

MCKESSON CORP  
Form 424B5  
February 27, 2007

**Table of Contents**

The information in this 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 prospectus supplement 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)(5)  
Registration No.333-124921

**SUBJECT TO COMPLETION**

Preliminary Prospectus Supplement dated February 27, 2007

PROSPECTUS SUPPLEMENT  
(To prospectus dated August 4, 2005)

\$  
\$ % Notes due 2013  
\$ % Notes due 2017

We will pay interest on the notes on \_\_\_\_\_ and of each year, beginning \_\_\_\_\_, 2007. The % notes due 2013, which we refer to as the 2013 notes, will mature on \_\_\_\_\_, 2013, and the % notes due 2017, which we refer to as the 2017 notes, will mature on \_\_\_\_\_, 2017. We may redeem either series of notes in whole or in part at any time at the redemption prices set forth under Description of Notes Optional Redemption. If we experience a change of control triggering event, we may be required to offer to purchase the notes from holders. See Description of Notes Change of Control.

The notes will be unsecured obligations 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 \$1,000 and integral multiples of \$1,000 thereafter.

	Per 2013 note	Total	Per 2017 note	Total
Public offering price (1)	%	\$	%	\$
Underwriting discount	%	\$	%	\$
Proceeds to McKesson, before expenses (1)	%	\$	%	\$

(1) Plus accrued interest from \_\_\_\_\_, 2007, 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 only through The Depository Trust Company on or about \_\_\_\_\_, 2007.

*Joint Book-Running Managers*

**Banc of America Securities LLC**

**Wachovia Securities**

**The date of this prospectus supplement is February , 2007.**



## TABLE OF CONTENTS

<b>Prospectus Supplement</b>	
<u>About This Prospectus Supplement</u>	S-1
<u>Forward-Looking Statements</u>	S-2
<u>Summary</u>	S-3
<u>Use of Proceeds</u>	S-5
<u>Capitalization</u>	S-6
<u>Selected Consolidated Financial Information</u>	S-7
<u>Description of Notes</u>	S-8
<u>Underwriting</u>	S-14
<u>Legal Matters</u>	S-15
<u>Experts</u>	S-15
<u>Where You Can Find More Information</u>	S-16
<b>Prospectus</b>	
<u>About This Prospectus</u>	i
<u>Where You Can Find More Information</u>	1
<u>Special Note Regarding Forward-Looking Statements</u>	1
<u>McKesson Corporation</u>	1
<u>Use of Proceeds</u>	2
<u>Description of Securities</u>	2
<u>Description of Capital Stock</u>	2
<u>Description of Depositary Shares</u>	7
<u>Description of Debt Securities</u>	9
<u>Description of Warrants</u>	18
<u>Description of Stock Purchase Contracts and Stock Purchase Units</u>	20
<u>Plan of Distribution</u>	21
<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, gives more general information, 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.

S-1

---

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement may 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 ). Statements containing words such as believes, expects, anticipates, may, will, 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. The most significant of these risks and uncertainties are described in our Form 10-K, Form 10-Q and Form 8-K reports filed with the Securities and Exchange Commission (the SEC ).

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.

You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person, including any dealer, salesperson or other individual, to provide you with different information or to make any representations other than those contained in this prospectus supplement and the accompanying prospectus. If anyone provides you with additional, different or inconsistent information, you should not rely on it. 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.

**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, 2006 and our subsequent Quarterly Reports on Form 10-Q 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 Fortune 16 healthcare services and information technology company dedicated to helping its customers deliver high-quality healthcare by reducing costs, streamlining processes and improving the quality and safety of patient care. Over the course of its 174-year history, McKesson has grown by providing pharmaceutical and medical-surgical supply management across the spectrum of care; healthcare information technology for hospitals, physicians, homecare and payors; hospital and retail pharmacy automation; and services for manufacturers and payors designed to improve outcomes for patients.

