

# McKESSON CORPORATION CORPORATE GOVERNANCE GUIDELINES

(As amended effective July 27, 2011)

The following Corporate Governance Guidelines (“Guidelines”) have been adopted by the Board of Directors (the "Board") of McKesson Corporation (the "Company") to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board's commitment to monitor the effectiveness of policy-making and decision-making both at the Board and management level, and provide the framework for the governance of the Company. These Guidelines are subject to modification from time to time by the Board. In addition, the Company’s Code of Business Conduct and Ethics (the “Code”) governs the conduct of the members of the Board in connection with their activities relating to the Company. The Company’s management is responsible for, and the Board is committed to, ensuring that the Company operates in a legal and ethically responsible manner and in conformance with the Code.

## THE BOARD

### Role of Directors

The business and affairs of the Company shall be conducted under the direction and oversight of the Board. The members of the Board are elected by the stockholders to oversee management and to assure that the long-term interests of the stockholders are being served. Directors are expected to spend the time and effort necessary to properly discharge their responsibilities.

### The Board's Goals

The Board's goal is to build long-term value for the Company's stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations who depend on the Company.

To achieve these goals the Board will monitor both the performance of the Company (in relation to its financial objectives, major goals, strategies and competitors) and the performance of the Chief Executive Officer (“CEO”), and offer him or her constructive advice and feedback. The Board is also responsible for assuring that the Company's management and employees operate in a legal and ethically responsible manner. The Board will participate in the selection, evaluation and, where appropriate or necessary, replacement of the CEO and provide input to the CEO with respect to the selection and evaluation of the Company's principal senior executives.

### Board Membership Criteria/Qualifications

The Committee on Directors and Corporate Governance (the “Governance Committee”) shall be responsible for assessing the appropriate balance of criteria required of Board members.

## Selection of New Directors

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Governance Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Governance Committee shall also consider advice and recommendations from others as it deems appropriate.

The Governance Committee periodically assesses the appropriate size and composition of the Board, and whether any vacancies are anticipated as a result of retirement or otherwise. To fulfill its responsibility to recruit and recommend to the full Board nominees for election as directors, the Governance Committee considers all qualified candidates who may be identified by any one of the following sources: current or former Board members, a professional search firm retained by the Governance Committee, Company executives and other stockholders.

In evaluating candidates for the Board, the Governance Committee reviews each candidate's biographical information and credentials, and assesses each candidate's independence, skills, experience and expertise based on a variety of factors.

Members of the Board should have the highest professional and personal ethics, integrity and values, consistent with the Company's values. They should have broad experience at the policy-making level in business, technology, healthcare or public interest, or have achieved national prominence in a relevant field as a faculty member or senior government officer. The Governance Committee will consider whether the candidate has had a successful career that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make, and whether the nominees' skills are complementary to the existing Board members' skills. Board members must take into account and balance the legitimate interests and concerns of all of the Company's stockholders and other stakeholders; and must be able to devote sufficient time and energy to the performance of his or her duties as a director, as well as have a commitment to diversity. Insofar as a substantial majority of members is concerned, directors must manifest independence as defined by the New York Stock Exchange.

Stockholders who wish to propose a director candidate for consideration by the Governance Committee may do so by submitting the candidate's name, resume and biographical information and qualifications to the attention of the Corporate Secretary's Office, McKesson Corporation, One Post Street, San Francisco, CA 94104. All proposals for nomination received by the Secretary will be presented to the Governance Committee for its consideration. The Governance Committee and the Company's Chief Executive Officer will interview those candidates that meet the criteria, and the Governance Committee will select nominees that best suit the Board's needs.

### Size of the Board

The Company's By-Laws provide that the number of directors shall be within a range of 3 to 15, with the exact number to be fixed by resolution of the Board. The Governance Committee periodically reviews the size of the Board, which could be increased or decreased if determined to be appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

### Director Resignation Policy Relating to Majority Voting

The Board has adopted a "Resignation Policy Relating to Majority Voting" in connection with the implementation of a majority vote standard in uncontested director elections in place of the plurality vote standard. The policy is attached as Exhibit A to, and constitutes a part of, these Guidelines.

### Directors Who Change Their Present Job Responsibility

Directors shall offer to tender their resignations for consideration by the Governance Committee when they change employment or the major responsibilities they held when they joined the Board. The Governance Committee will recommend to the Board the action, if any, to be taken with respect to an offer to tender a resignation. Directors who are officers of the Company also shall tender their resignations upon retirement or other termination of active employment with the Company.

### Selection of the Chairman of the Board

The Board does not require the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board shall be free to choose its Chairman of the Board in any way that it deems best for the Company at any given point in time.

