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GILEAD SCIENCES INC
 Form DEF 14A
 March 25, 2005
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
 the Securities Exchange Act of 1934

Filed by the Registrant <input checked="" type="checkbox"/>	
Filed by a Party other than the Registrant <input type="checkbox"/>	
Check the appropriate box:	
<input type="checkbox"/>	Preliminary Proxy Statement
<input type="checkbox"/>	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
<input checked="" type="checkbox"/>	Definitive Proxy Statement
<input type="checkbox"/>	Definitive Additional Materials
<input type="checkbox"/>	Soliciting Material Pursuant to §240.14a-12
GILEAD SCIENCES, INC.	
(Name of Registrant as Specified In Its Charter)	
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)	
Payment of Filing Fee (Check the appropriate box):	
<input checked="" type="checkbox"/>	No fee required.
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(1)	Title of each class of securities to which transaction applies:
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(1)	Amount Previously Paid:
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(4)	Date Filed:

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GILEAD SCIENCES, INC.

333 Lakeside Drive
Foster City, California 94404

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 10, 2005

TO THE STOCKHOLDERS OF GILEAD SCIENCES, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Gilead Sciences, Inc., a Delaware corporation (Gilead), will be held on Tuesday, May 10, 2005, at 10:00 a.m. local time at the Hyatt Regency San Francisco Airport, 1333 Bayshore Highway, Burlingame, California 94010 for the following purposes:

1. To elect eight directors to serve for the next year and until their successors are elected.
2. To ratify the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as independent auditors of Gilead for the fiscal year ending December 31, 2005.
3. To approve the adoption of an amendment to Gilead's 2004 Equity Incentive Plan.
4. To vote on a stockholder proposal requesting a report on HIV/AIDS, tuberculosis and malaria pandemics.
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on March 22, 2005 as the record date for the determination of stockholders entitled to notice of and to vote at this Annual Meeting and at any adjournment or postponement thereof.

By Order of the Board of Directors,

Mark L. Perry
Secretary

Foster City, CA
April 1, 2005

ALL STOCKHOLDERS ARE INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN (A RETURN ENVELOPE IS ENCLOSED) THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE (OR GRANT A PROXY TO VOTE BY TELEPHONE OR THE INTERNET) IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST BRING TO THE MEETING A LETTER FROM THE BROKER, BANK OR OTHER NOMINEE CONFIRMING YOUR BENEFICIAL OWNERSHIP OF THE SHARES AND A PROXY ISSUED IN YOUR NAME FROM THE RECORD HOLDER.

GILEAD SCIENCES, INC.

333 Lakeside Drive
Foster City, California 94404

**PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
MAY 10, 2005
INFORMATION CONCERNING SOLICITATION AND VOTING**

General

The enclosed proxy is solicited on behalf of the Board of Directors (the Board) of Gilead Sciences, Inc., a Delaware corporation (Gilead), for use at the Annual Meeting of Stockholders to be held on Tuesday, May 10, 2005 at 10:00 a.m. local time (the Annual Meeting), or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at the Hyatt Regency San Francisco Airport, 1333 Bayshore Highway, Burlingame, California 94010.

Solicitation

Gilead will bear the entire cost of solicitation of proxies including preparation, assembly, printing and mailing of this proxy statement and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of Gilead's common stock beneficially owned by others to forward to such beneficial owners. Gilead may reimburse persons representing beneficial owners of common stock for their costs of forwarding solicitation materials to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, facsimile or personal solicitation by directors, officers or other employees of Gilead. No additional compensation will be paid to directors, officers or other employees for such solicitation services performed by them.

Gilead intends to mail this Proxy Statement and the accompanying proxy card on or about April 1, 2005 to all stockholders entitled to vote at the Annual Meeting.

