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, 2026

OR

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

For the transition period from______ to ______

Commission File Number: 1-13252

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

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

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

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

(Title of each class)	*(Trading Symbol)*	*(Name of each exchange on which registered)*
Common stock, $0.01 par value	**MCK**	**New York Stock Exchange**
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 116,590,363 shares of the issuer's common stock were outstanding as of July 31, 2026.

McKESSON CORPORATION

TABLE OF CONTENTS

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,	
	2026	**2025**
Revenues	$ 105,380	$ 97,827
Cost of sales	(101,695)	(94,548)
Gross profit	3,685	3,279
Selling, distribution, general, and administrative expenses	(2,264)	(2,196)
Claims and litigation charges, net	34	—
Restructuring, impairment, and related charges, net	(136)	(47)
Total operating expenses	(2,366)	(2,243)
Operating income	1,319	1,036
Other income, net	66	64
Interest expense	(77)	(49)
Income before income taxes	1,308	1,051
Income tax expense	(276)	(220)
Net income	1,032	831
Net income attributable to noncontrolling interests	(418)	(47)
Net income attributable to McKesson Corporation	$ 614	$ 784
Earnings per common share attributable to McKesson Corporation		
Diluted	$ 5.15	$ 6.25
Basic	$ 5.17	$ 6.28
Weighted-average common shares outstanding		
Diluted	119.2	125.5
Basic	118.7	124.9

See Financial Notes

McKESSON CORPORATION

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

	Three Months Ended June 30,	
	2026	2025
Net income	$ 1,032	$ 831
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(9)	21
Unrealized gains on cash flow and other hedges	5	14
Changes in retirement-related benefit plans	—	(1)
Other comprehensive income (loss), net of tax	(4)	34
Comprehensive income	1,028	865
Comprehensive income attributable to noncontrolling interests	(418)	(47)
Comprehensive income attributable to McKesson Corporation	$ 610	$ 818

See Financial Notes

McKESSON CORPORATION

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

	June 30, 2026	March 31, 2026
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,164	$ 3,975
Receivables, net	30,316	27,985
Inventories, net	26,259	24,207
Prepaid expenses and other	1,098	1,043
Total current assets	62,837	57,210
Property, plant, and equipment, net	2,684	2,668
Operating lease right-of-use assets	1,941	2,058
Goodwill	11,278	11,316
Intangible assets, net	4,013	4,079
Other non-current assets	5,577	4,992
Total assets	$ 88,330	$ 82,323
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS, AND DEFICIT		
Current liabilities		
Drafts and accounts payable	$ 63,731	$ 59,973
Current portion of long-term debt	1,297	1,267
Current portion of operating lease liabilities	292	287
Other accrued liabilities	5,036	5,490
Total current liabilities	70,356	67,017
Long-term debt	8,432	5,259
Long-term deferred tax liabilities	1,363	1,330
Long-term operating lease liabilities	1,680	1,801
Long-term litigation liabilities	5,058	5,091
Other non-current liabilities	2,742	2,659
Redeemable noncontrolling interests	2,563	943
McKesson Corporation stockholders' deficit		
Preferred stock, $0.01 par value, 100 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.01 par value, 800 shares authorized, 280 shares issued at June 30, 2026 and March 31, 2026	3	3
Additional paid-in capital	8,588	8,284
Retained earnings	22,808	22,291
Accumulated other comprehensive loss	(749)	(745)
Treasury shares, at cost, 164 and 160 shares at June 30, 2026 and March 31, 2026, respectively	(34,890)	(32,005)
Total McKesson Corporation stockholders' deficit	(4,240)	(2,172)
Noncontrolling interests	376	395
Total deficit	(3,864)	(1,777)
Total liabilities, redeemable noncontrolling interests, and deficit	$ 88,330	$ 82,323

See Financial Notes

McKESSON CORPORATION

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

Three Months Ended June 30, 2026

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury		Noncontrolling Interests	Total Deficit
	Shares	Amount				Common Shares	Amount		
Balance, March 31, 2026	280	$ 3	$ 8,284	$ 22,291	$ (745)	(160)	$ (32,005)	$ 395	$ (1,777)
Issuance of shares under employee plans, net of forfeitures	—	—	23	—	—	—	(102)	—	(79)
Share-based compensation	—	—	67	—	—	—	—	—	67
Repurchase of common stock	—	—	214	—	—	(4)	(2,783)	—	(2,569)
Net income	—	—	—	614	—	—	—	35	649
Other comprehensive loss	—	—	—	—	(4)	—	—	—	(4)
Cash dividends declared, $0.82 per common share	—	—	—	(96)	—	—	—	—	(96)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(52)	(52)
Adjustment to fair value of redeemable noncontrolling interests	—	—	(1)	—	—	—	—	—	(1)
Other	—	—	1	(1)	—	—	—	(2)	(2)
Balance, June 30, 2026	280	$ 3	$ 8,588	$ 22,808	$ (749)	(164)	$ (34,890)	$ 376	$ (3,864)

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	280	$ 3	$ 8,449	$ 18,616	$ (898)	(155)	$ (28,137)	$ 379	$ (1,588)

See Financial Notes

McKESSON CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

(Unaudited)

	Three Months Ended June 30,	
	2026	**2025**
OPERATING ACTIVITIES		
Net income	$ 1,032	$ 831
Adjustments to reconcile to net cash used in operating activities:		
Depreciation	69	62
Amortization	126	95
Asset impairment charges	47	2
Deferred taxes	19	(8)
Credits associated with last-in, first-out inventory method	(2)	(7)
Non-cash operating lease expense	66	70
Loss (gain) from sales of businesses and investments	(6)	17
Provision for bad debts	45	196
Other non-cash items	76	57
Changes in assets and liabilities:		
Receivables	(2,374)	(2,089)
Inventories	(2,074)	(1,971)
Drafts and accounts payable	3,773	1,947
Operating lease liabilities	(65)	(89)
Taxes	(538)	134
Litigation liabilities	(34)	—
Other	(380)	(165)
Net cash used in operating activities	(220)	(918)
INVESTING ACTIVITIES		
Payments for property, plant, and equipment	(112)	(111)
Capitalized software expenditures	(40)	(78)
Acquisitions, net of cash, cash equivalents, and restricted cash acquired	(23)	(3,359)
Proceeds from sales of businesses and investments, net	9	4
Other	(48)	(20)
Net cash used in investing activities	(214)	(3,564)
FINANCING ACTIVITIES		
Proceeds from issuances of long-term debt	3,215	1,990
Repayments of long-term debt	(1)	—
Common stock transactions:		
Issuances	23	22
Share repurchases	(2,530)	(581)
Dividends paid	(102)	(90)
Sale of noncontrolling interest in Medical-Surgical Solutions, net	1,238	—
Other	(211)	(165)
Net cash provided by financing activities	1,632	1,176
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(10)	33
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,188	(3,273)
Cash, cash equivalents, and restricted cash at beginning of period	4,068	5,956
Cash, cash equivalents, and restricted cash at end of period	5,256	2,683
Less: Restricted cash at end of period included in Prepaid expenses and other	(92)	(265)
Cash and cash equivalents at end of period	$ 5,164	$ 2,418

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. Commencing in the second quarter of fiscal 2026, the Company reports its financial results in four reportable segments: North American Pharmaceutical, Oncology & Multispecialty, Prescription Technology Solutions, and Medical-Surgical Solutions. The Company's former Norwegian operations were included in Other. The organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, and the results of certain investments. All prior segment information has been recast to reflect the Company's current segment structure and presentation. 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, 2026 and 2025 are not necessarily indicative of the results that may be anticipated for the entire year. These interim financial statements should be read in conjunction with the annual audited financial statements, accounting policies, and financial notes included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026, previously filed with the SEC on May 8, 2026 (the "2026 Annual Report").

