

MCKESSON CORP  
Form 424B5  
February 09, 2018  
Table of Contents

Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-215763

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Maximum Offering Price per Note</b>	<b>Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee (1)</b>
3.950% Notes due 2028	\$600,000,000	99.975%	\$599,850,000	\$74,682

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

Table of Contents**PROSPECTUS SUPPLEMENT**

(To Prospectus dated January 27, 2017)

**McKesson Corporation****\$600,000,000 3.950% Notes due 2028**

The 3.950% notes due 2028, which we refer to as the notes, will mature on February 16, 2028. We will pay interest on the notes on February 16 and August 16 of each year, beginning August 16, 2018. We may redeem the notes, at our option, in whole at any time or in part from time to time, for cash, prior to maturity at the redemption prices set forth under Description of Notes Optional Redemption. If a change of control triggering event occurs, unless we have previously exercised our optional redemption right with respect to the notes, we will be required to offer to repurchase the notes from the holders for cash. See Description of Notes Change of Control.

The notes will be our unsecured senior obligations and rank equally with all our existing and any future unsecured senior indebtedness. The notes will be issued only in registered book-entry form and in denominations of \$2,000 and integral multiples of \$1,000 thereafter.

**Investing in the notes involves risk. See Risk Factors beginning on page S-5 in this prospectus supplement and the risks discussed elsewhere in this prospectus supplement, the accompanying prospectus and the documents and reports we file with the Securities and Exchange Commission ( SEC ) that are incorporated by reference into this prospectus supplement or the accompanying prospectus for a discussion of certain risks that you should consider in connection with an investment in the notes.**

	<b>Per note</b>	<b>Total</b>
Public offering price(1)	99.975%	\$ 599,850,000
Underwriting discount	0.650%	\$ 3,900,000
Proceeds, before expenses, to McKesson	99.325%	\$ 595,950,000

(1) Plus accrued interest from February 16, 2018 if settlement occurs after that date.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The notes will be ready for delivery in book-entry form on or about February 16, 2018 through the facilities of The Depository Trust Company for the accounts of its participants, which may include Clearstream Banking, S.A., and Euroclear Bank S.A./N.V., as operator of the Euroclear System, against payment in New York, New York.

*Joint-Book Running Managers*

*Global Coordinator*

**Goldman Sachs & Co. LLC**

**BofA Merrill Lynch**

**J.P. Morgan**

**HSBC**

**Wells Fargo Securities**

*Senior Co-Managers*

**Barclays**

**Citigroup**  
*Co-Managers*

**MUFG**

**BNP PARIBAS Deutsche Bank Securities Scotiabank TD Securities UniCredit Capital Markets US Bancorp**

**DNB Markets ING NatWest Markets PNC Capital Markets LLC Rabo Securities The Williams Capital Group, L.P.**

**February 7, 2018**

Table of Contents

**TABLE OF CONTENTS**  
**Prospectus Supplement**

<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>FORWARD-LOOKING STATEMENTS</u>	S-iv
<u>SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-5
<u>USE OF PROCEEDS</u>	S-8
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	S-9
<u>CAPITALIZATION</u>	S-10
<u>DESCRIPTION OF NOTES</u>	S-12
<u>UNITED STATES FEDERAL INCOME TAX CONSEQUENCES</u>	S-20
<u>UNDERWRITING</u>	S-24
<u>LEGAL MATTERS</u>	S-30
<u>EXPERTS</u>	S-30
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-30

**Prospectus**

<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>INCORPORATION BY REFERENCE</u>	2
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>RISK FACTORS</u>	3
<u>McKESSON CORPORATION</u>	3
<u>USE OF PROCEEDS</u>	4
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	4
<u>DESCRIPTION OF CAPITAL STOCK</u>	5
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	9
<u>DESCRIPTION OF DEBT SECURITIES</u>	12
<u>DESCRIPTION OF WARRANTS</u>	21
<u>DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS</u>	24
<u>LEGAL MATTERS</u>	27
<u>EXPERTS</u>	27

Table of Contents

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering, the notes and matters relating to us and our financial performance and condition. The second part, the accompanying prospectus, provides a more general description of the terms and conditions of the various securities we may offer under our registration statement, some of which does not apply to this offering. If the description of this offering and the notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

In various places in this prospectus supplement and the accompanying prospectus, we refer you to sections of other documents for additional information by indicating the caption heading of the other sections. All cross-references in this prospectus supplement are to captions contained in this prospectus supplement and not in the accompanying prospectus, unless otherwise indicated.

**You should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein in their entirety. They contain information that you should consider when making your investment decision.**

**We have not, and the underwriters have not, authorized any other person, including any dealer, salesperson or other individual, to provide you with any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus supplement, the accompanying prospectus and the documents and reports incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. Neither the delivery of this prospectus supplement and the accompanying prospectus nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that the information contained herein or therein is correct as of any time subsequent to the date hereof.**

**This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. You should not consider any information in this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.**

**Notice to Prospective Investors in the European Economic Area PRIIPs and Prospectus Directive**

Neither this prospectus supplement nor the accompanying prospectus is a prospectus for the purposes of the Prospectus Directive (as defined below).

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the EEA ). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ( MiFID II ); or (ii) a customer within the meaning of Directive 2002/92/EC, as amended (the Insurance Mediation Directive ), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive.

S-ii

**Table of Contents**

Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the PRIIPs Regulation ) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a Relevant Member State ) will only be made to a legal entity which is a qualified investor under the Prospectus Directive ( Qualified Investors ). Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this prospectus supplement and the accompanying prospectus may only do so with respect to Qualified Investors. Neither McKesson Corporation nor the underwriters have authorized, nor do they authorize, the making of any offer of notes other than to Qualified Investors. The expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

**Notice to Prospective Investors in the United Kingdom**

The communication of this prospectus supplement, the accompanying prospectus and any other document or materials relating to the issue of the notes offered hereby is not being made, and the contents of such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom s Financial Services and Markets Act 2000, as amended (the FSMA ). Accordingly, such documents and/or materials are not being distributed to or otherwise communicated with, and must not be passed on to, any person in the United Kingdom except in circumstances in which section 21(1) of FSMA will not apply. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Financial Promotion Order )), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as relevant persons ). In the United Kingdom, the notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement or the accompanying prospectus or any of their contents.

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act ), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ). Some of these statements can be identified by use of forward-looking words such as believes, expects, anticipates, may, will, should, seeks, approximately, intends, plans or estimates, or the negative of the other comparable terminology. Any discussion of financial trends, strategy, plans or intentions may also include forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, or implied. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the factors discussed under Risk Factors in this prospectus supplement and the accompanying prospectus and in our most recent Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and in other information contained in our publicly available SEC filings and press releases. You should not consider those factors to be a complete statement of all potential risks and uncertainties. You are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date such statements were first made. Except to the extent required by federal securities laws, we undertake no obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

S-iv



---

**Table of Contents**

**SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. We urge you to read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including the historical financial statements and notes to those financial statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. Please read the information set forth under the heading **Risk Factors** herein for more information about important risks that you should consider before investing in the notes. Except as otherwise indicated, all references in this prospectus supplement to **McKesson**, the company, we, our and us refer to **McKesson Corporation** and its consolidated subsidiaries. The symbol \$ refers to U.S. dollars, unless otherwise indicated. The symbol € and references to euro refer to the single currency introduced at the third stage of the European Monetary Union pursuant to the Treaty establishing the European Community, as amended.*

**McKesson Corporation**

McKesson Corporation (NYSE: MCK), ranked 5th on the FORTUNE 500, is a global leader in healthcare supply chain management solutions, retail pharmacy, community oncology and specialty care, and healthcare information technology. We partner with pharmaceutical manufacturers, providers, pharmacies, governments and other organizations in healthcare to help provide the right medicines, medical products and healthcare services to the right patients at the right time, safely and cost-effectively.

We operate our business through two segments: McKesson Distribution Solutions and McKesson Technology Solutions.

Our Distribution Solutions segment distributes branded and generic pharmaceutical drugs and other healthcare-related products internationally and provides practice management, technology, clinical support and business solutions to community-based oncology and other specialty practices. This segment also provides specialty pharmaceutical solutions for pharmaceutical manufacturers including offering multiple distribution channels and clinical trial access to our network of oncology physicians. It also provides medical-surgical supply distribution, logistics and other services to healthcare providers within the United States. Additionally, this segment operates retail pharmacy chains in Europe and Canada, and supports independent pharmacy networks within North America and Europe. It also supplies integrated pharmacy management systems, automated dispensing systems and related services to retail, outpatient, central fill, specialty and mail order pharmacies.

Our Technology Solutions segment includes our equity method investment in our joint venture with Change Healthcare Holdings, Inc. ( Change ), Change Healthcare, LLC ( Change Healthcare ), a Delaware limited liability company, in which we own 70% of the equity, with the remaining equity ownership held by Change shareholders. Change Healthcare is a healthcare technology company which provides software and analytics, network solutions and technology enabled services that will deliver wide ranging financial, operational and clinical benefits to payers, providers and consumers. Effective April 1, 2017, our RelayHealth Pharmacy business was transitioned from the Technology Solutions segment to the Distribution Solutions segment. On October 2, 2017, we sold our Enterprise Information Solutions business to a third party.

Our principal executive offices are located at McKesson Plaza, One Post Street, San Francisco, California 94104. Our telephone number is (415) 983-8300.

S-1

**Table of Contents**

**Recent Developments**

*Concurrent Offering*

On February 7, 2018, we announced an offering of 250,000,000 floating rate notes due 2020 and 500,000,000 1.625% fixed rate notes due 2026 (collectively, the Euro notes ) in an underwritten public offering pursuant to a separate prospectus supplement (the concurrent offering ). Closing of the concurrent offering is subject to customary conditions precedent. The completion of this offering is not conditioned upon the successful completion of the concurrent offering. We cannot assure you that the concurrent offering will be completed. This prospectus supplement is not, and should not be construed as, an offer of any securities other than the notes.

*Concurrent Tender Offers*

On February 7, 2018, we commenced cash tender offers (the concurrent tender offers ) for up to \$1.1 billion of our outstanding (i) 7.500% Notes due 2019, (ii) 4.750% Notes due 2021, (iii) 7.650% Debentures due 2027, (iv) 6.000% Notes due 2041 and (v) 4.883% Notes due 2044 ((i)-(v) are collectively referred to herein as the tender offer notes ) upon the terms set forth in an offer to purchase and related letter of transmittal. Closing of the concurrent tender offers is subject to the successful completion of this offering and the concurrent offering as well as customary conditions precedent. However, the completion of this offering and the concurrent offering are not conditioned upon the successful completion of the concurrent tender offers. We cannot assure you that the concurrent tender offers will be completed on terms favorable to us, or at all, nor can we assure you that the concurrent tender offers will result in any or all of any series of the tender offer notes being tendered and accepted for purchase. We may amend the terms of the concurrent tender offers in any respect in relation to one or more series of the tender offer notes or waive any condition to the concurrent tender offers, in each case subject to applicable law. This prospectus supplement is not, and should not be construed as, an offer to purchase any securities, including the tender offer notes.

In addition, we currently intend to redeem all of the 7.500% Notes due 2019 that remain outstanding following the consummation of the concurrent tender offers (the 7.500% notes redemption ). Any such redemption would be made in accordance with the terms of the indenture governing the 7.500% Notes due 2019, which provides for a redemption price equal to the greater of (i) 100% of their principal amount and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semiannual basis at the Treasury Rate (as such term is defined in the 7.500% Notes due 2019) plus 50 basis points, plus accrued and unpaid interest to the date of redemption. However, we are not obligated to undertake the 7.500% notes redemption, and there can be no assurance that we will redeem any 7.500% Notes due 2019 that remain outstanding after consummation of the concurrent tender offers or of the timing of, or amount of any 7.500% Notes due 2019 subject to, any such redemption.

**Table of Contents****THE OFFERING**

Issuer	McKesson Corporation
Notes Offered	\$600,000,000 aggregate principal amount of 3.950% notes due 2028.
Maturity Date	February 16, 2028.
Interest Rate	3.950% per year.
Interest Payment Dates	Interest will be paid on February 16 and August 16 of each year, beginning on August 16, 2018. Interest on the notes will accrue from February 16, 2018.
Use of Proceeds	We estimate that we will receive approximately \$595 million from the sale of the notes and that we will receive approximately \$928 million from the sale of the Euro notes in the concurrent offering (based on a euro/U.S. dollar exchange rate of 1.00 = U.S. \$1.2446 as of February 2, 2018, as published by the U.S. Federal Reserve Board), in each case, after deducting underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, together with the net proceeds from the concurrent offering, to finance the purchase price of the tender offer notes purchased pursuant to the concurrent tender offers and to finance the 7.500% notes redemption, if applicable, and the remaining net proceeds, if any, for working capital and general corporate purposes, which may include, among other things, the repayment of debt. See Use of Proceeds.
Optional Redemption	We may redeem the notes for cash in whole, at any time, or in part, from time to time, prior to maturity, at the redemption prices set forth under Description of Notes Optional Redemption.
Change of Control	Upon the occurrence of both (1) a change of control of us and (2) a downgrade of the notes below an investment grade rating by each of Fitch Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services (or, if applicable, a replacement rating agency) within a specified period, unless we have previously exercised our optional redemption right with respect to the notes in whole, we will be required to offer to repurchase the notes for cash at a price equal to 101% of the

then outstanding principal amount of the notes, plus accrued and unpaid interest to, but not including, the date of repurchase. See Description of Notes Change of Control.

Certain Covenants

The indenture that will govern the notes will include certain covenants, including limitations on our ability to:

create liens on our assets and those of certain of our subsidiaries;

enter into sale and lease-backs with respect to our properties; and

merge or consolidate with another entity.

S-3

**Table of Contents**

These covenants are each subject to a number of important exceptions, limitations and qualifications that are described under Description of Notes Certain Covenants.

Ranking

The notes will be our unsecured senior obligations and will rank equally with all our existing and any future unsecured and unsubordinated indebtedness from time to time outstanding.

Additional Issues

We may create and issue additional notes with the same terms (except for the issue date, the public offering price and, under certain circumstances, the first interest payment date) as the notes so that such additional notes shall be consolidated and form a single series with the notes.

Form of Notes

The notes will be issued as one or more global notes registered in the name of Cede & Co., as the nominee of The Depository Trust Company ( DTC ), for the accounts of its direct and indirect participants. Beneficial interests in notes held in book-entry form will not be entitled to receive physical delivery of certificated notes except in certain limited circumstances. For a description of certain factors relating to clearance and settlement, see Description of Notes Book-Entry System.

Trustee, Paying Agent and Registrar

Wells Fargo Bank, National Association

Governing Law

The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

CUSIP

581557 BJ3

ISIN

US581557BJ38

---

**Table of Contents**

**RISK FACTORS**

*An investment in the notes involves a degree of risk. You should carefully consider the risks and uncertainties described below and other information contained in this prospectus supplement and the accompanying prospectus and the documents and reports incorporated by reference herein and therein before you decide whether to invest in the notes. In particular, we urge you to consider carefully the factors set forth under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, incorporated by reference herein, as such may be updated in any future filings we make under the Exchange Act. If any of the risk factors were to occur, our business, financial condition, results of operations and liquidity could be materially adversely affected. This may adversely affect our ability to pay interest on the notes or repay the principal when due, and you may lose part or all of your investment.*

**Risks Related to the Notes**

*The notes will be unsecured, rank equally with all of our other unsecured and unsubordinated debt, be effectively subordinated to our secured debt and be structurally subordinated to all liabilities of our subsidiaries.*

The notes will be direct unsecured obligations of McKesson Corporation exclusively, and not the obligation of any of our subsidiaries. The notes will (i) rank equally with all of our other existing and any future unsecured and unsubordinated indebtedness, (ii) be effectively subordinated to our secured indebtedness to the extent of the value of the assets securing that other indebtedness, and (iii) be structurally subordinated to all existing and future liabilities, including trade payables, of our subsidiaries. Our rights and the rights of any holder of the notes (or our other creditors) to participate in the assets of any subsidiary upon that subsidiary's liquidation or recapitalization will be subject to the prior claims of the subsidiary's creditors and preferred equity holders (if any), except to the extent that we may be a creditor with recognized claims against the subsidiary.

