

MCKESSON CORP
Form 424B3
February 23, 2011

Table of Contents

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been declared effective by the Securities and Exchange Commission. We are not using this preliminary prospectus supplement and the accompanying prospectus to offer to sell these securities or to solicit offers to buy these securities in any place where the offer or sale is not permitted.

**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-157176**

SUBJECT TO COMPLETION DATED FEBRUARY 23, 2011

**PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated February 9, 2009)**

\$

McKesson Corporation
\$ % Notes due 2016
\$ % Notes due 2021
\$ % Notes due 2041

The % notes due 2016, which we refer to as the 2016 notes, will mature on , 2016, the % notes due 2021, which we refer to as the 2021 notes, will mature on , 2021, and the % notes due 2041, which we refer to as the 2041 notes, will mature on , 2041. We refer to the 2016 notes, the 2021 notes and the 2041 notes collectively as the notes. We will pay interest on the notes on and of each year, beginning , 2011. We may redeem any series of notes in whole or in part at any time 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, 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 unsecured obligations of ours and rank equally with our existing and 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 the section entitled Risk Factors in our Annual Report on Form 10-K for the fiscal year ended March 31, 2010.

Per

Per

Per

	2016		2021		2041	
	Note	Total	Note	Total	Note	Total
Public offering price(1)	%	\$	%	\$	%	\$
Underwriting discount	%	\$	%	\$	%	\$
Proceeds, before expenses, to McKesson(1)	%	\$	%	\$	%	\$

(1) Plus accrued interest from February , 2011, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved 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 , 2011, only through the facilities of The Depository Trust Company for the accounts of its participants, which may include Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, against payment in New York, New York.

Joint Book-Running Managers

BofA Merrill Lynch

J.P. Morgan

February , 2011

TABLE OF CONTENTS

Prospectus Supplement

<u>About This Prospectus Supplement</u>	S-1
<u>Forward-Looking Statements</u>	S-1
<u>Summary</u>	S-2
<u>Use of Proceeds</u>	S-5
<u>Capitalization</u>	S-6
<u>Ratio of Earnings to Fixed Charges</u>	S-7
<u>Description of Notes</u>	S-8
<u>United States Federal Income Tax Consequences</u>	S-16
<u>Underwriting (Conflicts of Interest)</u>	S-18
<u>Validity of the Notes</u>	S-21
<u>Experts</u>	S-21
<u>Where You Can Find More Information</u>	S-21

Prospectus

<u>About This Prospectus</u>	1
<u>Where You Can Find More Information</u>	1
<u>Special Note Regarding Forward-Looking Statements</u>	2
<u>McKesson Corporation</u>	2
<u>Use of Proceeds</u>	2
<u>Description of Securities</u>	3
<u>Description of Capital Stock</u>	3
<u>Description of Depositary Shares</u>	7
<u>Description of Debt Securities</u>	10
<u>Description of Warrants</u>	18
<u>Description of Stock Purchase Contracts and Stock Purchase Units</u>	20
<u>Plan of Distribution</u>	20
<u>Legal Matters</u>	22
<u>Experts</u>	22

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.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated by reference herein 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 the use of forward-looking words such as believes, expects, anticipates, may, will, should, seeks, approximates, intends, plans or estimates, or the negative of these words, or other comparable terminology. 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 Annual Report on Form 10-K 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 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.

You should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference 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 incorporated by reference is accurate only as of their respective dates. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or

otherwise. Our business, financial condition, results of operations and prospects may have changed since those dates.

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. 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 there has been no change in our affairs since the date hereof or that the information contained herein or therein is correct as of any time subsequent to the date hereof.

S-1

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 *Risk Factors* in our Annual Report on Form 10-K for the year ended March 31, 2010 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.*

McKesson Corporation

McKesson Corporation (NYSE: MCK) is a healthcare services and information technology company providing supply, information and care management products and services designed to reduce costs and improve quality across the healthcare industry.

