

EXHIBIT B-1

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

IN RE MCKESSON CORPORATION
DERIVATIVE LITIGATION

Case No. 4:17-cv-1850-CW

The Honorable Claudia Wilken

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF
STOCKHOLDER DERIVATIVE ACTIONS**

A federal court authorized this Notice. This is not a solicitation from a lawyer.

TO: ALL PERSONS OR ENTITIES WHO OR WHICH HELD SHARES OF MCKESSON CORPORATION (“MCKESSON” OR THE “COMPANY”) COMMON STOCK AS OF THE CLOSE OF TRADING ON FEBRUARY 10, 2020.

The purpose of this Notice is to inform you of: (i) the pendency of the stockholder derivative action styled as *In re McKesson Corp. Derivative Litigation*, Case No. 4:17-cv-01850-CW, pending in the United States District Court for the Northern District of California, Oakland Division (the “California Court”), and the stockholder derivative action pending in the Court of Chancery of the State of Delaware (the “Delaware Court”), styled as *In re McKesson Corp. Stockholder Derivative Litigation*, Consol. C.A. No. 2017-0736-SG (the “Delaware Action” and, together with the California Action, the “Actions”); (ii) a proposed settlement of the Actions (the “Settlement”), subject to approval of the California Court, as provided in the Stipulation and Agreement of Compromise, Settlement, and Release dated as of December 11, 2019 (the “Stipulation”); (iii) the hearing that the California Court will hold on April 21, 2020, at 2:30 p.m. to determine whether to approve the proposed Settlement and to consider the application by Plaintiffs’ Lead Counsel, on

behalf of all Plaintiffs' Counsel,¹ for an award of attorneys' fees and litigation expenses; and (iv) McKesson stockholders' rights with respect to the proposed Settlement and Plaintiffs' Lead Counsel's application for attorneys' fees and expenses.²

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.
YOUR RIGHTS WILL BE AFFECTED BY THE PROPOSED
SETTLEMENT OF THIS ACTION.**

The Stipulation was entered into as of December 11, 2019, between and among (i) plaintiffs in the California Action, Eli Inzlicht; Vladimir Gusinsky, as Trustee for the Vladimir Gusinsky Living Trust; Chaile Steinberg; Michael Berent, Trustee of the Police & Fire Retirement System City of Detroit ("Detroit P&F"); and Amalgamated Bank, as Trustee for Longview Largecap 500 Index Fund and Longview Largecap 500 Index VEBA Fund ("Amalgamated") (collectively, the "California Plaintiffs"); (ii) plaintiffs in the Delaware Action, Katielou Greene and Charles Ojeda (collectively, the "Delaware Plaintiffs" and, together with the California Plaintiffs, "Plaintiffs"); (iii) current and former defendants in the California Action and/or the Delaware Action, Andy Bryant; Wayne A. Budd; John Hammergren; M. Christine Jacobs; Marie L. Knowles; Edward Mueller; Donald Knauss; Susan Salka; N. Anthony Coles; Alton Irby III; David Lawrence; Jane Shaw; Lauren Seeger; Paul Julian; and Mark Walchirk (collectively, "Defendants")³; (iv) the Special Litigation Committee formed by the Board of Directors of Nominal Defendant McKesson Corporation (the "SLC"); and (v) nominal defendant McKesson Corporation ("McKesson" or the "Company" and together with Plaintiffs, Defendants, and the SLC, the "Parties"), subject to the approval of the California Court pursuant to Rule 23.1 of the Federal Rules of Civil Procedure.

¹ "Plaintiffs' Counsel" consist of the law firms of Hagens Berman Sobol Shapiro LLP; Gardy & Notis, LLP; Block & Leviton LLP; Bernstein Litowitz Berger & Grossmann LLP; Grant & Eisenhofer P.A.; HGT Law; Safirstein Metcalf LLP; and Levi & Korsinsky, LLP. Hagens Berman Sobol Shapiro LLP and Gardy & Notis, LLP are "Plaintiffs' Lead Counsel" in the California Action.

² All capitalized terms not otherwise defined in this Notice shall have the meaning provided in the Stipulation, which is available at the "Investor Relations" section of the Company's website, investor.mckesson.com.

³ The California Court previously dismissed all claims asserted against Donald Knauss and Susan Salka in the California Action.

As described on pages 9 and 10, below, the Settlement provides for: (i) a cash payment of \$175,000,000, which, after any deductions for attorneys' fees and expenses for Plaintiffs' Counsel and any applicable taxes and tax expenses, will be paid to the Company; and (ii) certain corporate governance changes that McKesson has agreed to implement in connection with the Settlement.

Because the Actions were brought as derivative actions, which means that the Actions were brought by Plaintiffs on behalf of, and for the benefit of, McKesson, the cash recovery from the Settlement will go to the Company. Individual McKesson stockholders will not receive any direct payment from the Settlement.