Stockholder Proposals

The deadline for submitting a stockholder proposal for inclusion in Gilead's proxy statement and form of proxy for Gilead's 2006 Annual Meeting of Stockholders pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, (the Exchange Act) is December 2, 2005. Stockholders wishing to submit proposals or director nominations that are not to be included in such proxy statement and proxy must do so by not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the 2005 annual meeting of stockholders (no earlier than January 10, 2006 and no later than February 9, 2006, as currently scheduled); provided, however, that in the event that the date of the annual meeting of stockholders is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting of stockholders, notice by the stockholder to be timely must be delivered not earlier than the close of business on the 120th day prior to such annual meeting of stockholders and not later than the close of business on the 90th day prior to the 2006 annual meeting or the 10th day following the day on which public announcement of the date of the meeting is first made. Stockholders wishing to submit any such proposal are also advised to review Rule 14a-8 under the Securities Exchange Act of 1934 and the Company's Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

Voting Rights and Outstanding Shares

Only holders of record of common stock at the close of business on March 22, 2005 will be entitled to notice of and to vote at the Annual Meeting. Each holder of record of common stock on such date will be entitled to one vote for each share of common stock held on all matters to be voted upon at the Annual Meeting. At the close of business on March 22, 2005, Gilead had outstanding and entitled to vote 450,376,221 shares of common stock.

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the outstanding shares are represented by votes at the meeting or by proxy. Each holder of record of common stock on such date will be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting. The inspector of election appointed for the meeting will tabulate all votes, and will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Abstentions will be counted towards the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes, except they will have no effect on the election of directors. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner (despite voting on at least one other proposal for which it does have discretionary authority or for which it has received instructions). Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether a particular matter has been approved.

Voting Via the Internet or by Telephone

Stockholders may grant a proxy to vote their shares by means of the telephone or on the Internet. The law of the State of Delaware, under which Gilead is incorporated, specifically permits electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the inspectors of election can determine that such proxy was authorized by the stockholder.

The telephone and Internet voting procedures below are designed to authenticate stockholders' identities, to allow stockholders to grant a proxy to vote their shares and to confirm that stockholders' instructions have been recorded properly. Stockholders granting a proxy to vote via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, which must be borne by the stockholder.

For Shares Registered in Your Name

Stockholders of record may go to <http://www.proxyvoting.com/gild> to grant a proxy to vote their shares by means of the Internet. They will be required to provide the Gilead number and control number contained on their proxy cards. The voter will then be asked to complete an electronic proxy card. The votes represented by such proxy will be generated on the computer screen and the voter will be prompted to submit or revise them as desired. Any stockholder using a touch-tone telephone may also grant a proxy to vote shares by calling 1-866-540-5760 and following the recorded instructions.

For Shares Registered in the Name of a Broker or Bank

Most beneficial owners whose stock is held in street name receive instruction for granting proxies from their banks, brokers or other agents, rather than Gilead's proxy card.

A number of brokers and banks are participating in a program provided through ADP Investor Communication Services that offers the means to grant proxies to vote shares by means of the telephone and Internet. If your shares are held in an account with a broker or bank participating in the ADP Investor Communications Services program, you may grant a proxy to vote those shares telephonically by calling the

telephone number shown on the instruction form received from your broker or bank, or via the Internet at ADP Investor Communication Services website at <http://www.proxyvote.com>.

General Information for All Shares Voted Via the Internet or By Telephone

Votes submitted via the Internet or by telephone must be received by 11:59 p.m., Eastern time on May 9, 2005. Submitting your proxy via the Internet or by telephone will not affect your right to vote in person should you decide to attend the Annual Meeting.

Revocability of Proxies

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing with Gilead's Secretary at Gilead's principal executive office, 333 Lakeside Drive, Foster City, California 94404, a written notice of revocation or a duly executed proxy bearing a later date, or it may be revoked by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

PROPOSAL 1**ELECTION OF DIRECTORS**

There are eight nominees for the eight Board of Directors positions presently authorized by resolution of the Board. Proxies cannot be voted for a greater number of persons than the number of nominees standing for election. Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote. Each director to be elected will hold office until the next Annual Meeting of Stockholders and until his successor is elected and has qualified, or until such director's earlier death, resignation or removal. Each nominee listed below is currently a director of Gilead. Each nominee was previously elected by the stockholders at the 2004 annual meeting of stockholders.

Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the eight nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as Gilead's management may propose. Each person nominated for election has agreed to serve if elected and Gilead's management has no reason to believe that any nominee will be unable to serve.

