

MCKESSON CORP
Form 11-K
September 25, 2007

File No. 001-13252
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended March 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

McKesson Corporation Profit-Sharing Investment Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

McKesson Corporation

McKesson Plaza

One Post Street, San Francisco, CA 94104

Telephone (415) 983-8300

**McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
TABLE OF CONTENTS**

| Item | Page |
|--|-------------|
| REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM | 1 |
| FINANCIAL STATEMENTS as of and for the Years Ended March 31, 2007 and 2006: | |
| Statements of Net Assets Available for Benefits | 2 |
| Statements of Changes in Net Assets Available for Benefits | 3 |
| Notes to Financial Statements | 4-13 |
| SUPPLEMENTAL SCHEDULE AS OF MARCH 31, 2007: | |
| Form 5500, Schedule H, Part IV, Line 4i Schedule of Assets (Held at End of Year) | 15-20 |

EXHIBITS:

23.1 Consent of Independent Registered Public Accounting Firm

All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

McKesson Corporation Profit-Sharing Investment Plan
San Francisco, California

We have audited the accompanying statements of net assets available for benefits of the McKesson Corporation Profit-Sharing Investment Plan (the Plan) as of March 31, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of March 31, 2007 and 2006, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, as of March 31, 2007, the Plan adopted Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and Statement of Position 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans*.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2007 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP
San Francisco, California
September 25, 2007

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
MARCH 31, 2007 AND 2006 (IN THOUSANDS)

| | 2007 | | | 2006 | | |
|---|-------------------------|-----------------------------|------------|-------------------------|-----------------------------|------------|
| | Participant Directed | Non-Participant Directed | Plan Total | Participant Directed | Non-Participant Directed | Plan Total |
| ASSETS: | | | | | | |
| Cash and cash equivalents: | | | | | | |
| Allocated | \$ | \$ 3,145 | \$ 3,145 | \$ | \$ 2,997 | \$ 2,997 |
| Unallocated | | 66 | 66 | | 117 | 117 |
| Total cash & cash equivalents | | 3,211 | 3,211 | | 3,114 | 3,114 |
| Investments at Fair Value: | | | | | | |
| Mutual funds and brokerage link | 679,403 | | 679,403 | 550,418 | | 550,418 |
| Common/ collective trusts | 238,177 | | 238,177 | 220,347 | | 220,347 |
| Separately managed accounts | 184,849 | | 184,849 | 162,652 | | 162,652 |
| Standish Mellon Stable Value Fund | 110,128 | | 110,128 | 111,338 | | 111,338 |
| Participant loans | 21,023 | | 21,023 | 19,786 | | 19,786 |
| McKesson Corp common stock: | | | | | | |
| Allocated | | 447,214 | 447,214 | | 437,711 | 437,711 |
| Unallocated | | 59,918 | 59,918 | | 95,754 | 95,754 |
| Employee stock fund | 55,024 | | 55,024 | 53,253 | | 53,253 |
| Total Investments at Fair Value | 1,288,604 | 507,132 | 1,795,736 | 1,117,794 | 533,465 | 1,651,259 |
| Receivables: | | | | | | |
| Dividends and interest on: | | | | | | |
| Allocated | | 470 | 470 | | 511 | 511 |
| Unallocated | | 70 | 70 | | 121 | 121 |
| Due from broker for securities sold allocated | | | | | 132 | 132 |
| Total receivables | | 540 | 540 | | 764 | 764 |
| Total assets | 1,288,604 | 510,883 | 1,799,487 | 1,117,794 | 537,343 | 1,655,137 |

LIABILITIES:

| | | | | | | |
|--|--|--------|--------|--|--------|--------|
| Line of credit on unallocated stock | | 3,000 | 3,000 | | 3,600 | 3,600 |
| ESOP promissory notes payable on unallocated stock | | 11,353 | 11,353 | | 20,983 | 20,983 |
| Accrued interest - unallocated stock | | 490 | 490 | | 909 | 909 |
| Accrued other | | 629 | 629 | | 1,052 | 1,052 |
| Total liabilities | | 15,472 | 15,472 | | 26,544 | 26,544 |

NET ASSETS

| | | | | | | |
|--|-----------|---------|-----------|-----------|---------|-----------|
| Available for Benefits at Fair Value | 1,288,604 | 495,411 | 1,784,015 | 1,117,794 | 510,799 | 1,628,593 |
| ADJUSTMENT from fair value to contract value for fully benefit-responsive investment contracts | 914 | | 914 | 2,264 | | 2,264 |

NET ASSETS

| | | | | | | |
|------------------------|--------------|------------|--------------|--------------|------------|--------------|
| Available for Benefits | \$ 1,289,518 | \$ 495,411 | \$ 1,784,929 | \$ 1,120,058 | \$ 510,799 | \$ 1,630,857 |
|------------------------|--------------|------------|--------------|--------------|------------|--------------|

See notes to financial statements.

**McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED MARCH 31, 2007 AND 2006 (IN THOUSANDS)**

| | 2007 | | | 2006 | | |
|---|-------------------------|-----------------------------|------------|-------------------------|-----------------------------|------------|
| | Participant Directed | Non-Participant Directed | Plan Total | Participant Directed | Non-Participant Directed | Plan Total |
| INVESTMENT INCOME: | | | | | | |
| Net appreciation in fair value of investments | \$ 48,413 | \$ 54,022 | \$ 102,435 | \$ 106,303 | \$ 156,742 | \$ 263,045 |
| Dividends and interest | 61,197 | 2,977 | 64,174 | 32,589 | 3,284 | 35,873 |
| Investment income | 109,610 | 56,999 | 166,609 | 138,892 | 160,026 | 298,918 |
| CONTRIBUTIONS: | | | | | | |
| Participants | 105,059 | | 105,059 | 96,508 | | 96,508 |
| Employer | | 12,036 | 12,036 | | 14,261 | 14,261 |
| ERISA litigation settlement proceeds | 13,981 | | 13,981 | 13,654 | | 13,654 |
| Total contributions | 119,040 | 12,036 | 131,076 | 110,162 | 14,261 | 124,423 |
| DEDUCTIONS: | | | | | | |
| Benefits paid to participants | 120,440 | 34,905 | 155,345 | 83,254 | 26,923 | 110,177 |
| Interest expense | | 1,348 | 1,348 | | 2,850 | 2,850 |
| Administrative fees | 1,082 | 80 | 1,162 | 1,011 | | 1,011 |
| Total deductions | 121,522 | 36,333 | 157,855 | 84,265 | 29,773 | 114,038 |
| INCREASE IN NET ASSETS BEFORE INTERFUND TRANSFERS AND MERGERS | | | | | | |
| | 107,128 | 32,702 | 139,830 | 164,789 | 144,514 | 309,303 |
| INTERFUND TRANSFERS | 48,090 | (48,090) | | 40,144 | (40,144) | |
| TRANSFER OF NET ASSETS FROM OTHER PLAN | 14,242 | | 14,242 | | | |
| INCREASE (DECREASE) IN NET ASSETS | | | | | | |
| | 169,460 | (15,388) | 154,072 | 204,933 | 104,370 | 309,303 |
| | 1,120,058 | 510,799 | 1,630,857 | 915,125 | 406,429 | 1,321,554 |

Net assets at beginning
of year

| | | | | | | |
|---------------------------|--------------|------------|--------------|--------------|------------|--------------|
| Net assets at end of year | \$ 1,289,518 | \$ 495,411 | \$ 1,784,929 | \$ 1,120,058 | \$ 510,799 | \$ 1,630,857 |
|---------------------------|--------------|------------|--------------|--------------|------------|--------------|

See notes to financial statements.

**McKESON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2007 AND 2006**

1. PLAN DESCRIPTION

The following brief description of the McKesson Corporation Profit-Sharing Investment Plan (the "PSIP" or the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information. The PSIP is a defined contribution plan covering all persons who have completed two months of service and are regular or part-time employees, or are casual employees who have completed a year of service in which they worked at least 1,000 hours in a year, at McKesson Corporation (the "Company" or "McKesson") or a participating subsidiary, except employees covered by a collectively bargained pension plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Fidelity Management Trust Company ("Fidelity") is the trustee of the Plan.

The Plan is comprised of Participant Directed and Non-Participant Directed Investments, as described below:

A Participant Directed Investments

Contributions In fiscal 2006, certain Plan provisions were amended to enable the Plan to qualify as a safe harbor plan as described in Internal Revenue Code sections 401(k) (12) and 401(m) (11). Participants may make pretax contributions from 1% to 20% of eligible pay, limited to \$15,500 for calendar year 2007 and \$15,000 for calendar year 2006. Total contributions are limited to the lesser of \$45,000 for calendar year 2007 (\$44,000 for calendar year 2006) or 100% of taxable compensation per calendar year. Participants 50 years of age or older may also elect to make pretax catch-up contributions of up to 67% of pay, limited to \$5,000 for calendar year 2007 and calendar year 2006. Participants may also contribute amounts representing distributions from other qualified plans.

