
COVID-19 Update: April 29, 2020

Dear Valued Customer,

Although the impact of this crisis is very different across our communities and a terrible impact has already been felt by far too many, it does seem that we are headed in a positive direction. Today, I want to share several updates and highlight some changes we are making as we learn from this experience.

New sources of PPE

This pandemic is driving a substantial spike in demand for personal protective equipment (PPE) and that demand continues to outpace supply by a factor of nearly 10 to 1, in many cases. Making matters worse, a significant percentage of the raw materials used to make our country's PPE and finished goods come from China where the outbreak first occurred and these critical supplies were first disrupted. McKesson is doing all we can to diversify our sources. We are fanning out across the globe and identifying new materials, manufacturers and markets for these critical products you so badly need. While it won't completely solve the supply and demand imbalance, I am pleased to report we have found and procured some ear-loop masks from a new qualified supplier in Mexico. We have also identified new sources of coveralls in Europe.

I am most excited to tell you about our collaboration with Walmart® to procure and deliver isolation gowns to the U.S. Our two firms have brought expert teams together and, in just two weeks, we have made substantial progress. There are two aspects to our collective efforts. First, we are comparing our respective global suppliers to make sure we have contacted every manufacturer of gowns known to us and attempted to buy what they have on hand or might deliver soon. This effort should yield millions of gowns in the coming weeks. Perhaps even more exciting, we are also working with Walmart's apparel team and manufacturing community to design, qualify, and manufacture new isolation gown products. These will be made from new materials and with a design that presents the equivalent or better features of a standard isolation gown. We are excited to start presenting them to customers in May.

Monitoring our pricing

The unfortunate fact is heightened global demand, short supply and even these new sources of PPE are all driving costs upward. Our goal is to keep your pricing for PPE and other high-demand items as consistent as possible, but in some cases, we may need to increase pricing as our own costs increase. We have implemented additional price monitoring and controls on a specific subset of PPE and other related products in high demand. You can always expect us to continue to operate with our principles of high integrity and customer care – under all conditions.

Watch out for scams

While some price increases you might see on the open market are organic, others may be predatory. Unfortunately, some others see times of crisis as times of opportunity and add hefty markups on in-demand products or run fraudulent scams. Please thoroughly research any potential PPE product suppliers or offers you might come across. If it sounds too good to be true, it likely is. We also ask you to help report such actors and attempts to the U.S. Government. You can report suspect offers and actors to the Department of Homeland Security (DHS) Office of the Inspector General at <https://hotline.oig.dhs.gov/#step-1> or 1-844-889-4357.

Looking forward

Thank you for taking care of our communities. I am energized by the heroism of healthcare professionals across this country and by the hard work and dedication of McKesson employees in getting needed supplies to those on the front lines. It is also encouraging to see the positive impact of our collaborative efforts, like with Walmart, where McKesson is able to offer new products to you. Each week we have more resources and information for this fight – for example, you should check out our [COVID-19 site](#) regularly for updates, recommendations, best practices and resources.

COVID-19 Update: April 13, 2020

In closing, like you, we are pleased to hear news that things are trending in a better direction. But our work is not nearly over. We continue to exert maximum effort to find, procure and deliver more critical PPE to you and your colleagues so we can help this country get back to work as quickly as we can do so safely.

Sincerely,

Stanton McComb

President, McKesson Medical-Surgical