PLEASE NOTE: THERE IS NO PROOF OF CLAIM FORM FOR STOCKHOLDERS TO SUBMIT IN CONNECTION WITH THIS SETTLEMENT, AND STOCKHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE.

WHAT IS THE PURPOSE OF THIS NOTICE?

The purpose of this Notice is to explain the Actions, the terms of the proposed Settlement, and how the proposed Settlement affects McKesson stockholders' legal rights.

In a derivative action, one or more persons or entities who are current stockholders of a corporation sue on behalf of, and for the benefit of, the corporation, seeking to enforce the corporation's legal rights. In this case, Plaintiffs have filed suit against Defendants on behalf of, and for the benefit of, McKesson.

The California Court has scheduled a hearing to consider the fairness, reasonableness, and adequacy of the Settlement and the application by Plaintiffs' Lead Counsel for an award of attorneys' fees and expenses (the "Settlement Fairness Hearing"). See pages 15 and 16, below, for details about the Settlement Fairness Hearing, including the location, date, and time of the hearing.

WHAT ARE THESE CASES ABOUT? WHAT HAS HAPPENED SO FAR?

THE FOLLOWING DESCRIPTION OF THE ACTION AND THE SETTLEMENT HAS BEEN PREPARED BY COUNSEL FOR THE PARTIES AND DOES NOT CONSTITUTE FINDINGS OF THE CALIFORNIA COURT OR THE DELAWARE COURT. IT SHOULD NOT BE UNDERSTOOD AS

AN EXPRESSION OF ANY OPINION OF THE COURTS AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES OR THE FAIRNESS OR ADEQUACY OF THE PROPOSED SETTLEMENT.

On May 2, 2008, McKesson entered into a settlement agreement with the U.S. Department of Justice (“DOJ”), through six different United States Attorney’s offices (collectively, the “2008 Settlement”), to settle civil and administrative claims relating to the Company’s distribution of controlled substances. In connection with the 2008 Settlement, McKesson agreed to pay \$13.25 million in civil penalties and temporarily suspend its license to distribute certain Schedule III controlled substances at two of its distribution centers. As a further condition of the 2008 Settlement, McKesson was required to establish and implement a compliance program—known as the “Controlled Substances Monitoring Program” or “CSMP”—designed to detect and prevent diversion of controlled substances as required under applicable Drug Enforcement Agency (“DEA”) regulations.

On January 17, 2017, McKesson and the DOJ, on behalf of the DEA, announced a settlement agreement whereby McKesson would pay \$150 million to settle potential administrative and civil claims related to investigations about the Company’s suspicious order reporting for controlled substances and alleged non-compliance with the 2008 Settlement (the “2017 Settlement”). McKesson agreed in connection with the 2017 Settlement to suspend sales of controlled substances from certain of its distribution centers and to implement certain compliance procedures and establish certain internal controls.

CALIFORNIA COURT PROCEEDINGS

On January 31, 2017, a McKesson stockholder commenced a shareholder derivative action in the California Court captioned as *Silverman v. Bryant, et al.*, Case No. 4:17-cv-00494-CW (the “Silverman Action”) against Defendants Bryant, Budd, Hammergren, Jacobs, Knowles, Mueller, and Nominal Defendant McKesson asserting, among other things, that Defendants had breached their fiduciary duties by failing to implement and oversee the Company’s operations concerning the sale and shipment of opioid drugs.

On April 3, 2017, Plaintiff Inzlicht commenced a derivative action in the California Court captioned as *Inzlicht v. Bryant, et al.*, Case No. 4:17-cv-01850-CW (the “Inzlicht Action”) asserting claims similar to the Silverman Action.

On May 9, 2017, Inzlicht filed a motion to consolidate the Silverman Action and Inzlicht Action and to appoint lead counsel.

On May 22, 2017, Silverman filed a motion for voluntary dismissal of the Silverman Action, which the California Court granted on June 6, 2017.

On July 26, 2017, Plaintiff Gusinsky, who had obtained books and records from McKesson through a pre-litigation demand made pursuant to Section 220 of the Delaware General Corporation Law, filed a derivative action in the California Court captioned as *Gusinsky v. Bryant, et al.*, Case No. 5:17-cv-4248-SVK (the “Gusinsky Action”) asserting claims similar to the Inzlicht Action.

On October 9, 2017, the California Court entered an order relating the Inzlicht Action and the Gusinsky Action and consolidating the Gusinsky Action into the Inzlicht Action (hereafter, the “California Action”).

On December 1, 2017, Plaintiffs Inzlicht and Gusinsky filed a motion to appoint Hagens Berman Sobol Shapiro LLP and Gardy & Notis LLP as co-lead counsel for all derivative plaintiffs in the California Action (the “Lead Counsel Motion”). On December 19, 2017, the California Court granted the Lead Counsel Motion.