Recently Issued Accounting Pronouncements Not Yet Adopted

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

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

In November 2025, the FASB issued ASU 2025-09, *Derivatives and Hedging (Topic 818): Hedge Accounting Improvements.* ASU 2025-09 clarifies areas of the current hedge accounting guidance and addresses new hedge accounting related to global reference-rate reform. ASU 2025-09 is effective for the Company for fiscal years beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted. The Company is evaluating the impact that this guidance will have on its disclosures.

2. Business Acquisitions and Divestitures

Acquisitions

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

PRISM Vision Holdings, LLC

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

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

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

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

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

Community Oncology Revitalization Enterprise Ventures, LLC

On June 2, 2025, the Company completed the acquisition of a controlling interest in Community Oncology Revitalization Enterprise Ventures, LLC ("Core Ventures"), a business and administrative services organization established by Florida Cancer Specialists & Research Institute, LLC ("FCS"). The Company acquired a 70% controlling interest for $2.5 billion in cash. The payment made upon closing was from cash on hand and the net proceeds from the May 30, 2025 public debt offering. Refer to Financial Note 8, "Debt and Financing Activities," for additional information on the public debt offering. FCS physicians retained a 30% interest. The 30% minority interest is classified as redeemable noncontrolling interest, with a put option exercisable every five years. Refer to Financial Note 5, "Redeemable Noncontrolling Interests and Noncontrolling Interests," for additional information.

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

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

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

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

Divestitures

Medical-Surgical Solutions

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

Norway

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

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

Other

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

3. Restructuring, Impairment, and Related Charges, Net

FY 2027 restructuring initiatives

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

FY 2026 restructuring initiatives

During the fourth quarter of fiscal 2026, the Company approved an initiative within its Prescription Technology Solutions segment to increase operational efficiencies and cost optimization efforts, with the intent of aligning with the Company's long-term strategy. The initiative includes headcount reductions, the exit or downsizing of certain facilities, and other costs. The Company anticipates total charges between $200 million and $250 million, consisting primarily of employee severance and other employee-related costs, and facility and other exit-related costs, including long-lived asset impairments. The Company recorded $20 million of charges associated with this initiative in the fourth quarter of fiscal 2026, primarily related to asset impairments, as well as employee severance and other employee-related costs. This program is anticipated to be substantially complete by the end of fiscal 2029. For the three months ended June 30, 2026, the Company recorded charges of $61 million, which includes asset impairments, severance and other employee-related costs.

FY 2025 restructuring initiatives

During fiscal 2025, the Company approved enterprise-wide initiatives to modernize and accelerate the technology service operating model which were intended to improve business continuity, compliance, operating efficiency and advance investments to streamline the organization. These initiatives include cost reduction efforts and support other rationalization efforts within Corporate, and the Medical-Surgical Solutions and North American Pharmaceutical segments to help realize long-term sustainable growth. The Company anticipates total charges related to these initiatives of $650 million to $700 million, consisting primarily of employee severance and other employee-related costs as well as facility, exit, and other related costs, including long-lived asset impairments. Of this amount, $468 million of charges were recorded as of March 31, 2026. These programs are anticipated to be substantially complete in fiscal 2028. For the three months ended June 30, 2026 and 2025, the Company recorded charges of $45 million and $38 million related to these initiatives, which includes facility exit and other related costs, as well as severance and other employee-related costs.

The Company recorded total restructuring, impairment, and related charges, net of $136 million and $47 million for the three months ended June 30, 2026 and 2025, respectively. These charges were included in "Restructuring, impairment, and related charges, net" in the Condensed Consolidated Statement of Operations.

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

	Three Months Ended June 30, 2026				
(In millions)	North American Pharmaceutical [1]	Prescription Technology Solutions [1]	Medical-Surgical Solutions [1]	Corporate [1]	Total
Severance and employee-related costs, net	$ —	$ 11	$ 14	$ 7	$ 32
Exit and other-related costs [2]	1	10	9	37	57
Asset impairments and accelerated depreciation	1	40	—	6	47
Total	$ 2	$ 61	$ 23	$ 50	$ 136

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

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

	Three Months Ended June 30, 2025			
(In millions)	North American Pharmaceutical [1]	Medical-Surgical Solutions [1]	Corporate [1]	Total
Severance and employee-related costs, net	$ —	$ 5	$ (1)	$ 4
Exit and other-related costs [2]	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 to support the Company's North American Pharmaceutical segment, Medical-Surgical Solutions segment, and Corporate activities.

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

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

(In millions)	North American Pharmaceutical	Prescription Technology Solutions	Medical-Surgical Solutions	Corporate	Total
Balance, March 31, 2026 [1]	$ 18	$ 3	$ 10	$ 13	$ 44
Restructuring, impairment, and related charges, net	2	61	23	50	136
Non-cash charges	(1)	(40)	—	(6)	(47)
Cash payments	(3)	—	(16)	(40)	(59)
Balance, June 30, 2026 [2]	$ 16	$ 24	$ 17	$ 17	$ 74

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

(2) As of June 30, 2026, the total reserve balance was $74 million, of which $51 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.

4. Income Taxes

Income tax expense was as follows:

	Three Months Ended June 30,	
(Dollars in millions)	2026	2025
Income tax expense	$ 276	$ 220
Reported income tax rate	21.1 %	20.9 %

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

During the three months ended June 30, 2026 and 2025, the Company recognized a net discrete tax benefit of $33 million and $23 million, respectively, primarily related to the tax impact of share-based compensation.

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, 2026, the Company had $1.6 billion of unrecognized tax benefits, of which $1.5 billion would reduce income tax expense and the effective tax rate if recognized.

5. Redeemable Noncontrolling Interests and Noncontrolling Interests

Redeemable Noncontrolling Interests

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

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

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

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

Noncontrolling Interests

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

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

	Fiscal 2027		Fiscal 2026	
(In millions)	**Noncontrolling Interests**	**Redeemable Noncontrolling Interests**	**Noncontrolling Interests**	**Redeemable Noncontrolling Interests**
Beginning balance	$ 395	$ 943	$ 380	$ —
Net income attributable to noncontrolling interests (1)	35	9	47	—
Adjustment to fair value (2)	—	1	—	—
Adjustment to redemption value in net income attributable to noncontrolling interests (3)	—	374	—	—
Sale of noncontrolling interest in Medical-Surgical Solutions, net	—	1,238	—	—
Payments to noncontrolling interests	(52)	—	(47)	—
Acquisition of PRISM Vision	—	—	—	25
Acquisition of Core Ventures	—	—	—	700
Other	(2)	(2)	(1)	—
Ending balance	$ 376	$ 2,563	$ 379	$ 725

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

(2) Includes a redeemable noncontrolling interests fair value adjustment for Core Ventures for the three months ended June 30, 2026.

