

financial information is available and segment management regularly reviews the operating results of that reporting unit. The annual impairment testing performed in fiscal 2025 and fiscal 2024 did not indicate any impairment of goodwill. Changes in the carrying amount of goodwill were as follows:(In millions)U.S. PharmaceuticalPrescription Technology SolutionsMedical-Surgical SolutionsInternationalCorporateTotalBalance, March 31, 2024\$4,123A \$2,024A \$2,536A \$1,449A â€“\$10,132A Goodwill acquiredâ€“A â€“A â€“A â€“A â€“A â€“A Disposals(1)â€“A â€“A â€“A (47)â€“A (47)Foreign currency translation adjustments, netâ€“A â€“A â€“A (81)â€“A (81)Other adjustmentsâ€“A â€“A (29)â€“A 29A â€“A Balance, December 31, 2024\$4,123A \$2,024A \$2,507A \$1,321A \$29A \$10,004A (1) Goodwill related to the Canadian retail disposal group discussed in Financial Note 2, Business Acquisition and DivestituresIntangible AssetsInformation regarding intangible assets was as follows:A December 31, 2024March 31, 2024(Dollars in millions)Weighted-AverageRemainingAmortizationPeriod(Years)GrossCarryingAmountAccumulatedAmortizationNetCarryingAmountGrossCarryingAmountAccumulatedAmortizationNetCarryingAmountCustomer relationships\$1,475A \$(626)\$849A \$1,830A \$701A \$1,129A Service agreements\$1,116A (714)402A 1,126A (676)450A Trademarks and trade names13377A (270)107A 759A (395)364A Technology10283A (137)146A 284A (125)159A Other731A (26)5A 34A (26)8A Total A \$3,282A (\$1,773)\$1,509A \$4,033A \$(1,923)\$2,110A All intangible assets were subject to amortization as of December 31, 2024 and March 31, 2024. Amortization of intangible assets of the Canadian retail disposal group previously classified as held for sale and disposed in December 2024 ceased in the second quarter of fiscal 2025. Amortization expense of intangible assets was \$53 million and \$62 million for the three months ended December 31, 2024 and 2023, respectively, and \$176 million and \$186 million for the nine months ended December 31, 2024 and 2023, respectively. Estimated amortization expense of the assets listed in the table above is as follows: \$49 million, \$174 million, \$168 million, \$164 million, and \$162 million for the remainder of fiscal 2025 and each of the succeeding years through fiscal 2029, respectively, and \$792 million thereafter.16Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED)7. A A A Debt and Financing ActivitiesLong-term debt consisted of the following:(In millions)December 31, 2024March 31, 2024U.S. Dollar notes (1) (2)0.90% Notes due December 3, 2025500A 500A 5.25% Notes due February 15, 2026A 499A 1.30% Notes due August 15, 2026499A 499A 7.65% Debentures due March 1, 2027150A 150A 3.95% Notes due February 16, 2028343A 343A 4.90% Notes due July 15, 2028399A 399A 4.75% Notes due May 30, 2029196A 196A 4.25% Notes due September 15, 20292500A â€“A 5.10% Notes due July 15, 2033597A 596A 6.00% Notes due March 1, 2041218A 218A 4.88% Notes due March 15, 2044255A 255A Foreign currency notes (1) (3)1.50% Euro Notes due November 17, 2025621A 646A 1.63% Euro Notes due October 30, 2026 518A 540A 3.13% Sterling Notes due February 17, 2029563A 568A Lease and other obligations228A 220A Total debt5,587A 5,629A Less: Current portion1,165A 50A Total long-term debt\$4,422A \$5,579A (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 foreign currency notes is payable annually.Long-Term DebtThe Companyâ€“A long-term debt includes both U.S. dollar and foreign currency-denominated borrowings. At December 31, 2024 and March 31, 2024, \$5.6 billion of total debt was outstanding, of which \$1.2 billion and \$50 million, respectively, was included under the caption â€œCurrent portion of long-term debtâ€ in the Companyâ€“A Condensed Consolidated Balance Sheets. Public OfferingsOn September 10, 2024, the Company completed a public offering of 4.25% Notes due September 15, 2029 in a principal amount of \$500 million (the â€œ2029 Notesâ€). Interest on the 2029 Notes is payable semi-annually on March 15th and September 15th of each year, commencing on March 15, 2025. Proceeds received from the issuance of the 2029 Notes, net of discounts and offering expenses, were \$496 million. The Company utilized the net proceeds from the offering of the 2029 Notes together with cash on hand to redeem its \$500 million outstanding principal amount of 5.25% Notes due February 15, 2026 (the â€œ2026 Notesâ€), which became callable on or after February 15, 2024, prior to maturity at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest through the redemption date. The total loss recognized on the debt extinguishment of the 2026 Notes described above for the nine months ended December 31, 2024 was not material and is included within â€œInterest expenseâ€ in the Companyâ€“A Condensed Consolidated Statements of Operations. 17Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED)On June 15, 2023, the Company completed a public offering of 4.90% Notes due July 15, 2028 in a principal amount of \$400 million (the â€œ2028 Notesâ€) and a public offering of 5.10% Notes due July 15, 2033 in a principal amount of \$600 million (the â€œ2033 Notesâ€) and, together with the 2028 Notes, the â€œ2028 Notesâ€. Interest on the Notes is payable semi-annually on January 15th and July 15th of each year, commencing on January 15, 2024. Proceeds received from the issuance of the Notes, net of discounts and offering expenses, were \$397 million for the 2028 Notes and \$592 million for the 2033 Notes. The Company utilized a portion of the net proceeds from the offerings of the Notes to fund the purchase price payable with respect to the portion of the Companyâ€“A then outstanding 3.80% Notes due March 15, 2024 (the â€œ2024 Notesâ€) that was validly tendered and accepted for purchase pursuant to the Concurrent Tender Offer (as defined below) and to effect the satisfaction and discharge of the remaining portion of the 2024 Notes, all of which is described further below. The remaining net proceeds from the offerings of the Notes was available for general corporate purposes. Each of the 2029 Notes, the 2033 Notes and the 2028 Notes, constitutes a â€œseries,â€ is an unsecured and unsubordinated obligation of the Company and ranks equally with all of the Companyâ€“A existing, future unsecured and unsubordinated indebtedness that may be outstanding from time-to-time. Each series is governed by an indenture and officersâ€“A certificate that are materially similar to those of other series of notes issued by the Company. Upon at least 10 daysâ€“A and not more than 60 daysâ€“A notice to holders of the applicable series of the notes, the Company may redeem such series of the notes for cash in whole, at any time, or in part, from time to time, at redemption prices that include accrued and unpaid interest and a make-whole premium before a specified date, and at par plus accrued and unpaid interest thereafter until maturity, each as specified in the indenture and the officersâ€“A certificate. If there were to occur both (a) a change of control of the Company and (b) a downgrade of the applicable series of the notes below an investment grade rating by each of the Ratings Agencies (as defined in the applicable officersâ€“A certificate) within a specified period, then the Company would be required to make an offer to purchase that series at a price equal to 101% of the then outstanding principal amount of that series, plus accrued and unpaid interest to, but not including, the date of repurchase. The indenture and the related officersâ€“A certificate for each series, subject to the exceptions and in compliance with the conditions as applicable, specify that the Company may not consolidate, merge or sell all or substantially all of its assets, incur liens, or enter into sale-leaseback transactions exceeding specific terms, without the lendersâ€“A consent. The indenture also contains customary events of default provisions. Concurrent Tender Offer of the 2024 NotesOn June 16, 2023, the Company completed a cash tender offer for any and all of its then outstanding 2024 Notes, which was made concurrently with the offerings of the Notes (the â€œConcurrent Tender Offerâ€). The Company paid an aggregate consideration of \$268 million in the Concurrent Tender Offer to repurchase \$271 million principal amount of the 2024 Notes at a repurchase price equal to 98.75% of the principal amount plus accrued and unpaid interest. The repurchase of the 2024 Notes accepted for purchase in the Concurrent Tender Offer was accounted for as a debt extinguishment. Satisfaction and Discharge of the 2024 NotesOn June 16, 2023, after completing the Concurrent Tender Offer, the Company irrevocably deposited with the trustee under the indenture governing the 2024 Notes (the â€œ2024 Notes Indentureâ€) U.S. government obligations in an amount sufficient to fund the payment of accrued and unpaid interest of the remaining \$647A million principal amount of the 2024 Notes as it became due, and of the principal amount of those 2024 Notes on their March 15, 2024 maturity date. The U.S. government obligations were purchased using a portion of the net proceeds from the offerings of the Notes. After the deposit of such funds with the trustee, the Companyâ€“A obligations under the 2024 Notes Indenture with respect to the 2024 Notes were satisfied and discharged and the transaction was accounted for as a debt extinguishment. The total gain recognized on the debt extinguishment of the 2024 Notes described above for the nine months ended December 31, 2023 was \$9 million and was included within â€œInterest expenseâ€ in the Companyâ€“A Condensed Consolidated Statement of Operations. 18Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED)Revolving Credit Facilities On November 7, 2022, the Company entered into a Credit Agreement (the â€œ2022 Credit Facilityâ€), that provides a syndicated \$4.0 billion senior unsecured credit facility with a \$3.6 billion aggregate sublimit of availability in Canadian dollars, British pound sterling, and Euro. The 2022 Credit Facility was scheduled to mature in November 2028. On November 7, 2024, the maturity date of the 2022 Credit Facility was extended from November 2028 to November 2029. There were no borrowings under the 2022 Credit Facility during the nine months ended December 31, 2024 and 2023 and no amounts outstanding at December 31, 2024 or March 31, 2024. At December 31, 2024, the Company was in compliance with all covenants under the 2022 Credit Facility. Commercial PaperThe Company maintains a commercial paper program to support its working capital requirements and for other general corporate purposes. Under the program, the Company can issue up to \$4.0 billion in outstanding commercial paper notes. During the nine months ended December 31, 2024, the Company borrowed \$11.4 billion and repaid \$9.0 billion under the program. During the nine months ended December 31, 2023, the Company borrowed \$4.8 billion and repaid \$4.6 billion under the program. At December 31, 2024, there were \$2.4 billion in commercial paper notes outstanding included under the caption â€œShort-term borrowingsâ€ in the Companyâ€“A Condensed Consolidated Balance Sheets at a weighted average interest rate of 4.75%. At March 31, 2024, there were no commercial paper notes outstanding. A A A 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 Companyâ€“A 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 RiskThe Company conducts its business worldwide in U.S. dollars and the functional currencies of its foreign subsidiaries, including Canadian dollars. Changes in foreign currency exchange rates could have a material adverse impact on the Companyâ€“A 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 RiskThe 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 InstrumentsAt December 31, 2024 and March 31, 2024, the notional amounts of the Companyâ€“A outstanding derivatives were as follows:December 31, 2024March 31, 2024(In millions)CurrencyMaturity Date (1)NotionalDerivatives designated as net investment hedges: (2)Cross-currency swaps (3)CADDec-26\$3,500A \$1,500A Derivatives designated as fair value hedges: (2)Cross-currency swaps (4)GBPNov-28A€450A A€450A Cross-currency swaps (4)EURAug-25 to Jul-26A, -1,100A â€“A, -1,100A Floating interest rate swaps (5)USDAug-27 to Sep-29\$750A \$1,250A Derivatives designated as cash flow hedges: (2)Foreign currency forwards (6)GBPJan-25 to Jul-25A€19A A€39A (1)The maturity date reflected is for outstanding derivatives as of December 31, 2024.(2)There was no ineffectiveness in these hedges for the three and nine months ended December 31, 2024 and 2023.(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. (6)The Company entered into agreements with financial institutions to hedge the variability of foreign currency exchange fluctuations in future cash payments due to a third party in the United Kingdom for capital expenditures.Net Investment HedgesThe Company uses cross-currency swaps to hedge portions of the Companyâ€“A 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 Companyâ€“A 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 the nine months ended December 31, 2024, the Company expanded the net investment hedging program by C\$2.0A billion, by entering into new cross-currency swaps and restructuring existing cross-currency swaps as described below. As of December 31, 2024, the outstanding notional amount of cross-currency swaps was C\$3.5A billion. In the first quarter of fiscal 2025, the Company entered into cross-currency swaps designated as net investment hedges with a total notional amount of C\$2.5A billion to hedge portions of the Companyâ€“A 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 mature in April 2025 and June 2026. Further, the Company terminated C\$1.5A billion of cross-currency swaps designated as net investment hedges with original maturity dates in November 2024 and extending through March 2025. In the third quarter of fiscal 2025, the Company entered into cross-currency swaps designated as net investment hedges with a total notional amount of C\$6.0A billion. These cross-currency swaps mature in October, November and December 2026. Further, the Company terminated C\$5.0A billion of cross-currency swaps designated as net investment hedges with original maturity dates in April 2025, June, October and November 2026. Fair Value HedgesThe 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 Companyâ€“A 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. In fiscal 2023, the Company entered into floating interest rate swaps designated as fair value hedges to convert \$1.3A billion of its fixed rate debt to floating rate in order to hedge the changes in fair value caused by fluctuations in the benchmark interest rate. In fiscal 2025, \$500 million of the \$1.3A billion floating interest rate swaps with original maturity dates in February 2026 and callable at any time after February 2024 were terminated. Refer to Financial Note 7, â€œDebt and Financing Activities,â€ for additional information on the public offering of the 2029 Notes.Cash Flow HedgesThe 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 derivatives 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 in â€œSelling, distribution, general, and