Participant Accounts Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution and an allocation of earnings, and charged with withdrawals and an allocation of losses and administrative expenses. Allocations are based on participant earnings, or account balances, as defined in the Plan document. The participant is entitled to a benefit upon retirement or separation from employment based upon the vested portion of the participant's account.

Vesting Participant contributions and earnings thereon are 100% vested at all times.

Investment Options Upon enrollment in the PSIP, a participant may direct contributions in 1% increments to any of the investments within the Plan. The following are descriptions from each fund's prospectus or fund manager's report:

McKesson Corporation Employee Company Stock Fund (the "Employee Stock Fund") represents shares invested in Company common stock with participant contributions and transfers from the Employer Company Stock Allocated Fund.

Brokerage Link provides access to a discount brokerage account which allows participants to develop a self-directed brokerage option. Commissions and transaction fees are charged to the participant's account. Effective January 1, 2005, Fidelity waived the account maintenance fees.

SSgA Bond Index Fund is a commingled pool that seeks to provide investment results that correspond to the total return of the bonds in the Lehman Brothers Aggregate Bond Index.

SSgA Balanced Fund is a custom mix of commingled pools that invests 60% in SSgA S&P 500 Index Fund and 40% in SSgA Bond Index Fund.

Wellington Management Small Cap Portfolio invests in stocks within the market capitalization range of the Russell 2000 Index. This is a separately managed account, not a mutual fund, which seeks long-term growth by investing in the stocks of small companies.

SSgA S&P 500 Index Fund is a commingled pool that invests in stocks in the benchmark S&P 500 Index and attempts to duplicate the investment results of that index.

4

**McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2007 AND 2006**

Dodge & Cox Large Cap Value Fund invests in the common stock of companies when the fund managers believe the long-term earnings prospects are not reflected in the current price. This is a separately managed account, not a mutual fund.

Standish Mellon Stable Value Fund invests in fixed-income investments issued by life insurance companies and financial institutions. This is a separately managed account, not a mutual fund.

Fidelity Diversified International Fund invests primarily in a diversified portfolio of equity securities of companies located outside of the United States.

MFS Institutional Large Cap Growth Fund invests primarily in common stocks, with a goal of long-term capital growth. MFS discontinued this fund in December 2006, and it was replaced in the PSIP with the Rainier Large Cap Growth Portfolio on December 21, 2006.

Rainier Large Cap Growth Portfolio invests primarily in the common stock of large companies, with a goal of long-term capital growth. This is a separately managed account, not a mutual fund, and was added to the PSIP on December 21, 2006.

Mutual Fund Window provides access to approximately 260 mutual fund options from more than 20 investment companies.

In April 2006, changes to plan investment options were made. The Plan's Mutual Fund Window offering was updated to mirror Fidelity's Mutual Fund Window offering. Furthermore, Fidelity Magellan Fund was moved out of the core investment options group and into the Mutual Fund Window.

Loans Participants may apply for a loan from the Plan. The total amount owed to the Plan by an individual participant cannot exceed the lowest of 50% of such participant's vested account balance, \$50,000 as adjusted for certain items specified in the Plan document, or the value of the participant's account attributable to basic, supplemental, catch-up and rollover contributions. Loans bear interest at the then current prime rate of interest at the loan date plus 1%. Contractual interest rates ranged from 5% to 11% in fiscal 2007 and 2006. Loans may be repaid over a period not to exceed 5 years, except for residential loans, which must not exceed a term of 10 years. Principal repayments and interest are paid through payroll deductions. For participants who have been terminated or are on leave and are no longer receiving a paycheck, loan repayments may be made via monthly coupon payments. Participant loans totaled \$21,023,000 and \$19,786,000 at March 31, 2007 and 2006.

Payment of Benefits Participants have the right to receive a total distribution of the value of their vested accounts from the PSIP at the time of retirement, death, disability or termination of employment. In general, benefit payments are made in a lump sum cash amount, but participants also may elect a distribution in the form of installments. Former employees may remain participants in the Plan.

Transfers from Other Qualified Plan In July 2006, the net assets from the D&K Healthcare Resources, Inc. Profit Sharing Plan and Trust totaling \$14,242,000 were merged into the Plan.

B Non-Participant Directed Investments

General The McKesson Corporation Employer Company Stock Funds (Allocated and Unallocated) (the Employer Stock Funds) consist of a leveraged Employee Stock Ownership Plan (ESOP). Generally the Allocated fund represents shares that have been allocated to participants through employer contributions and have not been directed to other investment options by the participants. This fund is classified as non-participant directed because only the Company can direct shares into this account. The Unallocated fund represents ESOP shares to be used for the future employer contributions. Participants can transfer matching company contributions from the allocated fund to other participant directed investments, including the Employee Stock Fund, as soon as they are made. Total transfers to the participant directed investments for the years ended March 31, 2007 and 2006 were \$48,090,000 and \$40,144,000. In

fiscal year 2007, employer contributions were funded with 839,000 shares from the ESOP. In fiscal 2006, employer contributions were funded with 908,000 shares from the ESOP.

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2007 AND 2006

Employer Matching Contributions to Participants Accounts Effective the last business day of each month throughout the fiscal year, participant accounts are credited with matching Company contributions, in the form of the Company's common stock based on a percentage of the participants' basic contributions. Effective April 1, 2005, the Plan provides for Company matching contributions to all participants who make elective deferrals in an amount equal to 100% of the employee's deferral for the first 3% of pay deferred, and 50% of the employee's deferral for the next 2% of pay deferred. An additional annual matching contribution may be granted at the discretion of the Company to plan participants; however, there was no additional match allocated for the fiscal year ended March 31, 2007. For the fiscal year ended March 31, 2006, an additional match of \$0.037 for every dollar contributed, up to the first 5% of pay contributed, was allocated to eligible plan participants.

The Internal Revenue Code requires that shares be released for employer contributions according to a formula based on debt service payments under the leveraged ESOP component of the Plan. In fiscal 2007, the Company identified certain errors in calculating the number of shares to be released which resulted in an over release for fiscal 2006. To correct this error, the Company contributed 26,000 additional shares to the Plan in fiscal 2007.

Employer Contributions Dividends on unallocated shares of Company common stock are used to pay the obligations under the ESOP loans. Under the terms of the loan agreements, the Company is required to make cash contributions to the extent that the dividends are not sufficient to service the debt. To pay down such debt obligations, cash contributions amounted to \$11,552,000 and \$14,261,000 in the years ended March 31, 2007 and 2006. In addition, the Company contributed \$484,000 in share contributions to correct the 26,000 share over release in fiscal 2006.

Vesting Employer contributions made on or after April 1, 2005, are 100% vested immediately. Employer contributions made before April 1, 2005 vest ratably over five years of service (20% vests each year over five years). Generally, for employer contributions made before April 1, 2005, 100% vesting is provided upon retirement, disability, death, termination of the Plan, or a substantial reduction in work force initiated by the Company for affected participants. Dividends automatically reinvested in McKesson common stock on and after January 1, 2003 are also 100% vested at all times.

Forfeitures A rehired employee who has met certain levels of service prior to termination may be entitled to have forfeited interests in the PSIP reinstated. Each fiscal year, forfeited interests are used to reinstate previously forfeited amounts of rehired employees and to pay other Plan expenses as appropriate. Forfeitures for the years ended March 31, 2007 and 2006 of employer contributions made before April 1, 2005 were \$1,028,000 and \$1,272,000.

Diversification of Stock Fund Participants may transfer Company contributions to other investment funds as soon as they are made. In addition, participants may diversify past vested Company contributions without restrictions.

Payment of Benefits Distributions are made only upon participant retirement, death (in which case, payment shall be made to the participant's beneficiary), or other termination of employment with the Company. Distributions are made in cash or, if a participant elects, in the form of Company common shares plus cash for any fractional share.

McKesson Corporation Employer Company Stock Funds (Allocated and Unallocated) The following ESOP information regarding the shares of McKesson Corporation common stock held is as of March 31 (in thousands):

| | 2007 | | | 2006 | | |
|-------------|------------------------|------------|----------------------------|---------------------|------------|----------------------------|
| | Number of Shares | Cost Basis | Fair Value of Shares | Number of Shares | Cost Basis | Fair Value of Shares |
| Allocated | 7,639 | \$237,751 | \$447,214 | 8,397 | \$242,395 | \$437,711 |
| Unallocated | 1,024 | 19,283 | 59,918 | 1,837 | 34,606 | 95,754 |
| Total | 8,663 | \$257,034 | \$507,132 | 10,234 | \$277,001 | \$533,465 |

The per share fair market value of McKesson Corporation common stock at March 31, 2007 and 2006 was \$58.54 and \$52.13, respectively.