### Independence of the Board

The Board shall consist of a substantial majority of directors who, in the business judgment of the Board, qualify as independent directors ("Independent Directors") under the listing standards of the New York Stock Exchange. The Board shall review annually the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors whom the Board affirmatively determines have no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors. The Board may adopt and disclose categorical standards to assist it in determining director independence.

All members of the Board have a fiduciary responsibility to represent the best interests of the Company and all of its stockholders.

## Financial Expert

The Board shall determine which, if any, of the members of the Audit Committee: (i) qualify as a “financial expert” and (ii) shall be designated in the Company’s annual report as an “audit committee financial expert”, based on whether such person or persons possess the appropriate degrees of knowledge, experience and independence to so qualify, as set forth in the applicable rules of the Securities and Exchange Commission.

## Retirement Age

It is the general policy of the Company that no director having attained the age of 75 years shall be nominated for re-election or reappointment to the Board. However, the Board may determine to waive this policy in individual cases.

## Director Tenures

In connection with each director nomination recommendation, the Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's renomination is dependent upon the Governance Committee’s assessment and determination of the director’s contribution and value to the Board.

## Other Board Memberships

Ordinarily, directors should not serve on more than four other boards of public companies in addition to the Company Board. Current positions in excess of these limits may be maintained unless the Board determines that doing so would impair the Director’s service on the Company’s Board.

## Board Compensation

The Company believes that compensation for non-employee directors should be competitive. For their services, directors receive an annual retainer as well as Board and committee meeting fees. Committee chairs and the Presiding Director also receive an additional annual retainer. Directors also receive an annual grant of Restricted Stock Units. The Governance Committee will annually review the level and form of the Company's director compensation and, if it deems appropriate, recommend to the Board changes in director compensation.

The only compensation a member of the Audit Committee may receive from the Company is compensation in his or her capacity as a member of the Board or any committee of the Board; provided, however, that a member of the Audit Committee may also receive pension or other forms of deferred compensation from the Company for prior service so long as such compensation is not contingent in any way on continued service.

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

## Director Stock Ownership

The Board has adopted Director Stock Ownership Guidelines pursuant to which directors are expected to own shares or share equivalents of McKesson common stock equal to 4 times the annual board retainer, within 3 years of joining the Board.

## Board Access to Management

Board members shall have access to the Company's management and, as appropriate, to the Company's outside advisors. Board members will use reasonable judgment to assure that this access is not distracting to the business operations of the Company.

## Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. It is suggested that each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

## Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, internal auditor(s) and independent auditors. The Company will make appropriate opportunities for continuing education available to directors to enable them to maintain the necessary level of expertise to perform their responsibilities as directors.

## Board and Committee Evaluations

The Governance Committee will prepare and review with the Board an annual performance evaluation of the Board. In addition, each committee of the Board, shall conduct an annual self-assessment of its performance and review a report on the self-assessment with the full Board. The Board evaluation and each committee self-assessment should include a review of any areas in which the Board, such committee or management believes the Board or such committee can make a better contribution to the Company, as well as compare the Board or such committee's performance against previously adopted objectives.

## Communications with the Board

Stockholders and other interested parties may communicate with the Presiding Director or any of the directors by addressing their correspondence to the Board member or members, c/o the Corporate Secretary's Office, McKesson Corporation, One Post Street, San Francisco, CA 94104, or via e-mail to the "[presidingdirector@mckesson.com](mailto:presidingdirector@mckesson.com)" or to the "[nonmanagementdirectors@mckesson.com](mailto:nonmanagementdirectors@mckesson.com)." The Board has instructed the Corporate Secretary, prior to forwarding any correspondence, to review such correspondence and, in his or her discretion, not to forward certain items if they are not relevant to or consistent with the Company's operations, policies and philosophies, are deemed to be of a commercial or

frivolous nature or otherwise inappropriate for the Board's consideration. The Corporate Secretary's office maintains a log of such correspondence received by the Company that is addressed to members of the Board, other than advertisements, solicitations or correspondence deemed by the Secretary to be junk mail, of a frivolous nature, or otherwise not appropriate to retain. Directors may review the log at any time, and request copies of any correspondence received.

#### Separate Sessions of Independent Directors

The Independent Directors of the Company shall meet in executive session without management on a regularly scheduled basis. An Independent Director designated by the other directors on the Board (the "Presiding Director") shall preside at such executive sessions. The Chief Executive Officer shall, upon the invitation of the Presiding Director, be present at such times and to such extent during any executive session as the Presiding Director deems appropriate in order to answer questions and provide information relevant to the matters then under consideration. After the Chief Executive Officer provides such answers and information, the Independent Directors will complete their executive session without any management present. Each such executive session will generally include a subsequent discussion between the Independent Directors and the Chief Executive Officer.