We conduct our business through three segments. Through our Pharmaceutical Solutions segment, we are a leading distributor of ethical and proprietary drugs, and health and beauty care products throughout North America. This segment provides medical management and specialty pharmaceutical solutions for biotech and pharmaceutical manufacturers, patient and other services for payors, and software, and consulting and outsourcing services to pharmacies and, through our investment in Parata Systems, LLC, sells automated pharmaceutical dispensing systems for retail pharmacies. Our Medical-Surgical Solutions segment distributes medical-surgical supplies, first-aid products and equipment, and provides logistics and other services within the United States and Canada. Our Provider Technologies segment delivers enterprise-wide patient care, clinical, financial, supply chain, managed care and strategic management software solutions, automated pharmaceutical dispensing systems for hospitals, as well as outsourcing and other services, to healthcare organizations throughout North America, the United Kingdom and other European countries. Our strategy is to create strong, value-based relationships with customers, enabling us to sell additional products and services to these customers over time.

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 2013.</p> <p>\$ aggregate principal amount of % Notes due 2017.</p>
Maturity	<p>2013 notes , 2013.</p> <p>2017 notes , 2017.</p>
Interest Rate	<p>2013 notes % per year.</p> <p>2017 notes % per year.</p>
Interest Payment Dates	Interest will be paid on and of each year, beginning on , 2007. Interest on the notes will accrue from , 2007.
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 to repay borrowings outstanding under our interim credit facility.
Optional Redemption	Upon 30 days notice to noteholders, 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. See 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 Ratings, Moody s Investors Service, Inc. and Standard & Poor s Ratings Services within a specified period, we will be required to make an offer to purchase the notes of each series at a price equal to 101% of the principal amount of such series, plus accrued and unpaid interest to the date of repurchase. See Description of Notes Change of Control .
Other Covenants	<p>We will issue the notes under an indenture with The Bank of New York Trust Company, N.A., as trustee. The indenture includes certain covenants, including limitations on:</p> <p>liens;</p> <p>sale and lease-backs; and</p> <p>mergers or consolidations with another entity.</p> <p>These covenants are subject to a number of important exceptions, limitations and qualifications that are described under Description of Notes Certain Covenants .</p>



Ranking

Each series of notes will be unsecured and will rank equally with all our existing and future unsecured and unsubordinated indebtedness from time to time outstanding.

The indenture does not limit the amount of debt we may incur.

Further Issues

We may create and issue further notes of each series ranking equally and ratably with the notes of such series in all respects, so that such further notes shall be consolidated and form a single series with the notes of such series.

S-4

---

**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 to repay borrowings outstanding under the interim credit facility that we entered into to fund a portion of the merger consideration for the recent acquisition of Per-Se Technologies, Inc. The interim credit facility matures on January 25, 2008, and bears interest at a floating rate based on either a Eurodollar rate or a base rate. At January 31, 2007, there was approximately \$1.0 billion outstanding under the interim credit facility. As of such date, our borrowings under the interim credit facility accrued interest at the rate of 5.82% per year. We intend to use any remaining net proceeds for general corporate purposes.

Certain affiliates of each of the underwriters are lenders and/or agents under our interim credit facility and our revolving credit facility. Therefore, affiliates of the underwriters will receive their pro rata share of the net proceeds from this offering used to refinance the interim credit facility.

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

The following table sets forth our short-term debt and total capitalization as of December 31, 2006:

on an actual basis;

on an adjusted basis to give effect to the incurrence of indebtedness under our interim credit facility in connection with the Per-Se acquisition; and

on an adjusted basis to give effect to the incurrence of indebtedness under our interim credit facility in connection with the Per-Se acquisition, this offering and the application of the net proceeds from the sale of the notes (other than any net proceeds used for general corporate purposes). 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.

	<b>As of December 31, 2006</b>		
	<b>Actual</b>	<b>Adjusted for Per-Se Acquisition</b>	<b>Adjusted for Per-Se Acquisition and This Offering</b>
	<b>(unaudited)</b>		
	<b>(in millions, except per share amounts)</b>		
Short-term borrowings	\$	\$ 1,000	\$
Long-term debt and capital lease obligations (including current portion):			
8.95% Series B Senior Notes due February 2007	\$ 20	\$ 20	\$ 20
9.13% Series C Senior Notes due February 2010	215	215	215
6.40% Notes due March 2008	150	150	150
7.75% Notes due February 2012	399	399	399
7.65% Debentures due March 2027	175	175	175
ESOP related debt	15	15	15
Other debt	8	8	8
Notes offered hereby			
<b>Total long-term debt</b>	<b>\$ 982</b>	<b>\$ 982</b>	<b>\$</b>
<b>Total debt</b>	<b>\$ 982</b>	<b>\$ 1,982</b>	<b>\$</b>
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; 336 shares issued	3	3	3
Additional paid-in capital	3,508	3,508	3,508
Other capital	(32)	(32)	(32)
Retained earnings	4,473	4,473	4,473

