



McKESSON REPORTS FISCAL 2017 SECOND-QUARTER RESULTS AND REVISED FISCAL 2017 OUTLOOK

- *Revenues of \$50.0 billion for the second quarter, up 2% year-over-year.*
- *Second-quarter GAAP earnings per diluted share from continuing operations of \$1.35, down 49% year-over-year.*
- *Excluding a goodwill impairment charge of \$1.24 and Cost Alignment Plan credits of 2 cents from Adjusted Earnings, second-quarter results per diluted share of \$2.94, down 7% year-over-year, compared to \$3.17 in the prior year.*
- *Board of Directors authorized a new \$4.0 billion share repurchase program.*
- *Revised Fiscal 2017 Outlook: GAAP earnings per diluted share from continuing operations of \$8.95 to \$9.80.*
- *Revised Fiscal 2017 Outlook: \$12.35 to \$12.85 per diluted share, which excludes approximately \$1.31 to \$1.33 in charges to Adjusted Earnings related to a goodwill impairment and the Cost Alignment Plan.*

SAN FRANCISCO, October 27, 2016 – McKesson Corporation

(NYSE:MCK) today reported that revenues for the second quarter ended September 30, 2016, were \$50.0 billion, up 2% compared to \$48.8 billion a year ago. On the basis of U.S. generally accepted accounting principles (“GAAP”), second-quarter earnings per diluted share from continuing operations was \$1.35, compared to \$2.65 a year ago.

Second-quarter results included a non-cash, pre-tax goodwill impairment charge of \$290 million, or \$1.24, related to our Enterprise Information Solutions (EIS) business within Technology Solutions, and pre-tax credits of \$10 million, or 2 cents, related to the company’s cost alignment plan as disclosed in March 2016 (the “Cost Alignment Plan”). Excluding the goodwill impairment charge and the Cost Alignment Plan credits, second-quarter Adjusted Earnings were \$2.94 per diluted share. Second-quarter results were impacted by a softer pricing environment in our U.S. Pharmaceutical business within Distribution Solutions compared to previous expectations. Prior year second-quarter Adjusted Earnings, excluding a pre-tax gain of \$52 million, or 14 cents, related to the sale of the ZEE Medical business within Distribution Solutions, was \$3.17 per diluted share.

The company is updating its outlook from the previous range of \$13.43 to \$13.93 per diluted share to a new range of \$12.35 to \$12.85 per diluted share for the fiscal year ending March 31, 2017. This revised outlook excludes from Adjusted Earnings the second-quarter EIS goodwill impairment charge and anticipated Cost Alignment Plan charges of 6 to 8 cents per diluted share.

“Our updated outlook for Fiscal 2017 reflects McKesson’s expectation of a lower profit contribution resulting from recent customer pricing activities and lower operating profit as a result of further moderating branded pharmaceutical pricing trends compared to previous expectations,” said John H. Hammergren, chairman and chief executive officer. “While we work to actively respond to these market forces, we remain focused on our long-term strategy of innovation and value-added solutions. And though we responded quickly to maintain market share and mitigate these pricing challenges, we recognize the near-term impact requires a revision to our outlook.”

For the first half of the fiscal year, McKesson generated cash from operations of \$2.9 billion and ended the quarter with cash and cash equivalents of \$5.5 billion. During the first half of the year, McKesson paid \$2.0 billion for acquisitions, \$129 million in dividends and had internal capital spending of \$240 million. And our expectation for full-year cash flow from operations remains consistent with our original guidance.

“Despite the downward revision to our outlook, we believe in, and remain committed to, the value we demonstrate every day to our customers and manufacturer partners,” continued Hammergren. “McKesson has a great tradition of customer focus, operational excellence, robust capital deployment, strong management, disciplined execution, and long-term value creation. We remain as committed as ever to our value proposition,” concluded Hammergren.

Segment Results

Distribution Solutions revenues were \$49.3 billion for the quarter, up 3% both on a reported and constant currency basis.

North America pharmaceutical distribution and services revenues of \$41.4 billion for the quarter were up 2% both on a reported and constant currency

basis, primarily reflecting market growth and acquisitions, partially offset by a previously disclosed customer loss in the prior year.

International pharmaceutical distribution and services revenues were \$6.3 billion for the quarter, up 7% on a reported basis and 12% on a constant currency basis, driven by acquisitions and market growth.

Medical-Surgical distribution and services revenues were \$1.6 billion for the quarter, up 4%, primarily driven by market growth.

In the second quarter, Distribution Solutions GAAP operating profit was \$851 million and GAAP operating margin was 1.73%. Second-quarter adjusted operating profit was \$930 million, down 19% from the prior year on a reported basis and 18% on a constant currency basis. Adjusted operating margin for the Distribution Solutions segment was 1.89% on a constant currency basis.

Technology Solutions revenues were down 6% both on a reported and constant currency basis in the second quarter, primarily driven by an anticipated year-over-year decline in our hospital software business, partially offset by growth in our other technology businesses.

Technology Solutions GAAP operating loss was \$174 million for the second quarter and GAAP operating margin was (25.59%). On a constant currency basis, adjusted operating loss was \$143 million for the second quarter and adjusted operating margin was (21.03%). Excluding the goodwill impairment charge related to our EIS business and credits related to the company's Cost Alignment Plan, adjusted operating profit was \$141 million for the second quarter and adjusted operating margin was 20.74%.

Revised Fiscal 2017 Outlook

McKesson expects GAAP earnings per diluted share between \$8.95 to \$9.80 for the fiscal year ending March 31, 2017. Adjusted Earnings per diluted share excludes the following items:

- Amortization of acquisition-related intangible assets of \$1.25 to \$1.35 per diluted share;
- Acquisition expenses and related adjustments of 50 cents to 65 cents per diluted share;

- LIFO inventory-related charges of up to 10 cents per diluted share; and
- Claim and litigation reserve credits of 2 cents per diluted share for average wholesale price litigation matters.

