

McKesson Corporation

EIN: 94-320796

Date of Action: March 9, 2020

Attachment to Internal Revenue Service Form 8937 (executed March 16, 2020)

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). This attachment includes a general summary regarding certain U.S. federal income tax laws and regulations relating to the effects of the Distribution and the Merger (as defined below) on the tax basis of shares of McKesson Corporation (“MCK”) common stock, the allocation of tax basis between shares of MCK common stock and PF2 SpinCo, Inc. (“SpinCo”) common stock pursuant to the Distribution, and the tax basis of the Change Healthcare Inc. (“Change”) common stock received in exchange for SpinCo common stock pursuant to the Merger. This attachment does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Neither MCK nor SpinCo provides tax advice to its stockholders, and the example provided below is merely illustrative. Stockholders are urged to consult their own tax advisors regarding the particular consequences to them of the Distribution and the Merger, including the applicability and effect of all U.S. federal, state, local, and foreign tax laws. Stockholders are urged to read the prospectus filed by SpinCo with the Securities and Exchange Commission on February 28, 2020 (the “Prospectus”), particularly the discussion beginning on page 137 under the heading “Material U.S. Federal Income Tax Consequences of the Distribution and the Merger”. Stockholders may access the Prospectus at MCK’s website at www.mckesson.com in the Investors section or at www.sec.gov.

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Line 14 – Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action.

On February 10, 2020, MCK commenced an offer to MCK stockholders to exchange all or a portion of their shares of MCK common stock for all of the shares of SpinCo common stock. On March 5, 2020, MCK announced a final exchange ratio of 11.4086 shares of SpinCo common stock for each share of MCK common stock validly tendered and not withdrawn, subject to proration in the event the offer was oversubscribed. On March 9, 2020, MCK distributed all 175,995,192 shares of SpinCo common stock in exchange for 15,426,537 shares of MCK common stock (such distribution, the “**Distribution**”).

Immediately after the Distribution, on March 10, 2020, 2020, SpinCo merged with and into Change, whereby the separate corporate existence of SpinCo ceased and Change

continued as the surviving company (the “**Merger**”). In the Merger, each share of SpinCo common stock was converted into one share of Change common stock.

All fractional shares of Change common stock that the tendering stockholders of MCK otherwise would have been entitled to receive as a result of the Merger were aggregated and sold on the open market, and the resulting cash proceeds of the sale were paid to such stockholders.

Line 15 – Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The Distribution: Generally, the aggregate tax basis of the shares of SpinCo common stock distributed to an MCK stockholder in the Distribution (including fractional shares deemed received) will equal the aggregate tax basis of the shares of MCK common stock exchanged therefor (the “**Exchanged Shares**”). Since each share of MCK common stock was exchanged for 11.4086 shares of SpinCo common stock, the tax basis of each share of SpinCo common stock distributed will equal approximately 8.77% ($1 \div 11.4086$) of the tax basis of the MCK share exchanged therefor.

The Merger: Generally, a SpinCo stockholder’s aggregate tax basis in the shares of Change common stock received by such stockholder in the Merger (including fractional shares deemed received) will equal the aggregate tax basis of the SpinCo common stock for which it is exchanged. Since each share of SpinCo common stock was converted into the right to receive one share of Change common stock, the tax basis of each Change share received will equal the tax basis of the corresponding SpinCo share. The holding period (for purposes of determining long-term capital gains or losses) of the shares of Change common stock received (including fractional shares deemed received) will include the holding period of the MCK common stock exchanged by such stockholder.

Fractional Shares: A SpinCo stockholder who receives cash in lieu of a fractional share of Change common stock will be treated as having received the fractional share pursuant to the Merger and then as having sold that fractional share for cash. As a result, the SpinCo stockholder will recognize gain or loss equal to the difference between the amount of cash received and the tax basis in his or her fractional share.

Tendering MCK stockholders who acquired MCK common stock at different times or different prices and who were prorated or who did not surrender all of their shares of MCK common stock held immediately prior to the Distribution in exchange for shares of SpinCo common stock will need to identify which particular share(s) (or fraction of a share) of SpinCo common stock were received in exchange for a particular share of MCK common stock. Generally, such designation must be made on or before the date on which the basis of a share of MCK common stock or SpinCo common stock becomes relevant (for example, the date on which such tendering MCK stockholder sells, transfers, or otherwise disposes of the shares of Change common stock received in the Merger).

Line 16 – Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

As described in Line 15 above, in general, 100% of the tax basis in an MCK stockholder's Exchanged Shares will be allocated to the shares of SpinCo common stock received (including fractional shares deemed received), and the tax basis of each share of SpinCo common stock received will equal approximately 8.77% ($1 \div 11.4086$) of the tax basis of the MCK share exchanged therefor.

The tax basis of the former SpinCo stockholders in each share of SpinCo common stock becomes the tax basis in the share of Change common stock received therefor. Consequently, each share of Change common stock received (including fractional shares deemed received) has a tax basis equal to 100% of the basis the former SpinCo stockholder had in each share of SpinCo common stock exchanged therefor.

Example: The following is an example illustrating the tax basis rules described above.

- Assumptions:
 - Dr. Williams holds 600 shares of MCK common stock as a capital asset, all of which were purchased in a single lot for \$120 per share on July 31, 2016.
 - After proration, 50 of Dr. Williams's shares, with an aggregate tax basis of \$6,000 (50 shares multiplied by \$120 per share), are accepted into the exchange offer.
 - Dr. Williams is entitled to 570.43 shares of SpinCo common stock in the Distribution (50 Exchanged Shares multiplied by the final exchange ratio of 11.4086), which convert into 570.43 shares of Change common stock in the Merger (based on a one-to-one conversion ratio).
 - Dr. Williams received 570 shares of Change common stock and \$4.45 (\$10.35, the price at which Change common stock was sold, multiplied by .43 fractional shares) in cash in lieu of the .43 fractional shares of common stock.
- Tax basis rules applied to the preceding assumptions:
 - Dr. Williams's aggregate tax basis in the 570.43 shares of SpinCo common stock, and subsequently the 570.43 shares of Change common stock, is \$6,000, or \$10.52 per share (\$6,000 divided by 570.43 shares).
 - For purposes of determining long-term capital gains or losses, the tax holding period of the Change shares received (and fractional shares deemed received) by Dr. Williams will run from July 31, 2016.
 - The .43 fractional share of Change common stock deemed received by Dr. Williams is treated as received and then sold for \$4.45. The tax basis of the fractional share is \$4.52 (.43 multiplied by \$10.52 per share). Dr.

Williams will recognize a long-term capital loss of \$.07 (tax basis of \$4.52 minus \$4.45 cash received).

- The 570 shares of Change common stock received by Dr. Williams have an aggregate tax basis of \$5,995.48 (\$6,000 minus \$4.52 basis allocated to the .43 fractional share), or \$10.52 per share.

Line 17 – List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Section 354; Section 355; Section 358; Section 368; Section 1001; Section 1223

Line 18 – Can any resulting loss be recognized?

Generally, no gain or loss will be recognized for tax purposes as a result of the Distribution or the Merger. A SpinCo stockholder who receives cash in lieu of a fractional share of Change common stock will recognize gain or loss equal to the difference between the amount of cash received and the tax basis in his or her fractional share. The deductibility of capital losses is subject to limitations.

Line 19 – Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Distribution was consummated on March 9, 2020. The Merger became effective on March 10, 2020, immediately after the Distribution. For a SpinCo stockholder whose taxable year is the calendar year, the reportable tax year is 2020.