

Our Workplace Policies

Our Workplace Policies were first published on the web in 2002 as Ref. No. WP001. The original effective date was 12/01/01. The original issue date 01/01/02, with multiple revisions as listed below.

1. The issue date refers to the date the *core* policies were published on the web.
2. The effective date refers to the date the policies went into effect.
3. The revision date refers to the effective date of the content changes.
4. A number of these policies have been recently standardized. Many of the recently amended policies now reside on [McKNet](#) under the [My Life and Career](#) tab. For each of the policies that have been changed since the latest issue date of this policy document, there are instructions within this document to locate the policies on [MyMcKesson HR](#).

Revisions

10/31/2003 - Telecommuting Policy - Effective 10/1/03
06/13/2003 - Substance-Abuse Prevention Policy - Effective 07/01/03
03/21/2003 - Protected Health Information
12/10/2002 - Retirement Spending Guidelines
01/01/2005 - Removed obsolete policies which are now available on [McKNet](#).
01/01/2007- Added False Claims Recovery Education Policy
03/15/2008- Added Meal and rest Periods for California Employees Policy
03/01/2009- Removed reference to [My McKessonHR](#) and updated with [McKNet](#)

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Our Shared Principles

Employees at successful companies are driven to perform because they share a common vision of their Company, and a common set of values for the way they interact with each other and their customers. In 1997, a group of employees at McKesson developed five "Shared Principles" that described the set of behaviors that define the Company's culture. Throughout the following 18 months, these Shared Principles were reviewed and discussed by employees across the Company, and began to be used as guideposts for making decisions.

In early 2000, the five Shared Principles were updated to reflect the Company's current culture and organization, and re-launched across the Company: Integrity, Customer-centered, Accountability, Respect, and Excellence (I CARE). These values and their corresponding behaviors connect us through a common language and common approach to our jobs and to each other. Measuring our actions against our Shared Principles every day helps us reach our goals and strengthens our relationships with each other. Even as we shift our business strategies to adapt to a changing marketplace, these values must remain constant, a yardstick for what we expect from ourselves and from each other. They inspire each and every one of us to give our personal best.

The I CARE acronym that symbolizes the Shared Principles makes them easier to remember but has important meaning in and of itself. I CARE reminds us that the Shared Principles have value as individual standards for behavior, but they take on their greatest power when applied together. Like I CARE, while we make contributions as individuals, when we work as teams we achieve our best results. I CARE helps bring to life the outcome that the Shared Principles separately seek to create. Most importantly, I

CARE aligns our personal behaviors with the goal of our customers, to improve healthcare and lives.

As a healthcare company, we can succeed over the long term only by being known for our ethics and exemplary behavior. By embracing the I CARE Shared Principles, we have the foundation necessary to deliver on our mission:

**To Advance the Health of the Healthcare System
by Advancing the Success of Our Partners**

A handwritten signature in black ink, appearing to read 'J. Hammergren', with a long horizontal flourish extending to the right.

John H. Hammergren
President and Chief Executive Officer
McKesson Corporation

Introduction to Our Team

We are very glad to have you as a member of the McKesson (the "Company") team. We believe that you have a great contribution to make to the Company, and that you will find your employment at the Company a rewarding experience. We look forward to the opportunity to work together to create a more successful Company. We also want you to feel that your employment with the Company will be mutually beneficial and gratifying.

You have joined an organization that has established an outstanding reputation for quality. Credit for this goes to everyone in the organization. We hope you find satisfaction and take pride in your work here. As a member of the Company's team, you are expected to contribute your talents and energies to further improve the environment and quality of the Company. In turn, the Company intends to provide you with all of the support and the resources you will need to perform your job effectively. If, at any time, you need assistance or guidance, please do not hesitate to ask any of the members of your management team. They are here to help you perform to the best of your abilities.

Introduction to this Handbook

This Policy Handbook intends to serve these primary purposes: to present Company core policies and practices for our U.S. organizations in one reference source; to provide a resource that indicates how we put Company principles into practice; to conform to applicable state and federal laws by conveying necessary information to our employees; and to give a general description of the Company's benefits. The information provided here applies only to McKesson locations in the United States.

It is your responsibility to read this information carefully as it is a valuable reference for understanding your job and the Company's expectations of you. The core policies represented in this Handbook supersedes all previously issued policy manuals and employee Handbooks of McKesson or its business units. It also supersedes all inconsistent verbal or written policy statements. Except for the policy of At-Will Employment, which can only be changed in writing by the Company's President and Chief Executive Officer, the Company reserves the right to revise, delete, and add to the provisions of this Policy Handbook at any time. Any revisions, deletions, or additions must be in writing and must be signed by the Company's Senior Vice President of Human Resources and Administration. We will try to inform you of any changes as they occur. No

statement or promise by a supervisor, manager, or department head may be interpreted as a change in policy, nor will it constitute an agreement with an employee.

Supplementary Policies

Not all Company policies and procedures are set forth here. Although this information includes a number of important Company policies, there are other policies and practices that you are required to abide by, including the policies and practices at the business unit where you work, or the policies set forth in your collective bargaining agreement if you are represented by a union. Should any provision in this Policy Handbook be found to be unenforceable and invalid, that finding does not invalidate the entire Handbook, but only that particular provision.

