McKesson Corporation
Q3 Fiscal 2021 Financial Results

February 2, 2021

Cautionary Statements

Except for historical information contained in this presentation, 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, that involve risks and uncertainties that could cause actual results to differ materially from those in those statements. It is not possible to identify all such risks and uncertainties. The reader should not place undue reliance on forward-looking statements, such as financial performance forecasts, 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 update forward-looking statements. Forward-looking statements may be identified by their use of 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, assumptions or intentions may also include forward-looking statements. We encourage investors to read the important risk factors described in the company's Form 10-K, Form 10-Q and Form 8-K reports filed with the Securities and Exchange Commission.

These risk factors include, but are not limited to: we experience costly and disruptive legal disputes, including regarding our role in distributing controlled substances such as opioids; we might experience losses not covered by insurance; we from time to time record significant charges from impairment to goodwill, intangibles and other assets or investments; we experience cybersecurity incidents and might experience significant computer system compromises or data breaches; we might experience significant problems with information systems or networks; we may be unsuccessful in retail pharmacy profitability; we might be harmed by large customer purchase reductions, payment defaults or contract non-renewal; our contracts with government entities involve future funding and compliance risks; we might be harmed by changes in our relationships or contracts with suppliers; we might be adversely impacted by healthcare reform such as changes in pricing and reimbursement models; we might be adversely impacted by changes or disruptions in product supply and we have experienced and may experience difficulties in sourcing products and changes in pricing due to the effects of the COVID-19 pandemic on supply chains; we might be adversely impacted as a result of our distribution of generic pharmaceuticals; we might be adversely impacted by an economic slowdown (including the effects we have experienced from the COVID-19 pandemic) or recession and by disruption in capital and credit markets that might impede our access credit, increase our borrowing costs and impair the financial soundness of our customers and suppliers; we might be adversely impacted by fluctuations in foreign currency exchange rates; we might be adversely impacted by events outside of our control, such as widespread public health issues (including the effects we have experienced from the COVID-19 pandemic), natural disasters, political events and other catastrophic events; and we face uncertainties and risks related to vaccination distribution programs.

GAAP / Non-GAAP Reconciliation

In an effort to provide additional and useful information regarding the Company's financial results and other financial information as determined by generally accepted accounting principles (GAAP), certain materials in this presentation include non-GAAP information. The Company believes the presentation of non-GAAP measures provides useful supplemental information to investors with regard to its operating performance as well as comparability of financial results period-over-period. A reconciliation of the non-GAAP information to GAAP, and other related information is available in the appendix to this presentation, tables accompanying each period's earnings press release, materials furnished to the SEC, and posted to www.mckesson.com under the "Investors" tab.

Company Updates
Q3 Exceeded Expectations; Raised And Narrowed Full-Year Guidance

Company Updates

- McKesson launched Ontada, an oncology technology and insights business within the U.S. Pharmaceutical segment, designed to support innovation, acceleration, and evidence generation to drive better outcomes for cancer patients
- Dr. Kelvin A. Baggett joined McKesson in the newly created role of Chief Impact Officer effective November 30, 2020
- McKesson issued its FY20 Corporate Responsibility report highlighting its strategy and action towards better health for people and the planet and has joined the United Nations Global Compact initiative, a voluntary leadership platform for the development, implementation, and disclosure of responsible business practices
- For the eighth consecutive year, McKesson was recognized as one of the “Best Places to Work for LGBTQ Equality” by the Human Rights Campaign (HRC) Foundation, achieving 100 percent on the HRC’s 2021 Corporate Equality Index

Business Summary

- Q3 revenues of $62.6 billion, an increase of 6% year-over-year
- McKesson recorded a pre-tax charge of $8.1 billion related to opioid litigation, resulting in third-quarter Loss per diluted share of ($39.03)
- Adjusted Earnings per diluted share of $4.60, an increase of 21%
- Raised fiscal 2021 Adjusted Earnings per diluted share outlook to $16.95 to $17.25 from $16.00 to $16.50
  - Assumes approximately $0.25 to $0.35 related to COVID-19 vaccine distribution and $0.20 to $0.30 related to the kitting and distribution of ancillary supplies for COVID-19 vaccines
- For the first nine months of the fiscal year, returned $709 million of cash to shareholders
- Board of Directors authorized an additional $2.0 billion share repurchase program

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Consolidated Financial Information
Q3 and YTD Fiscal 2021 Results

Results ($ and shares in millions, except per share amounts)	Q3 FY 21	YoY Change	YTD Q3 FY 21	YoY Change
Revenues	$ 62,599	6 %	$ 179,086	4 %
Adjusted Gross Profit	$ 3,139	7 %	$ 8,739	2 %
Adjusted Operating Expenses	$ (2,128)	2 %	$ (6,166)	2 %
Adjusted Operating Profit	$ 1,066	11 %	$ 2,726	(3) %
Interest expense	$ (55)	(14) %	$ (165)	(10) %
Adjusted Income Tax Expense	$ (218)	42 %	$ (427)	(14) %
Net income attributable to noncontrolling interests	$ (52)	(7) %	$ (152)	(7) %
Adjusted Earnings	$ 741	8 %	$ 1,978	— %
Adjusted Earnings per Diluted Share	$ 4.60	21 %	$ 12.17	14 %
Diluted weighted average common shares	161.0	(10) %	162.5	(12) %

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U.S. Pharmaceutical
Q3 and YTD Fiscal 2021 Results

Results ($ in millions)	Q3 FY 21	YoY Change	YTD Q3 FY 21	YoY Change
U.S. Pharmaceutical				
Revenues	$ 49,495	7 %	$ 142,232	5 %
Adjusted Segment Operating Profit	$ 656	2 %	$ 1,904	2 %
Adjusted Segment Operating Profit Margin	1.33 %	(5) bp	1.34 %	(4) bp

