McKESSON
Empowering Healthcare

J.P. Morgan Healthcare Conference

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John H. Hammergren
Chairman and Chief Executive Officer

Safe Harbor Clause

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. Financial information is presented here in summary form. Full details are provided in the Company's most recent 10-K report. All of this information is available at www.mckesson.com. The Company assumes no obligation to update or revise any such statements, whether as a result of new information or otherwise.

McKesson At-a-Glance

- $87 billion in revenues in FY06 – #16 in Fortune 500
- Three segments: Pharmaceutical Solutions, Medical-Surgical Solutions, Provider Technologies
- More than 26,000 employees
- 304 million shares outstanding
- $15 billion market cap
- Founded 1833, headquartered in San Francisco

Factors Driving Sustained Value Creation at McKesson

- Unique value proposition in growing healthcare services markets
- Strong and growing global businesses:
  - Solid operating profit from core pharmaceutical distribution business
  - Upside opportunities from higher-growth, higher-margin businesses
- Track record of improving financial performance and balanced capital deployment
- Experienced and deep management team with strategic vision
- Commitment to shareholder-focused, contemporary corporate governance practices

Sustained Value Creation

Strong Performance FY07 YTD

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- U.S. pharmaceutical distribution business is better than ever:
  - Stronger relationships with manufacturers, improved visibility and solid cash flow
  - Stable buy and sell side margins, significant growth in generics and opportunities for cost efficiencies drive margin expansion over the longer term
- Medical-Surgical distribution business is focused on higher-growth, higher-margin customer segments following sale of acute care business
- Increased use of information technology by providers to improve clinical outcomes and acceleration in implementations is driving strong revenue growth and margin expansion in Provider Technologies

Q2 YTD Financial Results

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($ in Millions except EPS)

	FY 2007	FY 2006	Chg
Revenues			
Pharmaceutical Solutions	$ 43,688	$ 40,258	*9%*
Medical-Surgical Solutions	1,157	985	*17%*
Provider Technologies	856	710	*21%*
	$ 45,701	$ 41,953	*9%*
Operating Profit			
Pharmaceutical Solutions	$ 617	$ 554	*11%*
Medical-Surgical Solutions	45	41	*10%*
Provider Technologies	68	57	*19%*
	$ 730	$ 652	*12%*
Net Income*	$ 384	$ 353	*9%*
EPS*	$ 1.25	$ 1.12	*12%*

** Net Income and EPS from Continuing Operations excluding the securities litigation charge (credit)*

How McKesson Helps Transform Healthcare

- Ensuring the safe and timely delivery of vital medications and supplies using our distribution system, scale and supply chain excellence
- Improving health outcomes and patient safety by developing processes and technologies to optimize care and reduce errors
- Making healthcare more convenient, personal and effective for patients
- Smoothing information and revenue flows by streamlining interactions between clinicians, payors and patients
- Ensuring that healthcare dollars are well spent

McKesson at the Center of Healthcare

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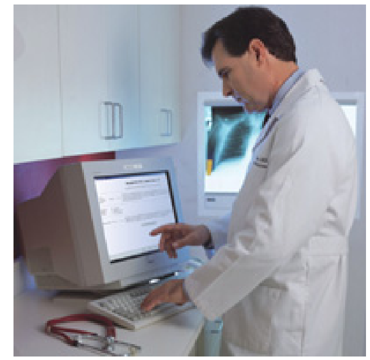
$1.6 billion of drugs per week to 25,000 pharmacies – 35% of drugs in North America