Holders of our secured indebtedness will have claims that are prior to your claims as holders of the notes to the extent of the value of the assets securing that other indebtedness. The notes will be effectively subordinated to all of our secured indebtedness to the extent of the value of the assets securing such indebtedness. In the event of any distribution or payment of our assets or any pledged capital stock in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of secured indebtedness will have prior claim to those of our assets and any pledged capital stock that constitute their collateral. Holders of the notes will participate ratably in our remaining assets with all holders of our unsecured indebtedness that is deemed to be of the same class as the notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. As a result, holders of notes may receive less, ratably, than holders of secured indebtedness.

*If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.*

Any default under the agreements governing our indebtedness, including a default under any credit facility to which we may be a party that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the notes or substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under any credit

facility could elect to terminate their commitments, cease making further

S-5



**Table of Contents**

loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders under any credit facility or other debt that we may incur in the future to avoid being in default. If we breach our covenants under any credit facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under any credit facility, the lenders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the assets securing the debt. Because the indenture governing the notes, the indentures governing our notes that are currently outstanding and the agreements governing any credit facility will have customary cross-default provisions, if the indebtedness under the notes or under any credit facility or any of our other facilities is accelerated, we may be unable to repay or finance the amounts due.

***If an active trading market does not develop for the notes you may not be able to resell them.***

There is no public market for the notes and we cannot assure you that an active trading market will develop for the notes. We do not intend to apply for the notes to be listed on any securities exchange or for quotation on any automated dealer quotation system. If no active trading market develops, you may not be able to resell your notes at their fair market value or at all. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. We have been informed by the underwriters that they currently intend to make a market in these notes after this offering is completed. However, the underwriters may cease their market-making at any time.

***If trading markets do develop, changes in our ratings or the financial markets could adversely affect the market prices of the notes.***

The market prices of the notes will depend on many factors, including, but not limited to, the following:

ratings on our debt securities assigned by rating agencies;

the time remaining until maturity of the notes;

the prevailing interest rates being paid by other companies similar to us;

our results of operations, financial condition and prospects; and

the condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the notes.

Rating agencies continually review the ratings they have assigned to companies and debt securities. Negative changes in the ratings assigned to us or our debt securities could have an adverse effect on the market prices of the notes.

***The indenture will not restrict the amount of additional indebtedness that we may incur.***

The notes and the indenture under which the notes will be issued will not place any limitation on the amount of unsecured indebtedness that may be incurred by us. Our incurrence of additional indebtedness may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, increasing the amount of indebtedness ranking equal or (if secured) effectively senior to the notes in the event of our bankruptcy or insolvency, resulting in a loss in the trading value of your notes, if any, and increasing the risk that the credit rating of the notes is lowered or withdrawn.

**Table of Contents**

***Our credit ratings may not reflect all risks of your investments in the notes.***

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the notes. These credit ratings may not reflect the potential impact of risks relating to structure or marketing of the notes. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

***We may not be able to repurchase the notes upon a Change of Control Triggering Event.***

Upon the occurrence of a Change of Control Triggering Event, unless we have exercised our right to redeem the notes, each holder of the notes will have the right to require us to repurchase for cash all or any part of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. If we experience a Change of Control Triggering Event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes as required and any other indebtedness that may be required to be repaid or repurchased as a result of such event. Our failure to repurchase the notes as required under the indenture that will govern the notes would result in an event of default under the indenture, which could have material adverse consequences for us and the holders of the notes. See Description of Notes Change of Control.

Under clause (3) of the definition of Change of Control described under Description of Notes Change of Control, a change of control will occur on the first day on which a majority of our directors are not Continuing Directors. In a decision in connection with a proxy contest, the Court of Chancery of Delaware has suggested that the occurrence of a change of control under an indenture provision similar to ours may nevertheless be avoided if the existing directors were to approve the slate of new director nominees (who would constitute a majority of the new board) as Continuing Directors solely for purposes of avoiding the triggering of such change of control clause, provided the incumbent directors give their approval in the good faith exercise of their fiduciary duties. The Court also suggested that there may be a possibility that an issuer's obligation to repurchase its outstanding debt securities upon a change of control triggered by a failure to have a majority of Continuing Directors may be unenforceable on public policy grounds.

***Trading in the clearing systems is subject to minimum denomination requirements.***

The terms of the notes provide that notes will be issued with a minimum denomination of \$2,000 and multiples of \$1,000 in excess thereof. It is possible that the clearing systems may process trades which could result in amounts being held in denominations smaller than the minimum denominations. If definitive notes are required to be issued in relation to such notes in accordance with the provisions of the relevant global notes, a holder who does not have the minimum denomination of \$2,000 or any integral multiple of \$1,000 in excess thereof in its account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of definitive notes unless and until such time as its holding satisfies the minimum denomination requirement.

**Table of Contents**

**USE OF PROCEEDS**

We estimate that we will receive approximately \$595 million from the sale of the notes and that we will receive approximately \$928 million from the sale of the Euro notes in the concurrent offering (based on a euro/U.S. dollar exchange rate of 1.00 = U.S. \$1.2446 as of February 2, 2018, as published by the U.S. Federal Reserve Board), in each case, after deducting underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, together with the net proceeds from the concurrent offering, to finance the purchase price of the tender offer notes purchased pursuant to the concurrent tender offers and to finance the 7.500% notes redemption, if applicable, and the remaining net proceeds, if any, for working capital and general corporate purposes, which may include, among other things, the repayment of debt.

The tender offer notes are due to mature as follows. The 7.500% Notes due 2019 mature on February 15, 2019. The 4.750% Notes due 2021 mature on March 1, 2021. The 7.650% Debentures due 2027 mature on March 1, 2027. The 6.000% Notes due 2041 mature on March 1, 2041. The 4.883% Notes due 2044 mature on March 15, 2044.

To the extent any of the underwriters or their affiliates hold tender offer notes that are purchased pursuant to the concurrent tender offers or the 7.500% notes redemption, if applicable, they may receive a portion of the proceeds from the sale of the notes.

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

No shares of our preferred stock were outstanding during the fiscal years ended March 31, 2017, 2016, 2015, 2014 and 2013 and during the nine months ended December 31, 2017. Therefore, the ratios of earnings to fixed charges and preferred dividends are not separately stated from the ratios of earnings to fixed charges for the periods listed above. The table below reflects our ratio of earnings to fixed charges for each of the five fiscal years in the period ended March 31, 2017 and for the nine months ended December 31, 2017.

	<b>For the Nine Months Ended December 31, 2017</b>	<b>For the Fiscal Years Ended March 31,</b>				
		<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Ratio of earnings to fixed charges(a)	5.6	15.7	7.5	6.1	6.4	7.2

- (a) The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. For this purpose, earnings consists of pre-tax income/(loss) from continuing operations plus fixed charges; and fixed charges consists of interest costs, both expensed and capitalized (including amortization of debt discounts and deferred loan costs), and the representative interest component of rent expense.

**Table of Contents****CAPITALIZATION**

The following table sets forth our cash position and capitalization as of December 31, 2017:

on an actual basis; and

on an adjusted basis to reflect the net proceeds from this offering and the concurrent offering but before the application of the net proceeds from this offering and the concurrent offering, as described in Use of Proceeds.

The adjusted amounts included in the following table are based on a euro/U.S. dollar exchange rate of 1.00 = U.S. \$1.2446 as of February 2, 2018, as published by the U.S. Federal Reserve Board.

The completion of this offering is not contingent upon the successful completion of the concurrent offering or the concurrent tender offers. We cannot assure you that the concurrent offering or the concurrent tender offers will be completed.

You should read this table in conjunction with the information under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the quarter ended December 31, 2017 and our historical financial statements and notes to those financial statements that are incorporated by reference in this prospectus supplement and the accompanying prospectus.

(in millions, except par value)	As of December 31, 2017	
	Actual	As Adjusted
Cash and cash equivalents	\$ 2,619	\$ 4,142 <sup>(1)</sup>
Short-term borrowings	\$ 749	\$ 749
Long-term debt (including current portion):		
<b>Denominated in U.S. Dollars</b>		
1.40% Notes due March 15, 2018	500	500
2.28% Notes due March 15, 2019	1,098	1,098
2.70% Notes due December 15, 2022	398	398
2.85% Notes due March 15, 2023	398	398
3.80% Notes due March 15, 2024	1,094	1,094
Tender offer notes	2,400	2,400 <sup>(2)</sup>
3.950% Notes due 2028 offered hereby		595
<b>Denominated in Foreign Currencies</b>		
Euro Notes offered in the concurrent offering		928
0.63% Euro Notes due August 17, 2021	716	716
1.50% Euro Notes due November 17, 2025	712	712
3.13% Sterling Notes due February 17, 2029	603	603
Lease and other obligations	126	126

Edgar Filing: MCKESSON CORP - Form 424B5

Total long-term debt (including current portion)	\$ 8,045	\$ 9,568
<b>Stockholders equity:</b>		
Preferred stock, \$0.01 par value, 100 shares authorized, no shares issued or outstanding (actual and as adjusted)	\$	\$
Common stock, \$0.01 par value, 800 shares authorized (actual and as adjusted); 274 shares issued (actual and as adjusted)	3	3
Additional paid-in capital	6,253	6,253
Retained earnings	14,202	14,202
Accumulated other comprehensive loss	(1,726)	(1,726)
Other	(1)	(1)
Treasury shares, at cost 68 shares (actual and as adjusted)	(6,997)	(6,997)
<b>Total McKesson Corporation stockholders equity</b>	<b>\$ 11,734</b>	<b>\$ 11,734</b>
Total capitalization	\$ 20,528	\$ 22,051

S-10

**Table of Contents**

- (1) As adjusted cash and cash equivalents reflects actual cash and cash equivalents as of December 31, 2017, as adjusted to reflect the net proceeds from this offering and the concurrent offering but before the application of the net proceeds from this offering and the concurrent offering, as described in Use of Proceeds.
- (2) As adjusted tender offer notes does not reflect the application of the net proceeds from this offering and the concurrent offering to finance the purchase price of the tender offer notes purchased pursuant to the concurrent tender offers or the 7.500% notes redemption, if applicable. See Summary Recent Developments Concurrent Tender Offers and Use of Proceeds.

S-11



**Table of Contents**

**DESCRIPTION OF NOTES**

This description of the notes being offered hereby supplements and, to the extent it is inconsistent, supersedes, the description of the general provisions of the notes and the indenture in the accompanying prospectus. The notes will be Senior Debt Securities, as that term is used in the accompanying prospectus. All references to McKesson, we, our, us in this section refer only to McKesson Corporation and not its subsidiaries.

**General**

The notes will be issued as a separate series of debt securities under an indenture, dated as of December 4, 2012 (the Indenture ), between us and Wells Fargo Bank, National Association, as trustee. The holders of the notes may request a copy of the Indenture and the form of note from us.

We will issue the notes in fully registered book-entry form without coupons and in denominations of \$2,000 and integral multiples of \$1,000 thereafter. Currently, there is no public market for the notes and we do not intend to apply for the listing of the notes on a national securities exchange or for quotation of those notes on any automated dealer quotation system.

The following statements relating to the notes and the Indenture are summaries of certain provisions thereof and are subject to the detailed provisions of the Indenture, to which reference is hereby made for a complete statement of such provisions. Certain provisions of the Indenture are summarized in the accompanying prospectus. We encourage you to read the summaries of the notes and the Indenture in both this prospectus supplement and the accompanying prospectus, as well as the form of notes and the Indenture.

The notes will be our senior unsecured obligations. The cover page of this prospectus supplement sets forth the maturity date, aggregate principal amount and interest rate of the notes.

We may, without the consent of the holders of the notes, create and issue additional notes with the same terms (except for the issue date, the public offering price and, under certain circumstances, the first interest payment date) as the notes. The additional notes will form a single series with the outstanding notes. No additional notes may be issued if an event of default has occurred and is continuing with respect to the notes.

Payments of principal, premium if any, and interest to owners of book-entry interests (as described below) are expected to be made in accordance with the procedures of DTC and its participants in effect from time to time.

Wells Fargo Bank, National Association will initially act as trustee, paying agent and registrar for the notes. Upon notice to the trustee, we may change the paying agent or registrar.

The notes will bear interest from the date of issuance, payable semi-annually on each February 16 and August 16, beginning August 16, 2018, to the persons in whose names such notes are registered at the close of business on the immediately preceding February 1 and August 1, whether or not a business day. Interest on the notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date would otherwise be a day that is not a business day, such interest payment date will be postponed to the next date that is a business day and no additional interest shall accrue. If the maturity date of the notes falls on a day that is not a business day, the related payment of principal, premium, if any, and interest will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next business day.

S-12

## **Table of Contents**

### **Business Day**

For purposes of the notes, a business day is any day that is not a Saturday, Sunday or other day on which banking institutions in New York City or the place of payment on the notes are authorized or required by law to close.

### **Optional Redemption**

We may redeem the notes prior to November 16, 2027, the date that is three months before their maturity date, in whole, at any time, or in part, from time to time, at our option, for cash, at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the notes to be redeemed; or
- (2) an amount determined by the Quotation Agent (as defined below) equal to the sum of the present values of the remaining scheduled payments of principal, premium, if any, and interest thereon (not including any portion of such payments of interest accrued to the date of redemption) to November 16, 2027, the date that is three months before their maturity date, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 20 basis points.

plus accrued and unpaid interest thereon to, but not including the date of redemption.

On or after November 16, 2027, we may redeem the notes, in whole, at any time, or in part, from time to time, at our option, for cash, at a redemption price equal to 100% of the principal amount of such notes, plus accrued and unpaid interest to, but not including, the redemption date.

The principal amount of any note remaining outstanding after a redemption in part shall be \$2,000 or a higher integral multiple of \$1,000. Notwithstanding the foregoing, installments of interest on notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date.

*Comparable Treasury Issue* means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes of the applicable series to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such series of fixed rate notes.

*Comparable Treasury Price* means, with respect to any redemption date, (1) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if we are provided fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

*Quotation Agent* means the Reference Treasury Dealer appointed by us.

*Reference Treasury Dealer* means (1) Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer, and (2) any other Primary Treasury Dealers selected by us.

*Reference Treasury Dealer Quotations* means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

S-13

---

**Table of Contents**

*Treasury Rate* means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price on such redemption date.

Notice of any redemption will be mailed (or, in the case of notes held in book-entry form, be transmitted electronically) at least 15 days but not more than 45 days before the redemption date to each registered holder of the fixed rate notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the fixed rate notes or portions thereof called for redemption. If less than all of the fixed rate notes of a series are to be redeemed, the fixed rate notes of such series to be redeemed will be selected by the trustee by lot or another method the trustee deems to be fair and appropriate, in each case in accordance with the procedures of DTC to the extent applicable.

