
**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 June 30, 2025

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

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

Delaware
**(State or other jurisdiction
of incorporation or organization)**

94-3207296
**(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:

<i>(Title of each class)</i>	<i>(Trading Symbol)</i>	<i>(Name of each exchange on which registered)</i>
Common stock, \$0.01 par value	MCK	New York Stock Exchange
1.500% Notes due 2025	MCK25	New York Stock Exchange
1.625% Notes due 2026	MCK26	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
124,384,393 shares of the issuer's common stock were outstanding as of July 31, 2025.

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 June 30,	
	2025	2024
Revenues	\$ 97,827	\$ 79,283
Cost of sales	(94,548)	(76,131)
Gross profit	3,279	3,152
Selling, distribution, general, and administrative expenses	(2,196)	(2,001)
Claims and litigation charges, net	—	(112)
Restructuring, impairment, and related charges, net	(47)	(10)
Total operating expenses	(2,243)	(2,123)
Operating income	1,036	1,029
Other income, net	64	130
Interest expense	(49)	(75)
Income before income taxes	1,051	1,084
Income tax expense	(220)	(124)
Net income	831	960
Net income attributable to noncontrolling interests	(47)	(45)
Net income attributable to McKesson Corporation	<u>\$ 784</u>	<u>\$ 915</u>
Earnings per common share attributable to McKesson Corporation		
Diluted	\$ 6.25	\$ 7.00
Basic	\$ 6.28	\$ 7.04
Weighted-average common shares outstanding		
Diluted	125.5	130.7
Basic	124.9	129.8

See Financial Notes

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

	Three Months Ended June 30,	
	2025	2024
Net income	\$ 831	\$ 960
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	21	(31)
Unrealized gain on cash flow and other hedges	14	—
Changes in retirement-related benefit plans	(1)	(1)
Other comprehensive income (loss), net of tax	34	(32)
Comprehensive income	865	928
Comprehensive income attributable to noncontrolling interests	(47)	(45)
Comprehensive income attributable to McKesson Corporation	<u>\$ 818</u>	<u>\$ 883</u>

See Financial Notes

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

	June 30, 2025	March 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,418	\$ 5,691
Receivables, net	28,158	25,643
Inventories, net	25,065	23,001
Prepaid expenses and other	1,160	1,063
Total current assets	56,801	55,398
Property, plant, and equipment, net	2,574	2,502
Operating lease right-of-use assets	2,168	1,782
Goodwill	11,365	10,022
Intangible assets, net	4,272	1,464
Other non-current assets	4,131	3,972
Total assets	<u>\$ 81,311</u>	<u>\$ 75,140</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS, AND DEFICIT		
Current liabilities		
Drafts and accounts payable	\$ 57,861	\$ 55,330
Current portion of long-term debt	1,249	1,191
Current portion of operating lease liabilities	297	258
Other accrued liabilities	4,924	4,825
Total current liabilities	64,331	61,604
Long-term debt	6,528	4,463
Long-term deferred tax liabilities	987	1,029
Long-term operating lease liabilities	1,859	1,478
Long-term litigation liabilities	5,601	5,601
Other non-current liabilities	2,868	2,659
Redeemable noncontrolling interests	725	—
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 and 279 shares issued at June 30, 2025 and March 31, 2025, respectively	3	3
Additional paid-in capital	8,449	8,373
Retained earnings	18,616	17,921
Accumulated other comprehensive loss	(898)	(932)
Treasury shares, at cost, 155 and 154 shares at June 30, 2025 and March 31, 2025, respectively	(28,137)	(27,439)
Total McKesson Corporation stockholders' deficit	(1,967)	(2,074)
Noncontrolling interests	379	380
Total deficit	(1,588)	(1,694)
Total liabilities, redeemable noncontrolling interests, and deficit	<u>\$ 81,311</u>	<u>\$ 75,140</u>

See Financial Notes

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

Three Months Ended June 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	—	22	—	—	—	(106)	—	(84)
Share-based compensation	—	—	55	—	—	—	—	—	55
Repurchase of common stock	—	—	—	—	—	(1)	(592)	—	(592)
Net income	—	—	—	784	—	—	—	47	831
Other comprehensive income	—	—	—	—	34	—	—	—	34
Cash dividends declared, \$0.71 per common share	—	—	—	(89)	—	—	—	—	(89)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(47)	(47)
Other	—	—	(1)	—	—	—	—	(1)	(2)
Balance, June 30, 2025	<u>280</u>	<u>\$ 3</u>	<u>\$ 8,449</u>	<u>\$ 18,616</u>	<u>\$ (898)</u>	<u>(155)</u>	<u>\$ (28,137)</u>	<u>\$ 379</u>	<u>\$ (1,588)</u>

Three Months Ended June 30, 2024									
	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, 2024	278	\$ 3	\$ 8,048	\$ 14,978	\$ (881)	(148)	\$ (24,119)	\$ 372	\$ (1,599)
Issuance of shares under employee plans, net of forfeitures	1	—	22	—	—	—	(134)	—	(112)
Share-based compensation	—	—	56	—	—	—	—	—	56
Repurchase of common stock	—	—	—	—	—	(1)	(528)	—	(528)
Net income	—	—	—	915	—	—	—	45	960
Other comprehensive loss	—	—	—	—	(32)	—	—	—	(32)
Cash dividends declared, \$0.62 per common share	—	—	—	(83)	—	—	—	—	(83)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(43)	(43)
Balance, June 30, 2024	<u>279</u>	<u>\$ 3</u>	<u>\$ 8,126</u>	<u>\$ 15,810</u>	<u>\$ (913)</u>	<u>(149)</u>	<u>\$ (24,781)</u>	<u>\$ 374</u>	<u>\$ (1,381)</u>

See Financial Notes

McKESSON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended June 30,	
	2025	2024
OPERATING ACTIVITIES		
Net income	\$ 831	\$ 960
Adjustments to reconcile to net cash used in operating activities:		
Depreciation	62	63
Amortization	95	106
Asset impairment charges	2	3
Deferred taxes	(8)	28
Charges associated with last-in, first-out inventory method	(7)	(2)
Non-cash operating lease expense	70	57
Loss (gain) from sales of businesses and investments	17	(86)
Provision for bad debts	196	15
Other non-cash items	57	69
Changes in assets and liabilities:		
Receivables	(2,089)	(2,101)
Inventories	(1,971)	(4,442)
Drafts and accounts payable	1,947	4,616
Operating lease liabilities	(89)	(96)
Taxes	134	(211)
Litigation liabilities	—	114
Other	(165)	(473)
Net cash used in operating activities	<u>(918)</u>	<u>(1,380)</u>
INVESTING ACTIVITIES		
Payments for property, plant, and equipment	(111)	(106)
Capitalized software expenditures	(78)	(61)
Acquisitions, net of cash, cash equivalents, and restricted cash acquired	(3,359)	—
Proceeds from sales of businesses and investments, net	4	90
Other	(20)	(10)
Net cash used in investing activities	<u>(3,564)</u>	<u>(87)</u>
FINANCING ACTIVITIES		
Proceeds from short-term borrowings	—	1,361
Repayments of short-term borrowings	—	(1,361)
Proceeds from issuances of long-term debt	1,990	—
Common stock transactions:		
Issuances	22	22
Share repurchases	(581)	(527)
Dividends paid	(90)	(82)
Other	(165)	(222)
Net cash provided by (used in) financing activities	<u>1,176</u>	<u>(809)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>33</u>	<u>(5)</u>
Net decrease in cash, cash equivalents, and restricted cash	(3,273)	(2,281)
Cash, cash equivalents, and restricted cash at beginning of period	<u>5,956</u>	<u>4,585</u>
Cash, cash equivalents, and restricted cash at end of period	<u>2,683</u>	<u>2,304</u>
Less: Restricted cash at end of period included in Prepaid expenses and other	<u>(265)</u>	<u>(2)</u>
Cash and cash equivalents at end of period	<u>\$ 2,418</u>	<u>\$ 2,302</u>

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: U.S. Pharmaceutical, Prescription Technology Solutions (“RxTS”), Medical-Surgical Solutions, and International. 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 three months ended June 30, 2025 and 2024 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, 2025, previously filed with the SEC on May 9, 2025 (the “2025 Annual Report”).

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Recently Adopted Accounting Pronouncements

In the first quarter of fiscal 2026, the Company adopted Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* using a prospective transition method. ASU 2023-09 improves the transparency of income tax disclosures by requiring, on an annual basis, consistent categories, and greater disaggregation of information in the rate reconciliation as well as income taxes paid disaggregated by jurisdiction. While this accounting standard will increase disclosures related to the Company’s income taxes within its Annual Report on Form 10-K for the year ended March 31, 2026, the standard did not have any impact on the Company’s Consolidated Financial Statement results.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board (“FASB”) issued 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 currently evaluating the impact that this guidance will have on its disclosures.

2. Business Acquisitions and Divestitures

Acquisitions

For all acquisitions, we allocate the purchase price to the assets acquired, and the liabilities assumed based on their fair values as of the acquisition date. 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 from 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 management services. The Company acquired an 80% controlling interest in PRISM Vision for \$874 million in cash (subject to customary post-closing adjustments). The payment made upon closing was from cash on hand. PRISM Vision physicians retained a 20% ownership interest. The financial results of PRISM Vision are included within the Company’s U.S. Pharmaceutical 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 \$432 million. Goodwill attributable to the acquisition of PRISM Vision is mostly deductible for tax purposes.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

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

<i>(In millions)</i>	Amounts Recognized as of Acquisition Date
Purchase consideration	
Cash consideration	\$ 874
Redeemable noncontrolling interests	25
Contingent stock-based compensation liability	16
Estimated fair value of total consideration	\$ 915
Identifiable assets acquired and liabilities assumed:	
Current assets	\$ 126
Intangible assets	510
Other non-current assets	106
Total assets	742
Current liabilities	172
Non-current liabilities	87
Net identifiable assets	483
Goodwill	432
Net assets acquired	\$ 915

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 (subject to customary post-closing adjustments). The payment made upon closing was from cash on hand and the net proceeds from the May 30, 2025 public debt offerings. Refer to [Financial Note 8, “Debt and Financing Activities,”](#) for additional information on the public debt offerings. FCS physicians retained a 30% interest. The 30% minority interest is classified as redeemable noncontrolling interest, with a put option exercisable every five years subject to a floor of 75% of initial fair value. 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 U.S. Pharmaceutical segment as of the acquisition date.

The purchase price allocation included acquired intangible finite-lived assets of \$2.3 billion and goodwill of \$806 million. Goodwill attributable to the acquisition of Core Ventures is deductible for tax purposes.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

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

<i>(In millions)</i>	Amounts Recognized as of Acquisition Date
Purchase consideration	
Cash consideration	\$ 2,506
Redeemable noncontrolling interests	700
Estimated fair value of total consideration	\$ 3,206
Identifiable assets acquired and liabilities assumed:	
Current assets	\$ 529
Intangible assets	2,310
Other non-current assets	357
Total assets	3,196
Current liabilities	468
Non-current liabilities	328
Net identifiable assets	2,400
Goodwill	806
Net assets acquired	\$ 3,206

Canada Divestiture Activities

On December 30, 2024, the Company completed the sale of its Rexall and Well.ca businesses in Canada (“Canadian retail disposal group”) for an adjusted purchase price consisting of a cash payment of \$9 million, received at closing, and a note of \$120 million, measured at fair value and accruing interest upon satisfaction of certain conditions, and payable to the Company at the end of six years. Within the International segment and as part of the transaction, the Company divested net assets of \$741 million, including \$125 million of intercompany trade accounts payable primarily related to purchases of inventories from McKesson Canada assumed by the buyer upon divestiture. The Company determined that the disposal group did not meet the criteria for classification as discontinued operations.

During the year ended March 31, 2025, the Company recorded net charges of \$667 million, to remeasure the Canadian retail disposal group to fair value less costs to sell, within “Selling, distribution, general, and administrative expenses” in the Consolidated Statements of Operations. The remeasurement adjustment for the year ended March 31, 2025 included a \$48 million loss related to the accumulated other comprehensive loss balances associated with the Canadian retail disposal group. The Company’s measurement of the fair value of the Canadian retail disposal group was based on the total consideration expected to be received by the Company as outlined in the transaction agreements. Certain components of the total consideration included Level 3 fair value measurements.

Other

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

On August 4, 2025, the Company entered into a definitive agreement to sell its retail and distribution businesses in Norway (“Norway disposal group”), which operate within the International segment. As a result, the Company expects to classify the assets and liabilities of the Norway disposal group as held for sale in its next quarterly financial statements. The Company is currently evaluating the financial impact of the transaction.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

3. Restructuring, Impairment, and Related Charges, Net

The Company recorded restructuring, impairment, and related charges, net of \$47 million and \$10 million for the three months ended June 30, 2025 and 2024, respectively. These charges were included in “Restructuring, impairment, and related charges, net” in the Condensed Consolidated Statement of Operations.

Restructuring Initiatives

During the second quarter of 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 U.S. 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. These programs are anticipated to be substantially complete in fiscal 2028. For the three months ended June 30, 2025, the Company recorded charges of \$38 million related to these initiatives, which primarily includes facility exit and other related costs as well as severance and other employee-related costs.