(3) Includes redemption value adjustments of $293 million and $81 million related to the Medical-Surgical Solutions business and Core Ventures, respectively, for the three months ended June 30, 2026.

6. Earnings Per Common Share

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

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

	Three Months Ended June 30,	
(In millions, except per share amounts)	**2026**	**2025**
Numerator		
Income from continuing operations	$ 1,032	$ 831
Net income attributable to noncontrolling interests	(44)	(47)
Adjustment to redemption value in net income attributable to noncontrolling interests	(374)	—
Net income attributable to McKesson Corporation	$ 614	$ 784
Denominator		
Weighted-average common shares outstanding:		
Basic	118.7	124.9
Effect of dilutive securities:		
Restricted stock units [(1)]	0.5	0.6
Diluted	119.2	125.5
Earnings per common share attributable to McKesson Corporation: [(2)]		
Diluted	$ 5.15	$ 6.25
Basic	$ 5.17	$ 6.28

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

(2) Certain computations may reflect rounding adjustments.

7. Goodwill and Intangible Assets, Net

Goodwill

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

Changes in the carrying amount of goodwill were as follows:

(In millions)	North American Pharmaceutical	Oncology & Multispecialty	Prescription Technology Solutions	Medical-Surgical Solutions	Total
Balance, March 31, 2026	$ 2,781	$ 3,963	$ 2,065	$ 2,507	$ 11,316
Goodwill acquired	—	13	—	—	13
Disposals	—	(2)	—	—	(2)
Foreign currency translation adjustments, net	(26)	—	—	—	(26)
Other adjustments (1)	—	(23)	—	—	(23)
Balance, June 30, 2026	$ 2,755	$ 3,951	$ 2,065	$ 2,507	$ 11,278

(1) Reflects acquisition-related goodwill adjustments.

Intangible Assets

Information regarding intangible assets was as follows:

	June 30, 2026				March 31, 2026		
(Dollars in millions)	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	9	$ 1,475	$ (738)	$ 737	$ 1,477	$ (717)	$ 760
Service agreements	23	3,181	(803)	2,378	3,249	(833)	2,416
Trademarks and trade names	19	574	(295)	279	576	(293)	283
Provider Networks	21	393	(20)	373	383	(15)	368
Technology	8	317	(165)	152	317	(160)	157
Other	21	127	(33)	94	127	(32)	95
Total		$ 6,067	$ (2,054)	$ 4,013	$ 6,129	$ (2,050)	$ 4,079

All intangible assets were subject to amortization as of June 30, 2026 and March 31, 2026. Amortization expense of intangible assets was $74 million and $50 million for the three months ended June 30, 2026 and 2025, respectively.

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

(In millions)	Estimated Amortization Expense
Fiscal 2027 (from July 1, 2026 to March 31, 2027)	$ 213
Fiscal 2028	279
Fiscal 2029	275
Fiscal 2030	272
Fiscal 2031	264
Thereafter	2,710

8. Debt and Financing Activities

Long-term debt consisted of the following:

(In millions)	June 30, 2026	March 31, 2026
U.S. Dollar notes (1) (2)		
1.30% Notes due August 15, 2026	500	500
7.65% Debentures due March 1, 2027	150	150
3.95% Notes due February 16, 2028	343	343
4.90% Notes due July 15, 2028	400	400
4.75% Notes due May 30, 2029	196	196
4.25% Notes due September 15, 2029	500	500
4.65% Notes due May 30, 2030	650	650
4.95% Notes due May 30, 2032	650	650
5.10% Notes due July 15, 2033	597	597
5.25% Notes due May 30, 2035	699	699
6.00% Notes due March 1, 2041	218	218
4.88% Notes due March 15, 2044	255	255
U.S. Dollar Medical-Surgical Solutions term loans (3)		
4.94% Term Loan A-2 due April 1, 2028	250	—
4.94% Term Loan A-1 due April 1, 2031	750	—
5.88% Term Loan B due June 9, 2032	2,239	—
Foreign currency notes (1) (4)		
1.63% Euro Notes due October 30, 2026	571	578
3.13% Sterling Notes due February 17, 2029	597	595
Lease and other obligations	164	195
Total debt	9,729	6,526
Less: Current portion	1,297	1,267
Total long-term debt	$ 8,432	$ 5,259

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

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

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

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

Long-Term Debt

The Company's long-term debt includes both U.S. dollar and foreign currency-denominated borrowings. At June 30, 2026 and March 31, 2026, $9.7 billion and $6.5 billion, respectively, of total debt was outstanding, of which $1.3 billion was included under the caption "Current portion of long-term debt" in the Company's Condensed Consolidated Balance Sheets.

Medical-Surgical Solutions Facilities

Term Loan A and Revolving Facility

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

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

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

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

Medical-Surgical Solutions Term Loan B

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

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

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

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

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

Revolving Credit Facilities

5-Year Facility

In November 2022, the Company entered a $4.0 billion syndicated senior unsecured revolving credit facility (the "2022 Credit Facility") maturing in November 2029, which was terminated in April 2026 and replaced with the 2026 5-Year Credit Facility described below.

364-Day Facility

On May 8, 2025, the Company entered a $1.0 billion senior unsecured 364-day revolving credit facility maturing in May 2026, which was terminated in April 2026 and replaced with the 2026 5-Year Facility described below.

2026 Credit Facility

On April 24, 2026, the Company replaced its prior revolving credit facilities with a new $5.0 billion senior unsecured revolving credit facility (the "2026 Credit Facility"), maturing in April 2031. The facility contains customary investment-grade covenants, including a maximum Total Debt-to-Consolidated EBITDA ratio, and is available for general corporate purposes.

Borrowings bear interest at variable rates based on SOFR or other applicable benchmark rates plus an applicable margin. The remaining terms are substantially consistent with the Company's prior revolving credit facility.

There were no borrowings under any of the facilities during the period ended June 30, 2026, and no amounts were outstanding at June 30, 2026 and March 31, 2026. At June 30, 2026, the Company was in compliance with all covenants under the 2026 Credit 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 $5.0 billion in outstanding commercial paper notes. During the three months ended June 30, 2026 and 2025, the Company had no borrowings under the program. At June 30, 2026 and March 31, 2026, there were no commercial paper notes outstanding.

9. Hedging Activities

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

Foreign Currency Exchange Risk

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

Interest Rate Risk

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

Derivative Instruments

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

			June 30, 2026		March 31, 2026	
(In millions)	**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	C$	6,500
Derivatives designated as fair value hedges: (2)						
Cross-currency swaps (4)	GBP	Nov-28	£	450	£	450
Cross-currency swaps (4)	EUR	Jul-26	€	500	€	500
Floating interest rate swaps (5)	USD	Aug-27 to Sep-29	$	750	$	750

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

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

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

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

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

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.

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

Fair Value Hedges

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

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

Cash Flow Hedges

The Company uses 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, 2026 and 2025.