Excluding the EIS goodwill impairment charge and an anticipated 6 to 8 cents in expected Cost Alignment Plan charges from Adjusted Earnings, McKesson expects \$12.35 to \$12.85 per diluted share for the fiscal year ending March 31, 2017. This revised expectation includes the following significant updates to the key assumptions we provided on July 27, 2016:

- Distribution Solutions adjusted operating margin, excluding anticipated Cost Alignment Plan charges, expected to be approximately 30 to 40 basis points below the Fiscal 2016 adjusted operating margin of 234 basis points, primarily driven by increased competitive pricing activity.
- Branded pharmaceutical price trends in the U.S. market are now expected to be meaningfully below those experienced in Fiscal 2016.
- Excluding the EIS goodwill impairment charge, we now expect a full-year adjusted tax rate of approximately 27.5%, which may vary from quarter to quarter.
- Weighted average diluted shares used in the calculation of earnings per share are expected to be approximately 226 million for the year.

The Fiscal 2017 guidance ranges do not include any potential claim or litigation reserve adjustments, or the impact of any potential new acquisitions and divestitures, or impairments and material restructurings beyond those previously publicly disclosed.

Adjusted Earnings

McKesson separately reports financial results on the basis of Adjusted Earnings. Adjusted Earnings is a non-GAAP financial measure defined as GAAP income from continuing operations, excluding amortization of acquisition-related intangible assets, acquisition expenses and related adjustments, claim and litigation reserve adjustments reflecting the company's reserves for controlled

substance distribution claims and average wholesale price litigation matters, and Last-In-First-Out (“LIFO”) inventory-related adjustments. A reconciliation of McKesson’s GAAP financial results to Adjusted Earnings is provided in Schedules 2, 3 and 4 of the financial statement tables included with this release.

Constant Currency

McKesson also presents its financial results on a constant currency basis. The company conducts business worldwide in local currencies, including the Euro, British pound and Canadian dollar. As a result, the comparability of the financial results reported in U.S. dollars can be affected by changes in foreign currency exchange rates. Constant currency information is presented to provide a framework for assessing how the company’s business performed excluding the effect of foreign currency exchange rate fluctuations. The supplemental constant currency information of the company’s GAAP financial results and Adjusted Earnings (Non-GAAP) is provided in Schedule 3 of the financial statement tables included with this release.

Risk Factors

Except for historical information contained in this press release, matters discussed may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These statements may be identified by their use of forward-looking terminology such as “believes”, “expects”, “anticipates”, “may”, “will”, “should”, “seeks”, “approximately”, “intends”, “plans”, “estimates” or the negative of these words or other comparable terminology. The discussion of financial trends, strategy, plans or intentions may also include forward-looking statements. It is not possible to predict or identify all such risks and uncertainties; however, the most significant of these risks and uncertainties are described in the company’s Form 10-K, Form 10-Q and Form 8-K reports filed with the Securities and Exchange Commission and include, but are not limited to: changes in the U.S.

healthcare industry and regulatory environment; managing foreign expansion, including the related operating, economic, political and regulatory risks; changes in the Canadian healthcare industry and regulatory environment; exposure to European economic conditions, including recent austerity measures taken by certain European governments; changes in the European regulatory environment with respect to privacy and data protection regulations; fluctuations in foreign currency exchange rates; the company's ability to successfully identify, consummate, finance and integrate acquisitions; the company's ability to manage and complete divestitures; material adverse resolution of pending legal proceedings; competition and industry consolidation; substantial defaults in payment or a material reduction in purchases by, or the loss of, a large customer or group purchasing organization; the loss of government contracts as a result of compliance or funding challenges; public health issues in the U.S. or abroad; cyberattack, natural disaster, or malfunction of sophisticated internal computer systems to perform as designed; the adequacy of insurance to cover property loss or liability claims; the company's failure to attract and retain customers for its software products and solutions due to integration and implementation challenges, or due to an inability to keep pace with technological advances; the company's proprietary products and services may not be adequately protected, and its products and solutions may be found to infringe on the rights of others; system errors or failure of our technology products or services to conform to specifications; disaster or other event causing interruption of customer access to data residing in our service centers; the delay or extension of our sales or implementation cycles for external software products; changes in circumstances that could impair our goodwill or intangible assets; new or revised tax legislation or challenges to our tax positions; general economic conditions, including changes in the financial markets that may affect the availability and cost of credit to the company, its customers or suppliers; changes in accounting principles generally accepted in the United States of America; withdrawal from participation in multiemployer pension plans or if such plans are reported to have underfunded liabilities; inability to realize the expected benefits from the company's restructuring and business process initiatives; difficulties with outsourcing and

similar third party relationships; risks associated with the company's retail expansion; and the company's inability to keep existing retail store locations or open new retail locations in desirable places. The reader should not place undue reliance on forward-looking statements, which speak only as of the date they are first made. Except to the extent required by law, the company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

Conference Call Details

The company has scheduled a conference call for today, Thursday, October 27th, at 5:00 PM ET. The dial-in number for individuals wishing to participate on the call is 719-234-7317. Craig Mercer, senior vice president, Investor Relations, is the leader of the call, and the password to join the call is 'McKesson'. The live webcast and supplementary slide presentation for the conference call can be accessed on the company's Investor Relations website at <http://investor.mckesson.com>.

A telephonic replay of this conference call will be available for five calendar days. The dial-in number for individuals wishing to listen to the replay is 719-457-0820 and the pass code is 9279019.

The audio webcast and supplemental slide presentation will be archived on the company's Investor Relations website after the conclusion of the call. Shareholders are encouraged to review the company's filings with the Securities and Exchange Commission and the supplementary slide presentation for the conference call, which are located on the company's website.

About McKesson Corporation

McKesson Corporation, currently ranked 5th on the FORTUNE 500, is a healthcare services and information technology company dedicated to making the business of healthcare run better. McKesson partners with payers, hospitals, physician offices, pharmacies, pharmaceutical companies, and others across the spectrum of care to build healthier organizations that deliver better care to

patients in every setting. McKesson helps its customers improve their financial, operational, and clinical performance with solutions that include pharmaceutical and medical-surgical supply management, healthcare information technology, and business and clinical services. For more information, visit www.mckesson.com.