**Change of Control**

If a Change of Control Triggering Event occurs, unless, with respect to the notes, we have previously exercised our right to redeem the notes in whole as described above, holders of the notes will have the right to require us to repurchase all or any part (in integral multiples of \$1,000 original principal amount) of their notes pursuant to the offer described below (the Change of Control Offer ) on the terms set forth in the notes; provided that the principal amount of any note remaining outstanding after a repurchase in part shall be \$2,000 or a higher integral multiple of \$1,000. In the Change of Control Offer, we will be required to offer payment in cash equal to 101% of the then outstanding aggregate principal amount of the notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to, but not including, the date of repurchase (the Change of Control Payment ). Within 30 days following any Change of Control Triggering Event, we will be required to mail a notice to holders of notes subject to the Change of Control Triggering Event describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is sent (the Change of Control Payment Date ), pursuant to the procedures required by such notes and described in such notice. We must comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the notes, we will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control provisions of the notes by virtue of such conflicts.

On the Change of Control Payment Date, we will be required, to the extent lawful, to:

accept for payment all notes or portions thereof properly tendered pursuant to the Change of Control Offer;

deposit with the paying agent, no later than 10:00 a.m., New York City time, an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

deliver or cause to be delivered to the trustee the notes properly accepted together with an officers certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

The paying agent will promptly mail (or, in the case of notes held in book-entry form, transmit electronically) to each holder of notes properly tendered the repurchase price for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unreurchased portion of any notes surrendered; provided, that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 thereafter.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of ours and our subsidiaries

S-14

**Table of Contents**

taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of ours and our subsidiaries taken as a whole to another Person (as defined in the Indenture) or group may be uncertain.

We will not be required to make a Change of Control Offer upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for a Change of Control Offer made by us and the third party repurchases all notes properly tendered and not withdrawn under its offer. In addition, we will not repurchase any notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control Triggering Event.

The change of control feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the notes, but that could increase the amount of our indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings on the notes.

For purposes of the foregoing discussion of a repurchase at the option of holders, the following definitions are applicable:

*Below Investment Grade Rating Event* means the notes are rated below an Investment Grade Rating by each of the Rating Agencies (as defined below) on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of the Change of Control (which 60-day period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies).

*Change of Control* means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of ours and our subsidiaries taken as a whole to any person (as that term is used in Section 13(d)(3) of the Exchange Act) other than us or one of our subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of our voting stock; or (3) the first day on which a majority of the members of our Board of Directors are not Continuing Directors. Notwithstanding the foregoing, a transaction will not be deemed to result in a Change of Control if (a) we become a wholly-owned subsidiary of a holding company and (b) the holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of McKesson's voting stock immediately prior to that transaction.

*Change of Control Triggering Event* means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

*Continuing Directors* means, as of any date of determination, any member of our Board of Directors who (1) was a member of such Board of Directors on the date of the issuance of the notes; or (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director, without objection to such

nomination).

*Fitch* means Fitch Ratings Inc., a subsidiary of Hearst Corporation and Fimalac, S.A.

S-15



## **Table of Contents**

*Investment Grade Rating* means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

*Moody's* means Moody's Investors Service, Inc.

*Rating Agencies* means (1) each of Fitch, Moody's and S&P; and (2) if any one or more of Fitch, Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our reasonable control, then, at our election, either (x) each of the remaining agencies, as the case may be, or (y) each of the remaining agencies, as the case may be, and any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for Fitch, Moody's or S&P, or all of them, as the case may be.

*S&P* means S&P Global Ratings, a division of S&P Global, Inc.

## **Certain Covenants**

### ***Definitions***

The term *Attributable Debt* shall mean in connection with a sale and lease-back transaction the lesser of (a) the fair value of the assets subject to such transaction, as determined by our Board of Directors, or (b) the present value of the remaining obligations of the lessee for net rental payments during the term of any lease discounted at the rate of interest set forth or implicit in the terms of such lease or, if not practicable to determine such rate, the weighted average interest rate per annum borne by the debt securities of each series outstanding pursuant to the Indenture and subject to limitations on sale and lease-back transaction covenants, compounded semi-annually in either case as determined by our principal accounting or financial officer.

The term *Consolidated Subsidiary* shall mean any Subsidiary (as defined in the Indenture), substantially all the property of which is located, and substantially all the operations of which are conducted, in the United States of America whose financial statements are consolidated with our financial statements in accordance with accounting principles generally accepted in the United States of America.

The term *Exempted Debt* shall mean the sum of the following as of the date of determination: (1) Indebtedness of ours and our Consolidated Subsidiaries incurred after the date of issuance of the notes and secured by liens not permitted by the limitation on liens provisions, and (2) Attributable Debt of ours and our Consolidated Subsidiaries in respect of every sale and lease-back transaction entered into after the date of the issuance of the notes, other than leases permitted by the limitation on sale and lease-back provisions.

The term *Indebtedness* shall mean all items classified as indebtedness on our most recently available consolidated balance sheet, in accordance with accounting principles generally accepted in the United States of America.

The term *Qualified Receivables Transaction* shall mean any transaction or series of transactions entered into by us or any of our Subsidiaries pursuant to which we or any of our Subsidiaries sells, conveys or otherwise transfers to (1) a Receivables Subsidiary (in the case of a transfer by us or any of our Subsidiaries) or (2) any other person (in the case of a transfer by a Receivables Subsidiary), or grants a security interest in, any accounts receivable (whether now existing or arising in the future) or inventory of us or any of our Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable or inventory, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset

securitization transactions involving accounts receivable or inventory.

S-16

---

**Table of Contents**

The term *Receivables Subsidiary* shall mean a Subsidiary of ours which engages in no activities other than in connection with the financing of accounts receivable or inventory (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (1) is guaranteed by us or any Subsidiary of ours (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction), (2) is recourse or obligates us or any Subsidiary of ours in any way other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction or (3) subjects any property or asset of ours or any Subsidiary of ours (other than accounts receivable or inventory and related assets as provided in the definition of *Qualified Receivables Transaction* ), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction, (b) with which neither we nor any Subsidiary of ours has any material contract, agreement, arrangement or understanding other than on terms customary for securitization of receivables or inventory and (c) with which neither we nor any Subsidiary of ours has any obligations to maintain or preserve such Subsidiary's financial condition or cause such Subsidiary to achieve certain levels of operating results.

***Limitation on Liens***

We covenant that, so long as any of the notes remain outstanding, we will not, and will not permit any Consolidated Subsidiary, to create or assume any Indebtedness for money borrowed which is secured by a mortgage, pledge, security interest or lien ( *liens* ) of or upon any assets, whether now owned or hereafter acquired, of ours or any such Consolidated Subsidiary without equally and ratably securing the notes by a lien ranking equally to and ratably with (or, at our option, senior to) such secured Indebtedness, except that the foregoing restriction shall not apply to:

liens on assets of any corporation existing at the time such corporation becomes a Consolidated Subsidiary;

liens on assets existing at the time of acquisition thereof, or to secure the payment of the purchase price of such assets, or to secure indebtedness incurred or guaranteed by us or a Consolidated Subsidiary for the purpose of financing the purchase price of such assets or improvements or construction thereon, which indebtedness is incurred or guaranteed prior to, at the time of or within 360 days after such acquisition, or in the case of real property, completion of such improvement or construction or commencement of full operation of such property, whichever is later;

liens securing indebtedness owed by any Consolidated Subsidiary to us or another wholly owned Subsidiary;

liens on any assets of a corporation existing at the time such corporation is merged into or consolidated with us or a Subsidiary or at the time of a purchase, lease or other acquisition of the assets of the corporation or firm as an entirety or substantially as an entirety by us or a Subsidiary;

liens on any assets of ours or a Consolidated Subsidiary in favor of the United States of America or any state thereof, or in favor of any other country, or political subdivision thereof, to secure certain payments pursuant to any contract or statute or to secure any indebtedness incurred or guaranteed for the purpose of financing

all or any part of the purchase price, or, in the case of real property, the cost of construction, of the assets subject to such liens, including, but not limited to, liens incurred in connection with pollution control, industrial revenue or similar financing;

any extension, renewal or replacement, or successive extensions, renewals or replacements, in whole or in part, of any lien referred to in the foregoing;

certain statutory liens or other similar liens arising in the ordinary course of our or a Consolidated Subsidiary's business, or certain liens arising out of government contracts;

S-17

**Table of Contents**

certain pledges, deposits or liens made or arising under the worker's compensation or similar legislation or in certain other circumstances;

certain liens in connection with legal proceedings, including certain liens arising out of judgments or awards;

liens for certain taxes or assessments, landlord's liens and liens and charges incidental to the conduct of the business or the ownership of our assets or those of a Consolidated Subsidiary, which were not incurred in connection with the borrowing of money and which do not, in our opinion, materially impair the use of such assets in the operation of our business or that of such Consolidated Subsidiary or the value of such assets for the purposes thereof;

liens relating to accounts receivable of ours or any of our Subsidiaries which have been sold, assigned or otherwise transferred to another Person in a transaction classified as a sale of accounts receivable in accordance with accounting principles generally accepted in the United States of America, to the extent the sale by us or the applicable Subsidiary is deemed to give rise to a lien in favor of the purchaser thereof in such accounts receivable or the proceeds thereof; or

liens on any assets of ours or any of our Subsidiaries (including Receivables Subsidiaries) incurred in connection with a Qualified Receivables Transaction.

Notwithstanding the above, we or any of our Consolidated Subsidiaries may, without securing the notes, create or assume any Indebtedness which is secured by a lien which would otherwise be subject to the foregoing restrictions; provided that after giving effect thereto the Exempted Debt then outstanding at such time does not exceed 10% of our total assets on a consolidated basis.

***Limitation on Sale and Lease-Back Transactions***

Sale and lease-back transactions, except such transactions involving leases for less than three years, by us or any Consolidated Subsidiary of any assets are prohibited unless (a) we or such Consolidated Subsidiary would be entitled to incur Indebtedness secured by a lien on the assets to be leased in an amount at least equal to the Attributable Debt in respect of such transaction without equally and ratably securing the notes, or (b) the proceeds of the sale of the assets to be leased are at least equal to their fair market value (as determined by our Board of Directors) and the proceeds are applied to the purchase or acquisition, or, in the case of real property, the construction, of assets or to the retirement of Indebtedness. The foregoing limitation will not apply, if at the time we or any Consolidated Subsidiary enters into such sale and lease-back transaction, and after giving effect thereto, Exempted Debt does not exceed 10% of our total assets on a consolidated basis.

***Consolidation, Merger or Sale***

We cannot consolidate or merge with or into, or transfer or lease all or substantially all of our assets to, any person unless (a) we will be the continuing corporation or (b) the successor corporation or person formed by such consolidation or into which we are merged or to which our assets substantially as an entirety are transferred or leased is a corporation, limited liability company or limited partnership organized or existing under the laws of the United States, any state of the United States or the District of Columbia and, if such entity is not a corporation, a co-obligor of the notes is a corporation organized or existing under any such laws, and such successor corporation or person,

including such co-obligor, if any, expressly assumes, pursuant to a supplemental indenture, our obligations on the notes and under the Indenture. In addition, we cannot effect such a transaction unless immediately after giving effect to such transaction, no default or event of default under the Indenture shall have occurred and be continuing. Subject to certain exceptions, when the person to whom our assets are transferred or leased has assumed our obligations under the notes and the Indenture, we shall be discharged from all our obligations under the notes and the Indenture, except in limited circumstances.

This covenant would not apply to any recapitalization transaction, a change of control of us or a highly leveraged transaction, unless the transaction or change of control were structured to include a merger or consolidation or transfer or lease of all or substantially all of our assets.

## **Table of Contents**

### **Book-Entry System**

The certificates representing the notes will be issued in the form of one or more fully registered global notes without coupons (the "global note") and will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as the nominee of DTC. Except in limited circumstances, the notes will not be issuable in definitive form. Unless and until they are exchanged in whole or in part for the individual notes represented thereby, any interests in the global note may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee of DTC to a successor depository or any nominee of such successor. See "Description of Debt Securities Registered Global Securities" in the accompanying prospectus.

DTC has advised us that DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly. The rules applicable to DTC and its Participants are on file with the SEC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

### **Concerning the Trustee**

Wells Fargo Bank, National Association is the trustee under the Indenture with respect to the notes offered hereby. We may maintain deposit accounts or conduct other banking transactions with the trustee in the ordinary course of business.

### **Internal Revenue Code Section 6045**

The Issuer and the holders shall cooperate with the Trustee and shall provide the Trustee with reasonable access to, and copies of, documents or information necessary for the Trustee to comply with any cost basis reporting obligations imposed on it by a governmental authority in connection with certain transfers or exchanges of notes.

---

**Table of Contents**

**UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of certain United States ( U.S. ) federal income tax consequences of the acquisition, ownership, and disposition of the notes. This summary is for informational purposes only and is based on the Code, Treasury Regulations promulgated thereunder, and administrative and judicial interpretations and practice, all as in effect on the date of this prospectus supplement and all of which are subject to change or differing interpretations, with possible retroactive effect. There can be no assurance that the Internal Revenue Service ( IRS ) would not assert, or that a court would not sustain, positions different from those discussed herein.

This summary deals only with beneficial owners of the notes that purchase the notes in this offering at their issue price (the first price at which a substantial amount of the notes is sold for cash (excluding sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers)) and that will hold their notes as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address non-U.S., state, or local tax consequences of the acquisition, ownership, or disposition of the notes, nor does it address U.S. federal income tax consequences relevant to special classes of taxpayers, e.g., dealers in securities; traders in securities that have elected the mark-to-market method of accounting for their securities; persons holding notes as part of a hedge, straddle, conversion or other synthetic security or integrated transaction; certain U.S. expatriates; financial institutions; accrual method taxpayers subject to special tax accounting rules under section 451(b) of the Code; insurance companies; controlled foreign corporations; passive foreign investment companies; persons subject to the alternative minimum tax or Medicare contribution tax; or entities which are tax-exempt for U.S. federal income tax purposes.

For purposes of this discussion, a U.S. Holder is a beneficial owner of a note that is an individual, corporation, estate or trust that is, for U.S. federal income tax purposes (i) a citizen or individual resident of the United States; (ii) a corporation (or other entity classified as a corporation for U.S. federal income tax purposes) created, organized, or domesticated under the laws of the United States or any political subdivision thereof; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust that (a) is subject to the primary supervision of a U.S. court and has one or more U.S. persons, within the meaning of Code section 7701(a)(30), who have the authority to control all substantial decisions of the trust, or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

A Non-U.S. Holder is a beneficial owner of a note that is not a U.S. Holder or a partnership.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds notes, the U.S. federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisors as to the tax consequences of an investment in the notes.

Prospective holders should consult an independent tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning, or disposing of the notes in light of their particular circumstances as well as with respect to any tax consequences of acquiring, owning, or disposing of the notes under U.S. federal estate or gift tax laws or under any applicable tax treaty.

In certain circumstances (see Description of Notes Change of Control ), we will be required to offer to repurchase the notes at a price equal to 101% of the then outstanding principal amount of the notes, plus accrued and unpaid interest to, but not including, the date of repurchase. We intend to take the position that such circumstances are a remote possibility and therefore do not intend to treat the notes as subject to the special rules governing certain contingent payment debt instruments (which, if applicable, would affect the timing, amount and character of income with respect



to a note). Our determination in this regard, while not binding on the IRS, is binding on U.S. holders unless they disclose their contrary position. The following discussion assumes that the notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

S-20

## **Table of Contents**

### **U.S. Holders**

The following is a summary of the material U.S. federal income tax consequences to a U.S. Holder relating to the purchase, ownership, and disposition of the notes.

#### ***Payments of interest***

It is expected, and, therefore, this summary assumes that the notes will not be issued with original issue discount for U.S. federal income tax purposes.

U.S. Holders will be required to recognize as ordinary income the stated interest paid or accrued on the notes, in accordance with their regular method of tax accounting.