Restructuring, impairment, and related charges, net for the three months ended June 30, 2025 and 2024 consisted of the following:

Three Months Ended June 30, 2025								
(In millions)	U.S. Pharmaceutical ⁽¹⁾	Prescription Technology Solutions	Medical- Surgical Solutions ⁽²⁾	International	Corporate ⁽³⁾	Total		
Severance and employee-related costs, net	\$ —	\$ —	\$ 5	\$ —	\$ (1)	\$	\$	4
Exit and other-related costs ⁽⁴⁾	1	—	12	—	28			41
Asset impairments and accelerated depreciation	—	—	—	—	2			2
Total	\$ 1	\$ —	\$ 17	\$ —	\$ 29	\$	\$	47

- (1) Includes costs related to operational efficiencies and cost optimization efforts described above to support the Company’s U.S. Pharmaceutical segment.
- (2) Includes costs related to operational efficiencies and cost optimization efforts described above to support the Company’s Medical-Surgical Solutions segment.
- (3) Includes costs related to operational efficiencies and cost optimization efforts described above to support the Company’s Corporate segment.
- (4) 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 June 30, 2024								
(In millions)	U.S. Pharmaceutical	Prescription Technology Solutions	Medical- Surgical Solutions	International	Corporate	Total		
Severance and employee-related costs, net	\$ —	\$ —	\$ —	\$ —	\$ (1)	\$	\$	(1)
Exit and other-related costs ⁽¹⁾	—	3	3	—	2			8
Asset impairments and accelerated depreciation	1	1	—	1	—			3
Total	\$ 1	\$ 4	\$ 3	\$ 1	\$ 1	\$	\$	10

- (1) 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)

The following table summarizes the activity related to the liabilities associated with the Company's restructuring initiatives for the three months ended June 30, 2025:

<i>(In millions)</i>	U.S. Pharmaceutical	Prescription Technology Solutions	Medical- Surgical Solutions	International	Corporate	Total
Balance, March 31, 2025 ⁽¹⁾	\$ 10	\$ 1	\$ 90	\$ 1	\$ 24	\$ 126
Restructuring, impairment, and related charges, net	1	—	17	—	29	47
Non-cash charges	—	—	—	—	(2)	(2)
Cash payments	(2)	—	(50)	—	(31)	(83)
Balance, June 30, 2025 ⁽²⁾	\$ 9	\$ 1	\$ 57	\$ 1	\$ 20	\$ 88

- (1) As of March 31, 2025, the total reserve balance was \$126 million, of which \$103 million was recorded within "Other accrued liabilities" and \$23 million was recorded within "Other non-current liabilities" in the Company's Condensed Consolidated Balance Sheet.
- (2) As of June 30, 2025, the total reserve balance was \$88 million, of which \$68 million was recorded within "Other accrued liabilities" and \$20 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:

<i>(Dollars in millions)</i>	Three Months Ended June 30,	
	2025	2024
Income tax expense	\$ 220	\$ 124
Reported income tax rate	20.9 %	11.4 %

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

During the three months ended June 30, 2025, the Company recognized a net discrete tax benefit of \$23 million primarily related to the tax impact of share-based compensation. During the three months ended June 30, 2024, the Company recognized a net discrete tax benefit of \$125 million, primarily driven by discrete tax benefits of \$58 million related to an election to change the tax status of a foreign affiliate, \$37 million related to the tax impact of share-based compensation, and \$36 million related to the reduction in unrecognized tax benefits due to a change in case law.

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions, and various foreign jurisdictions. As of June 30, 2025, the Company had \$1.5 billion of unrecognized tax benefits, of which \$1.4 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.

During the first quarter of 2026, the Company recognized redeemable noncontrolling interests of \$25 million related to the acquisition of PRISM Vision and \$700 million related to its acquisition of Core Ventures. The Company utilized the Monte Carlo simulation model to determine the fair value 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 acquisition activity discussed above.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Noncontrolling Interests

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

The Company allocated \$47 million and \$45 million of net income to noncontrolling interests during the three months ended June 30, 2025 and 2024, respectively, which was recorded in "Net income attributable to noncontrolling interests" in the Company's Condensed Consolidated Statements of Operations.

Changes in redeemable noncontrolling interests and noncontrolling interests for the three months ended June 30, 2025 and 2024, were as follows:

<i>(In millions)</i>	Noncontrolling Interests	Redeemable Noncontrolling Interests
Balance, March 31, 2025	\$ 380	\$ —
Net income attributable to noncontrolling interests	47	—
Payments to noncontrolling interests	(47)	—
Acquisition of PRISM Vision	—	25
Acquisition of Core Ventures	—	700
Other	(1)	—
Balance, June 30, 2025	\$ 379	\$ 725

<i>(In millions)</i>	Noncontrolling Interests	Redeemable Noncontrolling Interests
Balance, March 31, 2024	\$ 372	\$ —
Net income attributable to noncontrolling interests	45	—
Payments to noncontrolling interests	(43)	—
Other	—	—
Balance, June 30, 2024	\$ 374	\$ —

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 stock options, restricted stock units, and performance-based restricted stock units. Less than one million of potentially dilutive securities for the three months ended June 30, 2025 and 2024 were excluded from the computation of diluted earnings per common share as they were anti-dilutive.

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

	Three Months Ended June 30,	
	2025	2024
<i>(In millions, except per share amounts)</i>		
Net income	\$ 831	\$ 960
Net income attributable to noncontrolling interests	(47)	(45)
Net income attributable to McKesson Corporation	<u>\$ 784</u>	<u>\$ 915</u>
Weighted-average common shares outstanding:		
Basic	124.9	129.8
Effect of dilutive securities:		
Stock options	—	0.1
Restricted stock units ⁽¹⁾	<u>0.6</u>	<u>0.8</u>
Diluted	<u>125.5</u>	<u>130.7</u>
Earnings per common share attributable to McKesson Corporation: ⁽²⁾		
Diluted	\$ 6.25	\$ 7.00
Basic	\$ 6.28	\$ 7.04

(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 2026 and fiscal 2025 did not indicate any impairment of goodwill.

Changes in the carrying amount of goodwill were as follows:

<i>(In millions)</i>	U.S. Pharmaceutical	Prescription Technology Solutions	Medical- Surgical Solutions	International	Corporate	Total
Balance, March 31, 2025	\$ 4,132	\$ 2,027	\$ 2,507	\$ 1,327	\$ 29	\$ 10,022
Goodwill acquired	1,238	39	—	—	—	1,277
Disposals	(9)	—	—	—	—	(9)
Foreign currency translation adjustments, net	—	—	—	75	—	75
Other adjustments	29	—	—	—	(29)	—
Balance, June 30, 2025	\$ 5,390	\$ 2,066	\$ 2,507	\$ 1,402	\$ —	\$ 11,365

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Intangible Assets

Information regarding intangible assets was as follows:

	June 30, 2025				March 31, 2025		
	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>(Dollars in millions)</i>							
Customer relationships	10	\$ 1,487	\$ (675)	\$ 812	\$ 1,475	\$ (650)	\$ 825
Service agreements	23	3,298	(752)	2,546	1,116	(728)	388
Trademarks and trade names	20	575	(282)	293	378	(278)	100
Technology	9	312	(146)	166	288	(141)	147
Other	22	487	(32)	455	31	(27)	4
Total		\$ 6,159	\$ (1,887)	\$ 4,272	\$ 3,288	\$ (1,824)	\$ 1,464

All intangible assets were subject to amortization as of June 30, 2025 and March 31, 2025. Amortization expense of intangible assets was \$50 million and \$63 million for the three months ended June 30, 2025 and 2024, respectively.

<i>(In millions)</i>	Estimated Amortization Expense
Fiscal 2026 (from July 1, 2025 to March 31, 2026)	\$ 214
Fiscal 2027	284
Fiscal 2028	279
Fiscal 2029	278
Fiscal 2030	273
Thereafter	2,944

Refer to [Financial Note 2, “Business Acquisitions and Divestitures,”](#) for a description of the goodwill and intangible assets recognized as part of the PRISM Vision and Core Ventures acquisitions.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

8. Debt and Financing Activities

Long-term debt consisted of the following:

<i>(In millions)</i>	June 30, 2025	March 31, 2025
<u>U.S. Dollar notes</u> ^{(1) (2)}		
0.90% Notes due December 3, 2025	\$ 500	\$ 500
1.30% Notes due August 15, 2026	499	499
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	399
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	—
4.95% Notes due May 30, 2032	650	—
5.10% Notes due July 15, 2033	597	597
5.25% Notes due May 30, 2035	698	—
6.00% Notes due March 1, 2041	217	217
4.88% Notes due March 15, 2044	255	255
<u>Foreign currency notes</u> ^{(1) (3)}		
1.50% Euro Notes due November 17, 2025	707	649
1.63% Euro Notes due October 30, 2026	589	541
3.13% Sterling Notes due February 17, 2029	618	581
Lease and other obligations	208	227
Total debt	7,777	5,654
Less: Current portion	1,249	1,191
Total long-term debt	\$ 6,528	\$ 4,463

(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 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 June 30, 2025 and March 31, 2025, \$7.8 billion and \$5.7 billion, respectively, of total debt was outstanding, of which \$1.2 billion was included under the caption "Current portion of long-term debt" in the Company's Condensed Consolidated Balance Sheets.

Public Debt Offerings

On May 30 2025, the Company completed a public debt offering of 4.65% Notes due May 30, 2030 in a principal amount of \$650 million (the "2030 Notes"), a public debt offering of 4.95% Notes due May 30, 2032 in a principal amount of \$650 million (the "2032 Notes") and a public debt offering of 5.25% Notes due May 30, 2035 in a principal amount of \$700 million (the "2035 Notes" and, together with the 2030 and 2032 Notes, the "Notes"). Interest on the Notes is payable semi-annually on May 30th and November 30th of each year, commencing on November 30, 2025. Total proceeds received from the issuance of the Notes, net of discounts and debt offering expenses, were \$2.0 billion. The Company utilized the net proceeds from the Notes together with cash on hand to fund the acquisition of Core Ventures.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

On September 10, 2024, the Company completed a public debt offering of 4.25% Notes due September 15, 2029 in a principal amount of \$500 million (the “2029 Notes”). Interest on the 2029 Notes is payable semi-annually on March 15th and September 15th of each year, commencing on March 15, 2025. Proceeds received from the issuance of the 2029 Notes, net of discounts and debt offering expenses, were \$496 million. The Company utilized the net proceeds from the debt offering of the 2029 Notes together with cash on hand to redeem its \$500 million outstanding principal amount of 5.25% Notes due February 15, 2026 (the “2026 Notes”), which became callable on or after February 15, 2024, prior to maturity at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest through the redemption date. The total loss recognized on the debt extinguishment of the 2026 Notes described above for the year ended March 31, 2025 was not material and was included within “Interest expense” in the Company’s Consolidated Statements of Operations.

Each of the 2029 Notes, the 2030 Notes, the 2032 Notes, and the 2035 Notes constitutes a “series,” is an unsecured and unsubordinated obligation of the Company and ranks equally with all of the Company’s existing, and future unsecured and unsubordinated indebtedness that may be outstanding from time-to-time. Each series is governed by an indenture and officers’ certificate that are materially similar to those of other series of notes issued by the Company. Upon at least 10 days’ and not more than 60 days’ notice to holders of the applicable series of the notes, the Company may redeem such series of the notes for cash in whole, at any time, or in part, from time to time, at redemption prices that include accrued and unpaid interest and a make-whole premium before a specified date, and at par plus accrued and unpaid interest thereafter until maturity, each as specified in the indenture and the officers’ certificate. If there were to occur both (a) a change of control of the Company and (b) a downgrade of the applicable series of the notes below an investment grade rating by each of the Ratings Agencies (as defined in the applicable officers’ certificate) within a specified period, then the Company would be required to make an offer to purchase that series at a price equal to 101% of the then outstanding principal amount of that series, plus accrued and unpaid interest to, but not including, the date of repurchase. The indenture and the related officers’ certificate for each series, subject to the exceptions and in compliance with the conditions as applicable, specify that the Company may not consolidate, merge or sell all or substantially all of its assets, incur liens, or enter into sale-leaseback transactions exceeding specific terms, without the lenders’ consent. The indenture also contains customary events of default provisions.

Revolving Credit Facilities

5-Year Facility

On November 7, 2022, the Company entered into a Credit Agreement (the “2022 Credit Facility”) which was subsequently amended on November 7, 2024 and May 8, 2025, that provides a syndicated \$4.0 billion senior unsecured credit facility with a \$3.6 billion aggregate sublimit of availability in Canadian dollars, British pound sterling, and Euro. The 2022 Credit Facility is scheduled to mature in November 2028. On November 7, 2024, the maturity date of the 2022 Credit Facility was extended from November 2028 to November 2029. Borrowings under the 2022 Credit Facility bear interest based upon the Term Secured Overnight Financing Rate (“SOFR”) for credit extensions denominated in U.S. dollars, the Sterling Overnight Index Average Reference Rate for credit extensions denominated in British pound sterling, the Euro Interbank Offered Rate for credit extensions denominated in Euros, the Canadian Overnight Repo Rate Average for credit extensions denominated in Canadian dollars, a prime rate, or alternative overnight rates, as applicable, plus agreed upon margins. The 2022 Credit Facility contains various customary investment grade covenants, including a financial covenant which obligates the Company to maintain a maximum Total Debt to Consolidated EBITDA ratio, as defined in the 2022 Credit Facility. If the Company does not comply with these covenants, its ability to use the 2022 Credit Facility may be suspended and repayment of any outstanding balances under the 2022 Credit Facility may be required to be repaid. The Company can use funds obtained under the 2022 Credit Facility for general corporate purposes.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

364-Day Facility

On May 8, 2025, the Company entered into a Credit Agreement (the “364-Day Credit Facility”), that provides a syndicated \$1.0 billion senior unsecured credit facility. The 364-Day Credit Facility is scheduled to mature in May 2026. On or prior to the maturity date, the Company may, at its election and subject to certain customary conditions, convert the outstanding loans into a term loan that is repayable in May 2027. Borrowings under the 364-Day Credit Facility bear interest based upon SOFR for credit extensions denominated in U.S. Dollars and other relevant underlying benchmarks, plus agreed margins.