For More Information

If you have any questions or concerns about this information or any other policy or procedure, please ask your manager or your Human Resources representative.

Three Policies to Review First

Because understanding Company policy is an important part of your job responsibilities, you should review this Handbook as soon as possible, beginning with the following three policies:

- a) Equal Employment Opportunity, Affirmative Action
- b) Harassment Policy
- c) At-Will Employment

Equal Employment Opportunity, Affirmative Action

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on All Policies found under Related Resources.

Harassment Policy

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

At-Will Employment

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Our Working Environment

We all know from experience how important a positive working environment can be for doing our best work. Yet none of us can create this environment alone. We all need to respect one another, cooperate with each other, and treat each other with consideration. The following policies provide important guidelines for maintaining a professional, productive, courteous, and safe environment.

Dress Code

How you choose to dress is a very personal choice, yet it can make an important contribution to the professional atmosphere of our Company. By maintaining a neat, well-groomed appearance at all times, you show respect for the standards of your job and for co-workers and customers. The basic guideline is to dress appropriately for the responsibilities of your job-and avoid extreme styles. The dress code may vary based on business unit. Please check with your manager or Human Resources department regarding your dress code policy.

Health, Safety, and Security

The Company is very concerned about the health, safety, and security of all employees. Our goal is to maintain the highest possible level of safety in all activities and operations and to comply with all health and safety laws that apply to our business. But in this area, too, we are relying on the contributions of all employees to maintain these standards. We have a shared responsibility for maintaining a safe, healthy working environment.

Workplace Safety

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Smoking Policy for the Workplace

To provide the healthiest working environment, McKesson does not allow smoking in or near Company facilities, at any time. Specifically, smoking is prohibited in general working areas, customer areas, Company vehicles, restrooms, and within 50 feet of any building entrance. This policy applies to customers, vendors, and guests, as well as contractors, consultants, temporary employees, and our own employees.

Drug-Free Workplace

Working together as a team means relying on one another for responsible, professional behavior that enables us all to work productively. But if anyone in our workplace is using drugs or alcohol inappropriately, the quality of our teamwork goes down. That's why the Company has a strict policy against the inappropriate use and possession of drugs and alcohol-to help provide a safe, efficient, and productive work environment. Employees must report to work fit to perform their job safely and efficiently, while protecting their own interests and those of their co-workers and the Company. In addition, our policy outlines some very clear prohibitions:

No employee may (or attempt to) use, possess, distribute, sell, manufacture, or purchase alcohol or any illegal drug while on duty, while on on-call status, while operating a vehicle that is owned or leased by the Company, or while on the Company's property (except at Company-sponsored functions where alcohol may be served and moderate and limited use of alcohol is permitted).

No employee may report for work or remain on duty, while under the influence of any illegal drug or alcohol or impaired by any prescription drug. A drug will be considered an "illegal drug" if its use is prohibited or restricted by law and an employee improperly uses or possesses the drug. This conduct violates Company policy whether or not the employee's conduct is illegal, and whether or not the employee is prosecuted or convicted.

The use of prescription drugs and/or over-the-counter drugs may also seriously impair an employee's job performance. Any employee who is using prescription or over-the-counter drugs that may impair his or her ability to safely perform the job or may affect the safety or well-being of others must submit a physician's statement that the prescription drug use will not affect job safety. The employee is not required to identify the medication or the underlying illness.

Federal Drug-Free Workplace Act Compliance

The Company is covered by the Federal Drug-Free Workplace Act and provides a drug-free workplace. As such, the Company must certify to the contracting government agencies that it will provide a drug-free workplace in connection with the performance of its government contracts. As part of the Company's drug-free workplace compliance efforts, the following requirements apply to all employees:

a) Employees must, as a condition of employment, agree to abide by the terms and conditions of this policy. Failure to do so may result in disciplinary action, up to and including termination.

b) Employees must, as a condition of employment, report any conviction under a criminal drug statute for violations occurring on Company premises or while conducting Company business. A report of a conviction must be made to the Human Resources department within five days of the conviction. Within ten days of learning about an employee's conviction, the Company must notify any government agency with which it contracts or subcontracts of the employee's criminal drug statute conviction.

c) Within thirty days of the date the Company learns of any employee's conviction, it will discipline the employee. Any employee who is not terminated will be required to satisfactorily participate in and complete a drug abuse assistance or rehabilitation program.

Reasonable Suspicion Testing

Employees may also be subject to "reasonable suspicion drug testing" in those situations where it appears that an individual's ability to perform his or her job functions is impaired or an employee is involved in an accident which appears to be drug or alcohol related. Positive test results will result in disciplinary action, up to and including termination. Rehabilitation is not usually an alternative unless the employee brought the problem to management's attention prior to the incident or investigation that predicated the testing. An employee's refusal to submit to a test may result in disciplinary action, up to and including termination of employment.