- Q3 revenue increased due to market growth and higher specialty volumes, partially offset by branded to generic conversions
- Q3 Adjusted Segment Operating Profit increased due to growth in specialty, partially offset by higher operating expenses in support of the company's strategic growth initiatives

International
Q3 and YTD Fiscal 2021 Results

Results ($ in millions)	Q3 FY 21	YoY Change	YTD Q3 FY 21	YoY Change
International				
Revenues	$ 9,273	(6) %	$ 27,365	(4) %
Adjusted Segment Operating Profit	$ 158	9 %	$ 347	7 %
Adjusted Segment Operating Profit Margin	1.70 %	23 bp	1.27 %	14 bp

- Q3 FX-Adjusted revenue of $8.9 billion, down 10% year-over-year, primarily driven by the contribution of McKesson's German wholesale business to a joint venture with Walgreens Boots Alliance
- Q3 FX-Adjusted Segment Operating Profit of $150 million, up 3% year-over-year

Medical-Surgical Solutions
Q3 and YTD Fiscal 2021 Results

Results ($ in millions)	Q3 FY 21	YoY Change	YTD Q3 FY 21	YoY Change
Medical-Surgical Solutions				
Revenues	$ 3,054	43 %	$ 7,388	21 %
Adjusted Segment Operating Profit	$ 279	52 %	$ 613	20 %
Adjusted Segment Operating Profit Margin	9.14 %	55 bp	8.30 %	(4) bp

- Q3 revenue growth primarily driven by demand for COVID-19 tests in the Primary Care and Extended Care businesses
- Q3 Adjusted Segment Operating Profit growth driven by demand for COVID-19 tests and the contribution from kitting and distribution of ancillary supplies for COVID-19 vaccines, partially offset by inventory charges

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Prescription Technology Solutions

Q3 and YTD Fiscal 2021 Results

Results ($ in millions)	Q3 FY 21	YoY Change	YTD Q3 FY 21	YoY Change
Prescription Technology Solutions				
Revenues	$ 777	9 %	$ 2,101	7 %
Adjusted Segment Operating Profit	$ 131	27 %	$ 321	(4) %
Adjusted Segment Operating Profit Margin	16.86 %	243 bp	15.28 %	(178) bp

- Q3 revenue growth driven by new brand support programs and higher volumes of existing brand support programs
- Q3 Adjusted Segment Operating Profit increased due to organic growth in the segment

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Corporate & Other

Q3 and YTD Fiscal 2021 Results

Results ($ in millions)	**Q3 FY 21**	**YoY Change**	**YTD Q3 FY 21**	**YoY Change**
Corporate				
Adjusted Corporate Expenses	$ (158)	(6) %	$ (459)	8 %

- Q3 Adjusted Corporate Expenses year-over-year decrease driven by pre-tax net gains of approximately $30 million associated with McKesson Ventures' equity investments
- Q3 Adjusted Segment Operating Profit year-over-year decline for Other[1] driven by the lapping of the prior year contribution of $51 million from the company's now separated investment in Change Healthcare

[1] Through the fiscal year 2020, Other included our equity ownership interest in Change Healthcare LLC. We completed the separation from this investment during the fourth quarter of fiscal 2020.

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Opioid-Related Costs

Results ($ in millions)	Q3 FY 21	Q3 FY 20	YTD Q3 FY 21	Full Year FY 20
Opioid-related costs				
Opioid Stewardship Assessment (GAAP-only)	$ —	$ —	$ 50	$ —
Claims and litigation charges, net (GAAP-only)	$ 8,067	$ —	$ 7,936	$ 82
Legal fees and other	$ 34	$ 36	$ 118	$ 150
Total expense	**$ 8,101**	**$ 36**	**$ 8,104**	**$ 232**

Claims and Litigation Charges:

- In Q3 FY21, McKesson recorded a GAAP-only pre-tax charge of $8.1 billion, $6.7 billion post-tax, related to the estimated liability for opioid-related claims of governmental entities

Legal Fees and Other:

- Opioid-related costs, primarily litigation expenses, included in Adjusted Operating Expenses and reflected in Corporate

Cash
($ in millions)

YTD Cash Balance Walk

Balance at March 31, 2020[1]	**$**	**4,023**
Operating cash flow		1,172
Capital expenditures		(427)
Free Cash Flow		745
Acquisitions		(33)
Other investing cash flows		250
Share repurchases[2]		(526)
Dividends paid		(209)
Other financing cash flows and FX		(518)
Net decrease in cash		(291)
Balance at December 31, 2020[1]	**$**	**3,732**
Less: Restricted cash		(155)
Cash and cash equivalents at December 31, 2020	**$**	**3,577**

Cash Dynamics

- Free Cash Flow of $745 million
- Returned $709 million of cash to shareholders year-to-date
  - Repurchased $500 million of shares
  - Paid $209 million in dividends
- In January 2021, the Board of Directors authorized an additional $2.0 billion share repurchase program, increasing total authorization to $3.0 billion

[1]Cash comprises cash, cash equivalents, and restricted cash
[2]Includes shares surrendered for tax withholding

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Fiscal 2021 Outlook

On the following slides, McKesson presents an overview of its fiscal 2021 Outlook assumptions. These assumptions consist of certain non-GAAP measures. As outlined in the company's February 2, 2021 press release, McKesson does not provide forward-looking guidance on a GAAP basis as the company is unable to provide a quantitative reconciliation of this forward-looking non-GAAP measure to the most directly comparable forward-looking GAAP measure, without unreasonable effort, as items are inherently uncertain and depend on various factors, many of which are beyond the company's control.