On December 22, 2017, Defendants Bryant, Budd, Hammergren, Jacobs, Knowles, Mueller, and Nominal Defendant McKesson filed a motion to stay the California Action in favor of the pending actions in the Delaware Court (the “Motion to Stay”).

On December 29, 2017, Plaintiffs Inzlicht and Gusinsky filed a verified shareholder derivative consolidated amended complaint in the California Action (the “Amended Complaint”), in which Plaintiffs asserted claims against Defendants Bryant, Budd, Coles, Hammergren, Irby, Jacobs, Knauss, Knowles, Lawrence, Mueller, Salka, and Shaw.

On January 5, 2018, McKesson and the Defendants named in the Amended Complaint filed motions to dismiss the Amended Complaint (collectively, the “Motions to Dismiss”).

On May 14, 2018, the California Court issued an order denying the Motion to Stay and denying in part the Motions to Dismiss (the “May 14, 2018 Order”), in which the California Court: (i) dismissed Plaintiffs’ claims for insider trading, dismissed the claim for breach of fiduciary duty against Defendant Coles, and dismissed all claims against Defendants Knauss and Salka; and (ii) held, among

other things, that with respect to other Defendants named in the Amended Complaint, Plaintiffs (a) adequately pled demand futility, (b) sufficiently alleged a substantial likelihood of director oversight liability based on conscious failure to oversee the CSMP, and (c) adequately pled a claim for waste of corporate assets.

DELAWARE COURT PROCEEDINGS

On October 17, 2017, Plaintiff Steinberg, who had obtained books and records from McKesson through a pre-litigation demand made pursuant to Section 220 of the Delaware General Corporation Law (the “Steinberg 220 Documents”), filed a derivative action captioned as *Steinberg v. Bryant et al.*, C.A. No. 2017-0736-SG (the “Steinberg Action”) in the Delaware Court asserting claims similar to those raised in the California Action.

On November 7, 2017, Defendants Bryant, Budd, Hammergren, Irby, Jacobs, Knowles, Lawrence, Mueller, Seeger, Shaw, and Nominal Defendant McKesson filed a motion to dismiss the verified shareholder derivative complaint filed in the Steinberg Action (the “Delaware Motion to Dismiss”).

On November 8, 2017, Plaintiff Detroit P&F, which had negotiated access to and received the Steinberg 220 Documents, filed a derivative action captioned as *Detroit P&F v. Bryant et al.*, C.A. No. 2017-0803-SG (the “Detroit P&F Action”) in the Delaware Court asserting claims similar to those raised in the Steinberg Action.

On December 8, 2017, Plaintiffs Amalgamated Bank and Ojeda filed a derivative action in the Delaware Court captioned as *Amalgamated Bank et al. v. Bryant et al.*, C.A. No. 2017-0881-SG (the “Amalgamated Action”) asserting claims similar to those raised in the Steinberg Action and Detroit P&F Action.

The Steinberg Action, Detroit P&F Action, and the Amalgamated Action were consolidated by order of the Delaware Court on January 12, 2018, under the caption *In re McKesson Corp. Stockholder Derivative Litigation*, Consol. C.A. No. 2017-0736-SG (the “Delaware Action”, and collectively with the California Action, the “Derivative Actions” or “Actions”).

On January 18, 2018, Plaintiff Greene filed a derivative action in the Delaware Court captioned as *Greene v. Bryant, et al.*, C.A. No. 2018-0042-SG (the “Greene Action”) asserting claims similar to those raised in the Steinberg Action, the Detroit P&F Action, and the Amalgamated Action. The Greene Action was consolidated into the Delaware Action on January 23, 2018.

On March 7, 2018, the parties to the Delaware Action conducted oral argument before the Delaware Court regarding the Delaware Motion to Dismiss.

On May 25, 2018, the Delaware Court stayed the Delaware Action in light of the California Court's May 14, 2018 Order, subject to any motion that any party might file to lift the stay.

PARTIES LITIGATE THE ACTIONS IN THE CALIFORNIA COURT

In response to a stockholder query, on March 10, 2017, McKesson's board of directors (the "Board") appointed a Special Review Committee ("SRC") comprised of directors Donald Knauss, N. Anthony Coles, and Susan Salka, to investigate senior management's and the Board's oversight of compliance with the Company's legal and regulatory obligations relating to the distribution of controlled substances. On April 20, 2018, the Board released a response to the stockholder query that included a summary of the results of the SRC's investigation.

On June 1, 2018, Plaintiffs Steinberg and Detroit P&F notified the Delaware Court that they would join the California Action.