The 364-Day Credit Facility contains various customary investment grade covenants, including a financial covenant which obligates the Company to maintain a maximum Total Debt to Consolidated EBITDA ratio, as defined in the 364-Day Credit Facility. If the Company does not comply with these covenants, its ability to use the 364-Day Credit Facility may be suspended and any outstanding balances under the 364-Day Credit Facility may be required to be repaid. The terms and conditions of the 364-Day Credit Facility are substantially similar to those under the 2022 Credit Facility. The Company can use funds obtained under the 364-Day Credit Facility for general corporate purposes. There were no borrowings under the 2022 Credit Facility during the three months ended June 30, 2025 and 2024 and no amounts outstanding at June 30, 2025 or March 31, 2025. There were no borrowings under the 364-Day Facility during the three months ended June 30, 2025 and no amounts outstanding at June 30, 2025. At June 30, 2025, the Company was in compliance with all covenants under the 2022 Credit Facility and the 364-Day Facility.

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 \$4.0 billion in outstanding commercial paper notes through May 7, 2025 and up to \$5.0 billion following the execution of the 364-Day Facility. During the three months ended June 30, 2025, the Company had no borrowings under the program. During the three months ended June 30, 2024, the Company borrowed and repaid \$1.4 billion under the program. At June 30, 2025 and March 31, 2025, 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.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Derivative Instruments

At June 30, 2025 and March 31, 2025, the notional amounts of the Company's outstanding derivatives were as follows:

			June 30, 2025	March 31, 2025
<i>(In millions)</i>	Currency	Maturity Date ⁽¹⁾	Notional	
Derivatives designated as net investment hedges: ⁽²⁾				
Cross-currency swaps ⁽³⁾	CAD	Dec-26 to Mar-27	C\$	6,500
Derivatives designated as fair value hedges: ⁽²⁾				
Cross-currency swaps ⁽³⁾	GBP	Nov-28	£	450
Cross-currency swaps ⁽³⁾	EUR	Aug-25 to Jul-26	€	1,100
Floating interest rate swaps ⁽⁴⁾	USD	Aug-27 to Sep-29	\$	750
Derivatives designated as cash flow hedges: ⁽²⁾				
Foreign currency forwards ⁽⁵⁾	GBP	Jul-25	£	2
Interest rate swap locks ⁽⁶⁾	USD		\$	850

- (1) The maturity date reflected is for outstanding derivatives as of June 30, 2025.
- (2) There was no ineffectiveness in these hedges for the three months ended June 30, 2025 and 2024.
- (3) Represents cross-currency fixed-to-fixed interest rate swaps to mitigate the foreign currency exchange fluctuations on its foreign currency-denominated notes.
- (4) Represents fixed-to-floating interest rate swaps to hedge the changes in fair value caused by fluctuations in the benchmark interest rates.
- (5) The Company entered into agreements with financial institutions to hedge the variability of foreign currency exchange fluctuations in future cash payments due to a third party in the United Kingdom for capital expenditures.
- (6) The Company entered into additional agreements with financial institutions to hedge cash flows associated with interest payments on upcoming financing activities.

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 fiscal 2025, the Company expanded the net investment hedging program by entering into new cross-currency swaps and restructuring existing cross-currency swaps. As of June 30, 2025 and March 31, 2025, the outstanding notional amount of cross-currency swaps was C\$6.5 billion.

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.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Cash Flow Hedges

The Company uses cross-currency swaps to hedge intercompany loans denominated in non-functional currencies to reduce the income statement effects arising from fluctuations in foreign currency exchange rates. The Company also 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 months ended June 30, 2025 and 2024.

The Company executed a series of forward-starting interest rate swap locks designated as cash flow hedges in fiscal 2025 with a notional amount of \$850 million, and in the first quarter of fiscal 2026 with a notional amount of \$550 million, for a total of \$1.4 billion, to hedge the cash flows associated with upcoming financing activities. During the first quarter of fiscal 2026, the Company completed a public debt offering of the Notes, at which point the interest rate swap locks were terminated, and the proceeds will be amortized to interest expense over the life of the Notes. Refer to [Financial Note 8, “Debt and Financing Activities,”](#) for additional information on the public debt offering of the Notes.

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:

<i>(In millions)</i>	Three Months Ended June 30,	
	2025	2024
Derivatives designated as net investment hedges:		
Cross-currency swaps	\$ (233)	\$ 7
Derivatives designated as cash flow and other hedges:		
Cross-currency swaps ⁽¹⁾	\$ 5	\$ —
Interest rate swap locks, Foreign currency forwards and Other	14	—

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

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

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

(In millions)	Balance Sheet Caption	June 30, 2025			March 31, 2025			
		Fair Value of Derivative		U.S. Dollar Notional	Fair Value of Derivative		U.S. Dollar Notional	
		Asset	Liability		Asset	Liability		
Derivatives designated for hedge accounting:								
Cross-currency swaps (current)	Prepaid expenses and other	\$ 113	\$ —	\$ 595	\$ 54	\$ —	\$ 595	
Cross-currency swaps (non-current)	Other non-current assets/liabilities	155	251	5,550	66	18	5,550	
Interest rate swaps (non-current)	Other non-current liabilities	—	12	750	—	18	750	
Interest Rate Swap Locks	Other non-current liabilities	—	—	—	—	6	850	
Foreign currency forwards (current)	Prepaid expenses and other	—	—	3	1	—	14	
Total		\$ 268	\$ 263		\$ 121	\$ 42		

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 June 30, 2025 and March 31, 2025 included the Company's investments in money market funds of \$242 million and \$1.0 billion, 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 interest rate swaps, cross-currency swaps, and foreign currency forward contracts 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.

McKESSON CORPORATION
FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

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 \$111 million and \$103 million at June 30, 2025 and March 31, 2025, 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 as well as impairment charges related to these investments were not material for the three months ended June 30, 2025 and \$110 million for the three months ended June 30, 2024, all of which are included within “Other income, net” in the Condensed Consolidated Statements of Operations. The net gain recognized for the three months ended June 30, 2024 primarily related to a recapitalization event of one of the Company’s investments in equity securities which resulted in an increase to the carrying value of this investment. The Company recognized a net gain of \$97 million related to this event and sold a portion of its investment for proceeds of \$89 million.

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,”](#) or as a result of charges to remeasure assets classified as held for sale to fair value less costs to sell.

At June 30, 2025, assets and liabilities related to the company’s acquisition of PRISM Vision and Core Ventures were measured at fair value on a nonrecurring basis. Refer to [Financial Note 2, “Business Acquisitions and Divestitures.”](#)

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 June 30, 2025 and March 31, 2025.

Other Fair Value Disclosures

At June 30, 2025 and March 31, 2025, 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:

	June 30, 2025		March 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(In millions)				
Long-term debt, including current maturities	\$ 7,777	\$ 7,798	\$ 5,654	\$ 5,598

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.

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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.

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 2025, Annual Report](#), which disclosure is incorporated in this footnote by this reference. The Company is vigorously defending itself against those claims and in those proceedings. Significant developments in those matters 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 claim 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 claim. 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 claim 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. These actions have been filed in state and federal courts throughout the U.S., and in Puerto Rico and Canada. These plaintiffs have sought monetary damages and other forms of relief based on a variety of causes of action, including negligence, public nuisance, unjust enrichment, and civil conspiracy, as well as alleging violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO"), state and federal controlled substances laws, and other statutes. Because of the many uncertainties associated with opioid-related litigation matters, 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.

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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. Under the Settlement, the Company has paid the Settling Governmental Entities approximately \$2.0 billion as of June 30, 2025, and additionally will pay the Settling Governmental Entities up to approximately \$5.9 billion through 2038. A minimum of 85% of the Settlement payments must be used by state and local 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.

Alabama and West Virginia did not participate in the Settlement. Under a separate settlement agreement with Alabama and its subdivisions, the Company has paid approximately \$75 million as of June 30, 2025, and additionally will pay approximately \$99 million through 2031. The Company previously settled with the state of West Virginia in 2018, so West Virginia and its subdivisions were not eligible to participate in the Settlement. Under a separate settlement agreement, the Company has paid certain West Virginia subdivisions approximately \$68 million as of June 30, 2025, and additionally will pay approximately \$84 million through 2033. That agreement 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 decided in the Company’s favor on July 4, 2022. Those subdivisions appealed that decision.

Some other 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.

The City of Baltimore, Maryland, is one such subdivision. A trial of its claims against the Company and another national pharmaceutical distributor began on September 16, 2024 in the Circuit Court of Maryland for Baltimore City, *Mayor and City Council of Baltimore v. Purdue Pharma LP*, No. 24-C-18-000515. Baltimore claims that the defendants’ distribution of controlled substances to certain pharmacies in the City of Baltimore and Baltimore County caused a public nuisance. On November 12, 2024, the jury returned a verdict finding the Company liable and assessing approximately \$192 million in compensatory damages. On June 12, 2025, the court granted remittitur of the verdict, reducing compensatory damages against the Company to \$37 million. Plaintiff must decide whether to accept the reduced damages or seek a new trial on the amount of damages. The court is also considering Plaintiff’s request for additional “abatement” relief and it has indicated that it will issue a decision before the Plaintiff must decide whether to seek a new trial. If the Plaintiff chooses a new trial, then the court may revisit the proper amount of abatement relief. The Company believes it has valid bases to challenge the verdict and any abatement award, and is prepared to appeal. Because of the many bases to challenge the verdict on appeal, the Company has not adjusted its litigation reserve as a result of the court’s entry of judgment.

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. Under those agreements, the Company has paid the settling Native American tribes approximately \$112 million as of June 30, 2025, and additionally will pay approximately \$84 million through 2027. A minimum of 85% of the total settlement payments must be used by the settling Native American tribes to remediate the opioid epidemic.

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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 have 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, for the year ended March 31, 2024, the Company recorded a charge of \$149 million within “Claims and litigation charges, net” in the Consolidated Statement of Operations to reflect its portion of a settlement with a nationwide class of acute care hospitals. The corresponding liability was included within “Other accrued liabilities” in the Consolidated Balance Sheet. On October 30, 2024, the U.S. District Court for the District of New Mexico granted preliminary approval to the proposed settlement, pursuant to which the Company placed approximately \$149 million into escrow on November 27, 2024. On March 4, 2025, the Court granted final approval to the settlement, which became effective on April 4, 2025. The escrow payment was presented as restricted cash within “Prepaid expenses and other” in the Company’s Condensed Consolidated Balance Sheet as of June 30, 2025.

With respect to the third-party payors, for the year ended March 31, 2025, the Company recorded a charge of \$114 million within “Claims and litigation charges, net” in the Consolidated Statement of Operations to reflect the Company’s portion of the settlement with representatives of a nationwide group of certain third-party payors, of which \$57 million was recorded within Corporate expenses, net and U.S. Pharmaceutical, respectively. The corresponding liability was included within “Other accrued liabilities” in the Consolidated Balance Sheet. On January 15, 2025, the U.S. District Court for the Northern District of Ohio overruled objections and approved the settlement, pursuant to which the Company placed approximately \$114 million into escrow on February 12, 2025. Objections to the settlement have been resolved, and the settlement is currently pending final approval by the district court. The escrow payment was presented as restricted cash within “Prepaid expenses and other” in the Company’s Condensed Consolidated Balance Sheet as of June 30, 2025.

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:

<i>(In millions)</i>	June 30, 2025	March 31, 2025
Current litigation liabilities ⁽¹⁾	\$ 776	\$ 776
Long-term litigation liabilities	5,601	5,601
Total litigation liabilities	\$ 6,377	\$ 6,377

(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 months ended June 30, 2025, the Company made no payments associated with the Settlement and the separate settlement agreements for opioid-related claims of participating states, subdivisions, and Native American tribes discussed above.

In July 2025, the Company made payments totaling \$497 million associated with the Settlement and the separate settlement agreements for opioid-related claims of participating states, subdivisions, and Native American tribes.