administrative expensesâ€ in the Condensed Consolidated Statements of Operations for the three and nine months ended December 31, 2024 and 2023. In fiscal 2023, the Company entered into forward-starting fixed interest rate swaps designated as cash flow hedges with a combined notional amount of \$450A million, and in the first quarter of fiscal 2024 with a notional amount of \$50A million, to hedge the variability of future benchmark interest rates on a planned bond issuance. On June 15, 2023, the Company completed a public offering of the 2033 Notes, at which point the \$500A million cash flow hedges were terminated and the proceeds are being amortized to interest expense over the life of the 2033 Notes, or 10 years. Refer to Financial Note 7, â€œDebt and Financing Activities,â€ for additional information on the public offering of the 2033 Notes.Derivatives Not Designated as HedgesDerivative 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 in â€œSelling, distribution, general, and administrative expensesâ€ 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 InstrumentsGains (losses) from derivatives included in other comprehensive income (loss) in the Condensed Consolidated Statements of Comprehensive Income were as follows:Three Months Ended December 31, Nine Months Ended December 31, (In millions)2024202320242023Derivatives designated as net investment hedges:Cross-currency swaps\$106A \$(27)\$93A \$(20)Derivatives designated as cash flow and other hedges:Cross-currency swaps (1)\$16A \$9A \$2A \$36A Foreign currency forwards(1) (1)A (1)Fixed interest rate swaps â€“A (1)â€“A 15A (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:Balance Sheet CaptionDecember 31, 2024March 31, 2024Fair Value of DerivativeU.S. Dollar NotionalFair Value of DerivativeU.S. Dollar NotionalNotional(In millions)AssetLiabilityAssetLiabilityDerivatives designated for hedge accountingCross-currency swaps (current)Prepaid expenses and other/Other accrued liabilities\$25A ¢\$59.5A \$1.3A \$1.122A Cross-currency swaps (non-current)Other non-current assets/liabilities32A 5A 3,477A 108A ¢\$1.638A Interest rate swaps (non-current)Other non-current liabilities¢\$28A 750A ¢\$35A 1,250A Foreign currency forwards (current)Prepaid expenses and other/Other accrued liabilities1A ¢\$24A ¢\$3A Foreign currency forwards (non-current)Other non-current assets¢\$15A ¢\$15A Total\$58A \$33A \$121A \$36A Refer to Financial Note 9, "Fair Value Measurements," for more information on these recurring fair value measurements.19Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED)9. A ¢\$A 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 BasisCash and cash equivalents at December 31, 2024 and March 31, 2024 included investments in money market funds of \$245 million and \$705 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 8, "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 \$186A million and \$240A million at December 31, 2024 and March 31, 2024, respectively. These investments primarily consist of equity securities without readily determinable fair values and are included in ¢\$Other non-current assets¢ in the Condensed Consolidated Balance Sheets. The carrying value of publicly-traded investments, which was not material for the periods presented, was determined using quoted prices for identical investments in active markets and are considered to be Level 1 inputs. The net realized and unrealized gains and losses as well as impairment charges related to these investments were a net gain of \$6A million and \$101A million for the three and nine months ended December 31, 2024, respectively, and immaterial for the three and nine months ended December 31, 2023, all of which are included within ¢\$Other income, net¢ in the Condensed Consolidated Statements of Operations. The net gain recognized for the nine months ended December 31, 2024 primarily relates to a recapitalization event of one of the Company's investments in equity securities which resulted in an increase to the carrying value of this investment. The Company recognized a net gain of \$100 million related to this event and sold a portion of its investment for proceeds of \$92 million. Assets and Liabilities Measured at Fair Value on a Nonrecurring BasisIn 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 or as a result of charges to remeasure assets classified as held for sale to fair value less costs to sell.20Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED)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 December 31, 2024 and March 31, 2024. Other Fair Value DisclosuresAt December 31, 2024 and March 31, 2024, 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:December 31, 2024March 31, 2024(In millions)Carrying ValueFair ValueCarrying ValueFair ValueLong-term debt, including current maturities\$5,587A \$5,584A \$5,629A \$5,488A 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. GoodwillFair 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 AssetsThe 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.21Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED)10. A ¢\$A Commitments and Contingent LiabilitiesIn 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 2024 Annual Report, Financial Note 9 to the Company's 10-Q filing for the quarterly period ended June 30, 2024, and Financial Note 10 to the Company's 10-Q filing for the quarterly period ended September 30, 2024, which disclosure is incorporated in this footnote by this reference. The Company is vigorously defending itself against those claims and in those proceedings. Significant developments in those matters 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 claim 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 claim. 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 claim 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.1. Litigation and Claims Involving Distribution of Controlled SubstancesThe 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. These actions have been filed in state and federal courts throughout the U.S., and in Puerto Rico and Canada. These plaintiffs have sought monetary damages and other forms of relief based on a variety of causes of action, including negligence, public nuisance, unjust enrichment, and civil conspiracy, as well as alleging violations of the Racketeer Influenced and Corrupt Organizations Act (¢RICO¢), state and federal controlled substances laws, and other statutes. Because of the many uncertainties associated with opioid-related litigation matters, 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 ClaimsThe 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. Under the Settlement, the Company will pay the Settling Governmental Entities approximately \$2.0A billion as of December 31, 2024, and additionally will pay the Settling Governmental Entities up to approximately \$5.9A billion through 2038. A minimum of 85% of the Settlement payments must be used by state and local 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. 22Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED)Alabama and West Virginia did not participate in the Settlement. Under a separate settlement agreement with Alabama and its subdivisions, the Company has paid approximately \$75A million as of December 31, 2024, and additionally will pay approximately \$99A million through 2031. The Company previously settled with the state of West Virginia in 2018, so West Virginia and its subdivisions were not eligible to participate in the Settlement. Under a separate settlement agreement, the Company has paid certain West Virginia subdivisions approximately \$53A million as of December 31, 2024. The Company also paid \$15A million in January 2025 and additionally will pay approximately \$84A million through 2033. That agreement 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 decided in the Company's favor on July 4, 2022. Those subdivisions appealed that decision. Some other 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. 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. Baltimore claims that the defendants¢ distribution of controlled substances to certain pharmacies in the City of Baltimore and Baltimore County caused a public nuisance. On November 12, 2024, the jury returned a verdict finding the Company liable and assessing approximately \$192A million in compensatory damages. A second phase of the trial, in which the city seeks monetary abatement relief, began on December 11, 2024, and the court is currently considering whether to award additional relief. The judgment is not final, and the Company has filed a motion seeking to set aside the verdict. The Company believes it has valid bases to challenge the verdict and is prepared to appeal, if necessary. Because of the many bases to challenge the verdict, both in the trial court and on appeal, the Company has not adjusted its litigation reserve as a result of the jury verdict. 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 ClaimsThe Company also entered into settlement agreements for opioid-related claims of federally recognized Native American tribes. Under those agreements, the Company has paid the settling Native American tribes approximately \$112A million as of December 31, 2024, and additionally will pay approximately \$84A million through 2027. A minimum of 85% of the total settlement payments must be used by the settling Native American tribes to remediate the opioid epidemic. 23Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED)Non-Governmental Plaintiff ClaimsThe Company is also 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 have reached proposed 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, for the year ended March 31, 2024, the Company recorded a charge of \$149 million within ¢\$Claims and litigation charges, net¢ in the Consolidated Statement of Operations to reflect its portion of a proposed settlement with a nationwide class of acute care hospitals, of which \$75 million was recorded within Corporate expenses, net, and \$74 million was recorded within U.S. Pharmaceutical. The corresponding liability was included within ¢\$Other accrued liabilities¢ in the Consolidated Balance Sheet. The proposed settlement is subject to, among other things, court approval and sufficient participation by hospitals. On October 30, 2024, the U.S. District Court for the District of New Mexico granted preliminary approval to the proposed settlement, pursuant to which the Company placed approximately \$149A million into escrow on November 27, 2024. The escrow payment was presented as restricted cash within ¢\$Prepaid expenses and other¢ in the Company's Condensed Consolidated Balance Sheet as of December 31, 2024. The trial for one of those acute care hospital cases, Fort Payne Hospital Corporation et al. v. McKesson Corp., CV-2021-900016, has been stayed as to the Company. With respect to the third-party payors, for the nine months ended December 31, 2024, the Company recorded a charge of \$114A million within ¢\$Claims and litigation charges, net¢ in the Condensed Consolidated Statement of Operations to reflect the Company's portion of the settlement with representatives of a nationwide group of certain third-party payors, of which \$57A million was recorded within Corporate expenses, net and U.S. Pharmaceutical, respectively. The corresponding liability was included within ¢\$Other accrued liabilities¢ in the Condensed Consolidated Balance Sheet. On January 15, 2025, the U.S. District Court for the Northern District of Ohio overruled objections to the settlement and granted final approval to the settlement. The effective date of the settlement will be February 15, 2025 if no party appeals or files a motion for reconsideration. 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 proposed settlement with a nationwide class of acute care hospitals was as follows:(In millions)December 31, 2024March 31, 2024Current litigation liabilities(1)\$775A \$665A Long-term litigation liabilities5,617A 6,113A Total litigation liabilities\$6,392A \$6,778A (1)These amounts, recorded in ¢\$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 nine months ended December 31, 2024, the Company made payments totaling \$500A million associated with the Settlement and the separate settlement agreements. 24Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED)Canadian Plaintiff ClaimsThe 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. Defense of Opioids ClaimsThe 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 concluded a loss is

impact on the Company's financial position, cash flows or liquidity, or results of operations. II. Other Litigation and ClaimsOn or about April 25, 2018, a second amended qui tam complaint filed in the U.S. District Court for the Eastern District of New York was served on McKesson Corporation, McKesson Specialty Care Distribution Corporation, McKesson Specialty Distribution LLC, McKesson Specialty Care Distribution Joint Venture, L.P., Oncology Therapeutics Network Corporation, Oncology Therapeutics Network Joint Venture, L.P., US Oncology, Inc., and US Oncology Specialty, L.P. by Omni Healthcare, Inc. as relator, purportedly on behalf of the United States and 33 cities and states alleging that from 2001 through 2010 the defendants repackaged and sold single-dose syringes of oncology medications in a manner that violated the federal False Claims Act and various state and local false claims statutes, and seeking damages, treble damages, civil penalties, attorneys' fees and costs of suit, all in unspecified amounts. United States of America ex rel. Omni Healthcare, Inc. v. McKesson Corp., et al., 1:12-cv-06440 (E.D.N.Y.). The United States and the other governmental plaintiffs declined to intervene in the suit. In February 2019, the court dismissed all of the defendants except McKesson Corporation and Oncology Therapeutics Network Corp. On or about March 2, 2020, another qui tam complaint filed in the U.S. District Court for the Eastern District of New York was served on US Oncology, Inc. by the same relator purportedly on behalf of the United States and 33 cities and states alleging the same misconduct and seeking the same relief. United States ex rel. Omni Healthcare, Inc. v. US Oncology, Inc., 1:19-cv-05125. The United States and the named states declined to intervene in the case. Relator filed an amended complaint on August 19, 2022. On September 8, 2023, US Oncology, Inc.'s motion to dismiss the amended complaint was granted. The dismissal was affirmed by the Court of Appeals for the Second Circuit on November 12, 2024. On December 30, 2019, a group of independent pharmacies and a hospital filed a purported class action complaint alleging that the Company and other distributors violated the Sherman Act by colluding with manufacturers to restrain trade in the sale of generic drugs. Reliable Pharmacy, et al. v. Actavis Holdco US, et al., No. 2:19-cv-6044; MDL No. 16-MD-2724. The complaint seeks relief including treble damages, disgorgement, attorney fees, and costs in unspecified amounts. On February 3, 2025, the district court granted distributor defendants' motion to dismiss the complaint with prejudice. In July 2020, the Company was served with a first amended qui tam complaint filed in the United States District Court for the Southern District of New York by a relator on behalf of the United States, 27 states and the District of Columbia against McKesson Corporation, McKesson Specialty Distribution LLC, and McKesson Specialty Care Distribution Corporation, alleging that defendants violated the Anti-Kickback Statute, federal False Claims Act, and various state false claims statutes by providing certain business analytical tools to oncology practice customers, United States ex rel. Hart v. McKesson Corporation, et al., 15-cv-00903-RA. The United States and the named states have declined to intervene in the case. The complaint seeks relief including damages, treble damages, civil penalties, attorney fees, and costs of suit, all in unspecified amounts. The relator filed the second amended complaint on June 7, 2022, which was dismissed by the district court on March 28, 2023. On March 12, 2024, the U.S. Court of Appeals for the Second Circuit affirmed the dismissal of claims under the Anti-Kickback Statute and federal False Claims Act, vacated the dismissal of the remaining claims, and remanded for further proceedings. On June 7, 2024, the relator filed a petition seeking review by the U.S. Supreme Court, which was denied on October 7, 2024. The district court dismissed the remaining state law claims without prejudice to the relator refiling them in state court. 25Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED) III. A. Government Subpoenas and InvestigationsFrom time to time, the Company receives subpoenas or requests for information from various government 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. IV. A. Antitrust SettlementDuring the third fiscal quarter of 2025, the Company received proceeds of \$31 million related to its share of two antitrust settlements. The lawsuits were filed against a brand manufacturer alleging that the manufacturer, by itself or in concert with others, took improper actions to delay or prevent generic drugs from entering the market. The Company was not a named party to either litigation but was a member of the representative classes of those who purchased directly from the pharmaceutical manufacturer. The Company recognized a gain in that amount within "Cost of sales" in the Condensed Consolidated Statement of Operations in the third quarter of fiscal 2025 related to the settlements. In January 2025, the Company received proceeds of \$247 million related to its share of an antitrust settlement, in which it was named a plaintiff in the litigation and will recognize a gain within "Cost of sales" in the Condensed Consolidated Statement of Operations in the fourth quarter of fiscal 2025 related to the settlement. 11. A. A. 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"). In July 2024, the Company's quarterly dividend was raised from \$0.62 to \$0.71 per share of common stock for dividends declared on or after such date by the Board. 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 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 10b-11(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. During the three months ended December 31, 2024, the Company repurchased 1.5 million shares of common stock for \$821 million through open market transactions at an average price per share of \$537.48, of which \$8 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheet as of December 31, 2024 for share repurchases that were executed in late December 2024 and settled in early January 2025. During the three months ended September 30, 2024, the Company repurchased 2.9A million shares of common stock for \$1.5A billion through open market transactions at an average price per share of \$533.46, of which \$22 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheet as of September 30, 2024 for share repurchases that were executed in late September 2024 and settled in early October 2024. During the three months ended June 30, 2024, the Company repurchased 1.0A million shares of common stock for \$528A million through open market transactions at an average price per share of \$548.20. 26Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED) During the three months ended December 31, 2023, the Company repurchased 1.9A million shares of common stock for \$868 million through open market transactions at an average price per share of \$457.16, of which \$41 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheet as of December 31, 2023 for share repurchases that were executed in late December 2023 and settled in early January 2024. During the three months ended September 30, 2023, the Company repurchased 2.0A million shares of common stock for \$840A million through open market transactions at an average price per share of \$422.39, of which \$23 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheet as of September 30, 2023 for share repurchases that were executed in late September 2023 and settled in early October 2023. During the three months ended June 30, 2023, the Company repurchased 1.8A million shares of common stock for \$673A million through open market transactions at an average price per share of \$379.14. Effective January 1, 2023, the Company's repurchase of common stock, adjusted for allowable items, are subject to a 1% excise tax as a result of the Inflation Reduction Act of 2022. Excise taxes incurred on share repurchases of an entity's own common stock are direct and incremental costs to purchase treasury stock, and accordingly are included in the total cost basis of the common stock acquired and reflected as a reduction of stockholders' equity within "Treasury shares" in the Company's Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Stockholders' Deficit. Excise taxes do not reduce the Company's remaining authorization for the repurchase of common stock. Excise taxes of \$7 million and \$8A million were incurred and accrued for shares repurchased during the three months ended December 31, 2024 and 2023, respectively. Excise taxes of \$23A million and \$20A million were incurred and accrued for shares repurchased during the nine months ended December 31, 2024 and 2023, respectively. On October 30, 2024, the company made a payment of \$25A million for fiscal 2024 excise taxes previously accrued. As of December 31, 2024, the amount accrued for excise taxes was \$23A million within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheets. In July 2024, the Board approved an increase of \$4.0A billion in the authorization for the repurchase of common stock. The total remaining authorization outstanding for repurchases of common stock at December 31, 2024 was \$7.8 billion. Accumulated Other Comprehensive Loss Information regarding changes in accumulated other comprehensive loss, including noncontrolling interests, by components for the three months ended December 31, 2024 and 2023 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 (Losses) on Cash Flow and Other Hedges, Net of Tax (3) Unrealized Losses and Other Components of Benefit Plans, Net of Tax Total Accumulated Other Comprehensive Loss Balance, September 30, 2024 \$(843) \$(22) \$(6) \$(19) \$(890) Other comprehensive income (loss) before reclassifications (239) 79A 11A 2A (147) Amounts reclassified to earnings and other (4) 48A 48A Other comprehensive income (loss) (191) 79A 11A 2A (99) Balance, December 31, 2024 \$(1,034) \$57A \$5A \$(17) \$(989) (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 December 31, 2024 include gains of \$106A million related to net investment hedges from cross-currency swaps, which are net of income tax expense of \$27 million. (3) Amounts recorded for the three months ended December 31, 2024 include gains of \$16A million related to cash flow and other hedges from cross-currency swaps and losses of \$1 million related to cash flow hedges from foreign currency forwards. These amounts are net of income tax expense of \$4 million. (4) Amounts recorded for the three months ended December 31, 2024 include adjustments related to the Canadian retail disposal group, as discussed in more detail in Financial Note 2, "Business Acquisitions and Divestitures." These amounts were included in the current and prior periods calculation of charges to remeasure the assets and liabilities held for sale to fair value less costs to sell recorded within "Selling, distribution, general, and administrative expenses" in the Company's Condensed Consolidated Statements of Operations. Foreign Currency Translation Adjustments (In millions) Foreign Currency Translation Adjustments, Net of Tax (1) Unrealized 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, September 30, 2023 \$(864) \$(9) \$(4) \$(10) \$(887) Other comprehensive income (loss) before reclassifications (92A) 20A (5A) (2) 75A Balance, December 31, 2023 \$(772) \$(29) \$1A \$(12) \$(812) (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 December 31, 2023 include losses of \$27 million related to net investment hedges from cross-currency swaps, which are net of income tax benefit of \$7 million. Information regarding changes in accumulated other comprehensive loss, including noncontrolling interests, by components for the nine months ended December 31, 2024 and 2023 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 (Losses) on Cash Flow and Other Hedges, Net of Tax (3) Unrealized Losses and Other Components of Benefit Plans, Net of Tax Total Accumulated Other Comprehensive Loss Balance, March 31, 2024 \$(856) \$(12) \$(3A) \$(16) \$(881) Other comprehensive income (loss) before reclassifications (226) 69A 2A (4) (155) Amounts reclassified to earnings and other 48A 48A (1) (47A) Other comprehensive income (loss) (178) 69A 2A (1) (108) Balance, December 31, 2024 \$(1,034) \$57A \$5A \$(17) \$(989) (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 nine months ended December 31, 2024 include gains of \$93 million related to net investment hedges from cross-currency swaps, which are net of income tax expense of \$24 million. (3) Amounts recorded for the nine months ended December 31, 2024 include gains of \$2 million related to cash flow and other hedges from cross-currency swaps and gains of \$1 million related to cash flow hedges from foreign currency forwards. These amounts are net of income tax expense of \$1 million. (4) Amounts recorded for the nine months ended December 31, 2024 include adjustments related to the Canadian retail disposal group, as discussed in more detail in Financial Note 2, "Business Acquisitions and Divestitures." These amounts were included in the current and prior periods calculation of charges to remeasure the assets and liabilities held for sale to fair value less costs to sell recorded within "Selling, distribution, general, and administrative expenses" in the Company's Condensed Consolidated Statements of Operations. 28Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED) Foreign Currency Translation Adjustments (In millions) Foreign Currency Translation Adjustments, Net of Tax (1) Unrealized Losses on Net Investment Hedges, Net of Tax (2) Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax (3) Unrealized Losses and Other Components of Benefit Plans, Net of Tax Total Accumulated Other Comprehensive Loss Balance, March 31, 2023 \$(847) \$(14) \$(36) \$(8) \$(905) Other comprehensive income (loss) before reclassifications (75A) (15) 37A (2) 95A Amounts reclassified to earnings and other 48A 48A (2) (2) Other comprehensive income (loss) (75A) (15) 37A (4) 93A Balance, December 31, 2023 \$(772) \$(29) \$1A \$(12) \$(812) (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 nine months ended December 31, 2023 include losses of \$20 million related to net investment hedges from cross-currency swaps, which are net of income tax benefit of \$5 million. 12. A. A. Segments of Business The Company reports its financial results in four reportable segments: U.S. Pharmaceutical, RxTS, Medical-Surgical Solutions, and International. The organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, and the results of certain investments and operations. 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 operating segments on a number of measures, including revenues and operating profit (loss) before interest expense and income taxes. Assets by operating segment are not reviewed by management for the purpose of assessing performance or allocating resources. The U.S. Pharmaceutical segment distributes branded, generic, specialty, biosimilar and over-the-counter pharmaceutical drugs, and other healthcare-related products in the U.S. This segment also provides practice management, technology, clinical support, and business solutions to community-based oncology and other specialty practices. 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 RxTS 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. RxTS serves our biopharma and life sciences partners, delivering innovative solutions that help people get the medicine they need to live healthier lives. RxTS also offers prescription price transparency, benefit insight, dispensing support services, third-party logistics, and wholesale distribution support across various therapeutic categories and temperature ranges to biopharma customers throughout the product lifecycle. The Medical-Surgical Solutions segment provides medical-surgical supply distribution, logistics, and other services to healthcare providers, including physician offices, surgery centers, nursing homes, hospital reference labs, and home health care agencies. This segment offers national brand medical-surgical products as well as McKesson's own line of high-quality products through a network of distribution centers in the U.S. 29Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONTINUED)(UNAUDITED) The International segment includes the Company's operations in Canada and Norway, bringing together non-U.S.-based drug distribution services, specialty pharmacy, retail, and infusion care services. The Company's Canadian operations deliver medicines, supplies, and information technology solutions throughout Canada and included Rexall Health retail pharmacies. The Company's Norwegian operations provide distribution and services to wholesale and retail customers in Norway where it owns, partners, or franchises with retail pharmacies. In the third quarter of fiscal 2025, the Company completed the previously announced transaction to sell the Canadian retail disposal group. Refer to Financial Note 2, "Business Acquisitions and Divestitures," for more information. Financial information relating to the Company's reportable operating segments and reconciliations to the condensed consolidated totals was as follows: A. Three Months Ended December 31, Nine Months Ended December 31, (In millions) 2024 2023 2024 2023 Segment revenues (1) U.S. Pharmaceutical \$87,110A \$73,023A \$244,551A \$209,949A Prescription Technology Solutions 1,371A 1,205A 3,877A 3,589A Medical-Surgical Solutions 2,949A 3,031A 8,533A 8,476A International 3,860A 3,639A 11,260A 10,582A Corporate 4A 4A 4A 4A Total revenues \$95,294A \$80,898A \$268,228A \$232,596A Segment operating

(5)269Â 268Â 546Â 739Â International (6)111Â 126Â (307)249Â Subtotal1,453Â 879Â 3,576Â 3,362Â Corporate expenses, net (7) (160)(203)(512)(571)Interest expense(67)(64)(220)