On June 7, 2018, Plaintiffs Amalgamated Bank and Ojeda filed in the California Court a motion to intervene, appoint Amalgamated Bank and Ojeda co-lead plaintiffs, and direct Plaintiffs Inzlicht and Gusinsky and their counsel to coordinate litigation efforts with Amalgamated Bank and Ojeda in the proceedings (the "Motion to Intervene") in the California Action. On July 27, 2018, the California Court denied Ojeda's request to intervene as-of-right, granted Amalgamated Bank's motion for permissive intervention, and otherwise denied the Motion to Intervene.

On July 25, 2018, the Board appointed a Special Litigation Committee ("SLC") comprised of director Bradley E. Lerman ("Lerman") to investigate Plaintiffs' claims.

On September 12, 2018, Plaintiffs filed in the California Court a verified shareholder derivative second consolidated amended complaint in which Steinberg, Detroit P&F, and Amalgamated joined as Plaintiffs (the "California Complaint"). The California Complaint alleged, among other things, that the Defendants named therein breached their fiduciary duties to McKesson by failing to maintain effective oversight and controls in connection with McKesson's distribution of controlled substances, and further alleged that as a result of such alleged breaches of fiduciary duty, McKesson has been or will be exposed to significant actual and potential losses and expenses, including but not limited to (i) a \$150 million civil penalty agreed to

as part of the 2017 Settlement; (ii) legal expenses relating to civil litigation, congressional investigations, and regulatory investigations; and (iii) judgments or settlements paid (or potentially to be paid in the future) in connection with various civil litigation matters, including lawsuits and investigations by various state Attorneys General and a class action lawsuit filed in the United States District Court for the Northern District of Ohio (the “MDL Action”) (*see* California Complaint ¶¶ 8, 257-63).

On November 2, 2018, Defendants remaining in the California Action filed answers and affirmative defenses to the California Complaint (collectively, the “Answers”).

In the course of discovery in the California Action, Plaintiffs obtained, reviewed, and analyzed the discovery record in the MDL Action, including more than 700,000 pages of documents, the transcripts of the depositions of forty-four fact witnesses, twenty-four expert reports, and five supplemental expert reports (the “MDL Discovery Record”).

In addition to the MDL Discovery Record, Plaintiffs obtained and reviewed more than 300,000 additional pages of documents (including more than 200,000 pages produced by McKesson and certain Defendants in response to document requests served by Plaintiffs and more than 100,000 pages of documents produced by third parties in response to document subpoenas served by Plaintiffs).

THE PARTIES CONDUCT ARM’S-LENGTH NEGOTIATIONS TO RESOLVE THE ACTIONS

On March 12, 2019, counsel for the Parties, the SLC, and the Defendants’ directors and officers liability insurers (“D&O Insurers”) participated in a mediation session with Robert Meyer (“Meyer”), a professional mediator.

On April 16, 2019, counsel for the Parties and the SLC participated in an in-person settlement meeting to discuss certain proposed governance reforms. On April 26, 2019, counsel for the Parties, the SLC, and the D&O Insurers participated in a second mediation session with Meyer.

On July 10, 2019, at an in-person meeting, counsel for Plaintiffs and the SLC (including Lerman) discussed, among other things, the litigation and settlement-related matters.

On July 17, 2019, counsel for Plaintiffs met with counsel for McKesson, Defendants, and the SLC to discuss various governance reforms being considered as part of a potential settlement.

On August 8, 2019, counsel for the Parties, the SLC, and the D&O Insurers participated in a third mediation session with Meyer, the Hon. Daniel Weinstein (Ret.) (“Judge Weinstein”), and Jed D. Melnick (“Melnick”) (together with Meyer and Judge Weinstein, the “Mediators”). The mediation efforts actively continued telephonically for many weeks following the August mediation session. Following this exhaustive mediation process, the Mediators made a mediators’ proposal to the Parties, the SLC, and the D&O Insurers (the “Mediators’ Recommendation”).

As a result of the extensive, arm’s-length negotiations among the Parties and the D&O Insurers, and following the Parties’ review and consideration of the Mediators’ Recommendation, the Parties reached an agreement in principle to settle the Actions that was memorialized in a binding term sheet (the “Term Sheet”) executed on November 22, 2019. The Term Sheet set forth, among other things, the Parties’ agreement to settle and release all claims asserted in the Actions in return for a cash payment of \$175,000,000 (the “Cash Consideration”) on behalf of Defendants to the Company, and certain corporate governance reforms that McKesson has agreed to implement in connection with the Settlement, as set forth in Exhibit A to the Stipulation (the “Governance Consideration”).

On December 11, 2019, the Parties entered into the Stipulation, which reflects the final and binding agreement by and among the Parties and supersedes the Term Sheet.

On January 31, 2020, the California Court preliminarily approved the Settlement, authorized this Notice to be provided to McKesson stockholders, and scheduled the Settlement Fairness Hearing to consider whether to grant final approval of the Settlement.

<p>WHAT ARE THE TERMS OF THE SETTLEMENT?</p>
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The full terms and conditions of the Settlement are embodied in the Stipulation, which was filed with the California Court. The following is only a summary of the Stipulation.

