McKesson Corporation Announces Pricing of Tender Offer

Release Date:
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Terms:

Dateline City:
SAN FRANCISCO

SAN FRANCISCO -- (BUSINESS WIRE) -- McKesson Corporation (NYSE: MCK) (the "Company") today announced the determination of the Full Tender Offer Consideration, as shown in the table below, for its previously announced cash tender offer to purchase up to $1,100,000,000 (the "Tender Cap") combined aggregate purchase price (the "Offer") of its outstanding 6.000% Notes due 2041 (the "6.000% Notes"); 7.650% Debentures due 2027 (the "7.650% Debentures"), 4.883% Notes due 2044 (the "4.883% Notes"), 4.750% Notes due 2021 (the "4.750% Notes") and 7.500% Notes due 2019 (the "7.500% Notes") and together with the 6.000% Notes, the 7.650% Debentures, the 4.883% Notes and the 4.750% Notes, the "Notes", and each, a "Series" of Notes). Except as described in this press release, all other terms of the Offer as described in the Offer Documents (as defined below) remain unchanged.

The conditions to the Offer specified in the Offer to Purchase, the related letter of transmittal (the "Letter of Transmittal" and, together with the Offer to Purchase, the "Offer Documents") remain unchanged.

On February 7, 2018, the Company commenced the Offer in accordance with the terms and conditions set forth in the offer to purchase, dated February 7, 2018 (the "Offer to Purchase"), and the related letter of transmittal (the "Letter of Transmittal" and, together with the Offer to Purchase, the "Offer Documents"). Select terms of the Offer are described in the table below:

<table>
<thead>
<tr>
<th>Title of Security</th>
<th>CUSIP / ISIN Numbers</th>
<th>Principal Amount Outstanding</th>
<th>Acceptance Priority</th>
<th>Principal Amount Tendered(1)</th>
<th>UST Reference Security</th>
<th>Reference Yield</th>
<th>Fixed Spread</th>
<th>Tender Offer Consideration(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.000% Notes due 2041</td>
<td>58155QA2E3 / US58155QA2E3</td>
<td>$500,000,000</td>
<td>1</td>
<td>$187,797,000</td>
<td>2.75% due November 15, 2047</td>
<td>3.196%</td>
<td>127 bps</td>
<td>$1,216.45</td>
</tr>
<tr>
<td>7.650% Debentures due 2027</td>
<td>58155JAM7 / US58155JAM7</td>
<td>$175,000,000</td>
<td>2</td>
<td>$8,404,000</td>
<td>2.25% due November 15, 2027</td>
<td>2.936%</td>
<td>105 bps</td>
<td>$1,275.37</td>
</tr>
<tr>
<td>4.883% Notes due 2044</td>
<td>58155JBC8 / US58155JBC8</td>
<td>$800,000,000</td>
<td>3</td>
<td>$388,425,000</td>
<td>2.75% due November 15, 2047</td>
<td>3.196%</td>
<td>120 bps</td>
<td>$1,074.30</td>
</tr>
<tr>
<td>4.750% Notes due 2021</td>
<td>58155QAD5 / US58155QAD5</td>
<td>$600,000,000</td>
<td>4</td>
<td>$276,586,000</td>
<td>2.25% due February 15, 2021</td>
<td>2.417%</td>
<td>30 bps</td>
<td>$1,053.97</td>
</tr>
<tr>
<td>7.500% Notes due 2019</td>
<td>58155LA3X / US58155LA3X</td>
<td>$350,000,000</td>
<td>5</td>
<td>$48,420,000</td>
<td>0.75% due February 15, 2019</td>
<td>2.084%</td>
<td>50 bps</td>
<td>$1,047.15</td>
</tr>
</tbody>
</table>

(1) As of 5:00 p.m., New York City time, on February 21, 2018 (the "Early Tender Time").
(2) Per $1,000 principal amount of the Notes.
(3) Includes the Early Tender Payment. Holders will also receive Accrued Interest (defined below).
(4) Based on the Early Settlement Date (defined below).