Fiscal 2021 Outlook
Key Assumptions

- We are not assuming that a new wave of COVID-19 returns, leading to national lockdowns and shelter at home scenarios precluding patient consumption of healthcare services, supplies and pharmaceutical products
- We assume that a full recovery of pharmaceutical prescription volumes and patient visits will not occur this fiscal year
- We expect a recovery from the effects of the COVID-19 pandemic will extend into our fiscal 2022 and will not be in a straight-line
- We are not assuming any systemic customer insolvency events
- We assume unemployment peaked in Q1 FY21, and will gradually improve into our fiscal 2022

Fiscal 2021 Outlook

	Fiscal 2021 Outlook	Fiscal 2020 Actual
Revenues	2% to 4% growth	$231.1 billion
Adjusted Operating Profit	**Flat to 2% growth** *Previously 1% to 5% decline*	$3.8 billion
Adjusted Operating Profit (Excluding Change Healthcare)[1]	**7% to 9% growth** *Previously 2% to 6% growth*	$3.6 billion
Adjusted Effective Tax Rate	18% to 20%	18.4%
Adjusted Earnings per Diluted Share	**$16.95 to $17.25** *Previously $16.00 to $16.50*	$14.95
Diluted weighted average common shares	**Approximately 162 million** *Previously 161 to 163 million*	182 million
Free Cash Flow	$2.3 to $2.7 billion	$3.9 billion
Property Acquisitions and Capitalized Software	**$600 to $700 million** *Previously $500 to $600 million*	$506 million

1. Represents Adjusted Operating Profit excluding Change Healthcare Equity Earnings from Prior Year.
Note: Percentages represent year-over-year change from reported fiscal 2020 results.

Fiscal 2021 Outlook

Year-over-Year Change

	U.S. Pharmaceutical	International	Medical-Surgical Solutions	Prescription Technology Solutions
Full Year FY21 Revenue	3% to 6% growth	**5% to 9% decline** *Previously 5% to 10% decline*	**27% to 32% growth** *Previously 20% to 25% growth*	**5% to 8% growth** *Previously 5% to 10% growth*
Full Year FY21 Adjusted Segment Operating Profit	**2% to 5% growth** *Previously 1% to 4% growth*	**1% to 3% growth** *Previously flat to 4% growth*	**29% to 37% growth** *Previously 8% to 18% growth*	**Approximately flat** *Previously 5% decline to flat*

Appendix

GAAP to Non-GAAP Reconciliation

Q3 and YTD Fiscal 2021 and Fiscal 2020

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

Schedule 2

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Change	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2019	Change
Income (loss) from continuing operations (GAAP)	$ (6,174)	$ 247	*NM*	$ (5,052)	$ 54	*NM*
Net income attributable to noncontrolling interests (GAAP)	(52)	(56)	*(7)*	(152)	(163)	*(7)*
Income (loss) from continuing operations attributable to McKesson Corporation (GAAP)	(6,226)	191	*NM*	(5,204)	(109)	*NM*
Pre-tax adjustments:						
Amortization of acquisition-related intangibles [1]	109	177	*(38)*	321	547	*(41)*
Transaction-related expenses and adjustments [2] [3]	55	341	*(84)*	84	667	*(87)*
LIFO inventory-related adjustments	(11)	(66)	*(83)*	(115)	(114)	*1*
Gains from antitrust legal settlements	—	(22)	*(100)*	—	(22)	*(100)*
Restructuring, impairment, and related charges, net [4]	155	136	*14*	274	199	*38*
Claims and litigation charges, net [5] [6] [7]	8,067	—	*NM*	7,936	82	*NM*
Other adjustments, net [8] [9] [10] [11]	(1)	34	*(103)*	124	1,328	*(91)*
Income tax effect on pre-tax adjustments	(1,407)	(106)	*NM*	(1,438)	(607)	*137*
Net income attributable to noncontrolling interests effect on other adjustments, net [10]	—	—	*NM*	(4)	—	*NM*
Adjusted Earnings (Non-GAAP)	$ 741	$ 685	*8 %*	$ 1,978	$ 1,971	*— %*
Diluted weighted-average common shares outstanding	161.0	179.7	*(10)%*	162.5	184.0	*(12)%*
Earnings (loss) per diluted common share from continuing operations attributable to McKesson Corporation (GAAP) [a] [b]	$ (39.03)	$ 1.06	*NM*	$ (32.28)	$ (0.60)	*NM*
After-tax adjustments:						
Amortization of acquisition-related intangibles	0.51	0.75	*(32)*	1.52	2.27	*(33)*
Transaction-related expenses and adjustments	0.34	1.71	*(80)*	0.49	2.99	*(84)*
LIFO inventory-related adjustments	(0.05)	(0.27)	*(81)*	(0.53)	(0.46)	*15*
Gains from antitrust legal settlements	—	(0.09)	*(100)*	—	(0.09)	*(100)*
Restructuring, impairment, and related charges, net	0.85	0.64	*33*	1.41	0.89	*58*
Claims and litigation charges, net	41.62	(0.12)	*NM*	40.65	0.33	*NM*
Other adjustments, net	—	0.13	*(100)*	0.65	5.39	*(88)*
Adjusted Earnings per Diluted Share (Non-GAAP) [b] [c]	$ 4.60	$ 3.81	*21 %*	$ 12.17	$ 10.71	*14 %*

Refer to Slide 19 of this presentation for all footnote references.

