

# McKesson Finalizes Settlement with U.S. Department of Justice and U.S. Drug Enforcement Administration to Resolve Past Claims

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*Settlement resolves past claims regarding McKesson's monitoring and reporting of suspicious controlled substance orders as previously disclosed on April 30, 2015*

SAN FRANCISCO--(BUSINESS WIRE (1))--McKesson Corporation (NYSE:MCK) today announced that it has finalized administrative and civil settlements to resolve U.S. Drug Enforcement Administration (DEA) and U.S. Department of Justice (DOJ) potential federal civil and administrative claims regarding McKesson's monitoring and reporting of suspicious controlled substance orders. The reporting practices dating back to 2009, and challenged by the DOJ in 2013, are addressed by today's settlement. Since 2013, McKesson has implemented significant changes to its monitoring and reporting processes. The settlement was previously publicly disclosed in a Form 8-K filed on April 30, 2015, and an accrual for the anticipated settlement payment was reflected in McKesson's fiscal year 2015 (FY15) financial results.

The settlement represents the conclusion of discussions with the DEA and DOJ over several years regarding McKesson's interpretation of the DEA's regulations for the monitoring and reporting of suspicious controlled substance orders. In the interest of moving beyond disagreements about whether McKesson was complying with the controlled substance regulations during the applicable period and to instead focus on the company's partnership with regulators and others to help stem the opioid epidemic in this country, the company agreed to settle with the DEA and DOJ.

As part of the settlement, McKesson will pay \$150 million and the DEA will suspend, on a staggered basis for limited periods of time, McKesson's DEA registrations to distribute certain controlled substances from four of McKesson's U.S. Pharmaceutical distribution centers.

In recent years, McKesson U.S. Pharmaceutical has put great effort into implementing significant enhancements to how it monitors and controls the distribution of controlled substances, referred to as the company's Controlled Substance Monitoring Program (CSMP). McKesson's team includes numerous individuals with significant regulatory and anti-diversion expertise who play a lead role in its due diligence efforts, utilizing advanced analytical tools to closely monitor our customers' purchases. McKesson is proud of its CSMP and will continue its efforts to be an industry leader in the fight against prescription drug diversion.

"Pharmaceutical distributors play an important role in identifying and combating prescription drug diversion and abuse. McKesson, as one of the nation's largest distributors, takes our role seriously. We continue to significantly enhance the procedures and safeguards across our distribution network to help curtail prescription drug diversion while ensuring patient access to needed medications," said John H. Hammergren, chairman and chief executive officer, McKesson.

McKesson sees prescription drug diversion and abuse as an issue that needs to be addressed through a comprehensive approach that includes the patients who become addicted, doctors who write the prescriptions, the pharmacists who fill them, the distributors who fulfill and deliver pharmacies' orders, the manufacturers who make and promote the products, and the regulators who license the above activities and determine supply.

"We are committed to tackling this multi-faceted problem in collaboration with all parties in the supply chain that share the responsibility for the distribution of opioid medications," Hammergren concluded.

McKesson is committed to working with the DEA on an ongoing basis to identify new ways to prevent misuse of controlled substances. As part of the settlement agreement reached, McKesson and the DEA plan to meet regularly over the next five years to ensure ongoing alignment. This new level of partnership with regulators, and the enhancements McKesson has made to its CSMP, strengthens McKesson's ability to partner with all participants in the prescription drug supply chain to help prevent diversion while ensuring services to meet patient needs.

McKesson, in addition to improving the vigorousness of its CSMP, works to educate its customers about the prevention of prescription drug abuse. The company also advocates for public policies that will help address the problem, including the 2015 passage of the Comprehensive Addiction and Recovery Act (CARA), which contained a number of provisions for preventing and treating addiction. McKesson supports more robust funding of those policy proposals.

**About McKesson Corporation**

McKesson Corporation, currently ranked 5th on the FORTUNE 500, is a healthcare services and information technology company dedicated to making the business of healthcare run better. McKesson partners with payers, hospitals, physician offices, pharmacies, pharmaceutical companies, and others across the spectrum of care to build healthier organizations that deliver

better care to patients in every setting. McKesson helps its customers improve their financial, operational, and clinical performance with solutions that include pharmaceutical and medical-surgical supply management, healthcare information technology, and business and clinical services. For more information, visit [www.mckesson.com](http://www.mckesson.com) [2].

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