Gilead has a standing Nominating and Corporate Governance Committee. Each member of the Nominating and Corporate Governance Committee meets the standards for independence described by the Nasdaq Stock Market (Nasdaq) listing requirements. The Nominating and Corporate Governance Committee recommended each of the listed nominees to the Board for nomination.

THE BOARD RECOMMENDS A VOTE FOR EACH NAMED NOMINEE.**Nominees**

The names of the nominees in alphabetical order and certain information about them as of April 1, 2005, are set forth below:

Name	Age	Position With Gilead/Principal Occupation
Paul Berg(1)(2)	78	Cahill Professor, Emeritus, Department of Biochemistry, Stanford University School of Medicine
Etienne F. Davignon	72	Vice Chairman of Suez-Tractebel
James M. Denny(1)(3)	72	Chairman of the Board of Directors of Gilead
John C. Martin	53	President and Chief Executive Officer of Gilead
Gordon E. Moore(3)(4)	76	Chairman Emeritus, Intel Corporation
Nicholas G. Moore(3)(4)	63	Retired Chairman of PricewaterhouseCoopers
George P. Shultz(1)(3)	84	Distinguished Fellow, Hoover Institution, Stanford University
Gayle E. Wilson(2)(4)	62	Director of The Education Financing Foundation of California and the Ralph M. Parsons Foundation

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- (1) Member of the Nominating and Corporate Governance Committee
 - (2) Member of the Scientific Committee
 - (3) Member of the Audit Committee
 - (4) Member of the Compensation Committee

Dr. Berg joined Gilead's Board of Directors in April 1998. Dr. Berg is currently Cahill Professor Emeritus in Cancer Research in the Department of Biochemistry at Stanford University School of Medicine, where he has been on the faculty since 1959. He is Director Emeritus of the Stanford University

Beckman Center for Molecular and Genetic Medicine. Dr. Berg is a director of Affymetrix, Inc. He is a founder of and a scientific advisor to the president of Schering-Plough's DNAX Research Institute. Dr. Berg also served on Gilead's Scientific Advisory Board from April 1998 to December 2003. Dr. Berg received the Nobel Prize for Chemistry in 1980 and the National Medal of Science in 1983.

Mr. Davignon joined Gilead's Board of Directors in September 1990. He is currently the Vice-Chairman of Suez-Tractebel. He served as Chairman of Société Générale de Belgique, a diversified financial and industrial company from 1985 to 2001. Mr. Davignon served as the European Community's Commissioner for Industry and International Markets from 1977 to 1981 and as the EC's Vice President for Research, Industry and Energy Policies from 1981 to 1984. Mr. Davignon is Chairman of Compagnie des Wagons Lits, Recitcel, CMB, SN Air Holding and a director of Suez and Sofina.

Mr. Denny joined Gilead's Board of Directors in January 1996 and was elected Chairman of the Board in January 2001. Mr. Denny is retired Vice Chairman and Chief Financial Officer of Sears, Roebuck & Co. Previously, he served as Executive Vice President and Chief Financial and Planning Officer of G.D. Searle & Co., as well as Chairman of Pearle Health Services, Inc., a Searle-affiliated company. He is a director of GATX Corporation and ChoicePoint, Inc. Mr. Denny served as Director of Sears, Allstate Corporation, Astra AB, General Instruments, and the Principal Financial Group. He served as a Senior Advisor to William Blair Capital Partners LLC from 1995 to 2000.

Dr. Martin has served as Gilead's President and Chief Executive Officer and a member of the Board since April 1996. He joined Gilead in October 1990 as Vice President for Research and Development. From 1984 to 1990 he was employed at Bristol-Myers Squibb and was with Syntex Corporation from 1978 to 1984. Dr. Martin received his Ph.D. in organic chemistry from the University of Chicago. Dr. Martin serves as a director of the California Healthcare Institute and the Biotechnology Industry Organization.

Dr. Gordon Moore joined Gilead's Board of Directors in January 1996 and served as a member of Gilead's Business Advisory Board from July 1991 until January 1996. Dr. Moore is a co-founder and Chairman Emeritus of Intel Corporation, where he previously served as Chairman, President and Chief Executive Officer. He also served as Director of Research and Development for the Fairchild Semiconductor Division of Fairchild Camera and Instrument Corporation. Dr. Moore is a member of the Board of Trustees at the California Institute of Technology. He received the National Medal of Technology in 1990 and the Presidential Medal of Freedom, the nation's highest civilian honor, in 2002.