 (172)Income before income taxes\$1,226Â \$612Â \$2,844Â \$2,619Â (1)Revenues from services on a disaggregated basis represent approximately 1% of the U.S. Pharmaceutical segmentâ€™s total revenues, less than 38% of the RxTS segmentâ€™s total revenues, less than 1% of the Medical-Surgical Solutions segmentâ€™s total revenues, and less than 1% of the International segmentâ€™s total revenues. The International segment reflects foreign revenues. Revenues for the remaining three reportable segments are derived in the U.S. Corporate reflects revenues from services derived in the U.S. related to certain technology operations and were not material for the three and nine months ended December 31, 2024.(2)Segment operating profit (loss) includes gross profit, net of total operating expenses, as well as other income, net, for the Companyâ€™s reportable segments.(3)The Companyâ€™s U.S. Pharmaceutical segmentâ€™s operating profit includes the following:â€¢ a credit of \$203 million for the nine months ended December 31, 2024 due to the Companyâ€™s reassessment of its initial fiscal 2024 estimates of the previously reserved \$725 million prepetition balance owed by the Companyâ€™s customer, Rite Aid Corporation (including certain of its subsidiaries, â€¢Rite Aidâ€¢). Rite Aid filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code in October 2023. The Company recognized a provision for bad debts of \$515 million and \$725 million for the three and nine months ended December 31, 2023, respectively, which represented the uncollected trade accounts receivable from sales to Rite Aid through October 2023 prior to its bankruptcy petition filing. The Company also recognized a provision for bad debts of \$210 million during the second quarter of fiscal 2024, which represented the uncollected trade accounts receivable balance as of September 30, 2023 due from Rite Aid. The amounts described above were recorded within â€¢Selling, distribution, general, and administrative expensesâ€¢ in the Companyâ€™s Condensed Consolidated Statements of Operations. Rite Aid's restructuring plan was approved by the court and the company successfully emerged from bankruptcy in August, 2024; â€¢cash receipts for the Companyâ€™s share of antitrust legal settlements of \$31 million and \$23 million for the three months ended December 31, 2024 and 2023, respectively, and \$184 million and \$220 million for the nine months ended December 31, 2024 30Table of ContentsMcKESSON CORPORATIONFINANCIAL NOTES (CONCLUDED)(UNAUDITED)and 2023, respectively. These gains were recorded within â€¢Cost of salesâ€¢ in the Companyâ€™s Condensed Consolidated Statements of Operations;â€¢charges of \$89 million and \$2 million related to the last-in, first-out method of accounting for inventories for the three months ended December 31, 2024 and 2023, respectively, and charges of \$85 million and \$89 million for the nine months ended December 31, 2024 and 2023, respectively. These amounts were recorded within â€¢Cost of salesâ€¢ in the Companyâ€™s Condensed Consolidated Statements of Operations;â€¢restructuring charges of \$67 million for the nine months ended December 31, 2024 for restructuring initiatives as discussed in Financial Note 3, â€¢Restructuring, Impairment, and Related Charges, Net;â€¢a charge of \$57 million for the nine months ended December 31, 2024 related to the estimated liability for opioid-related claims, as discussed in Financial Note 10, â€¢Commitments and Contingent Liabilities;â€¢ andâ€¢ a loss of \$43Â million for the nine months ended December 31, 2024 related to one of the Companyâ€™s equity method investments, which was recorded within â€¢Other income, netâ€¢ in the Companyâ€™s Condensed Consolidated Statement of Operations. (4)The Companyâ€™s RxTS segmentâ€™s operating profit for the three and nine months ended December 31, 2023 includes gains of \$2Â million and \$78Â million, respectively, resulting from fair value adjustments of the Companyâ€™s contingent consideration liability related to the acquisition of Rx Savings Solutions, LLC completed in November 2022.(5)The Companyâ€™s Medical-Surgical Solutions segmentâ€™s operating profit for the three and nine months ended December 31, 2024 includes restructuring charges of \$19 million and \$169 million, respectively, for restructuring initiatives as discussed in Financial Note 3, â€¢Restructuring, Impairment, and Related Charges, Net.â€¢(6)The Companyâ€™s International segmentâ€™s operating profit (loss) for the three and nine months ended December 31, 2024 includes a charge of \$11 million and \$604 million, respectively, to remeasure the assets and liabilities of the Canadian retail disposal group to fair value less costs to sell, as discussed in Financial Note 2, â€¢Business Acquisitions and Divestitures.â€¢(7)Corporate expenses, net includes the following:â€¢ a charge of \$12 million and \$62 million for the three and nine months ended December 31, 2024, respectively, related to the effect of accumulated other comprehensive loss components from the Canadian retail disposal group, as discussed in Financial Note 2, â€¢Business Acquisitions and Divestitures;â€¢a net gain of \$101Â million for the nine months ended December 31, 2024 related to the Companyâ€™s investments in equity securities of certain U.S. growth stage companies in the healthcare industry, as discussed in Financial Note 9, â€¢Fair Value Measurements;â€¢a net charge of \$51Â million for the nine months ended December 31, 2024 related to the estimated liability for opioid-related claims, as discussed in Financial Note 10, â€¢Commitments and Contingent Liabilities;â€¢ andâ€¢ restructuring charges of \$50 million for the nine months ended December 31, 2023 for restructuring initiatives as discussed in Financial Note 3, â€¢Restructuring, Impairment, and Related Charges, Net.â€¢31Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (UNAUDITED)Item 2.A Â A Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations.INDEX TO MANAGEMENTâ€™S DISCUSSION AND ANALYSISSectionPageGeneral32Overview of our Business32Executive Summary33Trends and Uncertainties35Overview of Consolidated Results36Overview of Segment Results41New Accounting Pronouncements45Financial Condition, Liquidity, and Capital Resources46Cautionary Notice About Forward-Looking Statements49Available Information50GENERALManagementâ€™s discussion and analysis of financial condition and results of operations, referred to as the â€¢Financial Review,â€¢ 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 â€¢Company,â€¢McKesson,â€¢ â€¢we,â€¢ â€¢our,â€¢ or â€¢us,â€¢ 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 (â€¢Quarterly Reportâ€¢) and in Item 8 of Part II of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024 previously filed with the Securities and Exchange Commission (the â€¢SECâ€¢) on May 8, 2024 (â€¢2024 Annual Reportâ€¢). Our fiscal year begins on April 1 and ends on March 31. Unless otherwise noted, all references to a particular year means our fiscal year. Certain statements in this report constitute forward-looking statements. See â€¢Cautionary Notice About Forward-Looking Statementsâ€¢ 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 report our financial results in four reportable segments: U.S. Pharmaceutical, Prescription Technology Solutions (â€¢RxTSâ€¢), Medical-Surgical Solutions, and International. 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 and operations. 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 operating segments on a number of measures, including revenues and operating profit (loss) before interest expense and income taxes.32Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)The following summarizes our four reportable segments. Refer to Financial Note 12, â€¢Segments of Business,â€¢ to the accompanying condensed consolidated financial statements included in this Quarterly Report for further information regarding our reportable segments.â€¢U.S. Pharmaceutical is a reportable segment that distributes branded, generic, specialty, biosimilar, and over-the-counter pharmaceutical drugs, and other healthcare-related products in the United States (â€¢U.S.â€¢). This segment also provides practice management, technology, clinical support, and business solutions to community-based oncology and other specialty practices. In addition, the segment sells financial, operational, and clinical solutions to pharmacies (retail, hospital, alternate sites) and provides consulting, outsourcing, technological, and other services.â€¢Prescription Technology Solutions is a reportable segment that 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 patientsâ€™ medication access, affordability, and adherence challenges. RxTS also offers prescription price transparency, benefit insight, and dispensing support services, as well as third-party logistics and wholesale distribution support across various therapeutic categories and temperature ranges to biopharma customers throughout the product lifecycle.â€¢Medical-Surgical Solutions is a reportable segment that provides medical-surgical supply distribution, logistics, and other services to healthcare providers, including physician offices, surgery centers, nursing homes, hospital reference labs, and home health care agencies. This segment offers national brand medical-surgical products as well as McKessonâ€™s own line of high-quality products through a network of distribution centers within the U.S.â€¢International is a reportable segment that includes our operations in Canada and Norway, bringing together non-U.S.-based drug distribution services, specialty pharmacy, retail, and infusion care services. Our Canadian operations deliver medicines, supplies, and information technology solutions throughout Canada and included Rexall Health retail pharmacies. Our Norwegian operations provide distribution and services to wholesale and retail customers in Norway where we own, partner, or franchise with retail pharmacies. During the nine months ended December 31, 2024, we completed the sale of Rexall and Well.ca businesses in Canada (â€¢Canadian retail disposal groupâ€¢). This divestiture is further described in the â€¢Canadian Divestiture Activitiesâ€¢ section below. Canadian Divestiture ActivitiesOn December 30, 2024, we completed the sale of our Canadian retail disposal group for an adjusted purchase price consisting of a cash payment of \$9 million, received upon closing, and a note of \$120 million, measured at fair value and accruing interest upon satisfaction of certain conditions, and payable to the Company at the end of six years. We recorded a charge of \$666Â million for the nine months ended December 31, 2024 in total operating expenses to remeasure the Canadian retail disposal group to fair value less costs to sell. The remeasurement adjustment includes a \$48 million loss related to the accumulated other comprehensive loss balances associated with the disposal group. Refer to Financial Note 2, â€¢Business Acquisitions and Divestitures,â€¢ to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information.Executive Summary: The following summary provides highlights and key factors that impacted our business, operating results, financial condition, and liquidity for the three and nine months ended December 31, 2024.â€¢For the three months ended December 31, 2024 compared to the prior year period, revenues increased by 18%, gross profit increased by 4%, total operating expenses decreased by 18%, and other income, net increased by \$35 million;â€¢For the nine months ended December 31, 2024 compared to the prior year period, revenues increased by 15%, gross profit increased by 5%, total operating expenses increased by 5%, and other income, net increased by \$135 million. Refer to the â€¢Overview of Consolidated Resultsâ€¢ section below for an analysis of these changes;â€¢Diluted earnings per common share attributable to McKesson Corporation increased to \$6.95 from \$4.42 for the three months ended December 31, 2024 and decreased to \$15.80 from \$16.39 for the nine months ended December 31, 2024 compared to the respective prior year periods;â€¢During the nine months ended December 31, 2024, we onboarded a new strategic partner within our U.S. Pharmaceutical segment;33Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)â€¢On December 30, 2024, we completed the sale of our Canadian retail disposal group and total operating expenses for the nine months ended December 31, 2024 includes fair value remeasurement charges of \$666Â million;â€¢For the three and nine months ended December 31, 2024, we recorded restructuring charges of \$18 million and \$245 million, respectively, related to an enterprise-wide initiative to drive operational efficiencies as further described in the â€¢Restructuring Initiativesâ€¢ section of â€¢Overview of Consolidated Resultsâ€¢ below;â€¢For the nine months ended December 31, 2024, we recognized a net discrete tax benefit of \$134Â million, including \$58Â million related to an election to change the tax status of a foreign affiliate;â€¢For the nine months ended December 31, 2024, we recorded a net charge of \$108Â million related to our estimated liability for opioid-related claims, as further described in the Opioid-Related Litigation and Claims section of â€¢Trends and Uncertaintiesâ€¢ below;â€¢For the nine months ended December 31, 2024, we recognized a net gain of \$100 million related to a recapitalization event of one of our investments in equity securities which resulted in an increase to the carrying value of this investment;â€¢For the three and nine months ended December 31, 2024, we received \$31Â million and \$184Â million, respectively, related to our share of antitrust legal settlements. These amounts were recorded as a gain within â€¢Cost of salesâ€¢ in the Condensed Consolidated Statements of Operations within our U.S. Pharmaceutical segment;â€¢On September 10, 2024, we completed a public offering of 4.25% Notes due September 15, 2029 (the â€¢2029 Notesâ€¢) in a principal amount of \$500 million. Proceeds received from this note issuance, net of discounts and offering expenses were approximately \$496 million;â€¢During the nine months ended December 31, 2024, we utilized the net proceeds from the issuance of the 2029 Notes, along with cash on hand, to redeem our \$500 million outstanding principal amount of 5.25% Notes due February 15, 2026 (the â€¢2026 Notesâ€¢) prior to maturity;â€¢During the nine months ended December 31, 2024, we returned \$3.1 billion of cash to shareholders through \$2.8 billion of common stock repurchases in open market transactions and \$254 million of dividend payments. In July 2024, our Board of Directors (the â€¢Boardâ€¢) approved an increase of \$4.0 billion in the authorization for repurchase of the Companyâ€™s common stock and raised our quarterly dividend to \$0.71 from \$0.62 per share of common stock. The total remaining authorization outstanding for repurchases of the Companyâ€™s common stock at December 31, 2024 was \$7.8 billion;â€¢On August 26, 2024, we entered into a definitive agreement to acquire a 70% controlling interest in Community Oncology Revitalization Enterprise Ventures, LLC (â€¢Core Venturesâ€¢), an internal business and administrative services organization