Edgar Filing: MCKESSON CORP - Form 424B5

Accumulated other comprehensive income	76	76	76
ESOP notes and guarantees	(15)	(15)	(15)
Treasury shares	(1,915)	(1,915)	(1,915)
Total stockholders' equity	\$ 6,098	\$ 6,098	\$ 6,098
Total capitalization	\$ 7,080	\$ 8,080	\$

S-6

---

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL INFORMATION**

We have derived the following results of operations and balance sheet data for and as of the end of fiscal years 2002, 2003, 2004, 2005 and 2006 from our audited consolidated financial statements. The selected financial data for the nine months ended December 31, 2005 and 2006 have been derived from our unaudited consolidated financial statements. The unaudited financial information, in the opinion of management, contains all adjustments necessary for a fair presentation of the information for the periods presented. The results for the nine months ended December 31, 2006 may not be indicative of the results to be achieved for the entire fiscal year. You should read the information set forth below in conjunction with our consolidated financial statements and related notes and other financial information incorporated by reference into this prospectus supplement and the accompanying prospectus. See **Where You Can Find More Information** in this prospectus supplement.

	<b>For the Year Ended March 31,</b>					<b>For the Nine Months Ended December 31,</b>	
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
	<b>(unaudited)</b>						
	<b>(in millions)</b>						
<b>Income Statement Data:</b>							
Revenues	\$ 48,546	\$ 55,710	\$ 67,993	\$ 79,096	\$ 86,983	\$ 64,193	\$ 68,812
Gross profit	2,640	2,954	3,107	3,342	3,777	2,738	3,081
Income (loss) from continuing operations before taxes	558	812	869	(266)	1,171	816	934
Income (loss) from continuing operations	395	538	621	(173)	745	522	711
Income (loss) from discontinued operations	24	17	26	16	6	9	(55)
Net income (loss)	419	555	647	(157)	751	531	656
<b>Cash Flow Data:</b>							
Net cash provided by operating activities	\$ 277	\$ 773	\$ 595	\$ 1,543	\$ 2,738	\$ 1,466	\$ 555
Net cash provided (used) by investing activities	(346)	(664)	(300)	(360)	(1,816)	(768)	(152)
Net cash provided (used) by financing activities	193	(145)	(109)	(91)	(583)	(317)	(529)
<b>Other Supplemental Data:</b>							
Ratio of earnings to fixed charges(a)	4.5	5.9	6.5	(b)	9.7	9.2	10.4

	<b>As of March 31,</b>					<b>As of December 31,</b>	
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>
	<b>(unaudited)</b>						
	<b>(in millions)</b>						
<b>Balance Sheet &amp; Other Data:</b>							

Edgar Filing: MCKESSON CORP - Form 424B5

Working capital	\$ 3,226	\$ 3,394	\$ 3,706	\$ 3,658	\$ 3,527	\$ 3,750	\$ 3,578
Total assets	13,334	14,361	16,240	18,775	20,961	20,769	22,490
Total debt, including capital lease obligations	1,636	1,507	1,485	1,211	991	991	982
Stockholders equity	3,937	4,525	5,165	5,275	5,907	5,908	6,098

- (a) 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).
- (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.

S-7

**Table of Contents****DESCRIPTION OF NOTES**

This description of the notes 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 are Senior Debt Securities, as that term is used in the accompanying prospectus.

**General**

The notes will be issued under an indenture, dated as of \_\_\_\_\_, 2007, between us and The Bank of New York Trust Company, N.A. You may request a copy of the indenture and the form of notes from the trustee.