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GAAP to Non-GAAP Reconciliation

Q3 and YTD Fiscal 2021 and Fiscal 2020

McKESSON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED RESULTS (NON-GAAP)
(unaudited)
(in millions)

Schedule 2
(Continued)

	Three Months Ended December 31,			Nine Months Ended December 31,		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Gross profit (GAAP)	$ 3,151	$ 3,033	*4 %*	$ 8,851	$ 8,687	*2 %*
Pre-tax adjustments:						
LIFO inventory-related adjustments	(11)	(66)	*(83)*	(115)	(114)	*1*
Gains from antitrust legal settlements	—	(22)	*(100)*	—	(22)	*(100)*
Restructuring, impairment, and related charges, net	—	—	*NM*	3	(5)	*160*
Other adjustments, net	(1)	—	*NM*	—	—	*NM*
Adjusted Gross Profit (Non-GAAP)	$ 3,139	$ 2,945	*7 %*	$ 8,739	$ 8,546	*2 %*
Total operating expenses (GAAP)	$ (10,513)	$ (2,673)	*293 %*	$ (14,901)	$ (7,067)	*111 %*
Pre-tax adjustments:						
Amortization of acquisition-related intangibles	109	113	*(4)*	321	343	*(6)*
Transaction-related expenses and adjustments [3]	55	324	*(83)*	84	357	*(76)*
Restructuring, impairment, and related charges, net [4]	155	136	*14*	271	204	*33*
Claims and litigation charges, net [5] [6] [7]	8,067	—	*NM*	7,936	82	*NM*
Other adjustments, net [10] [11]	(1)	23	*(104)*	123	27	*356*
Adjusted Operating Expenses (Non-GAAP)	$ (2,128)	$ (2,077)	*2 %*	$ (6,166)	$ (6,054)	*2 %*
Other income (expense), net (GAAP)	$ 54	$ 26	*108 %*	$ 152	$ (15)	*NM*
Pre-tax adjustments:						
Amortization of acquisition-related intangibles	—	1	*(100)*	—	1	*(100)*
Transaction-related expenses and adjustments	—	2	*(100)*	—	5	*(100)*
Other adjustments, net [8]	1	10	*(90)*	1	133	*(99)*
Adjusted Other Income (Non-GAAP)	$ 55	$ 39	*41 %*	$ 153	$ 124	*23 %*

Refer to Slide 19 of this presentation for all footnote references.

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GAAP to Non-GAAP Reconciliation

Q3 and YTD Fiscal 2021 and Fiscal 2020

McKESSON CORPORATION
RECONCILIATION OF GAAP OPERATING RESULTS TO ADJUSTED RESULTS (NON-GAAP)
(unaudited)
(in millions)

Schedule 2
(Continued)

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Change	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2019	Change
Equity earnings and charges from investment in Change Healthcare Joint Venture (GAAP)	$ —	$ (28)	*(100)%*	$ —	$ (1,478)	*(100)%*
Pre-tax adjustments:						
Amortization of acquisition-related intangibles (1)	—	63	*(100)*	—	203	*(100)*
Transaction-related expenses and adjustments (2)	—	15	*(100)*	—	305	*(100)*
Other adjustments, net (9)	—	1	*(100)*	—	1,168	*(100)*
Adjusted Equity Income from Change Healthcare (Non-GAAP)	$ —	$ 51	*(100)%*	$ —	$ 198	*(100)%*
Income tax benefit (expense) (GAAP)	$ 1,189	$ (47)	*NM*	$ 1,011	$ 111	*811 %*
Tax adjustments:						
Amortization of acquisition-related intangibles	(27)	(43)	*(37)*	(75)	(130)	*(42)*
Transaction-related expenses and adjustments	—	(34)	*(100)*	(5)	(117)	*(96)*
LIFO inventory-related adjustments	3	17	*(82)*	30	29	*3*
Gains from antitrust legal settlements	—	6	*(100)*	—	6	*(100)*
Restructuring, impairment, and related charges, net	(17)	(21)	*(19)*	(44)	(36)	*22*
Claims and litigation charges, net	(1,365)	(21)	*NM*	(1,331)	(21)	*NM*
Other adjustments, net	(1)	(10)	*(90)*	(13)	(338)	*(96)*
Adjusted Income Tax Expense (Non-GAAP)	$ (218)	$ (153)	*42 %*	$ (427)	$ (496)	*(14)%*

(a) Certain computations may reflect rounding adjustments.

(b) We calculate loss per diluted common share from continuing operations attributable to McKesson Corporation (GAAP) for the three and nine months ended December 31, 2020 and the nine months ended December 31, 2019 using a weighted average of 159.5 million, 161.2 million, and 183.1 million common shares, respectively, which excludes dilutive securities from the denominator due to their antidilutive effect when calculating a net loss per diluted share. We calculate adjusted earnings per diluted share (Non-GAAP) for the three and nine months ended December 31, 2020 and the nine months ended December 31, 2019 on a fully diluted basis, using a weighted average of 161.0 million, 162.5 million, and 184.0 million common shares, respectively. Because we show the GAAP to Non-GAAP per share reconciling items on a fully diluted basis, any footing differences in those items are due to different weighted average share counts. This methodology results in per share differences of $0.36, $0.26, and $0.01 for the three and nine months ended December 31, 2020 and the nine months ended December 31, 2019, respectively.

(c) Adjusted earnings per diluted share on an FX-adjusted basis for the three and nine months ended December 31, 2020 was $4.58 and $12.15, respectively, which excludes the foreign currency exchange effect of $0.02 in both periods.

NM Computation not meaningful

Refer to the section entitled "Financial Statement Notes" of this presentation.