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2007 AND 2006

The following is a reconciliation of the allocated and unallocated net assets of the Non-Participant Directed Investments at fair value for the years ended March 31 (in thousands):

| | 2007 | | | 2006 | | |
|---|-----------|-------------|----------|-----------|-------------|-----------|
| | Allocated | Unallocated | Total | Allocated | Unallocated | Total |
| Net Assets (beginning of year) | \$440,300 | 70,499 | 510,799 | \$340,007 | \$ 66,422 | \$406,429 |
| Net appreciation | 47,323 | 6,699 | 54,022 | 122,410 | 34,332 | 156,742 |
| Dividends and interest | 2,632 | 345 | 2,977 | 2,737 | 547 | 3,284 |
| Employer contributions | | 12,036 | 12,036 | | 14,261 | 14,261 |
| Benefits paid to participants | (34,905) | | (34,905) | (26,923) | | (26,923) |
| Interest expense | | (1,348) | (1,348) | | (2,850) | (2,850) |
| Administrative fees | (80) | | (80) | | | |
| Allocation of 839 shares, at market | 43,019 | (43,019) | | | | |
| Allocation of 908 shares, at market | | | | 42,213 | (42,213) | |
| Transfers to participant directed investments | (48,090) | | (48,090) | (40,144) | | (40,144) |
| Net Assets (end of year) | \$450,199 | 45,212 | 495,411 | \$440,300 | \$ 70,499 | \$510,799 |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The financial statements of the Plan are prepared in accordance with accounting principles generally accepted in the United States of America.

Cash Equivalents The Plan considers all highly liquid debt instruments with remaining maturities of less than three months at the date of purchase to be cash equivalents.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Plan management to make estimates and assumptions that affect the reported amount of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Risk and Uncertainties The Plan utilizes various investment instruments, including mutual funds, common collective trusts, separately managed accounts and guaranteed investment contracts. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

New Accounting Pronouncement The Plan adopted Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and Statement of Position 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP), which became effective for fiscal years ending on or after December 15, 2006. The FSP requires investment contracts held by a defined-contribution plan to be reported at fair value.

However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by the FSP, the accompanying Statement of Net Assets Available for Benefits presents the fair value of the investment contracts, as well as an adjustment of the fully benefit-responsive investments from fair value to contract value. As required, the provisions of the FSP have been retroactively applied to the Statement of Net Assets Available for Benefits for all periods presented for comparative purposes. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract basis.

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2007 AND 2006

Investment Valuation and Income Recognition Investments in mutual funds are stated at quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Investments in the brokerage link are stated at quoted market prices. Investments in common collective trusts are stated at net asset value. Interests in separately managed funds are valued based on the underlying net assets. Within the Standish Mellon Stable Value Fund (Stable Value Fund), traditional Guaranteed Investment Contracts (GICs) and Variable Synthetic (VS) GICs are stated at estimated fair value using discounted cash flows. Fixed Maturity Synthetic (FMS) GICs are stated at estimated fair value based on market values of publicly traded bonds that are held as the underlying assets within the FMS GICs. The valuation is provided by FT Interactive Data Corporation. Constant Duration Synthetic (CDS) GICs are also held in the Stable Value Fund and are stated at estimated fair value based on market values provided by Barclays Global Investors. Participant loans are valued at the outstanding loan balance. Shares of McKesson Corporation common stock are valued at quoted market prices on March 31, 2007 and 2006. Certain administrative expenses are allocated to the individual funds based upon daily balances invested in each fund and are reflected as a reduction of net appreciation in fair market value of investments and are not separately reflected. Consequently, these management fees and operating expenses are reflected as a reduction of investment return for such investments. All other activity is recorded in the Plan based on the elections of the individual participants in the Plan. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Administrative Fees Administrative fees of the Plan are paid by either McKesson or the Plan, as provided by the Plan document.

Benefits Benefits are recorded when paid.

3. INVESTMENTS

The fair values of individual investments that represent 5% or more of the Plan's net assets at March 31 were as follows (in thousands):

| | 2007 | 2006 |
|--|-------------|-------------|
| McKesson Corporation Employer (Allocated and Unallocated) * and Employee Company Stock Funds | \$562,156 | \$586,718 |
| SSgA S&P 500 Index Fund | 164,525 | 159,392 |
| Dodge & Cox Large Cap Value Fund | 141,066 | 123,576 |
| Standish Mellon Stable Value Fund | 110,128 | 111,338 |

* Non-Participant
Directed

The Stable Value Fund contains investment contracts with insurance companies and financial institutions in order to provide participants with a stable, fixed-rate return on investment and protection of principal from changes in market interest rates.

Traditional GICs are unsecured, general account obligations of insurance companies. The obligation is backed by the general account assets of the insurance company that writes the investment contract. GIC crediting rates are based upon the rate that is agreed to when the insurance company writes the contract and are generally fixed for the life of the contract.

VS GICs consist of an asset or collection of assets that are managed by the bank or insurance company and are led in a bankruptcy remote vehicle for the benefit of the fund (or plan). The contract is benefit responsive and provides next day liquidity at contract value. The VS GICs crediting rate is reset every quarter based on the then current market index rates and investment spread. The investment spread is established when the contract is issued and is guaranteed

by the issuer for the life of the investment.

FMS GICs consist of an asset or collection of assets that are owned by the fund (or plan) and a benefit responsive, contract value wrap contract purchased for the portfolio. The wrap contract provides contract value accounting for the asset and assures that contract value, benefit responsive payments will be made for participant directed withdrawals.

CDS GICs consist of a portfolio of securities owned by the fund (or plan) and a benefit responsive contract value wrap contract purchased for the portfolio. The wrap contract amortizes gains and losses of the underlying securities over the portfolio duration, and assures that contract value, benefit responsive payments will be made for participant directed withdrawals.

**McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2007 AND 2006**

The FMS GICs and CDS GICs use wrap contracts in order to manage market risks and to alter the return characteristics of the underlying portfolio of securities owned by the Stable Value Fund to match certain fixed income fund objectives. There are no reserves against these contract values for credit risk of the contract issuer or otherwise. For both FMS and CDS GICs, the fair values of wraps provided by issuers are valued by Standish Mellon Asset Management using the combination of a cost and income approach. The methodology uses the cost approach to determine a replacement value of each contract based on an internal pricing matrix developed by the portfolio management and trading team of the Standish Mellon Asset Management Stable Value Group. The methodology then uses the income approach to determine the present value of the fee payments related to the contract, using both the current contractual fees as well as the replacement fees generated by the matrix pricing. The fee payments over the duration of the contract are discounted by using comparable duration swap rates. The carrying value of the contract is the present value of the wrapper cost applying replacement fees less the present value of the wrapper cost applying current contractual fees.

The initial crediting rate for both the FMS and CDS GICs are established based on the market interest rates at the time the initial asset is purchased and is guaranteed to have an interest crediting rate not less than zero percent. The FMS GICs crediting rate is set at the start of the contract and typically resets on quarterly basis. The CDS GICs crediting rate resets every quarter based on the contract value, the market value of the underlying assets and the average duration of the underlying assets. The crediting rate for CDS GICs aims at converging the contract value of the contract and market value of the contract and therefore will be affected by interest rate and market changes.

It is probable that withdrawals and transfers resulting from the following events will limit the ability of the fund to transact at book or contract value. Instead, fair value will likely be used in determining the payouts to the participants:

Employer-initiated events events within the control of the plan or the plan sponsor which would have a material and adverse impact on the Fund

Employer communications designed to induce participants to transfer from the fund

Competing fund transfer or violation of equity wash or equivalent rules in place

Changes of qualification status of employer or plan

In general, issuers may terminate the GIC and settle at other than contract value if the qualification status of employer or plan changes, breach of material obligations under the contract and misrepresentation by the contract holder, or failure of the underlying portfolio to conform to the pre-established investment guidelines.

The average yield of the entire Standish Mellon Stable Value Fund based on actual earnings was 4.73% and 4.62% at March 31, 2007 and 2006. The average yield of the GICs based on the interest rate credited to participants was 4.58% and 4.52% at March 31, 2007 and 2006. To calculate the required yield, the amount credited to participants for the last day of the period is annualized and divided by the fair value of the investment portfolio on that date.

The GICs are presented in the Statements of Net Assets Available for Benefits at fair value in the investments total, and adjusted to contract value in determining the net assets available for benefits.

