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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

IN RE MCKESSON CORPORATION  
DERIVATIVE LITIGATION

Case No. 4:17-cv-01850-CW

~~[PROPOSED]~~ ORDER GRANTING  
PRELIMINARY APPROVAL OF  
SETTLEMENT AND AUTHORIZING  
DISSEMINATION OF NOTICE

Re: Dkt Nos. 203, 218

WHEREAS, a consolidated stockholder derivative action is pending in this Court entitled *In re McKesson Corporation Derivative Litigation*, No. 4:17-cv-01850-CW (the "California Action");

WHEREAS, (a) plaintiffs in the California Action, Eli Inzlicht; Vladimir Gusinsky, as Trustee for the Vladimir Gusinsky Living Trust; Chaile Steinberg; Michael Berent, Trustee of the Police & Fire Retirement System City of Detroit; and Amalgamated Bank, as Trustee for Longview Largecap 500 Index Fund and Longview Largecap 500 Index VEBA Fund (collectively, the

1 "California Plaintiffs"); (b) plaintiffs in the stockholder  
2 derivative action pending in the Court of Chancery of the State  
3 of Delaware (the "Delaware Court"), styled as *In re McKesson*  
4 *Corporation Stockholder Derivative Litigation*, Consol. C.A. No.  
5 2017-0736-SG (the "Delaware Action" and, together with the  
6 California Action, the "Actions"), Katielou Greene and Charles  
7 Ojeda (collectively, the "Delaware Plaintiffs" and, together with  
8 the California Plaintiffs, "Plaintiffs"); (c) current and former  
9 defendants in the California Action or the Delaware Action, Andy  
10 Bryant; Wayne A. Budd; John Hammergren; M. Christine Jacobs;  
11 Marie L. Knowles; Edward Mueller; Donald Knauss; Susan Salka; N.  
12 Anthony Coles; Alton Irby III; David Lawrence; Jane Shaw; Laureen  
13 Seeger; Paul Julian; and Mark Walchirk (collectively,  
14 "Defendants"); (d) the Special Litigation Committee formed by the  
15 Board of Directors of Nominal Defendant McKesson Corporation (the  
16 "SLC"); and (e) Nominal Defendant McKesson Corporation ("Nominal  
17 Defendant," "McKesson," or the "Company" and, together with  
18 Plaintiffs, Defendants, and the SLC, the "Parties") have reached  
19 a proposed settlement on the terms and conditions set forth in  
20 the Stipulation and Agreement of Compromise, Settlement, and  
21 Release dated December 11, 2019, (the "Stipulation") subject to  
22 the approval of this Court (the "Settlement");

23 WHEREAS, the California Plaintiffs have made an application  
24 in this Court, pursuant to Rule 23.1 of the Federal Rules of  
25 Civil Procedure, for an order preliminarily approving the  
26 Settlement in accordance with the Stipulation and allowing notice  
27 to McKesson stockholders as more fully described herein;

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1 WHEREAS, the Court has read and considered: (a) the  
2 California Plaintiffs' motion for preliminary approval of the  
3 Settlement and authorization to send notice of the Settlement to  
4 McKesson stockholders, and the papers filed and arguments made in  
5 connection therewith; and (b) the Stipulation and the exhibits  
6 attached thereto; and

7 WHEREAS, unless otherwise defined herein, all capitalized  
8 words contained herein shall have the same meanings as they have  
9 in the Stipulation;

10 NOW, THEREFORE, THE COURT HEREBY ORDERS:

11 1. Preliminary Approval of the Settlement - The Court  
12 hereby preliminarily approves the Settlement, as embodied in the  
13 Stipulation and the exhibits attached thereto, subject to further  
14 consideration at the Settlement Fairness Hearing to be held as  
15 described below.

16 2. Settlement Fairness Hearing - The Court will hold a  
17 hearing (the "Settlement Fairness Hearing") on April 21, 2020, at  
18 2:30 p.m., at the United States District Court for the Northern  
19 District of California, Oakland Courthouse, 1301 Clay Street,  
20 Oakland, CA 94612, for the following purposes: (a) to determine  
21 whether the California Plaintiffs and Plaintiffs' Lead Counsel  
22 have adequately represented the interests of McKesson and its  
23 stockholders; (b) to determine whether the proposed Settlement on  
24 the terms and conditions provided for in the Stipulation is fair,  
25 reasonable, and adequate to McKesson and its stockholders, and  
26 should be approved by the Court; (c) to determine whether the  
27 revised proposed Judgment, Docket No. 218-1, should be entered  
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1 dismissing the California Action with prejudice; (d) to determine  
2 whether the application by Plaintiffs' Lead Counsel for an award  
3 of attorneys' fees and expenses should be approved; and (e) to  
4 consider any other matters that may properly be brought before  
5 the Court in connection with the Settlement.