established by Florida Cancer Specialists & Research Institute, LLC, for approximately \$2.49 billion cash, subject to certain customary adjustments. Following the completion of the transaction, Core Ventures will be part of the Oncology platform, and financial results will be reported within our U.S. Pharmaceutical segment. The transaction is subject to customary closing conditions, including required regulatory clearance. On November 6, 2024, we received a request for additional information and documentary materials from the Federal Trade Commission (the â€¢FTCâ€¢) in connection with the FTCâ€™s review of our proposed acquisition of Core Ventures. We will respond promptly and continue to work cooperatively with the FTC staff in connection with its review of the transaction; and â€¢On February 4, 2025, we entered into a definitive agreement to acquire a controlling interest in PRISM Vision Holdings (â€¢PRISM Visionâ€¢), a leading provider of general ophthalmology and retina management services. We will purchase an 80% interest for approximately \$850 million, subject to certain customary adjustments. PRISM Vision physicians will retain a 20% interest. Following the completion of the transaction, which is subject to customary closing conditions, including required regulatory clearance, the financial results of PRISM Vision will be reported within our U.S. Pharmaceutical segment.34Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)Trends and Uncertainties:Opioid-Related Litigation and ClaimsAs described in the discussion of opioid-related matters in Financial Note 10, â€¢Commitments and Contingent Liabilities,â€¢ to the condensed consolidated financial statements accompanying this Quarterly Report, we are a defendant in many legal proceedings asserting claims related to the distribution of controlled substances (opioids) in federal and state courts throughout the U.S., and in Puerto Rico and Canada. The plaintiffs in these actions have included state attorneys general, county and municipal governments, tribal nations, hospitals, health and welfare funds, third-party payors, and individuals. We believe we have valid legal defenses in all opioid-related matters, including claims not covered by settlement agreements, and we intend to mount a vigorous defense. Other than as to the settlements described in Financial Note 10, we have not concluded 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 our financial position, cash flows or liquidity, or results of operations. During the nine months ended December 31, 2024, we made payments totaling \$500Â million associated with various settlement agreements for opioid-related claims of states, subdivisions, and Native American tribes. Our total estimated liability for opioid-related claims was \$6.4 billion as of December 31, 2024, of which \$775 million was included within â€¢Other accrued liabilitiesâ€¢ for the amount estimated to be paid within the next twelve months, and the remaining liability was included in â€¢Long-term litigation liabilitiesâ€¢ in our Condensed Consolidated Balance Sheet.Rite Aid Bankruptcy ProceedingsIn October 2023, our customer Rite Aid Corporation (including certain of its subsidiaries, â€¢Rite Aidâ€¢) filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code. Consequently, during the second quarter of fiscal 2024, we recorded a provision for bad debts of \$210 million, which represented the uncollected trade accounts receivable balance as of September 30, 2023 due from Rite Aid. During the nine months ended December 31, 2023, we recorded a provision for bad debts totaling \$725 million, of which \$515 million was recorded in the third quarter of fiscal 2024 representing the uncollected trade accounts receivable from sales to Rite Aid through October 2023 prior to its bankruptcy petition filing.Rite Aid's restructuring plan was approved by the court and the company successfully emerged from bankruptcy in August 2024. During the nine months ended December 31, 2024, we reassessed our initial estimates made in conjunction with the previously reserved prepetition balances, including cash received during the period, resulting in a reversal of \$203 million recorded within â€¢Selling, distribution, general, and administrative expensesâ€¢ in our Condensed Consolidated Statements of Operations and included in our U.S. Pharmaceutical segment. During the nine months ended December 31, 2024, we released \$237 million of allowance for doubtful accounts against trade accounts receivables, representing the write-off of uncollectible receivables related to the Rite Aid provision in the Condensed Consolidated Balance Sheet. We believe the reserves maintained and expenses and credits recorded in fiscal 2025 and fiscal 2024 for Rite Aid trade accounts receivable are appropriate and consistent with our accounting policy and assessment of the information currently available. We evaluate our reserves periodically and as circumstances warrant which may result in changes to our reserves. For additional disclosure of our policy regarding allowances for credit losses, refer to the â€¢Critical Accounting Estimatesâ€¢ section within Item 7 -

Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II of our 2024 Annual Report.35Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)RESULTS OF OPERATIONSOverview of Consolidated Results:(Dollars in millions, except per share data)Three Months Ended December 31, A Nine Months Ended December 31, A 20242023Change20242023ChangeRevenues\$95,294A \$80,898A 18A %\$268,228A \$232,596A 15A %Gross profit3,284A 3,152A 4A 9,684A 9,243A 5A Gross profit margin3.45A %3.90A %(45)bp3.61A %3.97A %(36)bpTotal operating expenses\$(2,060)A \$(2,510)A \$(18)A \$(6,853)\$(6,550)5A %Total operating expenses as a percentage of revenues2.16A %3.10A %(94)bp2.55A %2.82A %(27)bpOther income, net\$69A \$34A 103A %\$233A \$98A 138A %Interest expense(67)(64)5A (220)(172)28A Income before income taxes1,226A 612A 100A 2,844A 2,619A 9A Income tax benefit (expense)(298)18A A \$(669)(289)131A Reported income tax rate24.3A %24.9A %2.720A bp2.5A %11.0A %1.250A bpNet income928A 630A 47A 2,175A 2,330A (7)Net income attributable to noncontrolling interests(49)(41)20A (140)(119)18A Net income attributable to McKesson Corporations\$879A \$589A 49A %\$2,035A 2,211A 8A %Diluted earnings per common share attributable to McKesson Corporation\$6.95A \$4.42A 57A %\$15.80A \$16.39A 4%Weighted-average diluted common shares outstanding126.6A 133.3A (5)%128.8A 134.9A (5)%Any percentage changes displayed above which are not meaningful are displayed as zero percent.bp - basis pointsRevenues Revenues increased for the three and nine months ended December 31, 2024 compared to the same prior year periods, primarily due to market growth in our U.S. Pharmaceutical segment, including higher volumes largely from retail national account customers and growth in specialty pharmaceuticals. Market growth includes growing drug utilization and newly launched products, partially offset by branded to generic drug conversion. This revenue growth was also favorably impacted by higher pharmaceutical distribution volumes in our International segment. Gross Profit Gross profit increased for the three and nine months ended December 31, 2024 compared to the same prior year periods primarily in our U.S. Pharmaceutical segment driven by growth of specialty pharmaceuticals and in our International segment driven by higher volumes. We recognized gains of \$31A million and \$23A million for the three months ended December 31, 2024 and 2023, respectively, and \$184A million and \$220A million for the nine months ended December 31, 2024 and 2023, respectively, related to our share of antitrust legal settlements. We recognized these amounts within "Cost of sales" in the Condensed Consolidated Statements of Operations within our U.S. Pharmaceutical segment.36Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)Gross profit for the nine months ended December 31, 2024 was impacted by restructuring charges of \$63 million related to a broad set of initiatives to drive operational efficiencies and increase cost optimization efforts as discussed in Financial Note 3. aRestructuring, Impairment, and Related Charges, Net, a to the accompanying condensed consolidated financial statements included in this Quarterly Report. We recorded this amount related to impairment of inventories within "Cost of sales" in the Condensed Consolidated Statements of Operations within our U.S. Pharmaceutical segment. Last-in, first out (aLIFOa) charges of \$89 million and \$2 million were recognized during the three months ended December 31, 2024 and 2023, respectively, and charges of \$85 million and \$89 million were recognized during the nine months ended December 31, 2024 and 2023, respectively, primarily due to lower than expected generic deflation in the current fiscal year. Our U.S. Pharmaceutical business uses the LIFO method of accounting for the majority of its inventories, which results in cost of sales that more closely reflects replacement cost than under other accounting methods. The businessa practice is to pass on to customers published price changes from suppliers. Manufacturers generally provide us with price protection, which limits price related inventory losses. A LIFO charge is recognized when the net effect of price increases on pharmaceutical and non-pharmaceutical products held in inventory exceeds the impact of price declines, including the effect of branded pharmaceutical products that have lost market exclusivity. A LIFO credit is recognized when the net effect of price declines exceeds the impact of price increases on pharmaceutical and non-pharmaceutical products held in inventory. Our quarterly LIFO adjustment is based on our estimates of the annual LIFO adjustment which is impacted by expected changes in year-end inventory quantities, product mix, and manufacturer pricing practices, which may be influenced by market and other external factors. Changes to any of the above factors could have a material impact to our annual LIFO adjustment. The actual valuation of inventory under the LIFO method is calculated at the end of the fiscal year. Total Operating ExpensesA summary of the components of our total operating expenses for the three and nine months ended December 31, 2024 and 2023 is as follows: aSelling, distribution, general, and administrative expenses (aSDG&Aa): 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. aClaims 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. aRestructuring, 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 December 31, Nine Months Ended December 31, (Dollars in millions)20242023Change20242023ChangeSelling, distribution, general, and administrative expenses\$2,028A \$2,506A (19)%\$6,532A \$6,468A 1A %Claims and litigation charges, netaA aA aA 108A (2)A %aRestructuring, impairment, and related charges, net32A 4A 700A 213A 84A 154A Total operating expenses\$2,060A \$2,510A (18)%\$6,853A \$6,550A 5A %Percent of revenues2.16A %3.10A %(94)bp2.55A %2.82A %(27)bpAny percentage changes displayed above which are not meaningful are displayed as zero percent. bp - basis pointsFor the three months ended December 31, 2024, total operating expenses and total operating expenses as a percentage of revenues decreased compared to the same prior year period. For the nine months ended December 31, 2024, total operating 37Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)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:aSDG&A for the nine months ended December 31, 2024 includes charges of \$666A million to remeasure our Canadian retail disposal group to fair value less costs to sell. The remeasurement adjustment includes a \$48 million loss related to the accumulated other comprehensive loss balances associated with this disposal. Of the total charges recorded during the period, \$604A million are included within our International segment and \$62A million are included within Corporate expenses, net;aSDG&A for the nine months ended December 31, 2024 includes a credit of \$203 million, and for the three and nine months ended December 31, 2023 includes a provision for bad debts of \$51A million and \$725A million, respectively, related to the bankruptcy of Rite Aid in October 2023. Refer to the Rite Aid Bankruptcy Proceedings section of aTrends and Uncertainties for additional information;aSDG&A for the three and nine months ended December 31, 2023 include gains of \$2A million and \$78A million, respectively, resulting from a fair value adjustment of our contingent consideration liability related to the Rx Savings Solutions, LLC acquisition;aClaims and litigation charges, net primarily consists of a charge of \$108A million related to our estimated liability for opioid-related claims as previously discussed in the Opioid-Related Litigation and Claims section of aTrends and Uncertainties;a and aRestructuring, impairment, and related charges, net were \$32 million and \$4 million for the three months ended December 31, 2024 and 2023, respectively, and \$213 million and \$84 million for the nine months ended December 31, 2024 and 2023, respectively, as discussed below under aRestructuring Initiatives.aGoodwill ImpairmentWe 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 2025 and fiscal 2024 did not indicate any impairment of goodwill, and no goodwill impairment charges were recorded during the three and nine months ended December 31, 2024 and 2023. 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. Restructuring InitiativesWe recorded restructuring, impairment, and related charges of \$32 million and \$4 million for the three months ended December 31, 2024 and 2023, respectively, and \$213 million and \$84 million for the nine months ended December 31, 2024 and 2023, respectively. These charges were included in aRestructuring, impairment, and related charges, net in the Condensed Consolidated Statements of Operations. During the second quarter of fiscal 2025, we approved enterprise-wide initiatives to modernize and accelerate our technology service operating model, which are 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 U.S. Pharmaceutical segments to help realize long-term sustainable growth. We anticipate total charges related to these initiatives of \$650A million to \$700A 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. For the three and nine months ended December 31, 2024, we recorded charges of \$18A million and \$245A million, respectively, related to the initiatives, which primarily includes severance and other employee-related costs as well as facility exit and other related costs, including long-lived asset impairments and \$63 million for the nine months ended December 31, 2024 related to inventory impairments recorded within aCost of salesa in the Condensed Consolidated Statements of Operations.38Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)During the fourth quarter of fiscal 2023, we approved a broad set of initiatives to drive operational efficiencies and increase cost optimization efforts, with the intent of simplifying our infrastructure and realizing long-term sustainable growth. These initiatives included headcount reductions, primarily consisting of employee severance and other employee-related costs within our RxTS segment, and the exit or downsizing of certain facilities. For the three and nine months ended December 31, 2023, we recorded charges of \$2 million and \$41A million related to this program, respectively, which primarily included real estate and other related asset impairments and facility costs within Corporate. This restructuring program was substantially complete in fiscal 2024. Refer to Financial Note 3, aRestructuring, Impairment, and Related Charges, Net, a to the accompanying condensed consolidated financial statements included in this Quarterly Report for further information on our restructuring initiatives. Other Income, NetOther income, net increased for the three and nine months ended December 31, 2024 compared to the same prior year periods primarily due to net gains from investments in our equity securities and a favorable impact from interest income. For the nine months ended December 31, 2024, Other income, net increased primarily due to a net gain of \$101A million related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry, and a favorable impact from interest income, partially offset by a loss of \$43A million related to one of our equity method investments. Interest ExpenseInterest expense increased for the three and nine months ended December 31, 2024 compared to the same prior year periods primarily due to increased average balances of the Companya loan portfolio throughout the first nine months of the year. Interest expense for the nine months ended December 31, 2024 was unfavorably impacted by a prior year gain on debt extinguishment of \$9 million compared to the nine months ended December 31, 2023. 