Disease management for 1.5 million Medicaid and Medicare patients

Scanning 300 million doses per year to prevent 332,000 med errors each week

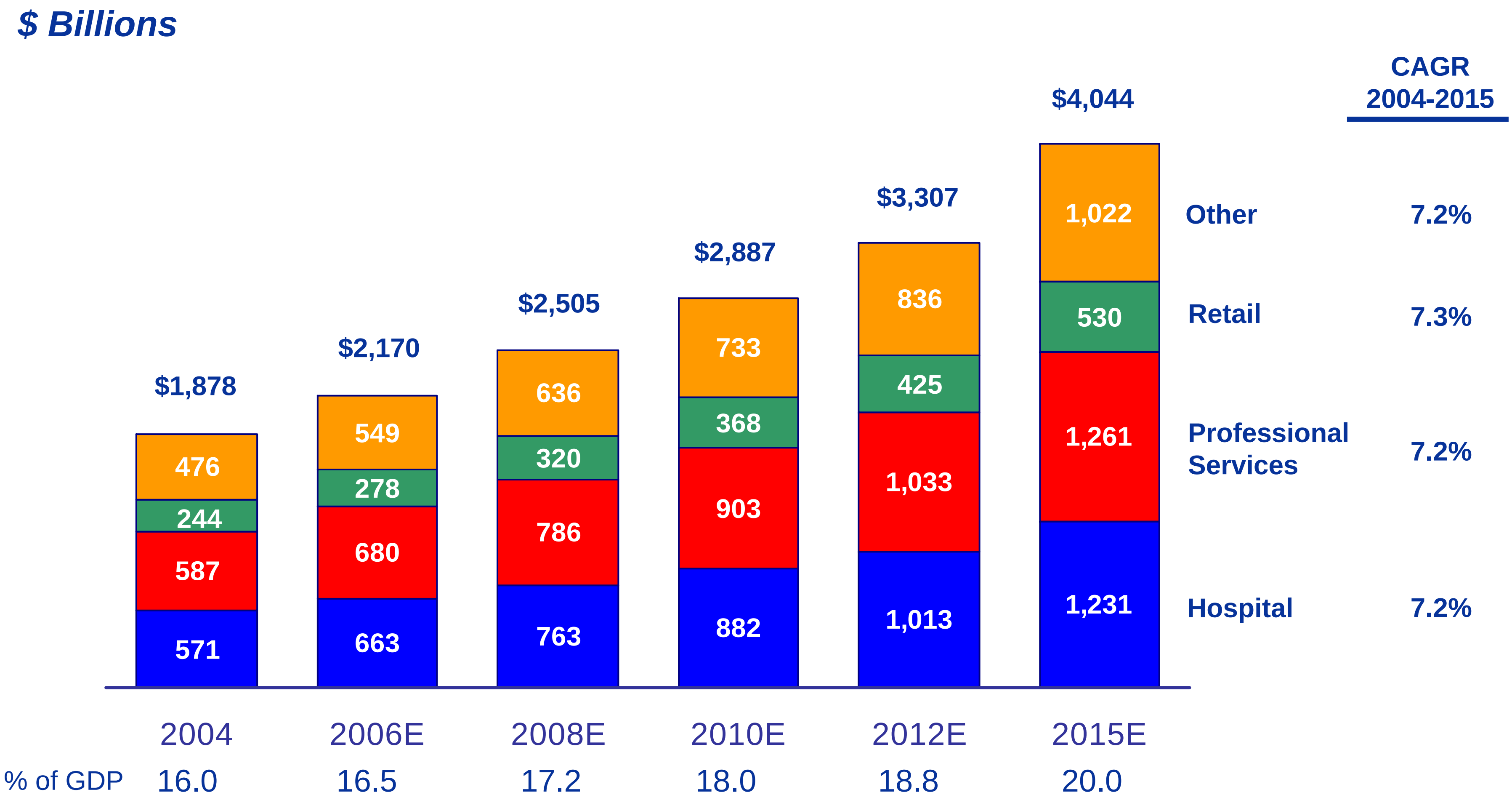
Diagnostic care guidelines for 3,500 health plans, hospitals and government agencies



Information solutions used by 3,500 hospitals, 200,000 physicians, 500,000 nurses and 600 payors

$1.7 billion per month of pharmaceuticals via the Internet

Healthcare Spending Drives Growth Opportunities



Source: *Health Affairs*, February 2006; CMS

Leading Market Positions in All Three Segments

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Pharmaceutical Solutions	Medical-Surgical Solutions	Provider Technologies
#1 in U.S., Canada, and Mexico #1 generics distributor Large Rx repackaging Specialty distribution & patient services for manufacturers #1 in medical management software and services for payors #1 in disease management for Medicaid agencies	#1 in primary care #1 in extended care Private label product offerings Rapid growth in physician office pharmaceuticals and equipment	63% of U.S. health systems Leader in clinical, revenue cycle, and resource management solutions More "Best in KLAS" products than any other vendor #1 hospital automation Emerging business in U.K and France
$83.4 billion revenues **$1.2 billion op profit**	**$2.0 billion revenues** **$83 million op profit**	**$1.5 billion revenues** **$143 million op profit**

Notes: Financial information for year ending FY06.
Financial results for Medical-Surgical Solutions have been restated and annualized to reflect the sale of the Acute Care business.