We will issue the notes of each series in fully registered book-entry form without coupons and in denominations of \$1,000 and integral multiples of \$1,000 thereafter. We do not intend to apply for the listing of the notes of either series on a national securities exchange or for quotation of such notes on any automated dealer quotation system.

The following statement 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 unsecured senior obligations. The cover page of this prospectus supplement sets forth the maturity dates, the aggregate principal amounts and the interest rates of the notes. The notes will bear interest from the date of issuance, payable semiannually on each \_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_, 2007, to the persons in whose names the notes are registered at the close of business on the immediately preceding each \_\_\_\_\_ or 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 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 ranking equally with either series of notes in all respects, except for the issue price and the date from which interest accrues. 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**

The notes of each series will be redeemable, in whole at any time or in part from time to time, at our option at a redemption price equal to the greater of:

(i) 100% of the principal amount of the notes of such series to be redeemed; or

(ii) 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 as of the date of redemption), discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus \_\_\_\_\_ basis points with respect to the 2013 notes and \_\_\_\_\_ basis points with respect to the 2017 notes, plus, in each case, accrued interest thereon to the date of redemption. 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 according to the notes and the indenture.

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

**Table of Contents**

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, (i) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) 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 (i) Banc of America Securities LLC (or its affiliates that are Primary Treasury Dealers) and its 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 (ii) any other Primary Treasury Dealer 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 semiannual 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 of 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 series of 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 of such series 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 occurs, unless we have exercised our right to redeem the notes as described above, holders of notes will have the right to require us to repurchase all or any part (equal to \$1,000 or an integral multiple of \$1,000 in excess thereof) of their notes pursuant to the offer described below (the Change of Control Offer) on the terms set forth in the notes. In the Change of Control Offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to the date of purchase (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 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 mailed (the Change of Control Payment Date), pursuant to the procedures required by the notes and described in such notice. We must comply with the requirements of Rule 14e-1 under the Exchange 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 of senior notes properly tendered pursuant to the Change of Control Offer;



**Table of Contents**

deposit with the paying agent 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 purchased.

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 McKesson and its 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 McKesson to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of McKesson and its subsidiaries taken as a whole to another Person (as defined in the indenture) or group may be uncertain.

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 McKesson and its subsidiaries taken as a whole to any Person other than McKesson or one of its subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of McKesson's voting stock; or (3) the first day on which a majority of the members of McKesson's Board of Directors are not Continuing Directors. Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control if (i) we become a wholly owned subsidiary of a holding company and (ii) the holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of our 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 the Board of Directors of McKesson 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 McKesson's 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.

**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 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 Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.



**Table of Contents**

**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 McKesson's 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 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 generally accepted accounting principles.

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 generally accepted accounting principles.

The term **Subsidiary** shall mean any corporation of which at least a majority of the outstanding stock having voting power under ordinary circumstances for the election of the board of directors of said corporation shall at the time be owned by us or by us and one or more Subsidiaries or by one or more Subsidiaries.

***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 lien (as defined in the indenture) 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 ratably with and equally 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



**Table of Contents**

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 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; or

liens relating to accounts receivable of ours or any of our Subsidiaries which have been sold, assigned or otherwise transferred to another Person (as defined in the indenture) in a transaction classified as a sale of accounts receivable in accordance with generally accepted accounting principles, 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.

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 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 to which our assets are transferred or leased is a corporation organized under the laws of the United States, any state of the United States or the District of Columbia and it 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 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.

S-12

---

## **Table of Contents**

### **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, thereby eliminating 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by The New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. 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.

### **Same-Day Funds Settlement and Payment**

Settlement for the notes will be made by the underwriters in immediately available funds. All payments of principal 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.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearing houses or next-day funds. In contrast, the notes will trade in DTC s Same-Day Funds Settlement System until maturity or until the notes are issued in certificated form, and secondary market trading activity in the notes will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

### **Concerning the Trustee**

The Bank of New York Trust Company, N.A. will be the trustee under the indenture. We may maintain deposit accounts or conduct other banking transactions with the trustee in the ordinary course of business.