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 7, aDebt and Financing Activities,a to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information.39Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)Income Tax Expense (Benefit)For the three months ended December 31, 2024 and 2023, we recorded income tax expense of \$298 million and (benefit) of \$(18) million, respectively. For the nine months ended December 31, 2024 and 2023, we recorded income tax expense of \$669 million and \$289 million, respectively. Our reported income tax rates were 24.3% and (2.9%) for the three months ended December 31, 2024 and 2023, respectively, and 23.5% and 11.0% for the nine months ended December 31, 2024 and 2023, respectively. Fluctuations in our reported income tax rates are primarily due to non-cash charges related to the remeasurement of our Canadian retail disposal group to fair value less costs to sell. Additionally, changes in our business mix of earnings between various taxing jurisdictions and discrete tax items recognized in the quarters. Refer to Financial Note 4, aIncome Taxes,a to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information. During the nine months ended December 31, 2024, we recorded non-cash pre-tax charges of \$666A million primarily to remeasure our Canadian retail disposal group to fair value less costs to sell, as described in Financial Note 2, aBusiness Acquisitions and Divestitures. a Our reported income tax rates for the three and nine months ended December 31, 2024 were unfavorably impacted by these charges as no net tax benefit was recognized for these charges. For the nine months ended December 31, 2024, we recognized discrete tax benefits of \$44A million related to the sale of certain intellectual property between McKesson wholly-owned legal entities based in foreign tax jurisdictions, \$58A million related to an election to change the tax status of a foreign affiliate, \$41A million related to the tax impact of share-based compensation, and \$47A million related to the reduction in unrecognized tax benefits due to a change in case law, partially offset by a discrete tax expense of \$56A million related to interest expense accrued on unrecognized tax benefits. For the three and nine months ended December 31, 2023, we recognized a net discrete tax benefit of \$141A million, primarily related to the release of a valuation allowance based on managementa reassessment of its deferred tax assets that were more likely than not to be realized. We also recognized a net discrete tax benefit of \$147A million in the nine months ended December 31, 2023, primarily related to the repatriation of certain intellectual property between McKesson wholly-owned legal entities that are based in different tax jurisdictions. Refer to Financial Note 4, aIncome Taxes,a to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information. Net Income Attributable to Noncontrolling InterestsNet income attributable to noncontrolling interests for the three and nine months ended December 31, 2024 and 2023 primarily represents the proportionate results of third-party equity interests in ClarusONE Sourcing Services LLP, Vantage Oncology Holdings, LLC, and SCRI Oncology, LLC. The increase in net income attributable to noncontrolling interests was primarily driven by higher volumes in our ClarusONE joint venture. Net Income Attributable to McKesson CorporationNet income attributable to McKesson Corporation was \$879 million and \$589 million for the three months ended December 31, 2024 and 2023, respectively, and \$2.0 billion and \$2.2 billion for the nine months ended December 31, 2024 and 2023, respectively. Diluted earnings per common share attributable to McKesson Corporation was \$6.95 and \$4.42 for the three months ended December 31, 2024 and 2023, respectively, and \$15.80 and \$16.39 for the nine months ended December 31, 2024 and 2023, respectively. Our diluted earnings per share includes the cumulative effects of share repurchases during each period. Weighted-Average Diluted Common Shares OutstandingDiluted earnings per common share was calculated based on a weighted-average number of shares outstanding of 126.6 million and 133.3 million for the three months ended December 31, 2024 and 2023, respectively, and 128.8 million and 134.9 million for the nine months ended December 31, 2024 and 2023, respectively. Weighted-average diluted shares outstanding for the three and nine months ended December 31, 2024 decreased from the same prior year periods primarily due to the cumulative effect of share repurchases, as discussed in the aShare Repurchases Plansa section of this Financial Review.40Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)Overview of Segment Results:Segment Revenues: A Three Months Ended December 31, A Nine Months Ended December 31, A (Dollars in millions)20242023Change20242023ChangeSegment revenuesU.S. Pharmaceutical\$87,110A \$73,023A 19A %\$244,551A \$209,949A 16A %Prescription Technology Solutions1,371A 1,205A 14A 3,877A 3,589A 8A Medical-Surgical Solutions2,949A 3,031A (3)A 8,533A 8,476A 1A International3,860A 3,639A 6A 11,260A 10,582A 6A Corporate4A A A A A Total revenues\$95,294A \$80,898A 18A %\$268,228A \$232,596A 15A %Any percentage changes displayed above which are not meaningful are displayed as zero percent. U.S. Pharmaceutical Three Months Ended December 31, 2024 vs. 2023U.S. Pharmaceutical revenues for the three months ended December 31, 2024 increased \$14 billion or 19% compared to the same prior year period. Within the segment, sales to pharmacies and healthcare providers increased \$12.6 billion and sales to specialty practices and other increased \$1.4 billion. Overall, these increases were primarily due to higher volumes from retail national account customers and growth in specialty pharmaceuticals, partially offset by branded to generic drug conversions. Nine Months Ended December 31, 2024 vs. 2023U.S. Pharmaceutical revenues for the nine months ended December 31, 2024 increased \$34.6 billion or 16% compared to the same prior year period. Within the segment, sales to pharmacies and healthcare providers increased \$29.8 billion and sales to specialty practices and other increased \$4.8 billion. Overall, these increases were primarily due to higher volumes from retail national account customers and growth in specialty pharmaceuticals, partially offset by branded to generic drug conversions. Prescription Technology Solutions Three Months Ended December 31, 2024 vs. 2023RxTS revenues for the three months ended December 31, 2024 increased \$166 million or 14% compared to the same prior year period due to increased volumes from our third-party logistics and higher technology service revenues. Nine Months Ended December 31, 2024 vs. 2023RxTS revenues for the nine months ended December 31, 2024 increased \$288 million or 8% compared to the same prior year period due to increased volumes from our third-party logistics and higher technology service revenues. Medical-Surgical Solutions Three Months Ended December 31, 2024 vs. 2023Medical-Surgical Solutions revenues for the three months ended December 31, 2024 decreased \$82 million or 3% compared to the same prior year period. Within the segment, sales to primary care customers decreased \$96 million driven by lower volumes of illness season testing. This decrease was partially offset by sales

to extended care customers and Other sales which increased \$9 million and \$5 million, respectively.41Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)Nine Months Ended December 31, 2024 vs. 2023Medical-Surgical Solutions revenues for the nine months ended December 31, 2024 increased \$57 million or 1% compared to the same prior year period. Within the segment, sales to primary care customers increased \$63 million and sales to our extended care customers increased \$11 million, driven by underlying business growth. These increases were partially offset by Other sales which declined \$17 million driven by lower contribution from the kitting and distribution of ancillary supplies used to administer COVID-19 vaccines.InternationalThree Months Ended December 31, 2024 vs. 2023International revenues for the three months ended December 31, 2024 increased \$221 million or 6% compared to the same prior year period. Within the segment, sales in Canada increased by \$311 million primarily driven by higher pharmaceutical distribution volumes and sales in Norway increased by \$17 million primarily driven by growth in retail pharmacy. These increases were partially offset by unfavorable effects of foreign currency exchange fluctuations of \$107 million.Nine Months Ended December 31, 2024 vs. 2023International revenues for the nine months ended December 31, 2024 increased \$678 million or 6% compared to the same prior year period. Within the segment, sales in Canada increased by \$831 million primarily driven by higher pharmaceutical distribution volumes and sales in Norway increased by \$83 million primarily driven by growth in retail pharmacy. These increases were partially offset by unfavorable effects of foreign currency exchange fluctuations of \$236 million.CorporateThree Months Ended December 31, 2024 vs. 2023Corporate reflects revenues from services derived in the U.S. related to certain technology operations. The increase compared to the prior year was immaterial.Nine Months Ended December 31, 2024 vs. 2023Corporate reflects revenues from services derived in the U.S. related to certain technology operations. The increase compared to the prior year was immaterial.42Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)Segment Operating Profit (Loss) and Corporate Expenses, Net.Â Three Months Ended December 31, Â A Nine Months Ended December 31, Â A (Dollars in millions)20242023Change20242023ChangeSegment operating profit (loss) (1)U.S. Pharmaceutical (2)\$854Â \$307Â 178Â %2,710Â \$1,727Â 57Â %Prescription Technology Solutions (3)219Â 178Â 23Â 627Â 647Â (3)Medical-Surgical Solutions(4)269Â 268Â â€"Â 546Â 739Â (26)International (5)111Â 126Â (12)(307)249Â (223)Subtotal1,453Â 879Â 65Â 3,576Â 3,362Â 6Â Corporate expenses, net (6)(160)(203)(21)(512)(571)(10)Interest expense(67)(64)5Â (220)(172)28Â Income before income taxes\$1,226Â \$612Â 100Â %\$2,844Â \$2,619Â 9Â %Segment operating profit marginU.S. Pharmaceutical 0.98Â %0.42Â %56Â bp1.11Â %0.82Â %29Â bpPrescription Technology Solutions15.97Â 14.77Â 120Â 16.17Â 18.03Â (186)Medical-Surgical Solutions9.12Â 8.84Â 28Â 6.40Â 8.72Â (232)International2.88Â 3.46Â (58)(2.73)2.35Â (508)Any percentage changes displayed above which are not meaningful are displayed as zero percent.bp - basis points(1)Segment operating profit includes gross profit, net of total operating expenses, as well as other income, net, for our reportable segments.(2)Operating profit for our U.S. Pharmaceutical segment includes the following:â€"a credit of \$203 million for the nine months ended December 31, 2024 due to the reassessment of our initial estimates made in conjunction with the previously reserved prepetition balances owed by Rite Aid. We recognized a provision for bad debts of \$515 million and \$725 million for the three and nine months ended December 31, 2023, respectively, which represented the uncollected trade accounts receivable due from Rite Aid as discussed in the â€œTrends and Uncertaintiesâ€ section; â€"cash receipts for our share of antitrust legal settlements of \$31 million and \$23 million for the three months ended December 31, 2024 and 2023, respectively, and \$184 million and \$220 million for the nine months ended December 31, 2024 and 2023, respectively;â€"charges of \$89 million and \$2 million related to the LIFO method of accounting for inventories for the three months ended December 31, 2024 and 2023, respectively and charges of \$85 million and \$89A million for the nine months ended December 31, 2024 and 2023, respectively;â€"restructuring charges of \$67 million for the nine months ended December 31, 2024 for restructuring initiatives as discussed in Financial Note 3, â€œRestructuring, Impairment, and Related Charges, Net,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report;â€"a charge of \$57 million for the nine months ended December 31, 2024 related to our estimated liability for opioid-related claims as discussed previously in the â€œTrends and Uncertaintiesâ€ section; andâ€"a loss of \$43Â million for the nine months ended December 31, 2024 related to one of the Companyâ€™s equity method investments.(3)Operating profit for our RxT's segment for the three and nine months ended December 31, 2023 includes gains of \$2Â million and \$78Â million, respectively, resulting from fair value adjustments of our contingent consideration liability related to the Rx Savings Solutions, LLC acquisition completed in November 2022.(4)Operating profit for our Medical-Surgical Solutions segment for the three and nine months ended December 31, 2024 includes restructuring charges of \$19 million and \$169 million, respectively, related to a broad set of initiatives to drive operational efficiencies and increase cost optimization efforts as discussed in Financial Note 3, â€œRestructuring, Impairment, and Related Charges, Net,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report.(43Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)(5)Operating profit (loss) for our International segment includes a charge of \$11Â million and \$604Â million for the three and nine months ended December 31, 2024, respectively, to remeasure the assets and liabilities of the Canadian retail disposal group to fair value less costs to sell, as discussed in Financial Note 2, â€œBusiness Acquisitions and Divestitures,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report.