Substance-Abuse Prevention Policy

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Searches

When McKesson has any reason to believe that an employee is violating any aspect of this Policy, he or she may be asked by the Company to submit

immediately to a search or inspection. Such a search or inspection can be required at any time (including during breaks and the lunch period) while on Company premises, while off-site and representing the Company, or at the Company's clients' locations.

This includes a search of an employee's person and/or the requirement that the employee make his or her desk, work station, locker, briefcase, purse, pockets, wallet, personal belongings, vehicles, and/or any other property he or she uses, or has access to, available for inspection.

Entry onto the Company's or the Company's clients' premises constitutes consent to searches and inspections.

An employee's refusal to consent to a search or inspection when requested by McKesson constitutes a violation of this Policy - and, as with other violations of this Policy - is grounds for adverse employment action, up to and including termination of employment.

General Responsibility

Substance-abuse prevention is everyone's responsibility. McKesson expects all of its employees to recognize and accept this responsibility, and to do their part in assuring that, working together, we can achieve and maintain a substance-abuse-free working environment for all McKesson employees.

Employee Assistance Program

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Security and Workplace Violence

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Solicitation and Distribution of Written Materials

We know that many Company employees have important commitments to organizations and causes outside of work. But we are relying on everyone to keep our work environment customer-centered and focused on our work objectives. That means keeping "working time" separate from other commitments, as described below:

a) Employees shall not solicit or promote support for any cause or organization during his or her working time or during the working time of another employee;

b) Employees shall not distribute or circulate any written or printed material on Company property at any time; and

c) Under no circumstances will non-employees be permitted to solicit or to distribute written material for any purpose on Company property.

Working Time vs. Non-Working Time

As used in this policy, "working time" includes all time for which an employee is paid and/or is scheduled to be performing services for the Company; it does not include break periods, meal periods, or periods in which an employee is not, and is not scheduled to be, performing services or work for the Company. This policy does not preclude employees from participating in activities sponsored by Community Relations, Public Affairs, or their individual business unit.

Company Bulletin Board

The main purpose of our bulletin boards is to provide a highly visible location for work-related notices, along with notices that the Company must post, as required by local, state and federal law.

Special Information for Employees

Occasionally, special notices and information for employees will be displayed on bulletin boards, so please check them regularly.

Employee Use of Bulletin Boards

If you would like to place a notice on the Company bulletin board, please obtain approval in advance from the Human Resources department.

Important Commitments

We believe that Company employees are dedicated to working together efficiently, effectively, and harmoniously, but we also recognize that clear guidelines are needed to help everyone understand how this is achieved, day after day. The following policies provide these specific standards, rules, and expectations. They describe general "standards of conduct" that help support our goals of excellence, respect, integrity, accountability, and customer-centeredness. They also outline the kind of behavior that will not be accepted, because it violates our principles, endangers employees, violates laws, or shows a lack of commitment to Company standards.

Confidential Information

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Conflict of Interest

Our employees are expected to devote their best efforts and attention to the full-time performance of their jobs. Employees are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between the employee's personal interests and the interests of the Company. A conflict of interest exists when the employee's loyalties or actions are divided between the Company's interests and those of another, including, but not limited to, a competitor, supplier, or customer. Both the fact and the appearance of a conflict of interest should be avoided.

Situations to Avoid

To help you know what to watch out for, the following guidelines describe some common situations that can present a conflict of interest. This list does not include all the possible concerns, but make sure that you do not:

- a) Accept personal gifts, gratuities, entertainment, or payment of expenses (beyond conventional business courtesies) from a customer, competitor or supplier without obtaining the Company's advance approval. In no event may a gift, gratuity or expense payment influence a business decision, transaction or service;
- b) Work for a competitor, supplier or customer of the Company;
- c) Engage in self-employment or any other form of competition with the Company;

- d) Use proprietary or confidential Company information for personal gain or to the Company's detriment;
- e) Have a direct or indirect financial interest in or relationship with a competitor, customer, or supplier of the Company;
- f) Use Company assets or labor for personal use;
- g) Acquire any interest in property or assets of any kind for the purpose of selling or leasing it to the Company.

Close Relationships with Competitors, Customers, or Suppliers

If an employee or someone with whom an employee has a close relationship (such as a family member or close companion) has a financial or employment relationship with a competitor, customer, supplier, or potential supplier of the Company, the employee must disclose this fact in writing to his or her manager.

Relationships with Other Employees

Certain romantic relationships between employees can create a conflict of interest and should be avoided. Examples include but are not limited to the following situations:

- a) Direct or indirect supervisory relationships between the employees.
- b) One employee is responsible for auditing the work of the other employee.
- c) Both employees work in the same department or work group.

If You're Unsure about a Potential Conflict

If you're not sure whether a transaction, activity, or relationship could create a conflict of interest, be sure to discuss the situation with your manager or a member of the Human Resources department.