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

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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 Feb. 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 concluded 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 or about April 25, 2018, a second amended qui tam complaint filed in the U.S. District Court for the Eastern District of New York was served on McKesson Corporation, McKesson Specialty Care Distribution Corporation, McKesson Specialty Distribution LLC, McKesson Specialty Care Distribution Joint Venture, L.P., Oncology Therapeutics Network Corporation, Oncology Therapeutics Network Joint Venture, L.P., US Oncology, Inc., and US Oncology Specialty, L.P. by Omni Healthcare, Inc. as relator, purportedly on behalf of the United States and 33 cities and states alleging that from 2001 through 2010 the defendants repackaged and sold single-dose syringes of oncology medications in a manner that violated the federal False Claims Act and various state and local false claims statutes, and seeking damages, treble damages, civil penalties, attorneys' fees and costs of suit, all in unspecified amounts. *United States of America ex rel. Omni Healthcare, Inc. v. McKesson Corp., et al.*, 1:12-cv-06440 (E.D.N.Y.). The United States and the other governmental plaintiffs declined to intervene in the suit. In February 2019, the court dismissed all of the defendants except McKesson Corporation and Oncology Therapeutics Network Corp. On or about March 2, 2020, another qui tam complaint filed in the U.S. District Court for the Eastern District of New York was served on US Oncology, Inc. by the same relator purportedly on behalf of the United States and 33 cities and states alleging the same misconduct and seeking the same relief. *United States ex rel. Omni Healthcare, Inc. v. US Oncology, Inc.*, 1:19-cv-05125. The United States and the named states declined to intervene in the case. Relator filed an amended complaint on August 19, 2022. On September 8, 2023, US Oncology, Inc.'s motion to dismiss the amended complaint was granted. The dismissal was affirmed by the Court of Appeals for the Second Circuit on November 12, 2024. On March 27, 2025, the relator filed a petition seeking review by the U.S. Supreme Court, which was denied.

On May 17, 2013, the Company was served with a complaint filed in the United States District Court for the Northern District of California, captioned *True Health Chiropractic Inc., et al. v. McKesson Corporation, et al.*, No. CV-13-02219 (HG), later amended to include *McLaughlin Chiropractic Associates, Inc.* as a named plaintiff. The plaintiffs alleged that McKesson and a subsidiary sent unsolicited marketing faxes in violation of the Telephone Consumer Protection Act of 1991, as amended by the Junk Fax Protection Act of 2005. The district court initially certified a class, but later de-certified it, leaving only the two named plaintiffs. The court awarded \$6,500 in statutory damages and denied treble damages. The Ninth Circuit affirmed. On June 20, 2025, the U.S. Supreme Court reversed the Ninth Circuit's decision and remanded the case for reconsideration of class certification, but did not disturb the ruling denying treble damages, which is now final. The Company believes that any remaining potential liability is not material.

Government Subpoenas and Investigations

From time to time, the Company receives subpoenas or requests for information from various government 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.

State Opioid Statutes

In April 2018, the State of New York Opioid Stewardship Act ("OSA") imposed an aggregate \$100 million annual surcharge for 2017 and 2018 on all manufacturers and distributors licensed to sell or distribute opioids in New York. In December 2021, the Company paid \$26 million for the 2017 OSA surcharge assessment. On May 18, 2022, the Company filed a lawsuit in New York state trial court challenging the constitutionality of the OSA. In November 2022, the Company received a 2018 OSA surcharge assessment of approximately \$42 million. On December 14, 2022, the state court ruled that the OSA is constitutional. The Appellate Division subsequently ruled that the 2017 assessment was unconstitutional, but that the 2018

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assessment was proper. The Company has paid \$42 million for the 2018 OSA surcharge assessment. On March 31, 2025, the State of New York agreed to pay the Company \$28 million to settle the matter. On May 9, 2025, the State of New York's Fiscal Year 2026 budget was signed into law, which included appropriations for the payment. The recovery was recorded within "Selling, distribution, general, and administrative expenses" in the Condensed Consolidated Statements of Operations for the three months ended June 30, 2025 and the corresponding receivable was included within "Receivables, net" in the Company's Condensed Consolidated Balance Sheet.

Antitrust Settlements

During the first fiscal quarter of 2026, the Company received proceeds of \$8 million related to its share of antitrust settlements. The lawsuits were filed against a brand manufacturer alleging that the manufacturer, by itself or in concert with others, took improper actions to delay or prevent generic drugs from entering the market. The Company was not a named party to either litigation but was a member of the representative classes of those who purchased directly from the pharmaceutical manufacturer. The Company recognized a gain in that amount within "Cost of sales" in the Condensed Consolidated Statement of Operations in the first quarter of fiscal 2026 related to the settlements.

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 29, 2025, the Company raised its quarterly dividend from \$0.71 to \$0.82 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 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 \$2 million and \$1 million were accrued for shares repurchased during the three months ended June 30, 2025 and 2024, respectively. On October 30, 2024, the company made a payment of \$25 million for fiscal 2024 excise taxes previously accrued. As of June 30, 2025 and March 31, 2025, the amount accrued for excise taxes was \$28 million and \$26 million within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheets, respectively.

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Information regarding share repurchase activity for the three months ended June 30, 2025 and 2024 were as follows:

Share Repurchases ⁽¹⁾			
<i>(In millions, except price per share)</i>	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
Shares repurchased - Open market ⁽⁴⁾	0.8	\$ 709.84	(590)
Balance at June 30, 2025			\$ 6,879

- (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 \$2 million of excise taxes for the three months ended June 30, 2025.
(4) Of the total dollar value, \$9 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheet as of June 30, 2025 for share repurchases that were executed in late June 2025 and settled in early July 2025.

Share Repurchases ⁽¹⁾			
<i>(In millions, except price per share)</i>	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, 2024			\$ 6,615
Shares repurchased - Open market	1.0	\$ 548.20	(527)
Balance at June 30, 2024			\$ 6,088

- (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 \$1 million of excise taxes for the three months ended June 30, 2024.

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Accumulated Other Comprehensive Loss

Information regarding changes in accumulated other comprehensive loss, including noncontrolling interests, by components for the three months ended June 30, 2025 and 2024 was as follows:

	Foreign Currency Translation Adjustments		Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax ⁽³⁾	Unrealized Losses and Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
	Foreign Currency Translation Adjustments, Net of Tax ⁽¹⁾	Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax ⁽²⁾			
<i>(In millions)</i>					
Balance, March 31, 2025	\$ (989)	\$ 47	\$ (4)	\$ 14	\$ (932)
Other comprehensive income (loss)	193	(172)	14	(1)	34
Balance, June 30, 2025	\$ (796)	\$ (125)	\$ 10	\$ 13	\$ (898)

- (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 June 30, 2025 include losses of \$(233) million related to net investment hedges from cross-currency swaps, which are net of income tax benefit of \$61 million.
- (3) Amounts recorded for the three months ended June 30, 2025 include gains of \$5 million related to cash flow and other hedges from cross-currency swaps and gains of \$14 million related to cash flow hedges from foreign currency forwards. These amounts are net of income tax (expense) of \$(5) million.

	Foreign Currency Translation Adjustments		Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax	Unrealized Losses and Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
	Foreign Currency Translation Adjustments, Net of Tax ⁽¹⁾	Unrealized Losses on Net Investment Hedges, Net of Tax ⁽²⁾			
<i>(In millions)</i>					
Balance, March 31, 2024	\$ (856)	\$ (12)	\$ 3	\$ (16)	\$ (881)
Other comprehensive income (loss)	(36)	5	—	(1)	(32)
Balance, June 30, 2024	\$ (892)	\$ (7)	\$ 3	\$ (17)	\$ (913)

- (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 June 30, 2024 include gains of \$7 million related to net investment hedges from cross-currency swaps, which are net of income tax expense of \$2 million.

13. Segments of Business

The Company reports its financial results in four reportable segments: U.S. Pharmaceutical, RxTS, Medical-Surgical Solutions, and International. The organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, and 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 the individual business activities. The Company evaluates the performance of its operating segments on a number of measures, including revenues and operating profit before interest expense and income taxes.

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The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. 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 our disclosures.

The U.S. Pharmaceutical segment distributes branded, generic, specialty, biosimilar and over-the-counter pharmaceutical drugs, and other healthcare-related products in the U.S. This segment also provides practice management, technology, clinical support, and business solutions to community-based oncology and other specialty practices. 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 RxTS 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. RxTS serves our biopharma and life sciences partners, delivering innovative solutions that help people get the medicine they need to live healthier lives. RxTS offers technology services, which includes electronic prior authorization, prescription price transparency, benefit insight, and dispensing support services, in addition to third-party logistics and wholesale distribution support designed to benefit stakeholders.

The Medical-Surgical Solutions segment provides medical-surgical supply distribution, logistics, and other services to healthcare providers, including physician offices, surgery centers, nursing homes, hospital reference labs, and home health care agencies. This segment offers national brand medical-surgical products as well as McKesson's own line of high-quality products through a network of distribution centers in the U.S. During the three months ended June 30, 2025, the Company announced its intention to separate this segment into an independent company.

The International segment includes the Company's operations in Canada and Norway, bringing together non-U.S.-based drug distribution services, specialty pharmacy, retail, and infusion care services. The Company's Canadian operations deliver medicines, supplies, and information technology solutions throughout Canada. During fiscal 2025, the Company completed the previously announced transaction to sell the Canadian retail disposal group. Refer to [Financial Note 2, "Business Acquisitions and Divestitures,"](#) for more information. The Company's Norwegian operations provide distribution and services to wholesale and retail customers in Norway where it owns, partners, or franchises with retail pharmacies.

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

<i>(In millions)</i>	Three Months Ended June 30,	
	2025	2024
Segment revenues ⁽¹⁾		
U.S. Pharmaceutical	\$ 89,954	\$ 71,715
Prescription Technology Solutions	1,434	1,241
Medical-Surgical Solutions	2,701	2,636
International	3,738	3,691
Total revenues	<u>\$ 97,827</u>	<u>\$ 79,283</u>
Other segment expense, net ⁽²⁾		
U.S. Pharmaceutical ⁽³⁾	\$ 89,227	\$ 70,934
Prescription Technology Solutions	1,181	1,038
Medical-Surgical Solutions	2,480	2,448
International	3,646	3,601
Total other segment expense, net	<u>\$ 96,534</u>	<u>\$ 78,021</u>
Segment operating profit		
U.S. Pharmaceutical	\$ 727	\$ 781
Prescription Technology Solutions	253	203
Medical-Surgical Solutions	221	188
International	92	90
Subtotal	1,293	1,262
Corporate expenses, net ⁽⁴⁾	(193)	(103)
Interest expense	(49)	(75)
Income before income taxes	<u>\$ 1,051</u>	<u>\$ 1,084</u>
Segment depreciation and amortization ⁽⁵⁾		
U.S. Pharmaceutical	\$ 63	\$ 60
Prescription Technology Solutions	21	21
Medical-Surgical Solutions	22	23
International	14	30
Corporate	37	35
Total segment depreciation and amortization	<u>\$ 157</u>	<u>\$ 169</u>
Segment expenditures for long-lived assets ⁽⁶⁾		
U.S. Pharmaceutical	\$ 73	\$ 28
Prescription Technology Solutions	1	4
Medical-Surgical Solutions	25	51
International	13	25
Corporate	77	59
Total segment expenditures for long-lived assets	<u>\$ 189</u>	<u>\$ 167</u>

- (1) Revenues from services on a disaggregated basis represent approximately 1% of the U.S. Pharmaceutical segment's total revenues, approximately 38% of the RxTS segment's total revenues, less than 1% of the Medical-Surgical Solutions segment's total revenues, and less than 1% of the International segment's total revenues. The International segment reflects foreign revenues. Revenues for the remaining three reportable segments are derived in the U.S.

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- (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 U.S. Pharmaceutical other segment expense, net includes the following:
- a provision for bad debts of \$189 million for the three months ended June 30, 2025 related to the bankruptcy of the Company's customer Rite Aid Corporation (including certain of its subsidiaries, "Rite Aid"). This charge was recorded within "Selling, distribution, general, and administrative expenses" in the Company's Condensed Consolidated Statements of Operations;
 - cash receipts for the Company's share of antitrust legal settlements of \$8 million and \$90 million for the three months ended June 30, 2025 and 2024, respectively. These gains were recorded within "Cost of sales" in the Company's Condensed Consolidated Statements of Operations;
 - a credit of \$7 million and \$2 million related to the last-in, first-out method of accounting for inventories for the three months ended June 30, 2025 and 2024, respectively. These amounts were recorded within "Cost of sales" in the Company's Condensed Consolidated Statements of Operations;
 - a charge of \$57 million for the three months ended June 30, 2024 related to the estimated liability for opioid-related claims, as discussed in [Financial Note 11, "Commitments and Contingent Liabilities,"](#) and
 - a loss of \$43 million for the three months ended June 30, 2024 related to one of the Company's equity method investments, which was recorded within "Other income, net" in the Company's Condensed Consolidated Statement of Operations.
- (4) Corporate expenses, net includes the following:
- a net gain of \$110 million for the three months ended June 30, 2024 related to the Company's investments in equity securities of certain U.S. growth stage companies in the healthcare industry, as discussed in [Financial Note 10, "Fair Value Measurements,"](#)
 - a net charge of \$55 million for the three months ended June 30, 2024 related to the estimated liability for opioid-related claims, as discussed in [Financial Note 11, "Commitments and Contingent Liabilities,"](#) and
 - restructuring charges of \$29 million and \$1 million for the three months ended June 30, 2025 and 2024, respectively, for restructuring initiatives as discussed in [Financial Note 3, "Restructuring, Impairment, and Related Charges, Net."](#)
- (5) 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.
- (6) Long-lived assets consist of property, plant, and equipment, net and capitalized software.

Long-lived assets by geographic areas were as follows:

<i>(In millions)</i>	June 30, 2025	March 31, 2025
Long-lived assets		
United States	\$ 2,952	\$ 2,877
Foreign	330	306
Total long-lived assets	\$ 3,282	\$ 3,183

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, 2025 previously filed with the Securities and Exchange Commission (the “SEC”) on May 9, 2025 (“2025 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: U.S. Pharmaceutical, Prescription Technology Solutions (“RxTS”), Medical-Surgical Solutions, and International. 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 operating 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.

