

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

In re MCKESSON HBOC,INC. SECURITIES LITIGATION	:	Master File No. 99-CV-20743 RMW (PVT) And Related Cases
	:	
	:	
	:	<u>CLASS ACTION</u>
This Document Relates To: ALL ACTIONS.	:	
	:	Date: April 13, 2007
	:	Time: 9:00 a.m.
	:	Place: Courtroom 6, Fourth Floor
	:	Judge: The Honorable Ronald M. Whyte

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF
CLASS ACTION WITH ARTHUR ANDERSEN LLP**

- 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 AND ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED PUBLICLY TRADED SECURITIES OR CALL OPTIONS, OR WHO SOLD PUT OPTIONS, OF MCKESSON CORPORATION (“MCKESSON”) OR OF MCKESSON HBOC, INC. DURING THE PERIOD FROM OCTOBER 18, 1998 THROUGH AND INCLUDING APRIL 27, 1999; AND
- (3) 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.

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 PARTIAL SETTLEMENT OF THIS CLASS ACTION 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 a Class Member to participate in the distribution of the funds recovered for the benefit of the Class, was included in the Notice sent to you in connection with the partial settlement that Lead Plaintiff reached with McKesson Corporation (the “McKesson Settlement”). IF YOU ALREADY SUBMITTED A PROOF OF CLAIM FORM IN CONNECTION WITH THE MCKESSON SETTLEMENT, THERE IS NO NEED FOR YOU TO SUBMIT ANOTHER ONE. If you are a Class Member and you wish to receive monies from the recoveries in both the McKesson Settlement and this AALLP 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 May 10, 2007, to participate in the McKesson and AALLP Settlements.

The purpose of this Notice is to inform you of the proposed partial settlement of this class action (the “Litigation”) against Arthur Andersen LLP for \$72.5 million in cash plus interest, plus certain contingent amounts described below (the “AALLP Settlement”), and the hearing to be held by the Court to consider the fairness, reasonableness and adequacy of the AALLP Settlement. This Notice describes important rights you may have and what steps you must take if you wish to participate in the AALLP 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 this Notice.

Statement of Plaintiff Recovery: Lead Plaintiff, the New York State Common Retirement Fund (“Lead Plaintiff”), has entered into a proposed settlement of the Litigation with defendant Arthur Andersen LLP (“AALLP”). The AALLP Settlement, however, is only a partial settlement of the Litigation, and Lead Plaintiff will continue to pursue claims against Bear Stearns & Co. Inc. (“Bear Stearns” or the “Non-Settling Defendant”). Lead Plaintiff previously entered into a settlement (the “McKesson Settlement”) with defendants McKesson Corporation (including the company formerly known as McKesson HBOC, Inc.) (“McKesson”), HBO & Company (“HBOC”), and the Individual Defendants (defined below), as more fully described in the Notice of Pendency and Proposed Settlement of Class Action Against McKesson HBOC, Inc. and HBO & Company.

The AALLP Settlement will create a settlement fund of at least \$72.5 million in cash, plus accrued interest (the “AALLP Settlement Fund”). In addition, the AALLP will make or cause to be made additional payments to the AALLP Settlement Fund in accordance with the following formulas and under the following conditions (the “Contingent Payments”): (a) an amount equivalent to 5% of the amounts, if any, actually paid by the Settling Defendant to AALLP’s present or former partners, participating principals, national partners and national directors in repayment of any and all subordinated notes issued in respect of paid in capital and/or subordinated loans (the Parties acknowledge that repayment of said notes is contingent on many factors and that payments on the notes are currently suspended); and (b) the “Additional Settlement Amount” defined below.

AALLP has agreed that if it settles any single action that is not part of the Litigation (an “Other Action”) for a “Net Cash Amount” (as defined in this paragraph) in excess of the \$72.5 million in cash paid in this AALLP Settlement (the “Cash Payment”), AALLP shall pay to the Lead Plaintiff an amount equal to the difference between such Net Cash Amount and the Cash Payment (such difference being referred to herein as the “Additional Settlement Amount”). In connection with any subsequent settlement of an Other Action, the sum of the Cash Payment and all Additional Settlement Amounts shall become the Cash Payment for purposes of calculating whether the Settling Defendant shall be required to pay an Additional Settlement Amount in accordance with the previous sentence. The term “Net Cash Amount” means the amount paid by AALLP in settlement of an Other Action less any insurance recovery to AALLP.

The AALLP Settlement Fund and the Contingent Payments are in addition to the settlement fund of \$960 million created previously by 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 AALLP Settlement is estimated to be \$0.32 per share of McKesson, McKesson HBOC, and HBOC common stock (in McKesson stock equivalents). Settlement Class Members may recover more or less than this amount and may even recover nothing depending on, among other factors, when their shares were purchased or sold, the number of Settlement Class Members who timely file Claims, and the allocation of the AALLP Settlement Fund (the “Plan of Allocation”), as more fully described below in this Notice. In addition, the aggregate per share calculation may be further reduced by amounts that, under the Plan of Allocation, may be claimed by purchasers of certain call options, sellers of put options, or purchasers of publicly traded McKesson debentures and preferred securities. The actual recovery of Settlement Class Members may be further reduced by the payment of fees and costs from the AALLP Settlement Fund.

