billion of common stock repurchases and $198 million of dividend payments. The total remaining authorization outstanding for repurchases of the Company's common stock at September 30, 2026 was $4.3 billion; and
- On July 21, 2026, the Board raised our quarterly dividend from $0.82 to $0.94 per share of common stock.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Trends and Uncertainties:

Government Policies

As described in “Item 1. Government Regulation” and “Item 1A - Risk Factors” in Part I of our 2026 Annual Report, our industry is highly regulated and is subject to risks and uncertainty caused by the volume and speed of changes to regulatory policies. Changes in regulatory posture and law may result in significant changes in healthcare policy, drug pricing including developments in the federal 340B program, government funding of healthcare costs, or other matters affecting our operations and participants throughout the pharmaceutical supply chain. The scope, timing and ultimate effects of these developments are difficult to predict.

Additional information regarding the factors affecting our results is included in "*Results Of Operations*" within the consolidated discussion of Revenues.

RESULTS OF OPERATIONS

Overview of Consolidated Results:

	Three Months Ended September 30,			Six Months Ended September 30,		
(Dollars in millions, except per share data)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Revenues	$110,957	$103,150	8 %	$216,337	$200,977	8 %
Gross profit	3,956	3,542	12	7,641	6,821	12
Gross profit margin	*3.57 %*	*3.43 %*	*14 bp*	*3.53 %*	*3.39 %*	*14 bp*
Total operating expenses	$ (2,352)	$ (2,135)	10 %	$ (4,718)	$ (4,378)	8 %
Total operating expenses as a percentage of revenues	*2.12 %*	*2.07 %*	*5 bp*	*2.18 %*	*2.18 %*	*— bp*
Other income, net	$ 63	$ 62	2 %	$ 129	$ 126	2 %
Interest expense	(105)	(74)	42	(182)	(123)	48
Income before income taxes	1,562	1,395	12	2,870	2,446	17
Income tax expense	(266)	(232)	15	(542)	(452)	20
Reported income tax rate	*17.0 %*	*16.6 %*	*40 bp*	*18.9 %*	*18.5 %*	*40 bp*
Net income	1,296	1,163	11	2,328	1,994	17
Net income attributable to noncontrolling interests	(78)	(53)	47	(496)	(100)	396
Net income attributable to McKesson Corporation	$ 1,218	$ 1,110	10 %	$ 1,832	$ 1,894	(3) %
Diluted earnings per common share attributable to McKesson Corporation	$ 10.44	$ 8.92	17 %	$ 15.53	$ 15.16	2 %
Weighted-average diluted common shares outstanding	116.7	124.4	(6) %	117.9	124.9	(6) %

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

bp - basis point

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Revenues

Revenues increased for the three and six months ended September 30, 2026 compared to the same prior year periods, primarily due to market growth in our North American Pharmaceutical segment, including higher volumes from institutional healthcare providers and retail national account customers. Market growth includes growing drug utilization, for example the GLP-1 class of medications, and newly launched products, partially offset by branded pharmaceutical price decreases and branded to generic drug conversion. Revenues for the three and six months ended September 30, 2026 was also favorably impacted by growth in our Oncology & Multispecialty segment primarily due to higher specialty pharmaceutical sales.

Revenues are also impacted by changes in wholesale acquisition cost, including from inflation or deflation, which depend on manufacturer actions, competitive factors, and other developments. Refer to the "*Trends and Uncertainties*" section above for additional information regarding impacts on revenues.

Gross Profit

Gross profit increased for the three months ended September 30, 2026 compared to the same prior year period primarily due to growth in our North American Pharmaceutical segment, including higher volumes from institutional healthcare providers and retail national account customers, and growth in our Oncology & Multispecialty segment, driven by growth of specialty pharmaceuticals and the addition of providers in practice management.

Gross profit increased for the six months ended September 30, 2026 compared to the same prior year period primarily due to growth in our North American Pharmaceutical segment, including higher volumes from retail national account customers and institutional healthcare providers, and growth in our Oncology & Multispecialty segment, driven by growth of specialty pharmaceuticals and the addition of providers in practice management.

We recognized gains of $50 million for the three months ended September 30, 2026, and $56 million and $8 million for the six months ended September 30, 2026 and 2025, respectively, related to our share of antitrust legal settlements. We recognized these amounts within "Cost of sales" in the Condensed Consolidated Statements of Operations within our North American Pharmaceutical segment.

Total Operating Expenses

A summary of the components of our total operating expenses for the three and six months ended September 30, 2026 and 2025 is as follows:

- Selling, distribution, general, and administrative expenses ("SDG&A"): consists of personnel costs, transportation costs, depreciation and amortization, lease costs, professional fee expenses, administrative expenses, provision for bad debts and related recoveries, remeasurement charges to fair value less costs to sell, and other general charges.
- Claims and litigation charges, net: These charges include adjustments for estimated probable settlements related to our controlled substance monitoring and reporting, and opioid-related claims, as well as any applicable income items or credit adjustments due to subsequent changes in estimates. Legal fees to defend claims, which are expensed as incurred, are included within SDG&A.
- Restructuring, impairment, and related charges, net: Charges recorded under this component include those 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, as well as long-lived asset impairments.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