- **U.S. Pharmaceutical** is a reportable segment that distributes branded, generic, specialty, biosimilar, and over-the-counter pharmaceutical drugs and other healthcare-related products in the United States (“U.S.”). This segment also provides practice management, technology, clinical support, and business solutions to community-based oncology and other specialty practices. In addition, the segment sells financial, operational, and clinical solutions to pharmacies (retail, hospital, alternate sites) and provides consulting, outsourcing, technological, and other services.
- **Prescription Technology Solutions** is a reportable segment that 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. RxTS offers technology services, which includes electronic prior authorization, prescription price transparency, benefit insight, dispensing support services, 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** is a reportable segment that provides medical-surgical supply distribution, logistics, and other services to healthcare providers, including physician offices, surgery centers, nursing homes, hospital reference labs, and home health care agencies. This segment offers national brand medical-surgical products as well as McKesson’s own line of high-quality products through a network of distribution centers within the U.S. During the three months ended June 30, 2025, we announced our intention to separate this segment into an independent company.
- **International** is a reportable segment that includes our operations in Canada and Norway, bringing together non-U.S.-based drug distribution services, specialty pharmacy, retail, and infusion care services. Our Canadian operations deliver medicines, supplies, and information technology solutions throughout Canada. During fiscal 2025, we completed the sale of Rexall and Well.ca businesses in Canada (“Canadian retail disposal group”). Refer to [Financial Note 2, “Business Acquisitions and Divestitures,”](#) to the accompanying condensed consolidated financial statements in this Quarterly Report for additional information regarding this divestiture. Our Norwegian operations provide distribution and services to wholesale and retail customers in Norway where we own, partner, or franchise with retail pharmacies.

Business Acquisitions and Divestitures

PRISM Vision Holdings, LLC

On April 1, 2025, we completed the acquisition of a controlling interest in PRISM Vision Holdings, LLC (“PRISM Vision”), a leading provider of general ophthalmology and retina management services. We acquired an 80% interest in PRISM Vision for \$874 million in cash and PRISM Vision physicians retained a 20% interest. As of the acquisition date, the financial results of PRISM Vision are reported within our U.S. Pharmaceutical segment.

Community Oncology Revitalization Enterprise Ventures, LLC

On June 2, 2025, we 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”). We acquired a 70% controlling interest in Core Ventures for \$2.5 billion in cash and FCS physicians retained 30% interest. As of the acquisition date, Core Ventures is a part of the Oncology platform and financial results are reported within our U.S. Pharmaceutical segment.

Refer to [Financial Note 2, “Business Acquisitions and Divestitures,”](#) to the accompanying condensed consolidated financial statements in this Quarterly Report for additional information regarding these acquisition transactions.

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Executive Summary:

The following summary provides highlights and key factors that impacted our business, operating results, financial condition, and liquidity for the three months ended June 30, 2025:

- For the three months ended June 30, 2025 compared to the prior year, revenues increased by 23%, gross profit increased by 4%, total operating expenses increased by 6%, and other income, net decreased by \$66 million. Refer to the [“Overview of Consolidated Results”](#) section below for an analysis of these changes;
- Diluted earnings per common share attributable to McKesson Corporation decreased to \$6.25 from \$7.00 for the three months ended June 30, 2025 compared to the prior year period;
- During the three months ended June 30, 2025, we announced our intention to separate the Medical-Surgical Solutions segment into an independent company;
- On April 1, 2025, we completed the acquisition of a controlling interest in PRISM Vision for \$874 million in cash, as discussed in further detail in the *“Business Acquisitions and Divestitures”* section above;
- On June 2, 2025, we completed the acquisition of a controlling interest in Core Ventures for \$2.5 billion in cash, as discussed in further detail in the *“Business Acquisitions and Divestitures”* section above;
- For the three months ended June 30, 2025, we recorded 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”). Refer to the [“Trends and Uncertainties”](#) section within this Financial Review for additional information;
- On May 8, 2025, we entered into a syndicated \$1.0 billion 364-Day senior unsecured credit facility (the “364-Day Credit Facility”) which is scheduled to mature in May 2026. Refer to [Financial Note 8, “Debt and Financing Activities,”](#) to the accompanying condensed consolidated financial statements in this Quarterly Report for additional information;
- 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 Core Ventures. Refer to [Financial Note 8, “Debt and Financing Activities,”](#) to the accompanying condensed consolidated financial statements in this Quarterly Report for additional information;
- During the three months ended June 30, 2025, we returned \$671 million of cash to shareholders through \$581 million of common stock repurchases in open market transactions and \$90 million of dividend payments. The total remaining authorization outstanding for repurchases of the Company’s common stock at June 30, 2025 was \$6.9 billion; and
- On July 29, 2025, our Board of Directors (the “Board”) raised our quarterly dividend to \$0.82 from \$0.71 per share of common stock.

Trends and Uncertainties:***Opioid-Related Litigation and Claims***

As described in the discussion of opioid-related matters in [Financial Note 11, “Commitments and Contingent Liabilities,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report, we are a defendant in many legal proceedings asserting claims related to the distribution of controlled substances (opioids) in federal and state courts throughout the U.S., and in Puerto Rico and Canada. Other than as to the settlements described in [Financial Note 11, “Commitments and Contingent Liabilities,”](#) we have not concluded 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 our financial position, cash flows or liquidity, or results of operations.

Rite Aid Bankruptcy Proceedings

In fiscal 2024, Rite Aid filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code, leading to a \$725 million provision for bad debts related to uncollected trade accounts receivables. Following Rite Aid’s successful emergence from bankruptcy in August 2024, we reassessed our initial estimates resulting in a \$206 million reversal of previously recorded expenses in fiscal 2025, recorded within “Selling, distribution, general, and administrative expenses” in our Condensed Consolidated Statements of Operations and included within our U.S. Pharmaceutical segment. During fiscal 2025,

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

we also released \$237 million of allowance for doubtful accounts against trade accounts receivables, representing the write-off of uncollectible receivables related to the Rite Aid provision in the Condensed Consolidated Balance Sheet.

On May 5, 2025, Rite Aid filed a second voluntary petition under Chapter 11 of the Bankruptcy Code. As a result, we recorded an additional provision for bad debts of \$189 million for the three months ended June 30, 2025, for the remaining trade accounts receivable balances due from Rite Aid prior to its bankruptcy filing.

We believe the reserves maintained and expenses and credits recorded to date for Rite Aid trade accounts receivable are appropriate and consistent with our accounting policy and assessment of the information currently available. We evaluate our reserves periodically and as circumstances warrant. This may result in changes to our reserves. For additional disclosure of our policy regarding allowances for credit losses, 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 2025 Annual Report.

RESULTS OF OPERATIONS

Overview of Consolidated Results:

	Three Months Ended June 30,		
(Dollars in millions, except per share data)	2025	2024	Change
Revenues	\$ 97,827	\$ 79,283	23 %
Gross profit	3,279	3,152	4
Gross profit margin	3.35 %	3.98 %	(63) bp
Total operating expenses	\$ (2,243)	\$ (2,123)	6 %
Total operating expenses as a percentage of revenues	2.29 %	2.68 %	(39) bp
Other income, net	\$ 64	\$ 130	(51) %
Interest expense	(49)	(75)	(35)
Income before income taxes	1,051	1,084	(3)
Income tax expense	(220)	(124)	77
Reported income tax rate	20.9 %	11.4 %	950 bp
Net income	831	960	(13)
Net income attributable to noncontrolling interests	(47)	(45)	4
Net income attributable to McKesson Corporation	\$ 784	\$ 915	(14) %
Diluted earnings per common share attributable to McKesson Corporation	\$ 6.25	\$ 7.00	(11) %
Weighted-average diluted common shares outstanding	125.5	130.7	(4) %

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 months ended June 30, 2025 compared to the same prior year period largely due to market growth in our U.S. Pharmaceutical segment, including higher volumes largely from retail national account customers and growth in specialty pharmaceuticals. Market growth includes growing drug utilization and newly launched products, partially offset by branded to generic drug conversion.

Gross Profit

Gross profit increased for the three months ended June 30, 2025 compared to the same prior year period primarily in our U.S. Pharmaceutical segment driven by growth of specialty pharmaceuticals and retail national account customers, partially offset by a decrease from net cash proceeds received representing our share of antitrust legal settlements in the first quarter of fiscal 2026 compared to the same prior year period. Gross Profit was also driven by higher volumes in our Prescription Technology Solutions segment and unfavorably impacted by a decline in our International segment driven by the completed divestiture of our Canadian retail disposal group.

We recognized gains of \$8 million and \$90 million for the three months ended June 30, 2025 and 2024, 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 U.S. Pharmaceutical segment.

Total Operating Expenses

A summary of the components of our total operating expenses for the three months ended June 30, 2025 and 2024 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.

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Change
	2025	2024	
Selling, distribution, general, and administrative expenses	\$ 2,196	\$ 2,001	10 %
Claims and litigation charges, net	—	112	(100)
Restructuring, impairment, and related charges, net	47	10	370
Total operating expenses	\$ 2,243	\$ 2,123	6 %
<i>Percent of revenues</i>	2.29 %	2.68 %	(39) bp

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

bp - basis point

For the three months ended June 30, 2025, total operating expenses increased and total operating expenses as a percentage of revenues decreased compared to the same prior year period. Total operating expenses were impacted by the following significant items:

- SDG&A for the three months ended June 30, 2025 includes a provision for bad debts of \$189 million related to the bankruptcy of Rite Aid. Refer to the Rite Aid Bankruptcy Proceedings section of ["Trends and Uncertainties"](#) for further discussion;

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

- SDG&A for the three months ended June 30, 2025 was impacted by higher operating expenses related to the acquisitions completed during the first quarter of fiscal 2026, as discussed in more detail in [Financial Note 2, “Business Acquisitions and Divestitures,”](#) to the accompanying condensed consolidated financial statements in this Quarterly Report;
- SDG&A for the three months ended June 30, 2025 was impacted by lower operating expenses from the completed divestiture of our Canadian retail disposal group in fiscal 2025, as discussed in more detail in [Financial Note 2, “Business Acquisitions and Divestitures,”](#) to the accompanying condensed consolidated financial statements in this Quarterly Report;
- Claims and litigation charges, net were nil for the three months ended June 30, 2025 and primarily consists of a charge of \$114 million for the three months ended June 30, 2024 related to our estimated liability for opioid-related claims as previously discussed in the Opioid-Related Litigation and Claims section of [“Trends and Uncertainties,”](#) and
- Restructuring, impairment, and related charges, net were \$47 million and \$10 million for the three months ended June 30, 2025 and 2024, 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 2026 and fiscal 2025 did not indicate any impairment of goodwill, and no goodwill impairment charges were recorded during the three months ended June 30, 2025 and 2024. 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 2025 Annual Report.

Restructuring Initiatives

We recorded restructuring, impairment, and related charges of \$47 million and \$10 million for the three months ended June 30, 2025 and 2024, respectively. These charges were included in “Restructuring, impairment, and related charges, net” in the Condensed Consolidated Statements of Operations.

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 U.S. 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. These programs are anticipated to be substantially complete in fiscal 2028. For the three months ended June 30, 2025, we recorded charges of \$38 million related to the initiatives, which primarily includes severance and other employee-related costs as well as facility exit and other related costs, including long-lived asset impairments.

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 decreased for the three months ended June 30, 2025 compared to the same prior year period primarily due to a prior year net gain of \$110 million related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry, partially offset by a prior year loss of \$43 million related to one of our equity method investments, and a favorable impact from interest income.

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Interest Expense

Interest expense decreased for the three months ended June 30, 2025 compared to the same prior year period primarily due to changes in our derivative portfolio in fiscal 2026 and increased capitalized interest from higher capital spending, partially offset by interest from increased average balances of the Company's loan portfolio in fiscal 2026. 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 June 30, 2025 and 2024, we recorded income tax expense of \$220 million and \$124 million, respectively. Our reported income tax rates were 20.9% and 11.4% for the three months ended June 30, 2025 and 2024, respectively. Fluctuations in our reported income tax rates are primarily due to changes in our business mix of earnings between 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.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law, introducing modifications to various U.S. federal tax provisions. We are currently evaluating the potential implications of the legislation. Based on preliminary analysis, we do not expect the provisions of the OBBBA to have a material impact on our consolidated financial position, results of operations, or cash flows.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the three months ended June 30, 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. During the three months ended June 30, 2025, we recognized redeemable noncontrolling interests of \$700 million and \$25 million related to our acquisitions of Core Ventures and PRISM Vision, respectively. Redeemable noncontrolling interests are presented outside of stockholders' deficit in the Company's Condensed Consolidated Balance Sheet. Refer to the ["Selected Measures of Liquidity and Capital Resources"](#) section of this Financial Review and [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 and noncontrolling interests during the first quarter of fiscal 2026.

Net Income Attributable to McKesson Corporation

Net income attributable to McKesson Corporation was \$784 million and \$915 million for the three months ended June 30, 2025 and 2024, respectively. Diluted earnings per common share attributable to McKesson Corporation was \$6.25 and \$7.00 for the three months ended June 30, 2025 and 2024, 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 125.5 million and 130.7 million for the three months ended June 30, 2025 and 2024, respectively. Weighted-average diluted shares outstanding for the three months ended June 30, 2025 decreased from the same prior year period primarily due to the cumulative effect of share repurchases, as discussed in the ["Share Repurchases Plans"](#) section of this Financial Review.