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2007 AND 2006

The portfolio holdings in the Stable Value fund as of March 31, 2007 and 2006 are shown below (in thousands):

| | As of March 31, 2007 | | | Adjustment to Contract Value |
|---|----------------------|-------------------|---------------------|---------------------------------------|
| | Rating | Investment | Wrap | |
| | S&P/ | at Fair | Contract | |
| | Moody s | Value | at Fair Value | |
| Cash /Cash Equivalent: | | | | |
| Fidelity Management Trust Company (STIF) 100-31-TPMZ | Cash/Cash | \$ 4,030 | \$ | \$ |
| IXIS Financial Products, Inc 975-25 (5 year, CMS-19) | AAA/Aaa | 2,017 | | |
| Guaranteed Investment Contracts: | | | | |
| Hartford Life Insurance Company GA 10648A | AA-/Aa3 | 1,376 | | |
| Hartford Life Insurance Company GA 10648B | AA-/Aa3 | 3,452 | | 17 |
| New York Life GA 31486 | AA+/Aaa | 1,517 | | |
| Security Life of Denver SA 0484 | AA/Aa3 | 1,609 | | |
| Fixed Maturity Investment: | | | | |
| Bank of America, N.A. 03-051 | AAA/Aaa | 11,781 | 4 | 231 |
| Monumental Life Insurance Co(Aegon)MDA00441TR | AAA/Aaa | 8,026 | 1 | 114 |
| Rabobank Nederland MCK080301 | AAA/Aaa | 11,813 | 1 | 255 |
| Constant Duration Synthetic: | | | | |
| AIG Financial Products 543454 | AA+/Aa1 | 29,586 | 5 | 236 |
| IXIS Financial Products, Inc WR1075-01 | AA+/Aa1 | 34,330 | 27 | 56 |
| Pooled Funds: | | | | |
| Mellon Stable Value Fund | AA+/Aa1 | 553 | | 5 |
| Total | | \$ 110,090 | \$ 38 | \$ 914 |

| | As of March 31, 2006 | | | Adjustment to Contract Value |
|---|----------------------|------------|---------------------|---------------------------------------|
| | Rating | Investment | Wrap | |
| | S&P/ | at Fair | Contract | |
| | Moody s | Value | at Fair Value | |
| Cash/Cash Equivalent: | | | | |
| Fidelity Management Trust Company (STIF) 100-31-TPMZ | Cash/Cash | \$ \$4,150 | \$ | \$ |
| Guaranteed Investment Contracts: | | | | |

Edgar Filing: MCKESSON CORP - Form 11-K

| | | | | |
|---|---------|-------------------|--------------|-----------------|
| Hartford Life Insurance Company GA 10648A | AA-/Aa3 | 2,060 | | (10) |
| Hartford Life Insurance Company GA 10648B | AA-/Aa3 | 3,269 | | 74 |
| New York Life GA 31486 | AA+/Aaa | 1,486 | | 32 |
| Security Life of Denver SA 0484 | AA/Aa3 | 2,165 | | 34 |
| Principal Life 4-47359-1 | AA/Aa2 | 1,100 | | |
| Fixed Maturity Investment: | | | | |
| Bank of America, N.A. 03-051 | AAA/Aaa | 12,824 | 2 | 428 |
| Monumental Life Insurance | | | | |
| Co(Aegon)MDA00441TR | AAA/Aaa | 10,055 | (1) | 215 |
| Rabobank Nederland MCK080301 | AAA/Aaa | 11,190 | (2) | 470 |
| Rabobank Nederland MCK100201 | AAA/Aaa | 121 | | |
| Constant Duration Synthetic: | | | | |
| AIG Financial Products 543454 | AA+/Aa1 | 27,990 | (5) | 573 |
| IXIS Financial Products, Inc WR1075-01 | AA+/Aa1 | 32,483 | 16 | 405 |
| Pooled Funds: | | | | |
| Mellon Stable Value Fund | AA+/Aa1 | 2,435 | | 43 |
| Total | | \$ 111,328 | \$ 10 | \$ 2,264 |

McKESON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2007 AND 2006

During fiscal 2007 and 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows (in thousands):

| | 2007 | 2006 |
|--|-------------|-------------|
| Common collective trusts | \$ 23,926 | \$ 20,862 |
| Mutual funds | 2,356 | 49,259 |
| Separately Managed Accounts | 16,055 | 21,999 |
| McKesson Corporation Common Stock: | | |
| Employer Company Stock Fund (Allocated and Unallocated)* | 54,022 | 156,742 |
| Employee Company Stock Fund | 6,076 | 14,183 |
| Total | \$ 102,435 | \$ 263,045 |

* Non-Participant
Directed

4. LINE OF CREDIT

In fiscal 1998, the Plan obtained a \$35 million line of credit with ABN AMRO Bank N.V. to refinance a portion of the principal payable under the ESOP loans and to more efficiently manage the number of shares released to fund the employee benefits. The line of credit bears interest at London Interbank Offered Rate (LIBOR) multiplied by the applicable LIBOR adjustment. The line of credit matures on June 1, 2009. On March 31, 2007 and 2006, interest rates were 4.95% and 4.28% on the outstanding balance totaling \$3,000,000 and \$3,600,000. At March 31, 2007 and 2006, the line of credit was collateralized by 101,416 and 225,874 unallocated shares of McKesson Corporation common stock.

5. ESOP PROMISSORY NOTES PAYABLE

In June 1989, the Company amended the Plan to add an additional leveraged ESOP. In June 1989, the Plan purchased from the Company 2,849,003 shares of McKesson Corporation Series B ESOP Convertible Preferred Stock (\$43.875 stated value) for \$125,000,000, financed by a twenty-year term loan from the Company. During fiscal 1995, in connection with the PCS Transaction (a fiscal 1995 transaction involving a reorganization and a sale of a business unit of the Company), all shares of Series B ESOP Convertible Preferred Stock held by the Plan were converted into 5,440,914 shares of Company common stock. In fiscal 1996, in connection with the PCS Transaction, the ESOP purchased 6,259,080 additional shares of Company common stock.

The ESOP promissory note supporting the June 1989 stock purchase is payable to the Company in annual installments plus interest at 8.6% over a twenty-year term ending in fiscal 2010. On March 31, 2007, the outstanding balance of the note was \$11,353,000 (\$20,983,000 at March 31, 2006). This note is collateralized by 922,124 unallocated shares of McKesson Corporation common stock (1,610,955 at March 31, 2006). In July 2006 and July 2005, additional principal payments of \$5,000,000 and \$6,000,000 were made to enable the release of additional shares for employer contributions, and each of the scheduled subsequent loan repayment installments was reduced.

Future minimum principal payments required on this note (including a \$6,000,000 additional payment made in June 2007) are as follows (in thousands):

| Fiscal year | Amount |
|-------------|---------------|
| 2008 | \$ 8,850 |
| 2009 | 1,633 |

| | |
|-------|-----------|
| 2010 | 870 |
| Total | \$ 11,353 |

**McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2007 AND 2006**

6. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by letter dated January 21, 2004, that the Plan is qualified and the trust established under the Plan is tax-exempt, in accordance with the applicable sections of the Internal Revenue Code. In accordance with Revenue Procedure 2006-66, the Plan's sponsor has requested an updated determination letter on the entire Plan as amended, including the requirements of the Economic Growth and Tax Relief Reconciliation Act of 2001, Pub. L. 107-16 (EGTRRA), and all other items identified on the 2005 Cumulative List of Changes in Plan Qualification Requirements. The Company and the Plan administrator believe that the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code and the Plan and related trust continue to be tax-exempt. Therefore no provision for income taxes has been included in the Plan's financial statements.

During fiscal year 2002, the Department of Labor (the DOL) initiated a review of the Plan's operations. The Plan's Sponsor has cooperated with the DOL and has addressed matters, if any, requiring corrective action. On May 4, 2007, the Plan Sponsor was notified that the DOL has closed its examination of the Plan.

7. PLAN TERMINATION

The Company's Board of Directors reserves the right to terminate the Plan. If termination should occur, all participant accounts will immediately vest and each account would receive a distribution equal to the vested account balance. In addition, the unallocated common stock would be liquidated to repay the ESOP promissory notes payable. If the stock liquidation is insufficient to satisfy the notes payable, the Company is obligated to fund the difference.

