

PSIP Highlights

The PSIP is a long-term savings plan designed to provide savings for your retirement years, but there is more. Before enrolling, please read this Prospectus and SPD carefully.¹ Here's a look at what the PSIP has to offer:

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| Eligibility | <p>Regular full- and part-time employees of the Company are eligible to participate in the PSIP on the first day of the month following completion of two months of service.</p> <p>Casual and temporary employees may participate in the PSIP after completion of one year of service, with at least 1,000 hours worked during that year.</p> <p>Employees who are members of a collective bargaining unit are not eligible to participate in the PSIP, unless the agreement between the employer and that unit provides for participation in the PSIP.</p> |
| How to Enroll | <p>Log onto Fidelity <i>NetBenefits</i>sm at www.netbenefits.fidelity.com to enroll. You will be asked to establish your Personal Identification Number (PIN), to set your payroll deduction percentage, and to choose your investment options. If you do not have access to the Internet, you may call the McKesson Service Center's toll-free number (1-888-MCK-PSIP or 1-888-625-7747) to enroll.</p> |
| Your PSIP Contributions | <p>You can contribute either pre-tax or Roth Elective Deferrals from 1% to 75% of your earnings, as defined in the PSIP (subject to IRS limits) plus, if you are 50 years of age or older, an additional amount as a Catch-Up Contribution but not in excess of 75% of your earnings (subject to additional IRS and PSIP limits). You have the flexibility of changing your contribution amounts at any time, by either logging onto Fidelity <i>NetBenefits</i>sm or by calling the McKesson Service Center's toll-free number. Any change that you make will be reflected in the next available pay period.</p> |
| Rollover Contributions | <p>You may be eligible to rollover all or a portion of an eligible distribution from another employer's qualified retirement plan.</p> |
| The Company's Safe Harbor Matching Contributions | <p>The Company makes a Safe Harbor Matching Contribution of up to 4% of your earnings. The match is \$1.00 for each \$1.00 you contribute up to 3% of your earnings and \$0.50 for each \$1.00 you contribute of the next 2% of your earnings.</p> |
| The Company's Annual Additional Match (Discretionary) | <p>The Company, in the sole discretion of the Board of Directors, may make an annual Additional Matching Contribution after the fiscal year-end.</p> |

¹ To request a copy of the Prospectus and SPD call the McKesson Service Center (1-888-MCK-PSIP/ 1-888-625-7747).

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| Vesting | <p>You are always 100% vested in your own contributions, including Roth Elective Deferrals, and any associated investment earnings (or losses) and any portion of your Company contribution accounts that is attributable to the reinvestment of dividends on McKesson stock.</p> <p>You are always 100% vested in any Company Matching Contributions made on or after April 1, 2005.</p> <p>Company Matching Contributions (and any other Company contributions) made to your account prior to April 1, 2005 and any associated investment earnings (or losses), other than reinvested dividends from McKesson stock contributed to your account on and after January 1, 2003, become vested over five years at 20% per year of service, but can become 100% vested immediately following certain events, such as when you become eligible for “Retirement” under the terms of the Company’s Retirement Plan or when you accumulate at least 65 “payment points.”</p> |
| Investment Options | <p>You may invest your own employee contributions and Company Matching Contributions among the “Core Options” or Target Date Retirement Funds which are selected and periodically reviewed by the Company. In addition, you may use Fidelity BrokerageLink® for access to a wide array of other investment options.</p> |
| Loans | <p>As an active employee, you may borrow from your vested account balances. The minimum loan amount is \$1,000 and the maximum is the lowest of \$50,000 (less your highest outstanding principal balance of all loans from the previous 12 months); or 50% of your vested account balance; or the total value of all of your own employee contributions and related investment gains or losses. There is a \$35 loan origination fee and a \$15 annual loan maintenance fee. You may have only one loan outstanding at any time.</p> |
| Withdrawals & Distributions | <p>While you are an employee, withdrawals of your own employee contributions, including Roth Elective Deferrals, and related investment gains (or losses) from the PSIP are generally permitted if you have a financial hardship that creates an immediate and heavy financial need, as defined by the PSIP. If you contributed regular after-tax contributions to the PSIP in prior years, in-service withdrawal of those after-tax contributions (adjusted for investment losses) is available to you. If you are at least age 59½, you may take an in-service withdrawal of your own employee contributions, including Roth Elective Deferrals, and related investment gains (or losses).</p> <p>When your employment ends, your vested account is payable to you as a distribution.</p> <p>Withdrawals and distributions are subject to income taxes and possible early withdrawal penalties if you do not roll over to another employer’s qualified retirement plan, an Individual Retirement Account (“IRA”) or Roth IRA.</p> <p>If you do not take a distribution upon your separation from service, your account may be subject to a quarterly maintenance fee of \$7.50.</p> |

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| ERISA 404(c) Plan | <p>The PSIP is intended to be a participant-directed plan as described in Section 404(c) of the Employee Retirement Income Security Act of 1974 (“ERISA”), and Labor Department regulations governing Section 404(c) plans. This means that fiduciaries of the PSIP are ordinarily relieved of liability for any losses that are the direct and necessary result of investment instructions given by a participant or beneficiary under the participant-directed investment feature of the PSIP. This means that you are responsible for the investment decisions that you make regarding your investments in the PSIP.</p> |
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