For more information relating to the Adjusted Earnings (Non-GAAP), Adjusted Earnings per Diluted Share (Non-GAAP), Adjusted Gross Profit (Non-GAAP), Adjusted Operating Expenses (Non-GAAP), Adjusted Other Income (Non-GAAP), Adjusted Equity Income from Change Healthcare (Non-GAAP), and Adjusted Income Tax Expense (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this presentation.

GAAP to Non-GAAP Reconciliation

Q3 Fiscal 2021 and Q3 Fiscal 2020

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

Schedule 3

	Three Months Ended December 31,													
	2020			**2019**			**As reported**		**As adjusted**		**Change**			
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported FX-Adjusted (Non-GAAP)	As adjusted FX-Adjusted (Non-GAAP)
REVENUES														
U.S. Pharmaceutical	$ 49,495	$ —	$ 49,495	$ 46,453	$ —	$ 46,453	$ —	$ 49,495	$ —	$ 49,495	*7 %*	*7 %*	*7 %*	*7 %*
International	9,273	—	9,273	9,864	—	9,864	(386)	8,887	(386)	8,887	*(6)*	*(6)*	*(10)*	*(10)*
Medical-Surgical Solutions	3,054	—	3,054	2,141	—	2,141	—	3,054	—	3,054	*43*	*43*	*43*	*43*
Prescription Technology Solutions	777	—	777	714	—	714	—	777	—	777	*9*	*9*	*9*	*9*
Revenues	$ 62,599	$ —	$ 62,599	$ 59,172	$ —	$ 59,172	$ (386)	$ 62,213	$ (386)	$ 62,213	*6 %*	*6 %*	*5 %*	*5 %*
OPERATING PROFIT (LOSS) [4]														
U.S. Pharmaceutical	$ 635	$ 21	$ 656	$ 677	$ (34)	$ 643	$ —	$ 635	$ —	$ 656	*(6) %*	*2 %*	*(6) %*	*2 %*
International [3]	(71)	229	158	(290)	435	145	(2)	(73)	(8)	150	*(76)*	*9*	*(75)*	*3*
Medical-Surgical Solutions	260	19	279	124	60	184	—	260	—	279	*110*	*52*	*110*	*52*
Prescription Technology Solutions	114	17	131	82	21	103	—	114	—	131	*39*	*27*	*39*	*27*
Other [(a) (1)]	—	—	—	(33)	84	51	—	—	—	—	*(100)*	*(100)*	*(100)*	*(100)*
Subtotal	938	286	1,224	560	566	1,126	(2)	936	(8)	1,216	*68*	*9*	*67*	*8*
Corporate expenses, net [5]	(8,246)	8,088	(158)	(202)	34	(168)	1	(8,245)	1	(157)	*NM*	*(6)*	*NM*	*(7)*
Income (loss) from continuing operations before interest expense and income taxes	$ (7,308)	$ 8,374	$ 1,066	$ 358	$ 600	$ 958	$ (1)	$ (7,309)	$ (7)	$ 1,059	*NM*	*11 %*	*NM*	*11 %*
OPERATING PROFIT (LOSS) AS A % OF REVENUES														
U.S. Pharmaceutical	1.28 %		1.33 %	1.46 %		1.38 %		1.28 %		1.33 %	*(18) bp*	*(5) bp*	*(18) bp*	*(5) bp*
International	(0.77)		1.70	(2.94)		1.47		(0.82)		1.69	*217*	*23*	*212*	*22*
Medical-Surgical Solutions	8.51		9.14	5.79		8.59		8.51		9.14	*272*	*55*	*272*	*55*
Prescription Technology Solutions	14.67		16.86	11.48		14.43		14.67		16.86	*319*	*243*	*319*	*243*

(a) Operating profit (loss) for Other for the three months ended December 31, 2019 includes equity earnings and charges from investment in Change Healthcare Joint Venture. We completed the separation from our investment in Change Healthcare Joint Venture during the fourth quarter of fiscal 2020.

Refer to the section entitled "Financial Statement Notes" of this presentation.

For more information relating to the Adjusted Segment Operating Profit (Non-GAAP), Adjusted Operating Profit (Non-GAAP), Adjusted Corporate Expenses (Non-GAAP), FX-Adjusted (Non-GAAP), and Adjusted Segment Operating Profit Margin (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this presentation.

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GAAP to Non-GAAP Reconciliation

YTD Fiscal 2021 and YTD Fiscal 2020

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

Schedule 3
(Continued)