In consideration of the full settlement and release of the Settled Plaintiffs’ Claims (defined below) against the Released Defendants’ Parties (defined below)

and the dismissal with prejudice of the Actions, Defendants and McKesson have agreed to the following:

(i) **Monetary Consideration:** In accordance with the terms of the Stipulation, Defendants shall cause to be paid by their insurers \$175,000,000 (the “Cash Consideration”) into an escrow account (the “Derivative Escrow Account”). The Cash Consideration plus any interest earned thereon (the “Cash Settlement Fund”), less (i) any Court-awarded attorneys’ fees and litigation expenses and/or any reserve to account for any potential future awards to Plaintiffs’ Counsel and (ii) any federal, state, and/or local taxes of any kind (including any interest or penalties thereon) on any income earned by the Cash Consideration while held in the Derivative Escrow Account (“Taxes”) and any tax expenses and costs incurred in connection with determining the amount of, and paying, any taxes owed on the Cash Consideration (including, without limitation, expenses of tax attorneys and accountants) (“Tax Expenses”), shall be paid from the Derivative Escrow Account to the Company no later than ten (10) business days following the Effective Date (defined below).

(ii) **Governance:** McKesson and its Board shall adopt and implement the governance provisions identified in Exhibit A to the Stipulation (the “Governance Consideration”) upon or before final approval of the Settlement.

WHAT ARE THE PARTIES’ REASONS FOR THE SETTLEMENT?

Plaintiffs, through Plaintiffs’ Counsel, have conducted an extensive investigation and engaged in discovery relating to the claims and underlying events and transactions alleged in the Actions. Plaintiffs’ Counsel have analyzed the evidence adduced during their investigation and discovery and have also researched the applicable law with respect to the claims asserted in the Actions and the potential defenses thereto. In negotiating and evaluating the terms of the Settlement, Plaintiffs and Plaintiffs’ Counsel considered the significant legal and factual defenses to Plaintiffs’ claims and the expense, length, and risk of pursuing their claims through trial and appeals. While Plaintiffs brought their claims in good faith and continue to believe that their claims have merit, Defendants vigorously argued that they had acted appropriately and are not subject to liability or damages. In light of the substantial monetary recovery and valuable governance changes achieved by the Settlement, Plaintiffs and Plaintiffs’ Counsel have determined that the proposed Settlement is fair, reasonable, adequate, and in the best interests of McKesson and

its stockholders. The Settlement provides substantial immediate benefits to McKesson without the risk that continued litigation could result in obtaining similar or lesser relief for McKesson after continued extensive and expensive litigation, including trial and the appeals that were likely to follow.

Defendants, to eliminate the burden, expense, and uncertainties inherent in further litigation, and without admitting the validity of any allegations made in the Actions, or any liability with respect thereto, have concluded that it is desirable that the claims against them be settled on the terms reflected in the Stipulation. Defendants have denied, and continue to deny, that they committed, or aided and abetted in the commission of, any violation of law or duty or engaged in any wrongful acts whatsoever, including specifically those alleged in the Actions, and expressly maintain that they have complied with their statutory, fiduciary, and other legal duties, and that at all relevant times they acted in good faith and in a manner they reasonably believed to be in the best interests of McKesson and its stockholders.

WHAT WILL HAPPEN IF THE SETTLEMENT IS APPROVED? WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

If the Settlement is approved, the Parties will request that the California Court enter a Final Judgment and Order Approving Derivative Action Settlement (the “Judgment”). Pursuant to the Judgment, upon the Effective Date of the Settlement, the following releases will occur:

Release of Claims by Plaintiffs, the SLC, the Company, and the Company’s Stockholders: Plaintiffs, the SLC, the Company, and by operation of law the Company’s stockholders shall be deemed to have, and by operation of law and of the Judgment, shall have, fully, finally, and forever discharged, settled, and released, and shall forever be enjoined from commencing or prosecuting, any and all Settled Plaintiffs’ Claims and Settled Litigation Claims (including Unknown Claims) against the Released Defendants’ Parties.

“Settled Plaintiffs’ Claims” means all Claims brought or that could be brought derivatively on behalf of the Company, directly by Plaintiffs, or by the SLC or the Company, concerning, arising from, or relating to the underlying facts, conduct, events, occurrences, transactions, or allegations set forth, made, or referred to in the Complaints or in the prosecution or settlement of the Actions, including but not limited to any such Claims that were, could have been, or could be asserted concerning, arising from, or relating to the Company’s

alleged liabilities associated with settled, pending, or threatened litigation concerning, arising from, or relating to the underlying facts, conduct, events, occurrences, transactions, or allegations set forth or referred to in the Complaints; *provided, however*, that the Settled Plaintiffs' Claims shall not include any Claims arising out of, based upon, or relating to the enforcement of the Settlement. For the avoidance of doubt, the Settled Plaintiffs' Claims do not cover, settle, or release (i) any direct claims held by any current, former, or future stockholder of McKesson who is not a Plaintiff, including any claims asserting violations of the federal or state securities laws, including, without limitation, claims asserted in *Evanston Police Pension Fund v. McKesson Corporation, et al.*, Case No. 3:18-cv-06525-CRB (N.D. Cal.); or (ii) any claims currently asserted in *Henry v. Tyler, et al.*, Case No. 3:19-cv-2869-CRB (N.D. Cal.).