Long-term Relationships with Global Healthcare Leaders

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RITE AID
Vanderbilt University Medical Center
Department of Veterans Affairs – United States of America
NHS nhs.uk
Mississippi Division Of Medicaid
WAL★MART
COSTCO WHOLESALE
Duke University Medical Center
Tenet
TARGET
Aetna
Triad Hospitals, Inc.
IASIS Healthcare®
CIGNA A Business of Caring.
CVS/pharmacy
HCA Hospital Corporation of America
U
UNIPRIX
CAREMARK
Omnicare
Service de Santé des Armées
SAFEWAY INC.
WAL★MART MEXICO

Six Years of Strong Revenue Growth

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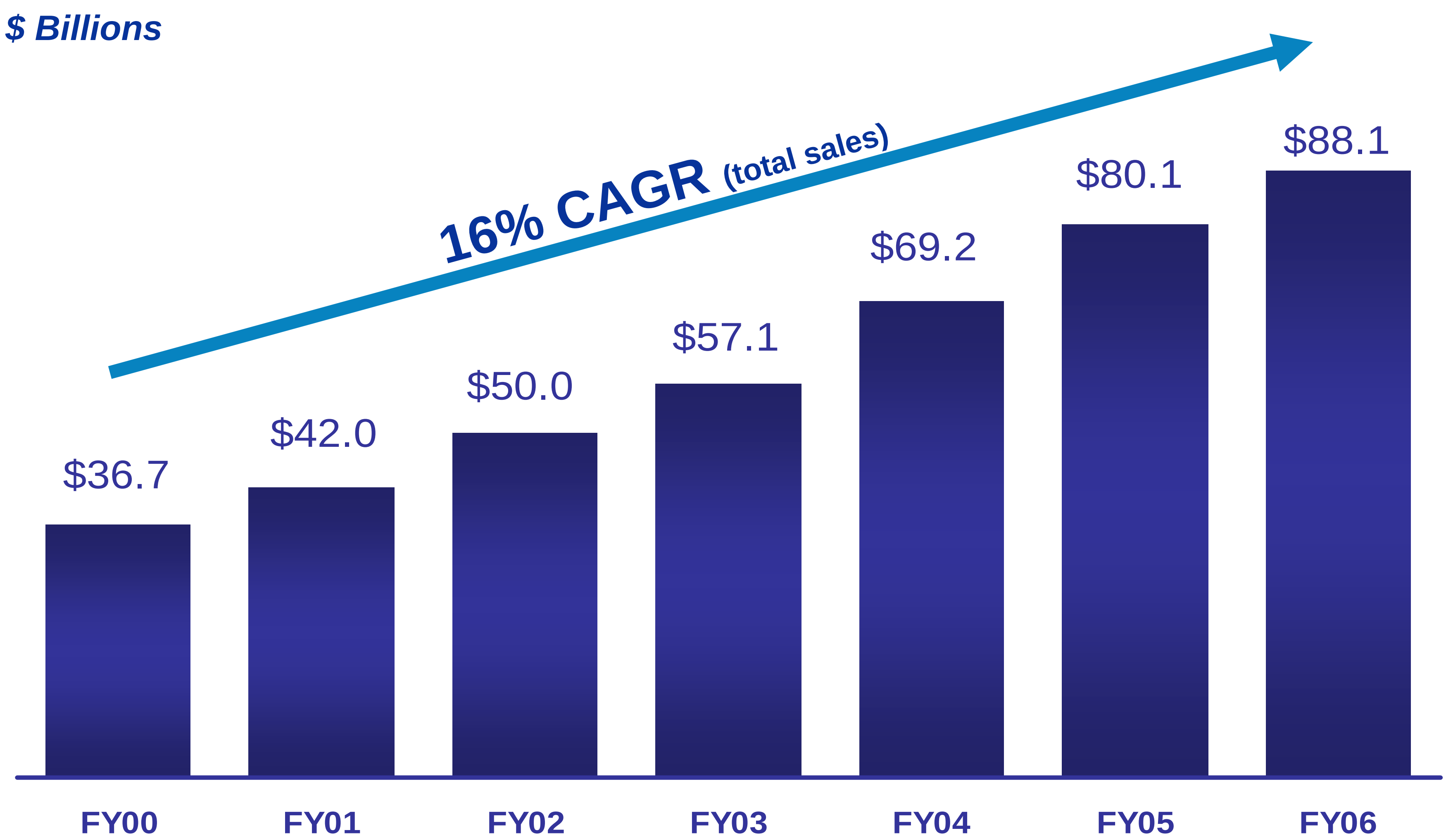

