

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re MCKESSON HBOC, INC,
SECURITIES LITIGATION

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Master File No. 99-CV-20743 RMW (PVT)
And Related Cases
CLASS ACTION

This Document Relates To:
ALL ACTIONS.

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF
CLASS ACTION WITH BEAR STEARNS & CO. INC.**

- TO: (1) ALL PERSONS AND ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED PUBLICLY TRADED SECURITIES OF HBO & COMPANY (“HBOC”) DURING THE PERIOD FROM JANUARY 20, 1997 THROUGH AND INCLUDING JANUARY 12, 1999, AND ALL PERSONS OR ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED CALL OPTIONS OR SOLD PUT OPTIONS OF HBOC DURING THE PERIOD FROM JANUARY 20, 1997 THROUGH AND INCLUDING APRIL 27, 1999;
- (2) ALL PERSONS OR ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED PUBLICLY TRADED SECURITIES OR CALL OPTIONS, OR WHO SOLD PUT OPTIONS, OF MCKESSON OR OF MCKESSON HBOC, INC. DURING THE PERIOD FROM OCTOBER 18, 1998 THROUGH AND INCLUDING APRIL 27, 1999; AND
- (3) ALL PERSONS OR ENTITIES WHO HELD MCKESSON COMMON STOCK ON NOVEMBER 27, 1998 AND STILL HELD THOSE SHARES ON JANUARY 12, 1999; AND WHO WERE INJURED THEREBY.

A Federal Court Authorized this notice. This is not a solicitation from a lawyer.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THIS CLASS ACTION AGAINST BEAR STEARNS (THE “BEAR STEARNS SETTLEMENT”) AND, IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS, CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS CONCERNING THE SETTLEMENT. A Proof of Claim and Release form, which is required in order for certain Class Members to participate in the distribution of the funds recovered for the benefit of the Class, was included in the Notices sent to you in connection with the partial settlements that Lead Plaintiff reached with McKesson Corporation (the “McKesson Settlement”) and Arthur Andersen LLP (the “AALLP Settlement”). IF YOU ALREADY SUBMITTED A PROOF OF CLAIM FORM IN CONNECTION WITH THE MCKESSON SETTLEMENT OR THE AALLP SETTLEMENT, THERE IS NO NEED FOR YOU TO SUBMIT ANOTHER ONE. HOWEVER, UNLESS YOU SEEK EXCLUSION FROM THE BEAR STEARNS SETTLEMENT CLASS AS DESCRIBED HEREIN, YOUR PROOF OF CLAIM IN EITHER THE MCKESSON OR AALLP SETTLEMENT WILL BE DEEMED A FULL AND FINAL WAIVER OF ALL CLAIMS YOU HAVE OR MAY HAVE, INCLUDING ANY UNKNOWN CLAIMS (AS DEFINED HEREIN) AGAINST BEAR STEARNS. If you are a class member and you wish to receive monies from the recovery in the Bear Stearns Settlement that Lead Plaintiff has obtained for the Class, but you have not yet submitted a Proof of Claim and Release form, you must properly fill out and submit a Proof of Claim and Release form, postmarked no later than January 11, 2008, to participate in the Bear Stearns Settlement.

The purpose of this Notice is to inform you of the proposed settlement of this class action (the “Litigation”) against Bear, Stearns & Co. Inc. (“Bear Stearns”) for \$10 million in cash plus other benefits described below (the “Bear Stearns Settlement”), and the hearing to be held by the Court to consider the fairness, reasonableness and adequacy of the Bear Stearns Settlement. This Notice describes important rights you may have and what steps you must take if you wish to participate in the Bear Stearns Settlement or wish to be excluded from the Settlement Class. Your legal rights are affected whether you do or do not act. This Notice contains defined terms (which are indicated by initial capital letters), and the definitions for such terms appear at the end of the Notice.

Statement of Plaintiff Recovery: Lead Plaintiff, the New York State Common Retirement Fund (“Lead Plaintiff”), has entered into an agreement pertaining to a settlement of the claims against defendant Bear Stearns, the only remaining defendant in the Litigation. The Lead Plaintiff previously entered into settlements with defendants McKesson and HBO & Company (“HBOC”), for \$960 million in cash plus interest (the “McKesson Settlement”), as more fully described in the Notice of Pendency and Proposed Settlement of Class Action Against McKesson HBOC, Inc. and HBO & Company (the “McKesson Notice”) and with Arthur Andersen LLP (“AALLP”) for \$72.5 million in cash plus interest, plus certain contingent amounts (the “AALLP Settlement”), as more fully described in the Notice of Pendency and Proposed Settlement of Class Action with Arthur Andersen LLP.

The Bear Stearns Settlement will create a settlement fund of \$10 million in cash, plus accrued interest (the “Bear Stearns Settlement Fund”). In addition, as part of the Bear Stearns Settlement, Bear Stearns agrees to withdraw its appeal of the Court’s Final Approval of the McKesson Settlement, currently pending in the United States Court of Appeals for the Ninth Circuit Court (the “Ninth Circuit Appeal”). The Bear Stearns Settlement also will permit distribution of the McKesson Settlement Fund, including the \$10 million that had previously been set aside in escrow from the McKesson Settlement, as set forth in the prior notice of the McKesson Settlement.

Based on the estimated number of damaged shares, as determined by Lead Plaintiff’s damages consultant, and assuming all owners of the affected shares elect to participate, the average recovery for the Bear Stearns Settlement is estimated to be \$0.32 per share of McKesson common stock held on November 27, 1998 and still held on April 27, 1999. Settlement Class Members may recover more or less than this amount depending on, among other factors, when their shares were sold, the number of Settlement Class Members who timely file Claims, and the allocation of the Bear Stearns Settlement Fund (the “Plan of Allocation”), as more fully described below in this Notice. The actual recovery of Settlement Class Members may be further reduced by the payment of fees and costs from the Bear Stearns Settlement Fund.

Statement of Potential Outcome: Bear Stearns denies all liability and disputes the maximum amount of damages recoverable and the average amount of damages per security that could be recovered if Lead Plaintiff were to prevail on the claims asserted against Bear Stearns. The amount of damages could increase or decrease significantly using different assumptions and methodologies. The issues on which the parties disagree include, for example:

- (a) whether Bear Stearns made any materially false or misleading statements or omissions;
- (b) whether Members of the Class suffered losses caused by any alleged misstatements or omissions made by Bear Stearns;
- (c) the amount of damages incurred (if any) by Members of the Settlement Class;
- (d) whether Bear Stearns violated the federal securities laws; and
- (e) the extent to which other parties and non-parties are at fault for the alleged losses.