(Dollars in millions)	Three Months Ended September 30, 2026	2025	Change	Six Months Ended September 30, 2026	2025	Change
Selling, distribution, general, and administrative expenses	$ 2,269	$ 2,074	9 %	$ 4,533	$ 4,270	6 %
Claims and litigation charges, net	(2)	(2)	—	(36)	(2)	—
Restructuring, impairment, and related charges, net	85	63	35	221	110	101
Total operating expenses	$ 2,352	$ 2,135	10 %	$ 4,718	$ 4,378	8 %
Percent of revenues	*2.12 %*	*2.07 %*	*5 bp*	*2.18 %*	*2.18 %*	*— bp*

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

bp - basis point

For the three and six months ended September 30, 2026, total operating expenses increased and total operating expenses as a percentage of revenues increased and was flat, respectively, compared to the same prior year periods. Total operating expenses were impacted by the following significant items:

- SDG&A for the three and six months ended September 30, 2026 increased due to increased operating expenses to support higher volumes and includes net charges of $46 million and $114 million, respectively, related to our planned separation of the Medical-Surgical Solutions business;
- SDG&A for the six months ended September 30, 2025 includes a provision for bad debts of $189 million related to the bankruptcy of our customer Rite Aid Corporation (including certain of its subsidiaries, "Rite Aid");
- Claims and litigation charges, net primarily consists of a credit of $36 million for the six months ended September 30, 2026 related to our estimated liability for opioid-related claims as discussed in more detail in Financial Note 11, "Commitments and Contingent Liabilities," to the accompanying condensed consolidated financial statements included in this Quarterly Report; and
- Restructuring, impairment, and related charges, net were $85 million and $63 million for the three months ended September 30, 2026 and 2025, respectively, and $221 million and $110 million for the six months ended September 30, 2026 and 2025, respectively, as discussed below under "Restructuring Initiatives".

Goodwill Impairment

We evaluate goodwill for impairment on an annual basis in the first fiscal quarter, and at an interim date if indicators of potential impairment exist. The annual impairment testing performed in fiscal 2027 and fiscal 2026 did not indicate any impairment of goodwill, and no goodwill impairment charges were recorded during the three and six months ended September 30, 2026 and 2025. However, other risks, expenses, and future developments, such as government actions, increased regulatory uncertainty, and material changes in key market assumptions, limit our ability to estimate projected cash flows, which could adversely affect the fair value of various reporting units in future periods.

For additional disclosure of our policy regarding goodwill, refer to the "Critical Accounting Estimates" section within Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II of our 2026 Annual Report.

Restructuring Initiatives

We recorded restructuring, impairment, and related charges of $85 million and $63 million for the three months ended September 30, 2026 and 2025, respectively, and $221 million and $110 million for the six months ended September 30, 2026 and 2025, respectively. These charges were included in "Restructuring, impairment, and related charges, net" in the Condensed Consolidated Statements of Operations.

During the first quarter of fiscal 2027, we approved multi-year initiatives within Corporate to further optimize our operating model and align certain enterprise support functions with our long-term strategic priorities. These initiatives include organizational changes, process enhancements, and the implementation of automation solutions designed to improve efficiency and productivity. We anticipate total charges of approximately $230 million to $310 million, consisting primarily of severance and employee-related costs and exit-related costs. We recorded immaterial charges associated with these initiatives during the three and six months ended September 30, 2026. These programs are expected to be substantially complete by the end of fiscal 2028.

During the fourth quarter of fiscal 2026, we approved an initiative within our Prescription Technology Solutions segment to increase operational efficiencies and cost optimization efforts, with the intent of aligning with our long-term strategy. This initiative includes headcount reductions, the exit or downsizing of certain facilities, and other costs. We anticipate total charges between $200 million and $250 million, consisting primarily of employee severance and other employee-related costs, and facility, exit and other-related costs, including long-lived asset impairments. We recorded charges of $18 million and $79 million for the three and six months ended September 30, 2026, respectively, associated with this initiative. These charges primarily include asset impairments as well as severance and other employee-related costs. This program is anticipated to be substantially complete by the end of fiscal 2029.

During the second quarter of fiscal 2025, we approved enterprise-wide initiatives to modernize and accelerate our technology service operating model, which were intended to improve business continuity, compliance, operating efficiency and advance investments to streamline the organization. These initiatives include cost reduction efforts and support other rationalization efforts within Corporate, and the Medical-Surgical Solutions and North American Pharmaceutical segments to help realize long-term sustainable growth. We anticipate total charges related to these initiatives of $650 million to $700 million, consisting primarily of employee severance and other employee-related costs as well as facility, exit, and other related costs, including long-lived asset impairments. We recorded charges of $49 million and $52 million for the three months ended September 30, 2026 and 2025, respectively, and charges of $94 million and $90 million for the six months ended September 30, 2026 and 2025, respectively, related to these initiatives, which primarily includes facility, exit and other related costs as well as severance and other employee-related costs. These programs are anticipated to be substantially complete in fiscal 2028.

Refer to Financial Note 3, "Restructuring, Impairment, and Related Charges, Net," to the accompanying condensed consolidated financial statements included in this Quarterly Report for further information on our restructuring initiatives.

Other Income, Net

Other income, net was flat for the three and six months ended September 30, 2026 compared to the same prior year periods.

Interest Expense

Interest expense increased for the three and six months ended September 30, 2026 compared to the same prior year periods due to interest from increased average balances of the Company's loan portfolio in fiscal 2027, primarily driven by the MMS Credit Agreement. Interest expense may fluctuate based on timing, amounts, and interest rates of term debt repaid and new term debt issued, as well as amounts incurred associated with financing fees. Refer to Financial Note 8, "Debt and Financing Activities," to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information.