The Company executed a series of forward-starting interest rate swap locks designated as cash flow hedges in the first quarter of fiscal 2026 with a notional amount of $550 million, to hedge the cash flows associated with certain financing activities. During the first quarter of fiscal 2026, the Company completed a public debt offering of notes, at which point the interest rate swap locks were terminated, and the proceeds are being 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.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

Derivatives Not Designated as Hedges

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

Other Information on Derivative Instruments

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

	Three Months Ended June 30,	
(In millions)	**2026**	**2025**
Derivatives designated as net investment hedges:		
Cross-currency swaps	$ 81	$ (233)
Derivatives designated as cash flow and other hedges:		
Cross-currency swaps (1)	$ 7	$ 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.

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

		June 30, 2026			March 31, 2026		
		Fair Value of Derivative			Fair Value of Derivative		
(In millions)	**Balance Sheet Caption**	**Asset**	**Liability**	**U.S. Dollar Notional**	**Asset**	**Liability**	**U.S. Dollar Notional**
Derivatives designated for hedge accounting:							
Cross-currency swaps (current)	Prepaid expenses and other/Other accrued liabilities	70	79	$ 5,008	76	160	$ 5,008
Cross-currency swaps (non-current)	Other non-current assets/liabilities	49	—	542	40	—	542
Interest Rate Swaps (non-current)	Other non-current liabilities	—	16	750	—	12	750
Total		$ 119	$ 95		$ 116	$ 172	

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

10. Fair Value Measurements

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

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

Level 2 - significant other observable market-based inputs.

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Cash and cash equivalents at June 30, 2026 and March 31, 2026 included the Company's investments in money market funds of $1.3 billion and $843 million, respectively, which are reported at fair value. The fair value of money market funds was determined using quoted prices for identical investments in active markets, which are considered to be Level 1 inputs under the fair value measurements and disclosure guidance. The carrying value of all other cash equivalents approximates their fair value due to their relatively short-term nature.

Fair values of the Company's 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.

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 $243 million and $227 million at June 30, 2026 and March 31, 2026, respectively. These investments primarily consist of equity securities without readily determinable fair values and are included within "Other non-current assets" in the Condensed Consolidated Balance Sheets. The net realized and unrealized gains and losses were immaterial for the three months ended June 30, 2026 and 2025.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

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

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

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

Other Fair Value Disclosures

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

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

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

	June 30, 2026		March 31, 2026	
(In millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	$ 9,729	$ 9,803	$ 6,526	$ 6,549

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

Goodwill

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

Long-lived Assets

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

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

11. Commitments and Contingent Liabilities

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

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

Litigation and Claims Involving Distribution of Controlled Substances

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

State and Local Government Claims

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

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

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

The 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*. On September 4, 2025, the trial court entered judgment against McKesson, awarding $37 million in compensatory damages and an additional $72 million in "monetary abatement" to fund programs related to drug abuse in Baltimore. On April 24, 2026, the Supreme Court of Maryland issued an order vacating the judgment against the Company and remanding the case to the Circuit Court of Maryland for Baltimore City for further proceedings. The City of Baltimore has dismissed its claim with prejudice, and the Company has reduced its overall opioid accrual by $32 million to reflect this outcome.

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

Native American Tribe Claims

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

Non-Governmental Plaintiff Claims

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

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

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

(In millions)	June 30, 2026	March 31, 2026
Current litigation liabilities [1]	$ 602	$ 601
Long-term litigation liabilities	5,058	5,091
Total litigation liabilities	$ 5,660	$ 5,692

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

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

Canadian Plaintiff Claims

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

Defense of Opioids Claims

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

Other Litigation and Claims

In July 2015, The Great Atlantic & Pacific Tea Company ("A&P"), a former customer of the Company, filed for reorganization in bankruptcy under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court for the Southern District of New York. *In re The Great Atlantic & Pacific Tea Company, Inc., et al.,* Case No. 15-23007. A suit filed in 2017 against the Company in this bankruptcy case seeks to recover alleged preferential transfers. *The Official Committee of Unsecured Creditors on behalf of the bankruptcy estate of The Great Atlantic & Pacific Tea Company, Inc., et al. v. McKesson Corporation d/b/a McKesson Drug Co.,* Adv. Proc. No. 17-08264. On June 17, 2026, the court ruled that a portion of the transfers were preferential in an amount not material to the Company's overall financial results.

Government Subpoenas and Investigations

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

Antitrust Settlements

During the first fiscal quarter of 2027, the Company received immaterial net proceeds related to its share of antitrust settlements. The lawsuits were filed against drug manufacturers alleging that the manufacturers, by themselves or in concert with others, took improper anticompetitive actions with respect to the sale of their drugs. The Company was not a named party to the litigation but was a member of the representative classes of those who purchased directly from the pharmaceutical manufacturers. The Company recognized a gain within "Cost of sales" in the Condensed Consolidated Statement of Operations in the first quarter of fiscal 2027 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 21, 2026, the Company raised its quarterly dividend from $0.82 to $0.94 per share of common stock. The Company anticipates that it will continue to pay quarterly cash dividends in the future. However, the payment and amount of future dividends remain within the discretion of the Board and will depend upon the Company's future earnings, financial condition, capital requirements, legal requirements, and other factors.

Share Repurchase Plans

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

Excise taxes of $25 million and $2 million were accrued for shares repurchased during the three months ended June 30, 2026 and 2025, respectively. On July 30, 2025, the Company made a payment of $26 million for fiscal 2025 excise taxes previously accrued. As of June 30, 2026 and March 31, 2026, the amount accrued for excise taxes was $65 million and $40 million within “Other accrued liabilities” in the Company’s Condensed Consolidated Balance Sheets, respectively.

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

	Share Repurchases [1]		
(In millions, except price per share)	Total Number of Shares Purchased [2]	Average Price Paid Per Share [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
Balance at March 31, 2026			$ 2,719
April 2026 Board Authorization [4]			5,000
Share Repurchase March 2026 ASR [5]	0.7	$ 820.04	—
Share Repurchase May 2026 ASR [6]	2.5	$ 754.68	(2,250)
Q1 Shares repurchased - Open market [7]	0.4	$ 762.40	(294)
Balance at June 30, 2026			$ 5,175

(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 $25 million of excise taxes for the three months ended June 30, 2026.

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

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

(6) In May 2026, the Company entered into an ASR program with a third-party financial institution to repurchase $2.3 billion of the Company's common stock. The average price paid per share and total number of shares purchased under this program are estimates based on the initial share purchase price and initial delivery of shares under an ASR agreement, and may differ from the average price paid per share and total number of shares purchased under the ASR program upon its final settlement in the second quarter of fiscal 2027.

(7) Of the total dollar value, $13 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheet as of June 30, 2026 for share repurchases that were executed in late June 2026 and settled in early July 2026.

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

Accumulated Other Comprehensive Loss

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

	Foreign Currency Translation Adjustments				
(In millions)	Foreign Currency Translation Adjustments, Net of Tax (1)	Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax (2)	Unrealized Gains on Cash Flow and Other Hedges, Net of Tax (3)	Unrealized Gains and Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
Balance, March 31, 2026	$ (708)	$ (58)	$ 5	$ 16	$ (745)
Other comprehensive income (loss)	(69)	60	5	—	(4)
Balance, June 30, 2026	$ (777)	$ 2	$ 10	$ 16	$ (749)

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

(2) Amounts recorded for the three months ended June 30, 2026 include gains of $81 million related to net investment hedges from cross-currency swaps, which are net of income tax expense of $(21) million.