Reasons for the Settlement: A full statement of the reasons for the Settlement is set forth below in this Notice. In summary, Lead Plaintiff believes the Settlement is fair, reasonable, and is in the best interest of the Settlement Class. Lead Plaintiff believes that \$10 million in cash, plus interest; Bear Stearns’ withdrawal of the Ninth Circuit Appeal, which will allow for the distribution of the McKesson Settlement Fund to the Members of the Settlement Class; and the mutual releases

that will effectively end all actions related to the Litigation, confers a substantial benefit to the Settlement Class after more than eight years of litigation. In addition, the Bear Stearns Settlement will result in a further benefit in that it will ensure the distribution of the \$10 million of the McKesson Settlement that was placed in escrow to reimburse McKesson, HBOC or McKesson's Released Persons for any amounts McKesson, HBOC or McKesson's Released Persons may have been required to pay to Bear Stearns for attorneys fees or costs that Bear Stearns incurred as a result of Lead Plaintiff's claims against Bear Stearns in the Litigation. In recommending the Settlement, Lead Plaintiff and Lead Counsel considered, among other factors, the immediacy of recovery to the Settlement Class in lieu of protracted litigation through trial and appeals; the defenses asserted in the Litigation; and the inherent uncertainty and risk associated with a complex action, such as this one.

Statement of Attorneys' Fees and Costs Sought: If the Bear Stearns Settlement is approved by the Court, Lead Counsel, subject to the approval of Lead Plaintiff, will make an application to the Court for an award of attorneys' fees in connection with this Settlement. That application shall not exceed 4% of the Bear Stearns Settlement Fund, or \$400,000, in accordance with the written retainer agreement between Lead Plaintiff and Lead Counsel, dated October 20, 2003. If the amount is authorized by Lead Plaintiff and approved by the Court, the average cost would be approximately \$0.01 per share of McKesson common stock held on November 27, 1998 and still held on April 27, 1999, but this cost per share could vary depending on various factors, including the number of shares for which claims are filed. Lead Counsel, subject to the approval of Lead Plaintiff, also will apply for payment of out-of-pocket costs and expenses incurred in prosecution of the Settlement Class's claims and not previously reimbursed in connection with the McKesson Settlement or the AALLP Settlement, including fees of Lead Plaintiff's consultants and experts in total amount not to exceed \$1,300,000. In addition, Lead Counsel, subject to approval of Lead Plaintiff, will apply for the costs of administering the Bear Stearns Settlement, providing notice to the Settlement Class and evaluating Proofs of Claim. These expenses cannot be estimated at this time.

Identification of Attorneys; Representatives: Lead Counsel are available to answer questions from members of the Settlement Class concerning any matter contained in this Notice:

LEAD COUNSEL FOR LEAD PLAINTIFF AND THE SETTLEMENT CLASS

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

David R. Stickney
Timothy A. Delange
12481 High Bluff Drive, Suite 300
San Diego, CA 92130

BARRACK, RODOS & BACINE

Leonard Barrack
M. Richard Komins
3300 Two Commerce Square
2001 Market Street
Philadelphia, PA 19103

Further information is also available through the Internet websites of Lead Counsel: www.blbglaw.com/settlements/mckesson_securities.html and www.barrack.com and the website of the Claims Administrator at www.mckessonhbocttlement.com.

Notice of Hearing on Proposed Settlement: A settlement hearing (the "Fairness Hearing") will be held on January 4, 2008 at 9:00 a.m. before the Honorable Ronald M. Whyte in the United States Courthouse, Courtroom 6, 4th Floor, 280 South First Street, San Jose, California 95113, for the purpose of determining: (1) whether a judgment should be entered approving the proposed settlement of claims against Bear Stearns in the Litigation for the sum of \$10 million in cash plus interest, plus certain releases described below as may be required as fair, reasonable, and adequate to the Settlement Class, and dismissing on the merits, and with prejudice the claims that are, or ever have been, asserted in the Litigation by or on behalf of Lead Plaintiff and the Settlement Class against Bear Stearns, and barring and enjoining the institution and prosecution by all Settlement Class Members of any action against the Bear Stearns Released Persons (defined below) in any court asserting any Released Claim; (2) whether an order should be entered approving as fair and equitable the Plan of Allocation, which is consistent with respect to the claims of holders of Settlement Class Securities with the plan of allocation previously approved in connection with the McKesson and AALLP Settlements; and (3) whether an order should be entered approving the application of Lead Counsel for the payment of attorneys' fees, reimbursement of expenses and interest thereon. The Court may adjourn or continue the Fairness Hearing without further Notice to the Settlement Class.

The Litigation and Background of the Settlement: The following is a summary of key events in the Litigation relating to the Bear Stearns Settlement. For a more detailed summary, including events relating to McKesson, AALLP and other

parties, Settlement Class Members are referred to the McKesson and AALLP Notices, which are available on the websites of Lead Counsel and the Claims Administrator listed above.

On April 28, 1999 and thereafter, 54 class actions were filed in the United States District Court for the Northern District of California by and on behalf of persons who purchased or otherwise acquired publicly traded securities of McKesson or HBOC or who held McKesson shares on November 27, 1998 and continued to hold shares through January 12, 1999.

By orders entered on November 2, 1999 and December 22, 1999, the Court consolidated all related actions pending before it pursuant to Fed. R. Civ. P. 42(a).

On December 22, 1999, the Court appointed the New York State Common Retirement Fund as the lead plaintiff for the consolidated action under Master File No. 99-CV-20743 RMW (PVT). The Court appointed the law firms of Bernstein Litowitz Berger & Grossmann LLP and Barrack Rodos & Bacine as Lead Counsel for Lead Plaintiff and the putative class. The putative class was defined in the Complaint as (i) all persons and entities who purchased or otherwise acquired publicly traded securities of HBOC during the period from January 20, 1997 through and including January 12, 1999, and who were injured thereby, including (but not limited to) all persons and entities who acquired HBOC common stock in exchange for shares in companies acquired by HBOC pursuant to certain HBOC registration statements; (ii) all persons and entities who purchased or otherwise acquired publicly traded securities or call options, or who sold put options, of McKesson or McKesson HBOC during the period from October 18, 1998 through and including April 27, 1999, and who were injured thereby including (but not limited to) all persons and entities who acquired McKesson common stock in exchange for shares of HBOC pursuant to the McKesson registration statement and (iii) all persons and entities who held McKesson common stock on November 27, 1998 (the record date for eligibility of McKesson shareholders to vote on the Merger) and still held those shares on January 12, 1999 (the date of the vote) and who were injured thereby. Excluded from the putative class were (i) the defendants in the Litigation; (ii) members of the immediate family of each individual defendant in the Litigation; (iii) any entity which any defendant had a controlling interest; (iv) any person who was an officer or a director of HBOC, McKesson or McKesson HBOC (or their subsidiaries or affiliates) during the class period; (v) any person who was an officer, director, employee or affiliate of Bear Stearns during the class period; (vi) any person who was a partner in Arthur Andersen during the class period; and (vii) the legal representatives, heirs, successors or assigns of any such excluded party. Lead Plaintiff and Lead Counsel thereafter prosecuted this Litigation on behalf of the putative class, including defeating various motions to dismiss, pursuing extensive discovery, fully opposing Bear Stearns' motion for summary judgment and preparing the case for trial.