The Presiding Director establishes the agenda for each executive session meeting of Independent Directors, and also determines which, if any, other individuals, including members of management and independent advisors, should attend each such meeting.

The individual who serves as the Presiding Director at these executive sessions will rotate annually among the Independent Directors in the manner described below:

As used in this paragraph, the term "First Eligible Group" means the Independent Directors as of July 22, 2009 who have not previously served as the Presiding Director, and the term "Second Eligible Group" means all Independent Directors. Beginning with the designation of the Presiding Director at the meeting of the Board of Directors on July 22, 2009, the Presiding Director position will rotate among the First Eligible Group in the order of their length of service on the Board, with the Independent Director with the longest length of service being designated first. Once the Presiding Director position has rotated among the First Eligible Group, the position will then rotate among the Second Eligible Group in the order of their length of service on the Board and will continue to rotate in that order. In the event a new Independent Director joins the Board, he or she will become a part of, and subject to the order of rotation applicable to, the Second Eligible Group.

Any interested parties desiring to communicate with the Presiding Director regarding the Company may directly contact such director by addressing the desired communication to the [presidingdirector@mckesson.com](mailto:presidingdirector@mckesson.com) or to the Presiding Director c/o the Corporate Secretary's Office, McKesson Corporation, One Post Street, San Francisco, CA 94104.

## Selection of Agenda Items for Board Meetings

In preparation for meetings of the Board, the Chairman, with support from the Corporate Secretary, and in consultation with the Presiding Director, shall prepare and disseminate to directors on a timely basis a meeting agenda together with briefing materials regarding matters to be included on the meeting agenda, as well as minutes from prior meetings. Each Board member may suggest inclusion of items on the agenda and may also raise at any Board meeting subjects that are not specifically identified on the agenda for that meeting.

## Meetings

The Board has 5 regularly scheduled meetings per year. Directors are expected to regularly attend meetings of the Board and committees on which they sit, and to review prior to meetings material distributed in advance for such meetings. Directors are also expected to attend the Annual Meeting of Stockholders. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the chair of the appropriate committee in advance of such meeting. Directors meet their responsibilities not only by attending Board and committee meetings, but also through communication with management on matters affecting the Company.

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board because of management involvement in these areas; (ii) make presentations to the Board; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board.

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. Sensitive matters may be discussed at the meeting without written materials being distributed in advance or at the meeting. Similarly, matters may be discussed at a meeting called on short notice or in the event of a pressing need without written material being made available. The Company makes all Committee meeting agendas and minutes of meetings available to all members of the Board.

## COMMITTEE MATTERS

### Board Committees: Composition

The Company currently has four standing committees: Audit Committee, Compensation Committee, Finance Committee and Governance Committee. The purpose and responsibilities for each of these committees shall be delineated in committee charters approved and adopted by the Board. The Board may want, from time to time, to form a new committee, to re-allocate responsibilities of one committee to another committee or to disband a current committee depending on circumstances. In addition, the Board may determine to form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.

Each of the Audit Committee, the Governance Committee and the Compensation Committee shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee. All other standing Board committees formed by the Board shall be chaired by Independent Directors, except where the Board, pursuant to the recommendation of the Governance Committee, determines otherwise.

The Governance Committee recommends the assignment of Board members to serve on or chair Board committees. Board judgment and individual Board member preferences will be the final guidelines in the Governance Committee's annual review of Board committee structure.

Committee assignments for directors will include no more than three standing committees at any one time.

## CEO AND SENIOR MANAGEMENT

### Selection of the Chief Executive Officer

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's CEO. In identifying potential candidates for, and selecting, the Company's CEO, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

### Evaluation of Chief Executive Officer

The CEO develops and provides to the Board an annual self-evaluation against previously established goals and objectives. The Compensation Committee incorporates the Board's review of the CEO's performance in connection with that Committee's annual review and setting of CEO compensation.

### Succession Planning

The Board, in consultation with the Company's Executive Vice President, Human Resources, shall engage in an annual review of CEO and senior management succession. The review shall include an examination of potential permanent and interim candidates for the CEO and senior management positions. In addition, the Board shall approve and maintain a process regarding CEO succession in the event of an emergency or the retirement or other temporary or permanent absence of the CEO. To assist the Board with CEO succession planning, the CEO shall create and periodically assess (at least annually) a list of potential successors who may be able to perform the CEO's duties on an interim basis.

### Management Development

The Board shall engage in a review to determine whether a satisfactory system is in effect for education, development, and orderly succession of senior officers and managers throughout the Company.

## OTHER

### Outside Advisors

The Board may, in its sole discretion, when it shall determine to be necessary or appropriate to the functions of the Board, at the expense of the Company, retain consultants, legal counsel and other advisors of its choosing to assist the Board in connection with its functions. The Board shall approve the fees and other retention terms of such advisors. The Company shall provide for appropriate funding, as determined by the Board, for payment of compensation to any such advisors employed by the Board.

### Indemnification

The Company provides reasonable directors' and officers' liability insurance for the directors and shall indemnify the directors to the fullest extent permitted by law and the Company's certificate of incorporation and by-laws.

## EXHIBIT A

### **RESIGNATION POLICY RELATING TO MAJORITY VOTING**

The Amended and Restated By-Laws (the "By-Laws") of McKesson Corporation (the "Corporation") provide that with respect to elections that are not Contested Elections, directors are elected by a Majority Vote. The By-Laws further provide that in order for any person to become a nominee of the Board of Directors for service on the Board of Directors, such person must submit an irrevocable resignation, contingent (A) on that person not receiving the required vote for re-election, and (B) acceptance of that resignation by the Board of Directors in accordance with policies and procedures adopted by the Board of Directors for such purposes. A "Majority Vote" means that the number of votes cast in favor of a nominee must exceed the number of votes cast against that nominee's election. A "Contested Election" means an election of directors (i) for which the Secretary of the Corporation has received a notice that a stockholder has nominated a person for election to the Board of Directors in compliance with Article II, Section 10 of the By-Laws, and (ii) such nomination has not been withdrawn five days prior to the date the Corporation first mails the notice of meeting for such meeting to stockholders.

After receipt of the certified results of the stockholder vote pertaining to such election, the Committee on Directors and Corporate Governance (the "Committee") will consider the tendered resignation(s) in light of the best interests of the Corporation and its stockholders and will make a recommendation to the Board of Directors concerning the acceptance or rejection of such resignation. In considering whether to accept or reject the tendered resignation, the Committee will consider all factors deemed relevant by the members of the Committee, including, without limitation, (i) the impact of the acceptance of the resignation on stock exchange listing or other regulatory requirements, (ii) the financial impact of the acceptance of the resignation (including, for example, amounts that may become payable under executive compensation or other agreements), (iii) the unique qualifications of the director whose resignation has been tendered (including, for example, whether the director serves on the audit committee of the Board as an "audit committee financial expert" and whether there are one or more other directors qualified, eligible and available to serve on the audit committee in such capacity), (iv) the reasons that the Committee believes are the reasons that stockholders cast votes against the election of such director (including, for example, whether the director was the target of a "vote no" campaign on an illegitimate or wrongful basis), and (v) any alternatives for addressing the reasons for the "against" votes (including, for example, rejection of the resignation coupled with a commitment to seek to address and cure such underlying reasons).

The Board of Directors will take formal action on the Committee's recommendation no later than 90 days following the receipt of the certified results of the stockholder vote pertaining to such election. In considering the Committee's recommendation, the Board of Directors will consider the information, factors and alternatives considered by the Committee and such additional information, factors and alternatives as the Board of Directors deems relevant.

If the Board of Directors determines to accept the resignation of an unsuccessful incumbent, the Committee will recommend a candidate to the Board of Directors to fill the

office formerly held by the unsuccessful incumbent. The Committee, in making this recommendation, and the Board of Directors, in acting on such recommendation, may consider any factors or other information that they determine appropriate and relevant.

The Board of Directors expects an unsuccessful incumbent to exercise voluntary recusal from participation in considering and acting upon the recommendation of the Committee on Directors and Corporate Governance or the decision of the Board of Directors with regard to these matters.

If a majority of the members of the Committee are unsuccessful incumbents, then the independent directors then serving on the Board of Directors who were elected by a Majority Vote will appoint an ad hoc committee of the Board of Directors from amongst themselves (the "Ad Hoc Committee"), consisting of such number of directors as they may determine to be appropriate, solely for the purpose of considering and making a recommendation to the Board of Directors with respect to the tendered resignations. The Ad Hoc Committee shall serve in place of the Committee and perform the Committee's duties for purposes of this Policy. Notwithstanding the foregoing, if an Ad Hoc Committee would have been created but fewer than three directors would be eligible to serve on it, the entire Board of Directors (other than the director whose resignation is being considered) will make the determination to accept or reject the tendered resignation without any recommendation from the Committee and without the creation of an Ad Hoc Committee.

If all directors are unsuccessful incumbents, the incumbent Board of Directors will nominate a new slate of directors and, within 180 days after the certification of the results of the stockholder vote, hold a special meeting for the purpose of electing a board of directors. In such circumstances, the incumbent Board of Directors will continue to serve until new directors are elected and qualified.

Within four business days following acceptance or rejection of the resignation, the Corporation will file a report with the U.S. Securities Exchange Commission on Form 8-K in which it will publicly disclose its decision, together with an explanation of the process by which the decision was made and, if applicable, the Board of Directors' reason or reasons for rejecting the tendered resignation.