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Contact:

Craig Mercer, 415-983-8391 (Investors and Financial Media)

Craig.Mercer@McKesson.com

Kristin Hunter, 415-983-8974 (General and Business Media)

Kristin.Hunter@McKesson.com

McKESSON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - GAAP
(unaudited)
(in millions, except per share amounts)

	Quarter Ended September 30,			Six Months Ended September 30,		
	2016	2015	Change	2016	2015	Change
Revenues	\$ 49,957	\$ 48,761	2 %	\$ 99,690	\$ 96,307	4 %
Cost of sales ⁽¹⁾	(47,201)	(45,917)	3	(94,027)	(90,615)	4
Gross profit	2,756	2,844	(3)	5,663	5,692	(1)
Operating expenses ^{(2) (3)}	(1,886)	(1,890)	-	(3,821)	(3,807)	-
Goodwill impairment charge ⁽⁴⁾	(290)	-	-	(290)	-	-
Total operating expenses	(2,176)	(1,890)	15	(4,111)	(3,807)	8
Operating income	580	954	(39)	1,552	1,885	(18)
Other income, net	23	17	35	42	30	40
Interest expense	(78)	(91)	(14)	(157)	(180)	(13)
Income from continuing operations before income taxes	525	880	(40)	1,437	1,735	(17)
Income tax expense ⁽⁵⁾	(200)	(244)	(18)	(439)	(500)	(12)
Income from continuing operations after tax	325	636	(49)	998	1,235	(19)
Loss from discontinued operations, net of tax ⁽⁶⁾	(1)	(6)	(83)	(114)	(16)	613
Net income	324	630	(49)	884	1,219	(27)
Net income attributable to noncontrolling interests	(17)	(13)	31	(35)	(26)	35
Net income attributable to McKesson Corporation	\$ 307	\$ 617	(50) %	\$ 849	\$ 1,193	(29) %
Earnings (loss) per common share attributable to McKesson Corporation ⁽⁷⁾						
Diluted						
Continuing operations	\$ 1.35	\$ 2.65	(49) %	\$ 4.22	\$ 5.15	(18) %
Discontinued operations	(0.01)	(0.02)	(50)	(0.50)	(0.07)	614
Total	\$ 1.34	\$ 2.63	(49) %	\$ 3.72	\$ 5.08	(27) %
Basic						
Continuing operations	\$ 1.36	\$ 2.68	(49) %	\$ 4.27	\$ 5.21	(18) %
Discontinued operations	-	(0.02)	(100)	(0.51)	(0.06)	750
Total	\$ 1.36	\$ 2.66	(49) %	\$ 3.76	\$ 5.15	(27) %
Dividends declared per common share	\$ 0.28	\$ 0.28		\$ 0.56	\$ 0.52	
Weighted average common shares						
Diluted	228	235	(3) %	228	235	(3) %
Basic	226	232	(3)	226	232	(3)

(1) The second quarter and first six months of 2017 include pre-tax credits of \$43 million and pre-tax charges of \$4 million related to our last-in-first-out ("LIFO") method of accounting for inventories within our Distribution Solutions segment. The second quarter and first six months of 2016 include pre-tax LIFO charges of \$91 million and \$182 million. The first six months of fiscal year 2017 and 2016 include \$142 million and \$59 million of net cash proceeds representing our share of antitrust legal settlements.

(2) The second quarter and first six months of fiscal year 2016 include a pre-tax gain of \$52 million (\$33 million after-tax) and \$52 million (\$29 million after-tax) recognized from the sale of our ZEE Medical business within our Distribution Solutions segment.

(3) The first six months of fiscal year 2016 includes a pre-tax gain of \$51 million (\$38 million after-tax) recognized from the sale of our nurse triage business within our Technology Solutions segment.

(4) The second quarter and first six months of 2017 include a non-cash pre-tax charge of \$290 million (\$282 million after-tax) recorded to impair the carrying value of goodwill related to our Enterprise Information Solutions ("EIS") business, which is a reporting unit within our Technology Solutions segment.

(5) The second quarter and first six months of fiscal year 2017 include a tax benefit of \$9 million and \$46 million related to the adoption of the amended accounting guidance on share-based compensation in the first quarter of fiscal year 2017. The second quarter and first six months of fiscal year 2016 include a \$25 million tax benefit related to the reversal of a tax reserve.

(6) The first six months of fiscal year 2017 includes an after-tax loss of \$113 million recognized from the sale of our Brazilian pharmaceutical distribution business within our discontinued operations.

(7) Certain computations may reflect rounding adjustments.

McKESSON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED EARNINGS (NON-GAAP)
(unaudited)
(in millions, except per share amounts)

	Quarter Ended September 30, 2016						Change Vs. Prior Quarter	
	As Reported (GAAP)	Amortization of Acquisition- Related Intangibles	Acquisition Expenses and Related Adjustments	Claim and Litigation Reserve Adjustments	LIFO-Related Adjustments	Adjusted Earnings (Non-GAAP)	As Reported (GAAP)	Adjusted Earnings (Non-GAAP)
Gross profit	\$ 2,756	\$ 1	\$ 1	\$ -	\$ (43)	\$ 2,715	(3) %	(8) %
Operating expenses ⁽¹⁾	\$ (2,176)	\$ 113	\$ 39	\$ -	\$ -	\$ (2,024)	15 %	16 %
Other income, net	\$ 23	\$ 1	\$ 1	\$ -	\$ -	\$ 25	35 %	47 %
Income from continuing operations before income taxes	\$ 525	\$ 115	\$ 41	\$ -	\$ (43)	\$ 638	(40) %	(43) %
Income tax expense ⁽²⁾	\$ (200)	\$ (33)	\$ (11)	\$ -	\$ 16	\$ (228)	(18) %	(30) %
Income from continuing operations, net of tax, attributable to McKesson Corporation	\$ 308	\$ 82	\$ 30	\$ -	\$ (27)	\$ 393	(51) %	(49) %
Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation ⁽³⁾	\$ 1.35	\$ 0.36	\$ 0.13	\$ -	\$ (0.12)	\$ 1.72 ⁽⁴⁾	(49) %	(48) %
Diluted weighted average common shares	228	228	228	-	228	228	(3) %	(3) %
	Quarter Ended September 30, 2015							
	As Reported (GAAP)	Amortization of Acquisition- Related Intangibles	Acquisition Expenses and Related Adjustments	Claim and Litigation Reserve Adjustments	LIFO-Related Adjustments	Adjusted Earnings (Non-GAAP)		
Gross profit	\$ 2,844	\$ 3	\$ -	\$ -	\$ 91	\$ 2,938		
Operating expenses ⁽⁵⁾	\$ (1,890)	\$ 106	\$ 33	\$ -	\$ -	\$ (1,751)		
Other income, net	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ 17		
Income from continuing operations before income taxes	\$ 880	\$ 109	\$ 33	\$ -	\$ 91	\$ 1,113		
Income tax expense ⁽⁶⁾	\$ (244)	\$ (35)	\$ (10)	\$ -	\$ (35)	\$ (324)		
Income from continuing operations, net of tax, attributable to McKesson Corporation	\$ 623	\$ 74	\$ 23	\$ -	\$ 56	\$ 776		
Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation ⁽³⁾	\$ 2.65	\$ 0.32	\$ 0.10	\$ -	\$ 0.24	\$ 3.31		
Diluted weighted average common shares	235	235	235	-	235	235		