On February 25, 2000, Lead Plaintiff filed its Amended and Consolidated Class Action Complaint (the "ACC"), which alleged various claims under the Securities Exchange Act of 1934 and the Securities Act of 1933 against multiple defendants. Bear Stearns was named as a defendant in the ACC and Lead Plaintiff asserted claims for violation of Section 14(a) of the Exchange Act of 1934 and 14a-9 promulgated by the Securities Exchange Commission. Almost all defendants, including Bear Stearns, filed motions to dismiss and Lead Plaintiff opposed such motions. On September 28, 2000, the Court granted certain motions to dismiss and denied others; the court dismissed, with leave to amend, the claims filed against Bear Stearns. Thereafter, on November 14, 2000, Lead Plaintiff filed a Second Amended and Consolidated Class Action Complaint (the "SAC"). Lead Plaintiff, once again, named Bear Stearns as a defendant. In addition to re-alleging the Section 14(a) and Rule 14a-9 claims against Bear Stearns, Lead Plaintiff also asserted claims against Bear Stearns for violations of Section 10(b) of the Securities Act of 1933.

Bear Stearns moved to dismiss the claims brought against it in the SAC and Lead Plaintiff again opposed the motion. By order dated January 8, 2002, the Court granted, with leave to amend, Bear Stearns' motion to dismiss, the Section 10(b) claim and the Section 14(a) claim. On February 14, 2002, Lead Plaintiff filed the operative complaint, the Third Amended and Consolidated Class Action Complaint (the "Complaint"), which included the same claims against Bear Stearns as the SAC. Once again, Bear Stearns moved to dismiss the claims. On January 6, 2003, the Court granted, with prejudice, Bear Stearns' motion to dismiss the Section 10(b) claim, but denied Bear Stearns' motion to dismiss the Section 14(a) claim. Generally, Lead Plaintiff alleged that Bear Stearns negligently made materially false or misleading statements in the Joint Proxy Statement disseminated in November 1998 to McKesson shareholders to solicit their proxy votes in favor of the proposed merger between McKesson and HBOC (the "Merger"). These allegedly false or misleading statements included

Bear Stearns' Fairness Opinion that the terms of the Merger were "fair from a financial point of view" to McKesson shareholders.

Lead Plaintiff previously settled its claims with both McKesson and AALLP. On February 24, 2006, the Court entered its order granting Final Approval of the McKesson Settlement, and on April 13, 2007, the Court entered its order granting Final Approval of the AALLP Settlement.

Bear Stearns objected to certain provisions of the McKesson Settlement and timely appealed the Court's approval of that Settlement to the Court of Appeals for the Ninth Circuit. The Ninth Circuit has not yet heard argument on the appeal or ruled.

On December 8, 2005, Bear Stearns filed the New York State Action against McKesson, claiming, among other things, that McKesson breached certain provisions of the Engagement Agreement entered into by Bear Stearns and McKesson in connection with the Merger. McKesson moved to dismiss Bear Stearns' claims, and the Court dismissed some of the claims and upheld others. Bear Stearns' remaining claims against McKesson are still pending. Bear Stearns has moved for partial summary judgment in the New York State Action, and McKesson has cross-moved for partial summary judgment.

Since January 2003, Lead Plaintiff, through Lead Counsel, has conducted extensive pretrial discovery and thoroughly analyzed the facts and claims against Bear Stearns, including the following:

- (a) Prior to the start of formal discovery, Lead Counsel located and interviewed witnesses about the facts leading to this Litigation and obtained internal company documents authored by Bear Stearns with respect to which, among other things, Lead Plaintiff alleged defendants' violations of the federal securities laws.
- (b) After formal discovery began, Lead Plaintiff, through Lead Counsel, served document requests on the named defendants and served subpoenas for production of documents to relevant non-parties.
- (c) Bear Stearns produced thousands of pages of documents. In addition, McKesson, HBOC and other named defendants produced more than two million pages of documents to Lead Plaintiff, who, through counsel, and with the assistance of expert consultants, reviewed such documents for their impact on the Litigation.
- (d) Lead Plaintiff, through Lead Counsel, also conducted numerous depositions of Bear Stearns' employees, including the depositions of senior managing directors, a managing director, and Bear Stearns' President and co-Chief Operating Officer, in which Lead Counsel examined the witnesses regarding the procedures performed and matters investigated by Bear Stearns in connection with rendering the Fairness Opinion
- (e) Lead Plaintiff, through Lead Counsel, also conducted and concluded expert discovery. Lead Plaintiff submitted the expert reports of three experts, defended the depositions of three experts and deposed Bear Stearns' two experts.
- (f) Lead Plaintiff, through Lead Counsel, opposed Bear Stearns' motion for summary judgment.
- (g) Lead Plaintiff, through Lead Counsel, took numerous steps towards preparing for trial, including filing an extensive joint pretrial statement with the Court.
- (h) On August 9, 2007, approximately one month prior to the anticipated start date of the trial, Lead Plaintiff, Bear Stearns and McKesson agreed to all material terms of the Settlement.

Reasons for the Settlement: Lead Plaintiff decided to accept the terms of the Bear Stearns Settlement after consultation with Lead Counsel. When negotiating and deciding to accept the Bear Stearns Settlement and recommend it to the Court, Lead Plaintiff considered a variety of factors. These include:

- (a) \$10 million in cash confers an immediate and substantial benefit to the Settlement Class.
- (b) The Bear Stearns Settlement Amount is in addition to the \$960 million received from the McKesson Settlement, and the \$72.5 million in cash received in the AALLP Settlement that will be paid to Members of the Settlement Class herein.
- (c) The Bear Stearns Settlement is in cash and includes interest earned thereupon beginning five days after the Court granted preliminary approval of the Settlement on September 28, 2007.
- (d) The risks of succeeding at trial against Bear Stearns and recovering against Bear Stearns are significant in light of the defenses that Bear Stearns has asserted and given the proportionate liability requirements of the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), under which a defendant may be obligated to pay only for the portion of damages for which the defendant is held responsible, as well as the settlement credit provisions of the PSLRA, under which Bear Stearns may be able to reduce any judgment by the amounts of the McKesson and AALLP settlements.
- (e) The terms of the Bear Stearns Settlement require that Bear Stearns dismiss with prejudice its Ninth Circuit Appeal, which will allow Lead Plaintiff, through Lead Counsel to distribute the McKesson Settlement Fund.
- (f) As part of the Bear Stearns Settlement, Bear Stearns has agreed to dismiss with prejudice the New York State Action and McKesson and Bear Stearns have agreed to mutual releases, thereby ending all litigation related to the Litigation. This will ensure distribution to the authorized claimants in the McKesson and AALLP Settlements, including members of the Settlement Class herein, of the \$10 million of the McKesson Settlement that was placed in escrow to reimburse McKesson, HBOC or McKesson's Released Persons for any amounts McKesson, HBOC or McKesson's Released Persons may have been required to pay to Bear Stearns for attorneys fees or costs that Bear Stearns incurred as a result of Lead Plaintiff's claims against Bear Stearns in the Litigation.
- (g) Prosecution through trial and appeals will substantially delay distribution of any recovery to the Settlement Class Members. Lead Plaintiff recognizes the uncertain outcome and risk of any litigation, especially complex class actions such as the Litigation. Even if Lead Plaintiff prevailed at trial, there exists a possibility that the Settlement Class could receive nothing or less than the Settlement Amount.