Use of Computer Systems, Internet/Intranet, E-mail, and Communication Services

Please refer on-line to the most current changes regarding the Enterprise-wide Security Policies on McKNet:

McKNet > Inside McKesson > Corporate Departments > Enterprise Security Policies (under IT Services)

For questions regarding the Enterprise Security Policies, please send an email to:

EnterpriseSecurityPolicies@mckesson.com

Standards of Workplace Behavior

Whenever people gather together to achieve goals, some rules of conduct are needed to help everyone work together efficiently, effectively, and harmoniously. By accepting employment with us, you have a responsibility to the Company and to your fellow employees to adhere to certain rules of behavior and conduct. The purpose of these rules is not to restrict your rights, but rather to be certain that you understand what conduct is expected and necessary.

Unacceptable Activities

Generally, we expect each person to act in a professional and responsible way at all times. The following list describes examples of impermissible conduct that may lead to disciplinary action, up to and including termination of employment. These are only examples, and business units and locations may employ additional policies regarding workplace behavior to meet their unique needs. The Company can take action up to and including termination of employment for conduct even if it is not listed here. Moreover, nothing in this list alters the at-will nature of your employment; either you or the Company may terminate the employment relationship even in the absence of a violation of these rules.

- a) Violation of any Company rule, including any policy in this Policy Handbook, or engaging any action that is detrimental to the Company;
- b) Negligence or any careless action which endangers the life or safety of another person;
- c) Harassing, including sexually harassing, employees, customers, clients or other persons with whom the Company has a business relationship;
- d) Being intoxicated or under the influence of illegal drugs while at work; using, possessing or selling illegal drugs, which include drugs that are not legally

obtainable as well as drugs that are legally obtainable but used for illegal or unauthorized purposes;

e) Possession of firearms, weapons, hazardous materials, or explosives on Company property or while on duty;

f) Engaging in criminal conduct or acts of violence or making threats of violence toward anyone on Company premises or when representing the Company; fighting, or provoking a fight on Company property;

g) Threatening, intimidating, or coercing fellow employees on or off Company premises at any time, for any purpose;

h) Engaging in an act of sabotage, negligently causing the destruction or damage of Company property, or the property of fellow employees, customers, suppliers, or visitors in any manner;

i) Failing or refusing to cooperate in or interfering with a Company investigation;

j) Theft or unauthorized possession of Company property or the property of fellow employees, unauthorized possession or removal of any Company property, including documents, from the premises without prior permission from management, unauthorized use of Company equipment or property for personal reasons, using Company equipment for profit;

k) Dishonesty, falsification, or misrepresentation on work records, including but not limited to, applications, expense reports, and time cards; lying about sick or personal leave; falsifying a reason for a leave of absence or other data requested by the Company; alteration of Company records or other Company documents; recording the work time of another employee or allowing another employee to record your work time;

l) Violating your Employee's Agreement; providing confidential or proprietary Company information to competitors or other organizations or to unauthorized individuals or entities; working for a competing business while a Company employee;

m) Spreading malicious gossip and/or rumors, engaging in behavior which creates discord and lack of harmony, interfering with another employee on the job, restricting work output or encouraging others to do so, using profane or abusive language; or

n) Excessive absenteeism, tardiness, leaving early, or leaving work without management permission.

o) Unauthorized or inappropriate use or disclosure of Protected Health Information (PHI).

For More Information

If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed above, please discuss your concerns with your manager or with your Human Resources representative.

False Claims Recovery Education Policy

Compliance; Duty to Report Suspected Wrongdoing

All employees, contractors, and vendors are expected to comply with McKesson's Code of Business Conduct and Ethics, Workplace Policies, and the California Comprehensive Compliance Program. McKesson is committed to complying with all federal and state laws designed to prevent healthcare fraud and abuse and to detecting and protecting against fraud, abuse and waste in these programs especially the federal False Claims Act and all applicable state law analogs.

The federal False Claims Act imposes civil liability (between \$5,000 and \$11,000 a claim and three times the total damages) on any person or entity who: (i) knowingly presents a false or fraudulent claim for payment; (ii) knowingly uses a false record or statement to get a claim paid; (iii) conspires with others to get a false or fraudulent claim paid; or (iv) knowingly uses a false record or statement to conceal, avoid or decrease an obligation to pay. A private person, called the whistleblower or "relator," can bring an action in federal court under the False Claims Act in the name of the government. If the Department of Justice decides to join the whistleblower on behalf of the government and the action is successful, the whistleblower may share in the recovery. If a court finds a whistleblower was terminated or otherwise mistreated for filing a False Claims Act case, the employee is entitled to reinstatement at the same level, two times the back pay owed plus interest, and compensation for any "special damages" sustained as a result of the discrimination, such as attorneys' fees.

Some states have state law analogs to the federal False Claims Act. A summary of these laws can be found on McKNet under Human Resource- Workplace Policies.

In addition to the False Claims Act, the federal Civil Monetary Penalties statutes provide administrative remedies and penalties against those who submit false claims or make false statements to federal agencies. The Program Fraud and Civil Remedies Act provides for civil penalties of \$5,000 per claim for each false claim submitted to a federal agency, and an assessment of twice the amount of the claim against anyone who submits a false, fictitious or fraudulent claim,

including a false statement of material fact or omission of a material fact, or makes claims for property or services that were not provided as claimed. Similarly, the Civil Monetary Penalties Law ("CMP") allows the Office of Inspector General to seek penalties against anyone who presents a claims to a federal or state officer, employee or agency that he knows or should know was not provided as claimed or is false or fraudulent.