Statement of Potential Outcome: AALLP denies all liability and strongly 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 each claim asserted against AALLP. 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 AALLP failed to perform its audits and reviews of HBOC’s financial statements in accordance with generally accepted auditing standards;
- (b) whether the statements made by AALLP, in particular its audit opinions and quarterly reviews were materially false or misleading or otherwise actionable under the federal securities laws;
- (c) the appropriate economic models for determining the amounts by which HBOC and McKesson securities were artificially inflated (if at all) during the Settlement Class Period;
- (d) the amounts by which HBOC and McKesson securities were artificially inflated (if at all) during the Settlement Class Period;
- (e) the effect of various market forces influencing the trading prices of HBOC and McKesson securities at various times during the Settlement Class Period;
- (f) whether AALLP’s partners and employees acted recklessly, negligently or properly when issuing AALLP’s audit opinions and quarterly reviews during the Settlement Class Period;
- (g) whether AALLP violated the federal securities laws; and
- (h) 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 in the best interests of the Settlement Class. Lead Plaintiff believes that \$72.5 million in cash, plus interest, confers a substantial benefit to the Settlement Class after more than seven years of litigation. Lead Plaintiff considered, among other factors, the immediacy of the recovery to the Settlement Class in lieu of protracted litigation through trial and appeals; the defenses asserted in the Litigation; the inherent uncertainty and risk associated with a complex action, such as this one; the ability of AALLP to withstand a judgment in a greater amount; and the claims against the remaining Non-Settling Defendant.

Statement of Attorneys’ Fees and Costs Sought: If the AALLP 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 6.2% of the AALLP Settlement Fund, or \$4,495,000, 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 per damaged share would be approximately \$0.02, 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, including fees of Lead Plaintiff’s consultants and experts in a total amount not to exceed \$2 million. In addition, Lead Counsel, subject to the approval of Lead Plaintiff, will

apply for the costs of administering the AALLP 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:

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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.mckessonhbo settlement.com.

Notice of Hearing on Proposed Settlement: A settlement hearing (the "Fairness Hearing") will be held on April 13, 2007 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 the claims against AALLP in the Litigation for the sum of \$72.5 million in cash, plus accrued interest, and such Contingent Payments 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 AALLP, and barring and enjoining the institution and prosecution by all Settlement Class Members of any action against the Defendant's Released Persons (defined below) in any court asserting any Released Claim; (2) whether an order should be entered approving as fair and equitable for this AALLP Settlement the Plan of Allocation, which was previously approved in connection with the McKesson Settlement; 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 this AALLP Settlement. For a more detailed summary, including events relating to McKesson and other parties, Settlement Class Members are referred to the Notice of Pendency and Proposed Settlement of Class Action Litigation Against McKesson HBOC, Inc. and HBO & Company, which is 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. AALLP was named as a defendant in at least one of these actions.

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. Lead Plaintiff and Lead Counsel thereafter prosecuted this Litigation on behalf of the putative class, including defeating various motions to dismiss, pursuing extensive discovery and preparing the case for trial.

On February 25, 2000, Lead Plaintiff filed its Amended and Consolidated Class Action Complaint (the "ACCAC"), which alleged various claims under the Securities Exchange Act of 1934 and the Securities Act of 1933 against multiple defendants. AALLC was not named as a defendant in the ACCAC. Almost all defendants filed motions to dismiss the ACCAC, and following the Court granting certain motions to dismiss and denying others, on November 14, 2000, Lead Plaintiff filed a Second Amended and Consolidated Class Action Complaint ("SACCAC"). Lead Plaintiff named AALLP as a defendant in the SACCAC and asserted claims against AALLP therein under Sections 10(b) and 14(a) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14a-9 promulgated by the Securities and Exchange Commission.

AALLP moved to dismiss the claims against it in the SACCAC. By order dated January 8, 2002, the Court denied AALLP's motion to dismiss. AALLP thereafter filed a motion for reconsideration of the denial of its motion to dismiss, which the Court subsequently denied. On February 15, 2002, Lead Plaintiff filed the operative complaint, the Third Amended and Consolidated Class Action Complaint, which included the same claims against AALLP as the SACCAC.

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

- (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 which, among other things, Lead Plaintiff alleged AALLP's 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) AALLP produced thousands of pages of documents, including copies of its working papers for its audits, audit procedures, and quarterly reviews of HBOC's financial statements for the years ended 1996, 1997, and 1998, and the fiscal quarters within those years. In addition, McKesson, HBOC and the 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) Over several months of thorough review by teams of attorneys, and as to documents produced by AALLP and others, assisted by accounting and auditing experts, these documents were logged, organized in an electronic database according to their relevance to the various components of the case, and analyzed.
- (e) Lead Plaintiff, through Lead Counsel, also conducted numerous depositions by the time the Settlement with AALLP was reached, including depositions of the engagement partner, concurring partner, manager, senior staff, and other participants in AALLP's audits, audit procedures, quarterly reviews, and procedures performed in connection with the restatement of HBOC's and McKesson HBOC's financial statements.
- (f) Settlement discussions were extensive and protracted. Lead Plaintiff conducted extensive due diligence regarding AALLP's financial condition, including known and potential liabilities, and its available insurance, to evaluate AALLP's ability to fund a settlement and its ability to satisfy a judgment in an amount materially greater than the AALLP Settlement Amount.
- (g) On December 19, 2006, the parties agreed to the material terms of the AALLP Settlement.

Reasons for the Settlement: Lead Plaintiff decided to accept the AALLP Settlement after consultation with Lead Counsel and experts retained to assist them. When negotiating and deciding to accept the AALLP Settlement and recommend it to the Court, Lead Plaintiff considered a variety of factors. These include:

- (a) \$72.5 million in cash confers an immediate and substantial benefit to the Settlement Class.
- (b) The AALLP Settlement Amount is in addition to the \$960 million paid by McKesson and HBOC in connection with the McKesson settlement for the benefit of the same Settlement Class Members.
- (c) The AALLP Settlement Amount is all cash and includes interest earned thereupon beginning on October 31, 2006.
- (d) The risks of succeeding at trial against AALLP, and of recovering any damage award entered against it, are significant, particularly given limitations on AALLP's ability to satisfy a potential award of damages.
- (e) 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, may have placed a high proportion of liability on certain other defendants and a correspondingly small proportion of liability on AALLP.
- (f) Prosecution through trial and appeals would substantially delay distribution of any recovery to the Settlement Class Members. Lead Plaintiff recognizes the uncertain outcome and the 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 AALLP Settlement Amount.

