

AFP®



# Annual Conference

OCTOBER 27-30, 2013 | LAS VEGAS

ORIGINAL → ESSENTIAL → UNBIASED → **INFORMATION**

## Convertible Notes What You Are Getting Into

Peter Shen, Assistant Treasurer

Karina Inga-Kamienski, Treasury Manager

# Agenda

**Gilead  
Background**

**Converts  
Decision**



**Converts  
Implications**



**Other  
Considerations**



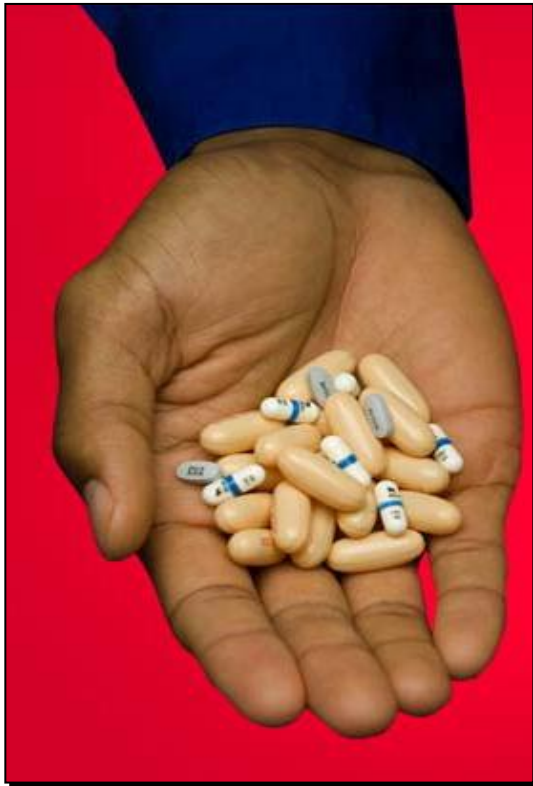
# Gilead at a Glance

- **Founded in 1987, leading global biopharmaceutical company with marketed products in HIV/AIDS, liver, cardiovascular and respiratory diseases**
- **Subsidiaries in 30+ countries with over 5,600 employees worldwide and global headquarters in Foster City, CA**
- **Market Value: ~\$95 billion<sup>(1)</sup>**
- **Robust operating performance and free cash flow generation**
  - 2012 Revenues: \$9.70B
  - 2012 Operating Cash Flow: \$3.19B