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Overview of Segment Results:

Segment Revenues:

(Dollars in millions)	Three Months Ended June 30,		Change
	2025	2024	
Segment revenues			
U.S. Pharmaceutical	\$ 89,954	\$ 71,715	25 %
Prescription Technology Solutions	1,434	1,241	16
Medical-Surgical Solutions	2,701	2,636	2
International	3,738	3,691	1
Total revenues	\$ 97,827	\$ 79,283	23 %

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

U.S. Pharmaceutical

Three Months Ended June 30, 2025 vs. 2024

U.S. Pharmaceutical revenues for the three months ended June 30, 2025 increased \$18.2 billion or 25% compared to the same prior year period. Within the segment, sales to pharmacies and healthcare providers increased \$16.4 billion and sales to specialty practices and other increased \$1.9 billion. Overall, these increases were primarily due to higher volumes from retail national account customers and growth in specialty pharmaceuticals, partially offset by branded to generic drug conversions.

Prescription Technology Solutions

Three Months Ended June 30, 2025 vs. 2024

RxTS revenues for the three months ended June 30, 2025 increased \$193 million or 16% compared to the same prior year period due to increased volumes from our third-party logistics and higher technology services revenues.

Medical-Surgical Solutions

Three Months Ended June 30, 2025 vs. 2024

Medical-Surgical Solutions revenues for the three months ended June 30, 2025 increased \$65 million or 2% compared to the same prior year period. Within the segment, sales to primary care customers increased \$59 million driven by underlying business growth and other sales increased by \$8 million. These increases were partially offset by sales to extended care customers which decreased by \$2 million.

International

Three Months Ended June 30, 2025 vs. 2024

International revenues for the three months ended June 30, 2025 increased \$47 million or 1% compared to the same prior year period. Within the segment, sales in Canada increased by \$63 million largely driven by higher pharmaceutical distribution volumes and sales in Norway increased by \$10 million primarily driven by growth in retail pharmacy and pharmaceutical distribution. These increases were partially offset by the completed divestiture of our Canadian retail disposal group and unfavorable effects of foreign currency exchange fluctuations of \$26 million.

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

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

(Dollars in millions)	Three Months Ended June 30,		Change
	2025	2024	
Other segment expense, net ⁽¹⁾			
U.S. Pharmaceutical ⁽²⁾	\$ 89,227	\$ 70,934	26 %
Prescription Technology Solutions	1,181	1,038	14
Medical-Surgical Solutions	2,480	2,448	1
International	3,646	3,601	1
Total other segment expense, net	\$ 96,534	\$ 78,021	24 %
Segment operating profit			
U.S. Pharmaceutical	\$ 727	\$ 781	(7) %
Prescription Technology Solutions	253	203	25
Medical-Surgical Solutions	221	188	18
International	92	90	2
Subtotal	1,293	1,262	2
Corporate expenses, net ⁽³⁾	(193)	(103)	87
Interest expense	(49)	(75)	(35)
Income before income taxes	\$ 1,051	\$ 1,084	(3) %
Segment operating profit margin			
U.S. Pharmaceutical	0.81 %	1.09 %	(28) bp
Prescription Technology Solutions	17.64	16.36	128
Medical-Surgical Solutions	8.18	7.13	105
International	2.46	2.44	2

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 U.S. Pharmaceutical segment includes the following:
 - a provision for bad debts of \$189 million for the three months ended June 30, 2025 related to the bankruptcy of our customer Rite Aid, as further described in the [“Trends and Uncertainties”](#) section above;
 - cash receipts for our share of antitrust legal settlements of \$8 million and \$90 million for the three months ended June 30, 2025 and 2024, respectively;
 - a charge of \$57 million for the three months ended June 30, 2024 related to our estimated liability for opioid-related claims as discussed in [Financial Note 11, “Commitments and Contingent Liabilities,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report; and
 - a loss of \$43 million for the three months ended June 30, 2024 related to one of the Company’s equity method investments.
- (3) Corporate expenses, net includes the following:
 - a net gain of \$110 million for the three months ended June 30, 2024 related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry, as discussed in [Financial Note 10, “Fair Value Measurements,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report;
 - a net charge of \$55 million for the three months ended June 30, 2024 related to our estimated liability for opioid-related claims as discussed in [Financial Note 11, “Commitments and Contingent Liabilities,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report; and
 - restructuring charges of \$29 million and \$1 million for the three months ended June 30, 2025 and 2024, 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.

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

U.S. Pharmaceutical

Three Months Ended June 30, 2025 vs. 2024

Operating profit for this segment decreased for the three months ended June 30, 2025 compared to the same prior year period primarily due to a provision for bad debts of \$189 million related to the bankruptcy of Rite Aid, a decrease from net cash proceeds received in the first quarter of fiscal 2026 compared to the same prior year period representing our share of antitrust legal settlements, and an increase in operating expenses to support higher volumes. These decreases are partially offset by growth in specialty pharmaceuticals and retail national account customers, a prior year charge of \$57 million related to our estimated liability for opioid-related claims, and a prior year loss related to one of our equity method investments.

Prescription Technology Solutions

Three Months Ended June 30, 2025 vs. 2024

Operating profit for this segment increased for the three months ended June 30, 2025 compared to the same prior year period driven by increased volumes primarily from growth in our technology services.

Medical-Surgical Solutions

Three Months Ended June 30, 2025 vs. 2024

Operating profit for this segment increased for the three months ended June 30, 2025 compared to the same prior year period primarily due to lower expenses resulting from business rationalization initiatives, partially offset by a decline in the contribution from our primary care business, and higher restructuring charges.

International

Three Months Ended June 30, 2025 vs. 2024

Operating profit for this segment remained flat for the three months ended June 30, 2025 compared to the same prior year period largely due to higher pharmaceutical distribution volumes across the segment offset by the completed divestiture of our Canadian retail disposal group, as discussed in [Financial Note 2, “Business Acquisitions and Divestitures”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.

Corporate Expenses, Net

Three Months Ended June 30, 2025 vs. 2024

Corporate expenses, net increased for the three months ended June 30, 2025 compared to the same prior year period primarily due to prior year gains related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry, higher restructuring charges compared to prior year, partially offset by lower litigation charges in the current year compared to prior year.

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 \$4.0 billion revolving credit facility and \$1.0 billion 364-day credit facility. At June 30, 2025, 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:

	Three Months Ended June 30,		
(Dollars in millions)	2025	2024	Change
Net cash provided by (used in):			
Operating activities	\$ (918)	\$ (1,380)	\$ 462
Investing activities	(3,564)	(87)	(3,477)
Financing activities	1,176	(809)	1,985
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	33	(5)	38
Net change in cash, cash equivalents, and restricted cash	\$ (3,273)	\$ (2,281)	\$ (992)

Operating Activities

Operating activities used cash of \$918 million and \$1.4 billion during the three months ended June 30, 2025 and 2024, 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 three months ended June 30, 2025, net cash used by operating activities decreased by \$462 million compared to the same prior year period. This decrease was primarily due to the following:

- the Company's net income decreased by \$129 million and was favorably impacted by higher net non-cash items of \$231 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;
- a decrease in cash of \$2.7 billion related to accounts payable as a result of customary vendor payment scheduling, offset by an increase in cash of \$2.5 billion due to lower inventory requirements during the period; and
- an increase in cash driven by lower income tax payments in the first quarter of fiscal 2026 compared to the prior year.

Investing Activities

Investing activities used cash of \$3.6 billion and \$87 million during the three months ended June 30, 2025 and 2024, respectively. Investing activities for the three months ended June 30, 2025 includes \$3.4 billion of net cash payments for acquisitions, including \$2.5 billion and \$874 million for the acquisitions of Core Ventures and PRISM Vision, respectively, 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 three months ended June 30, 2025 and 2024 includes \$189 million and \$167 million, respectively, in capital expenditures for property, plant, and equipment and capitalized software.

Investing activities for the three months ended June 30, 2024 was also impacted by the receipt of proceeds of \$89 million related to the sale of equity securities, as discussed in [Financial Note 10, "Fair Value Measurements,"](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Financing Activities

Financing activities provided cash of \$1.2 billion and used cash of \$809 million during the three months ended June 30, 2025 and 2024, respectively, which includes \$581 million and \$527 million of cash paid for share repurchases, respectively, as well as \$90 million and \$82 million of cash paid for dividends, respectively.

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 were utilized to fund the purchase of Core Ventures. Refer to [Financial Note 8, “Debt and Financing Activities,”](#) to the accompanying condensed consolidated financial statements in this Quarterly Report for additional information.

Financing activities for the three months ended June 30, 2024 also includes cash receipts and cash payments of \$1.4 billion related to short-term borrowings of commercial paper.

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 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 \$2 million and \$1 million were accrued for shares repurchased during the three months ended June 30, 2025 and 2024, respectively. On October 30, 2024, we made a payment of \$25 million for fiscal 2024 excise taxes previously accrued. As of June 30, 2025 and March 31, 2025, the amount accrued for excise taxes was \$28 million and \$26 million within “Other accrued liabilities” in the Company’s Condensed Consolidated Balance Sheets, respectively.

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Information regarding share repurchase activity for the three months ended June 30, 2025 and 2024 were as follows:

Share Repurchases ⁽¹⁾

<i>(In millions, except price per share)</i>	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
Shares repurchased - Open market ⁽⁴⁾	0.8	709.84	(590)
Balance at June 30, 2025			\$ 6,879

- (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 \$2 million of excise taxes for the three months ended June 30, 2025.
- (4) Of the total dollar value, \$9 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheet as of June 30, 2025 for share repurchases that were executed in late June 2025 and settled in early July 2025.

Share Repurchases ⁽¹⁾

<i>(In millions, except price per share)</i>	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, 2024			\$ 6,615
Shares repurchased - Open market	1.0	548.20	(527)
Balance at June 30, 2024			\$ 6,088

- (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 \$1 million of excise taxes for the three months ended June 30, 2024.

McKESSON CORPORATION
FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Selected Measures of Liquidity and Capital Resources

<i>(Dollars in millions)</i>	June 30, 2025	March 31, 2025
Cash, cash equivalents, and restricted cash	\$ 2,683	\$ 5,956
Working capital	(7,530)	(6,206)
Debt to capital ratio ⁽¹⁾	115.9 %	125.3 %

(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 June 30, 2025 and March 31, 2025 included approximately \$2.3 billion and \$2.9 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 decreased at June 30, 2025 compared to March 31, 2025 primarily due to a decrease in cash and cash equivalents, an increase in drafts and accounts payable from increased purchasing driven by increased sales and timing, an increase in current portion of long term debt, and an increase in other accrued liabilities. These were partially offset by an increase in receivables, net and inventories, net, driven by higher sales and timing.

Our debt to capital ratio decreased for the three months ended June 30, 2025 due to net income attributable to McKesson for the quarter and issuance of new long-term debt, partially offset by share repurchases and dividend payments.

On July 29, 2025, we raised our quarterly dividend from \$0.71 to \$0.82 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.

Redeemable Noncontrolling Interests

At June 30, 2025, we recognized redeemable noncontrolling interests of \$25 million and \$700 million related to our acquisition of 80% of PRISM Vision and 70% of Core Ventures, respectively. The balance of redeemable noncontrolling interests is reported at the greater of its carrying value or its maximum redemption value at each reporting date. The 30% minority interest retained by FCS is classified as redeemable noncontrolling interest, with a put option exercisable every five years, subject to a floor of 75% of initial fair value. Refer to [Financial Note 5, "Redeemable Noncontrolling Interests and Noncontrolling Interests,"](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report for additional information on redeemable noncontrolling interests.

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 and our other cash requirements, including any future payments that may be made related to our total estimated litigation liability of \$6.4 billion as of June 30, 2025 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 7, “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, financial trends, 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 2025 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, 2025.

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 June 30, 2025 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 10, "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, 2025, 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 Part I of Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2025.

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 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 three months ended June 30, 2025 and 2024.

McKESSON CORPORATION

The following table provides information on the Company's share repurchases during the three months ended June 30, 2025:

	Share Repurchases ⁽¹⁾			
	Total Number of Shares Purchased	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs ⁽²⁾
<i>(In millions, except price per share)</i>				
April 1, 2025 – April 30, 2025	0.1	649.67	0.1	\$ 7,464
May 1, 2025 – May 31, 2025	0.4	699.78	0.4	7,130
June 1, 2025 – June 30, 2025	0.3	717.59	0.3	6,879
Total	0.8		0.8	

(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 \$2 million of excise taxes incurred on share repurchases for the three months ended June 30, 2025. The remaining authorization outstanding for repurchases of common stock excludes \$28 million of excise taxes incurred on share repurchases through June 30, 2025.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Pre-arranged Trading Plans

On June 8, 2025, LeAnn Smith, our Executive Vice President and Chief Human Resources Officer, adopted a Rule 10b5-1 trading arrangement for the sale of up to 2,506 shares of the Company's common stock. The duration of the trading arrangement is until June 8, 2026, 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.

