

McKesson Brands Product Supply and Cost Update – August 24, 2020

The unprecedented global demand for medical supplies from traditional healthcare companies as well as non-traditional customers and government organizations has strained manufacturing capacity and driven significant industry-wide cost increases. New healthcare facility protocols, stockpiling and overall uncertainty about the pandemic are all creating demand surges. These compounding factors are putting a great amount of pressure on the supply chain and affecting already unstable product availability.

Despite the uncertainty and inflation created by COVID-19, **McKesson Brands** is committed to securing product for our customers and to being your most cost-effective option in these challenging times. We continue to maintain the highest level of product supply possible and manage cost increases through ongoing negotiations and diversification of our supply chain. Unfortunately, we expect continued backorders on some of our key items.

The tables below offer a view of **McKesson Brands** supply and cost dynamics by product category. These assessments are based on current conditions for our **private label items** and are subject to change. **In some categories, we have provided alternative product availability**, in addition to our McKesson Brands product status. We will continue to closely monitor the environment and communicate as changes occur.

McKesson Brands or Alternative Items are **Readily Available** from McKesson Medical-Surgical

McKesson Brands Product Category	McKesson Supply Update	Cost Trend vs. Pre-COVID-19
Procedure Masks	McKesson Medical-Surgical has procedure masks available for existing and new customers. This supply includes McKesson Brands blue earloop procedure masks. McKesson Brands yellow and white earloop procedure masks have been temporarily suspended but are expected to be reactivated before the end of 2020.	Initial increase with COVID-19
Face Shields	McKesson Medical-Surgical has face shields available for existing and new customers. McKesson Brands options have been discontinued.	Initial increase with COVID-19
Gowns – Fluid-resistant, AAMI 1 + 2	McKesson Medical-Surgical has a range of fluid-resistant, AAMI 1 and AAMI 2 gowns available for existing and new customers. As it relates to McKesson Brands items, we expect to have limited inventory on those items for the remainder of the calendar year.	Initial increase with COVID-19
Hand Sanitizers	McKesson Medical-Surgical has hand sanitizer available for existing and new customers. Inventory of many McKesson Brands active SKUs is now available; production increased to meet increased demand.	Limited increase

Additional Categories

McKesson Brands Product Category	McKesson Brands Supply Update	Cost Trend vs. Pre-COVID-19
Exam Gloves – Nitrile, Latex & Vinyl	Demand is significantly higher than pre-COVID-19 levels. Operating at below target inventory levels on most glove items, with supply on certain product families at low levels for several months. Expect rolling backorders on some product families. We continue to focus on sourcing additional product to meet surging demand.	Increasing
Shoe Covers and Bouffant Caps	Currently experiencing some backorders. McKesson Brands items are recovering with substantial inventory in transit. Inventory expected to recover during the next month.	Increasing as supply is recovering
Gowns – Surgical, AAMI 3 + 4	Limited inventory on most items. Significant supply constraints expected over the next 3-5 months.	Increasing
Gowns – Chemo	Limited inventory on all items expected throughout the rest of the calendar year.	Initial increase with COVID-19
Surface Disinfectants	Stable supply of McKesson Brands spray liquid disinfectants. Rolling backorders on wipes expected into 2021.	Flat
Thermometers and Probe Covers	Experiencing significantly increased demand. Intermittent backorders on McKesson Brands thermometers and probe covers.	Flat
Tympanic Ear Thermometer	Experiencing significantly increased demand. McKesson Brands tympanic thermometer currently on backorder with inventory expected in September.	Flat
Respiratory Therapy – O2 Concentrators	Experiencing significantly increased demand. McKesson Brands product currently on backorder with inventory expected in November.	Flat
Respiratory Therapy – All Other Items	Increased demand for some key respiratory items such as HME and B/V filters related to COVID-19. All respiratory items including the filters are in a positive inventory position.	Flat
Needles and Syringes	Items with high seasonal demand and utilized for vaccination efforts have been placed on customer allocation due to potential demand surges.	Flat

We understand that the supply and cost landscape is frustrating and creates many challenges. Please reference the Centers for Disease Control’s guidance on extending the life of PPE. Specifically, click on the following links for tips to optimize the supply of [disposable medical gloves](#), [isolation gowns](#) and [facemasks](#).

Please refer to the product listings on McKesson SupplyManagerSM for detailed product information, current inventory and product alternatives.

Important Information:

The U.S. Food and Drug Administration (FDA) has provided updated [Emergency Use Authorization \(EUA\) guidelines](#) for medical products during Coronavirus. EUA products will be notated on McKesson SupplyManager.

All hand sanitizer products offered meet the Centers for Disease Control recommendation of alcohol-based hand sanitizer at 60% ethanol or 70% isopropyl to kill COVID-19. The FDA does not allow for antiviral claims, as per the 1994 Tentative Final Monograph, which all manufacturers must follow. See our [infection prevention resources](#) for more information.