Mr. Nicholas Moore joined Gilead's Board of Directors in March 2004. Mr. Moore is the Retired Global Chairman of PricewaterhouseCoopers (PwC), a professional services firm formed in July 1998 by the merger of Coopers & Lybrand and Price Waterhouse. Mr. Moore was elected Chairman and CEO of Coopers & Lybrand (U.S.) in 1994 and of Coopers & Lybrand International in 1997. Following the merger in July 1998 with Price Waterhouse, Mr. Moore served as CEO of the U.S. firm of PricewaterhouseCoopers for two years and served for three years as Global Chairman of PricewaterhouseCoopers. Mr. Moore serves on the Board of Directors of Bechtel Group, Inc., Network Appliance Inc., Brocade Communications Systems, Inc., Hudson Highland Group, Inc. and certain private, venture capital-backed technology companies. He also serves as Chairman of the Board of Trustees of St. Mary's College of California. Mr. Moore is a member of the American Institute of CPAs, the California Bar Association, and the California and New York Society of CPAs. Mr. Moore received a B.S. in Accounting from St. Mary's College and a J.D. from Hastings College of Law, the University of California.

Dr. Shultz joined Gilead's Board of Directors in January 1996. Dr. Shultz currently serves as Distinguished Fellow at the Hoover Institution and as a director of the Bechtel Group, Inc., Fremont Group, Inc. and Charles Schwab, Inc. Dr. Shultz serves as Chairman of J.P. Morgan Chase & Co.'s International Advisory Council. Dr. Shultz served as U.S. Secretary of State from 1982 to 1989 and earlier served as Secretary of Labor, Director of the Office of Management and Budget and Secretary of the Treasury. Previously, he served as Dean of the Graduate School of Business at the University of Chicago

and as President of the Bechtel Group, Inc. In 1989, Dr. Shultz was awarded the Presidential Medal of Freedom, the nation's highest civilian honor.

Mrs. Wilson joined Gilead's Board of Directors in October 2001. Wife of former Governor Pete Wilson, Mrs. Wilson served as California's First Lady from 1991-1999. She was recently appointed to the Independent Citizens Oversight Committee (ICOC), which oversees the California Institute for Regenerative Medicine. Mrs. Wilson currently serves as a director of the Education Financing Foundation of California and the Ralph M. Parsons Foundation, a nonprofit organization providing grants primarily in the areas of higher education, social impact, civic and cultural issues, and health. Mrs. Wilson is a member of the Board of Trustees of California Institute of Technology (Caltech), and she is a member of its Jet Propulsion Lab Committee. In addition, she is Chairman of the Advisory Board of the California State Summer School for Math and Science (COSMOS) and is a trustee of the Center for Excellence in Education. Mrs. Wilson is also a member of the Scripps Institution of Oceanography Director's Council.

Board Committees and Meetings

Independence of the Board of Directors

The Nasdaq listing standards require that a majority of the members of a listed company's board of directors must qualify as independent, as affirmatively determined by the board of directors. After review of all relevant transactions and relationships between each director (and his or her family members) and Gilead, its senior management and its independent auditors, the Board of Directors has affirmatively determined that seven of Gilead's eight nominees for director are independent within the meaning of the applicable Nasdaq rules. Dr. Martin, Gilead's President and Chief Executive Officer, is not independent within the meaning of the Nasdaq rules.

As required under the Nasdaq listing standards, Gilead's independent directors meet in regularly scheduled executive sessions at which only independent directors are present.

Meetings of the Board of Directors

During the fiscal year ended December 31, 2004, the Board of Directors held six meetings. The Board has an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and a Scientific Committee. During the fiscal year ended December 31, 2004, each director attended at least 75% of the aggregate of the meetings of the Board and of the committees on which he or she served. The Board has a policy encouraging but not requiring members to attend annual meetings. Three Board members attended Gilead's 2004 annual meeting of stockholders.