	Nine Months Ended December 31,						As reported		As adjusted		Change			
	2020			**2019**										
	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	As reported (GAAP)	Adjustments	As adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	Foreign currency effects	FX-Adjusted (Non-GAAP)	As reported (GAAP)	As adjusted (Non-GAAP)	As reported FX-Adjusted (Non-GAAP)	As adjusted FX-Adjusted (Non-GAAP)
REVENUES														
U.S. Pharmaceutical	$ 142,232	$ —	$ 142,232	$ 135,855	$ —	$ 135,855	$ —	$ 142,232	$ —	$ 142,232	*5 %*	*5 %*	*5 %*	*5 %*
International	27,365	—	27,365	28,592	—	28,592	(417)	26,948	(417)	26,948	*(4)*	*(4)*	*(6)*	*(6)*
Medical-Surgical Solutions	7,388	—	7,388	6,100	—	6,100	—	7,388	—	7,388	*21*	*21*	*21*	*21*
Prescription Technology Solutions	2,101	—	2,101	1,969	—	1,969	—	2,101	—	2,101	*7*	*7*	*7*	*7*
Revenues	$ 179,086	$ —	$ 179,086	$ 172,516	$ —	$ 172,516	$ (417)	$ 178,669	$ (417)	$ 178,669	*4 %*	*4 %*	*4 %*	*4 %*
OPERATING PROFIT (LOSS) [4]														
U.S. Pharmaceutical [11]	$ 1,871	$ 33	$ 1,904	$ 1,894	$ (23)	$ 1,871	$ —	$ 1,871	$ —	$ 1,904	*(1) %*	*2 %*	*(1) %*	*2 %*
International [3] [10]	(113)	460	347	(229)	553	324	4	(109)	(7)	340	*(51)*	*7*	*(52)*	*5*
Medical-Surgical Solutions	536	77	613	378	131	509	—	536	—	613	*42*	*20*	*42*	*20*
Prescription Technology Solutions	270	51	321	280	56	336	—	270	—	321	*(4)*	*(4)*	*(4)*	*(4)*
Other [a] [1] [2] [9]	—	—	—	(1,483)	1,681	198	—	—	—	—	*(100)*	*(100)*	*(100)*	*(100)*
Subtotal	2,564	621	3,185	840	2,398	3,238	4	2,568	(7)	3,178	*205*	*(2)*	*206*	*(2)*
Corporate expenses, net [5] [6] [7] [8]	(8,462)	8,003	(459)	(713)	289	(424)	—	(8,462)	—	(459)	*NM*	*8*	*NM*	*8*
Income (loss) from continuing operations before interest expense and income taxes	$ (5,898)	$ 8,624	$ 2,726	$ 127	$ 2,687	$ 2,814	$ 4	$ (5,894)	$ (7)	$ 2,719	*NM*	*(3) %*	*NM*	*(3) %*
OPERATING PROFIT (LOSS) AS A % OF REVENUES														
U.S. Pharmaceutical	1.32 %		1.34 %	1.39 %		1.38 %		1.32 %		1.34 %	*(7) bp*	*(4) bp*	*(7) bp*	*(4) bp*
International	(0.41)		1.27	(0.80)		1.13		(0.40)		1.26	*39*	*14*	*40*	*13*
Medical-Surgical Solutions	7.26		8.30	6.20		8.34		7.26		8.30	*106*	*(4)*	*106*	*(4)*
Prescription Technology Solutions	12.85		15.28	14.22		17.06		12.85		15.28	*(137)*	*(178)*	*(137)*	*(178)*

(a) Operating profit (loss) for Other for the nine months ended December 31, 2019 includes equity earnings and charges from investment in Change Healthcare Joint Venture. We completed the separation from our investment in Change Healthcare Joint Venture during the fourth quarter of fiscal 2020.

Refer to the section entitled "Financial Statement Notes" of this presentation.

For more information relating to the Adjusted Segment Operating Profit (Non-GAAP), Adjusted Operating Profit (Non-GAAP), Adjusted Corporate Expenses (Non-GAAP), FX-Adjusted (Non-GAAP), and Adjusted Segment Operating Profit Margin (Non-GAAP) definitions, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this presentation.

GAAP to Non-GAAP Reconciliation
YTD Fiscal 2021 and YTD Fiscal 2020

Schedule 6

McKESSON CORPORATION
RECONCILIATION OF GAAP CASH FLOWS TO FREE CASH FLOW (NON-GAAP)
(unaudited)
(in millions)

	Nine Months Ended December 31,		
	2020	**2019**	**Change**
GAAP CASH FLOW CATEGORIES			
Net cash provided by (used in) operating activities	$ 1,172	$ (280)	*519 %*
Net cash used in investing activities	(210)	(409)	*(49)*
Net cash used in financing activities	(1,176)	(254)	*363*
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(77)	27	*(385)*
Net decrease in cash, cash equivalents, and restricted cash	$ (291)	$ (916)	*(68)%*
FREE CASH FLOW (NON-GAAP)			
Net cash provided by (used in) operating activities	$ 1,172	$ (280)	*519 %*
Payments for property, plant, and equipment	(293)	(242)	*21*
Capitalized software expenditures	(134)	(96)	*40*
Free Cash Flow (Non-GAAP)	$ 745	$ (618)	*221 %*

For more information relating to the Free Cash Flow (Non-GAAP) definition, refer to the section entitled "Supplemental Non-GAAP Financial Information" of this presentation.

McKESSON

Financial Statement Notes

McKESSON CORPORATION
FINANCIAL STATEMENT NOTES

(1) Amortization of acquisition-related intangibles includes our proportionate share of loss from investment in Change Healthcare Joint Venture within Other. Such amount includes the amortization of equity investment intangibles and other acquired intangibles of $63 million for the three months ended December 31, 2019 and $203 million for the nine months ended December 31, 2019. These charges are included under "equity earnings and charges from investment in Change Healthcare Joint Venture" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

(2) Transaction-related expenses and adjustments for the nine months ended December 31, 2019 includes a pre-tax charge of $246 million ($184 million after-tax) within Other, representing the difference between our proportionate share of the IPO proceeds and the dilution effect on our investment in Change Healthcare Joint Venture carrying value. Upon the completion of the IPO by Change Healthcare Inc. in July 2019, McKesson's equity ownership interest in the joint venture diluted from approximately 70% to 58.5%. This charge is included under "equity earnings and charges from investment in Change Healthcare Joint Venture" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

(3) Transaction-related expenses and adjustments for the three and nine months ended December 31, 2020 includes charges of $47 million (pre-tax and after-tax) and $57 million (pre-tax and after-tax), respectively, to remeasure assets and liabilities held for sale to fair value less costs to sell related to the contribution of the majority of our German pharmaceutical wholesale business to create a joint venture in which McKesson has a non-controlling interest within our International segment. On November 2, 2020, McKesson announced the completion of the creation of the joint venture. Transaction-related expenses and adjustments for the three and nine months ended December 31, 2019 includes a charge of $282 million (pre-tax and after-tax) to remeasure assets and liabilities held for sale to fair value less costs to sell related to the joint venture for those reporting periods. These charges are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