1. As of market close on September 26, 2013

# Single Tablet Regimen Advances HIV/AIDS Therapy

**1996**  
30+ Pills  
a Day



**2006**  
Introduction of  
Atripla



# Gilead Treasury at a Glance



**\$2.9B+ Cash and Investments**



**130+ Bank Accounts  
30+ Countries**



**\$3.6B+ FX Portfolio**



**12 Actively Hedged Currencies**



**\$7.4B+ Debt Portfolio**



**Converts, Notes and Revolver**

# Convertible Notes at a Glance

**Convertible Debt = Straight Debt + Written Call**



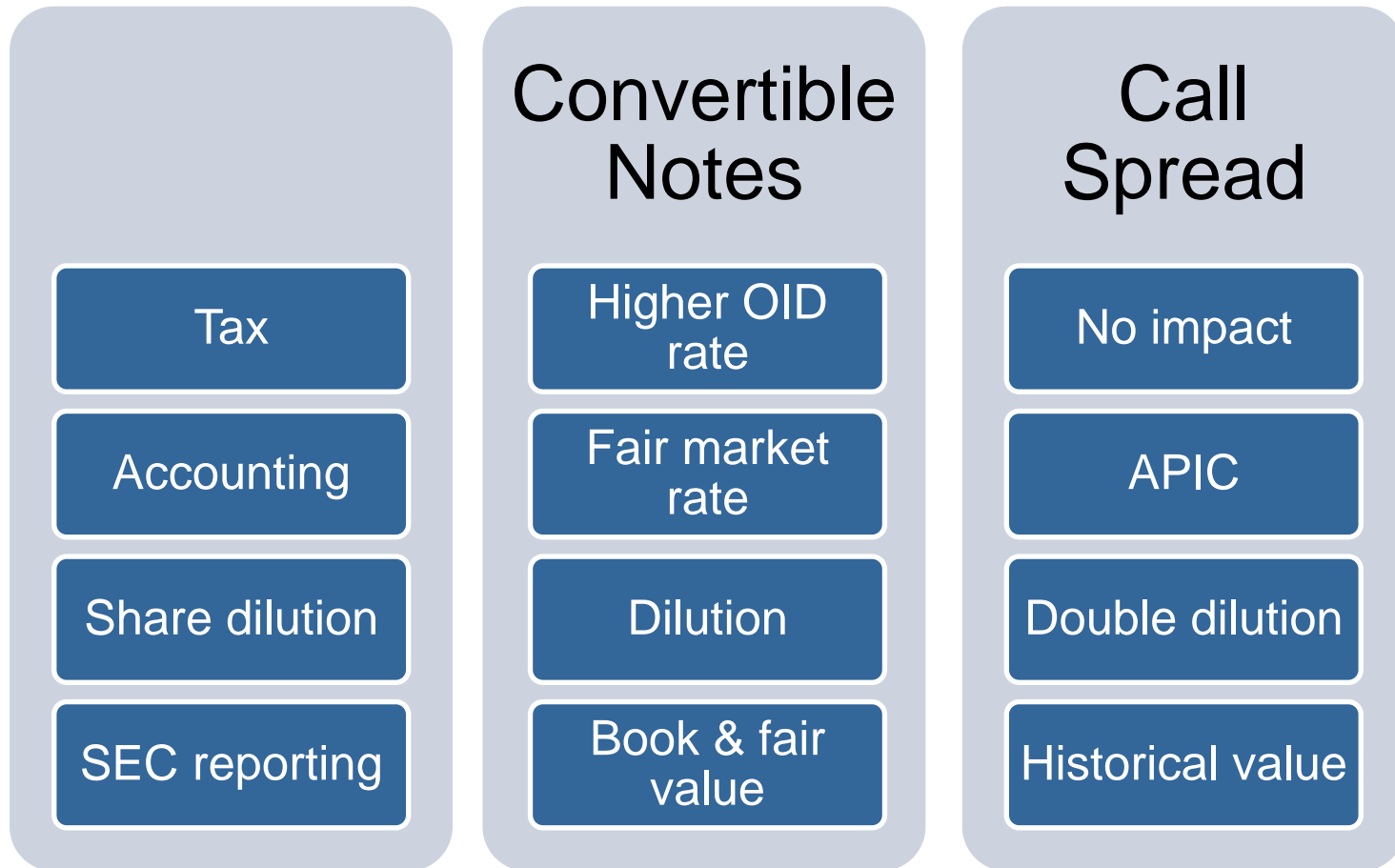
## Benefits

- Lower coupon payment
- Less restrictive covenants
- Less documentation
- No credit ratings required

## Drawbacks

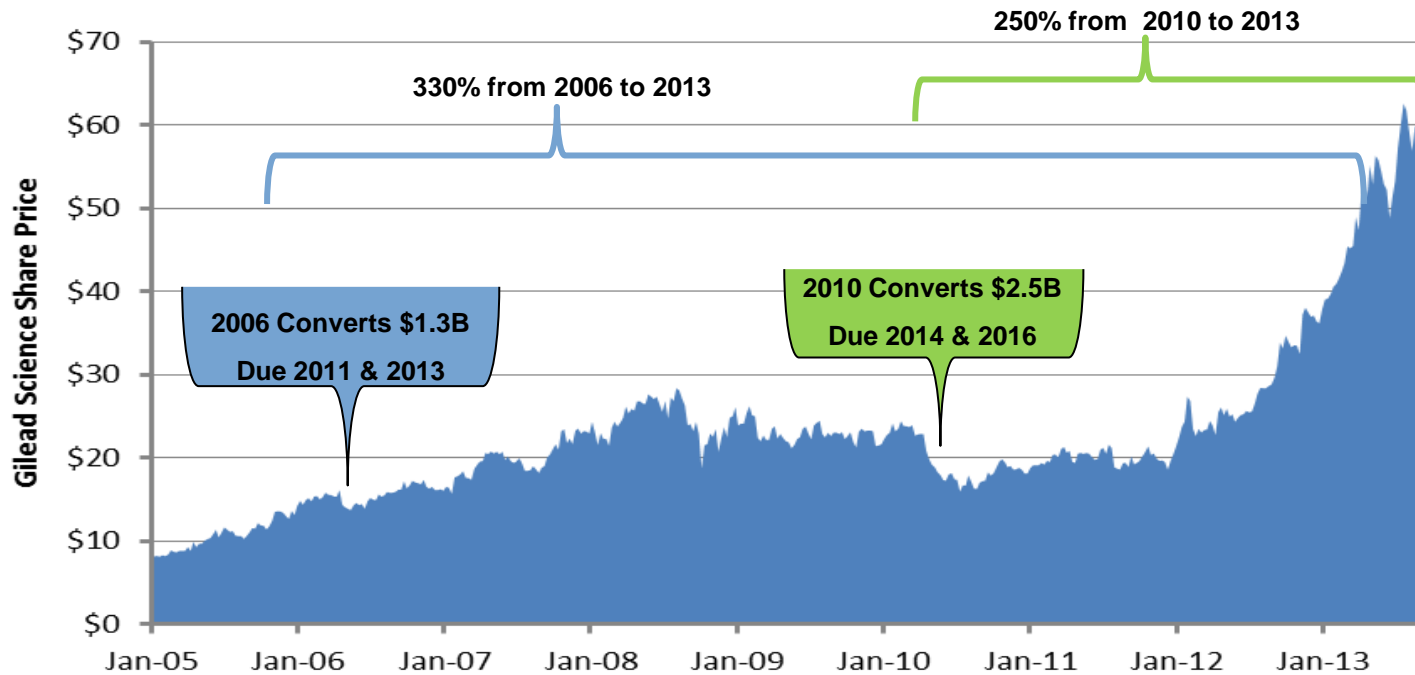
- Potential future dilution
- Operational requirements
- Not callable

# Convertible Notes Implications





# Gilead Strong Growth Led to Strong Convert Performance



2006
◆ \$3.0B Revenue
◆ \$1.4B Cash & Investments
◆ \$1.3B Debt

2010
◆ \$7.9B Revenue
◆ \$5.3B Cash & Investments
◆ \$3.5B Debt

2012
◆ \$9.7B Revenue
◆ \$2.5B Cash & Investments
◆ \$8.2B Debt



# Operational Implications

Conversion  
Reference  
Period

Conversion  
Election  
Notices

Conversion  
Accounting

Settlement  
Method

Stock Splits /  
Dividend

# of Bank  
Counterparties

# Capital Structure Considerations

Company's financing to support business objectives

Company  
Financial  
State

Credit  
Ratings

Financial  
Flexibility

**Issuer Beware!**

# Questions?

**Peter Shen**  
**Assistant Treasurer**  
[Peter.Shen@gilead.com](mailto:Peter.Shen@gilead.com)  
**650-524-3996**

**Karina Inga-Kamienski**  
**Treasury Manager**  
[Karina.IngaKamienski@gilead.com](mailto:Karina.IngaKamienski@gilead.com)  
**650-522-5504**