Based on their evaluation, Lead Plaintiff and Lead Counsel believe that the AALLP Settlement Amount, which will be at least \$72.5 million in cash, as set forth in the Stipulation, confers substantial benefits upon the Settlement Class and is in the best interest of the Settlement Class.

Lead Plaintiff will continue to litigate its claims on behalf of the Settlement Class against Bear Stearns.

Defendant's Statement and Denials of Wrongdoing and Liability: At all times, AALLP has denied and continues to deny that it has committed, or has threatened or attempted to commit, any wrongful act or violation of law or duty of any nature, and contends that it has acted properly under the circumstances. Nevertheless, AALLP desires to settle and terminate the claims of the Lead Plaintiff and the Settlement Class Members so as to avoid the substantial expense, inconvenience and distraction of continued litigation. AALLP, 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: AALLP and its insurer have paid into an escrow account, pursuant to the terms of the Stipulation, cash in the amount of \$72,500,000.00 which will earn interest for the benefit of the Settlement Class Members. In exchange for the payment described above, and any Contingent Payment, Lead Plaintiff and the Settlement Class Members are releasing the Released Claims against AALLP and Defendant's Released Persons, as explained below, and dismissing on the merits and with prejudice all claims that are or ever have been asserted against AALLP.

A portion of the settlement proceeds will be used for certain administrative expenses, including costs of printing and mailing the Notice, the cost of publishing a summary of the notice, payment of any taxes assessed against the AALLP 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. The balance of the AALLP Settlement Fund (the "Net AALLP Settlement Fund") will be distributed according to the Plan of Allocation (described below) to Settlement Class Members who submit valid and timely Proof of Claim forms. PLEASE NOTE: IF YOU HAVE ALREADY SUBMITTED A PROOF OF CLAIM FORM IN CONNECTION WITH THE McKESSON SETTLEMENT, YOU DO NOT HAVE TO SUBMIT ANOTHER PROOF OF CLAIM TO PARTICIPATE IN THE AALLP SETTLEMENT. **If you are a Class Member and you wish to receive monies from the recoveries in both the McKesson Settlement and this AALLP 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 May 10, 2007, to participate in the McKesson and AALLP Settlements.**

Note to purchasers of McKesson Financing Trust 5% Convertible Preferred Securities due 2027: While these securities were included in Table G in the Plan of Allocation for the McKesson Settlement, no security code was assigned to them on the proof of claim form for that settlement. **If you did not file a proof of claim for the McKesson Settlement for your purchases of these securities and you wish to receive monies from the McKesson Settlement and this AALLP Settlement that Lead Plaintiff has obtained for the Class, you must properly fill out and submit a Proof of Claim and Release form, postmarked no later than May 10, 2007, to participate in the McKesson and AALLP Settlements.**

Releases and Dismissal of the Action: If the AALLP Settlement is approved, in consideration for the AALLP Settlement Amount to be paid by AALLP or its insurer, the Court will enter a Judgment that will dismiss on the merits and with prejudice all of the Settlement Class Members' claims against AALLP and Andersen's Released Persons who are, or were, named as defendants in the Litigation. 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 against Andersen's 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 AALLP Settlement Fund among Settlement Class Members who submit valid and timely Proof of Claim forms in accordance with the Plan of Allocation. The Plan of Allocation for the AALLP Settlement is the same Plan of Allocation used for the McKesson Settlement, which Plan of Allocation was approved by the Court by order entered on February 24, 2006. Along with this AALLP Settlement, Lead Plaintiff seeks Court approval for the Plan of Allocation described in this Notice, but approval of the AALLP 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 AALLP Settlement. Neither AALLP nor any of Andersen's 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" for each type of security transaction during the Settlement Class Period that may result in the Settlement Class Member being eligible to receive a share of the Net AALLP Settlement Fund. A Claim Amount for a particular type of security transaction that is less than zero is considered a gain and is used to offset any losses on other types of securities. A Settlement Class Member's "Claim Amount" shall be calculated by multiplying the claim per security (to be calculated as explained below) for that type of security, as determined from Tables A-G attached hereto, by the number of units (e.g., shares of common stock, notes, preferred securities, option contracts, etc.) purchased, sold (in the case of put options) or held (in the case 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 AALLP 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 AALLP Settlement Fund. Please note that any recovery from the Net AALLP Settlement Fund may be less, and likely will be less, than the Claim Amount derived from Tables A-G, depending on the number and amount of timely and valid claims.

Under the Plan of Allocation, there is no recovery for the same security that is both purchased and sold during the Settlement Class Period. Rather, purchasing and selling the same security during the Settlement Class Period will result in either a claim of zero or a gain that will be used to offset any claim for losses incurred from other transactions in the same type of security or from transactions in another type of Settlement Class Security. You will be eligible to participate in the distribution of the Net AALLP Settlement Fund only if you have a positive net claim on all transactions in HBOC, McKesson and McKesson HBOC securities.

Each Authorized Claimant's net Claim Amount shall be calculated as follows:

1. **For shares of HBOC common stock purchased or acquired (including share exchange acquisitions) from January 21, 1997 through January 12, 1999 and exchanged for shares of McKesson HBOC common stock and held through at least the close of business on April 27, 1999, and**
 - a. **that were still held as of the close of business on May 24, 1999:** the amount of the claim per share for the date such share was purchased or acquired is the amount set forth in Table A;
 - b. **that were sold between April 28, 1999 and May 24, 1999:** the claim per share amount is the amount set forth in Table A for the date of purchase or acquisition, minus \$1.70.
2. **For shares of McKesson or McKesson HBOC Common Stock purchased or acquired from October 19, 1998 through April 27, 1999, excluding shares acquired in exchange for HBOC common stock, and**
 - a. **that were still held as of the close of business on May 24, 1999:** the amount of the Claim Per Share for the date such share was purchased or acquired is the amount set forth in Table B;

- b. **that were sold between April 28 and May 24, 1999:** the Claim Per Share is the amount as set forth in Table B for the date of purchase or acquisition, minus \$4.59.
3. **For shares of McKesson common stock held as of the close of business on November 27, 1998 and continuously thereafter through April 27, 1999, and**
- a. **that were still held as of the close of business on May 24, 1999:** the claim per share is \$25.62;
 - b. **that were sold between April 28 and May 24, 1999:** the claim per share is \$21.03.

