

# **MCKESSON**

*Empowering Healthcare*

## **Deutsche Bank Healthcare Conference**

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# **John Hammergren**

**Chairman and  
Chief Executive Officer**

# Safe Harbor Clause

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**Some of the information in this presentation may constitute forward-looking statements that are subject to various uncertainties. These uncertainties could cause actual results to differ materially from those projected or implied. The risk factors associated with those uncertainties are described in the Company's reports and exhibits filed with the Securities and Exchange Commission.**

# McKesson's Comprehensive Offering of Products and Services

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### McKesson Pharmaceutical

- #1 in North America
- Large Rx repackaging
- Leading generics provider
- #1 in retail pharmacy automation
- Patient services and specialty distribution services for manufacturers
- #1 in medical management software and services for payors
- Disease management

### McKesson Provider Technologies

- 63% of health systems
- 51% of hospitals with 200+ beds
- Comprehensive product and service offering
- More "Best in KLAS" products than any other vendor
- #1 in robotic hospital pharmacy dispensing
- #1 in bedside scanning

### McKesson Medical-Surgical

- #1 in primary care and extended care
- Total supply solution in acute care
- Rapid growth in physician office pharmaceuticals and equipment

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# McKesson's Vision of Healthcare

## *Six Major Trends Driving Growth*

- **Demographics drive drug consumption**
  - McKesson handles 30% of nation's drug needs
- **Focus on healthcare quality**
  - McKesson solutions deliver best practice information at point of care
- **Focus on patient safety**
  - McKesson solutions provide supply chain integrity and reduce medication errors – bar-code mandate for hospitals
- **Focus on managing chronic diseases**
  - Provide health management solutions across spectrum
- **Pressure on payors to control healthcare costs**
  - Work with top 25 health plans, 90% of BC/BS, and government plans to manage costs, improve quality, increase efficiency

# McKesson Strategy

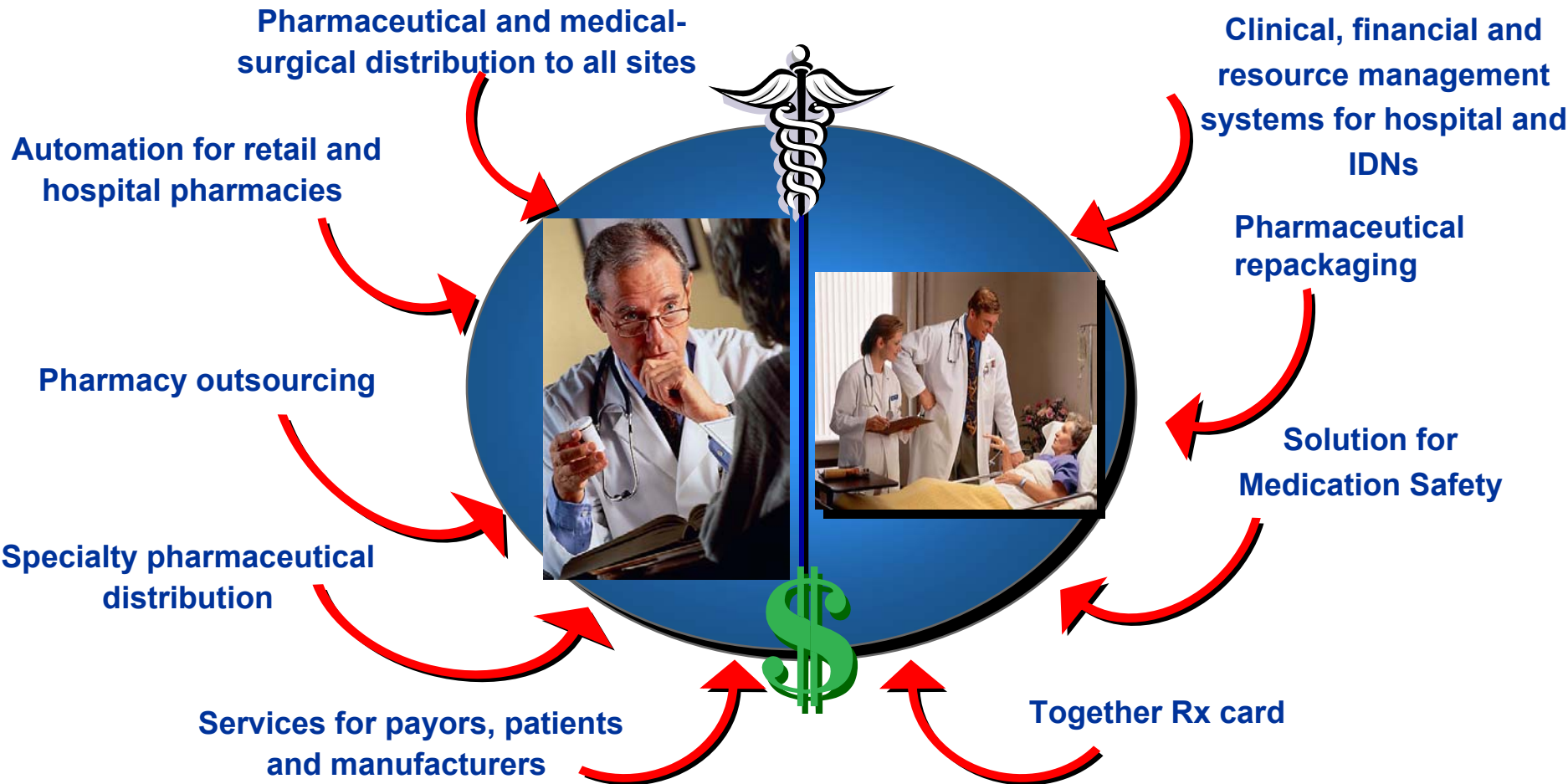
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**Build strong, lasting, value-driven relationships  
with customers and suppliers**