"Settled Litigation Claims" means all Claims against any of the Released Parties, the SLC, or the SLC's Counsel concerning, arising from, or relating to the institution, prosecution, investigation, or settlement of the claims asserted in the California Action or in the Delaware Action; *provided, however*, that the Settled Litigation Claims shall not include any Claims arising out of, based upon, or relating to the enforcement of the Settlement.

"Unknown Claims" means any Settled Plaintiffs' Claims which any Plaintiff, the SLC, the Company, or any of the Company's current stockholders does not know or suspect to exist in his, her, or its favor at the time of the release of such claims and any Settled Defendants' Claims (defined below) which any Defendant, the SLC, or the Company does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to this Settlement. With respect to any and all Settled Plaintiffs' Claims and Settled Defendants' Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs, Defendants, the SLC, the Company, and each of the Company's current stockholders shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by

him or her, would have materially affected his or her settlement with the debtor or released party.

Any of Plaintiffs, Defendants, the SLC, McKesson, or the current McKesson stockholders may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the Settled Claims, but, upon the California Court's entry of the Judgment, Plaintiffs, Defendants, the SLC, McKesson, and each of the current McKesson stockholders shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled any and all Settled Claims without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs, Defendants, the SLC, and the Company acknowledge that the foregoing waiver was separately bargained for and a key element of the Settlement.

"Released Defendants' Parties" means Defendants, the Company, and any entity in which the Company has a controlling interest, as well as their respective current and former parents, affiliates, subsidiaries, officers, directors, agents, successors, predecessors, assigns, assignees, partnerships, partners, committees, joint ventures, trustees, trusts, employees, immediate family members, insurers and reinsurers (in their capacities as such), consultants, experts, and attorneys.

Release of Claims by Defendants, the SLC, and the Company: Defendants, the SLC, and the Company shall be deemed to have, and by operation of law and of the Judgment, shall have, fully, finally, and forever discharged, settled, and released, and shall forever be enjoined from commencing or prosecuting, any and all Settled Defendants' Claims and Settled Litigation Claims (including Unknown Claims) against the Released Plaintiffs' Parties.

"Settled Defendants' Claims" means all Claims that arise out of, are based upon, or relate to the institution, prosecution, or settlement of the Actions; *provided, however*, that the Settled Defendants' Claims shall not include any Claims arising out of, based upon, or relating to the enforcement of the Settlement.

"Released Plaintiffs' Parties" means Plaintiffs, Plaintiffs' Counsel, and any entity in which any Plaintiff has a controlling interest, as well as their respective current and former parents, affiliates, subsidiaries, officers, directors, agents, successors, predecessors, assigns, assignees, partnerships,

partners, committees, joint ventures, trustees, trusts, employees, immediate family members, insurers and reinsurers (in their capacities as such), consultants, experts, and attorneys.

Release of Claims Against the SLC and the SLC's Counsel: Plaintiffs, Defendants, the Company, and by operation of law the Company's stockholders shall be deemed to have, and by operation of law and of the Judgment, shall have, fully, finally, and forever discharged, settled, and released, and shall forever be enjoined from commencing or prosecuting, any and all Settled Litigation Claims (including Unknown Claims) against the SLC and the SLC's Counsel.

Within ten (10) calendar days of the California Court's entry of the Judgment, the parties to the Delaware Action will file a stipulation with the Delaware Court dismissing the Delaware Action with prejudice.

The "Effective Date" of the Settlement will be the first date upon which the following conditions of the Settlement have been met and occurred: (i) payment of the Cash Consideration into the Derivative Escrow Account pursuant to paragraph 2(a) of the Stipulation; (ii) McKesson and its Board have adopted and implemented the Governance Consideration pursuant to paragraph 2(b) of the Stipulation; (iii) no Party has exercised its option to terminate the Settlement pursuant to paragraph 26 of the Stipulation; (iv) the California Court has entered the Judgment finally approving the Settlement, and the Judgment has become Final; and (v) the Delaware Action has been dismissed with prejudice.

