

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1

TENDER OFFER STATEMENT PURSUANT TO SECTION 14(D) (1)
OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. 5)

MCKESSON CORPORATION
(NAME OF SUBJECT COMPANY)

ECO ACQUISITION CORPORATION
A WHOLLY OWNED SUBSIDIARY OF
ELI LILLY AND COMPANY
(BIDDERS)

COMMON STOCK, \$2.00 PAR VALUE PER SHARE 581556 10 7
(INCLUDING THE ASSOCIATED RIGHTS) (CUSIP NUMBER OF CLASS OF SECURITIES)
(TITLE OF CLASS OF SECURITIES)

J.B. KING, ESQ.
VICE PRESIDENT AND GENERAL COUNSEL
ELI LILLY AND COMPANY
LILLY CORPORATE CENTER
INDIANAPOLIS, INDIANA 46285
(317) 276-2000

(NAMES, ADDRESSES AND TELEPHONE NUMBERS OF PERSONS AUTHORIZED
TO RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF BIDDER)

WITH A COPY TO:

BERNARD E. KURY, ESQ.
DEWEY BALLANTINE
1301 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10019
(212) 259-7400

This Amendment No. 5 to the Schedule 14D-1 relates to a tender offer by ECO Acquisition Corporation (the "Purchaser"), a Delaware corporation and a wholly owned subsidiary of Eli Lilly and Company, an Indiana corporation ("Parent"), to purchase all outstanding shares of common stock, par value \$2.00 per share and the associated Rights (as defined in the Offer to Purchase) (collectively, the "Shares"), of McKesson Corporation (the "Company"), a Delaware corporation, at a purchase price of \$76.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated July 15, 1994 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer"), copies of which were attached as Exhibits (a)(1) and (a)(2), respectively, to the Schedule 14D-1 filed with the Securities and Exchange Commission on July 15, 1994 as amended by Amendment Nos. 1, 2, 3 and 4 thereto dated July 27, 1994, August 10, 1994, September 7, 1994 and September 21, 1994, respectively (collectively, the "Schedule 14D-1"). The purpose of this Amendment No. 5 is to amend and supplement Item 11 of the Schedule 14D-1 as described below.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

- (a)(22) --Form of press release issued by Parent on October 11, 1994.
- (a)(23) --Amendment, dated as of October 10, 1994, to the Reorganization and Distribution Agreement, dated as a July 10, 1994, by and among the Company, McKesson Corporation, Clinical Pharmaceuticals, Inc., PCS Health Systems, Inc. and SP Ventures, Inc.

SIGNATURE

AFTER DUE INQUIRY AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, EACH OF THE UNDERSIGNED CERTIFIES THAT THE INFORMATION SET FORTH IN THIS STATEMENT IS TRUE, COMPLETE AND CORRECT.

Eli Lilly and Company

/s/ James M. Cornelius

By: _____
Name: James M. Cornelius
Title: Vice President, Finance
and
Chief Financial Officer

ECO Acquisition Corporation

/s/ Charles E. Schalliol

By: _____
Name: Charles E. Schalliol
Title: President

Dated: October 11, 1994

October 11, 1994 For Release
Immediately
Refer to (317) 276-3655

LILLY EXTENDS MCKESSON TENDER OFFER

Eli Lilly and Company (NYSE:LLY) announced today that it is extending its offer to purchase all outstanding shares of common stock of McKesson Corporation for \$76.00 per share in cash until 5:00 p.m., New York City time, on Monday, October 24, 1994.

The terms of the extended offer are identical to the terms of the original offer announced on July 11, 1994. Therefore, in addition to Lilly's offer of \$76.00 per share in cash, McKesson Corporation will, immediately prior to the consummation of the tender offer, distribute to its stockholders one share of common stock of a newly formed McKesson corporation for each share held in the old McKesson Corporation.

As previously announced, a request for additional information was made by the Federal Trade Commission (FTC) pursuant to the Hart-Scott-Rodino Antitrust Improvements Act in connection with Lilly's acquisition of McKesson's PCS Health Systems, Inc. business. On October 3, Lilly filed a certification that it had substantially complied with the FTC's request. Based on such filing, the mandatory waiting period will expire on October 13 unless the period is extended by agreement or otherwise. There can be no assurance that the waiting period will expire on that date. For this reason, as well as to permit McKesson time to complete arrangements for the distribution of stock of the newly formed corporation to its stockholders, it may be necessary to further extend Lilly's offer.