(6)Corporate expenses, net includes the following:â€"a charge of \$12Â million and \$62Â million for the three and nine months ended December 31, 2024, respectively, related to the effect of accumulated other comprehensive loss components from our Canadian retail disposal group, as discussed in Financial Note 2, â€œBusiness Acquisitions and Divestitures,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report;â€"a net gain of \$101Â million for the nine months ended December 31, 2024 related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry, as discussed in Financial Note 9, â€œFair Value Measurements,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report; â€"a net charge of \$51Â million for the nine months ended December 31, 2024 related to our estimated liability for opioid-related claims as discussed previously in the â€œTrends and Uncertaintiesâ€ section; andâ€"a restructuring charge of \$50 million for the nine months ended December 31, 2023 for restructuring initiatives as discussed in Financial Note 3, â€œRestructuring, Impairment, and Related Charges, Net,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report.U.S. PharmaceuticalThree Months Ended December 31, 2024 vs. 2023Operating profit for this segment increased for the three months ended December 31, 2024 compared to the same prior year period primarily due to a prior year provision for bad debts of \$515 million related to the bankruptcy of Rite Aid in October 2023, and growth in specialty pharmaceuticals, partially offset by a LIFO charge of \$89 million, and an increase in operating expenses to support higher volumes.Nine Months Ended December 31, 2024 vs. 2023Operating profit for this segment increased for the nine months ended December 31, 2024 compared to the same prior year period primarily due to a prior year provision for bad debts of \$725 million and a fiscal 2025 credit of \$203 million related to the reassessment of our initial estimates made in conjunction with the previously reserved prepetition balances owed by Rite Aid, and growth in specialty pharmaceuticals, offset by an increase in operating expenses to support higher volumes, a decrease from net cash proceeds received representing our share of antitrust legal settlements, a charge of \$57Â million related to our estimated liability for opioid-related claims, and a loss related to one of our equity method investments.Prescription Technology SolutionsThree Months Ended December 31, 2024 vs. 2023Operating profit for this segment increased for the three months ended December 31, 2024 compared to the same prior year period driven by increased volumes with new and existing customers, primarily from growth in our technology services.Nine Months Ended December 31, 2024 vs. 2023Operating profit for this segment decreased for the nine months ended December 31, 2024 compared to the same prior year period primarily due to a prior year provision for bad debts of \$725 million and a fiscal 2025 credit of \$203 million related to the reassessment of our initial estimates made in conjunction with the previously reserved prepetition balances owed by Rite Aid, and growth in specialty pharmaceuticals, offset by an increase in operating expenses to support higher volumes, a decrease from net cash proceeds received representing our share of antitrust legal settlements, a charge of \$57Â million related to our estimated liability for opioid-related claims, and a loss related to one of our equity method investments.Medical-Surgical SolutionsThree Months Ended December 31, 2024 vs. 2023Operating profit for this segment remained flat for the three months ended December 31, 2024 compared to the same prior year period primarily due to lower expenses resulting from business rationalization initiatives, offset by a decline in our primary care business, and higher restructuring charges.44Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)Nine Months Ended December 31, 2024 vs. 2023Operating profit for this segment decreased for the nine months ended December 31, 2024 compared to the same prior year period primarily due to higher restructuring charges recorded in fiscal 2025, a decline in our primary care business, and a lower contribution from kitting and distribution of ancillary supplies for COVID-19 vaccines, partially offset by lower expenses resulting from business rationalization initiatives.InternationalThree Months Ended December 31, 2024 vs. 2023Operating profit for this segment decreased for the three months ended December 31, 2024 compared to the same prior year period largely due to remeasurement charges related to our Canadian retail disposal group, as discussed in Financial Note 2, â€œBusiness Acquisitions and Divestitures,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report.Nine Months Ended December 31, 2024 vs. 2023Operating (loss) for this segment for the nine months ended December 31, 2024 compared to an operating profit for the same prior year period was largely due to remeasurement charges related to our Canadian retail disposal group, as discussed in Financial Note 2, â€œBusiness Acquisitions and Divestitures,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report, partially offset by higher pharmaceutical distribution volumes across the segment.Corporate Expenses, NetThree Months Ended December 31, 2024 vs. 2023Corporate expenses, net decreased for the three months ended December 31, 2024 compared to the same prior year period primarily due to gains related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry, a favorable impact on interest income, and remeasurement charges related to our Canadian retail disposal group, as discussed in Financial Note 2, â€œBusiness Acquisitions and Divestitures,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report.Nine Months Ended December 31, 2024 vs. 2023Corporate expenses, net decreased for the nine months ended December 31, 2024 compared to the same prior year period primarily due to a net gain of \$101Â million related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry, favorable impact to interest income, and lower restructuring charges recorded in the first nine months of fiscal 2025 compared to the same prior year period, partially offset by a net charge of \$51Â million related to our estimated liability for opioid-related claims, and remeasurement charges related to our Canadian retail disposal group, as discussed in Financial Note 2, â€œBusiness Acquisitions and Divestitures,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report.New Accounting PronouncementsNew 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, â€œSignificant Accounting Policies,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report.45Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL 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 \$4.0 billion revolving credit facility. At December 31, 2024, 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: Nine Months Ended December 31, (Dollars in millions)20242023ChangeNet cash provided by (used in)Operating activities\$(1,663)Â \$167Â \$1,830Investing activities(509)(495)(14)Financing activities(1,110)(2,374)1,264Â Effect of exchange rate changes on cash, cash equivalents, and restricted cash(21)Â (27)Net change in cash, cash equivalents, and restricted cash\$(3,303)Â \$(2,696)Â \$(607)Operating ActivitiesOperating activities used cash of \$1.7 billion and provided cash of \$167 million during the nine months ended December 31, 2024 and 2023, 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.Operating activities for the nine months ended December 31, 2024 were affected by net income of \$2.2 billion, adjusted for non-cash items, including charges of \$666Â million to remeasure the assets and liabilities of our Canadian retail disposal group to fair value less cost to sell, as well as increases in receivables of \$4.1 billion, inventories of \$3.1 billion, and accounts payable of \$2.7 billion, all primarily driven by higher revenues and timing. Our litigation liabilities decreased by \$386 million due to payments made in fiscal 2025 associated with various settlement agreements for opioid-related claims of states, subdivisions, and Native American tribes, partially offset by an accrual in the first quarter of fiscal 2025 related to a settlement with third party payors as discussed in Financial Note 10, â€œCommitments and Contingent Liabilities,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report.Operating activities for the nine months ended December 31, 2023 were affected by net income of \$2.3 billion, adjusted for non-cash items, including a provision for bad debts of \$725 million related to the bankruptcy of Rite Aid in October 2023, as well as increases in receivables of \$4.3 billion, drafts and accounts payable of \$4.2 billion, and inventories of \$2.4 billion, all primarily driven by higher revenues and timing. Our litigation liabilities also decreased by \$529 million due to payments made during the first nine months of fiscal 2024 associated with various settlement agreements for opioid-related claims of states, subdivisions, and Native American tribes.Investing ActivitiesInvesting activities used cash of \$509 million and \$495 million during the nine months ended December 31, 2024 and 2023, respectively. Investing activities for the nine months ended December 31, 2024 and 2023 includes \$581 million and \$418 million, respectively, in capital expenditures for property, plant, and equipment and capitalized software. Investing activities for the nine months ended December 31, 2024 was also impacted by the receipt of proceeds of \$92 million related to the sale of equity securities, as discussed in Financial Note 9, â€œFair Value Measurements,â€ to the accompanying condensed consolidated financial statements included in this Quarterly Report.46Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)Financing ActivitiesFinancing activities used cash of \$1.1 billion and \$2.4 billion during the nine months ended December 31, 2024 and 2023, respectively. Financing activities for the nine months ended December 31, 2024 and 2023 includes \$2.8 billion and \$2.3 billion of cash paid for share repurchases, as well as \$254 million and \$232 million of cash paid for dividends, respectively. Financing activities also includes cash receipts of \$11.4 billion and \$4.8 billion, and cash repayments of \$9.0 billion and \$4.6 billion for the nine months ended December 31, 2024 and 2023, respectively, related to short-term borrowings of commercial paper.On September 10, 2024, we completed a public offering of 4.25% Notes due September 15, 2029 in a principal amount of \$500 million. Proceeds received from this note issuance, net of discounts and offering expenses, were approximately \$496 million. We utilized the net proceeds from this note issuance along with cash on hand to redeem our \$500 million outstanding principal amount of 5.25% Notes due February 15, 2026 prior to maturity at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest through the settlement date.On June 15, 2023, we completed a public offering of 4.90% Notes due July 15, 2028 in a principal amount of \$400 million and 5.10% Notes due July 15, 2033 in a principal amount of \$600 million, for proceeds received, net of discounts and offering expenses, of \$397 million and \$592 million, respectively. A portion of the net proceeds from these notes was utilized to fund the repurchase of our then outstanding 3.80% Notes due March 15, 2024 (the â€œ2024 Notesâ€) discussed below, while the remaining net proceeds was available for general corporate purposes.On June 16, 2023, we completed a cash tender offer for any and all of our then outstanding 2024 Notes with a principal amount of \$918Â million, which was made concurrently with the June 15, 2023 notes offering described above. Using a portion of the proceeds from the June 15, 2023 notes offering, we paid an aggregate consideration of \$268 million to repurchase \$271 million principal amount of the 2024 Notes. Following the consummation of this tender offer, on June 16, 2023, we irrevocably deposited U.S. government obligations with the trustee under the indenture governing the 2024 Notes sufficient to fund the payment of accrued and unpaid interest of the remaining \$647Â million principal amount of the 2024 Notes as it became due, and of the principal amount of those 2024 Notes on their March 15, 2024 maturity date.Cash used for other financing activities generally includes the cash value of shares surrendered for tax withholding and payments to noncontrolling interests.Share Repurchase PlansThe 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 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 (â€œExchange Actâ€). 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.During the three months ended December 31, 2024, we repurchased 1.5Â million shares of common stock for \$821 million through open market transactions at an average price per share of \$537.48, of which \$8 million was accrued within â€œOther accrued liabilitiesâ€ in the Companyâ€™s Condensed Consolidated Balance Sheet as of December 31, 2024 for share repurchases that were executed in late December 2024 and settled in early January 2025. During the three months ended September 30, 2024, we repurchased 2.9Â million shares of common stock for \$1.5Â billion through open market transactions at an average price per share of \$533.46, of which \$22 million was accrued within â€œOther accrued liabilitiesâ€ in the Companyâ€™s Condensed Consolidated Balance