Any employee, contractor or vendor who has knowledge of or, in good faith, suspects any wrongdoing, including a violation of federal or state law, should report it internally immediately so that an investigation can be conducted and appropriate action taken. Reports can be made to a supervisor, the business unit's compliance officer, the Law Department, or anonymously through the EthicsLine, which is available 24-hours a day, 7 days a week (888-475-4358). Although McKesson seeks to investigate all nonfrivolous claims of wrongdoing internally and encourages internal reporting so that corrective action can be instituted, any person who discovers wrongdoing that relates to a false claim or statement may report that information to the Department of Justice or the U.S. Attorney by filing a complaint in federal court pursuant to the False Claims Act as described above. Retaliation or reprisal in any form against anyone who makes a report of wrongdoing either internally or to the government, cooperates in an investigation, or participates in the compliance program is strictly prohibited. Any suspected reprisal or retaliation should be reported to a supervisor, the business unit's compliance officer or the Law Department. Anyone who makes a report of wrongdoing maliciously, frivolously, or in bad faith will be subject to disciplinary action up to and including termination.

A more detailed description of the above laws and policies and procedures can be found McKNet under Human Resource- Workplace Policies.

Job Performance

The Company wants to provide information and support that will enable you to work at your best. Our goal is to help you understand how to meet the demands of your job and continually improve your professionalism. We also want to make sure you know when you are not performing up to Company standards, so you have an opportunity to make changes and improve.

Performance and Behavior That Violates Our Standards

When an employee's actions are inappropriate for our work environment, interfere with performance, or violate Company policy, or job performance is below standards, the Company maintains an approach of progressive discipline designed to improve the employee's job performance or ensure full and immediate correction of inappropriate behavior. The actions we take will depend on the severity and nature of the employee's behavior. They may include none, some, or all of the following actions, as well as additional actions initiated by the business unit:

- ☐ Documented verbal warning
- ☐ Written warning
- ☐ Final written warning in lieu of suspension
- ☐ Performance improvement plan with specific deadlines for improvement
- ☐ Suspension, with or without pay
- ☐ Termination

The circumstances in each situation play a key role in how the Company will handle the progression, and we may choose to carry out none or any of the steps, in any order we choose, including immediate termination of employment. This policy does not alter the at-will employment relationship.

Job References

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Schedules, Timekeeping, and Wages

Because time plays a crucial role in today's business environment, we all need to be aware of the standards and procedures we use for work schedules, timekeeping, and leaves. Once we understand how these policies are applied, we can use them most effectively-for ourselves, as well as our Company.

Employee Classifications

At the time you are hired, you are classified as full-time, part-time, or temporary. All employees in every classification are at-will employees. If you are unsure of which job classification applies to your position, please contact the Human Resources department.

- a) Full-Time Employees. If you are regularly scheduled to work between 32 and 40 hours per week, depending on your location and/or your business unit, you are considered a full-time employee.
- b) Part-Time Employees. If you are regularly scheduled to work less than the full-time hours required for your business, location, or your business unit, you are considered a part-time employee.
- c) Hourly Employees. You are classified as an hourly employee if your salary is calculated on an hourly basis. Your classification can be "exempt" or "non-exempt," as described below. This definition is the basis for calculating your pay.
- d) Regular Employees. If you have been hired to work on a regular basis for an indefinite period of time, you are considered to be a regular employee. Regular employees may work either full time or part time.
- e) Temporary Employees. The Company occasionally hires employees for a specific period of time or for the completion of a specific project. If you have been hired under these conditions, you are considered to be a temporary employee. For example, summer employees, interns, and seasonal employees are considered to be temporary employees. In this case, your job assignment, work schedule, and how long your job lasts will be determined on an individual basis. Working beyond the designated period or after the completion of the project does not automatically change your employment status to "regular."
- f) Exempt Employees. You are classified as an exempt employee if you are in a job assignment that meets the federal and state requirements for an overtime exemption. You can be compensated on a salary or hourly basis and are not eligible for overtime pay. Generally, executive, administration, professional, and certain outside sales employees are not eligible for overtime. Your manager or your Human Resources representative can inform you if your status is exempt.
- g) Non-Exempt Employees. If you are in a job assignment that does not meet federal or state law standards for exempt status, you are in a non-exempt position. Non-exempt employees are eligible for overtime pay for work performed beyond your regularly scheduled weekly hours, according to the prevailing local wage law.

Timekeeping Procedures

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Meal and Rest Periods for California Employees

Meal Periods

Non-exempt employees who work at least five (5) hours or more in any workday are required to be provided an **unpaid** meal period of at least 30 minutes within the first five (5) hours of work. Employees who work more than ten (10) hours but less than twelve (12) hours in any workday must be provided a second 30-minute unpaid meal period. However, this second meal period may be waived in writing by mutual consent between the employee and the manager. The first meal period cannot be waived, and if an employee works more than 12 hours in a workday, neither meal period can be waived.