We conduct our business through two segments. The McKesson Distribution Solutions segment distributes ethical and proprietary drugs, medical-surgical supplies and equipment, and health and beauty care products throughout North America. This segment also provides specialty pharmaceutical solutions for biotech and pharmaceutical manufacturers, sells financial, operational and clinical solutions for pharmacies (retail, hospital, long-term care) and provides consulting, outsourcing and other services. This segment includes a 49% interest in Nadro, S.A. de C.V., one of the leading pharmaceutical distributors in Mexico, and a 39% interest in Parata Systems, LLC, which sells automated pharmacy and supply management systems and services to retail and institutional outpatient pharmacies. The McKesson Technology Solutions segment delivers enterprise-wide clinical, patient care, financial, supply chain, strategic management software solutions, pharmacy automation for hospitals, as well as connectivity, outsourcing and other services, including remote hosting and managed services, to healthcare organizations. This segment also includes our Payor group of businesses, which includes our InterQual® claims payment solutions, medical management software businesses and our care management programs. The segment's customers include hospitals, physicians, homecare providers, retail pharmacies and payors from North America, the United Kingdom, Ireland, other European countries, Asia Pacific and Israel.

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

Table of Contents**The Offering**

Issuer	McKesson Corporation
Securities Offered	<p>\$ aggregate principal amount of notes, consisting of:</p> <p>\$ aggregate principal amount of % notes due 2016.</p> <p>\$ aggregate principal amount of % notes due 2021.</p> <p>\$ aggregate principal amount of % notes due 2041.</p>
Maturity Date	<p>2016 notes , 2016.</p> <p>2021 notes , 2021.</p> <p>2041 notes , 2041.</p>
Interest Rate	<p>2016 notes % per year.</p> <p>2021 notes % per year.</p> <p>2041 notes % per year.</p>
Interest Payment Dates	Interest will be paid on and of each year, beginning on , 2011. Interest on the notes will accrue from , 2011.
Use of Proceeds	We estimate that we will receive approximately \$ million from the sale of the notes, after deducting underwriting discounts and estimated offering expenses. We will use the net proceeds from this offering for general corporate purposes, including the repayment of borrowings under the Senior Bridge Term Loan Agreement (the Bridge Loan) among us, Bank of America, N.A., as administrative agent, and the lenders party thereto. See Use of Proceeds.
Conflicts of Interest	Certain of the underwriters or their affiliates are agents and/or lenders under the Bridge Loan. As described in Use of Proceeds, a portion of the net proceeds from this offering may be used to repay outstanding borrowings under the Bridge Loan. As affiliates of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated may each receive more than 5% of the proceeds of this offering, not including underwriting compensation, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated each may have a conflict of interest as defined in Rule 5121 adopted by the Financial Industry Regulatory Authority, Inc., or FINRA. Consequently, this offering will be conducted in accordance with Rule 5121. No underwriter having a conflict of interest will confirm sales to accounts over which discretionary authority is exercised without the prior written consent of the accountholder. In accordance with Rule 5121, a qualified independent

underwriter is not required because the notes offered are investment grade rated, as that term is defined in Rule 5121. See Use of Proceeds and Underwriting Conflicts of Interest.

S-3

Table of Contents

Optional Redemption	<p>We may redeem the notes of each series for cash in whole, at any time, or in part, from time to time, prior to maturity, at redemption prices that include accrued and unpaid interest and a make-whole premium. However, no make-whole premium will be paid for redemptions of the 2021 notes during the three-month period prior to their maturity, or for redemptions of the 2041 notes during the six-month period prior to their maturity. See Description of Notes Optional Redemption.</p>
Change of Control	<p>Upon the occurrence of both (1) a change of control of us and (2) a downgrade of a series of notes below an investment grade rating by each of Fitch Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Services within a specified period, unless we have previously exercised our optional redemption right with respect to that series of notes in whole, we will be required to offer to repurchase the notes of that series at a price equal to 101% of the then outstanding principal amount of such series, plus accrued and unpaid interest to, but not including, the date of repurchase. See Description of Notes Change of Control.</p>
Other Covenants	<p>We will issue the notes under an indenture with Wells Fargo Bank, National Association. The indenture includes certain covenants, including limitations on our ability to:</p> <ul style="list-style-type: none">create liens on our assets;enter into sale and lease-backs with respect to our properties; andmerge or consolidate with another entity. <p>These covenants are subject to a number of important exceptions, limitations and qualifications that are described under Description of Notes Certain Covenants and in our indenture.</p>
Ranking	<p>The notes will be our unsecured senior obligations and will rank equally with all our existing and future unsecured and unsubordinated indebtedness from time to time outstanding.</p> <p>The indenture does not limit the amount of debt we may incur.</p>
Additional Issues	<p>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 one or more series of the notes so that such additional notes shall be consolidated and form a single series with the notes of the corresponding series.</p>

