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Statement on McKesson Corp.'s Decision to Split the Roles of Chairman and CEO

Shareholders of Drug Distributor Vote to Reject CEO Compensation Package

July 28, 2017 – Illinois State Treasurer Michael Frerichs, West Virginia State Treasurer John Perdue and Pennsylvania State Treasurer Joe Torsella released the following statements today after McKesson Corp. announced this week that it would split the roles of Board Chair and CEO, beginning with the Company's next CEO. Shareholders also voted against the compensation arrangements for the CEO and other top executives amid concerns related to the company's role in the ongoing opioid crisis.

"I am pleased to see McKesson embracing change," Illinois State Treasurer Michael Frerichs said. "We expect the next board chair will be an independent director who is not the CEO and did not previously serve as CEO. An independent board chair will provide the oversight and accountability needed to ensure that the company considers long-term risks, such as those posed by the ongoing opioid crisis. In addition, the shareholders' rejection of the compensation package sends a clear message that no company should put profit over people. We will continue working with McKesson and other drug companies to address the still enormous challenges facing millions of Americans."

"The rejected compensation package and future separation of McKesson's CEO and board chair positions are shifts in the right direction," said West Virginia State Treasurer John Perdue. "The opioid epidemic is severe. We need to continue to encourage concrete changes that keep the health and wellbeing of our citizens a top priority."

"I welcome the action taken by McKesson's board and shareholders, which are consistent with our recommendation to provide for an independent board chair. Although this first step is encouraging, we strongly urge the board to direct that a report be prepared within six months that examines the scope of the opioid addiction epidemic in America, its causes and impacts on public health and resources, and most importantly, compassionate responses to help our fellow citizens break their addictions," said Pennsylvania Treasurer Joe Torsella. "McKesson's announcement this week is the result of the collective action taken by shareholders acting with enlightened self-interest who understand that long-term stock value is preserved by responsible corporate practices and vigilant governance by management."

Torsella also credited the breadth of the coalition that engaged with the company, pointing out that “The partial success we achieved would not have been possible without the leadership of the International Brotherhood of Teamsters and their effective campaign. It helped mobilize the concerted efforts of many shareholders, who spoke loudly and correctly this week to their dissatisfaction with the conduct of McKesson and its management.”

On Monday, Treasurers Frerichs, Perdue and Torsella penned a letter calling on drug distributor McKesson to address the heroin and opioid epidemic or possibly face financial consequences in their stock prices.

The treasurers’ demand comes as numerous state and local governments nationwide file lawsuits against drug companies, including McKesson, alleging that the companies knew or should have known an excessive number of opioid painkillers were being sent to the same area.

The treasurers asked McKesson to: change company bylaws to provide for an independent board chair; engage an independent counsel to identify the financial risks derived from McKesson Corp’s role in the opioid epidemic; connect executive compensation with progress in combating the opioid epidemic; and produce a report on the scope of the opioid epidemic, the impact of the problem on public health and government resources, and possible responses to the problem.

Should McKesson not act upon this request, the treasurers will re-evaluate their state’s investment position in the company and encourage other institutional investors to do the same.

[McKesson Corp.](#) (NYSE: MCK) describes itself as the oldest and largest health care company in the nation and distributor of one-third of all medications used daily in North America.

About the Illinois Treasurer

The Illinois Treasurer is the state’s chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state’s Chief Investment Officer, he actively manages approximately \$25 billion. The portfolio includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer’s Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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