Income Tax Expense

For the three months ended September 30, 2026 and 2025, we recorded income tax expense of $266 million and $232 million, respectively. For the six months ended September 30, 2026 and 2025, we recorded income tax expense of $542 million and $452 million, respectively. Our income tax rates were 17.0% and 16.6% for the three months ended September 30, 2026 and 2025, respectively, and 18.9% and 18.5% for the six months ended September 30, 2026 and 2025, respectively. Fluctuations in our reported income tax rates are primarily due to changes in our business mix of earnings among various taxing jurisdictions and discrete tax items recognized in the quarters. Refer to Financial Note 4, "Income Taxes," to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the three and six months ended September 30, 2026 and 2025 primarily represents the proportionate results of third-party equity interests in ClarusONE Sourcing Services LLP, Vantage Oncology Holdings, LLC, and SCRI Oncology, LLC.

Noncontrolling interests with redemption features, such as put rights, that are not solely within our control are considered redeemable noncontrolling interests, primarily related to our acquisitions of Core Ventures and PRISM Vision and sale of an approximately 13% noncontrolling interest in our Medical-Surgical Solutions business. On a quarterly basis, we determine the redemption value of the redeemable noncontrolling interests, which resulted in an adjustment to redemption value for the redeemable noncontrolling interests for the three and six months ended September 30, 2026 recorded within "Net income attributable to noncontrolling interests".

Refer to Financial Note 5, "Redeemable Noncontrolling Interests and Noncontrolling Interests," to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information on changes to our redeemable noncontrolling interests and noncontrolling interests during the first half of fiscal 2027.

The increase in net income attributable to noncontrolling interests was primarily driven by higher volumes in our ClarusONE joint venture and contributions from Core Ventures. Net income attributable to noncontrolling interests was also impacted by a charge of $28 million for Core Ventures and a credit of $11 million for Medical-Surgical Solutions for the three months ended September 30, 2026 and charges of $282 million for Medical-Surgical Solutions and $109 million for Core Ventures for the six months ended September 30, 2026 to remeasure the respective redeemable noncontrolling interests to redemption value.

Net Income Attributable to McKesson Corporation

Net income attributable to McKesson Corporation was $1.2 billion and $1.1 billion for the three months ended September 30, 2026 and 2025, respectively, and $1.8 billion and $1.9 billion for the six months ended September 30, 2026 and 2025, respectively. Diluted earnings per common share attributable to McKesson Corporation was $10.44 and $8.92 for the three months ended September 30, 2026 and 2025, respectively, and $15.53 and $15.16 for the six months ended September 30, 2026 and 2025, respectively. Our diluted earnings per share includes the cumulative effects of share repurchases during each period.

Weighted-Average Diluted Common Shares Outstanding

Diluted earnings per common share was calculated based on a weighted-average number of shares outstanding of 116.7 million and 124.4 million for the three months ended September 30, 2026 and 2025, respectively, and 117.9 million and 124.9 million for the six months ended September 30, 2026 and 2025, respectively. Weighted-average diluted shares outstanding for the six months ended September 30, 2026 decreased from the same prior year period primarily due to the cumulative effect of share repurchases, as discussed in the "Share Repurchases" section of this Financial Review.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Overview of Segment Results:

Segment Revenues:

(Dollars in millions)	Three Months Ended September 30, 2026	2025	Change	Six Months Ended September 30, 2026	2025	Change
Segment revenues						
North American Pharmaceutical	$ 91,360	$ 86,481	6 %	$ 178,133	$ 169,210	5 %
Oncology & Multispecialty	14,980	12,044	24	29,202	22,702	29
Prescription Technology Solutions	1,520	1,376	10	3,086	2,810	10
Medical-Surgical Solutions	3,097	2,947	5	5,916	5,648	5
Other	—	302	(100)	—	607	(100)
Total revenues	$ 110,957	$ 103,150	8 %	$ 216,337	$ 200,977	8 %

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

North American Pharmaceutical

Three Months Ended September 30, 2026 vs. 2025

North American Pharmaceutical revenues for the three months ended September 30, 2026 increased $4.9 billion or 6% compared to the same prior year period. Within the segment, sales in the U.S. increased $4.6 billion primarily due to higher volumes from institutional healthcare providers and retail national account customers partially offset by branded pharmaceutical price decreases and branded to generic drug conversions.

Six Months Ended September 30, 2026 vs. 2025

North American Pharmaceutical revenues for the six months ended September 30, 2026 increased $8.9 billion or 5% compared to the same prior year period. Within the segment, sales in the U.S. increased $8.4 billion primarily due to higher volumes from institutional healthcare providers and retail national account customers partially offset by branded pharmaceutical price decreases and branded to generic drug conversions.

Oncology & Multispecialty

Three Months Ended September 30, 2026 vs. 2025

Oncology & Multispecialty revenues for the three months ended September 30, 2026 increased $2.9 billion or 24% compared to the same prior year period primarily driven by higher specialty pharmaceutical sales in provider solutions.

Six Months Ended September 30, 2026 vs. 2025

Oncology & Multispecialty revenues for the six months ended September 30, 2026 increased $6.5 billion or 29% compared to the same prior year period primarily driven by higher specialty pharmaceutical sales in provider solutions.

Prescription Technology Solutions

Three Months Ended September 30, 2026 vs. 2025

Prescription Technology Solutions revenues for the three months ended September 30, 2026 increased $144 million or 10% compared to the same prior year period primarily due to increased volumes from third-party logistics.