(3) Amounts recorded for the three months ended June 30, 2026 include gains of $7 million related to hedges from cross-currency swaps, which are net of income tax expense of $(2) million.

	Foreign Currency Translation Adjustments				
(In millions)	Foreign Currency Translation Adjustments, Net of Tax (1)	Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax (2)	Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax (3)	Unrealized Gains (Losses) and Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
Balance, March 31, 2025	$ (989)	$ 47	$ (4)	$ 14	$ (932)
Other comprehensive income (loss)	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.

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

13. Segments of Business

Commencing in the second quarter of fiscal 2026, the Company implemented a new segment reporting structure which resulted in four reportable segments: North American Pharmaceutical, Oncology & Multispecialty, Prescription Technology Solutions, and Medical-Surgical Solutions. The Company's former Norwegian operations were included in Other. All prior segment information has been recast to reflect the Company's new segment structure and current period presentation. The organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, and the results of certain investments. These segment changes reflect how the Company's Chief Executive Officer, who is the chief operating decision maker ("CODM"), allocates resources and assesses performance. The factors for determining the reportable segments include the manner in which management evaluates the performance of the Company combined with the nature of the individual business activities. The Company evaluates the performance of its reportable segments on a number of measures, including revenues and operating profit before interest expense and income taxes.

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

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

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

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

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

McKESSON CORPORATION

FINANCIAL NOTES (CONTINUED)
(UNAUDITED)

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

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

	Three Months Ended June 30,	
(In millions)	**2026**	**2025**
Segment revenues [(1)]		
North American Pharmaceutical	$ 86,773	$ 82,729
Oncology & Multispecialty	14,222	10,658
Prescription Technology Solutions	1,566	1,434
Medical-Surgical Solutions	2,819	2,701
Other	—	305
Total revenues	$ 105,380	$ 97,827
Other segment expense, net [(2)]		
North American Pharmaceutical [(3)]	$ 85,870	$ 82,135
Oncology & Multispecialty	13,897	10,446
Prescription Technology Solutions [(4)]	1,340	1,181
Medical-Surgical Solutions [(5)]	2,697	2,480
Other	—	292
Total other segment expense, net	$ 103,804	$ 96,534
Segment operating profit		
North American Pharmaceutical	$ 903	$ 594
Oncology & Multispecialty	325	212
Prescription Technology Solutions	226	253
Medical-Surgical Solutions	122	221
Other	—	13
Subtotal	1,576	1,293
Corporate expenses, net [(6)]	(191)	(193)
Interest expense	(77)	(49)
Income before income taxes	$ 1,308	$ 1,051
Segment depreciation and amortization [(7)]		
North American Pharmaceutical	$ 39	$ 32
Oncology & Multispecialty	66	42
Prescription Technology Solutions	19	21
Medical-Surgical Solutions	26	22
Other	—	3
Corporate	45	37
Total segment depreciation and amortization	$ 195	$ 157
Segment expenditures for long-lived assets [(8)]		
North American Pharmaceutical	$ 64	$ 61
Oncology & Multispecialty	18	24
Prescription Technology Solutions	—	1
Medical-Surgical Solutions	27	25
Other	—	1
Corporate	43	77
Total segment expenditures for long-lived assets	$ 152	$ 189

McKESSON CORPORATION

FINANCIAL NOTES (CONCLUDED)
(UNAUDITED)

(1) Revenues from services on a disaggregated basis represent less than 1% of the North American Pharmaceutical segment's total revenues, approximately 7% of the Oncology & Multispecialty segment's total revenues, approximately 39% of the Prescription Technology Solutions segment's total revenues, and less than 1% of the Medical-Surgical Solutions segment's total revenues. The Company's Norwegian operations were included in Other.

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

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

- related to the bankruptcy of the Company's customer Rite Aid Corporation (including certain of its subsidiaries, "Rite Aid"), the Company recorded a provision for bad debts of $189 million during the three months ended June 30, 2025. This was recorded within "Selling, distribution, general, and administrative expenses" in the Company's Condensed Consolidated Statements of Operations.

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

- restructuring charges of $61 million for the three months ended June 30, 2026 for restructuring initiatives as discussed in Financial Note 3, "Restructuring, Impairment, and Related Charges, Net."

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

- charges of $45 million for the three months ended June 30, 2026 related to the planned separation of the Medical-Surgical Solutions business.

(6) Corporate expenses, net include the following:

- restructuring charges of $50 million and $29 million for the three months ended June 30, 2026 and 2025, respectively, for restructuring initiatives as discussed in Financial Note 3, "Restructuring, Impairment, and Related Charges, Net;"
- a credit of $34 million for the three months ended June 30, 2026 related to the estimated liability for opioid related claims, as discussed in Financial Note 11, "Commitments and Contingent Liabilities;" and
- charges of $23 million for the three months ended June 30, 2026 related to the planned separation of the Medical-Surgical Solutions business.

(7) 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.

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

Long-lived assets by geographic areas were as follows:

(In millions)	June 30, 2026	March 31, 2026
Long-lived assets		
United States	$ 3,185	$ 3,177
Foreign	244	255
Total long-lived assets	$ 3,429	$ 3,432

McKESSON CORPORATION

FINANCIAL REVIEW
(UNAUDITED)

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

INDEX TO MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

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

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

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

Overview of Our Business:

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

We implemented a new segment reporting structure commencing in the second quarter of fiscal 2026, which resulted in four reportable segments: North American Pharmaceutical, Oncology & Multispecialty, Prescription Technology Solutions, and Medical-Surgical Solutions. Our former Norwegian operations were included in Other. All prior segment information has been recast to reflect our new segment structure and current period presentation. Our organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, as well as the results of certain investments. The factors for determining the reportable segments include the manner in which management evaluates the performance of the Company combined with the nature of individual business activities. We evaluate the performance of our reportable segments on a number of measures, including revenues and operating profit before interest expense and income taxes.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

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

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

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, 2026, as well as other material developments:

- For the three months ended June 30, 2026 compared to the prior year, revenues increased by 8%, gross profit increased by 12%, total operating expenses increased by 5%, and other income, net increased by 3%. 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 $5.15 from $6.25 for the three months ended June 30, 2026 compared to the respective prior year period;
- In the first quarter of 2027, certain of our subsidiaries within the Medical-Surgical Solutions segment entered into, and then amended, a syndicated credit agreement for: a $750 million principal senior secured term loan due in 2031, a $250 million principal senior secured term loan due in 2028; a $2.25 billion senior secured term loan due 2032, for total proceeds received, net of discounts and debt offering expenses, of $3.2 billion; and a $1.0 billion senior secured revolving credit facility scheduled to mature in April 2031. Refer to Financial Note 8, "Debt and Financing Activities," to the accompanying condensed consolidated financial statements in this Quarterly Report for additional information;

- On April 24, 2026, we terminated our 2022 revolving credit facility and our 364-Day credit facility and entered into a new Credit Agreement (the “2026 Credit Facility”) that provides a syndicated $5.0 billion senior unsecured credit facility. The 2026 Credit Facility matures in 2031. Refer to Financial Note 8, “Debt and Financing Activities,” to the accompanying condensed consolidated financial statements in this Quarterly Report for additional information;
- As a part of our intention to separate our Medical-Surgical Solutions business into an independent company, on June 1, 2026, Apollo Funds invested approximately $1.25 billion for convertible preferred equity of Medical-Surgical Solutions business to acquire an approximately 13% interest in the business;
- On April 29, 2026, our Board of Directors (the “Board”) approved the Company to repurchase up to an additional $5.0 billion shares of common stock;
- During the three months ended June 30, 2026, we returned $2.6 billion of cash to shareholders through $2.5 billion of common stock repurchases and $102 million of dividend payments. The total remaining authorization outstanding for repurchases of the Company’s common stock at June 30, 2026 was $5.2 billion; and
- On July 21, 2026, the Board raised our quarterly dividend from $0.82 to $0.94 per share of common stock.