By Order of the California Court, all proceedings in the California Action, other than proceedings necessary to carry out or enforce the terms and conditions of the Stipulation, have been stayed until otherwise ordered by the California Court. Also, pending final determination of whether the Settlement should be approved, the California Court has (i) barred and enjoined the commencement or prosecution of any action asserting any Settled Plaintiffs' Claims or Settled Litigation Claims against any of the Released Defendants' Parties; (b) barred and enjoined the commencement or prosecution of any action asserting any Settled Defendants' Claims or Settled Litigation Claims against any of the Released Plaintiffs' Parties; and (c) barred and enjoined the commencement or prosecution of any action asserting any Settled Litigation Claims against the SLC or the SLC's Counsel.

HOW WILL THE ATTORNEYS BE PAID?

Plaintiffs' Counsel have not received any payment for their services in pursuing the claims asserted in the Actions, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Plaintiffs' Counsel invested their own resources for pursuing the claims asserted on a contingency basis, meaning they would only recover their expenses and be compensated for their time if they created benefits through this litigation. In light of the risks undertaken in pursuing the Actions on a contingency basis and the benefits created for McKesson and its stockholders through the Settlement and the prosecution of the claims asserted, before final approval of the Settlement, Plaintiffs' Lead Counsel, on behalf of all Plaintiffs' Counsel, intend to petition the California Court for an award of attorneys' fees and litigation expenses to be paid from (and out of) the Cash Settlement Fund. Plaintiffs' Lead Counsel's fee and expense application will seek an award of attorneys' fees and expenses for all Plaintiffs' Counsel in an amount of 25% of the Cash Settlement Fund (\$43,750,000), with due consideration given to both the cash settlement and the corporate governance reforms, and payment of litigation expenses in an amount not to exceed \$600,000.

The California Court will determine the amount of any attorney fee and expense award to Plaintiffs' Counsel (the "Fee and Expense Award"). Any Court-approved Fee and Expense Award will be paid from the Cash Settlement Fund. McKesson stockholders are not personally liable for any such fees or expenses.

WHEN AND WHERE WILL THE SETTLEMENT FAIRNESS HEARING
BE HELD? DO I HAVE THE RIGHT TO APPEAR AT THE
SETTLEMENT FAIRNESS HEARING? MAY I OBJECT TO THE
SETTLEMENT AND SPEAK AT THE HEARING IF I DON'T LIKE THE
SETTLEMENT?

You do not need to attend the Settlement Fairness Hearing. The California Court will consider any submission made in accordance with the provisions below even if you do not attend the hearing. **The date and time of the Settlement Hearing may change without further written notice to McKesson stockholders.** You should monitor the Court's docket and Plaintiffs' Lead Counsel's websites, www.hbsslaw.com and www.gardylaw.com, before making plans to attend the Settlement Fairness Hearing. You may also confirm the date and time of the Settlement Fairness Hearing by contacting Plaintiffs' Lead Counsel as indicated on page 19, below.

The California Court will consider the Settlement and all matters related to the Settlement at the Settlement Fairness Hearing. The Settlement Fairness Hearing

will be held on April 21, 2020, at 2:30 p.m., before the Honorable Claudia Wilken at the United States District Court for the Northern District of California, Oakland Courthouse, 1301 Clay Street, Oakland, CA 94612. At the Settlement Fairness Hearing, the California Court will, among other things: (i) determine whether the California Plaintiffs and Plaintiffs' Lead Counsel have adequately represented the interests of McKesson and its stockholders; (ii) determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to McKesson and its stockholders, and should be approved by the California Court; (iii) determine whether the Judgment, substantially in the form attached as Exhibit C to the Stipulation, should be entered dismissing the California Action with prejudice; (iv) determine whether the application by Plaintiffs' Lead Counsel for an award of attorneys' fees and expenses should be approved; and (v) consider any other matters that may properly be brought before the California Court in connection with the Settlement.

The California Court has reserved the right to adjourn the Settlement Fairness Hearing or any adjournment thereof, including the consideration of the application for attorneys' fees and expenses, without further notice of any kind other than by oral announcement at the Settlement Fairness Hearing or any adjournment thereof. The California Court has further reserved the right to approve the Stipulation and the Settlement, at or after the Settlement Fairness Hearing, with such modifications as may be consented to by the Parties and without further notice to McKesson stockholders.

Any McKesson stockholder who or which owned shares of McKesson common stock as of the close of trading on February 10, 2020 ("Current McKesson Stockholder") can ask the California Court to deny approval of the Settlement by filing an objection. You cannot ask the Court to order a larger or different settlement; the Court can only approve or deny the proposed Settlement. If the California Court denies approval, no settlement payment will be made to the Company, the Company will not be required to implement the corporate governance reforms that McKesson has agreed to in connection with the Settlement, and the lawsuit will continue. If that is what you want to happen, you must object.