Pursuant to the terms of the Offer, the amount of Notes that will be accepted for purchase is subject to the Tender Cap. Tendered Notes will be accepted in the order of the acceptance priority level for such series (in numerical priority order) as set forth in the table above, with 1 being the highest acceptance priority level, and based on whether the Notes are tendered at or before the Early Tender Time or after the Early Tender Time, as described in the Offer to Purchase. Notwithstanding the acceptance priority level, Notes tendered at or prior to the Early Tender Time will be accepted for purchase in priority to Notes tendered after the Early Tender Time and at or prior to the Expiration Time. Holders that validly tender Notes that are accepted for purchase by the Company will receive accrued and unpaid interest from, and including, the last interest payment date for their tendered Notes to, but not including, the settlement date for such Notes, in each case rounded to the nearest cent ("Accrued Interest"). Under certain circumstances, the Company will accept tendered Notes of one or more of the series on a pro rata basis as further described in the Offer to Purchase.

The Company today also announced that it has amended the terms of the Offer to provide that it will pay the Full Tender Offer Consideration with respect to Notes purchased pursuant to the Offer (including Notes tendered after the Early Tender Time other than the 7.500% Notes, which the Company currently intends, but is not obligated, to redeem in full).

The conditions to the Offer specified in the Offer to Purchase, including the financing condition, have been satisfied. Pursuant to the terms of the Offer, the Company has exercised its Early Settlement Right. Payment of the Full Tender Offer Consideration to holders of Notes that were accepted for purchase on the Early Acceptance Date is expected to be made on February 23, 2018 (the "Early Settlement Date").

The Withdrawal Deadline for the Offer was 5:00 p.m., New York City time, on February 21, 2018, and has not been extended for any series of Notes. The Offer will expire at 11:59 p.m., New York City time, on March 7, 2018, unless extended or earlier terminated by the Company, with respect to any or all series of Notes.

Capitalized terms used in this press release and not defined herein have the meanings given to them in the Offer to Purchase.

The Company currently intends to redeem all of the 7.500% Notes that remain outstanding following the consummation of the Offer. Any such redemption would be made in accordance with the terms of the indenture governing the 7.500% Notes, which provides for a redemption price equal to the greater of (i) 100% of their principal amount and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semiannual basis at the Treasury Rate (as such term is defined in the 7.500% Notes) plus 50 basis points, plus accrued and unpaid interest to the date of redemption. The redemption price has not yet been determined and it is possible that the redemption price will be less or more than the applicable consideration for the 7.500% Notes in the Offer. However, the Company is not obligated to undertake any such redemption, and there can be no assurance that the Company will redeem any 7.500% Notes that remain outstanding after consummation of the Offer or of the timing of, or amount of any 7.500% Notes subject to, any such redemption.

Goldman Sachs & Co. LLC, BofA Merrill Lynch, and J.P. Morgan are acting as dealer managers for the Offer and HSBC and Wells Fargo Securities are acting as co-dealer managers for the Offer. For additional information regarding the terms of the Offer, please contact: Goldman Sachs & Co. LLC toll-free at (800) 828-3182 or
This press release is for informational purposes only and is not an offer or solicitation to purchase notes. The offer is being made solely pursuant to the offer documents, which set forth the complete terms of the offer that holders of the notes should carefully read prior to making any decision.

The offer documents do not constitute an offer or solicitation to purchase notes in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities or blue sky laws. In any jurisdiction in which the securities, blue sky or other laws require the offer to be made by a licensed broker or dealer, the offer will be deemed to be made on behalf of the company by one or more of the dealer managers, if any of the dealer managers are licensed brokers or dealers under the laws of such jurisdiction, or by one or more registered brokers or dealers that are licensed under the laws of such jurisdiction.

About McKesson Corporation

McKesson Corporation, currently ranked 5th on the FORTUNE 500, is a global leader in healthcare supply chain management solutions, retail pharmacy, community oncology and specialty care, and healthcare information technology. McKesson partners with pharmaceutical manufacturers, providers, pharmacies, governments and other organizations in healthcare to help provide the right medicines, medical products and healthcare services to the right patients at the right time, safely and cost-effectively. United by our ICARE shared principles, our employees work every day to innovate and deliver opportunities that make our customers and partners more successful — all for the better health of patients. McKesson has been named the “Most Admired Company” in the healthcare wholesaler category by FORTUNE, a “Best Place to Work” by the Human Rights Campaign Foundation, and a top military-friendly company by Military Friendly. For more information, visit www.mckesson.com.

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