Note: For McKesson shares purchased between October 18, 1998 and November 26, 1998, the Claim Amount shall be the greater of the amount calculated under this paragraph 3 for those shares or the Claim Amount calculated under paragraph 2 above for those shares. The lesser of those two amounts shall not be included in the calculation of the claimant's Net Claim Amount.

4. **For purchases of HBOC call options or sales of HBOC put options from January 21, 1997 through January 12, 1999, only those Settlement Class Members qualify as having a Claim who did not close out (through sale, exercise or expiration) such call option contracts or such put option contracts before April 28, 1999, as follows:**
- a. **HBOC call option contracts purchased or acquired from January 21, 1997 through January 12, 1999, and**
 - 1) **that were not closed out before May 25, 1999:** the claim per call option is the amount set forth in Table C for the date the option contract was purchased or acquired;
 - 2) **that were closed out during the period between April 28, 1999 and May 24, 1999:** the amount of the claim per call option is the difference between the amount set forth in Table C for the date of purchase or acquisition and the amount set forth in Table C for the date on which the contract was closed.
 - b. **HBOC put option contracts sold from January 21, 1997 through January 12, 1999, and**
 - 1) **that were not closed out before May 25, 1999:** the claim per put option is the amount set forth in Table D for the date the option contract was sold;
 - 2) **that were closed out during the period from April 28, 1999 to May 24, 1999:** the amount of the claim per put option is the difference between the amount set forth in Table D for the date of sale and the amount set forth in Table D for the date on which the contract was closed.
5. **For purchases of McKesson or McKesson HBOC call option contracts or sales of McKesson or McKesson HBOC put option contracts from October 19, 1998 through April 27, 1999, only those Settlement Class Members qualify as having a Claim who did not close out (through sale, exercise or expiration) such call option contracts or such put option contracts before April 28, 1999, as follows:**
- a. **McKesson or McKesson HBOC call option contracts purchased or acquired from October 19, 1998 through April 27, 1999:**
 - 1) **that were not closed out before May 25, 1999:** the claim per call option is the amount set forth in Table E for the date the option contract was purchased or acquired;
 - 2) **that were closed out during the period from April 28, 1999 and May 24, 1999:** the amount of the claim per call option is the difference between the amount set forth in Table E for the date of purchase or acquisition and the amount set forth in Table E for the date on which the contract was closed.
 - b. **McKesson or McKesson HBOC put option contracts sold from October 19, 1998 through April 27, 1999:**
 - 1) **that were not closed out before May 25, 1999:** the claim per put option is the amount set forth in Table F for the date the option contract was sold;
 - 2) **that were closed out during the period from April 28, 1999 to May 24, 1999:** the amount of the claim per put option is the difference between the amount set forth in Table F for the date of sale and the amount set forth in Table F for the date on which the contract was closed.
6. **For purchases or acquisitions of: (i) McKesson 6.60% Exchange Notes due 2000; (ii) McKesson 6-7/8% Exchange Notes due 2002; (iii) McKesson 7.65% Exchange Debentures due 2027; (iv) McKesson 6.60% Notes due 2000; (v) McKesson 6.875% Notes due 2002; (vi) McKesson 7.65% Debentures due 2027; (vii) McKesson Financing Trust 5% Convertible Preferred Securities due 2027; (viii) McKesson 6.30% Exchange Notes due 2005; (ix) McKesson 6.40% Exchange Notes due 2008; (x) McKesson 6.30% Notes due 2005; (xi) McKesson 6.40% Notes due 2008; (xii) McKesson Financing Company of Canada 6.55% Senior Notes due 2002; and (xiii) McKesson 4-1/2% Exchangeable Subordinated Debentures due 2004 from October 19, 1998 through April 27, 1999, and**
- a. **that were still held as of the close of business on May 24, 1999:** Claim Per Note, Debenture or Preferred Securities is the amount set forth in Table G for the date such note, debenture or preferred securities was purchased or acquired;

- b. **that were sold between April 28 and May 24, 1999:** the amount of the Claim Per Note, Debenture or Preferred Securities is the difference between the amount set forth in Table G for the date of purchase or acquisition and the amount set forth in Table G for the date of sale.

For Settlement Class Members who made more than one purchase, acquisition or sale of securities during the Settlement Class Period, the Claim Amount will be calculated by matching sales against earlier purchases, acquisitions or holdings of the same type of securities (except for sales of McKesson HBOC common stock, which are discussed in the next paragraph) using the first-in, first-out (“FIFO”) method. Under this method, the first sale of a particular type of security during the Settlement Class Period will be matched against the same number of units (i.e., shares of stock, debentures, option contracts etc.) held by the claimant as of the close of business on a particular date (referred to as the claimant’s “opening balance”). That date is January 19, 1997 for all HBOC securities (including HBOC options) and McKesson common stock, and October 17, 1998 for all other McKesson securities. If the number of shares or other units sold exceeds the opening balance (or the claimant had no opening balance), any unmatched shares will be matched against purchases or acquisitions made after the above dates, beginning with the earliest first. Then, each subsequent sale will be matched, first, against any remaining, unmatched opening balance and then against purchases or acquisitions after the relevant date, as set forth above in this paragraph.

Sales of McKesson HBOC common stock between January 13, 1999 and May 24, 1999 (including shares that had been McKesson shares before the Merger, shares that were received by the claimant in exchange for HBOC shares, and shares purchased after the Merger) will be matched as follows:

- (i) first, they 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.