Six Months Ended September 30, 2026 vs. 2025

Prescription Technology Solutions revenues for the six months ended September 30, 2026 increased $276 million or 10% compared to the same prior year period primarily due to increased volumes from third-party logistics.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Medical-Surgical Solutions

Three Months Ended September 30, 2026 vs. 2025

Medical-Surgical Solutions revenues for the three months ended September 30, 2026 increased $150 million or 5% compared to the same prior year period. Within the segment, sales to extended care customers increased $91 million and sales to ambulatory care customers increased $49 million driven by underlying business growth.

Six Months Ended September 30, 2026 vs. 2025

Medical-Surgical Solutions revenues for the six months ended September 30, 2026 increased $268 million or 5% compared to the same prior year period. Within the segment, sales to extended care customers increased $170 million and sales to ambulatory care customers increased $84 million driven by underlying business growth.

Other Segment Expense, Segment Operating Profit and Corporate Expenses, Net:

	Three Months Ended September 30,			Six Months Ended September 30,		
(Dollars in millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Other segment expense, net [1]						
North American Pharmaceutical [2]	$ 90,273	$ 85,629	5 %	$ 176,143	$ 167,764	5 %
Oncology & Multispecialty [3]	14,628	11,712	25	28,525	22,158	29
Prescription Technology Solutions [4]	1,245	1,132	10	2,585	2,313	12
Medical-Surgical Solutions [5]	2,933	2,727	8	5,630	5,207	8
Other	—	274	(100)	—	566	(100)
Total other segment expense, net	$ 109,079	$ 101,474	7 %	$ 212,883	$ 198,008	8 %
Segment operating profit						
North American Pharmaceutical	$ 1,087	$ 852	28 %	$ 1,990	$ 1,446	38 %
Oncology & Multispecialty	352	332	6	677	544	24
Prescription Technology Solutions	275	244	13	501	497	1
Medical-Surgical Solutions	164	220	(25)	286	441	(35)
Other	—	28	(100)	—	41	(100)
Subtotal	1,878	1,676	12	3,454	2,969	16
Corporate expenses, net [6]	(211)	(207)	2	(402)	(400)	1
Interest expense	(105)	(74)	42	(182)	(123)	48
Income before income taxes	$ 1,562	$ 1,395	12 %	$ 2,870	$ 2,446	17 %
Segment operating profit margin						
North American Pharmaceutical	1.19 %	0.99 %	20 bp	1.12 %	0.85 %	27 bp
Oncology & Multispecialty	2.35	2.76	(41)	2.32	2.40	(8)
Prescription Technology Solutions	18.09	17.73	36	16.23	17.69	(146)
Medical-Surgical Solutions	5.30	7.47	(217)	4.83	7.81	(298)
Other	—	9.27	(927)	—	6.75	(675)

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

bp - basis point

(1) Other segment expense, net includes cost of sales, total operating expenses, as well as other income, net, for our reportable segments.

(2) Other segment expense, net for our North American Pharmaceutical segment includes the following:

- related to the bankruptcy of our customer Rite Aid, we recorded a provision for bad debts of $189 million during the six months ended September 30, 2025;
- cash receipts for our share of antitrust legal settlements were $50 million for the three months ended September 30, 2026, and $56 million and $8 million for the six months ended September 30, 2026 and 2025, respectively;

(3) Other segment expense, net for our Oncology & Multispecialty segment includes the following:

- a net gain of $51 million for the three and six months ended September 30, 2025 related to the sale of an investment and market decisions;

(4) Other segment expense, net for our Prescription Technology Solutions segment includes the following:

- charges of $18 million and $79 million for the three and six months ended September 30, 2026, respectively, for restructuring initiatives as discussed in Financial Note 3, "Restructuring, Impairment, and Related Charges, Net," to the accompanying condensed consolidated financial statements included in this Quarterly Report;

(5) Other segment expense, net for our Medical-Surgical Solutions segment includes the following:

- net charges of $42 million and $87 million for the three and six months ended September 30, 2026, respectively, related to our planned separation of the Medical-Surgical Solutions business;

(6) Corporate expenses, net includes the following:

- charges of $52 million and $38 million for the three months ended September 30, 2026 and 2025, respectively, and charges of $102 million and $67 million for the six months ended September 30, 2026 and 2025, respectively, for restructuring initiatives as discussed in Financial Note 3, "Restructuring, Impairment, and Related Charges, Net," to the accompanying condensed consolidated financial statements included in this Quarterly Report;
- a credit of $36 million for the six months ended September 30, 2026 related to our estimated liability for opioid-related claims as discussed in more detail in Financial Note 11, "Commitments and Contingent Liabilities," to the accompanying condensed consolidated financial statements; and
- net charges of $4 million and $27 million for the three and six months ended September 30, 2026, respectively, related to our planned separation of the Medical-Surgical Solutions business.

North American Pharmaceutical

Three Months Ended September 30, 2026 vs. 2025

Operating profit for this segment increased for the three months ended September 30, 2026 compared to the same prior year period largely due to higher pharmaceutical distribution volumes across the segment and an increase from net cash proceeds received representing our share of antitrust legal settlements, partially offset by higher operating expenses to support volume growth.

Six Months Ended September 30, 2026 vs. 2025

Operating profit for this segment increased for the six months ended September 30, 2026 compared to the same prior year period largely due to higher pharmaceutical distribution volumes across the segment, the prior year impact from the Rite Aid bankruptcy charge and an increase from net cash proceeds received representing our share of antitrust legal settlements, partially offset by higher operating expenses to support volume growth.