⁽¹⁾ Fiscal year 2017 includes a non-cash pre-tax charge of \$290 million (\$282 million after-tax) recorded to impair the carrying value of goodwill related to our EIS business within our Technology Solutions segment.

⁽²⁾ Fiscal year 2017 includes a tax benefit of \$9 million related to the adoption of the amended accounting guidance on share-based compensation in the first quarter of fiscal year 2017.

⁽³⁾ Certain computations may reflect rounding adjustments.

⁽⁴⁾ Adjusted Earnings per share on a Constant Currency basis for the second quarter of fiscal year 2017 was \$1.75 per diluted share, which excludes the foreign currency exchange effect of \$0.03 per diluted share.

⁽⁵⁾ Fiscal year 2016 includes a pre-tax gain of \$52 million (\$33 million after-tax) recognized from the sale of our ZEE Medical business within our Distribution Solutions segment.

⁽⁶⁾ Fiscal year 2016 includes a \$25 million tax benefit related to the reversal of a tax reserve.

For more information relating to the Adjusted Earnings (Non-GAAP) and Constant Currency (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this release.

McKESSON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED EARNINGS (NON-GAAP)
(unaudited)
(in millions, except per share amounts)

	Six Months Ended September 30, 2016						Change Vs. Prior Period	
	As Reported (GAAP)	Amortization of Acquisition- Related Intangibles	Acquisition Expenses and Related Adjustments	Claim and Litigation Reserve Adjustments	LIFO-Related Adjustments	Adjusted Earnings (Non-GAAP)	As Reported (GAAP)	Adjusted Earnings (Non-GAAP)
Gross profit ⁽¹⁾	\$ 5,663	\$ 3	\$ 1	\$ -	\$ 4	\$ 5,671	(1) %	(4) %
Operating expenses ⁽²⁾	\$ (4,111)	\$ 226	\$ 85	\$ (6)	\$ -	\$ (3,806)	8 %	8 %
Other income, net	\$ 42	\$ 1	\$ 5	\$ -	\$ -	\$ 48	40 %	50 %
Income from continuing operations before income taxes	\$ 1,437	\$ 230	\$ 91	\$ (6)	\$ 4	\$ 1,756	(17) %	(20) %
Income tax expense ⁽³⁾	\$ (439)	\$ (69)	\$ (23)	\$ 2	\$ (2)	\$ (531)	(12) %	(20) %
Income from continuing operations, net of tax, attributable to McKesson Corporation	\$ 963	\$ 161	\$ 68	\$ (4)	\$ 2	\$ 1,190	(20) %	(21) %
Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation ⁽⁴⁾	\$ 4.22	\$ 0.70	\$ 0.30	\$ (0.02)	\$ 0.02	\$ 5.22 ⁽⁵⁾	(18) %	(19) %
Diluted weighted average common shares	228	228	228	228	228	228	(3) %	(3) %
Six Months Ended September 30, 2015								
	As Reported (GAAP)	Amortization of Acquisition- Related Intangibles	Acquisition Expenses and Related Adjustments	Claim and Litigation Reserve Adjustments	LIFO-Related Adjustments	Adjusted Earnings (Non-GAAP)		
Gross profit ⁽¹⁾	\$ 5,692	\$ 4	\$ -	\$ -	\$ 182	\$ 5,878		
Operating expenses ^{(6) (7)}	\$ (3,807)	\$ 216	\$ 62	\$ -	\$ -	\$ (3,529)		
Other income, net	\$ 30	\$ 1	\$ 1	\$ -	\$ -	\$ 32		
Income from continuing operations before income taxes	\$ 1,735	\$ 221	\$ 63	\$ -	\$ 182	\$ 2,201		
Income tax expense ⁽⁸⁾	\$ (500)	\$ (70)	\$ (21)	\$ -	\$ (71)	\$ (662)		
Income from continuing operations, net of tax, attributable to McKesson Corporation	\$ 1,209	\$ 151	\$ 42	\$ -	\$ 111	\$ 1,513		
Diluted earnings per common share from continuing operations, net of tax, attributable to McKesson Corporation ⁽⁴⁾	\$ 5.15	\$ 0.64	\$ 0.18	\$ -	\$ 0.47	\$ 6.44		
Diluted weighted average common shares	235	235	235	-	235	235		

⁽¹⁾ Fiscal year 2017 and 2016 include \$142 million and \$59 million of net cash proceeds representing our share of antitrust legal settlements within our Distribution Solutions segment.

⁽²⁾ Fiscal year 2017 includes a non-cash pre-tax charge of \$290 million (\$282 million after-tax) recorded to impair the carrying value of goodwill related to our EIS business within our Technology Solutions segment.

⁽³⁾ Fiscal year 2017 includes a tax benefit of \$46 million related to the adoption of the amended accounting guidance on share-based compensation in the first quarter of fiscal year 2017.

⁽⁴⁾ Certain computations may reflect rounding adjustments.