McKESSON CORPORATION

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
4.1	Officer’s Certificate, dated as of May 30, 2025, and related Form of 2030 Note, Form of 2032 Note, and Form of 2035 Note.	8-K	1-13252	4.1	May 30, 2025
10.1*†	McKesson Corporation Management Incentive Plan, as amended and restated May 20, 2025.	—	—	—	—
10.2*†	Form of Statement of Terms and Conditions Applicable to Awards Pursuant to the McKesson Corporation Management Incentive Plan, effective May 20, 2025.	—	—	—	—
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 June 30, 2025, 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).	—	—	—	—

* Management contract or compensation plan or arrangement in which directors and/or executive officers are eligible to participate.

† 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: August 6, 2025

/s/ Britt J. Vitalone

Britt J. Vitalone

Executive Vice President and Chief Financial Officer

McKESSON CORPORATION

Date: August 6, 2025

/s/ Napoleon B. Rutledge Jr.

Napoleon B. Rutledge Jr.

Senior Vice President and Controller

McKESSON CORPORATION

MANAGEMENT INCENTIVE PLAN

Amended and Restated Effective May 20, 2025

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**McKESSON CORPORATION
MANAGEMENT INCENTIVE PLAN**

(Amended and Restated Effective May 20, 2025)

A. NAME; EFFECTIVE DATE.

The name of this plan is the McKesson Corporation Management Incentive Plan (the “Plan”). This Plan is hereby amended and restated effective as of May 20, 2025.

B. PURPOSE.

The purpose of the Plan is to advance and promote the interests of the Company and its shareholders by providing performance-based incentives to certain employees and to motivate those employees to set and achieve above average financial and non-financial objectives.

C. ADMINISTRATION.

The Committee shall have full power and authority, subject to the provisions of the Plan, (1) to designate employees as Participants for any Performance Period, (2) to add and delete employees, subject to the eligibility requirement set forth in paragraph D.1 below, from the list of designated Participants, (3) to establish Individual Target Awards for Participants, (4) to establish performance goals upon achievement of which the Individual Target Awards will be based, and (5) to take all action in connection with the foregoing or in relation to the Plan as it deems necessary or advisable. Decisions and selections of the Committee shall be made by a majority of its members and, if made pursuant to the provisions of the Plan, shall be final.

The Committee may delegate to the Chief Executive Officer (the “CEO”) the power and authority, subject to the provisions of the Plan, (1) to designate employees who are not members of the Officer Group as Participants, (2) to recommend members of the Officer Group to the Committee for designation as Participants; provided that the Committee shall review and approve members of the Officer Group as Participants recommended by the CEO, (3) to add and delete employees who are not members of the Officer Group, subject to the eligibility requirement set forth in paragraph D.1 below, from the list of designated Participants, (4) to establish Individual Target Awards for Participants who are not members of the Officer Group, (5) to establish performance goals upon achievement of which such Individual Target Awards will be based, and (6) to review and approve, modify or disapprove, or otherwise adjust or determine the amount, if any, to be paid to Participants who are not members of the Officer Group for the applicable Performance Period based on such Participants’ performance goals and individual performance. In addition to the foregoing, the CEO may further delegate their authority to other executive officers of the Company, except that the CEO may not delegate their authority to recommend members of the Officer Group to the Committee for designation as Participants. References to the Committee herein shall include references to the CEO and their designees to the extent that the Committee has delegated power and authority under the Plan to

the CEO and to the extent that the CEO has further delegated power and authority under the Plan to other executive officers of the Company.

The Committee may promulgate such rules and regulations as it deems necessary for the proper administration of the Plan and the CEO (but not their designees) may promulgate rules and regulations as they deem necessary for the proper administration of the Plan with respect to Participants who are not members of the Officer Group. The Committee may interpret the provisions and supervise the administration of the Plan and take all action in connection therewith or in relation to the Plan as it deems necessary or advisable. The interpretation and construction by the Committee of any provision of the Plan or of any award shall be final.

D. PARTICIPATION.

1. Eligibility—Executives, Managers and Professionals

Only an active employee of the Company who is employed in an executive, managerial or professional capacity may be designated as a Participant under the Plan; provided, however, that designation as a Participant is contingent upon the execution and delivery to the Company of an agreement, within a period following presentment and in a form that is satisfactory to the Company, regarding confidentiality, intellectual property and/or other restrictive covenants, as well as compliance with such agreement; and provided, further, that the Committee shall determine in its sole discretion whether the Participant has complied with such agreement, and its determination shall be conclusive and binding on all interested persons.

2. Designation of Participants

No person shall be entitled to any award under the Plan for any Performance Period unless they are designated as a Participant for that Performance Period.

E. INDIVIDUAL TARGET AWARDS FOR PARTICIPANTS.

At the beginning of each Performance Period, the Committee shall establish an Individual Target Award for each Participant. An Individual Target Award shall only be a target, and the amount of the target may or may not be paid to the Participant. Establishment of an Individual Target Award for an employee for any Performance Period shall not imply or require that an Individual Target Award or an Individual Target Award at any specified level will be set for any subsequent year. The amount of any actual award paid to any Participant may be greater or less than this target. As set forth in paragraph G.4 below, the actual award may be as much as three times target or as low as zero for any Performance Period. The Individual Target Award may be established for a Participant by name, job level, position or any other similar identifier.

F. BASIS OF AWARDS.

1. Performance Goals

The Committee shall establish measures, which may include financial and non-financial objectives (“Performance Goals”), in advance of each Performance Period or within 90 days

after the commencement of the Performance Period to which the Performance Goals relate. Performance Goals may be expressed with respect to the Company or one or more operating units or groups, as the Committee may determine. The Committee may determine Performance Goals on an absolute basis or relative to internal goals or relative to levels attained in prior years or related to other companies or indices or as ratios expressing relationships between two or more Performance Goals. In addition, Performance Goals may be based upon the attainment of specified levels of Company performance criteria relative to the performance of other corporations or a designated comparison group. Performance criteria to be used may be any of the following, either alone or in any combination, which may be expressed with respect to the Company or one or more operating units or groups, as the Committee may determine: cash flow; cash flow from operations; total earnings; earnings per share, diluted or basic; earnings per share from continuing operations, diluted or basic; earnings before interest and taxes; earnings before interest, taxes, depreciation, and amortization; earnings from operations; net asset turnover; inventory turnover; capital expenditures; net earnings; operating earnings; gross or operating margin; debt; working capital; return on equity; return on net assets; return on total assets; return on investment; return on capital; return on committed capital; return on invested capital; return on sales; net or gross sales; market share; economic value added; cost of capital; change in assets; expense reduction levels; debt reduction; productivity; stock price; customer satisfaction; employee satisfaction; total shareholder return; average invested capital; credit rating; gross margin; operating expenses; operating expenses as a percentage of revenue; succession plan development and implementation, M&A performance; litigation and regulatory resolution; non-financial priorities as may be determined by the Committee; or any other financial, non-financial, operational, strategic, or individual criteria as may be determined by the Committee.

2. Adjustment Of Performance Goals

The Committee may adjust, and/or may provide in any Performance Goal for the adjustment of, any Performance Goal to the extent necessary to prevent dilution or enlargement of any award as a result of extraordinary events or circumstances, as determined by the Committee, or to exclude the effects of extraordinary, unusual, or nonrecurring items; changes in applicable laws, regulations, or accounting principles; currency fluctuations; discontinued operations; non-cash items, such as amortization, depreciation, or reserves; asset impairment; any recapitalization, restructuring, reorganization, merger, acquisition, divestiture, consolidation, spin off, split up, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction; or any other occurrences or circumstances as the Committee may deem appropriate.

3. Performance Goals Related to More Than One Segment of The Company

Awards may be based on performance against objectives for more than one segment of the Company. For example, awards for corporate management may be based on overall corporate performance against objectives, but awards for a unit's management may be based on a combination of corporate, unit and sub-unit performance against objectives.

4. Performance Period; Individual Performance

The Committee shall specify the Performance Period over which period Performance Goals will be measured and determined.

Individual performance of each Participant may be measured and used in determining awards under the Plan.

G. AWARD DETERMINATION.

1. Award Determined by Committee

After any Performance Period for which an Individual Target Award is established for a Participant under the Plan, the Committee shall review and approve, modify or disapprove the amount, if any, to be paid to the Participant for the Performance Period. The amount paid shall be the Individual Target Award adjusted to reflect both the results against the Participant's Performance Goals and the Participant's individual performance. All awards are subject to adjustment at the sole discretion of the Committee.

2. Financial And Non-Financial Performance

Individual Target Award amounts will be modified based on the achievement of financial and non-financial objectives by the Company and relevant units and/or sub-units. Performance results against objectives shall be reviewed and approved by the Committee.

3. Individual Performance

Any Individual Target Award, adjusted to reflect financial performance, may be further adjusted with the review and approval of the Committee to give full weight to the Participant's individual performance during the Performance Period.

4. Overall Effect

The combination of any financial performance adjustment and individual performance adjustment may increase the amount paid under the Plan to a Participant for any Performance Period to as much as three times the Individual Target Award and may reduce any amount payable to zero.

H. PAYMENT OF AWARDS.

An award under the Plan shall be paid in a single sum to the Participant as soon as reasonably practicable after Payment Date, unless the Participant elects to defer his or her award pursuant to the terms and conditions of the Company's Deferred Compensation Administration Plan III ("DCAP III") and in compliance with Section 409A of the Code. To the extent that an award or a portion thereof is not deferred under DCAP III, such award or portion thereof shall be paid no later than the end of the period under which payment would be deemed to be a "short-term deferral" as defined in the regulations under Section 409A of the Code.

I. EMPLOYMENT ON PAYMENT DATE.

Except as otherwise required by applicable law, no award shall be made to any Participant who is not an active employee of the Company on the Payment Date; provided, however, that the Committee, in its sole and absolute discretion, may make full or prorated awards to Participants in circumstances that the Committee deems appropriate in its discretion, including, but not limited to, a Participant's death, disability, retirement or other termination of employment prior to the Payment Date. Any such awards shall be determined by the Committee in accordance with Article G above after taking into account the portion of the Performance Period completed. For the avoidance of doubt, no award is earned until payment.

J. CHANGE IN CONTROL.

In the event of a Change in Control, the Company or any successor or surviving corporation shall pay to each Participant an award for the Performance Period in which the Change in Control occurs and for any previous Performance Period for which awards have been earned but not yet paid. Subject to the employment requirements of Article I, each such award shall be equal to the greatest of the following: (1) the Participant's Individual Target Award for the applicable Performance Period; (2) the Participant's Individual Target Award for the applicable Performance Period adjusted based on the actual performance outcome for that Performance Period, provided, that the Committee may not invoke its discretionary authority to reduce the amount of such an award; or (3) the average of awards earned and paid to (or deferred by) the Participant in the three (or such fewer number of years that the Participant has been eligible for such an award) completed Performance Periods immediately preceding the applicable Performance Period. Such awards shall be paid by the Company or any successor or surviving corporation at such time as the awards otherwise would be payable under the Plan; provided, however, that if a Participant is terminated without Cause or terminates for Good Reason within twelve months after a Change in Control, then such Participant shall be paid his or her awards determined under this Article J, within thirty days of such termination. Notwithstanding the foregoing, any award determined pursuant to this Article J shall be reduced by any corresponding award payable under a Participant's individual written employment agreement, if any.

K. FORFEITURE.

Any other provision of the Plan to the contrary notwithstanding, if the Committee determines that a Participant has engaged in criminal activity, fraud, misconduct, embezzlement or any other improper act involving moral turpitude, then upon written notice from the Company to the Participant (1) the Participant shall not be eligible for any award for the year in which such notice is given or for the preceding year, if such award has not been paid as of the date of the notice, (2) any payment of an award received by the Participant within twelve months prior to the date that the Company discovered that the Participant engaged in any action described above shall immediately be repaid to the Company by the Participant in cash (including amounts withheld pursuant to Article L) and (3) any award deferred pursuant to Article H within twelve months prior to the date that the Company discovered that the Participant engaged in any action described above shall be forfeited immediately and shall not be distributed to the Participant under any circumstances. The Committee shall determine in its sole discretion whether the

Participant has engaged in any of the acts set forth above, and its determination shall be conclusive and binding on all interested persons.

Any provision of this Article K which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such invalid or unenforceable provision, without invalidating or rendering unenforceable the remaining provisions of this Article K. The remedy described in this Article K is in addition to and not in lieu of remedies available in law and in equity.

L. RECOUPMENT.

Individual Target Awards, and payments made under such awards, are subject to the McKesson Corporation Compensation Recoupment Policy and the McKesson Corporation Financial Restatement Compensation Recoupment Policy. Such policies are incorporated by reference herein.

M. WITHHOLDING TAXES.

Whenever the payment of an award is made, such payment shall be net of an amount sufficient to satisfy federal, state and local income and employment tax withholding requirements and authorized deductions.

N. EMPLOYMENT RIGHTS.

Neither the Plan nor designation as a Plan Participant shall be deemed to give any individual a right to remain employed by the Company. The Company reserves the right to terminate the employment of any employee at any time, with or without cause or for no cause, subject only to the requirements of a written employment contract (if any).

O. NONASSIGNMENT; PARTICIPANTS ARE GENERAL CREDITORS.

The interest of any Participant under the Plan shall not be assignable either by voluntary or involuntary assignment or by operation of law (except by designation of a beneficiary or beneficiaries to the extent allowed under DCAP III or a successor plan with respect to amounts deferred under Article H) and any attempted assignment shall be null, void and of no effect.