6 3. The Court reserves the right to adjourn the Settlement  
7 Fairness Hearing or any adjournment thereof, including the  
8 consideration of the application for attorneys' fees and  
9 expenses, without further notice of any kind. The Court further  
10 reserves the right to approve the Stipulation and the Settlement,  
11 at or after the Settlement Fairness Hearing, with such  
12 modifications as may be consented to by the Parties and without  
13 further notice to McKesson stockholders.

14 4. Manner of Providing Notice - Notice of the Settlement  
15 and the Settlement Fairness Hearing shall be given by McKesson as  
16 follows:

17 (a) no later than ten (10) calendar days following the  
18 date of entry of this Order (the "Notice Date"), McKesson  
19 shall direct its third-party investor communications  
20 provider, Alliance Advisors, to send the Notice,  
21 substantially in the form attached hereto as Exhibit B-1, to  
22 all then-current McKesson stockholders as of the Notice Date  
23 in the same manner that McKesson distributes notice to  
24 McKesson's stockholders of McKesson's annual meeting of  
25 stockholders. With respect to shares held by a brokerage  
26 firm, bank, or other entity as a record holder for the  
27 beneficial interest of persons or organizations other than  
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1 themselves, notice shall be sent directly to such beneficial  
2 owners in the manner that the beneficial owner has requested  
3 to receive stockholder materials from the brokerage firm,  
4 bank, or other entity holding their respective shares;

5 (b) not later than the Notice Date, McKesson shall  
6 post a hyperlink to a copy of the Stipulation and the Notice  
7 and any other materials relevant to the Settlement on the  
8 "Investor Relations" section of the Company's website,  
9 investor.mckesson.com, and such documents shall remain  
10 posted to the hyperlinked website through the Effective Date  
11 of the Settlement;

12 (c) not later than ten (10) calendar days after the  
13 Notice Date, McKesson shall also cause the Summary Notice,  
14 substantially in the form attached hereto as Exhibit B-2, to  
15 be published once in the national edition of the *New York*  
16 *Times* and to be transmitted once over the *PR Newswire*; and

17 (d) not later than thirty-five (35) calendar days  
18 prior to the Settlement Fairness Hearing, McKesson's Counsel  
19 shall serve on Plaintiffs' Lead Counsel and file with the  
20 Court proof, by affidavit or declaration, of compliance with  
21 paragraphs 4(a)-(c), above.

22 5. Approval of Form and Content of Notice - The Court (a)  
23 approves, as to form and content, the Notice and the Summary  
24 Notice, attached hereto as Exhibits B-1 and B-2, respectively,  
25 and (b) finds that the distribution of the Notice and the  
26 publication of the Summary Notice in the manner and form set  
27 forth in paragraph 4 of this Order: (i) constitutes notice that  
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1 is reasonably calculated, under the circumstances, to apprise  
2 McKesson stockholders of the pendency of the Actions, of the  
3 effect of the proposed Settlement (including the Releases to be  
4 provided thereunder), of Plaintiffs' Lead Counsel's application  
5 for an award of attorneys' fees and expenses, of their right to  
6 object to the Settlement or Plaintiffs' Lead Counsel's  
7 application for attorneys' fees and expenses, and of their right  
8 to appear at the Settlement Fairness Hearing; (ii) constitutes  
9 due, adequate, and sufficient notice to all persons and entities  
10 entitled to receive notice of the proposed Settlement; and (iii)  
11 satisfies the requirements of Rule 23.1 of the Federal Rules of  
12 Civil Procedure, and the United States Constitution (including  
13 the Due Process Clause). The date and time of the Settlement  
14 Fairness Hearing shall be included in the Notice before it is  
15 distributed.