Trends and Uncertainties:

Government Policies

As described in “Item 1. Government Regulation” and “Item 1A - Risk Factors” in Part I of our 2026 Annual Report, our industry is highly regulated and is subject to risks and uncertainty caused by the volume and speed of changes to regulatory policies. Changes in regulatory posture and law may result in significant changes in healthcare policy, government funding of healthcare costs, and other laws affecting our operations, but the ultimate outcomes are difficult to predict.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

RESULTS OF OPERATIONS

Overview of Consolidated Results:

	Three Months Ended June 30,		
(Dollars in millions, except per share data)	**2026**	**2025**	**Change**
Revenues	$105,380	$ 97,827	8 %
Gross profit	3,685	3,279	12
Gross profit margin	*3.50* %	*3.35* %	*15* *bp*
Total operating expenses	$ (2,366)	$ (2,243)	5 %
Total operating expenses as a percentage of revenues	*2.25* %	*2.29* %	*(4)* *bp*
Other income, net	$ 66	$ 64	3 %
Interest expense	(77)	(49)	57
Income before income taxes	1,308	1,051	24
Income tax expense	(276)	(220)	25
Reported income tax rate	*21.1* %	*20.9* %	*20* *bp*
Net income	1,032	831	24
Net income attributable to noncontrolling interests	(418)	(47)	789
Net income attributable to McKesson Corporation	$ 614	$ 784	(22) %
Diluted earnings per common share attributable to McKesson Corporation	$ 5.15	$ 6.25	(18) %
Weighted-average diluted common shares outstanding	119.2	125.5	(5) %

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

bp - basis point

Revenues

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

Gross Profit

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

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Total Operating Expenses

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

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

	Three Months Ended June 30,		
(Dollars in millions)	**2026**	**2025**	**Change**
Selling, distribution, general, and administrative expenses	$ 2,264	$ 2,196	3 %
Claims and litigation charges, net	(34)	—	—
Restructuring, impairment, and related charges, net	136	47	189
Total operating expenses	$ 2,366	$ 2,243	5 %
Percent of revenues	*2.25 %*	*2.29 %*	*(4) 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, 2026, 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, 2026 increased due to increased operating expenses to support higher volumes and includes net charges of $68 million related to our planned separation of the Medical-Surgical Solutions business;
- SDG&A for the three months ended June 30, 2025 includes a provision for bad debts of $189 million related to the bankruptcy of our customer Rite Aid Corporation (including certain of its subsidiaries, “Rite Aid”).
- Claims and litigation charges, net primarily consists of a credit of $34 million for the three months ended June 30, 2026 related to our estimated liability for opioid-related claims as discussed in more detail in Financial Note 11, “Commitments and Contingent Liabilities,” to the accompanying condensed consolidated financial statements included in this Quarterly Report;
- Restructuring, impairment, and related charges, net were $136 million and $47 million for the three months ended June 30, 2026 and 2025, respectively, as discussed below under “Restructuring Initiatives”;

Goodwill Impairment

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

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

Restructuring Initiatives

We recorded restructuring, impairment, and related charges of $136 million and $47 million for the three months ended June 30, 2026 and 2025, respectively. These charges were included in "Restructuring, impairment, and related charges, net" in the Condensed Consolidated Statements of Operations.

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

During the fourth quarter of fiscal 2026, we approved an initiative within our Prescription Technology Solutions segment to increase operational efficiencies and cost optimization efforts, with the intent of aligning with our long-term strategy. This initiative includes headcount reductions, the exit or downsizing of certain facilities, and other costs. We anticipate total charges between $200 million and $250 million, consisting primarily of employee severance and other employee-related costs, and facility and other exit-related costs, including long-lived asset impairments. We recorded charges of $61 million in the first quarter of fiscal 2027 associated with this initiative, which primarily includes asset impairments as well as severance and other employee-related costs. This program is anticipated to be substantially complete by the end of fiscal 2029.

During the second quarter of fiscal 2025, we approved enterprise-wide initiatives to modernize and accelerate our technology service operating model, which were intended to improve business continuity, compliance, operating efficiency and advance investments to streamline the organization. These initiatives include cost reduction efforts and support other rationalization efforts within Corporate, and the Medical-Surgical Solutions and North American Pharmaceutical segments to help realize long-term sustainable growth. We anticipate total charges related to these initiatives of $650 million to $700 million, consisting primarily of employee severance and other employee-related costs as well as facility, exit, and other related costs, including long-lived asset impairments. These programs are anticipated to be substantially complete in fiscal 2028. We recorded charges of $45 million and $38 million for the three months ended June 30, 2026 and 2025, respectively, related to these initiatives, which primarily includes facility exit and other related costs as well as severance and other employee-related costs.

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

Other Income, Net

Other income, net was flat for the three months ended June 30, 2026 compared to the same prior year period.

Interest Expense

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

Income Tax Expense

For the three months ended June 30, 2026 and 2025, we recorded income tax expense of $276 million and $220 million, respectively. Our income tax rates were 21.1% and 20.9% for the three months ended June 30, 2026 and 2025, respectively. Fluctuations in our reported income tax rates are primarily due to changes in our business mix of earnings among various taxing jurisdictions and discrete tax items recognized in the quarters. Refer to Financial Note 4, "Income Taxes," to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information.

Net Income Attributable to Noncontrolling Interests

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

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

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

The increase in net income attributable to noncontrolling interests was primarily driven by higher volumes in our ClarusONE joint venture and contributions from Core Ventures. Net income attributable to noncontrolling interest was also impacted by charges of $293 million for Medical-Surgical Solutions and $81 million for Core Ventures to remeasure the respective redeemable noncontrolling interests to redemption value.

Net Income Attributable to McKesson Corporation

Net income attributable to McKesson Corporation was $614 million and $784 million for the three months ended June 30, 2026 and 2025, respectively. Diluted earnings per common share attributable to McKesson Corporation was $5.15 and $6.25 for the three months ended June 30, 2026 and 2025, respectively. Our diluted earnings per share includes the cumulative effects of share repurchases during each period.

Weighted-Average Diluted Common Shares Outstanding

Diluted earnings per common share was calculated based on a weighted-average number of shares outstanding of 119.2 million and 125.5 million for the three months ended June 30, 2026 and 2025, respectively. Weighted-average diluted shares outstanding for the three months ended June 30, 2026 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, 2026	2025	Change
Segment revenues			
North American Pharmaceutical	$ 86,773	$ 82,729	5 %
Oncology & Multispecialty	14,222	10,658	33
Prescription Technology Solutions	1,566	1,434	9
Medical-Surgical Solutions	2,819	2,701	4
Other	—	305	(100)
Total revenues	$ 105,380	$ 97,827	8 %

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

North American Pharmaceutical

Three Months Ended June 30, 2026 vs. 2025

North American Pharmaceutical revenues for the three months ended June 30, 2026 increased $4.0 billion or 5% compared to the same prior year period. Within the segment, sales in the U.S. increased $3.7 billion primarily due to higher volumes from institutional and retail national account customers partially offset by branded pharmaceutical price decreases and branded to generic drug conversions.