#### ***Sale, exchange, redemption or other taxable disposition***

Upon the sale, exchange, redemption or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between (i) the amount realized upon the sale, exchange, redemption or other taxable disposition and (ii) such U.S. Holder's adjusted tax basis in the note. The amount realized will be equal to the proceeds received by the U.S. Holder, less any portion allocable to any accrued and unpaid stated interest, which portion will be taxed as ordinary interest income (as described above under *Payments of interest*). A U.S. Holder's adjusted tax basis in a note generally will equal the cost of the note to such U.S. Holder. Any gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder has held the note for more than one year. In general, long-term capital gains of a non-corporate U.S. Holder are taxed at lower rates than those applicable to ordinary income. The deductibility of capital losses is subject to limitations. U.S. Holders should consult their own tax advisors as to the deductibility of capital losses in their particular circumstances.

#### ***Information reporting and backup withholding***

In general, we must report certain information to the IRS with respect to payments of interest, and payments of the proceeds of the sale, exchange, redemption, or other taxable disposition of a note, to certain non-corporate U.S. Holders. The payor (which may be us or an intermediate payor) may be required to impose backup withholding, currently at a rate of 24%, if (i) the payee fails to furnish a taxpayer identification number ( TIN ) to the payor or to otherwise establish an exemption to backup withholding; (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect; (iii) there has been a notified payee underreporting described in Section 3406(c) of the Code; or (iv) the payee has not certified under penalties of perjury that it has furnished a correct TIN and that the IRS has not notified the payee that it is subject to backup withholding under the Code or otherwise established an exemption. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will generally be allowed as a credit against that U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

### **Non-U.S. Holders**

The following is a summary of the material U.S. federal income tax consequences to a Non-U.S. Holder relating to the purchase, ownership, and disposition of the notes.

#### ***Payments of interest***

It is expected, and, therefore, this summary assumes that the notes will not be issued with original issue discount for U.S. federal income tax purposes. Subject to the discussion below under Foreign Account Tax Compliance Act and Information reporting and backup withholding, any interest paid to a Non-U.S. Holder

S-21

---

**Table of Contents**

of a note that is not effectively connected with a U.S. trade or business generally will not be subject to U.S. federal income (including withholding) tax if the interest qualifies as portfolio interest. Interest on the notes generally will qualify as portfolio interest if (a) the Non-U.S. Holder does not actually or constructively own 10% or more of the total voting power of all our voting stock, (b) such Non-U.S. Holder is not a controlled foreign corporation with respect to which we are a related person within the meaning of the Code, and (c) either (i) the non-U.S. Holder provides to us or our paying agent an IRS Form W-8BEN or W-8BEN-E (or a suitable substitute form), signed under penalties of perjury, that includes its name and address and certifies its non-U.S. status in compliance with applicable law and regulations, (ii) a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business on behalf of the Non-U.S. Holder provides a statement to us or our agent under penalties of perjury in which it certifies that an IRS Form W-8BEN or W-8BEN-E (or a suitable substitute form) has been received by it from the Non-U.S. Holder, or (iii) the Non-U.S. Holder holds its notes through a qualified intermediary and the qualified intermediary provides us or our paying agent a properly executed IRS Form W-8IMY (or other applicable form) on behalf of itself together with any applicable underlying IRS forms sufficient to establish that the Non-U.S. Holder is not a U.S. Holder.

The gross amount of payments to a Non-U.S. Holder of interest that is not effectively connected with a U.S. trade or business and that does not qualify for the portfolio interest exemption will be subject to U.S. withholding tax at the rate of 30%, unless a U.S. income tax treaty applies to reduce or eliminate such withholding tax. Payments of interest that are effectively connected with the conduct of a U.S. trade or business by a Non-U.S. Holder and, to the extent an applicable treaty so provides, are attributable to a permanent establishment in the United States will be taxed on a net basis at regular U.S. rates in the same manner as such payments to U.S. Holders. In the case of a Non-U.S. Holder that is a corporation, such effectively connected income may also be subject to the branch profits tax (which is generally imposed on a foreign corporation on the actual or deemed repatriation from the United States of earnings and profits attributable to U.S. trade or business income) at a 30% rate. The branch profits tax may not apply (or may apply at a reduced rate) if a recipient is a qualified resident of certain countries with which the United States has an income tax treaty. If payments of interest are effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (whether or not a treaty applies), the 30% withholding tax discussed above will not apply provided that the appropriate certification (discussed below) is provided. To claim the benefit of a tax treaty or to claim exemption from withholding because the income is effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business, the Non-U.S. Holder must provide a properly executed IRS Form W-8BEN, W-8BEN-E or W-8ECI (or such successor forms as the IRS may designate), as applicable, prior to the payment of interest. A Non-U.S. Holder that is claiming the benefits of a treaty may be required in certain instances to obtain a U.S. taxpayer identification number and to provide certain documentary evidence issued by foreign governmental authorities to prove residence in the foreign country.

***Sale, exchange, redemption or other taxable disposition***

Subject to the discussion below under Foreign Account Tax Compliance Act and Information reporting and backup withholding, a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale, exchange, redemption or other taxable disposition of a note unless: (i) the Non-U.S. Holder is a nonresident alien individual who is present in the United States for a period or periods aggregating 183 or more days in the taxable year of the disposition and certain other conditions are met, in which case the Non-U.S. Holder will be subject to a flat 30% U.S. federal income tax on any gain recognized (except to the extent otherwise provided by an applicable income tax treaty), which may be offset by certain U.S. losses; or (ii) such gain is effectively connected with the conduct of a U.S. trade or business by a Non-U.S. Holder and, to the extent an applicable treaty so provides, is attributable to a permanent establishment in the United States, in which case such gain will be taxable in the same manner as effectively connected interest (discussed above).

S-22

**Table of Contents**

***Information reporting and backup withholding***

The amount of interest paid to a Non-U.S. Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the Non-U.S. Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the Non-U.S. Holder is resident. Provided that a Non-U.S. Holder has complied with certain reporting procedures (generally through the provision of a properly executed IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption, the Non-U.S. Holder generally will not be subject to backup withholding with respect to interest payments on a note, unless we or our paying agent know or have reason to know that the holder is a U.S. person. Backup withholding is not an additional tax. Any amounts withheld from payments to a Non-U.S. Holder under the backup withholding rules may be refunded or credited against a Non-U.S. Holder's federal income tax liability, if any, if the holder timely provides the required information to the IRS.

**Foreign Account Tax Compliance Act**

The Foreign Account Tax Compliance Act ( FATCA ) imposes a 30% U.S. withholding tax on certain U.S. source payments, including interest, dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S. source interest or dividends ( Withholdable Payments ), if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a holder), unless such institution enters into an agreement with the U.S. Treasury Department to collect and provide to the U.S. Treasury Department certain information regarding U.S. financial account holders, including certain account holders that are foreign entities with U.S. owners, with such institution or otherwise complies with FATCA. In addition, the notes may constitute a financial account for these purposes and thus, be subject to information reporting requirements pursuant to FATCA. FATCA also generally imposes a withholding tax of 30% on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity. Under certain circumstances, a holder may be eligible for refunds or credits of such taxes.

The U.S. Treasury Department and the IRS have announced that withholding on payments of gross proceeds from a sale, exchange, redemption, or other taxable disposition of the notes will only apply to payments made after December 31, 2018. If we determine withholding is appropriate with respect to the notes, we will withhold tax at the applicable statutory rate, and we will not pay any additional amounts in respect of such withholding. Foreign financial institutions and non-financial foreign entities located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. Prospective investors are urged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the notes.

**Table of Contents****UNDERWRITING**

Subject to the terms and conditions contained in an underwriting agreement, dated as of the date of this prospectus supplement between us and the underwriters named below, for whom Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, HSBC Securities (USA) Inc. and Wells Fargo Securities, LLC are acting as representatives, we have agreed to sell to each underwriter, and each underwriter has agreed, severally and not jointly, to purchase from us, the principal amount of the notes that appears opposite its name in the table below:

<b>Underwriter</b>	<b>Principal Amount of Notes to be Purchased</b>
Goldman Sachs & Co. LLC	\$ 105,000,000
J.P. Morgan Securities LLC	90,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	90,000,000
HSBC Securities (USA) Inc.	90,000,000
Wells Fargo Securities, LLC	90,000,000
Barclays Capital Inc.	12,000,000
Citigroup Global Markets Inc.	12,000,000
MUFG Securities Americas Inc.	12,000,000
BNP Paribas Securities Corp.	9,000,000
Deutsche Bank Securities Inc.	9,000,000
Scotia Capital (USA) Inc.	9,000,000
TD Securities (USA) LLC	9,000,000
UniCredit Capital Markets LLC	9,000,000
U.S. Bancorp Investments, Inc.	9,000,000
ING Financial Markets LLC	8,250,000
PNC Capital Markets LLC	8,250,000
Rabo Securities USA, Inc.	8,250,000
The Williams Capital Group, L.P.	8,250,000
DNB Markets, Inc.	6,000,000
RBS Securities Inc.	6,000,000
<b>Total</b>	<b>\$ 600,000,000</b>

The underwriters are offering the notes subject to their acceptance of the notes from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the notes offered by this prospectus supplement are subject to certain conditions. The underwriters are obligated to take and pay for all of the notes offered by this prospectus supplement if any such notes are taken. The underwriters reserve the right to withdraw, cancel or modify offers to the public and reject orders in whole or in part.

The underwriters initially propose to offer the notes to the public at the public offering prices that appear on the cover page of this prospectus supplement. After the initial offering of the notes, the underwriters may from time to time vary the offering prices and other selling terms. The underwriters may offer and sell notes through certain of their affiliates.

The following table shows the underwriting discounts that we will pay to the underwriters in connection with the offering of the notes:

<b>Paid by us</b>	
Per note	0.650%
Total	\$ 3,900,000

S-24



## **Table of Contents**

Expenses associated with this offering to be paid by us, other than underwriting discounts, are estimated to be approximately \$1.3 million.

We have also agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments which the underwriters may be required to make in respect of any such liabilities.

The notes are a new issue of securities, and there are currently no established trading markets for the notes. We do not intend to apply for the notes to be listed on any securities exchange or for quotation on any automated dealer quotation system. The underwriters have advised us that they intend to make a market in the notes, but they are not obligated to do so. The underwriters may discontinue any market making in the notes at any time at their sole discretion.

Accordingly, we cannot assure you that liquid trading markets will develop for the notes, that you will be able to sell your notes at a particular time or that the prices you receive when you sell will be favorable.

In connection with the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the prices of the notes. Specifically, the underwriters may overallocate in connection with the offering of the notes, creating syndicate short positions. In addition, the underwriters may bid for and purchase notes in the open market to cover syndicate short positions or to stabilize the prices of the notes. Finally, the underwriting syndicate may reclaim selling concessions allowed for distributing the notes in the offering of the notes, if the syndicate repurchases previously distributed notes in syndicate covering transactions, stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market prices of the notes above independent market levels. However, neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that these activities may have on the price of the notes. In addition, the underwriters are not required to engage in any of these activities, and may end any of them at any time.

We expect that delivery of the notes will be made against payment therefor on or about February 16, 2018, which will be the seventh business day following the date of pricing of the notes (such settlement cycle being herein referred to as T+7 ). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date hereof or the next four succeeding business days will be required, by virtue of the fact that the notes initially will settle T+7, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes during the period described above should consult their own advisors.

## **Conflicts of Interest**

In the ordinary course of business, the underwriters or their affiliates may have provided and may in the future provide commercial, financial, advisory or investment banking services for us and our subsidiaries for which they have received or will receive customary compensation.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the underwriters or their affiliates have a lending relationship with us, certain of those underwriters or their affiliates routinely hedge, and certain other of those underwriters may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could

adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in

S-25

## **Table of Contents**

respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

To the extent any of the underwriters or their affiliates hold tender offer notes that are purchased pursuant to the concurrent tender offers or the 7.500% notes redemption, if applicable, they may receive a portion of the proceeds from the sale of the notes. Wells Fargo Bank, National Association, an affiliate of Wells Fargo Securities, LLC, is the trustee under the indenture governing the notes and the paying agent and registrar for the notes offered hereby.

## **Selling Restrictions**

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the notes offered by this prospectus supplement in any jurisdiction where action for that purpose is required. The notes offered by this prospectus supplement may not be offered or sold, directly or indirectly, nor may this prospectus supplement or any other offering material or advertisements in connection with the offer and sale of any such notes be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus supplement comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus supplement. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus supplement in any jurisdiction in which such an offer or a solicitation is unlawful.

### ***Australia***

No placement document, prospectus, product disclosure statement or other disclosure document (including as defined in the Corporations Act 2001 (Cth) ( *Corporations Act* )) has been or will be lodged with the Australian Securities and Investments Commission ( *ASIC* ) or any other governmental agency, in relation to the offering. This prospectus supplement does not constitute a prospectus, product disclosure statement or other disclosure document for the purposes of the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. No action has been taken which would permit an offering of the notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act.

The notes may not be offered for sale, nor may application for the sale or purchase of any notes be invited in Australia (including an offer or invitation which is received by a person in Australia) and neither this prospectus supplement nor any other offering material or advertisement relating to the notes may be distributed or published in Australia unless, in each case:

- (a) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A\$500,000 (or its equivalent in another currency, in either case, disregarding moneys lent by the person offering the notes or making the invitation or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act;
- (b) the offer, invitation or distribution complied with the conditions of the Australian financial services license of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such license;

- (c) the offer, invitation or distribution complies with all applicable Australian laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act);
- (d) the offer or invitation does not constitute an offer or invitation to a person in Australia who is a retail client as defined for the purposes of Section 761G of the Corporations Act; and

S-26

---

**Table of Contents**

(e) such action does not require any document to be lodged with ASIC or the Australian Securities Exchange.

***Prohibition of Sales to EEA Retail Investors***

The notes may not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision, the expression *retail investor* means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (c) not a qualified investor as defined in the Prospectus Directive.

The expression *offer* includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes.

***Canada***

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ( NI 33-105 ), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

***Hong Kong***

The notes may not be offered or sold in the Hong Kong Special Administrative Region of the People's Republic of China ( Hong Kong ) by means of any document other than (i) to *professional investors* within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a *prospectus* within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed

at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

S-27

---

**Table of Contents**

***Japan***

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

***Singapore***

This prospectus supplement and accompanying prospectus have not been and will not be registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore ( SFA ) by the Monetary Authority of Singapore, and the offer of the notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA (an Institutional Investor ) pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an Accredited Investor ) or other relevant person as defined in Section 275(2) of the SFA (a Relevant Person ) and pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is:

- (a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor;  
or
- (b) a trust (where the trustee is not an Accredited Investor), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor,  
the shares, debentures and units of shares and debentures of that corporation, and the beneficiaries' rights and interest (howsoever described) in that trust, shall not be transferred within 6 months after that corporation or that trust has subscribed for or acquired the notes except:
  - (1) to an Institutional Investor, or an Accredited Investor or other Relevant Person or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

***Switzerland***

This prospectus supplement is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into



**Table of Contents**

or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this prospectus supplement nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this prospectus supplement nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

***United Kingdom***

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to McKesson Corporation.

All applicable provisions of the FSMA must be complied with with respect to anything done by any person in relation to the notes in, from or otherwise involving the United Kingdom.

**Table of Contents**

**LEGAL MATTERS**

The validity of the notes offered hereby will be passed upon for us by Morrison & Foerster LLP, Washington, District of Columbia, and for the underwriters by Sidley Austin LLP, New York, New York.

**EXPERTS**

The consolidated financial statements, and the related financial statement schedule, incorporated in this Prospectus Supplement by reference from our Annual Report on Form 10-K for the fiscal year ended March 31, 2017, and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

The SEC allows us to incorporate by reference into this prospectus supplement the information we file with the SEC, which means:

incorporated documents are considered part of this prospectus supplement;

we can disclose important information to you by referring you to those documents; and

information we file with the SEC will automatically update and supersede the information in this prospectus supplement and any information that was previously incorporated.