Rest Periods

Non-exempt employees who work at least three and one-half (3.5) hours and no more than six (6) hours in a workday are required to be provided one (1) 10-minute **paid** rest period in a workday. Non-exempt employees who work more than six (6) hours in a workday must be provided a total of two (2) 10-minute **paid** rest periods in a workday. Non-exempt employees who work more than ten (10) hours in a workday must be provided a total of three (3) 10-minute **paid** rest periods in a workday. Whenever possible, employees should be provided their rest breaks in the middle of each four-hour segment of the workday.

Rest periods may not be combined or added to a meal period, and cannot be skipped in order to arrive late, to leave early or to work extra time.

Non-exempt employees must take their full allotted time for meals and rest periods and may not perform any work during these periods.

The scheduling of meal and rest periods may be determined by the employees' managers.

All work hours and meal periods must be recorded in Workforce Central. Rest periods do not need to be recorded in Workforce Central.

Telecommuting Policy

Definition

For purposes of this policy, telecommuting is defined as a work arrangement in which an employee works from home or another approved location on a pre-defined fixed schedule. This includes full time (e.g. 5 days per week) and part-time (e.g. 1 day per week, 2 days per month, etc.). This does not include intermittent/occasional days an employee may work from home or employees who work from customer facilities.

Policy

Based on business need, the company may designate positions as telecommuting positions. In addition, employees interested in telecommuting in their current position, full or part time, must submit a Telecommuting Proposal and Agreement to their supervisor.

In all cases, supervisors will consider for approval or denial of telecommuting:

- ☐ The type of work to be performed
- ☐ The practicality or necessity of performing the work remotely
- ☐ The impact on internal/external customers and other employees
- ☐ The employee's past performance
- ☐ And any other relevant business considerations

Telecommuting is not an employee benefit nor is it intended to be available to all employees. The selection of individuals for telecommuting is not based on an employee's race, color, national origin, age, sex, marital status, sexual orientation, disability, or any other legally protected status.

Each employee-initiated telecommuting request as well as the requirements and characteristics of each telecommuting arrangement will be evaluated on a case-by-case basis. Approval or denial of a telecommuting request is at the sole discretion of business unit management.

Telecommuting arrangements must be a cost savings or cost neutral to the Company.

Enterprise Wide Guidelines

- ☐ Environmental Requirement
- ☐ The employee must have a suitable workspace to conduct business free of distractions during work hours
- ☐ The employee's environment and practices must be transparent to internal and external customers and other employees
- ☐ Consistent with applicable laws, the Company reserves the right to inspect an employee's telecommuting work environment for such things as safety, security and acceptable working conditions. The employee will be given reasonable notice before an inspection
- ☐ All Company policies and procedures must be adhered to by all telecommuters as they normally would on Company premises

Hours of Work

- ☐ An employee's work schedule should conform to a schedule agreed upon by the employee and his/her supervisor

Company Equipment and Information

- ☐ All Company owned equipment provided to the telecommuter must be used in accordance with Company policies and procedures
- ☐ Telecommuting employees must take all reasonable precautions to protect Company equipment and property from damage, misuse or other loss
- ☐ Telecommuting employees must return all Company equipment and property to the Company when requested by the employee's supervisor or when the telecommuting arrangement and/or employment is terminated
- ☐ All Company confidential information must be maintained and destroyed in accordance with Company policies and procedures

Employee Responsibilities

- ☐ Report to customer and McKesson work locations, as required, for meetings, training, and other business matters or upon the request of his/her supervisor or customer
- ☐ Perform duties as scheduled, assigned and required
- ☐ Comply with applicable federal, state or local laws or regulations
- ☐ Comply with this policy, the Telecommuting Proposal/Agreement and related documents
- ☐ Comply with all other terms and conditions of employment, including all Company policies and procedures
- ☐ Adhere to Company requirements to safeguard confidential and proprietary information
- ☐ In the event of a work related injury, the employee should immediately contact his/her supervisor or Human Resources for further instructions
- ☐ If there are conditions at the telecommuting location that prevent the employee from performing his/her assigned duties, the employee should notify

his/her supervisor as soon as practicable

Expenses

- ☐ Business unit management will determine the Company and employee responsibility for equipment or related expenses
- ☐ Arrangement must be a cost savings or cost neutral to the Company. The Company will not set up and maintain two offices.

Terms and Conditions of Continued Telecommuting

- ☐ All telecommuting arrangements will be subject to on-going review and may be modified at the discretion of the employee's supervisor. Telecommuting arrangements may be terminated at any time at the sole discretion of McKesson management. Examples of reasons for terminating a telecommuting arrangement include: performance is not sustained, the arrangement begins to adversely impact the Company, or business conditions change
- ☐ If a telecommuting employee wishes to modify or terminate his/her telecommuting arrangement, he/she should discuss this request with his/her supervisor

Other

- ☐ Business units may adopt additional guidelines as necessary, for the proper and efficient conduct of its business

Work-Life Benefits

The Company provides several different types of vacation, time off, and "leaves" to meet the individual needs of our employees.