Oncology & Multispecialty

Three Months Ended June 30, 2026 vs. 2025

Oncology & Multispecialty revenues for the three months ended June 30, 2026 increased $3.6 billion or 33% compared to the same prior year period primarily driven by higher specialty pharmaceutical sales in provider solutions.

Prescription Technology Solutions

Three Months Ended June 30, 2026 vs. 2025

Prescription Technology Solutions revenues for the three months ended June 30, 2026 increased $132 million or 9% compared to the same prior year period primarily due to increased volumes from third-party logistics.

Medical-Surgical Solutions

Three Months Ended June 30, 2026 vs. 2025

Medical-Surgical Solutions revenues for the three months ended June 30, 2026 increased $118 million or 4% compared to the same prior year period. Within the segment, sales to extended care customers increased $79 million and sales to ambulatory care customers increased $35 million driven by underlying business growth.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

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

	Three Months Ended June 30,		
(Dollars in millions)	**2026**	**2025**	**Change**
Other segment expense, net (1)			
North American Pharmaceutical (2)	$ 85,870	$ 82,135	5 %
Oncology & Multispecialty	13,897	10,446	33
Prescription Technology Solutions (3)	1,340	1,181	13
Medical-Surgical Solutions (4)	2,697	2,480	9
Other	—	292	(100)
Total other segment expense, net	$ 103,804	$ 96,534	8 %
Segment operating profit			
North American Pharmaceutical	$ 903	$ 594	52 %
Oncology & Multispecialty	325	212	53
Prescription Technology Solutions	226	253	(11)
Medical-Surgical Solutions	122	221	(45)
Other	—	13	(100)
Subtotal	1,576	1,293	22
Corporate expenses, net (5)	(191)	(193)	(1)
Interest expense	(77)	(49)	57
Income before income taxes	$ 1,308	$ 1,051	24 %
Segment operating profit margin			
North American Pharmaceutical	1.04 %	0.72 %	32 bp
Oncology & Multispecialty	2.29	1.99	30
Prescription Technology Solutions	14.43	17.64	(321)
Medical-Surgical Solutions	4.33	8.18	(385)
Other	—	4.26	(426)

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

bp - basis point

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

(2) Other segment expense, net for our North American Pharmaceutical segment includes the following:
- related to the bankruptcy of our customer Rite Aid, we recorded a provision for bad debts of $189 million during the three months ended June 30, 2025;

(3) Other segment expense, net for our Prescription Technology Solutions segment includes the following:
- charges of $61 million for the three months ended June 30, 2026 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;

(4) Other segment expense, net for our Medical-Surgical Solutions segment includes the following:
- net charges of $45 million for the three months ended June 30, 2026 related to our planned separation of the Medical-Surgical Solutions business;

(5) Corporate expenses, net includes the following:
- charges of $50 million and $29 million for the three months ended June 30, 2026 and 2025 for restructuring initiatives as discussed in Financial Note 3, "Restructuring, Impairment, and Related Charges, Net," to the accompanying condensed consolidated financial statements included in this Quarterly Report;

- a credit of $34 million for the three months ended June 30, 2026 related to our estimated liability for opioid-related claims as discussed in more detail in Financial Note 11, "Commitments and Contingent Liabilities," to the accompanying condensed consolidated financial statements; and
- net charges of $23 million for the three months ended June 30, 2026 related to our planned separation of the Medical-Surgical Solutions business.

North American Pharmaceutical

Three Months Ended June 30, 2026 vs. 2025

Operating profit for this segment increased for the three months ended June 30, 2026 compared to the same prior year period largely due to higher pharmaceutical distribution volumes across the segment and the absence of the prior year impact from the Rite Aid bankruptcy, partially offset by higher operating expenses to support volume growth.

Oncology & Multispecialty

Three Months Ended June 30, 2026 vs. 2025

Operating profit for this segment increased for the three months ended June 30, 2026 compared to the same prior year period primarily due to growth in specialty pharmaceuticals, including contributions from business acquisitions completed in the prior year, partially offset by an increase in operating expenses to support higher volumes.

Prescription Technology Solutions

Three Months Ended June 30, 2026 vs. 2025

Operating profit for this segment decreased for the three months ended June 30, 2026 compared to the same prior year period driven by higher restructuring charges and an increase in operating expenses to support higher volumes, partially offset by increased demand for Access Solutions.

Medical-Surgical Solutions

Three Months Ended June 30, 2026 vs. 2025

Operating profit for this segment decreased for the three months ended June 30, 2026 compared to the same prior year period primarily due to $45 million of charges related to our planned separation of the Medical-Surgical Solutions business, a decline in the contribution from our ambulatory care business, and an increase in operating expenses to support higher volumes.

Corporate Expenses, Net

Three Months Ended June 30, 2026 vs. 2025

Corporate expenses, net decreased for the three months ended June 30, 2026 compared to the same prior year period primarily due to a $34 million credit related to our estimated liability for opioid-related claims as discussed in more detail in Financial Note 11, "Commitments and Contingent Liabilities," offset by $23 million of charges related to our planned separation of the Medical-Surgical Solutions Segment, and higher restructuring charges.

New Accounting Pronouncements

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

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

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

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

	Three Months Ended June 30,		
(Dollars in millions)	**2026**	**2025**	**Change**
Net cash provided by (used in):			
Operating activities	$ (220)	$ (918)	$ 698
Investing activities	(214)	(3,564)	3,350
Financing activities	1,632	1,176	456
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(10)	33	(43)
Net change in cash, cash equivalents, and restricted cash	$ 1,188	$ (3,273)	$ 4,461

Operating Activities

Operating activities used cash of $220 million and $918 million during the three months ended June 30, 2026 and 2025, respectively. Cash flows from operations can be significantly impacted by factors such as the timing of receipts from customers, inventory receipts, and payments to vendors. Additionally, working capital is primarily a function of sales and purchase volumes, inventory requirements, and vendor payment terms.

For the three months ended June 30, 2026, net cash used by operating activities decreased by $698 million compared to the same prior year period. This decrease was primarily due to the following:

- the Company's net income increased by $201 million and was impacted by lower net non-cash items of $44 million, compared to the same prior year period driven by factors discussed in more detail in the "Overview of Consolidated Results" section of this Financial Review;
- an increase in cash of $1.8 billion related to accounts payable as a result of customary vendor payment scheduling partially offset by timing related to the day of the week on which the period ends and a decrease in cash of $103 million due to higher inventory requirements during the period compared to the prior year;
- a decrease in net cash of $285 million related to accounts receivable is primarily due to the timing of collections in the current period partially offset by timing related to the day of the week on which the period ends; and
- a decrease in cash driven by higher income tax payments of $701 million in the first quarter of fiscal 2027 compared to the prior year.