Current McKesson Stockholders may object to the proposed Settlement or Plaintiffs' Lead Counsel's application for attorneys' fees and expenses in writing. As described further below, Current McKesson Stockholders may also appear at the Settlement Fairness Hearing, either in person or through their own attorney. If you appear through your own attorney, you are responsible for paying that attorney. Your objection and supporting papers must clearly identify the case name and case number, *In re McKesson Corp. Derivative Litigation*, Case No. 4:17-cv-01850-CW.

You must file any written objection, together with copies of all other papers and briefs supporting the objection, by mailing them to the Office of the Clerk of the Court, United States District Court for the Northern District of California, Oakland Division, at the address set forth below, or by filing them in person at any location of the United States District Court for the Northern District of California. Any objections must be *filed or postmarked on or before March 31, 2020*.

Clerk's Office:

United States District Court
Northern District of California
Clerk of the Court
Oakland Division
1301 Clay Street
Oakland, CA 94612

Any objections, filings, and other submissions must: (i) clearly identify the case name and case number, *In re McKesson Corp. Derivative Litigation*, Case No. 4:17-cv-01850-CW; (ii) state the name, address, and telephone number of the objector and must be signed by the objector; (iii) state whether the objector is represented by counsel and, if so, the name, address, and telephone number of his, her, or its counsel; (iv) contain a specific, written statement of the objection(s) and the specific reason(s) for the objection(s), including any legal and evidentiary support the objector wishes to bring to the Court's attention, and if the objector indicates that he, she, or it intends to appear at the Settlement Fairness Hearing, the identity of any witnesses the objector may call to testify and any exhibits the objector intends to introduce into evidence at the hearing; and (v) include documentation sufficient to prove that the objector owned shares of McKesson common stock as of the close of trading on February 10, 2020, such as a copy of the objector's brokerage account statement, an authorized statement from the objector's broker containing the holding information found in an account statement, or a stock certificate. Plaintiffs' Lead Counsel are authorized to request from any objector documentation sufficient to prove continuous ownership of McKesson common stock.

Current McKesson Stockholders may file a written objection without having to appear at the Settlement Fairness Hearing. You may not, however, appear at the Settlement Fairness Hearing to present your objection unless you first file a written objection in accordance with the procedures described above, unless the California Court orders otherwise.

Current McKesson Stockholders who or which file and serve a timely written objection and wish to be heard orally at the Settlement Fairness Hearing in opposition to the approval of the Settlement or Plaintiffs' Lead Counsel's application for an award of attorneys' fees and expenses, must also mail a notice of appearance to the Office of the Clerk of the Court, United States District Court for the Northern District of California, Oakland Division, at the address set forth above, or file it in person at any location of the United States District Court for the Northern District of California. Any notice of appearance must be ***filed or postmarked on or before March 31, 2020***. Current McKesson Stockholders who or which intend to object and desire to present evidence at the Settlement Fairness Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the California Court.

You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Fairness Hearing. However, if you decide to hire an attorney, it will be at your own expense.

Unless the California Court orders otherwise, any McKesson stockholder who or which does not make his, her, or its objection in the manner set forth above will: (i) be deemed to have waived and forfeited his, her, or its right to object to any aspect of the proposed Settlement or Plaintiffs' Lead Counsel's application for an award of attorneys' fees and litigation expenses; (ii) be forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement, the Judgment to be entered approving the Settlement, or the attorneys' fees and expenses; and (iii) be deemed to have waived and be forever barred and foreclosed from being heard, in this or any other proceeding, with respect to any matters concerning the Settlement or the requested or awarded attorneys' fees and expenses; but shall otherwise be bound by the Judgment to be entered, and the Releases to be given by the Settlement.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I
HAVE QUESTIONS?

This Notice summarizes the proposed Settlement. For the precise terms and conditions of the Settlement, please see the Stipulation available at the "Investor Relations" section of McKesson's website, investor.mckesson.com. You may also view a copy of the Stipulation by accessing the Court docket in the California Action, for a fee, through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>, or by visiting the Office of the Clerk of the

Court, United States District Court for the Northern District of California, Oakland Courthouse, 1301 Clay Street, Oakland, CA 94612, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays. Copies of the Stipulation, the Complaints, and other important case documents are also available on Plaintiffs' Lead Counsel's websites: www.hbsslaw.com and www.gardylaw.com. If you have questions regarding the Actions or the Settlement, you may write, call, or email Plaintiffs' Lead Counsel: Reed R. Kathrein, Hagens Berman Sobol, Shapiro LLP, 715 Hearst Avenue, Suite 202, Berkeley, CA 94710, 510-725-3040, MCK@hbsslaw.com, or Meagan Farmer, Gardy & Notis, LLP, Tower 56, 126 East 56th Street, 8th Floor, New York, NY 10022, 212-905-0509, MCK@gardylaw.com.

PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT TO INQUIRE ABOUT THIS SETTLEMENT

Dated: _____, 2020

By Order of the Court
United States District Court
Northern District of California,
Oakland Division