We incorporate by reference the documents listed below and any future documents we file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, until we terminate this offering (other than, in each case, documents or information deemed furnished and not filed in accordance with SEC rules, including pursuant to Item 2.02 or Item 7.01 of Form 8-K, and no such information shall be deemed specifically incorporated by reference hereby):

our Annual Report on Form 10-K for the fiscal year ended March 31, 2017;

The information specifically incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended March 31, 2017 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on June 16, 2017;

our Quarterly Reports on Form 10-Q for the quarterly periods ended June 30, 2017, September 30, 2017 and December 31, 2017; and

Edgar Filing: MCKESSON CORP - Form 424B5

our Current Reports on Form 8-K filed with the SEC on April 6, 2017, July 28, 2017, December 18, 2017 and February 7, 2018, and our Current Report filed on Form 8-K/A filed with the SEC on January 10, 2018.

S-30

**Table of Contents**

You can obtain any of the filings incorporated by reference in this document through us, or from the SEC through the SEC's web site at <http://www.sec.gov> or at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may obtain information on the operation of the SEC's Public Reference Room by calling 1-800-SEC-0330. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this prospectus supplement. You can obtain documents incorporated by reference in this prospectus supplement by requesting them in writing or by telephone from us at the following address:

McKesson Corporation  
McKesson Plaza, One Post Street  
San Francisco, California 94104  
Attn: Corporate Secretary  
Telephone: (415) 983-8300

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of the prospectus supplement and the accompanying prospectus to the extent that a statement contained herein or in any other subsequently filed document that is incorporated by reference herein modifies or supersedes such earlier statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the prospectus supplement.

S-31

Table of Contents

**PROSPECTUS**

**McKESSON CORPORATION**

**COMMON STOCK**

**PREFERRED STOCK**

**DEPOSITARY SHARES**

**DEBT SECURITIES**

**WARRANTS**

**STOCK PURCHASE CONTRACTS**

**STOCK PURCHASE UNITS**

We may offer and sell from time to time:

common stock;

preferred stock;

depositary shares representing preferred stock;

debt securities;

warrants;

stock purchase contracts; and

stock purchase units.

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be

offered, and the specific manner in which they may be offered, will be described in a supplement to this prospectus. You should read this prospectus and each applicable prospectus supplement carefully before you invest. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

Our common stock is listed on the New York Stock Exchange under the symbol MCK. We have not yet determined whether any of the other securities that may be offered by this prospectus and a prospectus supplement will be listed on any exchange, inter-dealer quotation system or over-the-counter market. Our principal executive offices are located at McKesson Plaza, One Post Street, San Francisco, California 94104, and our telephone number is (415) 983-8300.

**Investing in our securities involves risks. You should carefully read and consider the risk factors included in our periodic reports and other information that we file with the Securities and Exchange Commission and that are incorporated by reference into this prospectus or any prospectus supplement before you invest in our securities. See Risk Factors on page 3 of this prospectus and any risk factors contained in any applicable prospectus supplement.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is January 27, 2017.**

Table of Contents

**TABLE OF CONTENTS**

<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>INCORPORATION BY REFERENCE</u>	2
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>RISK FACTORS</u>	3
<u>McKESSON CORPORATION</u>	3
<u>USE OF PROCEEDS</u>	4
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	4
<u>DESCRIPTION OF CAPITAL STOCK</u>	5
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	9
<u>DESCRIPTION OF DEBT SECURITIES</u>	12
<u>DESCRIPTION OF WARRANTS</u>	21
<u>DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS</u>	24
<u>LEGAL MATTERS</u>	27
<u>EXPERTS</u>	27

Table of Contents

**ABOUT THIS PROSPECTUS**

Unless otherwise indicated or the context otherwise requires, all references in this prospectus to McKesson, the Company, we, our, us and other similar pronouns refer to McKesson Corporation, together with all wholly owned subsidiaries and majority-owned or controlled companies.

This prospectus is part of a shelf registration statement that we filed with the Securities and Exchange Commission (the SEC). By using a shelf registration statement, we may sell, from time to time, in one or more offerings, any combination of the securities described in this prospectus.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms and manner of that offering. The accompanying prospectus supplement or information incorporated by reference into this prospectus after the date of this prospectus may also add, update or change information contained in this prospectus. Any such information that is inconsistent with this prospectus will supersede the information in this prospectus. You should read both this prospectus and the accompanying prospectus supplement together with the additional information described under the heading Where You Can Find More Information.

You should rely only on the information we have provided or incorporated by reference into this prospectus, any applicable prospectus supplement and any related free writing prospectus. We have not authorized anyone to provide you with different information. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus, any applicable prospectus supplement or any related free writing prospectus.

**Neither the delivery of this prospectus nor any sale made under it implies that the information in this prospectus is correct as of any date after the date of this prospectus. You should assume that the information in this prospectus, any applicable prospectus supplement or any related free writing prospectus is accurate only as of the date thereof and that any information incorporated by reference in this prospectus, any applicable prospectus supplement or any related free writing prospectus is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus, any applicable prospectus supplement or any related free writing prospectus, or any sale of a security.**

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under Incorporation by Reference.



**Table of Contents**

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements, and other information with the SEC. Such reports, proxy statements, and other information concerning us can be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or on the Internet at <http://www.sec.gov>. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains a web site at <http://www.sec.gov> that contains reports, proxy statements and other information about issuers, such as us, who file electronically with the SEC.

Our common stock is listed on the New York Stock Exchange under the ticker "MCK" and reports, proxy statements and other information concerning us can also be available for inspection at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act of 1933, as amended (the Securities Act) with respect to the securities covered by this prospectus. This prospectus, which is a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information with respect to us and the securities covered by this prospectus, please see the registration statement and the exhibits filed with the registration statement. A copy of the registration statement and the exhibits filed with the registration statement may be inspected without charge from the SEC as indicated above, or from us as indicated under "Incorporation by Reference."

**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus the information that we file with the SEC. This permits us to disclose important information to you by referring to these filed documents. Any information referred to in this way is considered part of this prospectus, and any information filed with the SEC by us after the date of this prospectus will automatically be deemed to update and supersede this information. We incorporate by reference the following documents that have been filed with the SEC (other than, in each case, documents or information deemed furnished and not filed in accordance with SEC rules, including pursuant to Item 2.02 or Item 7.01 or any related exhibit furnished under Item 9.01(d) of Form 8-K, and no such information shall be deemed specifically incorporated by reference hereby):

Annual Report on Form 10-K for the fiscal year ended March 31, 2016, filed with the SEC on May 5, 2016 ( "Annual Report" );

The information specifically incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended March 31, 2016 from our Definitive Proxy Statement on Schedule 14A filed with the SEC on June 17, 2016;

Quarterly Reports on Form 10-Q for the quarterly periods ended June 30, 2016, September 30, 2016 and December 31, 2016;

Edgar Filing: MCKESSON CORP - Form 424B5

Current Reports on Form 8-K filed with the SEC on May 20, 2016, July 5, 2016, July 29, 2016, September 6, 2016 and December 21, 2016; and

The description of our common stock contained in our Registration Statement on Form 8-A, filed with the SEC on October 22, 2004 (File No. 000-50997), and any amendment or reports filed for the purpose of updating such description.

We also incorporate by reference any future filings (other than information in such documents that is not deemed to be filed) made with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act ) until we file a post-effective amendment which indicates the termination of the offering of the securities made by this prospectus.

## **Table of Contents**

We will provide without charge upon written or oral request a copy of any or all of the documents that are incorporated by reference into this prospectus, other than exhibits which are specifically incorporated by reference into such documents. Requests should be directed to our Corporate Secretary at McKesson Corporation, McKesson Plaza, One Post Street, San Francisco, California 94104. Our telephone number is (415) 983-8300.

### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Some of these statements can be identified by use of forward-looking words such as believes, expects, anticipates, may, will, should, seeks, approximately, intends, plans or estimates, or the negative of these words, or other comparable terminology. The discussion of financial trends, strategy, plans or intentions may also include forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, or implied. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the factors discussed under Risk Factors in our most recent Annual Report on Form 10-K, in our Quarterly Reports on Form 10-Q, in any prospectus supplement related hereto, and in other information contained in our publicly available SEC filings and press releases.

You should not consider this list to be a complete statement of all risks and uncertainties. You are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date such statements were first made. Except to the extent required by federal securities laws, we undertake no obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

### **RISK FACTORS**

Investing in our securities involves a high degree of risk. Before making a decision to invest in our securities, in addition to the other information contained in this prospectus, any accompanying prospectus supplement or any related free writing prospectus, or incorporated by reference herein or therein, you should carefully consider the risks discussed under Risk Factors in our most recent Annual Report on Form 10-K, in our Quarterly Reports on Form 10-Q, in any prospectus supplement related hereto, and in other information contained in our publicly available SEC filings and press releases. See Where You Can Find Additional Information.

### **McKESSON CORPORATION**

McKesson Corporation is a corporation that delivers pharmaceuticals, medical supplies and health care information technologies that make health care safer while reducing costs. We conduct our business through two operating segments: McKesson Distribution Solutions and McKesson Technology Solutions.

Our principal executive offices are located at McKesson Plaza, One Post Street, San Francisco, California 94104, and our telephone number is (415) 983-8300.

**Table of Contents****USE OF PROCEEDS**

Unless otherwise set forth in a prospectus supplement with respect to the proceeds from the sale of the particular securities to which such prospectus supplement relates, we intend to use the net proceeds from the sale of the offered securities for general corporate purposes, including repayment or redemption of outstanding debt or preferred stock, the possible acquisition of related businesses or assets thereof, and working capital needs.

**RATIO OF EARNINGS TO FIXED CHARGES**

No shares of our preferred stock were outstanding during the fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012. Therefore, the ratios of earnings to fixed charges and preferred dividends are not separately stated from the ratios of earnings to fixed charges for the periods listed above. The table below reflects our ratio of earnings to fixed charges for each of the five fiscal years in the period ended March 31, 2016 and for the nine months ended December 31, 2016.

	<b>For the Nine Months Ended December 31,</b>	<b>For the Fiscal Years Ended March 31,</b>				
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Ratio of earnings to fixed charges <sup>(a)</sup>	7.4	7.5	6.1	6.4	7.2	6.8

- (a) The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. For this purpose, earnings consists of pre-tax income/(loss) from continuing operations plus fixed charges; and fixed charges consists of interest costs, both expensed and capitalized (including amortization of debt discounts and deferred loan costs), and the representative interest component of rent expense.

---

**Table of Contents**

**DESCRIPTION OF CAPITAL STOCK**

**General**

The following descriptions of our capital stock and of certain provisions of Delaware law do not purport to be complete and are subject to and qualified in their entirety by reference to our amended and restated certificate of incorporation, our amended and restated by-laws and the Delaware General Corporation Law ( DGCL ). Copies of our amended and restated certificate of incorporation and our amended and restated by-laws have been filed with the SEC and are filed as exhibits to the registration statement of which this prospectus forms a part.

As of the date hereof, our authorized capital stock consists of 900,000,000 shares, of which 800,000,000 shares are common stock, par value \$0.01 per share, and 100,000,000 shares are preferred stock, par value \$0.01 per share. As of December 31, 2016, there were 212,052,504 shares of common stock issued and outstanding, and no shares of preferred stock issued and outstanding. Of the preferred stock, 10,000,000 shares have been designated Series A Junior Participating Preferred Stock. All of our outstanding shares of common stock are fully paid and non-assessable.

Our common stock is listed on the New York Stock Exchange under the symbol MCK.

**Common Stock**

*Dividend Rights.* Subject to the dividend rights of the holders of any outstanding preferred stock, the holders of shares of common stock are entitled to receive ratably dividends out of assets legally available therefor at such times and in such amounts as our board of directors may from time to time determine.

*Rights Upon Liquidation.* Upon liquidation, dissolution or winding up of our affairs, the holders of common stock are entitled to share ratably in our assets that are legally available for distribution, after payment of all debts, other liabilities and any liquidation preferences of outstanding preferred stock.

*Conversion, Redemption and Preemptive Rights.* Holders of our common stock have no conversion, redemption, preemptive or similar rights.

*Voting Rights.* Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. Our amended and restated certificate of incorporation does not provide for cumulative voting in the election of directors.

**Preferred Stock**

Our amended and restated certificate of incorporation authorizes our board of directors, without further stockholder action, to provide for the issuance of up to 100,000,000 shares of preferred stock, in one or more series, and to fix the designations, terms, and relative rights and preferences, including the dividend rate, voting rights, conversion rights, redemption and sinking fund provisions and liquidation preferences of each of these series. We may amend from time to time our amended and restated certificate of incorporation to increase the number of authorized shares of preferred stock. Any such amendment would require the approval of the holders of a majority of our shares entitled to vote.

The particular terms of any series of preferred stock that we offer under this prospectus will be described in the applicable prospectus supplement relating to that series of preferred stock. Those terms may include:

the title and liquidation preference per share of the preferred stock and the number of shares offered;

the purchase price of the preferred stock;

the dividend rate (or method of calculation), the dates on which dividends will be payable, whether dividends shall be cumulative and, if so, the date from which dividends will begin to accumulate;

**Table of Contents**

any redemption or sinking fund provisions of the preferred stock;

any conversion, redemption or exchange provisions of the preferred stock;

the voting rights, if any, of the preferred stock; and

any additional dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions of the preferred stock.

If the terms of any series of preferred stock being offered differ from the terms set forth in this prospectus, those terms will also be disclosed in the applicable prospectus supplement relating to that series of preferred stock. The summary in this prospectus is not complete. You should refer to the certificate of designations establishing a particular series of preferred stock which will be filed with the Secretary of State of the State of Delaware and the SEC in connection with the offering of the preferred stock.

Each prospectus supplement may describe certain U.S. federal income tax considerations applicable to the purchase, holding and disposition of the preferred stock that prospectus supplement covers.

*Dividend Rights.* The preferred stock will be preferred over the common stock as to payment of dividends. Before any dividends or distributions (other than dividends or distributions payable in common stock or other stock ranking junior to that series of preferred stock as to dividends and upon liquidation) on the common stock or other stock ranking junior to that series of preferred stock as to dividends and upon liquidation shall be declared and set apart for payment or paid, the holders of shares of each series of preferred stock (unless otherwise set forth in the applicable prospectus supplement) will be entitled to receive dividends when, as and if declared by our board of directors or, if dividends are cumulative, full cumulative dividends for the current and all prior dividend periods. We will pay those dividends either in cash, shares of preferred stock, or otherwise, at the rate and on the date or dates set forth in the applicable prospectus supplement. With respect to each series of preferred stock that has cumulative dividends, the dividends on each share of the series will be cumulative from the date of issue of the share unless some other date is set forth in the prospectus supplement relating to the series. Accruals of dividends will not bear interest. The applicable prospectus supplement will indicate the relative ranking of the particular series of the preferred stock as to the payment of dividends, as compared with then-existing and future series of preferred stock.

*Rights Upon Liquidation.* The preferred stock of each series will be preferred over the common stock and other stock ranking junior to that series of preferred stock as to assets, so that the holders of that series of preferred stock (unless otherwise set forth in the applicable prospectus supplement) will be entitled to be paid, upon our voluntary or involuntary liquidation, dissolution or winding up, and before any distribution is made to the holders of common stock and other stock ranking junior to that series of preferred stock, the amount set forth in the applicable prospectus supplement. However, in this case the holders of preferred stock of that series will not be entitled to any other or further payment. If upon any liquidation, dissolution or winding up, our net assets are insufficient to permit the payment in full of the respective amounts to which the holders of all outstanding preferred stock are entitled, our entire remaining net assets will be distributed among the holders of each series of preferred stock in amounts proportional to the full amounts to which the holders of each series are entitled, subject to any provisions of any series of preferred stock that rank it junior or senior to other series of preferred stock upon liquidation. The applicable prospectus supplement will indicate the relative ranking of the particular series of the preferred stock upon liquidation, as compared with then-existing and future series of preferred stock.