As of Friday, October 7, 1994, approximately 14,556,000 shares of McKesson common stock had been tendered.

* * *

AMENDMENT

AMENDMENT, dated as of October 10, 1994 (the "Amendment"), by and among McKesson Corporation, a Delaware corporation (the "Company"), McKesson Corporation, a Maryland corporation and a wholly-owned subsidiary of the Company ("Maryland"), Clinical Pharmaceuticals, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("CPA"), PCS Health Systems, Inc., a Delaware corporation and a wholly-owned subsidiary of Maryland ("Prescription"), and SP Ventures, Inc., a Delaware corporation and a wholly-owned subsidiary of the Company ("Spinco").

WHEREAS, the Company, Maryland, CPA, Prescription and Spinco entered into a Reorganization and Distribution Agreement, dated as of July 10, 1994 (the "Distribution Agreement");

WHEREAS, the Company, Eli Lilly and Company, an Indiana corporation ("Parent"), and ECO Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Parent (the "Purchaser") entered into an Agreement and Plan of Merger, dated as of July 10, 1994 and amended as of August 8, 1994 (the "Merger Agreement"); and

WHEREAS, each of the parties hereto have deemed it advisable to amend the Distribution Agreement in the manner set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto hereby agree as follows:

1. The first and second "WHEREAS" clauses set forth in the introductory clauses of the Distribution Agreement (which appear on page 1 of the current version of the Distribution Agreement) are hereby amended to read, in their entirety, as follows:

"WHEREAS, the Boards of Directors of the Company, Maryland and Spinco have determined to cause the transfer to Spinco of all of the Company Business (as hereafter defined), the assumption by Spinco of all of the Company Liabilities (as hereafter defined), and the issuance to Maryland of shares of Spinco Common Stock (as hereafter defined) (which Spinco Common Stock will be subsequently transferred to the Company, either by dividend or otherwise);

WHEREAS, Spinco is willing to accept such transfer of the Company Business, assume such Company Liabilities and issue such shares of Spinco Common Stock to Maryland;"

2. The third "WHEREAS" clause set forth in the introductory clauses of the Distribution Agreement (which appears at the top of page 2 of the current version of the Distribution Agreement) is hereby deleted in its entirety.

3. The definition of "Asset" set forth in Section 1.1 of the Distribution Agreement is hereby amended by deleting the word "and" set forth immediately prior to clause (xviii) of such definition, and by adding the following new language to the end of such definition:

"and (xix) all policies of insurance as well as proceeds payable pursuant to those policies"

4. Section 2.1(a) of the Distribution Agreement is hereby amended to read, in its entirety, as follows:

"(a) Subject to the terms and conditions of this Agreement, prior to the Distribution:

(i) the Company shall contribute and deliver to Maryland all of its right, title and interest in and to all of its Assets, other than (A) the Prescription Assets, (B) the capital stock of Spinco, (C) the capital stock of Maryland and (D) the rights of the Company under this Agreement; and Maryland shall assume, pay, perform and discharge, or cause to be assumed, paid, performed and discharged, in due course, all of the Company Liabilities;

(ii) following the contribution and delivery referred to in clause (i) above, Maryland shall transfer and deliver to Spinco all of its right, title and interest in and to all of its Assets (including,

without limitation, the Assets previously contributed to Maryland pursuant to clause (i) above) other than the Prescription Assets; and Spinco shall (A) assume, pay, perform and discharge, or cause to be assumed, paid, performed and discharged, in due course, all of the Company Liabilities (including, without limitation, the Company Liabilities of the Company previously assumed by Maryland pursuant to clause (i) above) and (B) issue to Maryland the number of shares of Spinco Common Stock which are required to be issued to Maryland pursuant to the provisions of Section 2.3(a) hereof. "Company Assets" shall mean the Assets of the Company, Maryland and their subsidiaries, other than (A) the Prescription Assets, (B) the capital stock of Spinco, (C) the capital stock of Maryland and (D) the rights of the Company under this Agreement; the term "Company Assets" shall include, without limitation, (A) all shares of capital stock, partnership interests and other equity or ownership interests or ownership rights in all subsidiaries and other entities owned directly or indirectly by the Company or Maryland (including, without limitation, the general partnership interest in Technology Assessment Group, a California general partnership, held by McKesson Outcomes Research Corporation, a Delaware corporation, but excluding all shares of capital stock of Maryland, Prescription, CPA, Spinco and IMS), and all rights to Assets held by such subsidiaries and entities, (B) except as provided in Section 4.1 hereof, all cash and cash equivalents held by the Company or any of its subsidiaries, including, without limitation, the Spinco Cash Amount (as defined in the Merger Agreement), (C) any shares of Spinco Common Stock distributed in the Spin-Off in respect of Shares owned by the Company or its subsidiaries; (D) the Company Names and Company Proprietary Names, and (E) the Company Actions (to the extent such actions constitute Assets). Subject to the terms and conditions set forth in this Agreement, the Company shall, or shall cause Prescription or CPA to, assume, pay, perform and discharge in due course all Prescription Liabilities."