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

Subject to the terms and conditions contained in an underwriting agreement, we have agreed to sell to the underwriters, for whom Banc of America Securities LLC and Wachovia Capital Markets, LLC are acting as representatives, and these underwriters severally have agreed to purchase from us, the principal amount of the notes listed opposite their names below:

<b>Underwriter</b>	<b>Principal Amount of 2013 Notes</b>	<b>Principal Amount of 2017 Notes</b>
Banc of America Securities LLC	\$	\$
Wachovia Capital Markets, LLC		
<b>Total</b>	<b>\$</b>	<b>\$</b>

The underwriters have agreed to purchase all of the notes of a series sold pursuant to the underwriting agreement if any of such notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

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

The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

**Commissions and Discounts**

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering prices on the cover page of this prospectus supplement, and to dealers at these prices less concessions not in excess of % of the principal amount of the 2013 notes and % of the principal amount of the 2017 notes. The underwriters may allow, and the dealers may reallow, discounts not in excess of % of the principal amount of the 2013 notes and % of the principal amount of the 2017 notes to other dealers. After the initial public offering, the public offering prices, concessions and discounts may be changed.

The following table summarizes the compensation to be paid by us to the underwriters.

	<b>Per 2013 Note</b>	<b>Total</b>	<b>Per 2017 Note</b>	<b>Total</b>
Underwriting discount paid by us	%	\$	%	\$

The expenses of the offering, not including the underwriting discount, are estimated to be \$ and are payable by us.

**New Issue of Notes**

The notes are new issues of securities with no established trading market. We do not intend to apply for listing of either series of notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by the underwriters that they presently intend to





**Table of Contents**

make a market in each series of notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading markets for the notes or that active public markets for the notes will develop. If active public trading markets for the notes do not develop, the market prices and liquidity of the notes may be adversely affected.

**Price Stabilization and Short Positions**

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market prices of the notes. Such transactions consist of bids or purchases to peg, fix or maintain the prices of the notes. If the underwriters create a short position in the notes in connection with the offering, i.e., if they sell more notes of that series than are on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing notes of that series in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of the notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

**Other Relationships**

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking, commercial banking and other commercial dealings with us in the ordinary course of business. In particular, the affiliates of some of the underwriters are participants in our revolving credit facility described in our filings with the SEC. They have received customary fees, commissions or other payments for these transactions. In addition, as described under Use of Proceeds, we intend to use all of the net proceeds from this offering to repay our interim credit facility under which affiliates of Banc of America Securities LLC and Wachovia Capital Markets, LLC serve as agents. Because the underwriters or their affiliated or associated persons will receive more than 10% of the proceeds of the offering as repayment for such debt, the offering is made in compliance with the applicable provisions of Section 2710(h)(1) and Rule 2720 of the NASD Conduct Rules.

**LEGAL MATTERS**

The legality 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 Mayer, Brown, Rowe & Maw LLP, Chicago, Illinois.

**EXPERTS**

The consolidated financial statements, the related consolidated financial statement schedules, and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus supplement by reference from McKesson's Annual Report on Form 10-K for the fiscal year ended March 31, 2006, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which are incorporated herein by reference, and 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**

**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:

our Annual Report on Form 10-K for the fiscal year ended March 31, 2006;

our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2006, September 30, 2006 and December 31, 2006; and

our Current Reports on Form 8-K filed on May 1, 2006, May 26, 2006, June 22, 2006, September 11, 2006, November 6, 2006, November 7, 2006, January 8, 2007, January 26, 2007 and February 1, 2007.

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 <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.

**Table of Contents**

**PROSPECTUS**

**\$1,500,000,000**  
**McKesson Corporation**  
**Common Stock**  
**Preferred Stock**  
**Depository Shares**  
**Debt Securities**  
**Warrants**  
**Stock Purchase Contracts**  
**Stock Purchase Units**

**McKESSON CORPORATION**

may sell common stock to the public;

may sell preferred stock to the public;

may sell depository shares representing preferred stock to the public;

may sell debt securities to the public;

may sell warrants to the public; and

may sell stock purchase contracts or stock purchase units to the public.

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 August 4, 2005.