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately \$ million, after deducting underwriting discounts and estimated offering expenses. We plan to use the net proceeds from the sale of the notes for general corporate purposes, including the repayment of borrowings outstanding under the Bridge Loan. We recently acquired U.S. Oncology Holdings, Inc. (U.S. Oncology). On January 31, 2011, we borrowed \$1.0 billion under the Bridge Loan to fund the redemption of certain indebtedness of U.S. Oncology and its wholly-owned subsidiary U.S. Oncology, Inc. Borrowings under the Bridge Loan must be repaid in full no later than December 30, 2011, or, in full or in part, upon certain events occurring prior to such time, including specified debt issuances such as this offering. The Bridge Loan bears interest based on the London Interbank Offered Rate plus a margin based on our credit ratings and the amount of time any borrowings under the Bridge Loan remain outstanding. As of February 22, 2011, our borrowing under the Bridge Loan accrued interest at the rate of 1.76% per year.

Certain affiliates of the underwriters are lenders and/or agents under the Bridge Loan. Therefore, affiliates of the underwriters will receive a portion of the net proceeds from this offering used to repay borrowings under the Bridge Loan. See Underwriting Conflicts of Interest for more information.

Table of Contents**CAPITALIZATION**

The following table sets forth our cash position and capitalization as of December 31, 2010:

on an actual basis;

on an adjusted basis to give effect to the incurrence of indebtedness under the Bridge Loan and the redemption of certain U.S. Oncology and U.S. Oncology, Inc. debt acquired in connection with the U.S. Oncology acquisition; and

on an adjusted basis to give effect to the incurrence of indebtedness under our Bridge Loan, the redemption of certain U.S. Oncology and U.S. Oncology, Inc. debt acquired in connection with the U.S. Oncology acquisition, this offering and the application of the net proceeds from the sale of the notes. See Use of Proceeds.

You should read this table in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and notes to those financial statements that are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of December 31, 2010		
	Actual	Adjusted for Bridge Loan and U.S. Oncology Debt Redemption (Unaudited) (In millions)	Adjusted for Bridge Loan, U.S. Oncology Debt Redemption and this Offering
Cash and cash equivalents	\$ 3,213	\$ 2,473	\$
Long-term debt (including current portion):			
7.75% Notes due February 2012	\$ 400	\$ 400	\$ 400
5.25% Notes due March 2013	499	499	499
6.50% Notes due February 2014	350	350	350
5.70% Notes due March 2017	499	499	499
7.50% Notes due February 2019	349	349	349
7.65% Debentures due March 2027	175	175	175
U.S. Oncology debt(1)	1,740		
Bridge Loan		1,000	
Other debt	50	50	50
% Notes due 2016			
% Notes due 2021			
% Notes due 2041			

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Total long-term debt (including current portion)	\$ 4,062	\$ 3,322	\$
Stockholders' equity:			
Preferred stock, \$0.01 par value, 100 shares authorized, no shares issued or outstanding	\$	\$	\$
Common stock \$0.01 par value, 800 shares authorized; 365 shares issued	4	4	4
Additional paid-in capital	5,153	5,153	5,153
Retained earnings	7,876	7,876	7,876
Accumulated other comprehensive income	51	51	51
Other	2	2	2
Treasury shares, at cost 111 shares	(6,006)	(6,006)	(6,006)
Total stockholders' equity	\$ 7,080	\$ 7,080	\$ 7,080
Total capitalization	\$ 11,142	\$ 10,402	\$

(1) Represents the aggregate fair value of the principal amount and associated redemption premiums, as applicable, of Senior Unsecured Floating Rate Toggle Notes due 2012 of U.S. Oncology, 9.125% Senior Secured Notes due 2017 of U.S. Oncology, Inc., and 10.75% Senior Subordinated Notes due 2014 of U.S. Oncology, Inc.

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

The table below reflects our ratio of earnings to fixed charges for the following periods: (1) the nine months ended December 31, 2010, and (2) each of the five years in the period ended March 31, 2010.

	For the Nine Months Ended December 31, 2010	For the Year Ended March 31,				
	2010	2010	2009	2008	2007	2006
Ratio of earnings to fixed charges(1)						
Actual	7.1	8.8	6.5	8.3	10.1	9.7

- (1) The ratio of earnings to fixed charges is computed by dividing fixed charges (interest cost, both expensed and capitalized, including amortization of debt discounts and deferred loan costs, and the interest component of rental expense) into earnings available for fixed charges (income from continuing operations before income taxes plus fixed charges, minus equity in net income of and dividends from equity investees and interest capitalized).