16       6. Appearance and Objections at Settlement Fairness  
17 Hearing - Any current McKesson stockholder who or which continues  
18 to own shares of McKesson common stock as of the Notice Date  
19 ("Current McKesson Stockholder") may file a written objection to  
20 the proposed Settlement or Plaintiffs' Lead Counsel's application  
21 for an award of attorneys' fees and expenses, and appear at the  
22 Settlement Fairness Hearing and show cause, if he, she, or it has  
23 any cause why the proposed Settlement or the application for  
24 attorneys' fees and expenses should not be approved; provided,  
25 however, that no such person or entity shall be heard or entitled  
26 to contest the approval of the terms and conditions of the  
27 proposed Settlement or the application for attorneys' fees and  
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1 expenses unless that person or entity has filed a written  
2 objection with the Court. Any written objection, together with  
3 copies of all other papers and briefs supporting the objection,  
4 must be mailed to the Office of the Clerk of the Court, United  
5 States District Court for the Northern District of California,  
6 Oakland Division, 1301 Clay Street, Oakland, CA 94612, or filed  
7 in person at any location of the United States District Court for  
8 the Northern District of California, so that it is filed or  
9 postmarked no later than twenty-one (21) calendar days prior to  
10 the Settlement Fairness Hearing. Any objections, filings, and  
11 other submissions must clearly identify the case name and action  
12 number, *In re McKesson Corporation Derivative Litigation*, No. 17-  
13 cv-01850-CW, and they must: (a) state the name, address, and  
14 telephone number of the objector and must be signed by the  
15 objector; (b) state whether the objector is represented by  
16 counsel and, if so, the name, address, and telephone number of  
17 his, her, or its counsel; (c) contain a specific, written  
18 statement of the objection(s) and the specific reason(s) for the  
19 objection(s), including any legal and evidentiary support the  
20 objector wishes to bring to the Court's attention, and if the  
21 objector indicates that he, she, or it intends to appear at the  
22 Settlement Fairness Hearing, the identity of any witnesses the  
23 objector may call to testify and any exhibits the objector  
24 intends to introduce into evidence at the hearing; and (d) must  
25 include documentation sufficient to prove that the objector owned  
26 shares of McKesson common stock as of the close of trading on the  
27 Notice Date. Plaintiffs' Lead Counsel are authorized to request  
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1 from any objector documentation sufficient to prove continuous  
2 ownership of McKesson common stock. All objections will be  
3 scanned into the electronic case docket, and the parties will  
4 receive electronic notices of filings. Any Current McKesson  
5 Stockholder who or which has filed a written objection in the  
6 manner provided herein may also appear at the Settlement Fairness  
7 Hearing, either in person or through his, her, or its own  
8 attorney, at his, her, or its own expense.

9 7. Any McKesson stockholder who or which does not make  
10 his, her, or its objection in the manner provided herein shall be  
11 deemed to have waived his, her, or its right to object to any  
12 aspect of the proposed Settlement or Plaintiffs' Lead Counsel's  
13 application for an award of attorneys' fees and expenses  
14 (including any right of appeal) and shall be forever barred and  
15 foreclosed from objecting to the fairness, reasonableness, or  
16 adequacy of the Settlement or the requested attorneys' fees and  
17 expenses, or from otherwise being heard concerning the Settlement  
18 or the requested attorneys' fees and expenses in this or any  
19 other proceeding, but shall otherwise be bound by this Order, the  
20 Judgment to be entered, and the Releases to be given by the  
21 Settlement.

22 8. Stay and Temporary Injunction - Until otherwise ordered  
23 by the Court, the Court stays all proceedings in the California  
24 Action other than proceedings necessary to carry out or enforce  
25 the terms and conditions of the Stipulation. Pending final  
26 determination of whether the Settlement should be approved, the  
27 Court (a) bars and enjoins Current McKesson Stockholders from  
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1 commencing or prosecuting any action asserting any Settled  
2 Plaintiffs' Claims or Settled Litigation Claims against any of  
3 the Released Defendants' Parties; (b) bars and enjoins Current  
4 McKesson Stockholders from commencing or prosecuting any action  
5 asserting any Settled Defendants' Claims or Settled Litigation  
6 Claims against any of the Released Plaintiffs' Parties; and (c)  
7 bars and enjoins Current McKesson Stockholders from commencing or  
8 prosecuting any action asserting any Settled Litigation Claims  
9 against the SLC or the SLC's Counsel.

10 9. Notice Costs - McKesson shall assume all administrative  
11 responsibility for and will pay any and all Notice Costs,  
12 regardless of whether the Court grants final approval of the  
13 Settlement or the Effective Date fails to occur. Neither  
14 Plaintiffs nor their counsel shall be responsible for any Notice  
15 Costs nor shall any Notice Costs be paid from the Cash Settlement  
16 Fund.

17 10. Settlement Fund - All funds held in the Derivative  
18 Escrow Account by Citibank, N.A. (which the Court approves as the  
19 Derivative Escrow Agent) shall be deemed and considered to be in  
20 custodia legis of the Court, and shall remain subject to the  
21 jurisdiction of the Court, until such time as the funds shall be  
22 paid out of the Derivative Escrow Account pursuant to the terms  
23 of the Stipulation or further order(s) of the Court.