⁽⁵⁾ Adjusted Earnings per share on a Constant Currency basis for fiscal year 2017 was \$5.26 per diluted share, which excludes the foreign currency exchange effect of \$0.04 per diluted share.

⁽⁶⁾ Fiscal year 2016 includes a pre-tax gain of \$52 million (\$29 million after-tax) recognized from the 2016 second quarter sale of our ZEE Medical business within our Distribution Solutions segment.

⁽⁷⁾ Fiscal year 2016 includes a pre-tax gain of \$51 million (\$38 million after-tax) recognized from the 2016 first quarter sale of our nurse triage business within our Technology Solutions segment.

⁽⁸⁾ Fiscal year 2016 includes a \$25 million tax benefit related to the reversal of a tax reserve.

For more information relating to the Adjusted Earnings (Non-GAAP) and Constant Currency (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this release.

McKESSON CORPORATION
RECONCILIATION OF GAAP SEGMENT FINANCIAL RESULTS TO ADJUSTED EARNINGS (NON-GAAP)
(unaudited)
(in millions)

	Quarter Ended September 30, 2016			Quarter Ended September 30, 2015			GAAP		Non-GAAP		Change			
	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	Foreign Currency Effects	Constant Currency	Foreign Currency Effects	Constant Currency	As Reported (GAAP)	Adjusted Earnings (Non-GAAP)	Constant Currency (GAAP)	Constant Currency (Non-GAAP)
REVENUES														
Distribution Solutions														
North America pharmaceutical distribution & services	\$ 41,375	\$ -	\$ 41,375	\$ 40,603	\$ -	\$ 40,603	\$ (8)	\$ 41,367	\$ (8)	\$ 41,367	2 %	2 %	2 %	2 %
International pharmaceutical distribution & services	6,271	-	6,271	5,866	-	5,866	305	6,576	305	6,576	7	7	12	12
Medical-Surgical distribution & services	1,631	-	1,631	1,571	-	1,571	-	1,631	-	1,631	4	4	4	4
Total Distribution Solutions	49,277	-	49,277	48,040	-	48,040	297	49,574	297	49,574	3	3	3	3
Technology Solutions - Products and Services	680	-	680	721	-	721	-	680	-	680	(6)	(6)	(6)	(6)
Revenues	\$ 49,957	\$ -	\$ 49,957	\$ 48,761	\$ -	\$ 48,761	\$ 297	\$ 50,254	\$ 297	\$ 50,254	2 %	2 %	3 %	3 %
GROSS PROFIT														
Distribution Solutions	\$ 2,396	\$ (42)	\$ 2,354	\$ 2,458	\$ 92	\$ 2,550	\$ 54	\$ 2,450	\$ 55	\$ 2,409	(3) %	(8) %	- %	(6) %
Technology Solutions	360	1	361	386	2	388	-	360	-	361	(7)	(7)	(7)	(7)
Gross profit	\$ 2,756	\$ (41)	\$ 2,715	\$ 2,844	\$ 94	\$ 2,938	\$ 54	\$ 2,810	\$ 55	\$ 2,770	(3) %	(8) %	(1) %	(6) %
OPERATING EXPENSES														
Distribution Solutions ⁽¹⁾	\$ (1,557)	\$ 119	\$ (1,438)	\$ (1,545)	\$ 130	\$ (1,415)	\$ (55)	\$ (1,612)	\$ (48)	\$ (1,486)	1 %	2 %	4 %	5 %
Technology Solutions ⁽²⁾	(535)	30	(505)	(240)	9	(231)	1	(534)	-	(505)	123	119	123	119
Corporate	(84)	3	(81)	(105)	-	(105)	-	(84)	(1)	(82)	(20)	(23)	(20)	(22)
Operating expenses	\$ (2,176)	\$ 152	\$ (2,024)	\$ (1,890)	\$ 139	\$ (1,751)	\$ (54)	\$ (2,230)	\$ (49)	\$ (2,073)	15 %	16 %	18 %	18 %
OTHER INCOME, NET														
Distribution Solutions	\$ 12	\$ 2	\$ 14	\$ 13	\$ -	\$ 13	\$ -	\$ 12	\$ -	\$ 14	(8) %	8 %	(8) %	8 %
Technology Solutions	1	-	1	-	-	-	-	1	-	1	-	-	-	-
Corporate	10	-	10	4	-	4	-	10	-	10	150	150	150	150
Other income, net	\$ 23	\$ 2	\$ 25	\$ 17	\$ -	\$ 17	\$ -	\$ 23	\$ -	\$ 25	35 %	47 %	35 %	47 %
OPERATING PROFIT														
Distribution Solutions ⁽¹⁾	\$ 851	\$ 79	\$ 930	\$ 926	\$ 222	\$ 1,148	\$ (1)	\$ 850	\$ 7	\$ 937	(8) %	(19) %	(8) %	(18) %
Technology Solutions ⁽²⁾	(174)	31	(143)	146	11	157	1	(173)	-	(143)	(219)	(191)	(218)	(191)
Operating profit	677	110	787	1,072	233	1,305	-	677	7	794	(37)	(40)	(37)	(39)
Corporate	(74)	3	(71)	(101)	-	(101)	-	(74)	(1)	(72)	(27)	(30)	(27)	(29)
Income from continuing operations before interest expense and income taxes	\$ 603	\$ 113	\$ 716	\$ 971	\$ 233	\$ 1,204	\$ -	\$ 603	\$ 6	\$ 722	(38) %	(41) %	(38) %	(40) %
STATISTICS														
Operating profit as a % of revenues														
Distribution Solutions	1.73 %		1.89 %	1.93 %		2.39 %		1.71 %		1.89 %	(20) bp	(50) bp	(22) bp	(50) bp
Technology Solutions	(25.59)		(21.03)	20.25		21.78		(25.44)		(21.03)	(4,584)	(4,281)	(4,569)	(4,281)

⁽¹⁾ Fiscal year 2016 includes a pre-tax gain of \$52 million (\$33 million after-tax) recognized from the sale of our ZEE Medical business.

⁽²⁾ Fiscal year 2017 includes a non-cash pre-tax charge of \$290 million (\$282 million after-tax) recorded to impair the carrying value of goodwill related to our EIS business.