Note: Not adjusted for sale of acute care medical surgical business 9/30/06

Outstanding Relative Growth Performance Among U.S. Largest Companies

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1998

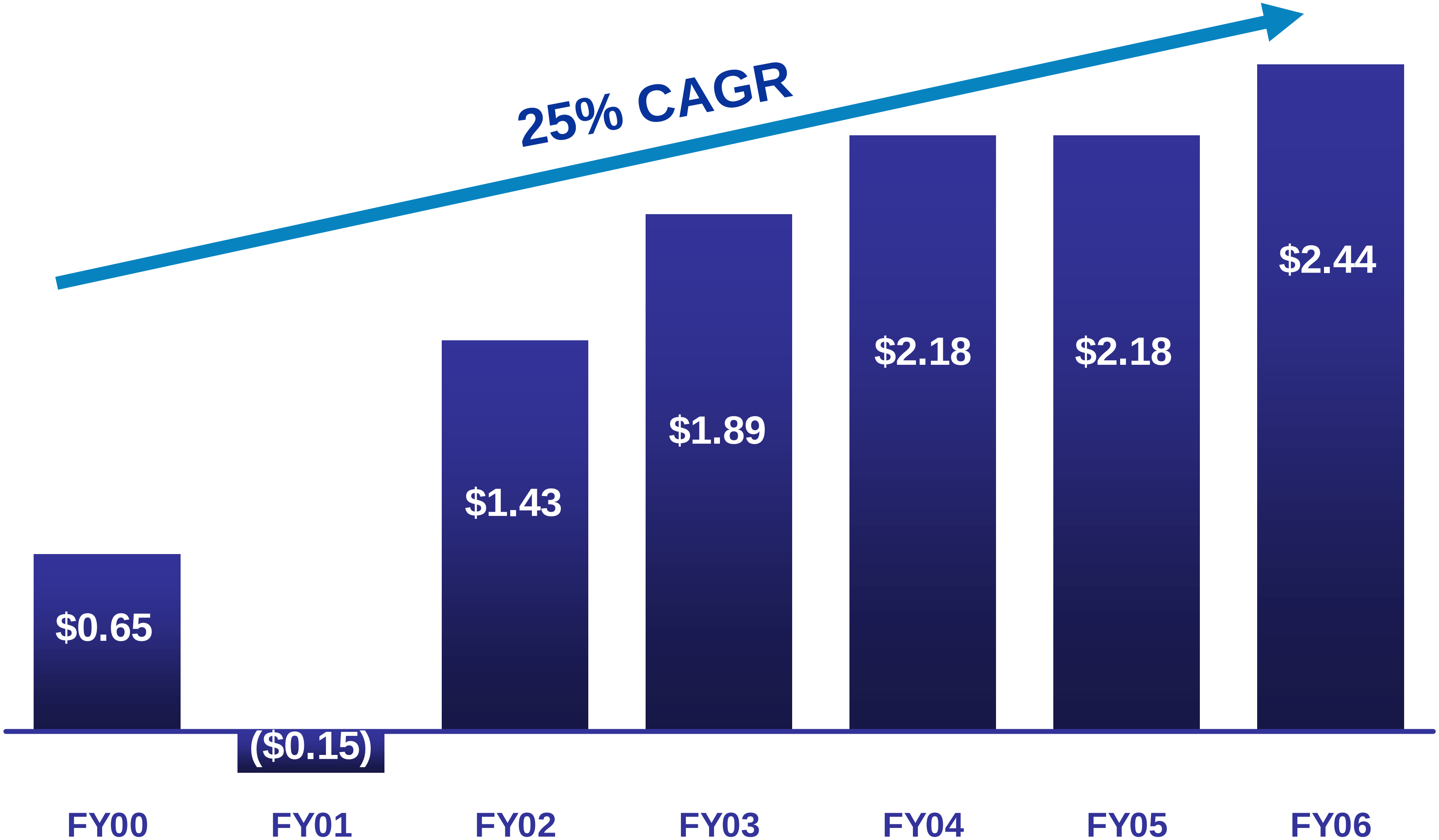
Rank	Company	Revenue ($MM)
101	Delta Air Lines	13,590.0
102	Ashland	13,567.0
103	Viacom	13,504.5
104	Alcoa	13,481.7
105	**McKesson**	**13,478.8**
106	Northwestern Mutual	13,429.9
107	Dynegy	13,378.4
108	Walgreen	13,363.0
109	Hartford Financial Services	13,305.0
110	Time Warner	13,294.0