8. LITIGATION

ERISA Litigation

The Plan's report on Form 11-K for the year ended March 31, 2006, included a description of an action in the United States District Court for the Northern District of California captioned *In re McKesson HBOC, Inc. ERISA Litigation* (N.D. Cal. C-00-20030 RMW) (the ERISA Action), a lawsuit initiated following announcements by McKesson in April, May and July of 1999 that McKesson had determined that certain software sales transactions in its Information Solutions segment, formerly HBO & Company (HBOC), were improperly recorded as revenue and reversed. The ERISA Action was brought on behalf of two putative classes: an HBOC Sub-Class, and a McKesson Sub-Class. The HBOC Sub-Class included participants in the former HBO & Company Profit-Sharing and Savings Plan (the HBOC Plan) and their beneficiaries in the period from March 31, 1996 to April 1, 1999 (the date of the merger of the HBOC Plan into the Plan), for whose benefit the HBOC Plan held and acquired HBOC stock (and, after January 12, 1999, McKesson stock). The McKesson Sub-Class included participants in the Plan (excluding employees of HBOC who became participants in the Plan by virtue of the merger of the HBOC Plan into the Plan on or about April 1, 1999) whose accounts were invested in McKesson stock at any time, who maintained an account balance under the Plan as of April 27, 1999, which included McKesson stock, and who had not received a distribution from the Plan as of April 27, 1999. Plaintiffs in the ERISA Action alleged, among other things, that McKesson, HBOC, and the alleged fiduciaries of the Plan and of the HBOC Plan breached their fiduciary duties.

On May 6, 2005, McKesson reached an agreement to settle all claims for the benefit of the HBOC Sub-Class for approximately \$18.2 million, in exchange for releases in favor of all defendants, including releases of claims the HBOC Sub-Class might have under ERISA, the federal securities laws, or which relate to the holding, voting or acquisition of McKesson or HBOC securities. The court granted final approval to that settlement on September 9, 2005, holding that it was fair, adequate and reasonable to the HBOC Sub-Class. In November 2005, the Plan received the ERISA Action settlement for the HBOC Sub-Class, less attorneys' fees, totaling \$13,654,000. The ERISA litigation proceeds for the HBOC Sub-Class were allocated to the Plan participants on November 17, 2005. In October 2006, the Plan received \$15,000 in residual settlement proceeds which have been allocated to the Plan participants.

In March 2006, the Company reached an agreement to settle all claims for the benefit of the McKesson Sub-Class for \$18.5 million, plus certain accrued interest, minus certain costs and expenses such as plaintiffs' attorneys' fees. The

court granted final approval to that settlement on September 1, 2006, holding that it was fair, adequate and reasonable to the McKesson Sub-Class. This settlement provided for the release of all remaining claims against all defendants in the ERISA Action. In October 2006, the Plan received the ERISA Action settlement for the McKesson Sub-Class, less attorney's fees, totaling \$13,966,000. The ERISA litigation proceeds for the McKesson Sub-Class were allocated to the Plan participants on April 24, 2007.

**McKESON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED MARCH 31, 2007 AND 2006**

Accounting Litigation

Also following the announcements by McKesson in April, May and July of 1999 described above, as of March 31, 2007, numerous lawsuits had been filed against McKesson, HBOC, certain of McKesson's or HBOC's current or former officers or directors, and other defendants, including Bear Stearns & Co. Inc. (Bear Stearns) and Arthur Andersen LLP (Andersen), which lawsuits were consolidated into a single proceeding in the Northern District of California captioned, *In re McKesson HBOC, Inc. Securities Litigation* (No. C-99-20743 RMW) (the Consolidated Action). On January 12, 2005, McKesson announced that it reached an agreement to settle the claims against McKesson in the Consolidated Action. On February 24, 2006, the district court gave final approval to the McKesson settlement of the Consolidated Action, and as a result, McKesson paid approximately \$960 million into an escrow account established by the lead plaintiff in connection with the settlement. On April 13, 2007, the district court gave final approval to the settlement of related claims against Andersen brought pursuant to the Consolidated Action. In that matter, the district court found the settlement of the claims against Andersen for the sum of \$72.5 million in cash, plus accrued interest, was fair, reasonable, and adequate to the settlement class.

The Plan is a member of the class in the Consolidated Action, and as such, has filed claims in connection with both the McKesson and Anderson settlements. Due to the continuing nature of these proceedings, it is unknown what amounts will be distributed to the Plan in relation to settlement of the Consolidated Action.

9. RELATED-PARTY TRANSACTIONS

At March 31, 2007 and 2006, the Plan held approximately 9,592,000 and 11,243,000 common shares of McKesson Corporation, the Plan's sponsor. The shares are held within the McKesson Corporation Employer and Employee Stock Funds and the Leveraged ESOP. At March 31, 2007 and 2006, the Employer Stock Funds held approximately 7,639,000 and 8,397,000 common shares and the Leveraged ESOP held 1,024,000 and 1,837,000 common shares as collateral for the ESOP loans. At March 31, 2007 and 2006, the Employee Stock Fund held approximately 929,000 and 1,009,000 shares, respectively.

McKesson Corporation declared dividends of \$0.24 per share for both fiscal 2007 and 2006. During the years ended March 31, 2007 and 2006, the Employer Stock Funds received dividend income from McKesson Corporation common shares of approximately \$2,344,000 and \$2,673,000. During each of the years ended March 31, 2007 and 2006, the Employee Company Stock Fund received dividend income from McKesson Corporation common shares of approximately \$238,000 and \$235,000.

Certain investment options are managed by Fidelity, which also serves as the Plan's record-keeper and trustee. Therefore, these transactions qualify as party-in-interest transactions. Fees for investment management services are allocated to the participants with balances in those funds.

**McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
YEARS ENDED MARCH 31, 2007 AND 2006**

10. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of the Statement of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits per the financial statements at March 31, 2007 to the Form 5500: Statement of net assets available for benefits:

| | 2007 | 2006 |
|--|--------------|--------------|
| Investments, at fair value per the financial statements | \$ 1,795,736 | \$ 1,651,259 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | | 2,264 |
| Total investments (current value column) per the Form 5500 | \$ 1,795,736 | \$ 1,653,523 |
| Statement of net assets available for benefits: | | |
| | 2007 | 2006 |
| Net assets available for benefit per the financial statements | \$ 1,784,929 | \$ 1,630,857 |
| Adjustment from contract value to fair value for fully benefit-responsive investment contracts | (914) | |
| Net Assets available for benefits per the Form 5500 | \$ 1,784,015 | \$ 1,630,857 |
| Statement of changes in net assets available for benefits: | | |
| | | 2007 |
| Increase in net assets per the financial statements | | \$ 154,072 |
| Adjustment from contract value to fair value for fully benefit-responsive investment contracts | | (914) |
| Net increase in net assets available for benefits per the Form 5500 | | \$ 153,158 |

11. SUBSEQUENT EVENTS

In April 2007, the net assets from the Medcon Telemedicine Technology, Inc. 401(k) Profit Sharing Plan totaling \$234,000 were merged into the Plan. Also, the net assets from the Per Se Technologies Employee Retirement Savings Plan and the NDC Health Corporation 401(k) Plan totaling \$90,489,000 and \$51,867,000 were merged into the PSIP in July 2007.

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
FORM 5500, SCHEDULE H, PART IV, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
MARCH 31, 2007