Based on their evaluation, Lead Plaintiff and Lead Counsel believe that the Settlement as set forth in the Stipulation, as well as the withdrawal of the Ninth Circuit Appeal and other benefits described above, confers substantial benefits upon the Settlement Class and is in the best interest of the Settlement Class.

Defendants' Statement and Denials of Wrongdoing and Liability: At all times, Bear Stearns has denied and continues to deny each and all of the claims and contentions alleged by Lead Plaintiff that Bear Stearns has committed, or has threatened or attempted to commit, any wrongful act in violation of law or duty of any nature, and contends that it has acted properly under the circumstances and has meritorious defenses to the Complaint. Nevertheless, Bear Stearns desires to settle and terminate the claims of Lead Plaintiff and the Settlement Class Members so as to avoid the substantial expense, inconvenience and distraction of continued litigation. Bear Stearns, therefore, has determined that it is desirable and beneficial to it that the Litigation be settled in the manner and upon the terms and conditions set forth in the Stipulation.

Terms of the Proposed Settlement: The Stipulation of Settlement entered into by Lead Plaintiff, Bear Stearns, and McKesson provides that \$10 million in cash (the "Settlement Fund") will be paid into an interest-bearing escrow account within five days from the date the Court grants preliminary approval of the Settlement, which was September 28, 2007. Lead Plaintiff and the Settlement Class Members are releasing the Bear Stearns' Released Claims, as explained below, and dismissing on the merits and with prejudice all claims that are or ever have been asserted against the Bear Stearns Released Persons. Pursuant to the terms of the Stipulation of Settlement, Bear Stearns has dismissed with prejudice the Ninth Circuit Appeal. The Bear Stearns Settlement will also resolve all claims in the New York State Action.

A portion of the settlement proceeds will be used for certain administrative expenses including costs of printing and mailing this Notice, the cost of publishing a summary of the notice, payment of any taxes assessed against the Settlement Fund and costs associated with the processing of claims submitted, and to pay for attorney fees, expenses and interest thereon awarded to Lead Counsel.

Release and Dismissal of the Action: If the Settlement is approved, the Court will enter a judgment that will dismiss on the merits and with prejudice all of the Settlement Class Members' claims against Bear Stearns. The Court will bar and permanently enjoin the Lead Plaintiff and each Settlement Class Member, whether or not such Settlement Class Member has submitted a Proof of Claim, from prosecuting any Released Claims, including Unknown Claims, against Bear Stearns Released Persons and any such Settlement Class Member shall be conclusively deemed to have fully, finally and forever released, relinquished and discharged any and all such Released Claims.

Plan of Allocation: The Stipulation provides for an allocation of the Settlement Fund among Settlement Class Members who held common stock of McKesson on November 27, 1998 and held continuously through April 27, 1999 and submit valid and timely Proof of Claim forms in accordance with the Plan of Allocation. The Plan of Allocation for the Bear Stearns Settlement is the same as that portion of the plan of allocation used for the McKesson Settlement and AALLP Settlement concerning shares of McKesson common stock held as of November 27, 1998 and held continuously thereafter through April 27, 1999. That plan of allocation was approved by the Court by orders entered on February 24, 2006, for the McKesson Settlement, and on April 13, 2007 for the AALLP Settlement. Along with the Bear Stearns Settlement, Lead Plaintiff seeks Court approval for the Plan of Allocation described in this Notice, but approval of the Bear Stearns Settlement is independent from approval of the Plan of Allocation. In other words, any determination with respect to the Plan of Allocation will not affect the Bear Stearns Settlement. Neither Bear Stearns, Bear Stearns Released Persons, McKesson nor McKesson Released Persons has any role in, or responsibility for, or liability whatsoever for the Plan of Allocation.

Under the Plan of Allocation, for each valid Proof of Claim received by the Claims Administrator, the Claims Administrator will calculate a "Claim Amount" that may result in the Settlement Class Member being eligible to receive a share of the Net Bear Stearns Settlement Fund. An Authorized Claimant's "Claim Amount" shall be calculated by multiplying the claim per share (to be calculated as explained below) by the number of shares of McKesson common stock held as of the close of business on November 27, 1998 and continuously thereafter through the close of business on April 27, 1999. Each Authorized Claimant shall receive a *pro rata* share of the Net Bear Stearns Settlement Fund, which shall be the Authorized Claimant's net Claim Amount divided by the total of all net Claim Amounts, multiplied by the total amount of the Net Bear Stearns Settlement Fund. Please note that any recovery from the Net Bear Stearns Settlement Fund may be less, and likely will be less, than the Class Member's Claim Amount, depending on the number and amount of timely and valid claims. In addition, Authorized Claimants shall receive a *pro rata* share of the net McKesson Settlement Fund and the net AALLP Settlement Fund, which *pro rata* shares shall be calculated in accordance with the plan of allocation described in the Notices for the McKesson and AALLP Settlements. Members of the Settlement Class should consult those Notices for a more detailed description of how your Net Claim Amount for those settlements is calculated.

Under the Plan of Allocation, there is no recovery for McKesson shares held as of November 27, 1998 but sold prior to April 28, 1999. Likewise, because the Court previously dismissed with prejudice the Section 10(b) claims against Bear Stearns, there is no additional recovery from the Bear Stearns Settlement for Settlement Class Members who purchased publicly traded securities of McKesson or McKesson HBOC between October 13, 1998, through and including April 27, 1999. In addition, because no claims have been asserted against Bear Stearns on behalf of all persons and entities who purchased or otherwise acquired publicly traded securities of HBO & Company ("HBOC") during the period from January 20, 1997 through and including January 12, 1999, and all persons or entities who purchased or otherwise acquired call options or sold put options of HBOC during the period from January 20, 1997 through and including April 27, 1999, there is no additional recovery from the Bear Stearns Settlement for those Settlement Class Members. However, Settlement Class Members who purchased or otherwise acquired publicly traded securities of HBO & Company ("HBOC") during the period from January 20, 1997 through and including January 12, 1999, and all persons or entities who purchased or otherwise acquired call options or sold put options of HBOC during the period from January 20, 1997 through and including April 27, 1999, or who purchased publicly traded securities of McKesson or McKesson HBOC between October 18, 1998, through and including April 27, 1999, and timely submitted valid proof of claim forms in the McKesson Settlement or the AALLP Settlement and do not file a request for exclusion from the Bear Stearns Settlement will waive all claims against Bear Stearns, including any Unknown Claims, as set forth herein.

