

plan highlights

MCKESSON'S ESPP

McKesson offers employees the opportunity to buy company stock at a discount through the Employee Stock Purchase Plan (ESPP). The purchase price of McKesson shares under the McKesson ESPP is a 15% discount on the closing price per share on the purchase date. Once shares are purchased, they will be deposited into your Fidelity Account.®

THE ESPP PROSPECTUS

You are required to review and acknowledge your understanding of McKesson's ESPP Prospectus prior to enrollment. You can view the McKesson ESPP Prospectus online at netbenefits.fidelity.com. To view the document, log in and click on your employee stock purchase plan. Under **View**, select **Plan Information & Documents**.

ENROLLMENT PERIOD

Enrollment for the McKesson ESPP is:

ESPP TIMELINE			
ENROLLMENT BEGINS	ENROLLMENT ENDS	OFFERING PERIOD	PURCHASE DATE
02/01	04/20	05/01 through 07/31	07/31
05/01	07/20	08/01 through 10/31	10/31
08/01	10/20	11/01 through 01/31	01/31
11/01	01/20	02/01 through 04/30	04/30

Note: If you are under the age of 18, you will not be able to participate in the McKesson ESPP Plan. When you turn 18 and if you are eligible to participate an enrollment kit will be sent to you.

OFFERING PERIOD

The period of time under which your ESPP deductions accumulate is known as the offering period. The offering period lasts 3 months, starting on the first trading day that is on or after August 1, November 1, February 1 and May 1 and ends on the last trading day of the month that is three months later.

PURCHASE DATE

At the end of each offering period, Fidelity will use your accumulated balance during the offering period to purchase shares of McKesson stock.

CHANGING YOUR PAYROLL DEDUCTION

Once elected, you may not change the amount you deduct during the current offering period. Any contribution election changes that you make during an offering period are effective for the next offering period. You may discontinue your deductions at any time for the current offering period. You may recommence your participation for the next offering period provided you are still eligible to participate in the plan.

PAYROLL DEDUCTIONS

You may elect to deduct a whole percentage (from a minimum of 1% to a maximum of 15%) of your eligible income on an after-tax basis per payroll period. Your total after-tax deductions cannot exceed the ESPP's deduction limit of \$25,000 worth of company stock for a calendar year. If your contributions exceed this limit, McKesson will refund the balance thru payroll after the next purchase date and as soon as administratively possible.

FEES

You do not incur any fees when you purchase McKesson Corporation shares in the ESPP. Any subsequent sale of shares conducted in your Fidelity Account will be subject to commissions and fees governing that account as outlined in the Brokerage Commission Schedule contained within the Customer Agreement. Please refer to the Customer Agreement online for further details.

DIVIDENDS

All dividends that you receive on McKesson shares purchased through the ESPP and held at Fidelity will be deposited into your Fidelity Account as cash, absent any election by you to reinvest the dividends. If you choose, you may elect to have your McKesson dividends reinvested in McKesson Corporation shares without charge.

To reinvest your McKesson dividends, log in to **netbenefits.fidelity.com** and select the link for your brokerage account and proceed to **Fidelity.com**. Select the **Accounts & Trade** tab in the upper left-hand corner of your Summary screen and select the option to **Update Accounts/Features**. Under **Account Features** select **Dividends and Capital Gains**. You will have the option to **Reinvest in Security** or **Deposit to Core Account**. You may also make a change to your dividend treatment by calling **1-800-544-9354**.

PLAN WITHDRAWALS AND SUSPENSIONS

Full withdrawals (stop deductions and receive a refund) and suspensions (discontinue your deductions but still participate in the next purchase) of your accumulated, after-tax deductions are allowed at any time. If you request a withdrawal, your contributions will be refunded through McKesson's payroll as soon as administratively possible.

If you request a withdrawal or a suspension, your current deductions will be discontinued for the remainder of the current offering period. If you want to reinstate your ESPP deductions for the next (or any later) offering period, you will need to reenroll in the ESPP on **netbenefits.fidelity.com** during the enrollment period for that offering period. Withdrawals and suspensions can be requested online at **netbenefits.fidelity.com** or by calling a Fidelity Stock Plan Services Representative at **1-888-625-7747**.

SEPARATION FROM SERVICE

If your employment or continuous service terminates for any reason, your participation in the plan will end. McKesson will refund the balance of the payroll deductions collected during the offering period. In the event of your death, your beneficiary may elect to receive a distribution of your payroll deductions not already used to purchase stock or they may elect to purchase Stock under the Plan on the next purchase date.

QUALIFIED ESPP

The ESPP is a tax-qualified plan under Section 423 of the Internal Revenue Code. All income taxes on McKesson stock purchased under this plan are deferred until you sell your shares. Upon sale, a portion of your gains will be taxed at the more favorable capital gains tax rate, provided you hold the stock for at least one year after your purchase and for two years after the start of the offering period. Effective with stock sale transactions after August 1, 2005, McKesson will no longer include qualified disposition income on your W-2. You will be responsible for calculating any ordinary income you receive from a qualifying disposition.

DISQUALIFYING DISPOSITION

You may sell your stock sooner, but an early sale is treated as a “disqualifying disposition” for federal income tax purposes and your taxable income for the year in which the shares were sold may need to be adjusted. If you have questions about qualified dispositions or what constitutes as a disqualified disposition, you should consult your tax advisor.¹

ADDRESS CHANGES

McKesson provides employee address change information to Fidelity. All address changes received by Fidelity from McKesson will be applied to your account. To change your address, please contact your local Human Resources department or log in to MyMcKessonHR.com. If you are no longer employed at McKesson, please contact Fidelity directly with address change information.

STATEMENTS

You will receive a statement from Fidelity on a monthly or quarterly basis depending on your account activity. If activity occurs in your account, you will receive a monthly statement. Should you have no activity during the month, you'll begin to receive a quarterly statement. You'll also receive confirmations for transactions that are made in your account.

Through Fidelity's e-Delivery² program you can elect to receive your Fidelity account statements, trade confirmations, Fidelity mutual fund prospectuses, and financial reports online. To sign up for e-Delivery, type **Fidelity.com/goto/edelivery** in your browser address bar and follow the instructions.

McKesson Corporation's ESPP Plan Document contains the terms and conditions of your employee stock purchase plan. If anything contained in the ESPP Plan Document conflicts with the description contained in this Plan Highlights summary, the provisions of the ESPP Plan Document will control. Commissions and fees are subject to change.

¹ Please consult your tax advisor regarding your specific tax situation.

² These documents are available on Fidelity.com for customers. If you consent to suspend mailing, Fidelity will notify you by email when your account statement or trade confirmation is available online.

McKesson Corporation and Fidelity Investments are not affiliated.

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