5. Section 2.1(b) of the Distribution Agreement is hereby amended to read, in its entirety, as follows:

"(b) Subject to the provisions of Section 6.2 hereof and except with respect to the Company Indebtedness as provided in Section 2.4 hereof, to the extent that any such contributions and transfers shall not have been so consummated prior to the Distribution, the parties shall cooperate to effect such consummation as promptly thereafter as shall be practicable, and as between the Company, Maryland and Spinco, as of the time of the Distribution, Maryland shall be deemed to have transferred to Spinco, and Spinco shall have and be deemed to have obtained, complete and sole beneficial ownership over all of the Company Assets, together with all of the Company's and Maryland's rights, powers and privileges incident thereto, and Spinco shall be deemed to have assumed in accordance with the terms of this Agreement all of the Company Liabilities and all of the Company's and Maryland's duties, obligations and responsibilities incident thereto, whether or not all instruments of transfer and assumption shall have been executed and delivered."

6. Section 2.2(a) of the Distribution Agreement is hereby amended by deleting the phrase "the contribution and transfer of the Company Assets contemplated pursuant to Section 2.1 hereof shall be effected by delivery by Maryland to the Company, and by the Company to Spinco, as the case may be," in its entirety and replacing such phrase with the phrase "the contribution and transfer of the Company Assets contemplated pursuant to Section 2.1 hereof shall be effected by delivery by the Company to Maryland, and by Maryland to Spinco, as the case may be,".

7. Section 2.2(b) of the Distribution Agreement is hereby amended by deleting the phrase "the assumption of the Company Liabilities contemplated pursuant to Section 2.1 hereof shall be effected by delivery by the Company to Maryland, and by Spinco to the Company, as the case may be," in its entirety and replacing such phrase with the phrase "the assumption of the Company Liabilities contemplated pursuant to Section 2.1 hereof shall be effected by delivery by Maryland to the Company, and by Spinco to Maryland, as the case may be,".

8. Section 2.3 of the Distribution Agreement is hereby amended to read, in its entirety, as follows:

"Section 2.3. Issuance of Spinco Stock.

(a) In consideration of the transactions contemplated pursuant to this Article II, Spinco agrees to issue to Maryland, contemporaneously with the transfer of Company Assets and the assumption of Company Liabilities contemplated pursuant to Section 2.1 hereof, the number of shares of Spinco Common Stock equal to (i) the number of shares of Company Common Stock outstanding on the Record Date (excluding shares of Company Common Stock held by the Company in its treasury or, subject to applicable law, held by any subsidiary of the Company), minus (ii) the number of shares of Spinco Common Stock for which the Company is the holder of record on the business day prior to the Record Date (without counting any shares which may be issued pursuant to paragraph (d) below). In addition, Spinco agrees to issue to Maryland on or after the Record Date such additional shares of Spinco Common Stock as may be required in order for the Company to fulfill its obligations pursuant to Section 3.2 hereof.

(b) Spinco agrees to issue to Maryland, prior to the transfer of the Company Assets and the assumption of the Company Liabilities contemplated herein, such additional shares of Spinco Common Stock as may be requested by either Maryland or the Company in order for the Company to effect the distribution of shares referred to in Section 3.2(d) hereof.

(c) Immediately upon the issuance of the shares of Spinco Common Stock to Maryland pursuant to either paragraph (a) or (b) above, Maryland agrees to transfer to the Company, either by dividend or otherwise, all such shares of Spinco Common Stock.