Sheet as of September 30, 2024 for share repurchases that were executed in late September 2024 and settled in early October 2024. During the three months ended June 30, 2024, we repurchased 1.0 million shares of common stock for \$528 million through open market transactions at an average price per share of \$548.20.47Table of Contents MD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONTINUED) (UNAUDITED)During the three months ended December 31, 2023, we repurchased 1.9 million shares of common stock for \$868 million through open market transactions at an average price per share of \$457.16, of which \$41 million was accrued within Δ Other accrued liabilities Δ in the Company Δ ''s Condensed Consolidated Balance Sheet as of December 31, 2023 for share repurchases that were executed in late December 2023 and settled in early January 2024. During the three months ended September 30, 2023, we repurchased 2.0 million shares of common stock for \$840 million through open market transactions at an average price per share of \$422.39, of which \$23 million was accrued within Δ Other accrued liabilities Δ in the Company Δ ''s Condensed Consolidated Balance Sheet as of September 30, 2023 for share repurchases that were executed in late September 2023 and settled in early October 2023. During the three months ended June 30, 2023, we repurchased 1.8 million shares of common stock for \$673 million through open market transactions at an average price per share of \$379.14. Effective January 1, 2023, our repurchase of common stock, adjusted for allowable items, are subject to a 1% excise tax as a result of the Inflation Reduction Act of 2022. Excise taxes incurred on share repurchases of an entity Δ ''s own common stock are direct and incremental costs to purchase treasury stock, and accordingly are included in the total cost basis of the common stock acquired and reflected as a reduction of stockholders Δ '' equity within Δ Treasury shares Δ in our Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Stockholders Δ '' Deficit. Excise taxes do not reduce our remaining authorization for the repurchase of common stock. Excise taxes of \$7 million and \$8 million were incurred and accrued for shares repurchased during the three months ended December 31, 2024 and 2023, respectively. Excise taxes of \$23 million and \$20 million were incurred and accrued for shares repurchased during the nine months ended December 31, 2024 and 2023, respectively. On October 30, 2024, the company made a payment of \$25 million for fiscal 2024 excise taxes previously accrued. As of December 31, 2024, the amount accrued for excise taxes was \$23 million within Δ Other accrued liabilities Δ in the Company Δ ''s Condensed Consolidated Balance Sheets. In July 2024, the Board approved an increase of \$4.0 billion in the authorization for the repurchase of common stock. The total remaining authorization outstanding for repurchases of common stock at December 31, 2024 was \$7.8 billion. Selected Measures of Liquidity and Capital Resources(Dollars in millions)December 31, 2024March 31, 2024Cash, cash equivalents, and restricted cash\$1,282A \$4,585A Working capital(6,821)(4,387)Debt to capital ratio (1)135.4A %124.0A % (1)This ratio describes the relationship and changes within our capital resources, and is computed as the sum of short-term borrowings and total debt divided by the sum of short-term borrowings, total debt and McKesson stockholders Δ '' 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 December 31, 2024 and March 31, 2024 included approximately \$1.8 billion and \$1.6 billion, respectively, 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. Δ 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.48Table of ContentsMD&A IndexMcKESSON CORPORATIONFINANCIAL REVIEW (CONCLUDED)(UNAUDITED)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 decreased at December 31, 2024 compared to March 31, 2024 primarily due to a decrease in cash and cash equivalents, an increase in drafts and accounts payable from increased purchasing driven by increased sales and timing, an increase in short-term borrowings outstanding at December 31, 2024, an increase in current portion of long term debt, and an increase in other accrued liabilities. These were partially offset by an increase in receivables, net and inventories, net, driven by higher sales and timing. Our debt to capital ratio increased for the nine months ended December 31, 2024 due to share repurchases and dividend payments as well as repayments of long-term debt, partially offset by net income attributable to McKesson for fiscal 2025, issuance of new long-term debt, and net issuance of commercial paper notes during fiscal 2025. In July 2024, we raised our quarterly dividend from \$0.62 to \$0.71 per share of common stock for dividends declared on or after such date by the Board. 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. 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 \$6.4 billion as of December 31, 2024 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 7, Δ Debt and Financing Activities, Δ 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 Δ Management Δ ''s Discussion and Analysis of Financial Condition and Results of Operations Δ 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 Δ believes, Δ Δ expects, Δ Δ anticipates, Δ Δ may, Δ Δ will, Δ Δ should, Δ Δ seeks, Δ Δ approximately, Δ Δ intends, Δ Δ projects, Δ Δ estimates, Δ Δ targets, Δ 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 Δ Risk Factors Δ section in Item 1A of the 2024 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.49Table of ContentsMcKESSON CORPORATIONFINANCIAL REVIEW (CONCLUDED)(UNAUDITED)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, 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, 2024. Item 4. Controls and Procedures Our Chief Executive Officer and our Chief Financial Officer, with the participation of other members of the Company Δ ''s management, have evaluated the effectiveness of the Company Δ ''s Δ disclosure controls and procedures Δ (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 Δ internal control over financial reporting Δ (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 December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. PART II Δ '' OTHER INFORMATION Item 1. Legal Proceedings The information set forth in Financial Note 10, Δ Commitments and Contingent Liabilities, Δ to the accompanying condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, and in Financial Note 17, Δ Commitments and Contingent Liabilities, Δ to the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, 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, 2024. 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 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.50Table of ContentsMcKESSON CORPORATIONRefer to Financial Note 11, Δ Stockholders' Deficit, Δ to the accompanying condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a full discussion of the Company Δ ''s share repurchases for the three and nine months ended December 31, 2024 and 2023. The following table provides information on the Company Δ ''s share repurchases during the three months ended December 31, 2024: Δ Share Repurchases (1) (In millions, except price per share) Total Δ Number of Shares Purchased Average Δ Price Paid Δ Per Δ Share (2) Total Δ Number Δ of Shares Purchased as Part of a Publicly Announced Program (3) Approximate Dollar Δ Value Δ of Shares Δ that Δ May Yet Be Purchased Under the Programs (2) October 1, 2024 Δ October 31, 2024 Δ 1.04 501.92A 1.04 \$8,067A November 1, 2024 Δ November 30, 2024 Δ 602.23A 0.2A 7,933A December 1, 2024 Δ December 31, 2024 Δ 3.8A 585 10A 0.3A 7,761A Total 1.5A 1.5A (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 \$7 million of excise taxes incurred on share repurchases for the three months ended December 31, 2024. The remaining authorization outstanding for repurchases of common stock excludes \$23 million of excise taxes incurred on share repurchases for the year ended December 31, 2024. (3) In July 2024, the Board authorized the Company to repurchase up to an additional \$4.0 billion shares of common stock, which has no expiration date. Item 3. Defaults Upon Senior Securities. None. Item 4. Mine Safety Disclosures. Not applicable. Item 5. Other Information. Pre-arranged Trading Plans The following discussion includes trading arrangements adopted, modified, or terminated by our directors and officers during the three months ended December 31, 2024. On November 8, 2024, Brian Tyler, our Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement for the sale of up to 100,774 shares of the Company Δ ''s common stock. The duration of the trading arrangement is until November 12, 2025, or earlier if all transactions under the trading arrangement are completed or if the trading arrangement is otherwise terminated according to its terms. The trading arrangement was entered into during an open trading window period and Mr. Tyler represented to us that he intended for it to satisfy the requirements for the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The number of shares subject to the arrangement was entered into during an open trading window period and Mr. Tyler represented to us that he intended for it to satisfy the requirements for the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The number of shares subject to the arrangement includes shares that may be withheld by the Company to satisfy income tax withholding and remittance obligations in connection with the net settlement of equity awards. 51Table of ContentsMcKESSON CORPORATION On November 26, 2024, Michele Lau, our Executive Vice President and Chief Legal Officer, adopted a Rule 10b5-1 trading arrangement for the sale of up to 950 shares of the Company Δ ''s common stock. The duration of the trading arrangement is until February 27, 2026, or earlier if all transactions under the trading arrangement are completed or if the trading arrangement is otherwise terminated according to its terms. The trading arrangement was entered into during an open trading window period and Ms. Lau represented to us that she intended for it to satisfy the requirements for the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The number of shares subject to the arrangement includes shares that may be withheld by the Company to satisfy income tax withholding and remittance obligations in connection with the net settlement of equity awards. Election of Directors On February 3, 2025, the Board elected Lynne M. Doughtie and Dr. Julie L. Gerberding as directors, each effective February 3, 2025, for a term expiring at the Company Δ ''s 2025 annual meeting of shareholders, and until such director Δ ''s successor is elected and qualified, or until such director Δ ''s earlier resignation or removal. Ms. Doughtie was appointed to the Audit Committee and the Finance Committee of the Board. She brings accounting and finance expertise from her experience as the former Chair and Chief Executive Officer of KPMG U.S. from 2015 to 2020. She spent over 30 years at KPMG, during which she gained experience across various industries, including technology, healthcare, and financial services. She currently serves on the boards of directors of The Boeing Company and Workday, Inc. She received her B.S. in accounting from Virginia Polytechnic Institute and State University (Virginia Tech)/Pamplin College of Business in 1985. She is a certified public accountant and qualifies as an audit committee financial expert. Dr. Gerberding was appointed to the Compliance Committee and the Compensation and Talent Committee. She brings extensive experience in the healthcare industry as the Chief Executive Officer of the Foundation for the National Institutes of Health, where she leads efforts to create research alliances in support of its mission to improve health and reduce illness. Previously, she served as the Executive Vice President and Chief Patient Officer at Merck & Co., focusing on patient engagement, strategic communications, and global public policy. She joined Merck in 2010 as President of Merck Vaccines. Before Merck, she was Director of the Centers for Disease Control and Prevention from 2002 to 2009. Dr. Gerberding currently serves on the board of directors of Hillevax, Inc., a biopharmaceutical company focused on the development and commercialization of novel vaccines. She received her undergraduate and medical degrees from Case Western Reserve University and a Master of Public Health at the University of California, Berkeley. In connection with their service as directors for the Company, each will be indemnified and compensated in accordance with the Corporation Δ ''s standard indemnification and compensation policies and practices for non-employee directors as described in the Corporation Δ ''s Proxy Statement for its 2024 Annual Meeting of Shareholders filed with the Securities and Exchange Commission on June 21, 2024. 52Table of ContentsMcKESSON CORPORATION Item 6. Exhibits. Exhibits identified under Δ Incorporated by Reference Δ 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 31.1 Δ 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 Δ 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. 32â€ Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 101â€ The following materials from the McKesson Corporation Quarterly Report on Form 10-Q for the quarter ended December 31, 2024, 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 Stockholdersâ€™ Deficit, (v) Condensed Consolidated Statements of Cash Flows, and (vi) related Financial Notes. 104â€ Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101). â€ Á Á Á Filed herewith.â€ Á Á Á Furnished herewith.53Table of ContentsMcKESSON CORPORATIONSIGNATURESPursuant 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.Â MCKESSON CORPORATIONDate:February 5, 2025Â /s/ Britt J. VitaloneÂ Britt J. VitaloneÂ Executive Vice President and Chief Financial OfficerÂ MCKESSON CORPORATIONDocument Exhibit 31.1 CERTIFICATION PURSUANT TORULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002, Brian S. Tyler, certify that: 1.I have reviewed this quarterly report on Form 10-Q of McKesson Corporation;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have: a)Â Á Á Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b)Â Á Á Á Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c)Â Á Á Á Evaluated the effectiveness of the registrant's disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d)Â Á Á Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and 5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):a)Â Á Á All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b)Â Á Á Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting. Date:February 5, 2025Â /s/Â Brian S. TylerÂ Brian S. TylerChief Executive OfficerDocument Exhibit 31.2 CERTIFICATION PURSUANT TORULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002, Britt J. Vitalone, certify that: 1.I have reviewed this quarterly report on Form 10-Q of McKesson Corporation;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have: a)Â Á Á Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b)Â Á Á Á Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; c)Â Á Á Á Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d)Â Á Á Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and 5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):a)Â Á Á All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b)Â Á Á Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting. Date:February 5, 2025Â /s/ Britt J. VitaloneÂ Britt J. VitaloneÂ Executive Vice President and Chief Financial OfficerDocument Exhibit 32 CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the quarterly report of McKesson Corporation (the â€œCompanyâ€) on Form 10-Q for the quarterly period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œReportâ€), the undersigned, in the capacities and on the dates indicated below, each hereby certify, pursuant to 18 U.S.C. Â§ 1350, as adopted pursuant to Â§ 906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:1.The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and2.The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company./s/Â Brian S. TylerÂ Brian S. TylerChief Executive OfficerÂ February 5, 2025Â /s/ Britt J. VitaloneÂ Britt J. VitaloneExecutive Vice President and Chief Financial OfficerÂ February 5, 2025Â Á This certification accompanies the Report pursuant to Â§ 906 of the Sarbanes-Oxley Act of 2002, and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.A signed original of this written statement required by Section 906 has been provided to McKesson Corporation and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.