Paid Time Off

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

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Family Medical Leave Act

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Disability Leaves of Absence

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Military Leave (Active and Reserve Service)

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Personal Leave of Absence

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Civic Duty Time Off

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Voting Time Off

In support of public elections, the Company provides you with time off to go to the polls-when, due to work schedule conflicts, you are not able to vote before or after work hours. We ask that you give your manager reasonable notice that you need time off to vote, which will help ensure that your department's activities can continue without interruption. You will be paid during your first two hours of voting time off.

Travel Policy & Expense Reimbursement

When you must travel as part of your job responsibilities, the Company provides reimbursement for reasonable travel and entertainment expenses-including your payments for plane fares, hotels, meals, cab fare, rental cars and gas, or mileage when you use your own vehicle. If you are required to travel on Company business, you can access the travel policy from [McKNet](#), or you can get a copy from your local travel coordinator.

We encourage you to look over this information before your travel, so you can use good judgment regarding these expenses and stay within the limits of Company policy. If you have questions about whether an expense will be reimbursed, be sure to check with your manager.

Compensation

The compensation program at McKesson is an important tool for rewarding you for your contributions to the Company's success. The Company follows a pay-for-performance compensation philosophy. This policy applies to all non-union employees; unionized employees should refer to their collective bargaining agreements.

Compensation Philosophy

Our philosophy is an outgrowth of the Company's Shared Principles. Following these Principles, we ensure that our compensation program will:

a) Provide competitive total cash compensation relative to your level of responsibility, experience, skills, competencies, and market rates for similar positions. In general, the total cash compensation target is equal to the 50th percentile of total cash compensation in our competitive market. This means that, on average, we expect to provide cash compensation equal to the median of the market. Some employees will be paid below target, some at target, and some above target, depending on each employee's individual performance and experience, education, and skills.

b) Attract, retain, and motivate a high-performance workforce.

McKesson reserves the right to change compensation policy, plans, and programs at any time.

Competitive Pay

The Company maintains competitive base salary structures that are reviewed annually. These structures represent the competitive minimum, midpoint, and market maximum rates paid for your position in the labor market.

Salary Grades And Ranges

Each employee in the Company is assigned a salary grade/level with a corresponding salary range that reflects the alignment of your job to the current market. These grades and ranges differentiate competitive pay, based on your specialized skill set and requirements for that job within each grade.

The Company has multiple salary structures to reflect FLSA classifications (e.g., non-exempt, exempt), locations (e.g., Atlanta, Irvine, Richmond, and San Francisco) and job types (Sales, Technical, and Executive). The Company reviews its salary structures annually to ensure we remain competitive with the market. Salary structure adjustments are made as needed.

Merit increases

Each year, you are eligible to receive a performance review from your manager. This review is the primary factor in determining your eligibility for a salary increase. Although your job performance is critical in determining your merit increase it is not the only factor that a manager takes into consideration. Other salary and performance related factors are:

- a) Your current salary and contributions in relation to other employees in the same or similar jobs (internal equity).
- b) Your current salary in relationship to your position in your salary range.

The company's philosophy is that, employees who meet performance expectations should be paid at least the minimum of their salary range. If you are currently above the maximum of your salary range you are being highly compensated for your responsibilities. However, if you are paid above the top of the range and you are meeting or exceeding the expectations for performance, you may be eligible to receive additional compensation in the form a lump sum increase, instead of an adjustment to base pay at merit increase time.

Special Award Program

Awards under this program are presented to employees who have demonstrated outstanding performance on a specific project or program, or who have demonstrated sustained exceptional performance over a specific period of time. Generally, it is designed for employees who are not participating in any other incentive or bonus program. For more information about awards, contact your Human Resources department.

For More Information

If you have questions about salaries, merit increases and awards, overtime pay, or other details of compensation, see the *McKesson Compensation Policy and Guidelines* on McKNet:

[McKNet > My Life and Career> Pay & Rewards > Compensation Overview](#)

Benefits

The Company is committed to sponsoring a comprehensive benefits program for all eligible employees, their family members and their same sex or opposite sex domestic partners. We hope you will look over the following information to learn what is available, so you can make the most of these offerings.

Getting Complete, Up-To-Date Information

Please keep in mind that some benefits are defined in legal documents, such as insurance contracts and official plan documents. It's important for you to review these detailed documents to fully understand how the benefits will work for you. If there is any conflict between the information in this Handbook and a plan's official documentation, you should rely on the language of the legal documents. It always "governs" how the plans operate. If you need the official documentation for any McKesson benefits, contact the HR Services Center at 866.772.6601 and say "Benefits" **OR** view them on [McKNet](#) via:

[McKNet > My Life and Career> Health & Family Care> Medical, Dental & Vision > More Medical Dental & Vision> and click on the SPD that you would like to view](#)

Employee Benefits

This portion of the employee handbook provides a general overview of the Company's benefits. The information contained in this summary is subject to change and is not meant to be an official plan document. Benefit questions should be directed to the McKesson HR Services Center by calling 1-866-772-6601 and say "Benefits".

Employees who work at least 30 hours a week are eligible for McKesson Health and Welfare benefits. Shortly after employment commences, information about McKesson's benefit plans will be mailed to the employee's home address.