Settlement Class Members who purchased or otherwise acquired publicly traded securities of HBO & Company (“HBOC”) during the period from January 20, 1997 through and including January 12, 1999, and all persons or entities who purchased or otherwise acquired call options or sold put options of HBOC during the period from January 20, 1997 through and including April 27, 1999, or who purchased publicly traded securities of McKesson or McKesson HBOC between October 18, 1998, through and including April 27, 1999, and timely submitted valid proof of claim forms in the McKesson Settlement or the AALLP Settlement will recover from the proceeds of those prior settlements in accordance with the plan of allocation described in the Notices for the McKesson and AALLP Settlements.

Each Authorized Claimant’s net Claim Amount for this Bear Stearns Settlement for shares of McKesson common stock held as of the close of business on November 27, 1998 and continuously thereafter through April 27, 1999 shall be calculated as follows:

- (a) For shares of McKesson common stock held as of the close of business on November 27, 1998 that were still held as of the close of business on May 24, 1999, the claim per share is \$25.62;
- (b) For shares of McKesson common stock held as of the close of business on November 27, 1998 that were sold between April 28 and May 24, 1999, the claim per share is \$21.03.

For Settlement Class Members who sold McKesson HBOC stock during the period between January 12, 1999 and May 24, 1999, the determination of the number of shares of McKesson stock held on November 27, 1998 that were retained through April 27, 1999 will be made by matching sales against earlier purchases, acquisitions or holdings using the first-in-first-out (“FIFO”) method as follows:

- (i) first, shares sold between January 12, 1999 and May 24, 1999 will be matched against the remaining, unmatched shares in the combined opening balance of McKesson common stock and HBOC common stock (adjusted for the Merger exchange ratio of .37 McKesson HBOC shares for every share of HBOC common stock) as of the close of business on January 19, 1997;
- (ii) second, any remaining, unmatched sales will be matched against McKesson shares purchased or acquired on or before January 12, 1999, HBOC shares purchased or acquired on or before January 12, 1999, adjusted for the Merger exchange ratio, and purchases or acquisitions of McKesson HBOC shares after January 12, 1999 but prior to the sale, beginning with the earliest first, regardless of type of shares.

For claimants who had opening balances of both McKesson and HBOC common stock on January 19, 1997 that were not matched against sales before January 13, 1999 and who sold shares of McKesson HBOC stock between January 13, 1999 and May 24, 1999, it will be assumed that the proportions of the shares sold from the unmatched McKesson opening balance and the shares sold from the unmatched HBOC opening balance (adjusted for the merger exchange ratio) were the same as the proportions of the respective unmatched opening balances. In matching sales of McKesson HBOC shares held by claimants whose earliest unmatched purchases of both McKesson and HBOC stock were on the same date on or before January 12, 1999, it will be assumed that the proportions of McKesson and HBOC shares that were sold were the same as the respective proportions of each type of stock purchased on the date in question (the HBOC shares being adjusted for the merger exchange ratio).

In applying the FIFO method in the calculation of the Claim Amount on HBOC common stock purchased between January 20, 1997 and January 12, 1999 and exchanged for McKesson HBOC shares in connection with the January 12, 1999 merger, the purchase date will be deemed to be the date on which the HBOC shares were originally purchased. In addition, HBOC common shares received by claimants in exchange for the stock of companies acquired by HBOC between January 20, 1997 and January 12, 1999 will be deemed to have been purchased on the date the acquisitions were consummated.

After Court approval of the Settlement and upon satisfaction of other conditions to the Settlement, the Settlement Fund shall be distributed as follows:

1. To pay all costs and expenses incurred in connection with providing notice to the Settlement Class, locating members of the Settlement Class, soliciting claims, assisting with the filing of claims, administering and distributing the Settlement Fund to the Settlement Class Members, processing proofs of claim, processing requests for exclusion, escrow fees and costs.
2. To pay Lead Counsel the amount approved by Lead Plaintiff and awarded by the Court as attorneys' fees, plus interest, and to pay Lead Counsel the amount approved by Lead Plaintiff and awarded as costs and expenses, including fees of experts and consultants, plus interest at the same rate as earned by the Settlement Fund. Lead Counsel may make payments of fees and expenses to counsel for other plaintiffs, as Lead Plaintiff and Lead Counsel deem appropriate based on their relative contribution to the prosecution and resolution of the Litigation.
3. To pay tax and expenses owed by the Settlement Fund.
4. To distribute the balance of Net Settlement Fund to Authorized Claimants as provided in the Plan of Allocation or as otherwise ordered by the Court.

Bear Stearns and its counsel shall have no responsibility for, interest in, or liability whatsoever with respect to:

- (a) Any act, omission or determination of Lead Plaintiff, Lead Counsel or their designees or agents in connection with the administration of the Settlement;
- (b) The management, investment or distribution of the Settlement Fund or the Net Bear Stearns Settlement Fund;
- (c) The determination, administration, calculation, or payment of any claims asserted against the Settlement Fund or Net Bear Stearns Settlement Fund; or
- (d) The Plan of Allocation.

Order Certifying a Settlement Class for Purposes of Settlement: On September 28, 2007, the Court certified a class for settlement purposes only. The Settlement Class is defined above.

Participation in the Settlement; Proofs of Claims: If you fall within the definition of the Settlement Class, you will remain a Settlement Class Member unless you elect to be excluded from the Settlement Class. If you do not request to be excluded from the Settlement Class, you will be bound by any judgment entered with respect to the settlement in the Litigation whether or not you file a Proof of Claim.