A Settlement Class Member had a gain on a security purchased or acquired during the Settlement Class Period (or sold in the case of put options) and sold (or purchased in the case of put options) before May 24, 1999 if the claim per security for the date such security was sold (or purchased in the case of put options), as set forth in Tables A through G, is greater than the claim per security for the date the security was purchased or acquired (or sold in the case of put options), as set forth in Tables A through G. The amount of a Settlement Class Member’s gain on any security purchase or acquisition (or sale in the case of put options) is the difference between the claim per security for the date the security was sold (or purchased in the case of put options), as set forth in Tables A through G, and the claim per security for the date the security was purchased (or sold in the case of put options), as set forth in Tables A through G, multiplied by the number of units of that security. A Settlement Class Member had a gain on McKesson common stock held as of the close of business on November 27, 1998 and sold after January 12, 1999 if the claim per share for the date of sale on Table B is greater than \$25.62. The amount of a Settlement Class Member’s gain on McKesson common stock held as of the close of business on October 16, 1998 and sold after January 12, 1999 is the difference between the claim per share for the date of sale, as set forth in Table B and \$25.62 multiplied by the number of shares held.

The amount of each Settlement Class Member’s net claim is calculated by:

- (1) adding the Claim Amounts for each security transaction (purchases or acquisitions of HBOC, McKesson or McKesson HBOC securities during the Settlement Class Period and sales of HBOC, McKesson or McKesson HBOC put option contracts during the Settlement Class Period); and
- (2) subtracting all gains for each security transaction (sales of HBOC, McKesson or McKesson HBOC security during the Settlement Class Period and purchases of HBOC, McKesson or McKesson HBOC put option contracts during the Settlement Class Period).

If a Claimant acquired Settlement Class Securities during the Settlement Class Period by means of a gift, inheritance or operation of law, such Claimants’ Claim Amount will be computed based on the original date of purchase and not the date of transfer, unless the transfer resulted in a taxable event or other change in the cost basis of the securities. To the extent that those

HBOC or McKesson securities were originally purchased prior to commencement of the Settlement Class Period, and there was no such taxable event or change in cost basis at the time of transfer, such Claimant's Claim for that acquisition shall be zero.

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 of the AALLP Settlement 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 AALLP Settlement Fund to Authorized Claimants as provided in the Plan of Allocation or as otherwise ordered by the Court.

There will be no return to AALLP or its insurer of any settlement payment if the Settlement is finally approved.

Neither AALLP, its insurer, nor their counsel shall have any 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 AALLP Settlement Fund or the Net AALLP Settlement Fund;
- (c) The determination, administration, calculation, or payment of any claims asserted against the AALLP Settlement Fund or Net AALLP Settlement Fund; or
- (d) The Plan of Allocation

Order Certifying a Settlement Class for Purposes of Settlement: On January 26, 2007, the Court certified a class for settlement purposes only. The Settlement Class is defined below. The definition of the Settlement Class for purposes of this AALLP Settlement is the same as the definition of the Settlement Class in the McKesson Settlement.

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. PLEASE NOTE: IF YOU WISH TO BE EXCLUDED FROM THIS AALLP SETTLEMENT, YOU MUST SUBMIT A REQUEST FOR EXCLUSION EVEN IF YOU PREVIOUSLY SUBMITTED A REQUEST TO BE EXCLUDED FROM THE McKESSON SETTLEMENT. If you do not request to be excluded from the Settlement Class, you will be bound by any judgment entered with respect to the AALLP 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 AALLP Settlement Fund). 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.

AS NOTED ABOVE: IF YOU SUBMITTED A PROOF OF CLAIM TO PARTICIPATE IN THE McKESSON SETTLEMENT, YOU DO NOT HAVE TO SUBMIT ANOTHER PROOF OF CLAIM TO PARTICPATE IN THIS AALLP SETTLEMENT. IF YOU HAVE BEEN NOTIFIED THAT YOUR PROOF OF CLAIM SUBMITTED FOR THE McKESSON SETTLEMENT HAS BEEN ACCEPTED, PLEASE DO NOT SUBMIT A SECOND PROOF OF CLAIM. If, however, you did not submit a proof of claim for the McKesson Settlement, and you wish to participate in both the McKesson Settlement and the Distribution of the Net AALLP 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 May 10, 2007 and delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you have not submitted a proof of claim for the McKesson settlement and you do not timely submit a valid Proof of Claim for this AALLP Settlement, you will be barred from receiving any payments from the McKesson Settlement and the Net AALLP 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 AALLP Settlement. To do so, you must mail a written request stating that you wish to be excluded from the AALLP Settlement Class to:

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

REMINDER: IF YOU WISH TO BE EXCLUDED FROM THIS AALLP SETTLEMENT, YOU MUST SUBMIT A REQUEST FOR EXCLUSION EVEN IF YOU PREVIOUSLY SUBMITTED A REQUEST TO BE EXCLUDED FROM THE McKESSON 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 MARCH 27, 2007. If you submit a valid and timely request for exclusion *for this AALLP Settlement*, you shall have no rights under the AALLP Settlement, shall not share in the distribution of the Net AALLP Settlement Fund, and shall not be bound by the Stipulation or the Judgment. AALLP shall have the option to terminate the AALLP 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 AALLP 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 December 19, 2006.

The Right to be Heard at the Hearing: Any Settlement Class Member who has not validly and timely requested to be excluded from the AALLP Settlement Class, and who objects to any aspect of the AALLP 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 March 27, 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 ARTHUR ANDERSEN LLP

ALSCHULER GROSSMAN LLP

Marshall Grossman
Gwyn Quillen
The Water Garden
1620 26th Street
Fourth Floor, North Tower
Santa Monica, CA 90404-4060

The notice of objection must demonstrate the objecting Person's membership in the Settlement Class, including the number of subject securities purchased and sold during the Settlement Class Period, 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. In connection with the McKesson Settlement, Lead Counsel applied for, and the Court awarded, attorneys' fees representing 7.79% of the McKesson Settlement Fund and reimbursement of expenses in the amount of \$5,254,408.18.

Consistent with the retainer agreement, Lead Counsel, with the approval of Lead Plaintiff, shall apply for fees not to exceed 6.2% of the Settlement Fund, or \$4,495,000, 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 \$2 million, 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.