Table of Contents

DESCRIPTION OF NOTES

This description of the notes being offered hereby supplements and, to the extent it is inconsistent, replaces, 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.

General

The 2016 notes, the 2021 notes and the 2041 notes will each be issued as a separate series of debt securities under the indenture dated as of March 5, 2007 (the Base Indenture). Certain terms of the notes are contained in a supplemental indenture (the Supplemental Indenture, and together with the Base Indenture, the indenture between us and Wells Fargo Bank, National Association, as trustee). You may request a copy of the indenture and the form of note from the trustee.

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. We do not intend to apply for the listing of the notes on a national securities exchange or for quotation of the 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 respective maturity dates, aggregate principal amounts and interest rates of the notes of each series. The notes will bear interest from the date of issuance, payable semi-annually on each _____ and _____, beginning _____, 2011, to the persons in whose names the notes are registered at the close of business on the _____ immediately preceding each _____ and the _____ immediately preceding each _____. Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. 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 The Depository Trust Company (DTC) and its participants in effect from time to time.

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 one or more series of the notes. The additional notes will form a single series with the outstanding notes of the corresponding series. No additional notes may be issued if an event of default has occurred and is continuing with respect to such series of notes.

Optional Redemption

We may redeem:

- (a) the 2016 notes,
- (b) the 2021 notes prior to three months before their maturity date, or

(c) the 2041 notes prior to six 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 equal to 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 to the date of redemption), 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

S-8

Table of Contents

defined below), plus _____ basis points with respect to the 2016 notes, _____ basis points with respect to the 2021 notes and _____ basis points with respect to the 2041 notes,

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

On or after the date that is three months prior to the maturity for the 2021 notes, or six months prior to the maturity for the 2041 notes, we may redeem the 2021 notes or the 2041 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 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 the trustee obtains 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) 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 the trustee, 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.

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 at least 30 days but not more than 60 days before the redemption date to each registered holder of the 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 notes or portions thereof called for redemption. If less than all of the notes of a series are to be redeemed, the notes of such series to be redeemed will be selected by the trustee by a method the trustee deems to be fair and appropriate.

Change of Control

If a Change of Control Triggering Event (as defined below) occurs, unless we have previously exercised our right to redeem the notes of a series in whole as described above, holders of notes of that series 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 of that series pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in such 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

S-9

Table of Contents

notes of that series 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 of the series 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 of that series 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 mailed (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 11:00 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 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 unreleased 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 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 with respect to each series of notes, the notes of that series 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

S-10

Table of Contents

(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 Inc., a subsidiary of Fimalac, S.A.

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 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 control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us as a replacement agency for Fitch, Moody's or S&P, or all of them, as the case may be.

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, 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 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

S-11

Table of Contents

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.

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,

S-12

Table of Contents

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;

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

S-13

Table of Contents

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 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.

Book-Entry System

The certificates representing the notes of each series 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.

S-14

Table of Contents

Same-Day Funds Settlement and Payment

Settlement for the notes will be made by the underwriters in immediately available funds. All payments of principal, premium if any, and interest in respect of notes in book-entry form will be made by us in immediately available funds to the accounts specified by DTC.

Concerning the Trustee

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

S-15

Table of Contents

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership, and disposition of the notes to Non-U.S. Holders (as defined below). This summary is for informational purposes only and is based on the Internal Revenue Code of 1986 (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.

The following discussion does not address foreign, 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; insurance companies; controlled foreign corporations; passive foreign investment companies; persons subject to the alternative minimum tax; entities which are tax-exempt for U.S. federal income tax purposes.

For purposes of this discussion, a Non-U.S. Holder is a holder of a note that is an individual, corporation, estate or trust that is not (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.

If a partnership (or an entity 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 foreign 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.