---

**TABLE OF CONTENTS**

	<b>Page</b>
<u>About This Prospectus</u>	i
<u>Where You Can Find More Information</u>	1
<u>Special Note Regarding Forward-Looking Statements</u>	1
<u>McKesson Corporation</u>	1
<u>Use of Proceeds</u>	2
<u>Description of Securities</u>	2
<u>Description of Capital Stock</u>	2
<u>Description of Depositary Shares</u>	7
<u>Description of Debt Securities</u>	9
<u>Description of Warrants</u>	18
<u>Description of Stock Purchase Contracts and Stock Purchase Units</u>	20
<u>Plan of Distribution</u>	21
<u>Legal Matters</u>	22
<u>Experts</u>	22

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 registration statement that we filed with the Securities and Exchange Commission (the Commission or SEC), using a shelf registration process. Under this shelf process, we may sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$1,500,000,000. 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 prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading Where You Can Find More Information.

**Table of Contents**

**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 450 Fifth Street, N.W., Room 1024, 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 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 year ended March 31, 2005 and all amendments thereto; and

Current Report on Form 8-K dated April 28, 2005 (filed May 3, 2005).

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.

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 including, but not limited to, believes, expects, anticipates, may, will, should, seeks, approximately, estimates or the negative of those words or other comparable terminology. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, those discussed under Additional Factors That May Affect Future Results in our Annual Report on Form 10-K, in any prospectus supplement related hereto, and in other information contained in our publicly available SEC filings and press releases.

You should not place undue reliance on any such forward-looking statements, which speak only as of the date hereof. Except to the extent required by federal securities laws, we do not intend to update forward-looking information or to release the results of any future revisions we may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

**MCKESSON CORPORATION**

We are a Fortune 15 corporation 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 three segments: Pharmaceutical Solutions, Medical-Surgical Solutions and Provider Technologies.

**Table of Contents**

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 debt or preferred stock, the possible acquisition of related businesses or assets thereof, and working capital needs.

**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 restated certificate of incorporation and bylaws and the Delaware General Corporation Law ( DGCL ), and, with respect to certain rights of holders of shares of common stock, our rights agreement. Copies of such documents have been filed with the SEC and are filed as exhibits to the registration statement to which this prospectus is 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 April 30, 2005, there were 299,979,779 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 and reserved for issuance pursuant to our rights agreement. 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 and the Pacific Exchange under the symbol MCK.

In February 1997, McKesson Financing Trust issued an aggregate of 4,123,720 5% Trust Convertible Preferred Securities. Each trust security is convertible into common stock at any time prior to the close of business on the business day prior to June 1, 2027 (or prior to the date of redemption of the trust security), at the option of the holder, at the rate of 1.3418 shares of common stock for each trust security (equivalent to a conversion price of \$37.26 per share of common stock), subject to adjustment in certain circumstances. As described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2005, we do not consolidate our investment in McKesson Financing Trust.

**Common Stock**

*Dividends Rights.* Subject to the dividend rights of the holders of any outstanding series of 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.

**Table of Contents**

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

**Preferred Stock**

Our 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 values of each of these series. We may amend from time to time our 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 stock 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 paid, whether dividends shall be cumulative and, if so, the date from which dividends will begin to accumulate;

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

**Table of Contents**

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 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.

**Anti-Takeover Effects of Provisions of the Our Restated Certificate of Incorporation and Bylaws**

Our restated certificate of incorporation and bylaws 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.

Pursuant to our restated certificate of incorporation, our board of directors is divided into three classes serving staggered three-year terms. Directors can be removed from office only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the then outstanding shares of any class or series of our capital stock entitled to vote generally in the election of directors. Vacancies and newly created directorships on our board of directors may be filled only by a majority of the remaining directors or by the plurality vote of the stockholders.

Our 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 bylaws 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 bylaws 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 restated certificate of incorporation provides that certain provisions of the bylaws may only be amended by the affirmative vote of the holders of 75% of our outstanding shares entitled to vote. Our 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 restated certificate of incorporation and bylaws, copies of which have been filed with the SEC.

**Table of Contents**

**Rights Plan**

Pursuant to a rights agreement, our board of directors declared a dividend distribution of one right for each outstanding share of common stock to stockholders of record at October 22, 2004. Each right entitles the registered holder to purchase from us a unit consisting of one one-hundredth of a share of Series A Junior Participating Preferred Stock at a purchase price of \$100 per unit. The rights expire on October 22, 2014, unless redeemed earlier by our board of directors. The terms of the rights are set forth in a rights agreement between us and a rights agent, a copy of which is filed with the SEC. The following summary outlines certain provisions of the rights agreement and is qualified in its entirety by reference to our rights agreement.