*Conversion, Redemption or Exchange Rights.* The shares of a series of preferred stock will be convertible at the option of the holder of the preferred stock, redeemable at our option or the option of the holder, as applicable, or exchangeable at our option, into another security, in each case, to the extent set forth in the applicable prospectus supplement.

*Voting Rights.* Except as indicated in the applicable prospectus supplement or as otherwise from time to time required by law, the holders of preferred stock will have no voting rights.



**Table of Contents**

**Anti-Takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation and Our Amended and Restated By-Laws**

Our amended and restated certificate of incorporation and our amended and restated by-laws contain certain provisions that may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Our amended and restated certificate of incorporation also provides that any action required or permitted to be taken by the holders of common stock may be effected only at an annual or special meeting of such holders, and that stockholders may act in lieu of such meetings only by unanimous written consent. Our amended and restated by-laws provide that special meetings of holders of common stock may be called only by our Chairman or President or board of directors. Holders of common stock are not permitted to call a special meeting or to require that our board of directors call a special meeting of stockholders.

Our amended and restated by-laws establish an advance notice procedure for the nomination, other than by or at the direction of our board of directors, of candidates for election as directors as well as for other stockholder proposals to be considered at annual meetings of stockholders. In general, notice of intent to nominate a director or raise business at such meetings must be received by us not less than 90 nor more than 120 days prior to the date of the annual meeting and must contain certain specified information concerning the person to be nominated or the matters to be brought before the meeting and concerning the stockholder submitting the proposal.

Our amended and restated certificate of incorporation provides that certain provisions of our amended and restated by-laws may only be amended by the affirmative vote of the holders of 75% of our outstanding shares entitled to vote. Our amended and restated certificate of incorporation also provides that, in addition to any affirmative vote required by law, the affirmative vote of holders of 80% of our outstanding voting stock and two-thirds of the voting stock other than voting stock held by an interested stockholder shall be necessary to approve certain business combinations proposed by an interested stockholder.

The foregoing summary is qualified in its entirety by the provisions of our amended and restated certificate of incorporation and our amended and restated by-laws, copies of which have been filed with the SEC.

**Section 203 of Delaware General Corporation Law**

We are subject to the business combination statute of the DGCL. In general, such statute prohibits a publicly held Delaware corporation from engaging in a business combination with any interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- (1) such transaction is approved by our board of directors prior to the date the interested stockholder obtains such status,
- (2) upon consummation of such transaction, the interested stockholder beneficially owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by (a) persons who are directors and also officers and (b) employee stock plans in which employee participants do not have the right to determine

confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or

(3) the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66-2/3% of the outstanding voting stock which is not owned by the interested stockholder.

A business combination includes mergers, asset sales and other transactions resulting in financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and

## **Table of Contents**

associates, owns (or within three years, did own) beneficially 15% or more of a corporation's voting stock. The statute could prohibit or delay mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us.

### **Certain Effects of Authorized But Unissued Stock**

Our authorized but unissued shares of common stock and preferred stock may be issued without additional stockholder approval and may be utilized for a variety of corporate purposes, including future offerings to raise additional capital or to facilitate corporate acquisitions.

The issuance of preferred stock could have the effect of delaying or preventing a change in control of us. The issuance of preferred stock could decrease the amount available for distribution to holders of our common stock or could adversely affect the rights and powers, including voting rights, of such holders. In certain circumstances, such issuance could have the effect of decreasing the market price of our common stock.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which could render more difficult or discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of management. Such additional shares also could be used to dilute the stock ownership of persons seeking to obtain control of us.

We plan to issue additional shares of common stock in connection with our employee benefit plans. We do not currently have any plans to issue shares of preferred stock, although 10,000,000 shares of Series A Preferred Stock have been designated pursuant to our amended and restated certificate of incorporation.

### **Limitation of Liability of Directors**

Our amended and restated certificate of incorporation contains a provision that limits the liability of our directors for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by the Delaware General Corporation Law. Such limitation does not, however, affect the liability of a director (1) for any breach of the director's duty of loyalty to us or our stockholders, (2) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (3) in respect of certain unlawful dividend payments or stock redemptions or purchases and (4) for any transaction from which the director derives an improper personal benefit. The effect of this provision is to eliminate our rights and the rights of our stockholders (through stockholders' derivative suits) to recover monetary damages against a director for breach of the fiduciary duty of care as a director (including breaches resulting from negligent or grossly negligent behavior) except in the situations described in clauses (1) through (4) above. This provision does not limit or eliminate our rights or the rights of our stockholders to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's duty of care. In addition, our directors and officers have indemnification protection.

### **Transfer Agent and Registrar**

Wells Fargo Shareowner Services acts as transfer agent and registrar of our common stock.

### **Listing**

Our common stock is listed on the New York Stock Exchange under the symbol MCK .



**Table of Contents**

**DESCRIPTION OF DEPOSITARY SHARES**

The following description of the depositary shares does not purport to be complete and is subject to and qualified in its entirety by the Deposit Agreement and the depositary receipt relating to the preferred stock that is attached to the Deposit Agreement. You should read these documents as they, and not this description, define your rights as a holder of depositary shares. Forms of these documents have been filed with the SEC as an exhibit to the registration statement of which this prospectus forms a part.

**General**

If we elect to offer fractional interests in shares of preferred stock, we will provide for the issuance by a depositary to the public of receipts for depositary shares. Each depositary share will represent fractional interests of preferred stock. We will deposit the shares of preferred stock underlying the depositary shares under a Deposit Agreement between us and a bank or trust company selected by us. The bank or trust company must have its principal office in the United States and a combined capital and surplus of at least \$50 million. The depositary receipts will evidence the depositary shares issued under the Deposit Agreement.

The Deposit Agreement will contain terms applicable to the holders of depositary shares in addition to the terms stated in the depositary receipts. Each owner of depositary shares will be entitled to all the rights and preferences of the preferred stock underlying the depositary shares in proportion to the applicable fractional interest in the underlying shares of preferred stock. The depositary will issue the depositary receipts to individuals purchasing the fractional interests in shares of the related preferred stock according to the terms of the offering described in a prospectus supplement.

**Dividends and Other Distributions**

The depositary will distribute all cash dividends or other cash distributions received for the preferred stock to the entitled record holders of depositary shares in proportion to the number of depositary shares that the holder owns on the relevant record date. The depositary will distribute only an amount that can be distributed without attributing to any holder of depositary shares a fraction of one cent. The depositary will add the undistributed balance to and treat it as part of the next sum received by the depositary for distribution to holders of depositary shares.

If there is a non-cash distribution, the depositary will distribute property received by it to the entitled record holders of depositary shares, in proportion, insofar as possible, to the number of depositary shares owned by the holders, unless the depositary determines, after consultation with us, that it is not feasible to make such distribution. If this occurs, the depositary may, with our approval, sell such property and distribute the net proceeds from the sale to the holders. The Deposit Agreement also will contain provisions relating to how any subscription or similar rights that we may offer to holders of the preferred stock will be available to the holders of the depositary shares.

**Conversion, Exchange and Redemption**

If any series of preferred stock underlying the depositary shares may be converted or exchanged, each record holder of depositary receipts will have the right or obligation to convert or exchange the depositary shares represented by the depositary receipts.

Whenever we redeem shares of preferred stock held by the depositary, the depositary will redeem, at the same time, the number of depositary shares representing the preferred stock. The depositary will redeem the depositary shares from the proceeds it receives from the corresponding redemption, in whole or in part, of the applicable series of

preferred stock. The depositary will mail notice of redemption to the record holders of the depositary shares that are to be redeemed between 30 and 60 days before the date fixed for redemption. The

## **Table of Contents**

redemption price per depositary share will be equal to the applicable fraction of the redemption price per share on the applicable series of preferred stock. If less than all the depositary shares are to be redeemed, the depositary will select which shares to be redeemed by lot, proportionate allocation or any other method.

After the date fixed for redemption, the depositary shares called for redemption will no longer be outstanding. When the depositary shares are no longer outstanding, all rights of the holders will end, except the right to receive money, securities or other property payable upon redemption.

## **Voting**

When the depositary receives notice of a meeting at which the holders of the preferred stock are entitled to vote, the depositary will mail the particulars of the meeting to the record holders of the depositary shares. Each record holder of depositary shares on the record date may instruct the depositary on how to vote the shares of preferred stock underlying the holder's depositary shares. The depositary will try, if practical, to vote the number of shares of preferred stock underlying the depositary shares according to the instructions. The depositary will abstain from voting shares of the preferred stock to the extent it does not receive specific instructions from the holders of depositary shares representing such preferred stock. We will agree to take all reasonable action requested by the depositary to enable it to vote as instructed.

## **Record Date**

Whenever (1) any cash dividend or other cash distribution shall become payable, any distribution other than cash shall be made, or any rights, preferences or privileges shall be offered with respect to the preferred stock, or (2) the depositary shall receive notice of any meeting at which holders of preferred stock are entitled to vote or of which holders of preferred stock are entitled to notice, or of the mandatory conversion of or any election on our part to call for the redemption of any preferred stock, the depositary shall in each such instance fix a record date (which shall be the same as the record date for the preferred stock) for the determination of the holders of depositary receipts (x) who shall be entitled to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof or (y) who shall be entitled to give instructions for the exercise of voting rights at any such meeting or to receive notice of such meeting or of such redemption or conversion, subject to the provisions of the Deposit Agreement.

## **Amendments**

We and the depositary may agree to amend the Deposit Agreement and the depositary receipt evidencing the depositary shares. Any amendment that (a) imposes or increases certain fees, taxes or other charges payable by the holders of the depositary shares as described in the Deposit Agreement or (b) otherwise prejudices any substantial existing right of holders of depositary shares, will not take effect until 30 days after the depositary has mailed notice of the amendment to the record holders of depositary shares. Any holder of depositary shares that continues to hold its shares at the end of the 30-day period will be deemed to have agreed to the amendment.

## **Termination**

We may direct the depositary to terminate the Deposit Agreement by mailing a notice of termination to holders of depositary shares at least 30 days prior to termination. In addition, a Deposit Agreement will automatically terminate if:

the depositary has redeemed all related outstanding depositary shares, or

we have liquidated, terminated or wound up our business and the depositary has distributed the preferred stock of the relevant series to the holders of the related depositary shares.

The depositary may likewise terminate the Deposit Agreement if at any time 60 days shall have expired after the depositary shall have delivered to us a written notice of its election to resign and a successor depositary



## **Table of Contents**

shall not have been appointed and accepted its appointment. If any depositary receipts remain outstanding after the date of termination, the depositary thereafter will discontinue the transfer of depositary receipts, will suspend the distribution of dividends to the holders thereof, and will not give any further notices (other than notice of such termination) or perform any further acts under the Deposit Agreement except as provided below and except that the depositary will continue (1) to collect dividends on the preferred stock and any other distributions with respect thereto and (2) to deliver the preferred stock together with such dividends and distributions and the net proceeds of any sales of rights, preferences, privileges or other property, without liability for interest thereon, in exchange for depositary receipts surrendered. At any time after the expiration of two years from the date of termination, the depositary may sell the preferred stock then held by it at public or private sales, at such place or places and upon such terms as it deems proper and may thereafter hold the net proceeds of any such sale, together with any money and other property then held by it, without liability for interest thereon, for the pro rata benefit of the holders of depositary receipts which have not been surrendered.

## **Payment of Fees and Expenses**

We will pay all fees, charges and expenses of the depositary, including the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary shares will pay transfer and other taxes and governmental charges and any other charges as are stated in the Deposit Agreement for their accounts.

## **Resignation and Removal of Depositary**

At any time, the depositary may resign by delivering notice to us, and we may remove the depositary. Resignations or removals will take effect upon the appointment of a successor depositary and its acceptance of the appointment. The successor depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50 million.

## **Reports**

The depositary will forward to the holders of depositary shares all reports and communications from us that are delivered to the depositary and that we are required by law, the rules of an applicable securities exchange or our amended and restated certificate of incorporation to furnish to the holders of the preferred stock. Neither we nor the depositary will be liable if the depositary is prevented or delayed by law or any circumstances beyond its control in performing its obligations under the Deposit Agreement. The Deposit Agreement limits our obligations and the depositary's obligations to performance in good faith of the duties stated in the Deposit Agreement. Neither we nor the depositary will be obligated to prosecute or defend any legal proceeding connected with any depositary shares or preferred stock unless the holders of depositary shares requesting us to do so furnish us with satisfactory indemnity. In performing our obligations, we and the depositary may rely upon the written advice of our counsel or accountants, on any information that competent people provide to us and on documents that we believe are genuine.

---

**Table of Contents**

**DESCRIPTION OF DEBT SECURITIES**

All references in this section to McKesson, the Company, we, our, us, and other similar pronouns refer only to McKesson Corporation and not to its subsidiaries. The following descriptions of the debt securities do not purport to be complete and are subject to and qualified in their entirety by reference to the indenture, which has been filed with the SEC as an exhibit to the registration statement of which this prospectus forms a part. Any future supplemental indenture or similar document also will be so filed. You should read the indenture and any supplemental indenture or similar document because they, and not this description, define your rights as holder of our debt securities. All capitalized terms have the meanings specified in the indenture.

We may issue, from time to time, debt securities, in one or more series, that will consist of either our senior debt ( Senior Debt Securities ), our senior subordinated debt ( Senior Subordinated Debt Securities ), our subordinated debt ( Subordinated Debt Securities ) or our junior subordinated debt ( Junior Subordinated Debt Securities and, together with the Senior Subordinated Debt Securities and the Subordinated Debt Securities, the Subordinated Securities ). The debt securities we offer will be issued under an indenture between us and Wells Fargo Bank, National Association, acting as trustee. Debt securities, whether senior, senior subordinated, subordinated or junior subordinated, may be issued as convertible debt securities or exchangeable debt securities.

**General Terms of the Indenture**

The indenture does not limit the amount of debt securities that we may issue. It provides that we may issue debt securities up to the principal amount that we may authorize and may be in any currency or currency unit designated by us. Except for the limitations on consolidation, merger and sale of all or substantially all of our assets contained in the indenture, the terms of the indenture do not contain any covenants or other provisions designed to afford holders of any debt securities protection with respect to our operations, financial condition or transactions involving us.

We may issue the debt securities issued under the indenture as discount securities, which means they may be sold at a discount below their stated principal amount. These debt securities, as well as other debt securities that are not issued at a discount, may, for U.S. federal income tax purposes, be treated as if they were issued with original issue discount, or OID, because of interest payment and other characteristics. Special U.S. federal income tax considerations applicable to debt securities issued with original issue discount will be described in more detail in any applicable prospectus supplement.