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. Generally, any interest paid to a Non-U.S. Holder of a note that is not effectively connected with a U.S. trade or business 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 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 the beneficial owner, under penalties of perjury, certifies that the beneficial owner is not a U.S. person and such certificate provides the beneficial owner's name and address, or a securities clearing

organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the notes certifies, under penalties of perjury, that such statement has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner. 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 (or, in the case of an individual, a fixed base)

S-16

Table of Contents

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 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 or W-8ECI (or such successor forms as the IRS may designate), as applicable, prior to the payment of interest. These forms must be periodically updated. 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 disposition

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 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 (or, in the case of an individual, a fixed base) in the United States, in which case such gain will be taxable in the same manner as effectively connected interest (discussed above).

Information reporting and backup withholding

A Non-U.S. Holder may be required to certify under penalties of perjury that it is a Non-U.S. Holder (generally through the provision of a properly executed IRS Form W-8BEN) in order to prevent information reporting and backup withholding. 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.

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 J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated 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 notes that appears opposite its name in the table below:

Underwriter	Principal Amount of 2016 Notes	Principal Amount of 2021 Notes	Principal Amount of 2041 Notes
J.P. Morgan Securities LLC	\$	\$	\$
Merrill Lynch, Pierce, Fenner & Smith Incorporated			
Total	\$	\$	\$

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 initially propose to offer the notes to the public at the public offering prices that appear on the cover page of this prospectus supplement. In addition, the underwriters initially propose to offer the notes to certain dealers at the public offering prices less a concession not to exceed % of the principal amount, with respect to the 2016 notes, % of the principal amount, with respect to the 2021 notes, and % of the principal amount, with respect to the 2041 notes. Any underwriter may allow, and any such dealer may reallow, a concession not to exceed % of the principal amount, with respect to the 2016 notes, % of the principal amount, with respect to the 2021 notes, and % of the principal amount, with respect to the 2041 notes on sales to certain other dealers. After the initial offering of the notes to the public, the representatives may change the public offering prices and concessions. 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:

Paid by us	2016 Notes	2021 Notes	2041 Notes
Per note			
Total			

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

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 new issues 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

Table of Contents

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.

Conflicts of Interest

From time to time in the ordinary course of their respective businesses, certain of the underwriters and their affiliates have engaged in and may in the future engage in commercial banking, derivatives and/or financial advisory, investment banking and other commercial transactions and services with us and our affiliates for which they have received or will receive customary fees and commissions. In particular, the representatives of the underwriters serve as joint bookrunners and joint lead arrangers under the Bridge Loan, and affiliates of the representatives serve as administrative agent and syndication agent. In addition, certain of the underwriters or their affiliates are agents and/or lenders under the Bridge Loan. As described in Use of Proceeds, a portion of the net proceeds from this offering may be used to repay outstanding borrowings under the Bridge Loan. As affiliates of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated may each receive more than 5% of the proceeds of this offering, not including underwriting compensation, J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated each may have a conflict of interest as defined in Rule 5121 adopted by the Financial Industry Regulatory Authority. Consequently, this offering will be conducted in accordance with Rule 5121. No underwriter having a conflict of interest will confirm sales to accounts over which discretionary authority is exercised without the prior written consent of the accountholder. In accordance with Rule 5121, a qualified independent underwriter is not required because the notes offered are investment grade rated, as that term is defined in Rule 5121.

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. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in 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.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) offers of notes which are the subject of the offering contemplated by this prospectus supplement may not be made to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus

Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

S-19

Table of Contents

provided that no such offer of notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means 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, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom

Each underwriter has advised us that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act (FSMA)) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Table of Contents

VALIDITY OF THE NOTES

The validity of the notes offered hereby will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California, and for the underwriters by Davis Polk & Wardwell LLP, New York, New York.

EXPERTS

The consolidated financial statements, 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, 2010, 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 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 (excluding any information furnished and not filed pursuant to Items 2.02 or 7.01 on any Current Report on Form 8-K):

our Annual Report on Form 10-K for the fiscal year ended March 31, 2010;

our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2010, September 30, 2010 and December 31, 2010; and

our Current Reports on Form 8-K filed on May 18, 2010, August 3, 2010, October 19, 2010, November 3, 2010 and November 29, 2010.

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
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 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-21

Table of Contents

PROSPECTUS

McKESSON CORPORATION

**COMMON STOCK
PREFERRED STOCK
DEPOSITARY SHARES
DEBT SECURITIES
WARRANTS
STOCK PURCHASE CONTRACTS
STOCK PURCHASE UNITS**

McKESSON CORPORATION

- may sell common stock;
- may sell preferred stock;
- may sell depositary shares representing preferred stock;
- may sell debt securities;
- may sell warrants; and
- may sell stock purchase contracts or stock purchase units.