2006

Rank	Company	Revenue ($MM)
11	Hewlett-Packard	$86,696.0
12	Bank of America Corp.	83,980.0
13	Berkshire Hathaway	81,663.0
14	Home Depot	81,511.0
15	Valero Energy	81,362.0
16	**McKesson**	**80,514.6**
17	J.P. Morgan Chase and Co.	79,902.0
18	Verizon Communications	75,111.9
19	Cardinal Health	74,915.1
20	Altria Group	69,148.0

Source: Fortune Magazine

Revenue Growth Leveraged into Higher EPS (from continuing operations)*



* EPS from continuing operations, excluding securities litigation charges, not adjusted for sale of acute care medical surgical business 9/30/06

$6.3 Billion in Cash Flow from Operations in the Last 4-1/2 Years

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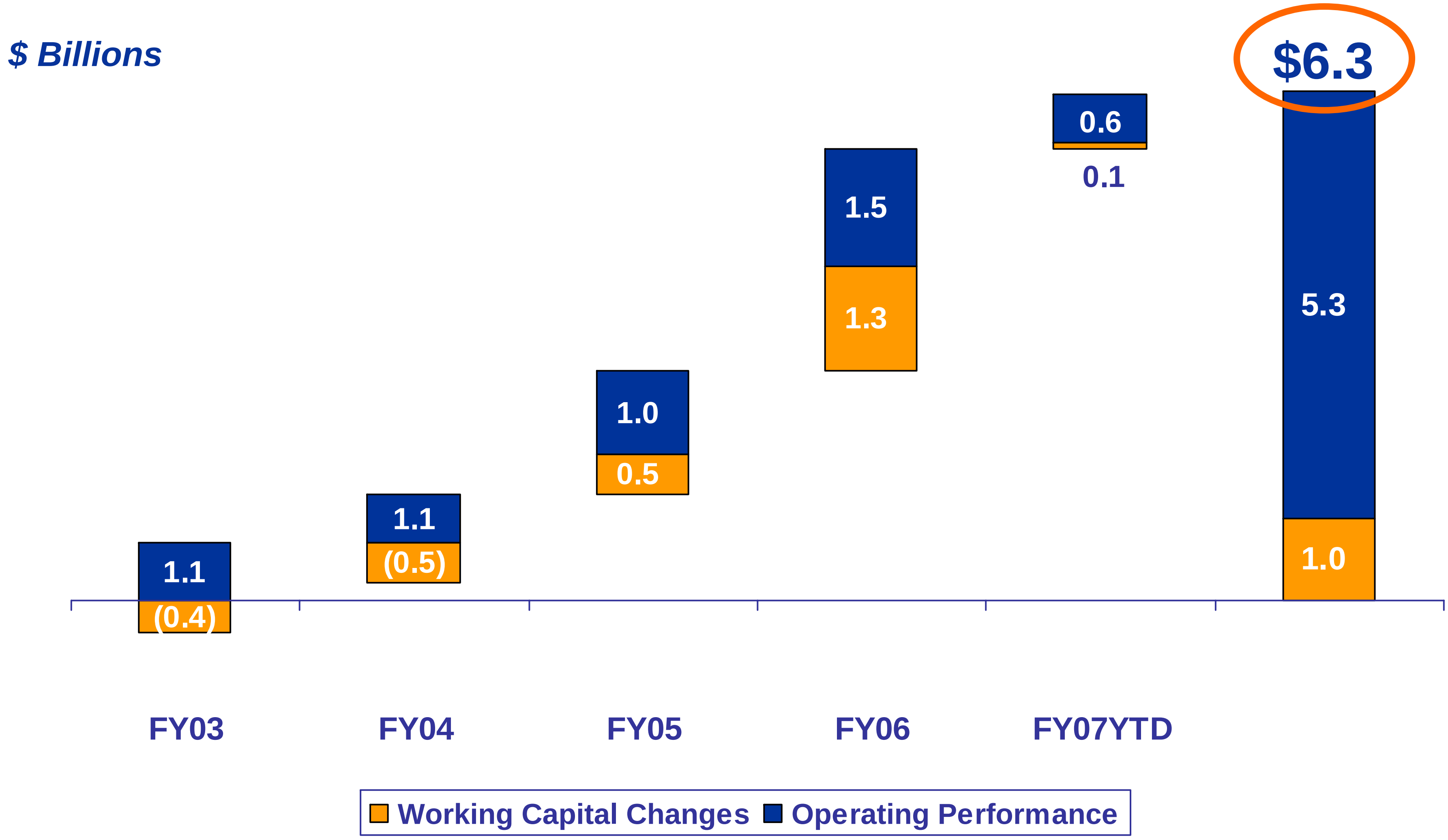