24 11. Taxes - Plaintiffs' Lead Counsel is authorized and  
25 directed to prepare any tax returns and any other tax reporting  
26 form for or in respect to the Cash Settlement Fund held in the  
27 Derivative Escrow Account, to pay from the Cash Settlement Fund  
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1 held in the Derivative Escrow Account any Taxes and Tax Expenses  
2 owed with respect to the Cash Settlement Fund, and to otherwise  
3 perform all obligations with respect to Taxes and any reporting  
4 or filings in respect thereof without further order of the Court  
5 in a manner consistent with the provisions of the Stipulation.

6 12. Use of This Order - Neither this Order, the Term Sheet,  
7 the Stipulation, including the exhibits thereto, the negotiations  
8 leading to the execution of the Term Sheet and the Stipulation,  
9 nor any proceedings taken pursuant to or in connection with the  
10 Term Sheet, the Stipulation, or approval of the Settlement  
11 (including any arguments proffered in connection therewith): (a)  
12 shall be offered against any of the Released Defendants' Parties  
13 or the SLC as evidence of, or construed as, or deemed to be  
14 evidence of any presumption, concession, or admission by any of  
15 the Released Defendants' Parties or the SLC with respect to the  
16 truth of any fact alleged by Plaintiffs or the validity of any  
17 claim that was or could have been asserted or the deficiency of  
18 any defense that has been or could have been asserted in the  
19 Actions or in any other litigation, or of any liability,  
20 negligence, fault, or other wrongdoing of any kind of any of the  
21 Released Defendants' Parties or in any way referred to for any  
22 other reason as against any of the Released Defendants' Parties,  
23 in any arbitration proceeding or other civil, criminal, or  
24 administrative action or proceeding, other than such proceedings  
25 as may be necessary to effectuate the provisions of the  
26 Stipulation; (b) shall be offered against any of the Released  
27 Plaintiffs' Parties or the SLC, as evidence of, or construed as,

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1 or deemed to be evidence of any presumption, concession, or  
2 admission by any of the Released Plaintiffs' Parties or the SLC  
3 that any of the Released Plaintiffs' Parties' claims are without  
4 merit, that any of the Released Defendants' Parties had  
5 meritorious defenses, or that damages recoverable under the  
6 Complaints would not have exceeded the Settlement Consideration  
7 or with respect to any liability, negligence, fault, or  
8 wrongdoing of any kind, or in any way referred to for any other  
9 reason as against any of the Released Plaintiffs' Parties, in any  
10 arbitration proceeding or other civil, criminal, or  
11 administrative action or proceeding, other than such proceedings  
12 as may be necessary to effectuate the provisions of the  
13 Stipulation; or (c) shall be construed against any of the  
14 Released Parties or the SLC as an admission, concession, or  
15 presumption that the consideration to be given in the Settlement  
16 represents the amount which could be or would have been recovered  
17 after trial; provided, however, that if the Stipulation is  
18 approved by the Court, the Parties, the Released Parties and  
19 their respective counsel, the SLC, and the SLC's Counsel may  
20 refer to it to effectuate the protections from liability granted  
21 therein, to support any and all defenses or counterclaims based  
22 on res judicata, collateral estoppel, release, good-faith  
23 settlement, judgment bar or reduction or any other theory of  
24 claim preclusion or issue preclusion or similar defense or  
25 counterclaim, or otherwise to enforce the terms of the  
26 Settlement.

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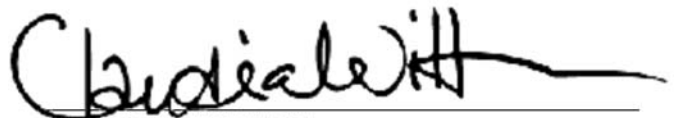
1           13. Termination of Settlement - If the Settlement is  
2 terminated as provided in the Stipulation, the Settlement is not  
3 approved, or the Effective Date of the Settlement otherwise fails  
4 to occur, this Order shall be vacated, rendered null and void,  
5 and be of no further force and effect, except as otherwise  
6 provided by the Stipulation, and this Order shall be without  
7 prejudice to the rights of the Parties or any McKesson  
8 stockholders, and the Parties shall revert to their respective  
9 litigation positions in the Actions as of October 15, 2019.

10           14. Supporting Papers - Plaintiffs' Lead Counsel shall file  
11 and serve the opening papers in support of the proposed  
12 Settlement, and Plaintiffs' Lead Counsel's application for an  
13 award of attorneys' fees and expenses, no later than thirty-five  
14 (35) calendar days prior to the Settlement Fairness Hearing; and  
15 reply papers, if any, shall be filed and served no later than  
16 seven (7) calendar days prior to the Settlement Fairness Hearing.

17           15. The Court retains jurisdiction to consider all further  
18 applications arising out of or connected with the proposed  
19 Settlement.

20           IT IS SO ORDERED.

21  
22 Dated: 1/31/2020



23           CLAUDIA WILKEN  
24           United States District Judge