Amounts paid under the Plan shall be paid from the general funds of the Company, and each Participant shall be no more than an unsecured general creditor of the Company with no special or prior right to any assets of the Company for payment of any obligations hereunder. Nothing contained in the Plan shall be deemed to create a trust of any kind for the benefit of any Participant or create any fiduciary relationship between the Company and any Participant with respect to any assets of the Company.

P. AMENDMENT OR TERMINATION.

The Board of Directors may terminate or suspend the Plan at any time. The Committee may amend the Plan at any time; provided that no amendment shall retroactively and adversely affect the payment of any award previously made. Notwithstanding the foregoing, no amendment adopted following the occurrence of a Change in Control shall be effective if it (1) would reduce a Participant's Individual Target Award for the Performance Period in which the Change in Control occurs, (2) would reduce an award payable to a Participant based on the achievement of Performance Goals in the Performance Period before the Performance Period in which the Change in Control occurs, or (3) modify the provisions of this Article P.

Q. SUCCESSORS AND ASSIGNS.

This Plan shall be binding on the Company and its successors or assigns.

R. GOVERNING LAW.

The law of the State of Delaware shall govern all question concerning the construction, validity and interpretation of the Plan, without regard to the state's conflict of laws rules.

S. INTERPRETATION AND SEVERABILITY.

In case any one or more of the provisions contained in the Plan shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of the Plan, but the Plan shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein.

T. DEFINITIONS.

1. "Cause"

"Cause" shall mean termination of the Participant's employment upon the Participant's willful engagement in misconduct which is demonstrably and materially injurious to the Company. No act or failure to act on the part of the Participant shall be considered "willful" unless done or omitted to be done by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company.

2. "Change in Control"

A "Change in Control" shall mean the occurrence of any change in ownership of the Company, change in effective control of the Company, or change in the ownership of a substantial portion of the assets of the Company, as defined in Section 409A(a)(2)(A)(v) of the Code, regulations promulgated thereunder, and any other published interpretive authority, as issued or amended from time to time.

3. "Code"

“Code” shall mean the Internal Revenue Code of 1986, as amended.

4. “Committee”

“Committee” shall mean the Compensation and Talent Committee of the Board of Directors of McKesson Corporation.

5. “Company”

“Company” shall mean McKesson Corporation, a Delaware corporation, including its subsidiaries and affiliates.

6. “Good Reason”

“Good Reason” shall mean any of the following actions, if taken without the express written consent of the Participant:

- a. any material change by the Company in the functions, duties or responsibilities of the Participant, which change would cause such Participant’s position with the Company to become of less dignity, responsibility, importance, or scope from the position and attributes that applied to the Participant immediately prior to the Change in Control;
- b. any reduction in the Participant’s base salary;
- c. any material failure by the Company to comply with any of the provisions of any employment agreement between the Company and the Participant;
- d. the requirement by the Company that the Participant be based at any office or location more than 25 miles from the office at which the Participant is based on the date immediately preceding the Change in Control, except for travel reasonably required in the performance of the Participant’s responsibilities and commensurate with the amount of travel required of the Participant prior to the Change in Control; or
- e. any failure by the Company to obtain the express assumption of this Plan by any successor or assign of the Company.

7. “Individual Target Award”

“Individual Target Award” shall mean the target award established for each Participant under Article E, which shall be a percentage of the Participant’s base salary or a fixed dollar amount, as determined by the Committee.

8. “Officer Group”

“Officer Group” shall mean any officer of the Company designated as part of the Officer Group by the Committee.

9. “Participants”

“Participants” shall mean those employees specifically designated as Participants for a Performance Period under Article D.

10. “Payment Date”

“Payment Date” shall mean the date following the conclusion of a Performance Period on which the Committee certifies that applicable Performance Goals have been satisfied and authorizes payment of corresponding awards.

11. “Performance Goals”

“Performance Goals” shall have the meaning set forth in Article F hereof.

12. “Performance Period”

“Performance Period” shall mean the period of time over which Performance Goals of the Company are measured, as the Committee determines in its discretion; provided that if the Committee does not designate a time period, then the Performance Period shall mean the fiscal year of the Company.

13. “Plan”

“Plan” shall mean the McKesson Corporation Management Incentive Plan, as amended from time to time.

**FORM OF
McKESSON CORPORATION
STATEMENT OF TERMS AND CONDITIONS
APPLICABLE TO AWARDS
PURSUANT TO THE MANAGEMENT INCENTIVE PLAN**

Effective May 20, 2025

The following terms and conditions shall apply to awards made under the McKesson Corporation Management Incentive Plan (the “Plan”) to an executive, managerial or professional employee of the Company who is specifically designated as a participant in the Plan. Capitalized terms used herein are defined in the Plan or in Section 10. In the event these terms and conditions conflict with the terms of the Plan document, the Plan document shall control.

1. Participant.

Only an active employee of the Company who is employed in an executive, managerial or professional capacity may be designated as a Participant under the Plan; provided, however, that designation as a Participant is contingent upon the execution and delivery to the Company of an agreement, within a period following presentment and in a form that is satisfactory to the Company, regarding confidentiality, intellectual property and/or other restrictive covenants, as well as compliance with such agreement; and provided, further, that the Committee shall determine in its sole discretion whether the Participant has complied with the provisions of any such agreement, which determination shall be conclusive and binding on all interested persons.

The Committee or its delegate shall review those employees who are eligible to participate in the Plan and recommended by management and determine which of those employees will become Plan Participants. The Committee or its delegate may add to or delete individuals from the list of designated Participants at any time and from time to time, at its sole discretion. The Committee has delegated the authority to approve Plan Participants to the Chief Executive Officer of the Company.

Participation in the Plan during the Performance Period does not guarantee payment of an Actual Award under the Plan for the Performance Period. Participation in the Plan during one Performance Period does not guarantee participation during a subsequent Performance Period.

2. Individual Target Award.

The Individual Target Award is the percentage of base annual salary specified at the beginning of the Performance Period (or beginning of participation, if later) for a Participant.

A. Newly Eligible Employees.

A newly hired employee, or an employee who is promoted into or transferred from an ineligible position to an eligible position during a Performance Period, may be designated a Participant with an Individual Target Award for that Performance Period.

B. Transfers, Promotions and Demotions.

A Participant who moves during the Performance Period from one eligible position to a new eligible position with a higher Individual Target Award will, in general, have the determination of their Actual Award prorated between the two Individual Target Awards.

A Participant who during the Performance Period is demoted to or transferred to a new eligible position with a lower Individual Target Award will have the determination of their Actual Award prorated in management's discretion.

A Participant who during the Performance Period is demoted from or transferred from an eligible position to an ineligible position will have the determination of their Actual Award prorated in management's discretion.

Notwithstanding the foregoing, any proration must be based on the achievement of Performance Goals for the Performance Period.

3. Performance Measures and Goals.

Each Participant shall have one or more Individual Performance Measures. Individual Performance Measures may be quantitative, qualitative or both. The Performance Goals (defined in Article F of the Plan) established for each segment of the Company are referred to as the Business Scorecard. A Participant's Individual Performance Measures and the Performance Goals, taken as a whole, will determine the amount of the Participant's Actual Award.

A Participant who changes jobs and/or organizations during the Performance Period may have different Business Scorecards applicable to each job/organization. The Participant may, in management's discretion, have the determination of their Actual Award prorated between the two Business Scorecards.

4. Individual Performance Modifier.

Actual Awards will be adjusted, in management's discretion, to reflect the Participant's individual contribution to Business Scorecard results and the Participant's Individual Performance Measures.

5. Other Individual Requirements.

Notwithstanding any provision of the Plan to the contrary, no amount shall be payable with respect to the Performance Period unless the Committee certifies that it is satisfied that the requirements (performance or otherwise) associated with such payment have been fully met. Such requirements may include, but are not limited to, completion of the Company's Legal and Regulatory Compliance and Ethics Training Program.

6. Award Determination.

Any payment to a Participant shall be based on Business Scorecard results during the Performance Period as modified by the Participant's Individual Performance Modifier. The Actual Award is determined by:

- Taking the Covered Compensation received during the Performance Period;
- Multiplying by the Individual Target Award;
- Multiplying that result by the Business Scorecard results (actual vs. target);
- Adjusting the result determined above, up or down, by the Individual Performance Modifier.

Management and the Committee shall review and approve, modify or disapprove the Actual Award, if any, to be paid to a Participant for the Performance Period. Management and the Committee reserve the right to reduce or increase or eliminate the individual payments determined according to the above method. No Personal Modifier shall exceed 150%.

7. Effect of a Termination of Employment Prior to the End of the Performance Period, on Awards.

A. Termination of Employment for Other Than Death, Retirement, Severance or Long-Term Disability.

Except as otherwise required by applicable law, if the Participant ceases to be a bona fide employee of the Company prior to the payment of the Actual Award for any reason other than death, Retirement, Severance or Long-Term Disability, the Participant's interest in the Awards shall be forfeited, and no amount shall be payable to the Participant with respect to service during the Performance Period. For the avoidance of doubt, the Actual Award is not earned until payment.

B. Termination of Employment by Reason of Death or Long-Term Disability.

If the Participant ceases to be a bona fide employee of the Company due to death or Long-Term Disability during the Performance Period, the Participant (or the Participant's Beneficiary, if payment is made on account of the death of the Participant) shall be entitled to receive an Actual Award as calculated under Paragraph 6 above.

C. Termination of Employment by Reason of Retirement.

If the Participant ceases to be a bona fide employee of the Company due to Retirement prior to January 1 of the Performance Period, the Participant's interest in the Awards shall be forfeited, and no amount shall be payable to the Participant with respect to service during the Performance Period.

If the Participant ceases to be a bona fide employee of the Company due to Retirement on or after January 1 of the Performance Period, the Participant shall be entitled to receive an Actual Award as calculated under Paragraph 6 above.

D. Termination of Employment by Reason of Severance.

If the Participant ceases to be a bona fide employee of the Company due to Severance prior to January 1 of the Performance Period, the Participant's interest in the Awards shall be forfeited and no amount shall be payable to the Participant with respect to service during the Performance Period.

If the Participant ceases to be a bona fide employee of the Company due to Severance on or after January 1 of the Performance Period, the Participant shall be entitled to receive an Actual Award as calculated under Paragraph 6 above.

8. Data Privacy.

By accepting the Award, the Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of their personal data as described in this document by and among, as applicable, the Participant's employer (the "Employer") and the Company for the exclusive purpose of implementing, administering and managing participation in the Plan.

The Participant understands that the Company and the Employer hold certain personal information about the Participant, including but not limited to their name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any shares of Company stock or directorships held in the Company, details of all compensation or any other entitlement to Company-sponsored benefits for the purpose of implementing, administering and managing the Plan ("Data"). The Participant understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant's country or elsewhere, such as in the United States of America, and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant understands that they may request a list with the names and addresses of any potential recipients of the Data by contacting the local human resources representative. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage their participation in the Plan. The Participant understands that they may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, without cost, by contacting in writing the local human resources representative. The Participant understands, however, that refusing or withdrawing consent may affect their ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Participant understands that they may contact the local human resources representative.

9. Governing Law.

The law of the State of Delaware shall govern all question concerning the construction, validity and interpretation of the Plan and any Awards, without regard to the state's conflict of laws rules.

10. Definitions.

Capitalized terms shall have the same meaning as provided in the Plan. Additional capitalized text that is not included in the Plan, but is used in this Statement of Terms and Conditions, shall have the meaning set forth below:

- (a) "Actual Award" means the finally determined amount payable under the Plan for a Performance Period.
- (b) "Awards" means, collectively, Individual Target Awards and Actual Awards.
- (c) "Covered Compensation" means regular wages earned by and paid to the Participant during the Performance Period, including any Paid Time Off (PTO) pay. Covered Compensation does not include any other compensation received during the Performance Period, including, but not limited to, earnings received during a paid leave, overtime or commission pay.
- (d) "Long-Term Disability" means a physical or mental condition in respect of which the administrator of the Company's long-term disability plan has determined that the Participant is eligible to receive income replacement benefits; or, if the Participant is not then a participant in the Company's long-term disability plan, a physical or mental condition that the administrator of the Company's long-term disability plan determines would have rendered the Participant eligible to receive income replacement benefits, had the Participant been enrolled in such plan.
- (e) "Retirement" means termination from the Company with age plus years of service equal to at least 65.
- (f) "Severance" means termination of employment with the Company and qualified for participation in and entitlement to benefits under the McKesson Corporation Severance Pay Plan or the Amended and Restated McKesson Corporation Severance Policy for Executive Employees, as applicable, in accordance with the terms and conditions of such plans. A Participant outside the United States who is not qualified for participation in and entitlement to the benefits under such plans will nonetheless be treated for the limited purposes of their Awards as terminated by reason of Severance to the extent their employment with the Company is terminated and they would satisfy the conditions for termination for reason of Severance but for the fact that such plan is only applicable to employees of the Company in the United States who qualify for participation in that plan.

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian S. Tyler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of McKesson Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2025

/s/ Brian S. Tyler

Brian S. Tyler

Chief Executive Officer

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Britt J. Vitalone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of McKesson Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2025

/s/ Britt J. Vitalone

Britt J. Vitalone

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of McKesson Corporation (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacities and on the dates indicated below, each hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brian S. Tyler

Brian S. Tyler

Chief Executive Officer

August 6, 2025

/s/ Britt J. Vitalone

Britt J. Vitalone

Executive Vice President and Chief Financial Officer

August 6, 2025

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to McKesson Corporation and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.