Oncology & Multispecialty

Three Months Ended September 30, 2026 vs. 2025

Operating profit for this segment increased for the three months ended September 30, 2026 compared to the same prior year period primarily due to growth in specialty pharmaceuticals partially offset by an increase in operating expenses to support higher volumes and a prior year net gain of $51 million related to the sale of an investment and market decisions.

Six Months Ended September 30, 2026 vs. 2025

Operating profit for this segment increased for the six months ended September 30, 2026 compared to the same prior year period primarily due to growth in specialty pharmaceuticals, including contributions from business acquisitions completed in the prior year, partially offset by an increase in operating expenses to support higher volumes and a prior year net gain of $51 million related to the sale of an investment and market decisions.

Prescription Technology Solutions

Three Months Ended September 30, 2026 vs. 2025

Operating profit for this segment increased for the three months ended September 30, 2026 compared to the same prior year period driven by increased demand for access solutions partially offset by an increase in operating expenses to support higher volumes.

Six Months Ended September 30, 2026 vs. 2025

Operating profit for this segment increased for the six months ended September 30, 2026 compared to the same prior year period driven by increased demand for access solutions partially offset by higher restructuring charges and an increase in operating expenses to support higher volumes.

Medical-Surgical Solutions

Three Months Ended September 30, 2026 vs. 2025

Operating profit for this segment decreased for the three months ended September 30, 2026 compared to the same prior year period primarily due to $42 million of charges related to our planned separation of the Medical-Surgical Solutions business and a decline in the contribution from our ambulatory care business, partially offset by an increase in the contribution from our extended care business.

Six Months Ended September 30, 2026 vs. 2025

Operating profit for this segment decreased for the six months ended September 30, 2026 compared to the same prior year period primarily due to $87 million of charges related to our planned separation of the Medical-Surgical Solutions business, a decline in the contribution from our ambulatory care business, and an increase in operating expenses to support higher volumes partially offset by an increase in the contribution from our extended care business.

Corporate Expenses, Net

Three Months Ended September 30, 2026 vs. 2025

Corporate expenses, net slightly increased for the three months ended September 30, 2026 compared to the same prior year period primarily due to higher restructuring charges, partially offset by lower operating expenses.

Six Months Ended September 30, 2026 vs. 2025

Corporate expenses, net slightly increased for the six months ended September 30, 2026 compared to the same prior year period primarily due to higher restructuring charges and $27 million of charges related to our planned separation of the Medical-Surgical Solutions segment partially offset by a $36 million credit related to our estimated liability for opioid-related claims as discussed in more detail in Financial Note 11, "Commitments and Contingent Liabilities," and lower operating expenses.

New Accounting Pronouncements

New accounting pronouncements that we have recently adopted as well as those that have been recently issued but not yet adopted by us are included in Financial Note 1, "Significant Accounting Policies," to the accompanying condensed consolidated financial statements included in this Quarterly Report.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

We expect our available cash generated from operations and our short-term investment portfolio, together with our existing sources of liquidity from our credit facilities, commercial paper program, and other borrowings will be sufficient to fund our short-term and long-term capital expenditures, working capital, and other cash requirements. We remain adequately capitalized, including access to liquidity from our $5 billion revolving credit facility. At September 30, 2026, we were in compliance with all debt covenants, and believe we have the ability to continue to meet our debt covenants in the future.

The following table summarizes the net change in cash, cash equivalents, and restricted cash for the periods shown:

	Six Months Ended September 30,		
(Dollars in millions)	**2026**	**2025**	**Change**
Net cash provided by (used in):			
Operating activities	$ 2,850	$ 1,502	$ 1,348
Investing activities	(344)	(3,588)	3,244
Financing activities	58	215	(157)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(13)	24	(37)
Net change in cash, cash equivalents, and restricted cash	$ 2,551	$ (1,847)	$ 4,398

Operating Activities

Operating activities provided cash of $2.9 billion and $1.5 billion during the six months ended September 30, 2026 and 2025, respectively. Cash flows from operations can be significantly impacted by factors such as the timing of receipts from customers, inventory receipts, and payments to vendors. Additionally, working capital is primarily a function of sales and purchase volumes, inventory requirements, and vendor payment terms.

For the six months ended September 30, 2026, net cash provided by operating activities increased by $1.3 billion compared to the same prior year period. This increase was primarily due to the following:

- the Company's net income increased by $334 million and was impacted by higher net non-cash items of $61 million, compared to the same prior year period driven by factors discussed in more detail in the "Overview of Consolidated Results" section of this Financial Review;
- an increase in cash of $2.6 billion related to accounts payable as a result of customary vendor payment scheduling and timing related to the day of the week on which the period ends partially offset by a decrease in cash of $833 million due to higher inventory requirements during the period compared to the prior year and timing related to the day of the week on which the period ends;
- a decrease in net cash of $554 million related to accounts receivable is primarily due to the timing of collections in the current period partially offset by timing related to the day of the week on which the period ends; and
- a decrease in cash driven by higher income tax payments of $630 million in the first half of fiscal 2027 compared to the prior year.

Investing Activities

Investing activities used cash of $344 million and $3.6 billion during the six months ended September 30, 2026 and 2025, respectively. Investing activities includes $3.4 billion of net cash payments for acquisitions, including $2.5 billion and $871 million for the acquisitions of the interests in Core Ventures and PRISM Vision, respectively, during the six months ended September 30, 2025 as discussed in further detail in Financial Note 2, "Business Acquisitions and Divestitures," to the accompanying condensed consolidated financial statements in this Quarterly Report. Investing activities for the six months ended September 30, 2026 and 2025 includes $275 million and $385 million, respectively, in capital expenditures for property, plant, and equipment and capitalized software.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Financing Activities

Financing activities provided cash of $58 million and of $215 million during the six months ended September 30, 2026 and 2025, respectively, which includes $3.4 billion and $1.4 billion of cash paid for share repurchases, respectively, as well as $198 million and $179 million of cash paid for dividends, respectively.