For more information relating to the Adjusted Earnings (Non-GAAP) and Constant Currency (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this release.

McKESSON CORPORATION
RECONCILIATION OF GAAP SEGMENT FINANCIAL RESULTS TO ADJUSTED EARNINGS (NON-GAAP)
(unaudited)
(in millions)

	Six Months Ended September 30, 2016			Six Months Ended September 30, 2015			GAAP		Non-GAAP		Change			
	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	As Reported (GAAP)	Adjustments	Adjusted Earnings (Non-GAAP)	Foreign Currency Effects	Constant Currency	Foreign Currency Effects	Constant Currency	As Reported (GAAP)	Adjusted Earnings (Non-GAAP)	Constant Currency (GAAP)	Constant Currency (Non-GAAP)
REVENUES														
Distribution Solutions														
North America pharmaceutical distribution & services	\$ 82,586	\$ -	\$ 82,586	\$ 80,135	\$ -	\$ 80,135	\$ 105	\$ 82,691	\$ 105	\$ 82,691	3 %	3 %	3 %	3 %
International pharmaceutical distribution & services	12,601	-	12,601	11,704	-	11,704	340	12,941	340	12,941	8	8	11	11
Medical-Surgical distribution & services	3,099	-	3,099	3,011	-	3,011	-	3,099	-	3,099	3	3	3	3
Total Distribution Solutions	98,286	-	98,286	94,850	-	94,850	445	98,731	445	98,731	4	4	4	4
Technology Solutions - Products and Services	1,404	-	1,404	1,457	-	1,457	1	1,405	1	1,405	(4)	(4)	(4)	(4)
Revenues	\$ 99,690	\$ -	\$ 99,690	\$ 96,307	\$ -	\$ 96,307	\$ 446	\$ 100,136	\$ 446	\$ 100,136	4 %	4 %	4 %	4 %
GROSS PROFIT														
Distribution Solutions ⁽¹⁾	\$ 4,909	\$ 5	\$ 4,914	\$ 4,951	\$ 183	\$ 5,134	\$ 80	\$ 4,989	\$ 80	\$ 4,994	(1) %	(4) %	1 %	(3) %
Technology Solutions	754	3	757	741	3	744	(1)	753	(1)	756	2	2	2	2
Gross profit	\$ 5,663	\$ 8	\$ 5,671	\$ 5,692	\$ 186	\$ 5,878	\$ 79	\$ 5,742	\$ 79	\$ 5,750	(1) %	(4) %	1 %	(2) %
OPERATING EXPENSES														
Distribution Solutions ⁽²⁾	\$ (3,156)	\$ 259	\$ (2,897)	\$ (3,137)	\$ 260	\$ (2,877)	\$ (76)	\$ (3,232)	\$ (67)	\$ (2,964)	1 %	1 %	3 %	3 %
Technology Solutions ^{(3) (4)}	(761)	41	(720)	(438)	17	(421)	-	(761)	(1)	(721)	74	71	74	71
Corporate	(194)	5	(189)	(232)	1	(231)	-	(194)	-	(189)	(16)	(18)	(16)	(18)
Operating expenses	\$ (4,111)	\$ 305	\$ (3,806)	\$ (3,807)	\$ 278	\$ (3,529)	\$ (76)	\$ (4,187)	\$ (68)	\$ (3,874)	8 %	8 %	10 %	10 %
OTHER INCOME, NET														
Distribution Solutions	\$ 26	\$ 6	\$ 32	\$ 22	\$ 2	\$ 24	\$ -	\$ 26	\$ -	\$ 32	18 %	33 %	18 %	33 %
Technology Solutions	1	-	1	1	-	1	-	1	-	1	-	-	-	-
Corporate	15	-	15	7	-	7	-	15	-	15	114	114	114	114
Other income, net	\$ 42	\$ 6	\$ 48	\$ 30	\$ 2	\$ 32	\$ -	\$ 42	\$ -	\$ 48	40 %	50 %	40 %	50 %
OPERATING PROFIT														
Distribution Solutions ^{(1) (2)}	\$ 1,779	\$ 270	\$ 2,049	\$ 1,836	\$ 445	\$ 2,281	\$ 4	\$ 1,783	\$ 13	\$ 2,062	(3) %	(10) %	(3) %	(10) %
Technology Solutions ^{(3) (4)}	(6)	44	38	304	20	324	(1)	(7)	(2)	36	(102)	(88)	(102)	(89)
Operating profit	1,773	314	2,087	2,140	465	2,605	3	1,776	11	2,098	(17)	(20)	(17)	(19)
Corporate	(179)	5	(174)	(225)	1	(224)	-	(179)	-	(174)	(20)	(22)	(20)	(22)
Income from continuing operations before interest expense and income taxes	\$ 1,594	\$ 319	\$ 1,913	\$ 1,915	\$ 466	\$ 2,381	\$ 3	\$ 1,597	\$ 11	\$ 1,924	(17) %	(20) %	(17) %	(19) %
STATISTICS														
Operating profit as a % of revenues														
Distribution Solutions	1.81 %		2.08 %	1.94 %		2.40 %		1.81 %		2.09 %	(13) bp	(32) bp	(13) bp	(31) bp
Technology Solutions	(0.43)		2.71	20.86		22.24		(0.50)		2.56	(2,129)	(1,953)	(2,136)	(1,968)

⁽¹⁾ Fiscal year 2017 and 2016 include \$142 million and \$59 million of net cash proceeds representing our share of antitrust legal settlements.

⁽²⁾ Fiscal year 2016 includes a pre-tax gain of \$52 million (\$29 million after-tax) recognized from the 2016 second quarter sale of our ZEE Medical business.

⁽³⁾ Fiscal year 2017 includes a non-cash pre-tax charge of \$290 million (\$282 million after-tax) recorded to impair the carrying value of goodwill related to our EIS business.

⁽⁴⁾ Fiscal year 2016 includes a pre-tax gain of \$51 million (\$38 million after-tax) recognized from the 2016 first quarter sale of our nurse triage business.

For more information relating to the Adjusted Earnings (Non-GAAP) and Constant Currency (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this release.