Investing Activities

Investing activities used cash of $214 million and $3.6 billion during the three months ended June 30, 2026 and 2025, respectively. Investing activities for the three months ended June 30, 2026 and 2025 includes $23 million and $3.4 billion of net cash payments for acquisitions, including $2.5 billion and $874 million for the acquisitions of the interests in Core Ventures and PRISM Vision, respectively, during the three months ended June 30, 2025 as discussed in further detail in Financial Note 2, "Business Acquisitions and Divestitures," to the accompanying condensed consolidated financial statements in this Quarterly Report. Investing activities for the three months ended June 30, 2026 and 2025 includes $152 million and $189 million, respectively, in capital expenditures for property, plant, and equipment and capitalized software.

Financing Activities

Financing activities provided cash of $1.6 billion and of $1.2 billion during the three months ended June 30, 2026 and 2025, respectively, which includes $2.5 billion and $581 million of cash paid for share repurchases, respectively, as well as $102 million and $90 million of cash paid for dividends, respectively.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

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

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

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

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

Share Repurchase Plans

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

Excise taxes of $25 million and $2 million were accrued for shares repurchased during the three months ended June 30, 2026 and 2025, respectively. On July 30, 2025, we made a payment of $26 million for fiscal 2025 excise taxes previously accrued. As of June 30, 2026 and March 31, 2026, the amount accrued for excise taxes was $65 million and $40 million within "Other accrued liabilities" in our Condensed Consolidated Balance Sheets, respectively.

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

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

	Share Repurchases [1]		
(In millions, except price per share)	Total Number of Shares Purchased [2]	Average Price Paid Per Share [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
Balance at March 31, 2026			$ 2,719
April 2026 Board Authorization [4]			5,000
Share Repurchase March 2026 ASR [5]	0.7	$ 820.04	—
Share Repurchase May 2026 ASR [6]	2.5	$ 754.68	(2,250)
Q1 Shares repurchased - Open market [7]	0.4	$ 762.40	(294)
Balance at June 30, 2026			$ 5,175

(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 $25 million of excise taxes for the three months ended June 30, 2026.

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

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

(6) In May 2026, we entered into an ASR program with a third-party financial institution to repurchase $2.3 billion of our common stock. The average price paid per share and total number of shares purchased under this program are estimates based on the initial share purchase price and initial delivery of shares under an ASR agreement and may differ from the average price paid per share and total number of shares purchased under the ASR program upon its final settlement in the second quarter of fiscal 2027.

(7) Of the total dollar value, $13 million was accrued within “Other accrued liabilities” in the Company’s Condensed Consolidated Balance Sheet as of June 30, 2026 for share repurchases that were executed in late June 2026 and settled in early July 2026.

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

McKESSON CORPORATION

FINANCIAL REVIEW (CONTINUED)
(UNAUDITED)

Selected Measures of Liquidity and Capital Resources

(Dollars in millions)	June 30, 2026	March 31, 2026
Cash, cash equivalents, and restricted cash	$ 5,256	$ 4,068
Working capital	(7,519)	(9,807)
Debt to capital ratio (1)	156.0 %	128.0 %

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

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

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

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

Consolidated working capital increased at June 30, 2026 compared to March 31, 2026 primarily due to an increase in receivables, net, driven by higher sales and timing, an increase in inventories, an increase in cash and cash equivalents and a decrease in other accrued liabilities. These were partially offset by an increase in drafts and accounts payable from increased purchasing driven by increased sales and timing.

Our debt to capital ratio increased for the three months ended June 30, 2026 due to share repurchases offset by the issuance of new long-term debt and net income.

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

McKESSON CORPORATION

FINANCIAL REVIEW (CONCLUDED)
(UNAUDITED)

Capital Resources

We fund our working capital requirements primarily with cash and cash equivalents, proceeds from short-term borrowings from our commercial paper issuances, and longer-term credit agreements and debt offerings. Funds necessary for future debt maturities and our other cash requirements, including any future payments that may be made related to our total estimated litigation liability of $5.7 billion as of June 30, 2026 payable under the terms of various settlement agreements for opioid-related claims, are expected to be met by existing cash balances, cash flow from operations, existing credit sources, and future borrowings. Long-term debt markets and commercial paper markets, our primary sources of capital after cash flow from operations, are open and accessible to us should we decide to access those markets. Detailed information regarding our debt and financing activities is included in Financial Note 8, "Debt and Financing Activities," to the accompanying condensed consolidated financial statements included in this Quarterly Report.

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

CAUTIONARY NOTICE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 of Part I of this report, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements may be identified by their use of terminology such as "believes," "expects," "anticipates," "may," "will," "should," "seeks," "approximately," "intends," "projects," "plans," "estimates," "targets," or the negative of these words or other comparable terminology. The discussion of proposed acquisition or disposition transactions, 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 2026 Annual Report and in our publicly available SEC filings and press releases. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date such statements were first made. Except to the extent required by federal securities laws, we undertake no obligation to publicly release the result of any revisions to any forward-looking statements to reflect events or circumstances after the date the statements are made, or to reflect the occurrence of unanticipated events.

AVAILABLE INFORMATION

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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

Item 4. Controls and Procedures.

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

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

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

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

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

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

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

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

	Share Repurchases [1]			
(In millions, except price per share)	Total Number of Shares Purchased	Average Price Paid Per Share [2]	Total Number of Shares Purchased as Part of a Publicly Announced Program [3]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs [2]
April 1, 2026 – April 30, 2026	$ —	$ —	—	$ 7,719
May 1, 2026 – May 31, 2026 [4]	3.3	754.61	3.3	5,384
June 1, 2026 – June 30, 2026	0.3	766.27	0.3	5,175
Total	3.6		3.6	

(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 $25 million of excise taxes incurred on share repurchases for the three months ended June 30, 2026. The remaining authorization outstanding for repurchases of common stock excludes excise taxes incurred on share repurchases through June 30, 2026.

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

(4) Includes shares received upon the completion of the March 2026 ASR program, and the initial delivery of shares under the May 2026 ASR program at a reference price of $754.68, as discussed in Financial Note 12, "Stockholders' Deficit." These amounts under the May 2026 ASR program are estimates and may differ from the total number of shares purchased and average price paid per share under the ASR program upon its final settlement in the second quarter of fiscal 2027.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Pre-arranged Trading Plans

None.

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.

		Incorporated by Reference			
Exhibit Number	Description	Form	File Number	Exhibit	Filing Date
10.1	Amendment No. 1 to the Credit Agreement, dated as of June 9, 2026, among McKesson Medical-Surgical Top Holdings Inc., a Florida corporation, the Subsidiary Guarantors party hereto, JPMorgan Chase Bank, N.A., as administrative agent and the undersigned Amendment No. 1 Term B Lenders.	8-K	1-13252	10.1	June 12, 2026
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, 2026, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Stockholders' Deficit, (v) Condensed Consolidated Statements of Cash Flows, and (vi) related Financial Notes.	—	—	—	—
104†	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101).	—	—	—	—

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

† Filed herewith.

†† Furnished herewith.

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 5, 2026	/s/ Kenny K. Cheung
	Kenny K. Cheung
	Executive Vice President and Chief Financial Officer
	McKesson Corporation
Date: August 5, 2026	/s/ Napoleon B. Rutledge Jr.
	Napoleon B. Rutledge Jr.
	Senior Vice President and Controller