During the six months ended September 30, 2026, certain of our subsidiaries within the Medical-Surgical Solutions segment entered into the MMS Credit Agreement for: a $750 million principal senior secured term loan due in 2031, a $250 million principal senior secured term loan due in 2028; and a $2.25 billion senior secured term loan due 2032 for total proceeds received, net of discounts and debt offering expenses, of $3.2 billion. The net proceeds were used for a payment of principal on an intercompany loan as discussed in further detail in Financial Note 8, "Debt and Financing Activities," to the accompanying condensed consolidated financial statements in this Quarterly Report.

On May 30, 2025, we completed a public debt offering of 4.65% Notes due May 30, 2030 in a principal amount of $650 million, 4.95% Notes due May 30, 2032 in a principal amount of $650 million, and 5.25% Notes due May 30, 2035 in a principal amount of $700 million, for total proceeds received, net of discounts and debt offering expenses, of $2.0 billion. The net proceeds from these notes in addition to cash on hand were utilized to fund the purchase of our interest in Core Ventures.

On June 1, 2026, Apollo Funds invested approximately $1.25 billion in convertible preferred equity of Medical-Surgical Solutions business to acquire an approximately 13% interest in Medical-Surgical Solutions.

On August 15, 2026, $500 million of 1.30% Notes matured and were repaid using cash on hand.

Cash used for other financing activities generally includes the cash value of shares surrendered for tax withholding and payments to noncontrolling interests.

Share Repurchase Plans

The Board has authorized the repurchase of common stock. We may repurchase common stock from time-to-time through open market transactions, privately negotiated transactions, accelerated share repurchase ("ASR") programs, or by combinations of such methods, any of which may use pre-arranged trading plans that are designed to meet the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934 ("Exchange Act"). The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including our stock price, corporate and regulatory requirements, tax implications, restrictions under our debt obligations, other uses for capital, impacts on the value of remaining shares, cash generated from operations, and market and economic conditions.

Excise taxes of $10 million and $8 million were accrued for shares repurchased during the three months ended September 30, 2026 and 2025, respectively. Excise taxes of $35 million and $10 million were accrued for shares repurchased during the six months ended September 30, 2026 and 2025, respectively. On July 30, 2026, we made a payment of $40 million for fiscal 2026 excise taxes previously accrued. As of September 30, 2026 and March 31, 2026, the amount accrued for excise taxes was $35 million and $40 million within "Other accrued liabilities" in our Condensed Consolidated Balance Sheets, respectively.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Information regarding share repurchase activity for the six months ended September 30, 2026 and 2025 was as follows:

	Share Repurchases [1]		
(In millions, except price per share)	Total Number of Shares Purchased [2]	Average Price Paid Per Share [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
Balance at March 31, 2026			$ 2,719
April 2026 Board Authorization [4]			5,000
Share Repurchase March 2026 ASR [5]	0.7	$ 820.04	—
Share Repurchase May 2026 ASR [6]	2.7	$ 810.17	(2,250)
Q1 Shares repurchased - Open market	0.4	$ 762.40	(294)
Q2 Shares repurchased - Open market [7]	1.0	$ 861.20	(895)
Balance at September 30, 2026			$ 4,280

(1) This table does not include the value of equity awards surrendered to satisfy tax withholding obligations or forfeitures of equity awards.

(2) The number of shares purchased reflects rounding adjustments.

(3) The average price paid per share excludes $35 million of excise taxes for the six months ended September 30, 2026.

(4) On April 29, 2026, the Board of Directors approved the Company to repurchase up to an additional $5.0 billion of our common stock.

(5) In March 2026, we entered into an ASR program with a third-party financial institution to repurchase $2.3 billion of our common stock. The total number of shares repurchased under this ASR program was 2.7 million shares at an average price per share of $820.04. We received 2.0 million shares as the initial share settlement during the fourth quarter of fiscal 2026 and, in May 2026, we received an additional 0.7 million shares upon the completion of this ASR program.

(6) In May 2026, we entered into an ASR program with a third-party financial institution to repurchase $2.3 billion of our common stock. The total number of shares repurchased under this ASR program was 2.7 million shares at an average price per share of $810.17. We received 2.5 million shares as the initial share settlement during the first quarter of fiscal 2027 and, in September 2026, we received an additional 0.2 million shares upon the completion of this ASR program.

(7) Of the total dollar value, $15 million was accrued within “Other accrued liabilities” in our Condensed Consolidated Balance Sheet as of September 30, 2026 for share repurchases that were executed in late September 2026 and settled in early October 2026.

	Share Repurchases [1]		
(In millions, except price per share)	Total Number of Shares Purchased [2]	Average Price Paid Per Share [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
Balance at March 31, 2025			$ 7,469
Q1 Shares repurchased - Open market	0.8	$ 709.84	(590)
Q2 Shares repurchased - Open market	1.2	$ 693.25	(809)
Balance at September 30, 2025			$ 6,070

(1) This table does not include the value of equity awards surrendered to satisfy tax withholding obligations or forfeitures of equity awards.

(2) The number of shares purchased reflects rounding adjustments.