| Investment/Fund Name | Cost Basis | Shares/Units/Interest Rate | Fair Value |
|---|-------------------|-----------------------------------|-------------------|
| * MCKESSON ER STK FUND (allocated) | \$ 237,751,000 | 7,639,457 | \$ 447,213,806 |
| * MCKESSON ER STK FUND (unallocated) | 19,283,494 | 1,024,000 | 59,918,038 |
| * MCKESSON EE STK FUND | 35,016,720 | 929,000 | 55,023,527 |
| BROKERAGELINK | 13,912,173 | 16,450,603 | 15,049,468 |
| SSGA BOND INDEX | 14,612,122 | 1,080,879 | 18,753,252 |
| SSGA BALANCED | 44,847,091 | 1,501,753 | 54,898,613 |
| WELLINGTON MGMT SMCAP | 29,397,646 | 2,351,556 | 43,783,624 |
| SSGA S&P 500 INDEX | 103,977,858 | 7,533,215 | 164,525,419 |
| DODGE & COX LARGE CAP VALUE FUND | 84,956,587 | 6,837,555 | 141,065,606 |
| UNDERLYING SECURITIES OF STANDISH MELLON STABLE VALUE FUND: | | | |
| Fidelity (STIF) 100-31-TPMZ | 4,029,831 | 5.34% interest rate | 4,029,831 |
| IXIS Financial Products, Inc. 975-25 (5 Year CMS-19) | 2,017,092 | 5.06% interest rate | 2,017,471 |
| Mellon Stable Value Fund | 558,178 | 4.61% interest rate | 552,849 |
| Bank of America, N.A. 03-051 | 12,015,410 | 4.45% interest rate | 11,784,733 |
| Hartford Life GA 10648B | 3,468,862 | 3.76% interest rate | 3,451,815 |
| IXIS Financial Products, Inc. WR 1075-01 | 34,391,160 | 5.16% interest rate | 34,357,533 |
| Monumental Life (Aegon) MDA00441TR | 8,140,991 | 4.01% interest rate | 8,026,603 |
| NYL GA31486 | 1,517,564 | 3.78% interest rate | 1,517,195 |
| Security Life of Denver SA 0484 | 1,608,777 | 3.63% interest rate | 1,608,620 |
| AIG Financial Products 543454 | 29,825,937 | 5.04% interest rate | 29,590,412 |
| Hartford Life GA10648A | 1,376,422 | 5.66% interest rate | 1,376,422 |
| Rabobank MCK080301 | 12,069,105 | 4.12% interest rate | 11,814,224 |
| * FID DIVERSIFIED INTL | 46,067,871 | 1,508,103 | 57,443,644 |
| RAINIER LG CAP GROWTH | 8,513,115 | 850,537 | 8,675,480 |
| PIMCO TOT RETURN ADM | 7,010,401 | 664,005 | 6,925,574 |
| TMPL FOREIGN SM CO A | 496,157 | 25,054 | 559,714 |
| ABF BALANCED PA | 1,026,465 | 76,001 | 1,095,932 |
| ABF LARGE CAP VAL PA | 3,742,514 | 184,103 | 4,243,578 |
| ABF INTL EQUITY PA | 419,418 | 19,348 | 470,929 |
| MUTUAL DISCOVERY A | 2,362,646 | 87,892 | 2,781,786 |
| BARON GROWTH | 12,282,265 | 279,280 | 14,315,876 |
| BARON ASSET FUND | 1,138,977 | 19,476 | 1,198,382 |
| UBS GLOBAL EQ Y | 2,422 | 181 | 2,681 |
| MSI US LG CAP GRTH B | 136,358 | 7,987 | 163,730 |
| CALV NEWVIS SM CP A | 48,833 | 2,817 | 46,826 |
| CALVERT SIF BALNCD A | 55,118 | 2,036 | 62,035 |
| CALVERT SIF BOND A | 138,913 | 8,794 | 139,743 |
| CALVERT SIF: EQUITY A | 1,204 | 32 | 1,194 |
| CALVERT CAP ACC A | 34,147 | 1,511 | 39,796 |
| FMA SMALL COMPANY IS | 893,785 | 42,974 | 922,216 |
| LOOMIS SM CAP VAL R | 427,234 | 15,887 | 435,778 |

Edgar Filing: MCKESSON CORP - Form 11-K

| | | | |
|----------------------|-----------|---------|-----------|
| ARIEL FUND | 5,118,255 | 107,244 | 5,775,113 |
| ARIEL APPRECIATION | 3,444,702 | 79,277 | 3,905,171 |
| LB CORE BOND NB INV | 332,105 | 32,430 | 320,734 |
| FKLN SMMIDCAP GRTH A | 540,030 | 16,481 | 659,243 |
| TEMPLETON FOREIGN A | 6,340,346 | 567,719 | 7,902,645 |
| MUTUAL SHARES CL A | 2,858,570 | 118,464 | 3,164,162 |
| MANAGERS SPECIAL EQ | 84,178 | 953 | 82,196 |
| MSI GLOBAL VAL EQ B | 56,302 | 3,281 | 67,165 |
| MSIFT CP FX INC ADV | 423,614 | 36,742 | 420,700 |
| MSIFT HIGH YIELD ADV | 30,722 | 2,928 | 31,625 |
| MSIFT MIDCAP GTH ADV | 416,216 | 20,031 | 548,035 |

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
FORM 5500, SCHEDULE H, PART IV, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
MARCH 31, 2007

| Investment/Fund Name | Cost Basis | Shares/Units/Interest Rate | Fair Value |
|-----------------------------|-------------------|---------------------------------------|-------------------|
| MSIFT VALUE ADVISER | 348,667 | 21,110 | 379,777 |
| MSI SM CO GROWTH B | 179,947 | 15,299 | 196,897 |
| MSI EMERGING MKTS B | 1,649,733 | 61,134 | 1,812,013 |
| NB FOCUS TRUST | 180,076 | 7,253 | 167,103 |
| NB GENESIS TR CL | 5,535,915 | 131,396 | 6,581,648 |
| NB PARTNERS TRUST | 982,403 | 44,068 | 1,069,523 |
| NB SOCIALLY RESP TR | 381,190 | 24,190 | 434,938 |
| OAKMARK Select I | 488,114 | 14,442 | 473,278 |
| OAKMARK FUND I | 724,804 | 17,085 | 782,501 |
| ALLNZ CCM CAP AP ADM | 341,401 | 19,391 | 382,381 |
| ALLNZ CCM MID CP ADM | 419,476 | 18,215 | 486,352 |
| PIM GLBBND AD UNHDGD | 496,507 | 49,561 | 487,181 |
| PIMCO HIGH YIELD ADM | 1,588,513 | 163,319 | 1,623,392 |
| PIMCO LOW DUR ADM | 347,316 | 34,317 | 341,457 |
| PIMCO LT US GOVT ADM | 933,301 | 85,879 | 915,470 |
| TEMPLETON DEV MKTS A | 1,530,894 | 70,455 | 1,977,680 |
| TEMPLETON GROWTH A | 3,099,938 | 135,526 | 3,502,000 |
| TMPL GLOBAL BOND A | 2,674,822 | 252,092 | 2,803,267 |
| TEMPLETON WORLD A | 1,935,797 | 108,316 | 2,118,655 |
| AIM CONSTELLATION A | 15,586 | 651 | 17,316 |
| CS LG CAP GRTH COM | 59,827 | 3,739 | 67,114 |
| CS MID CAP GRTH COM | 80,540 | 3,204 | 113,084 |
| RS EMERGING GROWTH | 106,393 | 3,268 | 117,673 |
| ARTISAN INTL | 1,583,365 | 59,474 | 1,805,617 |
| MSI INTL EQUITY B | 104,344 | 4,863 | 103,585 |
| NB GUARDIAN TRUST | 93,382 | 6,583 | 98,284 |
| DWS INTERNATIONAL S | 77,498 | 1,430 | 91,587 |
| DOMINI SOCIAL EQUITY | 182,520 | 6,416 | 215,974 |
| RAINIER SM/MID CAP | 966,134 | 26,635 | 1,043,010 |
| DWS GLOBAL OPPTS S | 415,612 | 9,777 | 438,431 |
| JANUS ENTERPRISE | 21 | 1 | 21 |
| AM CENT ULTRA INV | 47,633 | 1,670 | 45,365 |
| AIM GBL AGGR GRTH A | 163,716 | 7,134 | 177,143 |
| MANAGERS BOND FUND | 962,969 | 39,028 | 970,626 |
| MANAGERS CAP APPREC | 791 | 28 | 845 |
| MANAGERS VALUE | 38,335 | 1,320 | 36,586 |
| RS SMALLER CO GROWTH | 151,465 | 7,066 | 150,933 |
| TCW SELECT EQUITY N | 298,568 | 16,024 | 295,640 |
| CS LARGE CAP VALUE A | 133,733 | 6,698 | 122,984 |
| AIM BASIC VALUE A | 40,151 | 1,146 | 42,149 |
| LM VALUE TRUST FI CL | 481,183 | 6,747 | 527,804 |
| NB FSCIANO INVT | 55,291 | 1,348 | 58,449 |

Edgar Filing: MCKESSON CORP - Form 11-K

| | | | |
|----------------------|-----------|---------|-----------|
| ARTISAN MID CAP INV | 754,540 | 24,583 | 771,399 |
| OAKMARK EQ & INC I | 2,079,664 | 82,261 | 2,197,172 |
| ROYCE LOW PR STK SER | 1,710,176 | 101,520 | 1,789,792 |
| WFA SMALL CAP VAL Z | 208,216 | 6,605 | 212,604 |
| VK GROWTH & INCOME A | 1,046,141 | 49,502 | 1,086,568 |
| LD ABBETT AFFILTD A | 188,678 | 12,354 | 189,144 |
| DWS/D HIGH RTN EQ A | 934,812 | 20,279 | 1,017,823 |
| VAN KAMPEN EQ INC A | 676,420 | 75,636 | 686,770 |
| AIM MIDCAP CORE EQ A | 132,919 | 4,620 | 125,851 |
| WEST ASSET CORE FI | 141,212 | 12,571 | 142,927 |
| BARON SMALL CAP | 370,732 | 15,536 | 368,361 |
| WFA C&B MIDCAP VAL D | 651,307 | 28,668 | 659,089 |