If you wish to remain a Settlement Class member, you do not need to do anything (other than timely file a valid Proof of Claim and Release if you wish to participate in the distribution of the Net Settlement Fund AND you have not previously filed a Proof of Claim and Release in connection with the McKesson Settlement or the AALLP Settlement). Your interests will be represented by Lead Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

IF YOU HAVE ALREADY FILED A PROOF OF CLAIM IN CONNECTION WITH EITHER THE MCKESSON SETTLEMENT OR THE AALLP SETTLEMENT, YOU DO NOT HAVE TO FILE ANOTHER PROOF OF CLAIM TO PARTICIPATE IN THIS BEAR STEARNS SETTLEMENT. HOWEVER, UNLESS YOU SEEK EXCLUSION FROM THE BEAR STEARNS SETTLEMENT CLASS AS DESCRIBED HEREIN, YOUR PROOF OF CLAIM IN EITHER THE MCKESSON OR AALLP SETTLEMENT WILL BE DEEMED A FULL AND FINAL WAIVER OF ALL CLAIMS YOU HAVE OR MAY HAVE, INCLUDING ANY UNKNOWN CLAIMS (AS DEFINED HEREIN) AGAINST BEAR STEARNS. If you have NOT already filed a proof of claim and you are a member of the Settlement Class herein, to participate in the distribution of the Net Settlement Fund, you must timely complete and return the valid Proof of Claim and Release Form that accompanies this Notice. The Proof of Claim and

Release must be postmarked on or before January 11, 2008 and delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

Exclusion from the Class: You may request to be excluded from the Settlement Class for the Bear Stearns Settlement. To do so, you must mail a written request stating that you wish to be excluded from the Bear Stearns Settlement Class to:

In re McKesson HBOC, Inc. Securities Litigation
c/o Analytics Incorporated, Claims Administrator
P.O. Box 2005
Chanhassen, MN 55317-2005

REMINDER: IF YOU WISH TO BE EXCLUDED FROM THIS BEAR STEARNS SETTLEMENT, YOU MUST SUBMIT A REQUEST FOR EXCLUSION EVEN IF YOU PREVIOUSLY SUBMITTED A REQUEST TO BE EXCLUDED FROM EITHER THE MCKESSON SETTLEMENT OR THE AALLP SETTLEMENT.

The request for exclusion must state:

- (a) your name, address, and telephone number;
- (b) all purchases, acquisitions and sales of McKesson, HBOC or McKesson HBOC securities, including the dates of purchase, acquisition or sale, the number of securities purchased, acquired or sold and the price paid or received per security; and
- (c) that you wish to be excluded from the Class.

YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE DECEMBER 4, 2007. If you submit a valid and timely request for exclusion *for this Bear Stearns Settlement*, you shall have no rights under the Bear Stearns Settlement, shall not share in the distribution of the Net Bear Stearns Settlement Fund, and shall not be bound by the Stipulation or the Judgment. Bear Stearns shall have the option to terminate the Bear Stearns Settlement in the event that members of the Settlement Class representing more than a certain number of shares request exclusion from the Settlement Class.

Conditions of the Settlement: The Bear Stearns Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things, entry of the Judgment by the Court, as provided for in the Stipulation. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might terminate and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of September 23, 2007.

The Right to be Heard at the Hearing: Any Settlement Class Member who has not validly and timely requested to be excluded from the Bear Stearns Settlement Class, and who objects to any aspect of the Bear Stearns Settlement, the Plan of Allocation, or the application for attorneys' fees, costs and expenses, may appear and be heard at the Fairness Hearing. Any such person must submit a written notice of objection, and such papers must be received on or before December 21, 2007 by each of the following:

Clerk of the Court
United States District Court
Northern District of California
280 South First Street, Room 2112
San Jose, CA 95113

LEAD COUNSEL FOR LEAD PLAINTIFF AND THE SETTLEMENT CLASS

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

David Stickney
Timothy A. Delange
12481 High Bluff Drive, Suite 300
San Diego, CA 92130

BARRACK, RODOS & BACINE

Leonard Barrack
M. Richard Komins
3300 Two Commerce Square
2001 Market Street
Philadelphia, PA 19103

COUNSEL FOR DEFENDANT BEAR STEARNS & CO.

CADWALDER, WICKERSHAM & TAFT, LLP

Jonathan M. Hoff
Gregory Zimmer
One World Financial Center
New York, NY 10281

LATHAM & WATKINS LLP

Paul H. Dawes
140 Scott Drive
Menlo Park, CA 94025

The notice of objection must demonstrate the objecting Person's membership in the Settlement Class, including the number of subject securities held, purchased and sold and contain a statement of the reasons for objection. Unless otherwise ordered by the Court, any Settlement Class Member that does not timely file and serve a written objection will have waived his, her, or its objection. Only Settlement Class Members who have submitted written notices of objections in this manner will be entitled to be heard at the Fairness Hearing, unless the Court orders otherwise.

Attorneys' Fees, Costs and Expenses of Lead Counsel: At the conclusion of the Fairness Hearing described above, Lead Counsel with the approval of Lead Plaintiff will apply to the Court for an award of attorneys' fees and payment of costs and expenses. The fee application shall be submitted by Lead Counsel with the prior approval of Lead Plaintiff and shall otherwise be in accordance with the retainer agreement between Lead Plaintiff and Lead Counsel, dated October 20, 2003.

Under the retainer agreement, Lead Counsel agreed to undertake this litigation on an entirely contingent basis, meaning that Lead Counsel would not be compensated at all, or reimbursed for any expenses they incur on behalf of the Class, unless there is a recovery achieved for the Class. Lead Counsel further agreed that they will not file a fee application without the prior approval of the Lead Plaintiff, as set forth within the terms and conditions of the retainer agreement, and that any such fee application will be bound by the fee grid and other provisions of the retainer agreement.

Consistent with the retainer agreement, Lead Counsel, with the approval of Lead Plaintiff, shall apply for fees not to exceed 4% of the Settlement Fund, or \$400,000, together with interest at the same rate as earned by the Settlement Fund.

The application for reimbursement of expenses, which also will be made with the approval of Lead Plaintiff at the conclusion of the Fairness Hearing, shall not exceed \$1,300,000, together with interest earned on said sums at the same rate as earned by the Settlement Fund. This amount includes fees and expenses of the experts and consultants retained by Lead Counsel, with the approval of Lead Plaintiff, on behalf of the Settlement Class, and does not include reimbursement of costs for which reimbursement was awarded by the Court in connection with the McKesson Settlement or the AALLP Settlement.

Approval of the Bear Stearns Settlement is independent from approval of Lead Counsel's application for an award of attorneys' fees and payment of costs and expenses. Any determination with respect to Lead Counsel's application for an award of attorneys' fees and payment of costs and expenses will not affect the Bear Stearns Settlement, if approved.

Special Notice to Nominees: Banks, brokerage firms, institutions, and other persons who are nominees or who purchased or acquired McKesson or HBOC securities during the Settlement Class Period AND WHO DID NOT PROVIDE THE INFORMATION REQUESTED BELOW IN RESPONSE TO THE NOTICE OF THE MCKESSON SETTLEMENT OR THE AALLP SETTLEMENT are required within ten (10) days of receipt of this Notice to: (1) provide the Claims

Administrator with the names and addresses of such beneficial purchasers; or (2) forward a copy of this Notice to each such beneficial purchaser and provide the Claims Administrator with written confirmation that the Notice has been so forwarded. Upon request, Lead Counsel will pay your reasonable costs and expenses of complying with this provision upon submission of appropriate documentation. Additional postage pre-paid copies of this Notice may be obtained for forwarding to such beneficial owners. All such correspondence should be addressed as follows:

In re McKesson HBOC, Inc. Securities Litigation
c/o Analytics Incorporated, Claims Administrator
P.O. Box 2005
Chanhassen, MN 55317-2005

Examination of Papers: This Notice is a summary and does not describe all of the details of the Stipulation. For full details of the matters discussed in this Notice, you may review the Stipulation filed with the Court, which may be inspected during normal business hours, at the Office of the Clerk of the Court at the United States District Courthouse, 280 South First Street, Room 2112, San Jose, California 95113.