(4) Restructuring, impairment, and related charges, net for the three and nine months ended December 31, 2020 includes pre-tax charges of $155 million ($138 million after-tax) and $271 million ($227 million after-tax), respectively, primarily for our Canada and Europe businesses as well as Corporate expenses, net. The three and nine months ended December 31, 2019 includes charges of $136 million ($115 million after-tax) and $204 million ($167 million after-tax), respectively, primarily for our Europe and Canada businesses as well as Corporate expenses, net. Our Europe and Canada businesses are included within International. These charges are included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables. Additionally, restructuring, impairment, and related charges, net for the three and nine months ended December 31, 2020 and 2019 includes immaterial amounts under “gross profit” in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

(5) Claims and litigation charges, net for the three and nine months ended December 31, 2020 includes a pre-tax charge of $8.1 billion ($6.7 billion after-tax) related to our estimated liability for opioid-related claims of states, their political subdivisions, and other government entities, within Corporate expenses, net. This charge is included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

(6) Claims and litigation charges, net for the nine months ended December 31, 2020 includes a pre-tax net gain of $131 million ($97 million after-tax) related to insurance proceeds received, net of attorneys' fees and expenses awarded to plaintiffs' counsel, in connection with the $175 million settlement of the shareholder derivative action related to our controlled substances monitoring program within Corporate expenses, net. This gain is included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables. In prior periods, this gain was included under other adjustments, net.

Financial Statement Notes

(7) Claims and litigation charges, net for the nine months ended December 31, 2019 includes a pre-tax charge of $82 million ($61 million after-tax) recorded in connection with an agreement to settle all opioids related claims filed by two Ohio counties within Corporate expenses, net. The related $21 million income tax benefit was recognized in the three and the nine months ended December 31, 2019. This charge is included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables. In prior periods, this charge was included under other adjustments, net.

(8) Other adjustments, net for the nine months ended December 31, 2019 includes pre-tax charges of $122 million ($90 million after-tax) representing settlement charges related to our frozen U.S. defined benefit pension plan, within Corporate expenses, net. This charge is included under "other income (expense), net" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

(9) Other adjustments, net for the nine months ended December 31, 2019 includes a pre-tax charge of $1.2 billion ($864 million after-tax) representing an other-than-temporary impairment of McKesson's investment in Change Healthcare Joint Venture within Other. This charge is included under "equity earnings and charges from investment in Change Healthcare Joint Venture" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

(10) Other adjustments, net for the nine months ended December 31, 2020 includes a non-cash goodwill impairment charge of $69 million (pre-tax and after-tax) within International related to our European retail business, partially offset by the related indirect effect of $4 million benefit in net income attributable to noncontrolling interests. This impairment charge is included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

(11) Other adjustments, net for the nine months ended December 31, 2020 includes a pre-tax charge of $50 million ($37 million after-tax) related to our estimated liability under the New York ("NY") state Opioid Stewardship Act ("OSA") within U.S. Pharmaceutical for calendar years 2017 and 2018. In December 2018, a federal district court struck down the law as unconstitutional and NY replaced the OSA with an excise tax on opioid sales in the state of NY covering calendar year 2019 sales and beyond. In September 2020, an appellate court reversed on procedural grounds the district court's decision. An amendment to the Act made clear that the OSA applies only to NY opioid sales or distributions for calendar years 2017 and 2018. To the extent that further court decisions do not strike down the law, we will face liability under the OSA and we believe the estimated OSA liability is one-time in nature because the liability is retroactively imposed on sales or distributions in 2017 and 2018, and is not indicative of future results. Inclusion of this accrual in our adjusted results would distort current period performance. This charge is included under "total operating expenses" in the reconciliation of McKesson's GAAP operating results to adjusted results (Non-GAAP) provided in Schedule 2 of the accompanying financial statement tables.

MCKESSON

Supplemental Non-GAAP Financial Information

McKESSON CORPORATION
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 presentation.

- **Adjusted Gross Profit (Non-GAAP):** We define Adjusted Gross Profit as GAAP gross profit, excluding transaction-related expenses and adjustments, last-in, first-out (“LIFO”) inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, and other adjustments.

- **Adjusted Operating Expenses (Non-GAAP):** We define Adjusted Operating Expenses as GAAP total operating expenses, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, restructuring, impairment, and related charges, claims and litigation charges, and other adjustments.

- **Adjusted Other Income (Non-GAAP):** We define Adjusted Other Income as GAAP other income (expense), net, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, and other adjustments.

- **Adjusted Equity Income from Change Healthcare (Non-GAAP):** We define Adjusted Equity Income from Change Healthcare as GAAP equity earnings and charges from investment in Change Healthcare Joint Venture, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, and other adjustments. We completed the separation from our investment in Change Healthcare Joint Venture during the fourth quarter of fiscal 2020.

- **Adjusted Income Tax Expense (Non-GAAP):** We define Adjusted Income Tax Expense as GAAP income tax benefit (expense), excluding the income tax effects of amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, claims and litigation charges, and other adjustments. Income tax effects 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.

- **Adjusted Earnings (Non-GAAP):** We define Adjusted Earnings as GAAP income (loss) from continuing operations attributable to McKesson, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, claims and litigation charges, other adjustments as well as the related income tax effects for each of these items, as applicable.