Approval of the AALLP 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 AALLP 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 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 documents. 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
Chanhasen, 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) "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 settlement with McKesson and HBOC, or which shall be made on the Proof of Claim and Release form that shall be agreed upon by the Parties or as may be required by the Court. Unless the Court requires otherwise, for purposes of this Settlement, it shall not be necessary for Settlement Class Members who filed a Proof of Claim and Release form in connection with the settlement with McKesson and HBOC to file a separate Proof of Claim and Release form.

- (c) “Court” means the United States District Court for the Northern District of California.
- (d) “District Court Approval” means the entry of the Judgment.
- (e) “Effective Date” or “Final Approval” means the first 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, subject to, and as modified by, the last sentence in subparagraph 5(h).
- (f) “HBOC” means McKesson Information Solutions LLC, its subsidiaries and predecessors.
- (g) “Individual Defendants” means Mark Pulido, Richard Hawkins, Heidi Yodowitz, Charles McCall, Jay Gilbertson, Albert Bergonzi, Michael Smeraski, and Jay Lapine.
- (h) “Judgment” means the judgment to be entered in the Litigation pursuant to paragraph 4 of the Stipulation.
- (i) “Lead Counsel” means the law firms of Bernstein Litowitz Berger & Grossmann LLP and Barrack, Rodos & Bacine.
- (j) “Lead Plaintiff” means the New York State Common Retirement Fund.
- (k) “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).
- (l) “McKesson” means McKesson Corporation, and its subsidiaries and predecessors.
- (m) “Net AALLP Settlement Fund” means the Settlement Fund less the costs associated with notice to the Settlement Class and administration of the Settlement, any taxes, attorneys' fees, expert fees, costs and expenses approved by the Court, including the amount reserved for the continued prosecution of the Litigation against the Non-Settling Defendant.
- (n) “Non-Settling Defendant” means Bear Stearns & Co. Inc.
- (o) “Notice and Administration Fund” means the fund consisting of \$1 million to be paid out of the Settlement Fund to Lead Plaintiff to pay the costs of notifying Settlement Class Members, soliciting the filing of claims by Settlement Class Members, assisting them in making their claims, and otherwise administering the Settlement, on behalf of the Settlement Class Members. The monies in this Fund are part of, and not in addition to, the Settlement Amount to be paid by AALLP.
- (p) “Officer of HBOC or McKesson,” as reflected in the definition of Settlement Class, means any person employed by HBOC or McKesson who held a position at or above the level of assistant vice president.
- (q) “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.
- (r) “Plan of Allocation” means the plan or formula for allocating the Net AALLP Settlement Fund whereby the Net AALLP Settlement Fund shall, with Court approval, be distributed to Authorized Claimants.
- (s) “Released Persons” means and includes the “Andersen Released Persons” and the “Lead Plaintiff's Released Persons” as follows:
 - (1) “Andersen Released Persons” means AALLP, AWSC Société Coopérative, en liquidation (“AWSC”), an entity which coordinated a network of international accounting firms of which AALLP was a member (the “Andersen Network”), the Andersen Network, and all of their respective past, present and future members, member firms, partners, principals, participating principals, national directors, managing or other agents, management personnel, officers, directors, shareholders, administrators, servants, employees, consultants, advisors, insurers, reinsurers, attorneys, accountants, representatives parent companies, subsidiaries, related entities, divisions, affiliates, predecessors, successors and assigns, along with the heirs, spouses, estates, executors, administrators, personal representatives, insurers, reinsurers, representatives, estates, successors, and assigns of any such Person.
 - (2) “Lead Plaintiff's Released Persons” shall mean and include the Lead Plaintiff, and all other Settlement Class Members, Alan G. Hevesi, Comptroller 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) The term “Released Persons” does not include Bear Stearns, McKesson or HBOC.
- (t) “Released Claims” means and includes:
- (1) With respect to the Andersen Released Persons, the release by Lead Plaintiff and all Settlement Class Members of all claims and causes of action of every nature and description, known and unknown, 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) in Settlement Class Securities, including without limitation all claims arising out of or relating to any disclosures, public filings, registration statements, financial statements, audit opinions or other statements by McKesson, HBOC or the Settling Defendant, as well as all claims asserted by or that could have been asserted by Lead Plaintiff or any member of the Settlement Class in the Litigation against The Andersen Released Persons.
 - (2) With respect to Lead Plaintiff’s Released Persons, the release of all claims whether known or Unknown Claims, asserted or unasserted by or on behalf of AALLP against Lead Plaintiff; Alan G. Hevesi, Comptroller 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, which 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.
- (u) “AALLP Settlement” means the settlement of the Litigation between and among Lead Plaintiff, on behalf of itself and the Settlement Class, and AALLP as set forth in the Stipulation.
- (v) “Settlement Amount” or “Settlement Fund” means (1) \$72,500,000.00, and any earnings thereupon. On October 31, 2006, AALLP deposited or caused to be deposited \$72,500,000.00 into an interest-bearing escrow account for the benefit of the Settlement Class (the “Cash Payment”); and (2) the following two contingent payments: (a) an amount equivalent to 5% of the amounts, if any, actually paid by Settling Defendant to AALLP’s present or former partners, participating principals, national partners and national directors in repayment of any and all subordinated notes issued in respect of paid in capital and/or subordinated loans (the Parties acknowledge that repayment of said notes is contingent on many factors and that payments on the notes are currently suspended); and (b) the Additional Settlement Amounts, as defined above.
- (w) “Settlement Class” means all persons and entities who purchased or otherwise acquired publicly traded securities of HBO & Company 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, and who were injured thereby; 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) defendants; (ii) members of the immediate family of each individual defendant; (iii) any entity in which any defendant has a controlling interest; (iv) any person who was an officer or a director of HBOC or McKesson (or their subsidiaries or affiliates) during the Settlement Class Period; (v) any person who was an officer, director, employee or affiliate of Bear Stearns during the Settlement Class Period; (vi) any person who was a partner in Arthur Andersen during the Settlement Class Period; and (vii) the legal representatives, heirs, successors or assigns of any such excluded party.
- (x) “Settlement Class Member” means a member of the Settlement Class who does not submit a timely, signed request for exclusion.
- (y) “Settlement Class Period” means the period beginning January 20, 1997 through April 27, 1999, inclusive.
- (z) “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 Financing Trust 5% Convertible Preferred Securities due 2027; (iv) McKesson 6.60% Exchange Notes due 2000; (v) McKesson 6-7/8% Exchange Notes due 2002; (vi) McKesson 7.65% Exchange Debentures due 2027; (vii) McKesson 6.60% Notes due 2000; (viii) McKesson 6.875% Notes due 2002; (ix) McKesson 7.65% Debentures due 2027; (x) McKesson 6.30% Exchange Notes due 2005; (xi) McKesson 6.40% Exchange Notes due 2008; (xii) McKesson 6.30% Notes due 2005; (xiii) McKesson 6.40% Notes due 2008; (xiv) McKesson Financing Company of Canada 6.55% Senior Notes due 2002; and (xv) McKesson 4-1/2% Exchangeable Subordinated Debentures due 2004.