If you have any questions about the settlement of the Litigation, you may contact Lead Counsel by writing:

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
David Stickney
Timothy A. Delange
12481 High Bluff Drive, Suite 300
San Diego, CA 92130

BARRACK, RODOS & BACINE
Leonard Barrack
M. Richard Komins
3300 Two Commerce Square
2001 Market Street
Philadelphia, PA 19103

Definitions Used In This Notice

1. The terms used herein have the following meaning:
 - (a) “Authorized Claimant” means any Settlement Class Member or duly authorized representative who submits a Claim that is allowed pursuant to the terms of this Stipulation.
 - (b) “Bear Stearns Settlement” means the settlement of the Litigation between and among Lead Plaintiff, on behalf of itself and the Settlement Class, Bear Stearns and McKesson as set forth in the Stipulation.
 - (c) “Claim” means the submission made by or on behalf of Settlement Class Members on the Proof of Claim and Release form authorized by the Court in connection with the prior settlement with McKesson and HBOC or the prior settlement with Arthur Andersen LLP (“AALLP”) (which Proof of Claim shall be deemed a release of all claims, including all Unknown Claims, against Bear Stearns as set forth herein), or which shall be made on the Proof of Claim and Release form, attached hereto as Exhibit D, or as may be required by the Court.
 - (d) “Court” means the United States District Court for the Northern District of California
 - (e) “District Court Approval” means the entry of the Judgment by the Court.
 - (f) “Effective Date” or “Final Approval” means the first business day following the date on which the Order granting District Court Approval is finally affirmed on appeal or is no longer subject to appeal or certiorari, and the time for any petition for reargument, appeal, or review, by certiorari or otherwise, has expired.

- (g) “Engagement Agreement” means the agreement dated October 14, 1998, executed by McKesson on October 17, 1998, which set forth the terms of McKesson’s retention of Bear Stearns as McKesson’s financial advisor in connection with the Merger.
- (h) “Fairness Opinion” means the October 17, 1998 opinion by Bear Stearns, contained in the Joint Proxy Statement, wherein Bear Stearns stated, among other things, that the exchange ratio for the Merger was fair to McKesson shareholders from a financial point of view.
- (i) “HBOC” means HBO & Company, also known as McKesson Information Solutions LLC, its subsidiaries and predecessors.
- (j) “Judgment” means the judgment to be entered in the Litigation pursuant to paragraph 5 of the Stipulation.
- (k) “Lead Counsel” means the law firms of Bernstein Litiowitz Berger & Grossmann LLP and Barrack Rodos & Bacine.
- (l) “Lead Plaintiff” means the New York State Common Retirement Fund.
- (m) “Litigation” means the class actions (other than the ERISA class action captioned In re McKesson HBOC, Inc. ERISA Litigation) filed in or transferred to the Court on and after April 28, 1999 that have been consolidated within Master File No. 99-CV-20743 RMW (PVT).
- (n) “McKesson” means McKesson Corporation and its subsidiaries and predecessors, including HBOC.
- (o) “Merger” means the business combination between HBOC and McKesson, which was completed on January 12, 1999.
- (p) “Net Bear Stearns Settlement Fund” means the Settlement Fund less the costs associated with notice to the Settlement Class and administration of the Settlement of any taxes, attorneys’ fees, expert fees, costs and expenses approved by the Court.
- (q) “New York State Action” means the action brought by Bear Stearns against McKesson in the Supreme Court of the State of New York, New York County, Index No, 604304/05.
- (r) “Ninth Circuit Appeal” means Bear Stearns’ appeal docketed in the United States District Court of Appeals for the Ninth Circuit, No. 06-15587.
- (s) “Person” means any individual, corporation, partnership, association, affiliate, joint stock company, estate, trust, unincorporated association, entity, government and any political subdivision thereof, or any other type of business or legal entity.
- (t) “Plan of Allocation” means the plan or formula for allocating the Net Bear Stearns Settlement Fund whereby the Net Bear Stearns Settlement Fund shall, with Court approval, be distributed to Authorized Claimants.
- (u) “Proxy” or “Joint Proxy” means the statement issued by McKesson and HBOC on November 27, 1998, soliciting shareholder approval of the Merger.
- (v) “Released Claims” means and includes:
 - (1) With respect to the Bear Stearns Released Persons:
 - (a) the release by Lead Plaintiff and all Settlement Class Members of any and all claims and causes of action of every nature and description, whether known or Unknown Claims, including all claims that have been acquired or may be acquired in the

future, whether under federal, state, common or foreign law based upon, arising out of, or relating in any way to investments during the Settlement Class Period (including, but not limited to, purchases, sales, exercises, and decisions to hold or vote) in Settlement Class Securities, including without limitation all claims arising out of or relating to any disclosures, public filings, registration statements, financial statements, fairness opinion, or other statements by McKesson, HBOC, AALLP, Bear Stearns, or any other Person, as well as any and all claims (whether known or Unknown Claims) asserted or that could have been asserted by Lead Plaintiff or any member of the Settlement Class in the Litigation against the Bear Stearns Released Persons;

(b) the release of all claims whether known or Unknown Claims, asserted or unasserted by or on behalf of McKesson against the Bear Stearns Released Persons relating in any way to any of the acts, events or occurrences alleged in the Litigation or relating to the subject matter of the New York State Action, including any claim for attorneys fees or costs.

(2) With respect to Lead Plaintiff's Released Persons, the release of any and all claims whether known or Unknown Claims, asserted or unasserted by or on behalf of Bear Stearns against Lead Plaintiff; the current and former Comptrollers of the State of New York; the New York State and Local Retirement Systems and the past, present, or future officers and employees of any of the foregoing and their predecessors, successors and assigns, and the heirs, administrators, executors and personal representatives of each, Lead Counsel, Settlement Class Members, and all of their past, present or future officers, directors, associates, stockholders, controlling persons, representatives, employees, attorneys, underwriters, financial or investment advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, personal representatives, estates, or administrators that have been or could have been asserted, whether under state, federal, common or administrative law, relating to the subject matter of the Litigation, including the institution or prosecution of the Litigation or relating to the subject matter of the New York State Action.

(3) With respect to the McKesson Released Persons, the release of any and all claims whether known or Unknown Claims, asserted or unasserted by or on behalf of Bear Stearns against the McKesson Released Persons relating in any way to any of the acts, events or occurrences alleged in the Litigation or relating to the subject matter of the New York State Action, including any claim for attorneys fees or costs.