The applicable prospectus supplement for a series of debt securities that we issue will describe, among other things, the following terms of the offered debt securities:

the title or designation;

the aggregate principal amount;

whether issued in fully registered form without coupons or in a form registered as to principal only with coupons or in bearer form with coupons;

whether issued in the form of one or more global securities and whether all or a portion of the principal amount of the debt securities is represented thereby;

the price or prices at which the debt securities will be issued;

the date or dates on which principal and premium, if any, is payable;

the place or places where and the manner in which principal, premium or interest will be payable and the place or places where the debt securities may be presented for transfer and, if applicable, conversion or exchange;

interest rates, and the dates from which interest, if any, will accrue, and the dates when interest is payable;

**Table of Contents**

the right, if any, to extend the interest payment periods and the duration of the extensions;

our rights or obligations to redeem or purchase the debt securities, including sinking fund or partial redemption payments;

conversion or exchange provisions, if any, including conversion or exchange prices or rates and adjustments thereto;

the currency or currencies of payment of principal and premium, if any, or interest;

the terms applicable to any debt securities issued at a discount from their stated principal amount;

the terms, if any, pursuant to which any debt securities will be subordinate to any of our other debt;

if the amount of payments of principal or interest is to be determined by reference to an index or formula, or based on a coin or currency other than that in which the debt securities are stated to be payable, the manner in which these amounts are determined and the calculation agent, if any, with respect thereto;

if other than the entire principal amount of the debt securities when issued, the portion of the principal amount payable upon acceleration of maturity as a result of a default on our obligations;

any provisions for the remarketing of the debt securities;

the trustee, if different from the existing trustee under the indenture;

any events of default, if different from the existing events of default under the indenture described in this prospectus;

if applicable, covenants affording holders of debt protection with respect to our operations, financial condition or transactions involving us; and

any other specific terms of any debt securities.

The applicable prospectus supplement will set forth certain U.S. federal income tax considerations for holders of any debt securities and the securities exchange or quotation system on which any debt securities are listed or quoted, if any.

Debt securities issued by us will be structurally subordinated to all indebtedness and other liabilities of our subsidiaries, except to the extent any such subsidiary guarantees or is otherwise obligated to make payment on such debt securities.

Unless otherwise provided in the applicable prospectus supplement, all securities of any one series need not be issued at the same time and may be issued from time to time without consent of any holder.

**Senior Debt Securities**

Payment of the principal of, and premium, if any, and interest on, Senior Debt Securities will rank on a parity with all of our other unsecured and unsubordinated debt.

**Senior Subordinated Debt Securities**

Payment of the principal of, premium on, if any, and interest on, Senior Subordinated Debt Securities will be junior in right of payment to the prior payment in full of all of our unsecured and unsubordinated debt. We will set forth in the applicable prospectus supplement relating to any Senior Subordinated Debt Securities the subordination terms of such securities as well as the aggregate amount of outstanding indebtedness, as of the most recent practicable date, that by its terms would be senior to the Senior Subordinated Debt Securities. We will also set forth in such prospectus supplement limitations, if any, on issuance of additional senior indebtedness.

## **Table of Contents**

### **Subordinated Debt Securities**

Payment of the principal of, premium on, if any, and interest on, Subordinated Debt Securities will be subordinated and junior in right of payment to the prior payment in full of all of our unsecured and unsubordinated and Senior Subordinated Debt Securities. We will set forth in the applicable prospectus supplement relating to any Subordinated Debt Securities the subordination terms of such securities as well as the aggregate amount of outstanding indebtedness, as of the most recent practicable date, that by its terms would be senior to the Subordinated Debt Securities. We will also set forth in such prospectus supplement limitations, if any, on issuance of additional senior indebtedness.

### **Junior Subordinated Debt Securities**

Payment of the principal of, premium on, if any, and interest on, Junior Subordinated Debt Securities will be subordinated and junior in right of payment to the prior payment in full of all of our unsecured and unsubordinated, senior subordinated and subordinated debt. We will set forth in the applicable prospectus supplement relating to any Junior Subordinated Debt Securities the subordination terms of such securities as well as the aggregate amount of outstanding indebtedness, as of the most recent practicable date, that by its terms would be senior to the Junior Subordinated Debt Securities. We will also set forth in such prospectus supplement limitations, if any, on issuance of additional senior indebtedness.

### **Conversion or Exchange Rights**

Debt securities may be convertible into or exchangeable for other securities or property of McKesson. The terms and conditions of conversion or exchange will be set forth in the applicable prospectus supplement. The terms will include, among others, the following:

the conversion or exchange price;

the conversion or exchange period;

provisions regarding the ability of us or the holder to convert or exchange the debt securities;

events requiring adjustment to the conversion or exchange price; and

provisions affecting conversion or exchange in the event of our redemption of the debt securities.

### **Consolidation, Merger or Sale**

We cannot consolidate or merge with or into, or transfer or lease all or substantially all of our assets to, any person unless (a) we will be the continuing corporation or (b) the successor corporation or person formed by such consolidation or into which we are merged or to which our assets substantially as an entirety are transferred or leased is a corporation, limited liability company or limited partnership organized or existing under the laws of the United States, any state of the United States or the District of Columbia and, if such entity is not a corporation, a co-obligor of

the debt securities is a corporation organized or existing under any such laws, and such successor corporation or person, including such co-obligor, if any, expressly assumes our obligations on the debt securities and under the indenture. In addition, we cannot effect such a transaction unless immediately after giving effect to such transaction, no default or event of default under the indenture shall have occurred and be continuing. Subject to certain exceptions, when the person to whom our assets are transferred or leased has assumed our obligations under the debt securities and the indenture, we shall be discharged from all our obligations under the debt securities and the indenture, except in limited circumstances.

This covenant would not apply to any recapitalization transaction, a change of control of McKesson or a highly leveraged transaction, unless the transaction or change of control were structured to include a merger or consolidation or transfer or lease of all or substantially all of our assets.

## Table of Contents

### **Events of Default**

Unless otherwise indicated, the term **Event of Default**, when used in the indenture with respect to the debt securities of any series, means any of the following:

failure to pay interest for 30 days after the date payment on any debt security of such series is due and payable; provided that an extension of an interest payment period by McKesson in accordance with the terms of the debt securities shall not constitute a failure to pay interest;

failure to pay principal or premium, if any, on any debt security of such series when due, either at maturity, upon any redemption, by declaration or otherwise;

failure to perform any other covenant in the indenture or the debt securities of such series ( **other covenants** ) for 90 days after notice that performance was required;

events in bankruptcy, insolvency or reorganization of McKesson; or

any other Event of Default provided in the applicable resolution of our board of directors or the officers certificate or supplemental indenture under which we issue such series of debt securities.

An Event of Default for a particular series of debt securities does not necessarily constitute an Event of Default for any other series of debt securities issued under the indenture. If an Event of Default relating to the payment of interest, principal or any sinking fund installment involving any series of debt securities has occurred and is continuing, the trustee or the holders of not less than 25% in aggregate principal amount of the debt securities of each affected series may declare the entire principal of all the debt securities of that series to be due and payable immediately.

If an Event of Default relating to the performance of other covenants occurs and is continuing for a period of 90 days after notice of such, or if any other Event of Default occurs and is continuing involving all of the series of Senior Debt Securities, then the trustee or the holders of not less than 25% in aggregate principal amount of all of the series of Senior Debt Securities may declare the entire principal amount of all of the series of Senior Debt Securities due and payable immediately.

Similarly, if an Event of Default relating to the performance of other covenants occurs and is continuing for a period of 90 days after notice of such, or if any other Event of Default occurs and is continuing involving all of the series of Subordinated Securities, then the trustee or the holders of not less than 25% in aggregate principal amount of all of the series of Subordinated Securities may declare the entire principal amount of all of the series of Subordinated Securities due and payable immediately.

If, however, the Event of Default relating to the performance of other covenants or any other Event of Default that has occurred and is continuing is for less than all of the series of Senior Debt Securities or Subordinated Securities, as the case may be, then the trustee or the holders of not less than 25% in aggregate principal amount of each affected series of the Senior Debt Securities or the Subordinated Securities, as the case may be, may declare the entire principal amount of all debt securities of such affected series due and payable immediately. The holders of not less than a



majority in aggregate principal amount of the debt securities of a series may, after satisfying conditions, rescind and annul any of the above-described declarations and consequences involving the series.

If an Event of Default relating to events in bankruptcy, insolvency or reorganization of McKesson occurs and is continuing, then the principal amount of all of the debt securities outstanding, and any accrued interest, will automatically become due and payable immediately, without any declaration or other act by the trustee or any holder.

**Table of Contents**

The indenture imposes limitations on suits brought by holders of debt securities against us. Except as provided below, no holder of debt securities of any series may institute any action against us under the indenture unless:

the holder has previously given to the trustee written notice of default and continuance of that default;

the holders of at least 25% in principal amount of the outstanding debt securities of the affected series have requested that the trustee institute the action;

the requesting holders have offered the trustee security or indemnity reasonably satisfactory to it for expenses and liabilities that may be incurred by bringing the action;

the trustee has not instituted the action within 60 days of the request; and

the trustee has not received inconsistent direction by the holders of a majority in principal amount of the outstanding debt securities of the affected series.

Notwithstanding the foregoing, each holder of debt securities of any series has the right, which is absolute and unconditional, to receive payment of the principal of, and premium and interest, if any, on, such debt securities when due and to institute suit for the enforcement of any such payment, and such rights may not be impaired without the consent of that holder of debt securities.

We will be required to file annually with the Trustee a certificate, signed by an officer of McKesson, stating whether or not the officer knows of any default by us in the performance, observance or fulfillment of any condition or covenant of the indenture.

**Registered Global Securities**

We may issue the debt securities of a series in whole or in part in the form of one or more fully registered global securities that we will deposit with a depositary or with a nominee for a depositary identified in the applicable prospectus supplement and registered in the name of such depositary or nominee. In such case, we will issue one or more registered global securities denominated in an amount equal to the aggregate principal amount of all of the debt securities of the series to be issued and represented by such registered global security or securities.

Unless and until it is exchanged in whole or in part for debt securities in definitive registered form, a registered global security may not be transferred except as a whole:

by the depositary for such registered global security to its nominee;

by a nominee of the depositary to the depositary or another nominee of the depositary; or

by the depositary or its nominee to a successor of the depositary or a nominee of the successor. The prospectus supplement relating to a series of debt securities will describe the specific terms of the depositary arrangement with respect to any portion of such series represented by a registered global security. We anticipate that the following provisions will apply to all depositary arrangements for debt securities:

ownership of beneficial interests in a registered global security will be limited to persons that have accounts with the depositary for the registered global security, those persons being referred to as participants, or persons that may hold interests through participants;

upon the issuance of a registered global security, the depositary for the registered global security will credit, on its book-entry registration and transfer system, the participants' accounts with the respective principal amounts of the debt securities represented by the registered global security beneficially owned by the participants;

**Table of Contents**

any dealers, underwriters, or agents participating in the distribution of the debt securities will designate the accounts to be credited; and

ownership of any beneficial interest in the registered global security will be shown on, and the transfer of any ownership interest will be effected only through, records maintained by the depository for the registered global security (with respect to interests of participants) and on the records of participants (with respect to interests of persons holding through participants).

The laws of some states may require that certain purchasers of securities take physical delivery of the securities in definitive form. These laws may limit the ability of those persons to own, transfer or pledge beneficial interests in registered global securities.

So long as the depository for a registered global security, or its nominee, is the registered owner of the registered global security, the depository or the nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by the registered global security for all purposes under the indenture. Except as set forth below, owners of beneficial interests in a registered global security:

will not be entitled to have the debt securities represented by a registered global security registered in their names;

will not receive or be entitled to receive physical delivery of the debt securities in the definitive form; and

will not be considered the owners or holders of the debt securities under the indenture.

Accordingly, each person owning a beneficial interest in a registered global security must rely on the procedures of the depository for the registered global security and, if the person is not a participant, on the procedures of a participant through which the person owns its interest, to exercise any rights of a holder under the indenture.

We understand that under existing industry practices, if we request any action of holders or if an owner of a beneficial interest in a registered global security desires to give or take any action that a holder is entitled to give or take under the indenture, the depository for the registered global security would authorize the participants holding the relevant beneficial interests to give or take the action, and those participants would authorize beneficial owners owning through those participants to give or take the action or would otherwise act upon the instructions of beneficial owners holding through them.

We will make payments of principal and premium, if any, and interest, if any, on debt securities represented by a registered global security registered in the name of a depository or its nominee to the depository or its nominee, as the case may be, as the registered owners of the registered global security. None of McKesson, the trustee or any other agent of McKesson or the trustee will be responsible or liable for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the registered global security or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

We expect that the depository for any debt securities represented by a registered global security, upon receipt of any payments of principal and premium, if any, and interest, if any, in respect of the registered global security, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial

interests in the registered global security as shown on the records of the depositary. We also expect that standing customer instructions and customary practices will govern payments by participants to owners of beneficial interests in the registered global security held through the participants, as is now the case with the securities held for the accounts of customers in bearer form or registered in street name.

If the depositary for any debt securities represented by a registered global security is at any time unwilling or unable to continue as depositary or ceases to be a clearing agency registered under the Exchange Act, we will

## **Table of Contents**

appoint an eligible successor depository. If we fail to appoint an eligible successor depository within 90 days, we will issue the debt securities in definitive form in exchange for the registered global security. In addition, we may at any time and in our sole discretion decide not to have any of the debt securities of a series represented by one or more registered global securities. In such event, we will issue debt securities of that series in a definitive form in exchange for all of the registered global securities representing the debt securities. The trustee will register any debt securities issued in definitive form in exchange for a registered global security in such name or names as the depository, based upon instructions from its participants, shall instruct the trustee.

## **Discharge, Defeasance and Covenant Defeasance**

We can discharge or defease our obligations under the indenture as set forth below. Unless otherwise set forth in the applicable prospectus supplement, the subordination provisions applicable to any Subordinated Securities will be expressly made subject to the discharge and defeasance provisions of the indenture.

We may discharge our obligations to holders of any series of debt securities that have not already been delivered to the trustee for cancellation and that have either become due and payable or are by their terms to become due and payable within one year (or are scheduled for redemption within one year). We may effect a discharge by irrevocably depositing with the trustee cash or U.S. government obligations, as trust funds, in an amount certified to be sufficient to pay when due, whether at maturity, upon redemption or otherwise, the principal of, and premium, if any, and interest on, the debt securities and any mandatory sinking fund payments.

Unless otherwise provided in the applicable prospectus supplement, we may also discharge any and all of our obligations to holders of any series of debt securities at any time ( legal defeasance ). We also may be released from the obligations imposed by any covenants of any outstanding series of debt securities and provisions of the indenture, and we may omit to comply with those covenants without creating an Event of Default ( covenant defeasance ). We may effect legal defeasance and covenant defeasance only if, among other things:

we irrevocably deposit with the trustee cash or U.S. government obligations, as trust funds, in an amount certified to be sufficient to pay when due (whether at maturity, upon redemption, or otherwise) the principal of, and premium, if any, and interest on all outstanding debt securities of the series; and

we deliver to the trustee an opinion of counsel from a nationally recognized law firm to the effect that the holders of the series of debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the legal defeasance or covenant defeasance and that legal defeasance or covenant defeasance will not otherwise alter the holders' U.S. federal income tax treatment of principal, premium, if any, and interest payments on the series of debt securities, which opinion, in the case of legal defeasance, must be based on a ruling of the Internal Revenue Service, or a change in U.S. federal income tax law.

Although we may discharge or defease our obligations under the indenture as described in the two preceding paragraphs, we may not avoid, among other things, our duty to register the transfer or exchange of any series of debt securities, to replace any temporary, mutilated, destroyed, lost or stolen series of debt securities or to maintain an office or agency in respect of any series of debt securities.

## **Modification of the Indenture**

The indenture provides that we and the trustee may enter into supplemental indentures without the consent of the holders of debt securities to:

secure any debt securities;

evidence the assumption by a successor corporation of our obligations;

add covenants for the protection of the holders of debt securities;

**Table of Contents**

cure any ambiguity or correct any inconsistency in the indenture;

establish the forms or terms of debt securities of any series; and

evidence and provide for the acceptance of appointment by a successor trustee.