- **Create long-term relationships based on custom solutions that deliver ROI and quality**
- **Sell McKesson's comprehensive solutions**
- **Innovate with offerings that address emerging healthcare challenges**

# McKesson Solutions Improve Quality and Reduce Cost



**Opportunity to Create Unique Solutions**

# FY04 Financial Results

(\$ in millions)

	4th Quarter			Full Year		
	FY03	FY04		FY03	FY04	
<b>Revenues</b>						
Pharmaceutical Solutions*	\$ 13,889	\$ 16,974	22%	\$ 53,238	\$ 65,621	23%
Medical-Surgical	683	644	-6%	2,743	2,707	-1%
Information Solutions	314	322	2%	1,139	1,178	3%
<b>Total</b>	<b>\$ 14,886</b>	<b>\$ 17,940</b>	<b>21%</b>	<b>\$ 57,120</b>	<b>\$ 69,506</b>	<b>22%</b>
<b>Operating Profit</b>						
Pharmaceutical Solutions	\$ 301	\$ 269	-11%	\$ 988	\$ 933	-6%
Medical-Surgical	17	26	53%	65	92	40%
Information Solutions	36	106	195%	94	190	102%
<b>Total</b>	<b>\$ 354</b>	<b>\$ 401</b>	<b>13%</b>	<b>\$ 1,148</b>	<b>\$ 1,215</b>	<b>6%</b>
<b>Operating Margin %</b>						
Pharmaceutical Solutions*	2.17%	1.58%	(59) bp	1.86%	1.42%	(44) bp
Medical-Surgical	2.47%	4.04%	157 bp	2.38%	3.38%	100 bp
Information Solutions	11.44%	33.13%	2169 bp	8.29%	16.16%	787 bp
<b>Net Income</b>	<b>\$ 179</b>	<b>\$ 214</b>		<b>\$ 555</b>	<b>\$ 647</b>	
<b>EPS</b>	<b>\$ 0.61</b>	<b>\$ 0.73</b>	<b>20%</b>	<b>\$ 1.88</b>	<b>\$ 2.19</b>	<b>16%</b>

\* Includes Warehouse Sales

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# Pharmaceutical Solutions Summary

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- **Strong pharmaceutical distribution revenue growth in both U.S. and Canada**
- **Making progress to improve economics with manufacturers, sound strategies to stabilize pricing to customers**
- **New agreement with VA takes effect May 10**
- **Rx Savings Access card approved by CMS**
- **Disease management programs for 7 states**

# Medical-Surgical Solutions Summary

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- **Operating plan continues to deliver results**
- **Strong growth in alternate sites**
- **Expanded pharmaceuticals/vaccine program drives 13% growth in physician offices**
- **Acquisition of Moore Medical April 1**

# Provider Technologies Summary

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- **Revenue growth modest – software revenues impacted by complex clinical installations and slower demand for non-clinical software**
- **Customer satisfaction and product innovation continue to increase**
- **Reorganization should enhance product integration and selling effectiveness under One McKesson strategy**

# Fiscal 2005 Outlook and Long-term Goals

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- **FY05 expectation: \$2.20 to \$2.35 per share, first half down modestly, stronger growth in second half**
- **Grow revenues at or above 10% per year, achieve EPS growth in the mid-teens once the changes in business are completed**



**Create Value for Suppliers, Customers and Shareholders**

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