The plan descriptions below are brief and not meant to be definitive. Any conflict between what is said in this summary and the plan documents governing these plans shall be determined in accordance with the plan documents. The following is a summary of benefits that may be available to you.

Medical Coverage

McKesson offers several medical plan options as well as prescription drug coverage for employees and their covered dependents.

Dental Coverage

Two dental plans, a DHMO and a PPO, are available. Both provide 100% reimbursement for preventive care. The DHMO requires various co-payments by service with no annual maximum. Orthodontia is covered for a maximum of 2 years with no age limit. The PPO covers 80% for basic and 50% for major restorative services up to a maximum of \$1,500 per year. The PPO dental plan also provides orthodontia coverage at 50% up to a life time maximum of \$1,000 for children through age 18.

Vision Plan

McKesson provides vision care benefits. The plan provides coverage for routine eye exams and benefits for glasses or contact lenses. The Company pays 70% of the premium.

Disability Benefits

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Flexible Spending Accounts

Flexible spending accounts (FSAs) are a great way to pay for eligible health care and dependent care expenses with pre-tax dollars.

Commuter Program

Employees may purchase transit passes and pay for parking using pre-tax dollars.

Life and Accident Insurance

McKesson provides a Basic Life and AD&D benefit of \$50,000. In addition, employees have the option of electing additional life and AD&D and dependent coverage for their spouse or domestic partner and children.

Employee Assistance Program

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources and on the Health and Family section of the My Life and Career page

Adoption Assistance

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.

Business Travel Accident Insurance

Provided by the Company, this insurance covers accidental death while you are traveling on Company business. Coverage is five times your annual pay, up to a maximum of \$500,000.

McKesson Profit-Sharing Investment Plan (PSIP) - 401(k)

Employees who work at least 20 hours per week are eligible to participate in McKesson's Profit Sharing Investment Plan. The benefits of this plan include employee pre-tax contributions, catch-up contributions for employees age 50+, a Company match on the employee's contribution, and the possibility of an annual additional match.

PSIP Enrollment Packets

You should receive an enrollment packet, which includes the Plan Prospectus in the mail before you have worked 60 days, so you can enroll. You may call the toll-free line to enroll: 1(888) MCK-PSIP or 1(888) 625-7747.

The Employee Stock Purchase Plan (ESPP)

Employees who are scheduled to work at least 20 hours per week, at least 5 months per year and have been employed by McKesson for at least 60 days prior to the beginning of an Offering Period are eligible to participate in the McKesson Corporation ESPP. The McKesson ESPP allows eligible employees to purchase shares of McKesson stock at a discount through payroll deductions. The purchase price is a 15% discount from the lesser of the Fair Market Value of the stock on the 1st day of the Offering Period for which the employee enrolls, and the Fair Market Value of the Stock on the Purchase Date.

Credit Union

McKesson Employees' Federal Credit Union (EFCU) is committed to being the primary financial institution for its owner-members by providing personalized, comprehensive, competitive services consistent with sound business practice. As a member, you can take advantage of a wide variety of financial services, including checking and savings accounts, retirement investment accounts, low-cost insurance, credit cards, and a range of loans with excellent rates and terms, and no application fees, advance fees or annual fees.

For More Information

If you want more information about the McKesson Employees' Federal Credit Union, please call 1-800-528-4301.

Educational Assistance Program

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on All Policies found under Related Resources.

Voluntary Benefits

McKesson offers access to insurance professionals to compare and purchase a variety of insurance products and related services such as auto, homeowner's, and pet insurance, as well as long term care. You can view information on these programs on [McKNet](#) via:

McKNet > My Life & Career> Health & Family Care> Voluntary Benefits

Disease Management

Various medical plans offer disease management and nurse triage services. You can view information on this program on [McKNet](#) via:

McKNet > My Life & Career> Work & Life Changes > Life Connections (In the Employee Resources and Tools box)> Benefits > (left hand navigation bar) Health Info (left hand navigation)

Special Programs

These programs support the high ideals, commitments, and contributions of the McKesson team.

McKesson Foundation

This Foundation contributes approximately \$4 million each year to nonprofit community organizations that are working to improve the lives of children and families. The funding supports education, recreation, and health programs for youth; food and shelter programs for families in crisis; and cultural programs for children and seniors. Contributions are made in the following ways:

- a) The Foundation supports the volunteer efforts of Company employees, spouses, and retirees by giving grants to their nonprofit organizations.
- b) The Foundation also matches our employees' and retirees' gifts to accredited educational institutions-up to designated dollar limits.
- c) Each year, the Foundation provides a specific number of scholarships to full-time students who meet eligibility requirements.

For more information about the Foundation, contact the Community Relations department at our corporate headquarters.

Service Awards

In appreciation for committed service, McKesson presents "long service" awards to employees who complete five or more years of employment with our Company. A service award is presented on the employee's fifth anniversary and every five years thereafter, as long as the employee continues to work for McKesson.

Retirement Spending Guidelines

Information on this important policy can now be found on McKNet. Navigate to My Life and Career and click on HR Policies found under Employee Tools and Resources.