(d) Spinco agrees that if, prior to the Record Date, the Company elects to enter into the Preferred Stock Purchase Agreement (as defined herein), Spinco shall authorize and issue to the Company, contemporaneously with the transfer of Company Assets and assumption of Company Liabilities contemplated herein, 100,000 shares of Spinco Preferred Stock."

9. Section 2.4(a) of the Distribution Agreement is hereby amended by deleting the phrase "applicable to the Company under" in its entirety and replacing such phrase with the phrase "applicable to the Company and its subsidiaries under".

10. Section 3.2(a) of the Distribution Agreement is hereby amended to read, in its entirety, as follows:

"(a) The Company's Board of Directors (or any duly appointed committee thereof) shall in its sole discretion establish the Record Date and the Distribution Date and any appropriate procedures in connection with the Distribution (subject in each case to the provisions of applicable law); provided that in no event shall the Distribution occur (i) until all of the conditions to the Offer set forth in Exhibit F to the Merger Agreement have been satisfied or waived in accordance with the provisions of the Merger Agreement, (ii) until the Purchaser shall have notified the Company that the Purchaser has irrevocably agreed to acquire, as of the date of such notice and immediately following the Distribution, shares of Company Common Stock pursuant to the terms and conditions of the Offer as set forth in the Merger Agreement, (iii) prior to such time as the Form 10 (or the registration statement referred to in Section 3.1(a) hereof) shall have been declared effective by the SEC and (iv) prior to such time as the Spinco Common Stock shall have been accepted for listing or quotation in accordance with Section 3.1(d) hereof. Notwithstanding anything in this Agreement to the contrary, the Distribution shall occur (subject to the provisos set forth in clauses (i) through (iv) above) immediately prior to the time at which the Purchaser acquires shares of Company Common Stock pursuant to the terms and conditions of the Offer as set forth in the Merger Agreement.

11. The first sentence of Section 3.2(b) of the Distribution Agreement is hereby amended to read, in its entirety, as follows:

"Subject to Section 10.1 hereof, following the Record Date but prior to the time of the Distribution, the Company shall deliver to the Agent one or more share certificates representing all of the outstanding shares of Spinco Common Stock to be distributed in the Distribution and shall instruct the Agent, subject

to Section 8.2(d) hereof, to distribute, following the satisfaction of the conditions set forth in clauses (i) through (iv) of Section 3.2(a) hereof, one share of Spinco Common Stock for each share of Company Common Stock held to holders of record of Company Common Stock on the Record Date.

12. Section 3.2 of the Distribution Agreement is hereby amended by adding the following new paragraph (d) to the end of such Section 3.2:

"(d) The Company may elect, at its option, to transfer shares of Spinco Common Stock, upon such terms and conditions as the Company may determine in its sole discretion, to certain present and former directors, officers and employees of the Company and its subsidiaries who are insured parties under the corporate-owned life insurance programs of the Company and its subsidiaries. Spinco agrees to provide all share certificates that Maryland or the Company may request in order to effect any of the foregoing transfers."

13. Section 3.4 of the Distribution Agreement is hereby amended to read, in its entirety, as follows:

"Section 3.4. Termination of Certain Claims. Following the consummation of the Offer, Spinco shall have no claims against the Company or its Affiliates based on any breach by the Company or its Affiliates of any obligations under this Agreement that occurred prior to the consummation of the Offer, all of such claims being hereby irrevocably waived and terminated as of the consummation of the Offer; provided that the foregoing shall not limit the liability of the Company or its Affiliates for any breach by the Company or its Affiliates of any obligations under this Agreement that occurs following the consummation of the Offer, including, without limitation, the Company's obligation to indemnify Spinco as set forth herein."

14. Section 5.2(b) of the Distribution Agreement is hereby amended by adding the following new clause (vi) to the end of such Section 5.2(b):

"(vi) In the event that Parent or any of its subsidiaries (other than, following the Offer Purchase Date, the Company and its subsidiaries) has an obligation (whether by law, contract or otherwise), which is independent of any obligation arising under this Agreement, the Merger Agreement or any of the Ancillary Agreements (as defined in the Merger Agreement), to indemnify, reimburse or pay Spinco or the Company or any of their respective subsidiaries, then the indemnification provisions of this Agreement shall in no way supersede, affect or diminish such independent obligation; provided that, with respect to those matters referred to in the last sentence of Section 5.5 hereof, payments by Parent or its subsidiaries pursuant to any such independent obligation shall be made to the Company or Maryland (or a subsidiary of either) in the manner specified in such Section 5.5."