- (aa) "Settling Parties" or "Parties" means the Lead Plaintiff and AALLP
- (bb) "Stipulation" means the Stipulation and Agreement of Settlement Between Lead Plaintiff and Defendant Arthur Andersen LLP, dated December 19, 2006.
- (cc) "Unknown Claims" means any Released Claims that AALLP, 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, AALLP 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.

AALLP 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. AALLP 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, 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. AALLP 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.

Table A
HBO & Co. Common Stock

From	To	<u>Purchases</u> Per Share Amount	<u>Sales</u> Per Share Amount¹
1/21/1997	4/8/1997	0.57	0.57
4/9/1997	7/11/1997	1.14	1.14
7/14/1997	10/13/1997	1.60	1.60
10/14/1997	1/12/1998	2.07	2.07
1/13/1998	4/13/1998	2.53	2.53
4/14/1998	7/10/1998	3.00	3.00
7/13/1998	10/12/1998	5.83	5.83
10/13/1998	1/12/1999	9.48	9.48
1/13/1999	1/25/1999		9.48
1/26/1999	4/21/1999		12.25
4/22/1999	4/27/1999		12.30
4/28/1999	5/24/1999		1.70

¹ Amount per share for sales of HBO & Co. Common Stock from January 21, 1997 through January 12, 1999 and for sales of McKesson HBOC common stock (adjusted for exchange ratio) between January 12, 1999 and May 24, 1999.

Table B
McKesson or McKesson HBOC Stock

From	To	Per Share Amount
10/19/1998	1/25/1999	25.62
1/26/1999	4/21/1999	33.12
4/22/1999	4/27/1999	33.24
4/28/1999	5/24/1999	4.59

Table C
HBO & Co. Call Options

Expiration Date	Exercise Price	7/13/98 to 10/12/98	10/13/98 to 1/25/99	1/26/99 to 4/21/99	4/22/99 to 4/27/99	4/28/99 to 5/24/99
May-99	20.00	343.50	412.31	412.31	412.31	na
May-99	22.50	na	219.36	219.36	219.36	na
May-99	25.00	73.11	73.11	73.11	73.11	na
May-99	27.50	na	3.26	3.26	3.26	na
May-99	30.00	0.00	0.00	0.00	0.00	na
May-99	32.50	na	0.00	0.00	0.00	na
May-99	35.00	0.00	0.00	0.00	0.00	na
Aug-99	22.50	na	na	310.20	310.20	11.09
Aug-99	25.00	na	203.34	203.34	203.34	10.81
Aug-99	27.50	na	97.18	97.18	97.18	3.69
Aug-99	30.00	na	37.98	37.98	37.98	0.00
Jan-00	25.00	259.19	293.60	293.60	293.60	18.69
Jan-00	30.00	155.54	155.54	155.54	155.54	3.13
Jan-00	35.00	41.48	41.48	41.48	41.48	0.32
Jan-01	25.00	320.65	378.44	378.44	378.44	43.32
Jan-01	30.00	231.86	231.86	231.86	231.86	11.83
Jan-01	35.00	115.00	115.00	115.00	115.00	12.36

Table D
Sales of HBO & Co. Put Options
from July 13, 1998 through April 27, 1999

Expiration Date	Exercise Price	7/13/98 to 10/12/98	10/13/98 to 1/25/99	1/26/99 to 4/21/99	4/22/99 to 4/27/99	4/28/99 to 5/24/99
May-99	20.00	na	211.34	647.64	647.64	na
May-99	22.50	266.02	289.19	862.81	862.81	na
May-99	25.00	294.21	367.97	1,024.81	1,024.81	na
May-99	27.50	na	443.82	1,066.82	1,066.82	na
May-99	30.00	350.45	514.24	1,050.88	1,050.88	na
May-99	35.00	na	634.17	1,057.83	1,057.83	na
Aug-99	22.50	na	na	729.44	729.69	147.23
Aug-99	25.00	na	340.38	825.14	827.98	155.55
Aug-99	30.00	na	449.47	969.51	975.78	164.26
Jan-00	25.00	153.79	304.87	663.69	662.75	123.24
Jan-00	30.00	180.97	385.01	782.70	783.61	137.56
Jan-00	35.00	191.36	456.35	875.74	878.11	147.28
Jan-01	25.00	262.18	246.44	486.15	484.18	66.00
Jan-01	30.00	210.92	298.02	566.96	565.56	98.82
Jan-01	35.00	227.75	344.91	636.38	635.55	108.49