(3) The average price paid per share includes $10 million of excise taxes for the six months ended September 30, 2025.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Selected Measures of Liquidity and Capital Resources

(Dollars in millions)	September 30, 2026	March 31, 2026
Cash, cash equivalents, and restricted cash	$ 6,619	$ 4,068
Working capital	(7,711)	(9,807)
Debt to capital ratio [(1)]	152.9 %	128.0 %

(1) This ratio describes the relationship and changes within our capital resources, and is computed as the sum of total debt divided by the sum of total debt and McKesson stockholders' deficit, which excludes noncontrolling interests and accumulated other comprehensive loss.

Cash equivalents, which are readily convertible to known amounts of cash, are carried at fair value. Cash equivalents are primarily invested in AAA-rated U.S. government money market funds, short-term deposits with financial institutions, and short-term commercial papers issued by non-financial institutions. Deposits with financial institutions are primarily denominated in U.S. dollars and the functional currencies of our foreign subsidiaries, including Canadian dollars. Deposits could exceed the amounts insured by the Federal Deposit Insurance Corporation in the U.S. and similar deposit insurance programs in other jurisdictions. We mitigate the risk of our short-term investment portfolio by depositing funds with reputable financial institutions and monitoring risk profiles and investment strategies of money market funds.

Our cash and cash equivalents balance as of September 30, 2026 and March 31, 2026 included approximately $2.1 billion and $1.8 billion, respectively, of cash held by our subsidiaries outside of the U.S. Our primary intent is to utilize this cash for foreign operations for an indefinite period of time. Although the majority of cash held outside the U.S. is available for repatriation, doing so could subject us to foreign withholding taxes and state income taxes. We may remit foreign earnings to the U.S. to the extent it is tax efficient to do so. We do not anticipate the tax impact from remitting these earnings to be material. Following enactment of the 2017 Tax Cuts and Jobs Act, the repatriation of cash to the U.S. is generally no longer taxable for federal income tax purposes.

Working capital primarily includes cash and cash equivalents, receivables, inventories, and prepaid expenses, net of drafts and accounts payable, short-term borrowings, current portion of long-term debt, current portion of operating lease liabilities, and other accrued liabilities. Our businesses require substantial investments in working capital that are susceptible to large variations during the year as a result of inventory purchase patterns and seasonal demands. Inventory purchase activity is a function of sales activity and other requirements.

Consolidated working capital increased at September 30, 2026 compared to March 31, 2026 primarily due to an increase in inventories, an increase in receivables, net, driven by higher sales and timing, an increase in cash and cash equivalents and a decrease in the current portion of long-term debt. These were partially offset by an increase in drafts and accounts payable from increased purchasing driven by increased sales and timing.

Our debt to capital ratio increased for the six months ended September 30, 2026 due to share repurchases and a decrease in the current portion of long-term debt offset by the issuance of new long-term debt and net income.

On July 21, 2026, we raised our quarterly dividend from $0.82 to $0.94 per share of common stock. We anticipate that we will continue to pay quarterly cash dividends in the future. However, the payment and amount of future dividends remain within the discretion of the Board and will depend upon our future earnings, financial condition, capital requirements, legal requirements, and other factors.

McKESSON CORPORATION

FINANCIAL REVIEW (CONCLUDED)
(UNAUDITED)

Capital Resources

We fund our working capital requirements primarily with cash and cash equivalents, proceeds from short-term borrowings from our commercial paper issuances, and longer-term credit agreements and debt offerings. Funds necessary for future debt maturities, transactions, and our other cash requirements, including any future payments that may be made related to our total estimated litigation liability of $5.2 billion as of September 30, 2026 payable under the terms of various settlement agreements for opioid-related claims, are expected to be met by existing cash balances, cash flow from operations, existing credit sources, and future borrowings. Long-term debt markets and commercial paper markets, our primary sources of capital after cash flow from operations, are open and accessible to us should we decide to access those markets. Detailed information regarding our debt and financing activities is included in Financial Note 8, "Debt and Financing Activities," to the accompanying condensed consolidated financial statements included in this Quarterly Report.

We believe that our future operating cash flow, financial assets, and access to capital and credit markets, including our credit facilities, give us the ability to meet our financing needs for the foreseeable future. However, there can be no assurance that an increase in volatility or disruption in the global capital and credit markets will not impair our liquidity or increase our costs of borrowing.

CAUTIONARY NOTICE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 of Part I of this report, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements may be identified by their use of terminology such as "believes," "expects," "anticipates," "may," "will," "should," "seeks," "approximately," "intends," "projects," "plans," "estimates," "targets," or the negative of these words or other comparable terminology. The discussion of proposed acquisition or disposition transactions, trends, uncertainties, strategy, plans, assumptions, expectations, litigation outcomes, or intentions may also include forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, or implied. Although it is not possible to predict or identify all such risks and uncertainties, they include, but are not limited to, the factors discussed in the "Risk Factors" section in Item 1A of Part I of the 2026 Annual Report and in our publicly available SEC filings and press releases. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date such statements were first made. Except to the extent required by federal securities laws, we undertake no obligation to publicly release the result of any revisions to any forward-looking statements to reflect events or circumstances after the date the statements are made, or to reflect the occurrence of unanticipated events.