The indenture also provides that we and the trustee may, with the consent of the holders of not less than a majority in aggregate principal amount of debt securities of all series of Senior Debt Securities or Subordinated Securities, as the case may be, then outstanding and affected thereby (voting as one class), add any provisions to, or change in any manner, eliminate or modify in any way the provisions of, the indenture or modify in any manner the rights of the holders of the debt securities. We and the trustee may not, however, without the consent of the holder of each outstanding debt security affected thereby:

extend the final maturity of any debt security;

reduce the principal amount or premium, if any;

reduce the rate or extend the time of payment of interest;

reduce any amount payable on redemption;

change the currency in which the principal (other than as may be provided otherwise with respect to a series), premium, if any, or interest is payable;

reduce the amount of the principal of any debt security issued with an original issue discount that is payable upon acceleration or provable in bankruptcy;

modify any of the subordination provisions or the definition of senior indebtedness applicable to any Subordinated Securities in a manner adverse to the holders of those securities;

alter provisions of the indenture relating to the debt securities not denominated in U.S. dollars;

impair the right to institute suit for the enforcement of any payment on any debt security when due; or

reduce the percentage of holders of debt securities of any series whose consent is required for any modification of the indenture.



### **Concerning the Trustee**

The indenture provides that there may be more than one trustee under the indenture, each with respect to one or more series of debt securities. If there are different trustees for different series of debt securities, each trustee will be a trustee of a trust under the indenture separate and apart from the trust administered by any other trustee under the indenture. Except as otherwise indicated in this prospectus or any prospectus supplement, any action permitted to be taken by a trustee may be taken by such trustee only with respect to the one or more series of debt securities for which it is the trustee under the indenture. Any trustee under the indenture may resign or be removed with respect to one or more series of debt securities. All payments of principal of, premium on, if any, and interest on, and all registration, transfer, exchange, authentication and delivery (including authentication and delivery on original issuance of the debt securities) of, the debt securities of a series will be effected by the trustee with respect to that series at an office designated by the trustee in Minneapolis, Minnesota.

The indenture contains limitations on the right of the trustee, should it become a creditor of McKesson, to obtain payment of claims in some cases or to realize on certain property received in respect of any such claim as security or otherwise. The trustee may engage in other transactions. If it acquires any conflicting interest relating to any duties with respect to the debt securities, however, it must eliminate the conflict or resign as trustee.

The holders of a majority in aggregate principal amount of any series of debt securities then outstanding will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee with respect to such series of debt securities, provided that the direction would not

**Table of Contents**

conflict with any rule of law or with the indenture, would not be unduly prejudicial to the rights of another holder of the debt securities, and would not involve any trustee in personal liability. The indenture provides that in case an Event of Default shall occur and be known to any trustee and not be cured, the trustee must use the same degree of care as a prudent person would use in the conduct of his or her own affairs in the exercise of the trustee's power. Subject to these provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any of the holders of the debt securities, unless they shall have offered to the trustee security and indemnity satisfactory to the trustee.

**No Individual Liability of Incorporators, Stockholders, Officers or Directors**

The indenture provides that no incorporator and no past, present or future stockholder, officer or director of McKesson or any successor corporation in their capacity as such shall have any individual liability for any of our obligations, covenants or agreements under the debt securities or the indenture.

**Governing Law**

The indenture and the debt securities will be governed by, and construed in accordance with, the laws of the State of New York, including, without limitation, Sections 5-1401 and 5-1402 of the New York General Obligations Law and New York Civil Practice Law and Rules 327(b).

**Table of Contents**

**DESCRIPTION OF WARRANTS**

**General**

We may issue debt warrants for the purchase of debt securities or stock warrants for the purchase of preferred stock or common stock.

The warrants will be issued under warrant agreements to be entered into between us and a bank or trust company, as warrant agent, all to be set forth in the applicable prospectus supplement relating to any or all warrants in respect of which this prospectus is being delivered. Copies of the form of agreement for each warrant, including the forms of certificates representing the warrants reflecting the provisions to be included in such agreements that will be entered into with respect to the particular offerings of each type of warrant are filed as exhibits to the registration statement of which this prospectus forms a part.

The following description sets forth certain general terms and provisions of the warrants to which any prospectus supplement may relate. The particular terms of the warrants to which any prospectus supplement may relate and the extent, if any, to which such general provisions may apply to the warrants so offered will be described in the applicable prospectus supplement. The following summary of certain provisions of the warrants, warrant agreements and warrant certificates does not purport to be complete and is subject to, and is qualified in its entirety by express reference to, all the provisions of the warrant agreements and warrant certificates, including the definitions therein of certain terms.

**Debt Warrants**

*General.* Reference is made to the applicable prospectus supplement for the terms of debt warrants in respect of which this prospectus is being delivered, the debt securities warrant agreement relating to such debt warrants and the debt warrant certificates representing such debt warrants, including the following:

the designation, aggregate principal amount and terms of the debt securities purchasable upon exercise of such debt warrants and the procedures and conditions relating to the exercise of such debt warrants;

the designation and terms of any related debt securities with which such debt warrants are issued and the number of such debt warrants issued with each such debt security;

the date, if any, on and after which such debt warrants and any related offered securities will be separately transferable;

the principal amount of debt securities purchasable upon exercise of each debt warrant and the price at which such principal amount of debt securities may be purchased upon such exercise;

the date on which the right to exercise such debt warrants shall commence and the date on which such right shall expire;

a discussion of the material U.S. federal income tax considerations applicable to the ownership or exercise of debt warrants;

whether the debt warrants represented by the debt warrant certificates will be issued in registered or bearer form, and, if registered, where they may be transferred and registered;

call provisions of such debt warrants, if any; and

any other terms of the debt warrants.

The debt warrant certificates will be exchangeable for new debt warrant certificates of different denominations and debt warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement. Prior to the exercise of their debt warrants, holders of debt warrants will not have any of the rights of holders of the debt securities purchasable upon such exercise and will not be entitled to any payments of principal and premium, if any, and interest, if any, on the debt securities purchasable upon such exercise.

## **Table of Contents**

*Exercise of Debt Warrants.* Each debt warrant will entitle the holder to purchase for cash such principal amount of debt securities at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the applicable prospectus supplement relating to the debt warrants offered thereby. Unless otherwise specified in the applicable prospectus supplement, debt warrants may be exercised at any time up to 5:00 p.m., New York City time, on the expiration date set forth in the applicable prospectus supplement. After 5:00 p.m., New York City time, on the expiration date, unexercised debt warrants will become void.

Debt warrants may be exercised as set forth in the applicable prospectus supplement relating to the debt warrants. Upon receipt of payment and the debt warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, forward the debt securities purchasable upon such exercise. If less than all of the debt warrants represented by such debt warrant certificate are exercised, a new debt warrant certificate will be issued for the remaining amount of debt warrants.

## **Stock Warrants**

*General.* Reference is made to the applicable prospectus supplement for the terms of stock warrants in respect of which this prospectus is being delivered, the stock warrant agreement relating to such stock warrants and the stock warrant certificates representing such stock warrants, including the following:

the type and number of shares of preferred stock or common stock purchasable upon exercise of such stock warrants and the procedures and conditions relating to the exercise of such stock warrants;

the date, if any, on and after which such stock warrants and related offered securities will be separately tradeable;

the offering price of such stock warrants, if any;

the initial price at which such shares may be purchased upon exercise of stock warrants and any provision with respect to the adjustment thereof;

the date on which the right to exercise such stock warrants shall commence and the date on which such right shall expire;

a discussion of the material U.S. federal income tax considerations applicable to the ownership or exercise of stock warrants;

call provisions of such stock warrants, if any;

any other terms of the stock warrants;

anti-dilution provisions of the stock warrants, if any; and

information relating to any preferred stock purchasable upon exercise of such stock warrants.

The stock warrant certificates will be exchangeable for new stock warrant certificates of different denominations and stock warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement. Prior to the exercise of their stock warrants, holders of stock warrants will not have any of the rights of holders of shares of capital stock purchasable upon such exercise, and will not be entitled to any dividend payments on such capital stock purchasable upon such exercise.

*Exercise of Stock Warrants.* Each stock warrant will entitle the holder to purchase for cash such number of shares of preferred stock or common stock, as the case may be, at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the applicable prospectus supplement relating to the stock warrants offered thereby. Unless otherwise specified in the applicable prospectus supplement, stock warrants may be exercised at any time up to 5:00 p.m., New York City time, on the expiration date set forth in the applicable prospectus supplement. After 5:00 p.m., New York City time, on the expiration date, unexercised stock warrants will become void.

**Table of Contents**

Stock warrants may be exercised as set forth in the applicable prospectus supplement relating thereto. Upon receipt of payment and the stock warrant certificates properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, forward a certificate representing the number of shares of capital stock purchasable upon such exercise. If less than all of the stock warrants represented by such stock warrant certificate are exercised, a new stock warrant certificate will be issued for the remaining amount of stock warrants.

**Table of Contents**

**DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS**

We may issue stock purchase contracts, representing contracts obligating holders to purchase from us, and requiring us to sell to the holders, a specified number of shares of common stock at a future date or dates. The price per share of common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts. The stock purchase contracts may be issued separately or as a part of units, or stock purchase units, consisting of a stock purchase contract and either (x) senior debt securities, senior subordinated debt securities, subordinated debt securities or junior subordinated debt securities, or (y) debt obligations of third parties, including U.S. Treasury securities, in each case, securing the holder's obligations to purchase the common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase contracts or vice versa, and such payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations thereunder in a specified manner and in certain circumstances we may deliver newly issued prepaid stock purchase contracts, or prepaid securities, upon release to a holder of any collateral securing such holder's obligations under the original stock purchase contract.

The applicable prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units and, if applicable, prepaid securities. The description in the prospectus supplement will not purport to be complete and will be qualified in its entirety by reference to the stock purchase contracts, the collateral arrangements and depositary arrangements, if applicable, relating to such stock purchase contracts or stock purchase units and, if applicable, the prepaid securities and the document pursuant to which such prepaid securities will be issued.



**Table of Contents**

**PLAN OF DISTRIBUTION**

McKesson may sell common stock, preferred stock, depositary shares, debt securities, warrants, stock purchase contracts or stock purchase units in one or more of the following ways from time to time:

to or through underwriters or dealers;

directly to one or more purchasers;

through agents;

through a combination of any of these methods of sale; or

any other method permitted pursuant to applicable law.

McKesson may also sell its securities, including shares of its common stock, in one or more of the following transactions: (i) block transactions (which may involve crosses) in which a broker-dealer may sell all or a portion of such shares as agent, but may position and resell all or a portion of the block as principal to facilitate the transaction; (ii) purchases by any such broker-dealer as principal, and resale by such broker-dealer for its own account pursuant to an accompanying prospectus supplement; (iii) a special offering, an exchange distribution or a secondary distribution in accordance with applicable New York Stock Exchange or other stock exchange, quotation system or over-the-counter market rules; (iv) ordinary brokerage transactions and transactions in which any such broker-dealer solicits purchasers; (v) sales at the market to or through a market maker or into an existing trading market, on an exchange or otherwise, for such shares; and (vi) sales in other ways not involving market makers or established trading markets.

For each offering of securities, the applicable prospectus supplement or other offering materials relating to the offering will set forth the terms of such offering, including:

the name or names of any underwriters, dealers or agents;

the purchase price of the offered securities and the net proceeds to McKesson from the sale;

any underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation; and

any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers; and

any securities exchanges on which such offered securities may be listed.

Any initial public offering prices, discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If underwriters are used in the sale, the underwriters will acquire the offered securities for their own account and may resell them from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The offered securities may be offered either to the public through underwriting syndicates represented by one or more managing underwriters or by one or more underwriters without a syndicate. Unless otherwise set forth in a prospectus supplement, the obligations of the underwriters to purchase any series of securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of such series of securities, if any are purchased.

**Table of Contents**

In connection with underwritten offerings of the offered securities and in accordance with applicable law and industry practice, underwriters may over-allot or effect transactions that stabilize, maintain or otherwise affect the market price of the offered securities at levels above those that might otherwise prevail in the open market, including by entering stabilizing bids, effecting syndicate covering transactions or imposing penalty bids, each of which is described below:

a stabilizing bid means the placing of any bid, or the effecting of any purchase, for the purpose of pegging, fixing or maintaining the price of a security;

a syndicate covering transaction means the placing of any bid on behalf of the underwriting syndicate or the effecting of any purchase to reduce a short position created in connection with the offering; and

a penalty bid means an arrangement that permits the managing underwriter to reclaim a selling concession from a syndicate member in connection with the offering when offered securities originally sold by the syndicate member are purchased in syndicate covering transactions.

These transactions may be effected on the New York Stock Exchange, in the over-the-counter market, or otherwise. Underwriters are not required to engage in any of these activities, or to continue such activities if commenced.

If a dealer is used in the sale, McKesson will sell such offered securities to the dealer, as principal. The dealer may then resell the offered securities to the public at varying prices to be determined by that dealer at the time for resale. The names of the dealers and the terms of the transaction will be set forth in the prospectus supplement relating to that transaction.

Offered securities may be sold directly by McKesson to one or more institutional purchasers, or through agents designated by McKesson from time to time, at a fixed price or prices, which may be changed, or at varying prices determined at the time of sale. Any agent involved in the offer or sale of the offered securities in respect of which this prospectus is delivered will be named, and any commissions payable by McKesson to such agent will be set forth, in the prospectus supplement relating to that offering. Unless otherwise indicated in such prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

Underwriters, dealers and agents may be entitled under agreements entered into with us to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters, dealers or agents may be required to make in respect thereof. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for us and our affiliates in the ordinary course of business.

Other than our common stock, which is listed on the New York Stock Exchange, each of the securities issued hereunder will be a new issue of securities, will have no prior trading market, and may or may not be listed on a national securities exchange. Any common stock sold pursuant to a prospectus supplement will be listed on the New York Stock Exchange, subject to official notice of issuance. Any underwriters to whom McKesson sells securities for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We cannot assure you that there will be a market for the offered securities.



**Table of Contents**

**LEGAL MATTERS**

Unless otherwise stated in an accompanying prospectus supplement, Morrison & Foerster LLP, Washington, District of Columbia, will provide us with an opinion as to the legality of the securities offered under this prospectus. Counsel representing any underwriters, dealers or agents will be named in the applicable prospectus supplement.

**EXPERTS**

The consolidated financial statements, and the related financial statement schedule, incorporated in this prospectus by reference from McKesson Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2016, and the effectiveness of McKesson Corporation's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference (which report expresses an unqualified opinion on the consolidated financial statements and financial statement schedule and includes an explanatory paragraph relating to the early adoption of Financial Accounting Standards Board Accounting Standards Update No. 2015-17, *Balance Sheet Classification of Deferred Taxes*, and expresses an unqualified opinion of the effectiveness of internal control over financial reporting). Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Table of Contents

**McKesson Corporation**  
**\$600,000,000 3.950% Notes due 2028**

**Prospectus Supplement**  
**February 7, 2018**

*Joint Book-Running Managers*

*Global Coordinator*

**Goldman Sachs & Co. LLC**

**BofA Merrill Lynch**

**J.P. Morgan**

**HSBC**

**Wells Fargo Securities**

*Senior Co-Managers*

**Barclays**

**Citigroup**

**MUFG**

*Co-Managers*

**BNP PARIBAS**

**Deutsche Bank Securities**

**Scotiabank**

**TD Securities**

**UniCredit Capital Markets**

**US Bancorp**

**DNB Markets**

**ING**

**NatWest Markets**

**PNC Capital Markets LLC**

**Rabo Securities**

**The Williams Capital Group, L.P.**