



McKesson Unveils Vision for Advancing the Future of Independent Pharmacy through Industry-Leading Health Mart Franchise

Next Wave of Programs Position Fastest-Growing Independent Pharmacy Network as Platform for the Future, Including New Adherence Network, Medication Therapy Management Services, Best-in-Class Front End Program, and Reimbursement Optimization Services

Boston, MA — McKesson Pharmacy Strategies Conference — July 9, 2007 — McKesson Corporation, the world's leading healthcare services company, today announced its vision for advancing the future of independent pharmacy through Health Mart[®], the country's fastest-growing network of independent pharmacies. Through innovative new enhancements that will be introduced over the next 12 months — including a medication adherence network, a medication therapy management (MTM) platform and services, a best-in-class front end program, and reimbursement optimization services — McKesson is providing independent pharmacies with an end-to-end platform to help them win in today's competitive marketplace.

Since McKesson announced plans to grow Health Mart into the largest independent pharmacy franchise at the 2006 McKesson Pharmacy Strategies Conference, Health Mart has experienced 400% growth, increasing from 350 pharmacies one year ago to more than 1,500 today. Such rapid and continued expansion underscores the significant value that Health Mart provides independent pharmacies.

“Health Mart is not your ordinary pharmacy franchise — it is emerging as an end-to-end platform that is both securing and defining the future of independent pharmacy,” said Stefan Linn, President, Health Mart, and Senior Vice President of Marketing, McKesson U.S. Pharmaceutical. “Health Mart's growth over the past 12 months is a testament to Health Mart's success in delivering the tools, resources, and collective strength independent pharmacies need to thrive. The next wave of programs and solutions McKesson is bringing to market through Health Mart will help independents maximize reimbursement dollars, tap into new revenue streams from manufacturers and payors, and become centers of pharmaceutical excellence within their communities.”

Empowering Independents to Seize Tomorrow's Opportunities

Despite reimbursement pressures and heightened competition, today's independent pharmacies are presented with new opportunities to grow their businesses and strengthen their competitive position. Health Mart provides independents with a complete, end-to-end solution that helps them take advantage of these opportunities — from managed care contracting services; to consumer-preferred branding and advertising; to in-store programs that drive greater manufacturer and payor recognition; to programs that help them partner more effectively with peers, industry associations, and policymakers.

While independent pharmacies, regardless of their affiliation with Health Mart, can take advantage of many of the innovative programs that McKesson offers, Health Mart pharmacies benefit from the full complement of McKesson's solutions for the independent marketplace.

Managed care representation that drives PBM recognition

All Health Mart franchisees already benefit from enrollment in the Health Mart managed care network, which holds over 9,000 contracts with more than 70 PBMs, including all major third parties and HMOs. Health Mart is recognized by nearly all top PBMs in national plan materials.

Leveling the playing field even further, McKesson plans to introduce in the fall of 2007 McKesson Reimbursement Advantage, a suite of reimbursement optimization services that will help independents collect maximum reimbursement from payors for the drugs they dispense to patients. Amidst continued pressure on reimbursement rates, services that help independent pharmacies capture maximum dollar for dispensed drugs will play a critical role in securing the future of independent pharmacy.

Branding that drives consumer recognition

Health Mart branding reinforces the franchise's focus on wellness and pharmaceutical care. Franchisees benefit from increased consumer recognition driven by advertising, a consumer Web site, and contemporary store signage and décor. The Health Mart Online Marketing Tool Kit enables franchisees to easily conduct local marketing and advertising campaigns. Franchisees have access to a comprehensive library of customizable templates including direct mail pieces, window banners, countertop signs, print ads, posters, and much more. The Tool Kit can also be used to customize and place local TV and radio advertisements for ongoing local promotion.

Augmenting the advertising already being done by individual and cooperative groups of Health Mart pharmacies in local markets, Health Mart launched in May 2007 its first national advertising campaign — spanning cable, network television, and online media. The foundation of Health Mart's advertising campaign consists of two, 30-second television commercials and one, 15-second commercial. The commercials promote the high level of personalized care that Health Mart pharmacists provide to patients, reinforcing Health Mart's tagline: "Caring for you and about you." Health Mart banner ads are also currently running on popular Web sites, such as WebMD.

In-store programs that drive manufacturer and payor recognition

Through its FrontEdge[®] Merchandiser program, Health Mart helps franchisees strengthen their relationships with manufacturers by ensuring consistent merchandising for product launches and special promotions. Further empowering independents to deepen relationships with manufacturers and payors, McKesson plans to introduce the following programs over the next 12 months:

- **McKesson Pharmacy Outreach NetworkSM** — Medication adherence rates are low for most common disease states, such as diabetes, depression, asthma, high cholesterol, and hypertension, diminishing the quality of patients' lives and even resulting in death. The McKesson Pharmacy Outreach Network, a national pharmacy network promoting medication adherence and pharmaceutical care, will help independent pharmacies strengthen relationships with patients and manufacturers, while reimbursing them for their medication adherence services.
- **Medication Therapy Management** — McKesson also announced today that it will launch a Medication Therapy Management (MTM) pilot program in the fall of 2007 with the Wisconsin Pharmacy Quality Collaborative (WPQC), a division of the Pharmacy Society of Wisconsin (see "McKesson to Launch Medication Therapy Management Pilot Program," July 9, 2007). Comprising software and support services, McKesson's MTM solution will strengthen communication between all members of a patient's care team — pharmacists, payors, and physicians — leading to fewer adverse drug events, greater medication compliance, and improved patient health outcomes. The McKesson solution will leverage the company's broad array of assets, including the industry's leading connectivity platform, to connect pharmacies, payors, and physicians for the end-to-end management of patients' prescribed medication therapies.
- **Diabetes Life Center** — As the number of Americans living with diabetes today surpasses 20 million, with another 41 million diagnosed with pre-diabetes, it has never been more important for pharmacy to play an active role in helping patients gain control of their health. To assist independent pharmacies in this endeavor, Health Mart introduced in May the Diabetes Life Center. Including patient education, in-store support, and a robust product selection, the Diabetes Life Center provides Health Mart pharmacies with important tools and resources in one complete solution, helping them address their patients' full range of diabetes health and wellness needs.
- **McKesson Retail Solutions** — In the face of increasing reimbursement pressure, independent pharmacies must become more innovative in all aspects of their business to grow margins. McKesson Retail Solutions, scheduled to be introduced in the fall of 2007, will provide independent pharmacies with an enhanced suite of front-end programs designed to help them increase store traffic and front-end profitability. The suite will

include an updated circular program that offers more flexibility and refreshed graphics, as well as store-specific data to help pharmacies stock the right products on their shelves at the right time via McKesson's unique in-store merchandising program.

Community advocacy that drives industry recognition

Health Mart provides a forum for franchisees to share best practices, partner more effectively with industry associations and policymakers, and participate in continuing education courses around timely business and clinical topics. Understanding that an integral part of securing the future of independent pharmacy is protecting its legacy, McKesson provides independent pharmacies with comprehensive succession planning services. Through planning, pharmacy valuation, buyer/seller matching, consultation, and financial services, McKesson's succession planning services help independents navigate the complex process of selling or buying a pharmacy.

"Health Mart is the answer independent pharmacy has been looking for," said Gary Butler, owner, Village Health Mart Pharmacy (Hot Springs, AR). "While independents certainly face challenges, the opportunities are greater than ever before, and Health Mart brings together everything we need to grow our business; provide the best patient care; and expand our influence with manufacturers, payors, and other key industry players. Health Mart is our connection for success today and for years to come."

About Health Mart

Health Mart, today's fastest-growing independent pharmacy network in the U.S., helps independent pharmacies compete locally and nationally by delivering managed care contracting services, marketing and advertising tools, in-store programs, and operational support. Health Mart's distinctive, consumer-preferred logo; store design; and decor help independent pharmacists reinforce their unique role as community healthcare advisors providing exceptional counseling, patient education, and wellness support at similar price points to chain pharmacies. Health Mart delivers an industry-leading program for a set monthly fee without any up-front initiation fee and provides franchisees with a no-fault out clause. For more information, please visit www.healthmart.com.

About McKesson Corporation

McKesson Corporation, currently ranked 18th on the FORTUNE 500, is a healthcare services and information technology company dedicated to helping its customers deliver high-quality healthcare by reducing costs, streamlining processes, and improving the quality and safety of patient care. Over the course of its 174-year history, McKesson has grown by providing pharmaceutical and medical-surgical supply management across the spectrum of care; healthcare information technology for hospitals, physicians, homecare, and payors; hospital and retail pharmacy automation; and services for manufacturers and payors designed to improve outcomes for patients. For more information, please visit us at www.mckesson.com.

McKesson Pharmaceutical Solutions, a major business unit of McKesson, is the leader in pharmaceutical distribution and supply chain management. Its supply, technology, and care management solutions empower more than 25,000 retail pharmacies nationwide, counting national chains and community drugstores, including the Health Mart network of independent pharmacies.

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