Table E
McKesson or McKesson HBOC Call Options

Expiration Date	Exercise Price	10/19/98 to 1/25/99	1/26/99 to 4/21/99	4/22/99 to 4/27/99	4/28/99 to 5/24/99
May-99	55.00	na	1,055.35	1,055.35	na
May-99	60.00	na	641.50	641.50	na
May-99	65.00	274.61	274.61	274.61	na
May-99	70.00	90.80	90.80	90.80	na
May-99	75.00	29.95	29.95	29.95	na
May-99	80.00	15.05	15.05	15.05	na
May-99	85.00	3.75	3.75	3.75	na
May-99	90.00	0.78	0.78	0.78	na
May-99	95.00	0.13	0.13	0.13	na
May-99	100.00	0.01	0.01	0.01	na
Jun-99	60.00	na	730.44	730.44	0.00
Jun-99	65.00	na	422.23	422.23	0.00
Jun-99	70.00	na	228.75	228.75	0.00
Aug-99	50.00	na	1,575.22	1,575.22	14.33
Aug-99	55.00	na	1,257.42	1,257.42	24.02
Aug-99	60.00	na	881.56	881.56	11.79
Aug-99	65.00	584.81	584.81	584.81	0.00
Aug-99	70.00	397.42	397.42	397.42	0.00
Aug-99	75.00	256.47	256.47	256.47	3.05
Aug-99	80.00	160.82	160.82	160.82	1.51
Aug-99	85.00	105.30	105.30	105.30	0.06
Aug-99	90.00	6.52	6.52	6.52	0.39
Nov-99	55.00	na	na	1,272.44	24.04
Nov-99	60.00	na	1,051.77	1,051.77	23.69
Nov-99	65.00	na	798.64	798.64	11.46
Nov-99	70.00	na	604.11	604.11	12.17
Nov-99	75.00	na	452.14	452.14	5.53
Jan-00	60.00	na	1,107.17	1,107.17	49.14
Jan-00	65.00	na	920.00	920.00	36.48
Jan-00	70.00	na	723.19	723.19	24.13
Jan-00	75.00	na	600.46	600.46	18.53
Jan-00	80.00	na	387.54	387.54	11.89
Jan-01	60.00	na	1,391.39	1,391.39	97.05
Jan-01	65.00	na	1,204.30	1,204.30	72.50
Jan-01	70.00	na	1,018.59	1,018.59	78.84
Jan-01	75.00	na	859.38	859.38	60.34
Jan-01	80.00	na	593.17	593.17	54.85

Table F
Sales of McKesson or McKesson HBOC Put Options

Expiration Date	Exercise Price	10/19/98 to 1/25/99	1/26/99 to 4/21/99	4/22/99 to 4/27/99	4/28/99 to 5/24/99
May-99	50.00	na	1,340.32	1,340.32	na
May-99	55.00	na	1,776.75	1,776.75	na
May-99	60.00	na	2,229.84	2,229.84	na
May-99	65.00	914.06	2,554.72	2,554.72	na
May-99	70.00	1,069.66	2,724.64	2,724.64	na
May-99	75.00	1,219.30	2,809.11	2,809.11	na
May-99	80.00	1,360.56	2,794.49	2,794.49	na
May-99	85.00	1,491.94	2,792.78	2,792.78	na
May-99	90.00	1,612.65	2,778.75	2,778.75	na
May-99	95.00	1,722.46	2,777.30	2,777.30	na
May-99	100.00	1,821.56	2,788.39	2,788.39	na
Jun-99	55.00	na	1,938.36	1,938.38	445.51
Jun-99	60.00	na	na	2,235.81	453.58
Jun-99	65.00	na	na	2,485.50	453.56
Aug-99	50.00	na	1,465.63	1,453.09	335.84
Aug-99	55.00	na	1,712.87	1,706.57	369.34
Aug-99	60.00	na	1,937.36	1,937.11	394.51
Aug-99	65.00	860.40	2,137.16	2,142.34	413.00
Aug-99	70.00	na	2,312.32	2,322.12	426.38
Aug-99	75.00	1,086.50	2,464.16	2,477.70	435.95
Aug-99	80.00	1,192.56	2,594.66	2,611.09	442.75
Aug-99	85.00	1,293.08	2,706.10	2,724.64	447.56
Aug-99	90.00	1,387.77	2,800.78	2,820.79	450.96
Nov-99	60.00	na	1,695.67	1,690.95	332.70
Nov-99	65.00	na	na	1,856.60	353.48
Nov-99	70.00	na	2,006.47	2,007.39	370.88
Nov-99	75.00	na	na	2,143.78	385.40
Jan-00	60.00	na	1,578.48	1,572.82	303.97
Jan-00	70.00	na	1,857.43	1,855.86	341.20
Jan-00	75.00	na	1,980.16	1,980.49	356.21
Jan-00	80.00	na	2,092.43	2,094.53	369.22
Jan-01	60.00	na	1,176.34	1,170.22	214.20
Jan-01	70.00	na	1,355.73	1,350.67	241.39
Jan-01	75.00	na	1,438.15	1,433.66	253.51
Jan-01	80.00	na	1,516.05	1,512.14	264.75

Table G
McKesson or McKesson HBOC Debt and Preferred Securities

Security	10/19/98 to 1/25/99	1/26/99 to 4/21/99	4/22/99 to 4/27/99	4/28/99 to 5/24/99
McKesson 4.5% Exchangeable Subordinated Debentures Due 2004	16.81	21.74	21.81	21.06
McKesson 6.30% Notes and Exchange Notes Due 2005	9.47	12.24	12.28	10.46
McKesson 6.40% Notes and Exchange Notes Due 2008	38.81	50.17	50.35	45.59
McKesson Financing Company of Canada 6.55% Senior Notes Due 2002	8.21	10.61	10.65	3.79
McKesson 6.60% Notes and Exchange Notes Due 2000	-	-	-	-
McKesson 6.875% Notes and Exchange Notes Due 2002	8.75	11.31	11.35	7.69
McKesson 7.65% Notes and Exchange Debentures Due 2027	5.85	7.57	7.60	1.45
McKesson Financing Trust 5% Convertible Preferred Securities Due 2027	23.86	30.85	30.96	2.96