15. Section 5.3(b) of the Distribution Agreement is hereby amended by adding the following new clause (vi) to the end of such Section 5.3(b):

"(vi) In the event that Spinco or any of its subsidiaries has an obligation (whether by law, contract or otherwise), which is independent of any obligation arising under this Agreement, the Merger Agreement or any of the Ancillary Agreements (as defined in the Merger Agreement), to indemnify, reimburse or pay Parent or any of its subsidiaries (other than, following the Offer Purchase Date, the Company and its subsidiaries), then the indemnification provisions of this Agreement shall in no way supersede, affect or diminish such independent obligation."

16. Section 5.5 of the Distribution Agreement is hereby amended by adding the following new sentence to the end of such Section 5.5:

"If the Company or Maryland (or any subsidiary of either other than PCS or CPA) is now or hereafter becomes a party to any settlement or judgment sharing agreement ("Settlement Agreement") with other defendants in any legal proceeding that could give rise to a Company Liability (a "Legal Proceeding") and under that Settlement Agreement it is entitled to rights of indemnification,

contribution or reimbursement in respect of such Legal Proceeding and, following the Distribution, a final judgment is entered against the Company or Maryland (or the affected subsidiary), as the case may be, in such Legal Proceeding as to which all appeals which have the effect of precluding execution on the judgment have been exhausted or abandoned, then, notwithstanding any assignment of the Settlement Agreement to Spinco pursuant to this Agreement, the Company or Maryland (or the affected subsidiary), as the case may be, shall be entitled to enforce the right to receive payments under such Settlement Agreement to the extent necessary to avoid or reduce any Indemnifiable Losses arising out of such judgment, but only if (a) the Company or Maryland (or the affected subsidiary), as the case may be, makes written demand on Spinco to satisfy the judgment to the extent of the Indemnifiable Loss, (b) Spinco fails, within 30 days after receiving such written demand, to satisfy the judgment to the extent of the Indemnifiable Loss, and (c) the Company or Maryland (or the affected subsidiary), as the case may be, satisfies the judgment. In the event that the Company or Maryland (or the affected subsidiary), as the case may be, receives any payments under such Settlement Agreement, then the Indemnifiable Losses arising out of such judgment shall be reduced to the extent of the amounts received under such Settlement Agreement."

17. Section 10.1 of the Distribution Agreement is hereby amended to read, in its entirety, as follows:

"Section 10.1. Condition to Obligations. With the exception of the transfer of Company Assets and Company Liabilities contemplated in Section 2.1 hereof, the respective obligations of each party hereto to consummate the Distribution and to perform all other obligations set forth herein is subject to the satisfaction, following the Record Date, of each of the conditions set forth in clauses (i) through (iv) of Section 3.2(a) hereof."

18. In the event of a conflict between the terms and conditions of this Amendment and the terms and conditions of the Distribution Agreement, the terms and conditions of this Amendment shall prevail and govern. Except as otherwise expressly set forth herein, the Distribution Agreement shall remain unaffected and in full force and effect in accordance with the terms and conditions thereof.

19. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law.

IN WITNESS WHEREOF, each of the parties set forth below has caused this Amendment to be executed on its behalf by a duly authorized officer as of the date first set forth above.

MCKESSON CORPORATION,
a Delaware corporation

/s/ Garret A. Scholz

By: _____
Name: Garret A. Scholz
Title: Vice President Finance

MCKESSON CORPORATION,
a Maryland corporation

/s/ Ivan D. Meyerson

By: _____
Name: Ivan D. Meyerson
Title: Vice President and General
Counsel

CLINICAL PHARMACEUTICALS, INC.

/s/ David L. Mahoney
By: _____
Name: David L. Mahoney
Title: Vice President

PCS HEALTH SYSTEMS, INC.

/s/ Garret A. Scholz
By: _____
Name: Garret A. Scholz
Title: Vice President Finance

SP VENTURES, INC.

/s/ Ivan D. Meyerson
By: _____
Name: Ivan D. Meyerson
Title: Executive Vice President
and General Counsel

Consented to in accordance
with the provisions of Section
10.3 of the Distribution Agree-
ment as of this 10th day of
October, 1994:

ELI LILLY AND COMPANY

/s/ James M. Cornelius
By: _____
Name: James M. Cornelius
Title: Vice President, Finance and
Chief Financial Officer