(w) "Released Persons" means and includes "Bear Stearns Released Persons," "Lead Plaintiff's Released Persons" and "McKesson Released Persons" as follows:

(1) "Bear Stearns Released Persons" means Bear, Stearns & Co. Inc. and each of its parent entities, affiliates, subsidiaries, predecessors, successors, or assigns, and each of its past, present or future officers, directors and employees, and the past, present and future associates, stockholders, controlling persons, representatives, employees, attorneys, auditors and accountants, underwriters, insurers, financial or investment advisors or agents, assigns, heirs, executors, trustees, general or limited partners or partnerships, personal representatives, estates, or administrators of each.

(2) "Lead Plaintiff's Released Persons" shall mean and include the Lead Plaintiff, and all other Settlement Class Members, the current and former Comptrollers of the State of New York, the New York State and Local Retirement Systems and the past, present, or future officers and employees of any of the foregoing and their predecessors, successors and assigns, and the heirs, administrators, executors and personal representatives of each, their respective present and former parents, subsidiaries, divisions and affiliates, the present and former employees, officers and directors of each of them, the present and former attorneys, accountants, insurers, and agents of each of them, and the

predecessors, heirs, successors and assigns of each and any person or entity in which the Lead Plaintiff or any other Settlement Class Member has or had a controlling interest or which is or was related to or affiliated with the Lead Plaintiff or any other Settlement Class Member.

- (3) “McKesson Released Persons” shall mean and include McKesson, HBOC, the Individual Defendants, McKesson’s and HBOC’s parent entities, affiliates, subsidiaries, predecessors, successors, or assigns, and each of McKesson’s and HBOC’s past, present or future officers, directors, including specifically but not limited to Alan Seelenfreund, Mary G.F. Bitterman, Tully M. Friedman, John M. Pietruski, David S. Pottruck, Carl E. Reichardt, Jane E. Shaw, Robert H. Waterman, Alfred C. Eckert, Alton F. Irby, Gerald E. Mayo, and James V. Napier, and the past, present and future associates, stockholders, controlling persons, representatives, employees, attorneys, auditors and accountants, underwriters, insurers, financial or investment advisors or agents, assigns, heirs, executors, trustees, general or limited partners or partnerships, personal representatives, estates or administrators of each.
- (x) “Settlement Amount” or “Settlement Fund” means the ten million dollars (\$10,000,000.00) and any earnings thereupon. On or about October 5, 2007, ten million dollars (\$10,000,000.00) was deposited into an interest-bearing escrow account for the benefit of the Settlement Class (the “Cash Payment”).
- (y) “Settlement Class” means all persons and entities who purchased or otherwise acquired publicly traded securities of HBO & Company (“HBOC”) during the period from January 20, 1997 through and including January 12, 1999, and all persons or entities who purchased or otherwise acquired call options or sold put options of HBOC during the period from January 20, 1997 through and including April 27, 1999; all persons and entities who purchased or otherwise acquired publicly traded securities or call options, or who sold put options, of McKesson or of McKesson HBOC, Inc. during the period from October 18, 1998, through and including April 27, 1999, and who were injured thereby; and all persons and entities who held McKesson common stock on November 27, 1998, and still held those shares on January 12, 1999 and who were injured thereby. Excluded from the Settlement Class are: (i) all present and former defendants; (ii) members of the immediate family of each individual defendant; (iii) any person who was an officer or a director of HBOC or McKesson (or their subsidiaries or affiliates) during the Settlement Class Period; (iv) any person who was an officer, director, employee or affiliate of Bear Stearns during the Settlement Class Period; (v) any person who was a partner in AALLP during the Settlement Class Period; (vi) the legal representatives, heirs, successors or assigns of any such excluded party; and (vii) any entity in which such excluded person has a controlling interest. As used in this paragraph, “officer of HBOC or McKesson” means any person employed by HBOC or McKesson who held a position at or above the level of assistant vice president. As used in this paragraph, “any entity in which such excluded person has a controlling interest” or “affiliate” means that any such entity is excluded from the Settlement Class to the extent that the entity itself has a proprietary (i.e., for its own account) interest in any Settlement Class Securities.
- (z) “Settlement Class Member” means a member of the Settlement Class who does not submit a timely, signed request for exclusion.
- (aa) “Settlement Class Period” means the period beginning January 20, 1997 through April 27, 1999, inclusive.
- (bb) “Settlement Class Securities” means all publicly traded securities of McKesson or HBOC during the Settlement Class Period, including (i) McKesson common stock and common stock options; (ii) HBOC common stock and common stock options; (iii) McKesson 6.60% Exchange Notes due 2000; (iv) McKesson 6-7.8% Exchange Notes due 2002; (v) McKesson 7.65% Exchange Debentures due 2027; (vi) McKesson 6.60% Notes due 2000; (vii) McKesson 6.875 Notes due 2002; (viii) McKesson 7.65% Debentures due 2027; (ix) McKesson 6.30% Exchange Notes due 2005; (x) McKesson 6.40% Exchange Notes due 2008; (xi) McKesson 6.30% Notes due 2005; (xii) McKesson 6.40% Notes due 2008; (xiii) McKesson Financing Company of Canada 6.55% Notes due 2002; (xiv) McKesson 4-1/2% Exchangeable Subordinate Debentures due 2004; (xv) McKesson Financing Trust 5% Convertible Preferred Securities due 2007.

- (cc) “Settling Parties” or “Parties” means the Lead Plaintiff, Bear Stearns and McKesson.
- (dd) “Stipulation” means the Stipulation and Agreement of Settlement Between Lead Plaintiff, Bear, Stearns & Co. Inc., and McKesson Corporation dated September 24, 2007.
- (ee) “Unknown Claims” means any Released Claims that Bear Stearns, McKesson Lead Plaintiff or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision to enter into or not to object to this Settlement. With respect to any and all Released Claims, the parties hereto agree that, upon the Effective Date, Bear Stearns, McKesson and Lead Plaintiff shall have expressly waived, and each of the Settlement Class Members shall be deemed to have waived, and by operations of the Judgment shall have waived, the provisions, rights and benefits of California Civil Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Bear Stearns, McKesson and Lead Plaintiff shall have expressly waived, and each of the Settlement Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code § 1542. Bear Stearns and Lead Plaintiff and the Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but upon the Effective Date, Bear Stearns, McKesson and Lead Plaintiff shall have expressly fully, finally, and forever settled and released, and each Settlement Class Member shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to subsequent discovery or existence of such different or additional facts. Bear Stearns, McKesson and Lead Plaintiff acknowledge, and Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement of which this subparagraph is a part.

- 2. Any term not defined herein shall have the same definition as set forth in the Stipulation.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

BY ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA