

## McKESSON SUB-CLASS PLAN OF ALLOCATION

1.1 Within thirty (30) days of the Effective Date of the Settlement (or as soon as administratively feasible), the Plan Administrator shall calculate the share of the Distribution Amount of each Class member (“Claimant”) according to the following methodology to be approved by the Court:

- a. For Current Plan Participant Claimants and Former Plan Participant Claimants, the Plan Administrator shall determine the approximate loss (“Loss”) for each member of the Settlement Class as follows:

Loss = (A x B) + C, where,

1. A = the number of shares of McKesson common stock (“McKesson Stock”) credited to the participant's Plan account on March 31, 1999.
2. B = per share loss in McKesson Stock expressed as a dollar amount, determined in the following manner:

### **For Distributions from 4/28/1999 through December 31, 2000**

The result obtained when the price of McKesson Stock on the last trading date in the month of distribution is subtracted from \$65.13 (the price of McKesson Stock on April 27, 1999) plus interest credited through the end of the month of distribution. The month of distribution will be determined with reference to the valuation date as of which the participant's account was valued for distribution purposes.

**For Distributions after December 31, 2000**

The result obtained when the price of McKesson Stock on the date of distribution is subtracted from \$65.13 (the price of McKesson Stock on April 27, 1999) plus interest to the date of distribution.

**If No Distribution before Effective Date**

The result obtained when the price of McKesson Stock on the Effective Date is subtracted from \$65.13 (the price of McKesson Stock on April 27, 1999) plus interest to the Effective Date.

**Interest Rate**

The interest rate for making the above calculations shall be the rate in effect on April 27, 1999 and, thereafter, the end of the first day of trading in each successive calendar year, for one-year Treasury Securities (constant maturities), as published by the Board of Governor of the Federal Reserve System, as follows:

4/28/99 through 12/31/1999	4.74%
2000	6.09%
2001	5.11%
2002	2.28%
2003	1.42%
2004	1.31%
2005	2.79%
2006	4.38%

3. C=the dollar value a participant would have received if the Company Matching Contribution for the Plan Year ending March 31, 1999, had been made in cash instead of McKesson Stock, calculated as the difference between:

- i. The dollar value a participant would have received had the Company Matching Contribution for the plan year ended March 31, 1999, been made in cash instead of stock (calculated by multiplying the number of McKesson shares allocated to that participant's account as the Company Matching Contribution for the plan year ended March 31, 1999, by \$35.00, which was the closing price of McKesson Stock on April 30, 1999), plus interest to the date of distribution of those shares or July 31, 1999, whichever comes first, at the rate for 3 month United States Treasury Bills on April 30, 1999 (the FIFO method will be used to determine whether a distribution to the participant prior to July 31, 1999, resulted in the distribution of the McKesson shares allocated to a participant's account with respect to the Company Matching Contribution for the plan year ended March 31, 1999); and
- ii. The value of the McKesson Stock allocated to the participant's account as the Company Matching Contribution for the plan year ended March 31, 1999, calculated by multiplying the number of McKesson shares allocated to the participant's account as the

Company Matching Contribution for the plan year ended March 31, 1999, by the trading price of McKesson stock as reported in the Wall Street Journal on the trading date coinciding with or next preceding the date of distribution or July 31, 1999, as determined for purposes of the calculation in 1.1.a.3.i, above, plus any dividends paid on those shares.

- b. The Loss of each individual Claimant as calculated in Section 1.1.a. will be totaled to yield the Loss of the Plan as a whole (the “Plan Loss”).
- c. The Plan Administrator shall calculate for the Account of each Claimant an amount which is the same percent of the Distribution Amount as his or her Loss bears to the Plan Loss.
- d. The Plan Administrator shall identify each Claimant whose share of the Distribution Amount is less than ten dollars (\$10.00) (“De Minimis Amounts”). Each such Claimant whose share of the Distribution Amount is a De Minimis Amount shall not receive an allocation from the Distribution Amount. The Claimants remaining after the aforescribed process shall become “Authorized Claimants.” The De Minimis Amounts shall then be allocated to the Authorized Claimants on a pro rata basis based on each Authorized Claimant’s Loss. Any portion of the Distribution Amount due to Unlocatable Claimants shall be administered in accordance with the Plan's procedures regarding unlocatable participants.
- e. In light of the manner in which the data is kept and the efficacy with which it can be used to locate Claimants and allocate Distribution Amounts to Authorized

Claimants, it may be appropriate to simplify some of the features of these calculations. Such simplifications are acceptable as long as the two features of the Plan of Allocation are preserved: (1) that each Authorized Claimant receives his or her share of the Distribution Amount based approximately on the decline in the value of McKesson Stock he or she held in comparison with the decline in the value of McKesson Stock held by All Authorized Claimants; and (2) that subsequent distributions take place, if possible, through the Plan as an entity so as to maximize the tax advantages to Authorized Claimants of investment in the Plan.

- f. The following definitions shall apply to the Plan of Allocation methodology:
1. **“Account”** means the account maintained on behalf of a participant in the Plan. For Authorized Claimants who are Current Plan Participants, “Account” means the account in place for him or her from time to time within the Plan beginning with March 31, 1999 to the date of Allocation; for Authorized Claimants who are Former Plan Participant Claimants, “Account” means the vested portion of the account that was in place for him or her from time to time beginning with March 31, 1999 to the date that the Former Plan Participant received a complete distribution from the Plan.
  2. **“Plan”** means the McKesson Profit Sharing Investment Plan, as amended.
  3. **“Current Plan Participant”** shall mean (i) a participant in the Plan whose Plan account held McKesson Stock on April 27, 1999 and who, as of the Reference Date, is either employed by McKesson or who, while no

longer employed by McKesson, has not received a complete distribution from the Plan; and (ii) a beneficiary or beneficiaries of a participant in the Plan under preceding subparagraph (i).

4. **“De Minimis Claimant”** shall mean a Class member whose portion of the Distribution Amount, as calculated by the Plan Administrator as of the Reference Date, is less than \$10.00.
5. **“Former Plan Participant”** shall mean (i) a former participant in the Plan whose Plan account held McKesson Stock on April 27, 1999 and who, as of the Reference Date, is not a Current Plan Participant; and (ii) a beneficiary or beneficiaries of such participant.
6. **“Participant Claimant”** shall mean a Current or Former Plan Participant whose Plan account held McKesson Stock on April 27, 1999.
7. **“Plan Administrator”** shall mean the Plan’s current plan administrator, or its designate.
8. **“Reference Date”** shall mean the date not less than fifteen (15) business days before the expected allocation date in connection with the Plan of Allocation.
9. **“Unlocatable Claimant”** shall mean a Class member who, despite reasonable efforts, cannot be located by the Plan Administrator by the Reference Date.

1.2 Promptly after calculating each Authorized Claimant’s share of the Distribution Amount, the Plan Administrator shall provide to McKesson’s counsel and Class Counsel the name

of each Authorized Claimant and amount of his or her share of the Distribution Amount, together with the total of all such allocations.

- 1.3 As promptly as possible after deposit of the Distribution Amount into the Plan, but no sooner than fifteen (15) business days after the determination of the De Minimis Claimants, the Plan Administrator, or its agent, shall be responsible for facilitating the allocation to each Authorized Former Plan Participant Claimant of his or her share of the Distribution Amount, with subsequent distributions of such allocations to be treated as distributions from the Plan for all purposes under ERISA and the Code. The share of the Distribution Amount for each Authorized Former Plan Participant Claimant who does not have an Account in the Plan shall be invested initially in the Plan's current money market fund, and shall thereafter be distributed in accordance with the applicable provisions of the Plan. The Plan Administrator, or its agents, shall report and remit such distributions and any applicable tax withholdings to Participants, the Internal Revenue Service, and applicable state revenue agents under the Employer Identification Number generally used for distributions from the Plan.
- 1.4 As promptly as possible after deposit of the Distribution Amount into the Plan, but no sooner than fifteen (15) business days after the determination of the De Minimis Claimants, the Plan Administrator, or its agents, shall be responsible for facilitating the allocation to each Authorized Current Plan Participant Claimant's Plan Account equal to such individual's share of the Distribution Amount. Such amount shall be allocated to the Plan's current money market fund in the name of the Authorized Current Plan Participant and invested in accordance with the existing investment elections in effect, if any, for such sub-account/fund, shall be treated and administered thereafter for all

purposes under the Plan as income credited to the Authorized Current Plan Participant Claimant's sub-account/fund under the Plan, and shall thereafter be distributed only in accordance with the applicable provisions of the Plan.

- 1.5 The Plan Administrator shall make available to Defendants' Counsel and Class Counsel any and all summaries, compilations, calculations, or tabulations of the claims and amounts described herein, upon the request of Defendants' Counsel, Class Counsel or the Court.