McKESSON CORPORATION
RECONCILIATION OF GAAP SEGMENT FINANCIAL RESULTS TO ADJUSTED EARNINGS (NON-GAAP) - BY ADJUSTMENT TYPE
(unaudited)
(in millions)

	Quarter Ended September 30, 2016				Quarter Ended September 30, 2015			
	Distribution Solutions	Technology Solutions	Corporate	Total	Distribution Solutions	Technology Solutions	Corporate	Total
<u>As Reported (GAAP):</u>								
Revenues	\$ 49,277	\$ 680	\$ -	\$ 49,957	\$ 48,040	\$ 721	\$ -	\$ 48,761
Income from continuing operations before interest expense and income taxes ^{(1) (2)}	\$ 851	\$ (174)	\$ (74)	\$ 603	\$ 926	\$ 146	\$ (101)	\$ 971
<u>Pre-Tax Adjustments:</u>								
Amortization of acquisition-related intangibles	\$ 105	\$ 10	\$ -	\$ 115	\$ 98	\$ 11	\$ -	\$ 109
Acquisition expenses and related adjustments	17	21	3	41	33	-	-	33
Claim and litigation reserve adjustments	-	-	-	-	-	-	-	-
LIFO-related adjustments	(43)	-	-	(43)	91	-	-	91
Total pre-tax adjustments	\$ 79	\$ 31	\$ 3	\$ 113	\$ 222	\$ 11	\$ -	\$ 233
<u>Adjusted Earnings (Non-GAAP):</u>								
Revenues	\$ 49,277	\$ 680	\$ -	\$ 49,957	\$ 48,040	\$ 721	\$ -	\$ 48,761
Income from continuing operations before interest expense and income taxes ^{(1) (2)}	\$ 930	\$ (143)	\$ (71)	\$ 716	\$ 1,148	\$ 157	\$ (101)	\$ 1,204

⁽¹⁾ Fiscal year 2017 includes a non-cash pre-tax charge of \$290 million (\$282 million after-tax) recorded to impair the carrying value of goodwill related to our EIS business within our Technology Solutions segment.

⁽²⁾ Fiscal year 2016 includes a pre-tax gain of \$52 million (\$33 million after-tax) recognized from the sale of our ZEE Medical business within our Distribution Solutions segment.

For more information relating to the Adjusted Earnings (Non-GAAP) definition, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this release.

McKESSON CORPORATION
RECONCILIATION OF GAAP SEGMENT FINANCIAL RESULTS TO ADJUSTED EARNINGS (NON-GAAP) - BY ADJUSTMENT TYPE
(unaudited)
(in millions)

	Six Months Ended September 30, 2016				Six Months Ended September 30, 2015			
	Distribution Solutions	Technology Solutions	Corporate	Total	Distribution Solutions	Technology Solutions	Corporate	Total
<u>As Reported (GAAP):</u>								
Revenues	\$ 98,286	\$ 1,404	\$ -	\$ 99,690	\$ 94,850	\$ 1,457	\$ -	\$ 96,307
Income from continuing operations before interest expense and income taxes ⁽¹⁾ ⁽²⁾ ⁽³⁾ ⁽⁴⁾	\$ 1,779	\$ (6)	\$ (179)	\$ 1,594	\$ 1,836	\$ 304	\$ (225)	\$ 1,915
<u>Pre-Tax Adjustments:</u>								
Amortization of acquisition-related intangibles	\$ 211	\$ 19	\$ -	\$ 230	\$ 201	\$ 20	\$ -	\$ 221
Acquisition expenses and related adjustments	61	25	5	91	62	-	1	63
Claim and litigation reserve adjustments	(6)	-	-	(6)	-	-	-	-
LIFO-related adjustments	4	-	-	4	182	-	-	182
Total pre-tax adjustments	<u>\$ 270</u>	<u>\$ 44</u>	<u>\$ 5</u>	<u>\$ 319</u>	<u>\$ 445</u>	<u>\$ 20</u>	<u>\$ 1</u>	<u>\$ 466</u>
<u>Adjusted Earnings (Non-GAAP):</u>								
Revenues	\$ 98,286	\$ 1,404	\$ -	\$ 99,690	\$ 94,850	\$ 1,457	\$ -	\$ 96,307
Income from continuing operations before interest expense and income taxes ⁽¹⁾ ⁽²⁾ ⁽³⁾ ⁽⁴⁾	\$ 2,049	\$ 38	\$ (174)	\$ 1,913	\$ 2,281	\$ 324	\$ (224)	\$ 2,381

⁽¹⁾ Fiscal year 2017 and 2016 include \$142 million and \$59 million of net cash proceeds representing our share of antitrust legal settlements within our Distribution Solutions segment.

⁽²⁾ Fiscal year 2017 includes a non-cash pre-tax charge of \$290 million (\$282 million after-tax) recorded to impair the carrying value of goodwill related to our EIS business within our Technology Solutions segment.

⁽³⁾ Fiscal year 2016 includes a pre-tax gain of \$52 million (\$29 million after-tax) recognized from the 2016 second quarter sale of our ZEE Medical business within our Distribution Solutions segment.

⁽⁴⁾ Fiscal year 2016 includes a pre-tax gain of \$51 million (\$38 million after-tax) recognized from the 2016 first quarter sale of our nurse triage business within our Technology Solutions segment.

For more information relating to the Adjusted Earnings (Non-GAAP) definition, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this release.