Portfolio Approach to Capital Deployment

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- Acquisitions
  - Synergistic opportunities
  - Accretive/Value add in line with long term strategy
- Measured share repurchase over time
- Solid dividend policy periodically reviewed
- Internal investment

Increased financial flexibility to continue to execute our strategy

Capital Deployed Since FY03 for Value Creation

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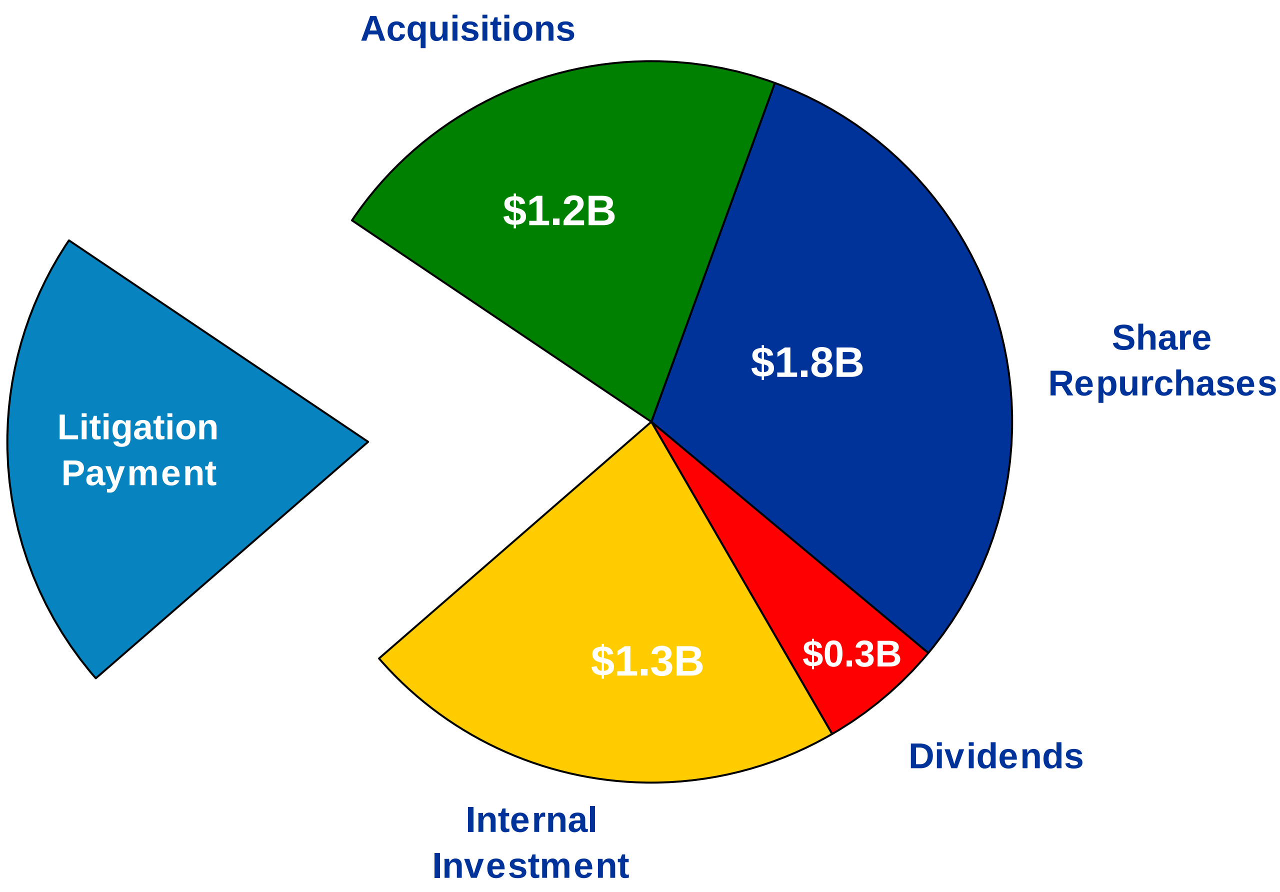

$4.6 Billion of Value-Creating Uses

Market-leading Momentum in Pharmaceutical Solutions Continues

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- Stronger relationships with branded pharmaceutical manufacturers and increased visibility to compensation
- Growing generics franchise
- Expanding customer base in hospitals and mail order
- Six Sigma and information technology drive quality improvements and operating efficiency
- Expanding footprint in Canada and Mexico
- Growing Payor Business driven by expanding disease management market and payor software product offering

Four Levers for Operating Margin Expansion

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+

Generics

Large volume of branded drugs scheduled for conversion creates significant profit opportunity

Mfr. Comp.