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
FORM 5500, SCHEDULE H, PART IV, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
MARCH 31, 2007

| Investment/Fund Name | Cost Basis | Shares/Units/Interest Rate | Fair Value |
|-----------------------------|-------------------|---------------------------------------|-------------------|
| PIMCO REAL RTN BD AD | 584,512 | 54,167 | 589,879 |
| LMP AGGR GROWTH A | 153,106 | 1,370 | 155,891 |
| LB HIGH INC BOND INV | 17,059 | 1,856 | 17,241 |
| ALLNZ NFJ SMCPVAL AD | 1,752,974 | 55,952 | 1,831,880 |
| WFA SM CO VALUE ADM | 151,131 | 9,575 | 154,349 |
| RS PARTNERS A | 418,401 | 11,815 | 431,475 |
| ALL/BERN SMMDCPVAL A | 94,235 | 5,641 | 98,208 |
| COL/ACORN SELECT Z | 1,317,856 | 53,771 | 1,529,798 |
| COL CONS HIGH YLD Z | 43,821 | 5,212 | 44,143 |
| CRM MID CAP VAL INV | 1,176,254 | 41,035 | 1,271,661 |
| ABF SM CAP VAL PA | 747,705 | 36,473 | 798,749 |
| AM CEN LG CO VAL INV | 56,349 | 8,044 | 60,731 |
| NB INTL FUND TRUST | 397,848 | 14,910 | 410,461 |
| LMP LARGE CAP GRTH A | 8,685 | 377 | 8,764 |
| ROYCE TOT RETURN SER | 233,415 | 17,455 | 244,542 |
| AM CENT VISTA INV | 207,134 | 12,978 | 236,845 |
| ROYCE OPPORTUNITY S | 456,517 | 34,094 | 456,519 |
| LD ABBETT SMCP BLD A | 34,063 | 2,008 | 35,658 |
| WFA MIDCP DSCPLD INV | 443,131 | 19,228 | 446,855 |
| RS VALUE A | 105,740 | 3,775 | 109,478 |
| ROYCE VALUE PLUS SER | 3,431,879 | 249,556 | 3,705,905 |
| PNX SMALL-MID CAP I | 24,895 | 1,160 | 23,777 |
| PNX MID CAP VALUE A | 956,750 | 37,786 | 1,005,102 |
| NB REGENCY TRUST | 25,444 | 1,714 | 27,967 |
| LOOMIS GRTH A | 61,024 | 9,616 | 59,809 |
| TOUCHSTN SC SEL GR Z | 7,197 | 923 | 7,347 |
| WA CORE PLUS BOND FI | 147,407 | 14,196 | 149,912 |
| HARTFORD GROWTH Y | 246,511 | 13,266 | 237,729 |
| HTFD INTL CAP APPR Y | 424,397 | 28,932 | 442,075 |
| HTFD SM CAP GROWTH Y | 118,245 | 3,576 | 119,059 |
| * FID FIDELITY | 1,348,836 | 45,413 | 1,658,469 |
| * FID PURITAN | 2,906,468 | 156,100 | 3,156,333 |
| * FID TREND | 199,660 | 3,781,653 | 242,631 |
| * FID SEL COMPUTERS | 14,904 | 403 | 15,961 |
| * FID SEL ELECTRONICS | 53,226 | 1,198 | 53,672 |
| * FID SEL FOOD & AG | 172,352 | 3,059 | 183,473 |
| * FID VALUE STRATEGIES | 98,198 | 2,921 | 99,227 |
| * FID GINNIE MAE | 1,747,789 | 159,553 | 1,719,981 |
| * FIDELITY MAGELLAN | 64,057,995 | 618,953 | 56,522,824 |
| * FID CONTRAFUND | 8,498,839 | 133,123 | 8,715,560 |
| * FID EQUITY INCOME | 4,486,866 | 83,731 | 4,875,630 |
| * FID GROWTH COMPANY | 3,225,018 | 56,554 | 3,931,627 |

| | | | |
|------------------------|------------|-----------|------------|
| * FIDELITY INVST GR BD | 1,160,545 | 156,238 | 1,153,040 |
| * FID GROWTH & INCOME | 52,217,954 | 1,422,135 | 44,086,182 |
| * FID SEL SOFTWARE | 289,099 | 4,546 | 302,964 |
| * FID INTERMED BOND | 7,294,651 | 708,394 | 7,296,463 |
| * FID SEL AIR TRANSPRT | 119,551 | 2,415 | 121,180 |
| * FID CAPITAL & INCOME | 4,808,923 | 567,143 | 5,126,974 |
| * FID VALUE | 9,467,020 | 134,006 | 11,316,797 |
| * FID MORTGAGE SEC | 208,462 | 18,787 | 207,219 |
| * FID SEL GOLD | 1,579,372 | 45,081 | 1,640,059 |
| * FID SEL BIOTECH | 252,483 | 4,072 | 252,574 |
| * FID SEL ENERGY SVCS | 1,252,982 | 19,213 | 1,392,165 |
| * FID SEL INSURANCE | 102,611 | 1,508 | 105,072 |

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
FORM 5500, SCHEDULE H, PART IV, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
MARCH 31, 2007

| Investment/Fund Name | Cost Basis | Shares/Units/Interest Rate | Fair Value |
|-----------------------------|-------------------|---------------------------------------|-------------------|
| * FID SEL RETAILING | 117,741 | 2,199 | 122,595 |
| * FIDELITY US GOVT RES | 2,342,903 | 2,342,903 | 2,342,903 |
| * FIDELITY GOVT INCOME | 1,193,550 | 117,088 | 1,179,077 |
| * FIDELITY CASH RESRVE | 10,798,104 | 10,798,104 | 10,798,104 |
| * FID SEL ENERGY | 3,341,800 | 72,051 | 3,740,871 |
| * FID SEL LEISURE | 159,292 | 1,975 | 158,660 |
| * FID SEL HEALTHCARE | 764,078 | 5,833 | 739,659 |
| * FID SEL TECHNOLOGY | 354,284 | 5,308 | 371,724 |
| * FID SEL UTILITIES GR | 325,577 | 6,169 | 375,614 |
| * FID SEL FINANCIAL | 154,423 | 1,314 | 153,631 |
| * FID SEL DEFENSE | 1,515,106 | 19,132 | 1,632,183 |
| * FID SEL BROKERAGE | 1,178,112 | 15,775 | 1,166,249 |
| * FID SEL CHEMICAL | 249,512 | 3,672 | 262,392 |
| * FID INDEPENDENCE | 281,572 | 15,706 | 351,975 |
| * FID OTC PORTFOLIO | 258,719 | 7,751 | 325,701 |
| * FID OVERSEAS | 779,664 | 20,074 | 931,232 |
| * FID SEL TELECOMM | 194,932 | 4,094 | 211,241 |
| * FID SEL HOME FINANCE | 36,897 | 703 | 32,795 |
| * FID LEVERAGED CO STK | 5,291,072 | 195,675 | 6,073,764 |
| * FID EUROPE | 1,383,920 | 38,834 | 1,565,412 |
| * FID PACIFIC BASIN | 632,672 | 26,307 | 751,852 |
| * FID REAL ESTATE INVS | 10,922,680 | 360,674 | 13,593,785 |
| * FID BALANCED | 12,032,275 | 676,519 | 13,550,677 |
| * FID INTL DISCOVERY | 5,491,225 | 188,523 | 7,375,019 |
| * FID CAP APPRECIATION | 4,435,091 | 172,532 | 4,784,325 |
| * FID CONVERTIBLE SEC | 1,198,974 | 54,654 | 1,449,433 |
| * FID CANADA | 6,109,472 | 153,008 | 7,691,700 |
| * FIDELITY UTILITIES | 1,004,338 | 64,800 | 1,322,573 |
| * FID BLUE CHIP GROWTH | 27,473,502 | 623,158 | 27,443,880 |
| * FID ASSET MANAGER | 8,159,406 | 505,055 | 8,313,207 |
| * FID DISCIPLINED EQTY | 692,756 | 25,039 | 747,923 |
| * FIDELITY LOW PR STK | 14,726,536 | 410,953 | 18,357,281 |
| * FID WORLDWIDE | 500,973 | 26,332 | 547,966 |
| * FID EQUITY INCOME II | 15,327,622 | 670,031 | 15,852,944 |
| * FID STOCK SELECTOR | 158,854 | 6,265 | 176,937 |
| * FID ASSET MGR GRTH | 701,580 | 47,570 | 791,571 |
| * FIDELITY EMERG MRKTS | 5,029,644 | 250,779 | 6,339,703 |
| * FIDELITY AGGR GROWTH | 1,795,420 | 108,792 | 2,160,617 |
| * FID ASSET MGR INCOME | 1,208,720 | 94,939 | 1,213,325 |
| * FID DIVIDEND GROWTH | 5,269,028 | 190,061 | 6,036,343 |
| * FID NEW MARKETS INC | 5,113,504 | 359,224 | 5,352,435 |
| * FID EXP & MULTINATL | 3,286,937 | 160,526 | 3,780,384 |

| | | | |
|-----------------------|-----------|---------|------------|
| * FID FOCUSED STOCK | 150,240 | 14,180 | 183,069 |
| * FID GLOBAL BALANCED | 500,530 | 24,089 | 537,181 |
| * FID AGGRESSIVE INTL | 623,594 | 38,656 | 678,023 |
| * FID SM CAP INDEPEND | 925,570 | 45,817 | 1,011,639 |
| * FID MID CAP STOCK | 7,092,573 | 289,673 | 8,997,236 |
| * FID LARGE CAP STOCK | 761,537 | 50,948 | 905,352 |
| * FID DISCOVERY | 556,239 | 52,118 | 671,800 |
| * FID SMALL CAP STOCK | 3,168,457 | 182,236 | 3,608,267 |
| * FID EUROPE CAP APP | 2,551,480 | 98,611 | 2,811,405 |
| * FIDELITY NORDIC | 1,929,385 | 53,365 | 2,239,176 |
| * FID ASSET MGR AGGR | 567,779 | 49,816 | 682,971 |
| * FID LATIN AMERICA | 7,595,864 | 222,011 | 10,219,184 |