McKESSON CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in millions)

Schedule 5

	September 30, 2016	March 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,464	\$ 4,048
Receivables, net	18,308	17,980
Inventories, net	15,273	15,335
Prepaid expenses and other	526	437
Current assets held for sale	1,767	635
Total Current Assets	41,338	38,435
Property, Plant and Equipment, Net	2,300	2,278
Goodwill	9,693	9,786
Intangible Assets, Net	3,061	3,021
Other Noncurrent Assets	1,923	3,003
Total Assets	<u>\$ 58,315</u>	<u>\$ 56,523</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Current Liabilities		
Drafts and accounts payable	\$ 31,037	\$ 28,585
Deferred revenue	271	919
Current portion of long-term debt	2,166	1,610
Other accrued liabilities	2,973	3,295
Current liabilities held for sale	604	660
Total Current Liabilities	37,051	35,069
Long-Term Debt	5,941	6,497
Long-Term Deferred Tax Liabilities	2,632	2,734
Other Noncurrent Liabilities	1,727	1,809
Redeemable Noncontrolling Interests	1,341	1,406
McKesson Corporation Stockholders' Equity	9,449	8,924
Noncontrolling Interests	174	84
Total Equity	9,623	9,008
Total Liabilities, Redeemable Noncontrolling Interests and Equity	<u>\$ 58,315</u>	<u>\$ 56,523</u>

McKESSON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in millions)

	Six Months Ended September 30,	
	2016	2015
OPERATING ACTIVITIES		
Net income	\$ 884	\$ 1,219
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	459	451
Goodwill impairment	290	-
Other deferred taxes	(90)	23
Share-based compensation expense	79	78
LIFO charges	4	182
Loss (gain) from sales of businesses	113	(102)
Other non-cash items	5	7
Changes in operating assets and liabilities, net of acquisitions:		
Receivables	(657)	(1,037)
Inventories	162	(1,469)
Drafts and accounts payable	2,172	1,960
Deferred revenue	(254)	(258)
Taxes	151	203
Other	(390)	(6)
Net cash provided by operating activities	<u>2,928</u>	<u>1,251</u>
INVESTING ACTIVITIES		
Property acquisitions	(151)	(178)
Capitalized software expenditures	(89)	(96)
Acquisitions, net of cash and cash equivalents acquired	(2,041)	(11)
Proceeds from/(payment for) sale of businesses, net	(98)	204
Restricted cash for acquisitions	935	-
Other	98	12
Net cash used in investing activities	<u>(1,346)</u>	<u>(69)</u>
FINANCING ACTIVITIES		
Proceeds from short-term borrowings	10	1,501
Repayments of short-term borrowings	(17)	(1,501)
Repayments of long-term debt	(6)	(498)
Common stock transactions:		
Issuances	75	72
Share repurchases, including shares surrendered for tax withholding	(58)	(605)
Dividends paid	(129)	(114)
Other	11	(45)
Net cash used in financing activities	<u>(114)</u>	<u>(1,190)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(52)</u>	<u>26</u>
Net increase in cash and cash equivalents	1,416	18
Cash and cash equivalents at beginning of period	4,048	5,341
Cash and cash equivalents at end of period	<u>\$ 5,464</u>	<u>\$ 5,359</u>

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION

In an effort to provide investors with additional information regarding the company's financial results as determined by generally accepted accounting principles ("GAAP"), McKesson Corporation (the "Company" or "we") also presents the following non-GAAP measures in this press release. The Company believes the presentation of non-GAAP measures provides useful supplemental information to investors with regard to its operating performance, as well as assists with the comparison of its past financial performance to the Company's future financial results. Moreover, the Company believes that the presentation of non-GAAP measures assists investors' ability to compare its financial results to those of other companies in the same industry. However, the Company's non-GAAP measures used in the press tables may be defined and calculated differently by other companies in the same industry.

- **Adjusted Earnings (Non-GAAP):** We define Adjusted Earnings as GAAP income from continuing operations, excluding amortization of acquisition-related intangible assets, acquisition expenses and related adjustments, certain claim and litigation reserve adjustments and Last-In-First-Out ("LIFO") inventory-related adjustments, as well as the related income tax effects. The Company evaluates its definition of Adjusted Earnings on a periodic basis and updates the definition from time to time. The evaluation considers both the quantitative and qualitative aspect of the Company's presentation of Adjusted Earnings. A reconciliation of McKesson's GAAP financial results to Adjusted Earnings (Non-GAAP) is provided in Schedules 2, 3 and 4 of the financial statement tables included with this release.

Amortization of acquisition-related intangibles - Amortization expense of acquired intangible assets purchased in connection with business acquisitions by the Company.

Acquisition expenses and related adjustments - Transaction and integration expenses that are directly related to business acquisitions and the proposed Healthcare Technology net asset exchange by the Company. Examples include transaction closing costs, professional service fees, restructuring or severance charges, retention payments, employee relocation expenses, facility or other exit-related expenses, recoveries of acquisition-related expenses or post-closing expenses, bridge loan fees, gains or losses related to foreign currency contracts, and gains or losses on business combinations.

Claim and litigation reserve adjustments - Adjustments to the Company's reserves, including accrued interest, for estimated probable losses for its Controlled Substance Distribution Claims and the Average Wholesale Price litigation matters, as such terms are defined in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2016.

LIFO-related adjustments - Last-In-First-Out ("LIFO") inventory-related adjustments.

Income taxes on Adjusted Earnings are calculated in accordance with Accounting Standards Codification ("ASC") 740, "Income Taxes," which is the same accounting principle used by the Company when presenting its GAAP financial results.

- **Constant Currency (Non-GAAP):** To present our financial results on a constant currency basis, we convert current year period results of our operations in foreign countries, which are recorded in local currencies, into U.S. dollars by applying the average foreign currency exchange rates of the comparable prior year period. To present Adjusted Earnings per diluted share on a constant currency basis, we estimate the impact of foreign currency rate fluctuations on the Company's noncontrolling interests and adjusted income tax expense, which may vary from quarter to quarter. The supplemental constant currency information of the Company's GAAP financial results and Adjusted Earnings (Non-GAAP) is provided in Schedule 3 of the financial statement tables included with this release.

The Company internally uses non-GAAP financial measures in connection with its own financial planning and reporting processes. Specifically, Adjusted Earnings serves as one of the measures management utilizes when allocating resources, deploying capital and assessing business performance and employee incentive compensation. The Company conducts its business worldwide in local currencies, including Euro, British pound and Canadian dollar. As a result, the comparability of our results reported in U.S. dollars can be affected by changes in foreign currency exchange rates. We present constant currency information to provide a framework for assessing how our business performed excluding the estimated effect of foreign currency exchange rate fluctuations. Nonetheless, non-GAAP financial results and related measures disclosed by the Company should not be considered a substitute for, nor superior to, financial results and measures as determined or calculated in accordance with GAAP.