Stable with opportunity to expand

-

Sell Margin

Stable with opportunity to expand

Operating Expenses

Programs to control costs, increase efficiencies

Goal of Pharma Operating Margin: 150 to 200 bp

FY05	FY06	FY07
1.41%	1.45%	expect to be in range

Generics Wave Provides Benefits Across Healthcare in the U.S.

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'05 – '09 Patent Expiry – Branded Value

$ Billions

Source: FDA; IMS Health; Bernstein Analysis

- McKesson is the largest distributor of generics
- International generics sourcing program
- New GenericsConnect telemarketing program enhances relationships with existing customers
- Offer generics programs to meet needs of all customer segments

Pharmaceutical Solutions Positive Outlook

- Demographics drive drug utilization
- Influx of new generics and increasing penetration for proprietary programs drives margin expansion
- Track record for controlling operating expenses
- Stable relationships with manufacturers and customers
- Growth opportunities continue in disease management and payor software

Market-leading Momentum Continues in Provider Technologies

- Great relationships with installed customer base based on value delivered
- Highly-rated customer support & service, product innovation
- Strongest and most-comprehensive clinical solutions
- Unique solutions in Patient Safety and Imaging have driven sales beyond installed base of customers
- Best-practice implementations accelerate revenue recognition
- Emerging opportunities in physician and consumer-directed healthcare

Traditional HIT Markets at an Inflection/Transition Point

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Last 3 years

- Large-scale, net new clinical buying
- First-time PACS buying in larger end of hospital market
- Emerging ambulatory EMR market
- Little revenue cycle activity

Next 3 years

- Incremental purchases to round out clinical suite
- PACS replacements in large hospitals; net new buying in smaller end
- Accelerating ambulatory penetration
- Accelerating revenue cycle buying

McKesson Customer Metrics Demonstrate Leading Market Position

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100K users log on to Horizon Physician Portal 3.4 million times per month

1,500,000 clinicians rely on our automated clinical documentation

114,000 physicians view & sign medical records daily in Horizon document imaging system

Bedside bar-code scanning issues 332K med errors every week

300 million exams are stored in Horizon Medical Imaging

Our best customers have achieved $1.25 billion in revenue cycle improvements

Last year, McKesson processed 274 million claims worth $148 billion

The Basics - Safe, Efficient Care in the Hospital

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- Automated physician order entry and clinical decision support
- Medical imaging tools for advanced diagnostics
- Bar-code scanning at the bedside
- Clinical analytics for quality reporting

Drive Physician Connectivity

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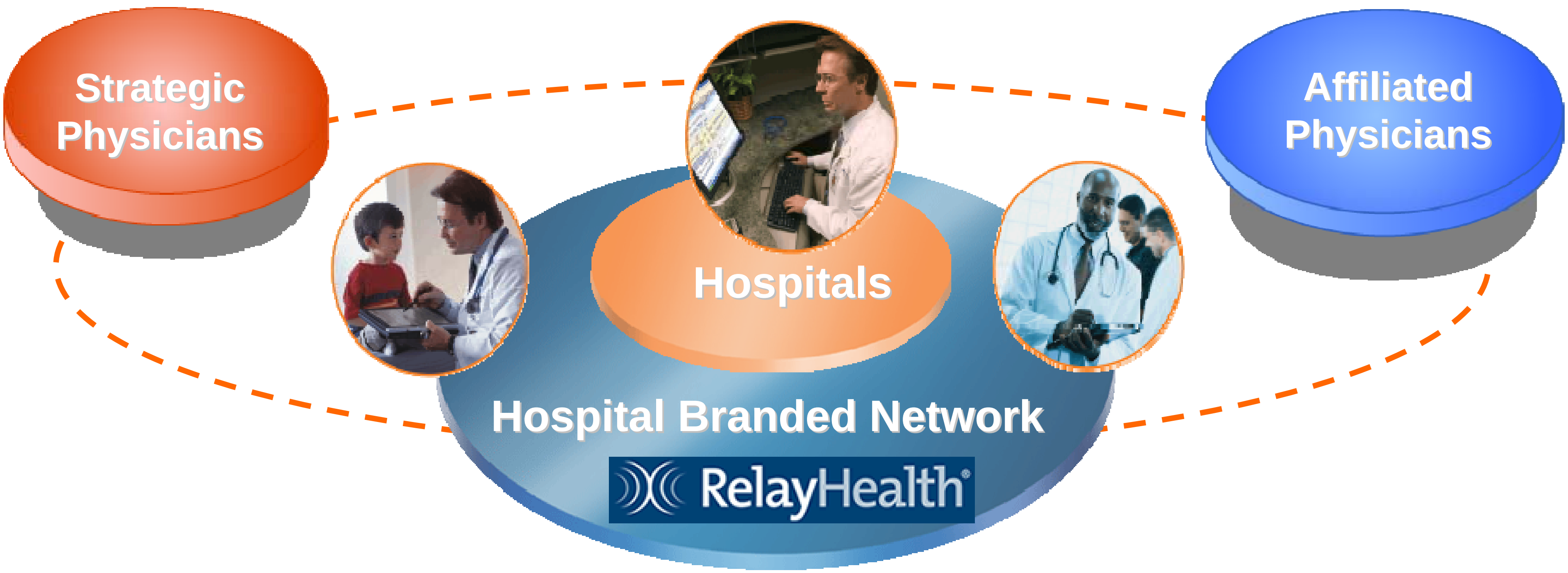