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
FORM 5500, SCHEDULE H, PART IV, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
MARCH 31, 2007

| Investment/Fund Name | Cost Basis | Shares/Units/Interest Rate | Fair Value |
|-----------------------------|-------------------|---------------------------------------|-------------------|
| * FID JAPAN | 961,313 | 60,271 | 1,072,823 |
| * FID SOUTHEAST ASIA | 2,767,269 | 108,873 | 3,118,131 |
| * FID CHINA REGION | 2,360,198 | 113,448 | 2,759,061 |
| * FID SEL BUS SV & OUT | 13,564 | 895 | 15,635 |
| * FID SEL MED EQ & SYS | 205,082 | 8,520 | 205,678 |
| * FID FOUR IN ONE IDX | 563,694 | 21,844 | 656,403 |
| * FID JAPAN SMALLER CO | 824,445 | 63,535 | 801,174 |
| * FID GROWTH & INC II | 705,258 | 72,864 | 825,545 |
| * FID STRATEGIC INCOME | 3,007,205 | 286,263 | 3,048,706 |
| * FID FREEDOM INCOME | 323,316 | 29,446 | 343,344 |
| * FID FREEDOM 2000 | 152,342 | 12,465 | 157,686 |
| * FID FREEDOM 2010 | 3,310,230 | 241,425 | 3,594,819 |
| * FID FREEDOM 2020 | 8,320,420 | 582,261 | 9,223,015 |
| * FID FREEDOM 2030 | 3,644,628 | 250,580 | 4,099,483 |
| * FID SM CAP RTMT | 971,883 | 66,985 | 1,101,909 |
| SPTN TOTAL MKT INDEX | 4,276,955 | 125,105 | 5,020,467 |
| SPTN EXTND MKT INDEX | 1,441,225 | 41,238 | 1,652,830 |
| SPARTAN INTL INDEX | 4,021,096 | 100,802 | 4,633,846 |
| * FID SHORT TERM BOND | 1,173,772 | 131,950 | 1,170,397 |
| * FID INTM GOVT INCOME | 268,877 | 26,604 | 266,310 |
| * FID HIGH INCOME | 1,357,285 | 153,735 | 1,402,067 |
| * FID FIFTY | 1,950,667 | 94,254 | 2,285,654 |
| * FID SEL AUTOMOTIVE | 21,528 | 614 | 24,644 |
| * FID SEL MULTIMEDIA | 11,450 | 248 | 11,802 |
| * FID SEL MEDICAL DEL | 1,211,013 | 24,221 | 1,259,032 |
| * FID SEL PAPER&FOREST | 50,857 | 1,491 | 50,898 |
| * FID SEL BANKING | 257,432 | 7,054 | 233,150 |
| * FID SEL INDUST MATER | 193,580 | 3,802 | 196,704 |
| * FID SEL INDUST EQUIP | 36,689 | 1,277 | 40,566 |
| * FID SEL CONSTR/HOUSE | 249,813 | 5,448 | 243,211 |
| * FID SEL TRANSPORT | 77,689 | 1,605 | 84,471 |
| * FID SEL NATURAL GAS | 1,722,646 | 46,854 | 1,961,789 |
| * FID SEL NATURAL RES | 1,360,142 | 52,729 | 1,601,382 |
| * FID SEL CYCLICAL IND | 19,672 | 968 | 20,091 |
| * FID SEL ENVIRONMENT | 33,836 | 2,053 | 35,455 |
| * FID SEL CONSUMER IND | 6,641 | 243 | 6,620 |
| * FID SEL DEVELOP COMM | 9,765 | 517 | 10,851 |
| * FID SEL PHARMACEUTCL | 169,421 | 16,330 | 178,818 |
| * FIDELITY RETIRE MMKT | 28,063,871 | 28,063,871 | 28,063,871 |
| * FIDELITY RET GOVT MM | 5,160,792 | 5,160,792 | 5,160,792 |
| SPARTAN US EQ INDEX | 4,821,848 | 113,727 | 5,742,089 |
| * FIDELITY US BD INDEX | 2,897,848 | 264,463 | 2,882,645 |

Edgar Filing: MCKESSON CORP - Form 11-K

| | | | |
|------------------------|-----------|---------|-----------|
| * FID INST SH INT GOVT | 231,317 | 24,379 | 232,090 |
| * FID LARGE CAP VALUE | 1,055,139 | 74,132 | 1,118,658 |
| * FID FREEDOM 2040 | 1,856,939 | 209,845 | 2,031,301 |
| * FID MID CAP VALUE | 1,073,643 | 67,572 | 1,179,130 |
| * FID LARGE CAP GROWTH | 513,694 | 45,745 | 526,977 |
| * FID MID CAP GROWTH | 660,912 | 49,247 | 699,804 |
| * FID INFLAT PROT BOND | 396,242 | 35,868 | 390,599 |
| * FID ULTRASHORT BOND | 126,933 | 12,668 | 126,425 |
| * FID FLOAT RT HI INC | 250,292 | 25,123 | 250,223 |
| * FID INTL SMALL CAP | 2,617,178 | 97,326 | 2,571,355 |
| * FID TOTAL BOND | 524,583 | 50,294 | 527,077 |
| * FID VALUE DISCOVERY | 1,220,013 | 72,997 | 1,317,588 |

McKESSON CORPORATION PROFIT-SHARING INVESTMENT PLAN
FORM 5500, SCHEDULE H, PART IV, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)
MARCH 31, 2007

| Investment/Fund Name | Cost Basis | Shares/Units/Interest Rate | Fair Value |
|--|-------------------------|---------------------------------------|-------------------------|
| * FID REAL ESTATE INC | 240,674 | 20,319 | 244,840 |
| * FID SEL NET & INFSTR | 31,289 | 12,753 | 31,244 |
| * FID SEL WIRELESS | 164,652 | 25,542 | 183,647 |
| * FID BLUE CHIP VALUE | 963,280 | 67,323 | 1,020,617 |
| * FID NASDAQ COMP INDX | 150,708 | 4,921 | 160,092 |
| * FID FREEDOM 2005 | 69,395 | 6,057 | 71,710 |
| * FID FREEDOM 2015 | 1,569,585 | 133,127 | 1,657,429 |
| * FID FREEDOM 2025 | 2,385,019 | 190,709 | 2,486,850 |
| * FID FREEDOM 2035 | 1,161,588 | 91,662 | 1,235,608 |
| * FID STRAT DIV & INC | 330,814 | 25,902 | 347,093 |
| * FID FOCUSED HIGH INC | 2,905 | 289 | 2,973 |
| * FID INTL REAL ESTATE | 2,669,372 | 170,038 | 2,948,456 |
| * FID SMALL CAP GROWTH | 322,419 | 21,999 | 336,358 |
| * FID SMALL CAP VALUE | 460,017 | 32,663 | 471,656 |
| * FID INTL SM CAP OPP | 475,604 | 31,363 | 530,030 |
| * FID STRAT REAL RET | 61,690 | 5,981 | 62,323 |
| * OUTSTANDING LOAN BALANCE (3,659 loans, interest rates from 5% to 11%) | | | 21,022,655 |
| Total | \$ 1,316,415,949 | | \$ 1,795,735,500 |

* Party-in-interest

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

McKesson Corporation Profit-Sharing Investment
Plan

Dated: September 25, 2007

/s/ Jeffrey C. Campbell

Jeffrey C. Campbell

Executive Vice President and Chief Financial
Officer

/s/ Paul E. Kirincic

Paul E. Kirincic

Executive Vice President Human Resources