The rights are attached to all common stock certificates representing shares outstanding at the record date and shares issued between the record date and the distribution date, and no separate rights certificates have been distributed. The rights will separate from the common stock, separate rights certificates will be issued (which will then be the sole evidence of the rights) and a distribution date will occur upon the earlier to occur of:

- (1) ten business days following the date of a public announcement by us or an acquiring person that there is such an acquiring person (such date is referred to as the stock acquisition date ),
- (2) ten business days (or such later date as our board of directors may determine) following commencement of a tender or exchange offer that would result in the offeror beneficially owning 15% or more of the common stock, or
- (3) ten business days after our of directors determine that the ownership of 10% or more of our outstanding common stock by a person is (A) intended to cause us to repurchase the common stock beneficially owned by such person or to cause pressure on us to take action or enter into a transaction or series of transactions intended to provide such person with short-term financial gain under circumstances where our directors determine that the best long-term interest of the company and its stockholders would not be served by taking such action or entering into such transactions or series of transactions at that time, or (B) is causing, or is reasonably likely to cause, a material adverse impact on us.

The term "acquiring person" means any person who, together with affiliates and associates, acquires beneficial ownership of shares of our common stock representing 15% or more of our outstanding common stock, but shall not include us, any of our subsidiaries, any of our employee benefit plans, any person or entity organized, appointed or established by us for or pursuant to the terms of such plan, any person who has acquired beneficial ownership of 15% or more of the outstanding shares of common stock as a result of repurchases of stock by us, certain inadvertent actions by institutional or certain other stockholders as of October 22, 2004, or any person who has entered into any agreement or arrangement with us or any subsidiary of ours for an acquisition transaction.

In the event that a person becomes an acquiring person (except pursuant to an offer for all outstanding shares of common stock which the independent directors determine to be fair to and otherwise in our best interests and in the best interests of our stockholders), each holder of a right will thereafter have the right to receive, upon exercise, common stock (or, in certain circumstances, cash, property or other securities of the company) having a calculated value equal to two times the exercise price of the right. Notwithstanding the foregoing, following the occurrence of such event, all rights that are, or (under certain circumstances specified in the rights agreement) were, beneficially owned by an acquiring person and certain related persons and transferees will be null and void. However, rights are not exercisable following the occurrence of such event until such time as the rights are no longer redeemable as set forth below.

At any time prior to the tenth day following the stock acquisition date, we may redeem the rights, in whole, but not in part, at a price of \$0.01 per right.

Until a right is exercised, the holder thereof, as such, will have no rights as a stockholder, including without limitation, the right to vote or to receive dividends.

In general, the rights agreement may be amended by our board of directors (1) prior to the distribution date in any manner, and (2) on or after the distribution date in certain respects including (a) to shorten or

**Table of Contents**

lengthen at any time period and (b) in a manner not adverse to the interests of rights holders. However, amendments extending the redemption period must be made while the rights are still redeemable.

The rights have certain anti-takeover effects and will cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors. The rights should not interfere with any merger or other business combination approved by our board of directors, since our board of directors may redeem the rights as provided above.

**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<sup>2</sup>/<sub>3</sub>% 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 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 of earnings and assets 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 (1) in connection with our employee benefit plans and (2) upon conversion of our trust securities. 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 rights agreement.

**Table of Contents**

**Limitation of Liability of Directors**

Our 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**

The Bank of New York 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 .

**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 is 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

## **Table of Contents**

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 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 that (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.

## **Table of Contents**

### **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 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 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.

### **DESCRIPTION OF DEBT SECURITIES**

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, a form of which has been filed with the SEC as an exhibit to the registration statement of which this prospectus is a part. Any future supplemental indenture or





**Table of Contents**

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 The Bank of New York Trust Company, N.A., 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;

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 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;

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 or interest;

**Table of Contents**

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;

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, 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, 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 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 debt, 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 debt.