Engage Consumers in Managing Their Own Health

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Connectivity

- Collaboration
  - Physicians
  - Care managers
  - Patients
- Secure exchange
- Online care coordination

Communication

- WebVisit® - between patients and providers
- Results
- Pharmacy refills

Convenience

- Request appointments
- Pay bills
- Check eligibility

Coaching

- Chronic care support
- In-home monitoring services

Manage the Business of Healthcare

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Connect the Business

Consumer	Financial Institution	Payor
		
▪ Financial clearance ▪ Financial settlement ▪ Self-service	▪ "Smarter" swipe cards ▪ "All-payment" processing ▪ Expanded EFT transactions	▪ HSA/FSA crossover ▪ Payor-based health record ▪ Transparency

Per-Se Builds Scale and Deepens Market Penetration

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- Key solution areas
  - Software for physicians, hospitals and pharmacies
  - Electronic clearinghouses and transactions
  - Revenue cycle outsourcing
- Complementary customer base
  - 3,000 retail pharmacies
  - 3,000 hospitals
  - 17,000 hospital-based MDs
  - >100,000 MDs in small practices
- Connections with 50,000 pharmacies – 70% of all pharmacy claims
- One of the largest electronic clearinghouses with 8 billion healthcare transactions annually

Per-Sé® TECHNOLOGIES

Meeting Our Customers' Needs By Making the Linkages Across McKesson

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Diluted EPS Reconciliation

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($ and shares in millions, except EPS)

	FY04	FY05	FY06
Net income (loss), continuing ops - as reported	$ 643	$ (160)	$ 737
Exclude:			
Securities Litigation charges, net	-	1,200	45
Estimated income tax benefit	-	(390)	(15)
	-	810	30
Net income, continuing ops, excluding Securities Litigation charges	$ 643	$ 650	$ 767
Diluted earnings per common share, continuing ops, excluding Securities Litigation charges (1) (2)	$ 2.18	$ 2.18	$ 2.44
Shares on which diluted earnings per common share were based (2)	299	294	316

(1) Certain computations may reflect rounding adjustments.
(2) For the years ended March 31, 2006, 2005 and 2004, interest expense, net of related income taxes, of $1 million, $6 million and $6 million has been added to net income, excluding the Securities Litigation charges, for purposes of calculating diluted earnings per share. This calculation also includes the impact of dilutive securities (stock options, convertible junior subordinated debentures and restricted stock).

Diluted EPS Reconciliation

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($ and shares in millions, except EPS)

	Q2 YTD FY06	Q2 YTD FY07
Net income, continuing ops - as reported	$ 318	$ 471
Exclude:		
Securities Litigation charges, net	52	(6)
Estimated income tax benefit	(17)	2
Income tax reserve reversal	-	(83)
	35	(87)
Net income, continuing ops, excluding Securities Litigation charges/(credits)	$ 353	$ 384
Diluted earnings per common share, continuing ops, excluding Securities Litigation charges (1) (2)	$ 1.12	$ 1.25
Shares on which diluted earnings per common share were based (2)	315	307

(1) Certain computations may reflect rounding adjustments.
(2) For the 6 months ended September 30, 2005, interest expense, net of related income taxes, of $1 million has been added to net income, excluding the Securities Litigation charges, for purposes of calculating diluted earnings per share. This calculation also includes the impact of dilutive securities (stock options, convertible junior subordinated debentures and restricted stock).