- **Adjusted Earnings per Diluted Share (Non-GAAP):** We define Adjusted Earnings per Diluted Share as GAAP earnings (loss) per diluted common share from continuing operations attributable to McKesson, excluding per share impacts of amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, claims and litigation charges, other adjustments as well as the related income tax effects for each of these items, as applicable, divided by diluted weighted-average shares outstanding. Adjusted Earnings per Diluted Share was not previously adjusted for the effect of potentially dilutive securities issued by the Change Healthcare Joint Venture.

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

- **Adjusted Segment Operating Profit (Non-GAAP) and Adjusted Segment Operating Profit Margin (Non-GAAP):** We define Adjusted Segment Operating Profit as GAAP segment operating profit (loss), excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, and other adjustments. We define Adjusted Segment Operating Profit Margin as Adjusted Segment Operating Profit (Non-GAAP) divided by GAAP segment revenues.

- **Adjusted Corporate Expenses (Non-GAAP):** We define Adjusted Corporate Expenses as GAAP corporate expenses, net, excluding transaction-related expenses and adjustments, restructuring, impairment, and related charges, claims and litigation charges, and other adjustments.

- **Adjusted Operating Profit (Non-GAAP):** We define Adjusted Operating Profit as GAAP income (loss) from continuing operations before interest expense and income taxes, excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, claims and litigation charges, and other adjustments.

The following provides further details regarding the adjustments made to our GAAP financial results to arrive at our Non-GAAP measures as defined above:

Amortization of acquisition-related intangibles - Amortization expenses of intangible assets directly related to business combinations and the formation of joint ventures.

Transaction-related expenses and adjustments - Transaction, integration, and other expenses that are directly related to business combinations, the formation of joint ventures, divestitures, and other transaction-related costs including initial public offering costs. Examples include transaction closing costs, professional service fees, legal fees, severance charges, retention payments and employee relocation expenses, facility or other exit-related expenses, certain fair value adjustments including deferred revenues, contingent consideration and inventory, recoveries of acquisition-related expenses or post-closing expenses, bridge loan fees and gains or losses on business combinations, and divestitures of businesses that do not qualify as discontinued operations.

LIFO inventory-related adjustments - LIFO inventory-related non-cash expense or credit adjustments.

Gains from antitrust legal settlements - Net cash proceeds representing the Company's share of antitrust lawsuit settlements.

Restructuring, impairment, and related charges - Restructuring charges that are incurred for programs in which we change our operations, the scope of a business undertaken by our business units, or the manner in which that business is conducted as well as long-lived asset impairments. Such charges may include employee severance, retention bonuses, facility closure or consolidation costs, lease or contract termination costs, asset impairments, accelerated depreciation and amortization, and other related expenses. The restructuring programs may be implemented due to the sale or discontinuation of a product line, reorganization or management structure changes, headcount rationalization, realignment of operations or products, integration of acquired businesses, and/or company-wide cost saving initiatives. The amount and/or frequency of these restructuring charges are not part of our underlying business, which include normal levels of reinvestment in the business. Any credit adjustments due to subsequent changes in estimates are also excluded from adjusted results.

Claims and litigation charges - Adjustments to certain of the Company's reserves, including those related to estimated probable settlements for its controlled substance monitoring and reporting, and opioid-related claims, as well as any applicable income items or credit adjustments due to subsequent changes in estimates. This does not include our legal fees to defend claims, which are expensed as incurred.

Supplemental Non-GAAP Financial Information

SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION (continued)

Other adjustments - The Company evaluates the nature and significance of transactions qualitatively and quantitatively on an individual basis and may include them in the determination of our adjusted results from time to time. While not all-inclusive, other adjustments may include: other asset impairments; gains or losses from debt extinguishment; and other similar substantive and/or infrequent items as deemed appropriate.

The Company evaluates the aforementioned Non-GAAP measures on a periodic basis and updates the definitions from time to time. The evaluation considers both the quantitative and qualitative aspects of the Company's presentation of Non-GAAP adjusted results. A reconciliation of McKesson's GAAP financial results to Non-GAAP financial results is provided in Schedules 2 and 3 of the financial statement tables included with this release.

Additionally, the Company's investment in Change Healthcare Joint Venture's financial results are adjusted for the above noted items, except for the effect of potentially dilutive securities issued by the joint venture on our adjusted results per diluted share.

- **FX-Adjusted (Non-GAAP):** McKesson also presents its GAAP financial results and adjusted results (Non-GAAP) on an FX-Adjusted basis. To present our financial results on an FX-Adjusted 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 an FX-Adjusted 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 FX-Adjusted information of the Company's GAAP financial results and adjusted results (Non-GAAP) is provided in Schedule 3 of the financial statement tables included with this release.

- **Free Cash Flow (Non-GAAP):** We define free cash flow as net cash provided by (used in) operating activities less payments for property, plant and equipment and capitalized software expenditures, as disclosed in our condensed consolidated statements of cash flows. A reconciliation of McKesson's GAAP financial results to Free Cash Flow (Non-GAAP) is provided in Schedule 6 of the financial statement tables included with this 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.

The Company internally uses both GAAP and Non-GAAP financial measures in connection with its own financial planning and reporting processes. Management utilizes Non-GAAP financial measures when allocating resources, deploying capital, as well as assessing business performance, and determining employee incentive compensation. The Company conducts its businesses internationally in local currencies, including Euro, British pound sterling, and Canadian dollars. 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 FX-Adjusted information to provide a framework for assessing how our business performed excluding the estimated effect of foreign currency exchange rate fluctuations. We believe free cash flow is important to management and useful to investors as a supplemental measure as it indicates the cash flow available for working capital needs, re-investment opportunities, strategic acquisitions, dividend payments, or other strategic uses of cash. Nonetheless, Non-GAAP adjusted results and related Non-GAAP 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.