AVAILABLE INFORMATION

We routinely post on our company website, and via our social media channels, information that may be material to investors, including details and updates to information disclosed elsewhere, which may include business developments, earnings and financial performance, sustainability matters, details regarding upcoming events, and materials for presentations to investors and financial analysts. Investors are encouraged to monitor our website www.mckesson.com. Interested parties can sign up on our website, including our Investor Relations site, to receive automated e-mail alerts, such as via RSS newsfeed, when we post certain information. Interested parties can also follow our social media feed @McKesson on X. The content on any website or social media channel is not incorporated by reference into this report, unless expressly noted otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We believe there has been no material change in our exposure to risks associated with fluctuations in interest and foreign currency exchange rates as disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2026.

Item 4. Controls and Procedures.

Our Chief Executive Officer and our Chief Financial Officer, with the participation of other members of the Company's management, have evaluated the effectiveness of the Company's "disclosure controls and procedures" (as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report, and our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures as required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

There were no changes in our "internal control over financial reporting" (as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 and 15d-15 that occurred during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in Financial Note 11, "Commitments and Contingent Liabilities," to the accompanying condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, and in Financial Note 17, "Commitments and Contingent Liabilities," to the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2026, is incorporated herein by reference. Disclosure of an environmental proceeding with a governmental agency generally is included only if we expect monetary sanctions in the proceeding to exceed $1 million, unless otherwise material.

Item 1A. Risk Factors.

Other than factual updates discussed in this Quarterly Report on Form 10-Q, there have been no material changes for the period covered by this Quarterly Report on Form 10-Q to the risk factors disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended March 31, 2026.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Our Board of Directors has authorized the repurchase of common stock. We may repurchase common stock from time-to-time through open market transactions, privately negotiated transactions, accelerated share repurchase ("ASR") programs, or by combinations of such methods, any of which may use pre-arranged trading plans that are designed to meet the requirements of Rule 10b5-1(c) of the Exchange Act. The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including our stock price, corporate and regulatory requirements, tax implications, restrictions under our debt obligations, other uses for capital, impacts on the value of remaining shares, cash generated from operations, and market and economic conditions.

Refer to Financial Note 12, "Stockholders' Deficit," to the accompanying condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a full discussion of the Company's share repurchases for the six months ended September 30, 2026 and 2025.

The following table provides information on the Company's share repurchases during the three months ended September 30, 2026:

	Share Repurchases [1]			
(In millions, except price per share)	Total Number of Shares Purchased	Average Price Paid Per Share [2]	Total Number of Shares Purchased as Part of a Publicly Announced Program [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs [2]
July 1, 2026 – July 31, 2026	0.3	$ 821.97	0.3	$ 4,896
August 1, 2026 – August 31, 2026	0.3	868.31	0.3	4,627
September 1, 2026 – September 30, 2026 [4]	0.6	889.80	0.6	4,280
Total	1.2		1.2	

(1) This table does not include the value of equity awards surrendered to satisfy tax withholding obligations or forfeitures of equity awards.

(2) The average price paid per share excludes $10 million of excise taxes incurred on share repurchases for the three months ended September 30, 2026. The remaining authorization outstanding for repurchases of common stock excludes excise taxes incurred on share repurchases through September 30, 2026.

(3) In July 2024 and April 2026, the Board authorized the Company to repurchase up to an additional $4.0 billion and $5.0 billion, respectively, of the Company's common stock with no expiration date.

(4) Includes shares received upon the completion of the May 2026 ASR program as discussed in Financial Note 12, "Stockholders' Deficit."

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Pre-arranged Trading Plans

On September 4, 2026, Michele Lau, our Executive Vice President and Chief Legal Officer, adopted a Rule 10b5-1 trading arrangement for the sale of up to 5,880 shares of the Company's common stock. The duration of the trading arrangement is until September 7, 2027, or earlier if all transactions under the trading arrangement are completed or if the trading arrangement is otherwise terminated according to its terms. The trading arrangement was entered into during an open trading window period and Ms. Lau represented to us that she intended for it to satisfy the requirements for the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The number of shares subject to the arrangement includes shares that may be withheld by the Company to satisfy income tax withholding and remittance obligations in connection with the net settlement of equity awards.

On September 10, 2026, LeAnn Smith, our Executive Vice President and Chief Human Resources Officer, adopted a Rule 10b5-1 trading arrangement for the sale of up to 3,606 shares of the Company's common stock. The duration of the trading arrangement is until September 10, 2027, or earlier if all transactions under the trading arrangement are completed or if the trading arrangement is otherwise terminated according to its terms. The trading arrangement was entered into during an open trading window period and Ms. Smith represented to us that she intended for it to satisfy the requirements for the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The number of shares subject to the arrangement includes shares that may be withheld by the Company to satisfy income tax withholding and remittance obligations in connection with the net settlement of equity awards.

Item 6. Exhibits.

Exhibits identified under "Incorporated by Reference" in the table below are on file with the SEC and are incorporated by reference as exhibits hereto.

Exhibit Number	Description	Incorporated by Reference			
		Form	File Number	Exhibit	Filing Date
31.1†	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	—	—	—	—
31.2†	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	—	—	—	—
32††	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	—	—	—	—
101†	The following materials from the McKesson Corporation Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Stockholders' Deficit, (v) Condensed Consolidated Statements of Cash Flows, and (vi) related Financial Notes.	—	—	—	—
104†	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101).	—	—	—	—

† Filed herewith.

†† Furnished herewith.

McKESSON CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MCKESSON CORPORATION

Date: November 4, 2026

/s/ Kenny K. Cheung

Kenny K. Cheung

Executive Vice President and Chief Financial Officer

MCKESSON CORPORATION

Date: November 4, 2026

/s/ Napoleon B. Rutledge Jr.

Napoleon B. Rutledge Jr.

Senior Vice President and Controller