The common stock of McKesson Corporation is listed on the New York Stock Exchange under the symbol MCK. Our principal executive offices are located at McKesson Plaza, One Post Street, San Francisco, California 94104, and our telephone number is (415) 983-8300.

We urge you to read carefully this prospectus and the accompanying prospectus supplement, which will describe the specific terms of the securities being offered to you, before you make your investment decision.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS OR THE ACCOMPANYING PROSPECTUS SUPPLEMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

The date of this prospectus is February 9, 2009.

TABLE OF CONTENTS

	Page
Page	
<u>About This Prospectus</u>	1
<u>Where You Can Find More Information</u>	1
<u>Special Note Regarding Forward-Looking Statements</u>	2
<u>McKesson Corporation</u>	2
<u>Use of Proceeds</u>	2
<u>Description of Securities</u>	3
<u>Description of Capital Stock</u>	3
<u>Description of Depositary Shares</u>	7
<u>Description of Debt Securities</u>	10
<u>Description of Warrants</u>	18
<u>Description of Stock Purchase Contracts and Stock Purchase Units</u>	20
<u>Plan of Distribution</u>	20
<u>Legal Matters</u>	22
<u>Experts</u>	22

Table of Contents

Unless otherwise indicated or the context otherwise requires, all references in this prospectus to McKesson, the company, we, our, us or similar terms refer to McKesson Corporation, together with its subsidiaries.

ABOUT THIS PROSPECTUS

This prospectus is part of a shelf registration statement that we filed with the Securities and Exchange Commission (the Commission or 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 of that offering. The accompanying prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and the accompanying prospectus supplement together with additional information described under the heading Where You Can Find More Information.

We may include agreements as exhibits to the registration statement of which this prospectus forms a part. In reviewing such agreements, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures would not necessarily be reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about us may be found elsewhere in the registration statement of which this prospectus forms a part and our other public filings, which are available without charge through the SEC's website at <http://www.sec.gov>.

WHERE YOU CAN FIND MORE INFORMATION

We file 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., Room 1580, 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. Our common stock is listed on the New York Stock Exchange, and these reports, proxy statements and other information are also available for inspection at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus is part of a registration statement filed with the SEC by us. The full registration statement can be obtained from the SEC as indicated above, or from us.

The SEC allows us to incorporate by reference the information 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

Table of Contents

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 information in such documents that is not deemed to be filed):

Annual Report on Form 10-K for the fiscal year ended March 31, 2008;

Quarterly Reports on Form 10-Q for the quarters ended June 30, 2008, September 30, 2008 and December 31, 2008; and

Current Reports on Form 8-K filed on April 28, 2008, July 29, 2008 and November 21, 2008.

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 Section 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.

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 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 Exchange Act. Some of the forward-looking statements can be identified by the use of forward-looking words such as believes, expects, anticipates, may, should, seeks, approximately, intends, plans, or estimates, or words, or other comparable terminology. 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 Annual Reports 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.

MCKESSON CORPORATION

McKesson Corporation is a healthcare services and information technology company providing supply, information and care management products and services designed to reduce costs and improve quality across the healthcare industry. We conduct our business through two 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.

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

Table of Contents

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 years ended March 31, 2008, 2007, 2006, 2005 and 2004, or during the nine months ended December 31, 2008. 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 the nine months ended December 31, 2008, and each of the five years in the period ended March 31, 2008.

	For the Nine Months Ended December 31, 2008	2008	For the Year Ended March 31,			
			2007	2006	2005	2004
Ratio of earnings to fixed charges(a)	5.7	8.3	10.1	9.7	(b)	6.5

(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 interest component of rent expense.

(b) Earnings for the year ended March 31, 2005 were inadequate to cover fixed charges. The coverage deficiency was \$276 million for the ratio of earnings to fixed charges.

DESCRIPTION OF SECURITIES

This prospectus contains a summary of our common stock, preferred stock, depositary shares, debt securities, warrants, stock purchase contracts and stock purchase units. These summaries are not meant to be a complete description of each security. The particular terms of any security to be issued pursuant hereto will be set forth in a related prospectus supplement. This prospectus and the accompanying prospectus supplement will contain the material terms and conditions for each security.

DESCRIPTION OF CAPITAL STOCK

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, 2008, there were 273,832,171 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.

Table of Contents

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