Committees of the Board of Directors

The Audit Committee of the Board of Directors of Gilead oversees Gilead's corporate accounting and financial reporting process. For this purpose, the Audit Committee performs several functions. The Audit Committee evaluates the performance of and assesses the qualifications of the independent auditors; determines the engagement of the independent auditors; determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors; reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent auditors on the Gilead engagement team as required by law; reviews the financial statements to be included in Gilead's Annual Reports on Form 10-K and quarterly reports on Form 10-Q; and discusses with management and the independent auditors the results of the annual audit and the results of the auditor's review of Gilead's quarterly financial statements. The Audit Committee is currently comprised of Nicholas G. Moore (Chairman), Mr. Denny, Gordon Moore and Dr. Schultz. Nicholas Moore became the Audit Committee chairman after the January 2005 Board meeting. The Audit Committee held four regular meetings and three telephonic meetings during the fiscal

year ended December 31, 2004. All four members of the Audit Committee are independent as independence is currently defined in Rule 4350(d)(2)(A) of the Nasdaq listing standards for companies listed on the Nasdaq Stock Market. Mr. Denny and Nicholas Moore are each audit committee financial experts, as described in applicable Securities and Exchange Commission (SEC) rules, serving on the Audit Committee. The Audit Committee charter is available on Gilead's website at <http://www.investors.gilead.com>. The Audit Committee reviews and reassesses the adequacy of the charter every year. The Audit Committee's procedures for receiving, reviewing and responding to complaints regarding accounting, internal accounting controls or auditing matters are described in the Complaint Procedure and Privacy Policy available on Gilead's website at <http://www.investors.gilead.com>.

The Compensation Committee makes recommendations and, with respect to executive officers, determinations concerning salaries, incentive compensation and stock and otherwise determines compensation levels and performs such other functions regarding compensation as the Board may delegate as well as produces the annual report on executive compensation for inclusion in the annual proxy statement. The Compensation Committee is currently comprised of Gordon Moore (Chairman), Nicholas Moore and Mrs. Wilson. The Compensation Committee met six times during the fiscal year ended December 31, 2004. All members of the Compensation Committee are independent, as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards. The Compensation Committee charter is available on Gilead's website at <http://www.investors.gilead.com>.

The Nominating and Corporate Governance Committee identifies, evaluates and nominates new directors for consideration by the full Board, establishes criteria for Board and Committee membership, and reviews and recommends changes to Gilead's corporate governance policies and procedures. The Nominating and Corporate Governance Committee is comprised of Dr. Shultz (Chairman), Dr. Berg and Mr. Denny. All members of the Nominating and Corporate Governance Committee are independent as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards. During the fiscal year ended December 31, 2004, the Nominating and Corporate Governance Committee met four times. The charter of the Nominating and Corporate Governance Committee is available on Gilead's website at <http://www.investors.gilead.com>.

The Nominating and Corporate Governance Committee will evaluate potential new director candidates based on a variety of criteria including the candidate's relevant experience, other board memberships held, diversity and collective experience of the Board and its committees, independence, and possible conflicts of interest. The committee will also consider whether an individual will meet the highest standards of personal and professional integrity, will be able to contribute to an effective board and will serve the long-term interest of the stockholders of Gilead. Candidates may come to the attention of the committee from current Board members, stockholders, professional search firms, officers or other persons. The committee will review all candidates in the same manner regardless of the source of the recommendation.

The Nominating and Corporate Governance Committee will consider properly submitted stockholder recommendations of candidates. Any stockholder recommendation must include the candidate's name and qualifications for Board membership, the candidate's age, business address, residence address, principal occupation or employment, the number of shares beneficially owned by the candidate and information that would be required to solicit a proxy under federal securities law. In addition, the recommendation must include the stockholder's name, address and the number of shares beneficially owned and the period they have been held. The recommendation should be sent to Corporate Secretary, Gilead Sciences, Inc., 333 Lakeside Drive, Foster City, California 94404. To be timely, the recommendation must be delivered to the Corporate Secretary no sooner than 120 days and no later than 90 days prior to the first anniversary of the preceding year's annual meeting.

The Scientific Committee was formed in January 2004 to advise the Board regarding Gilead's research strategies, the scientific merit of technology or products involved in licensing and acquisition opportunities and emerging science and technology issues. The Scientific Committee is currently comprised of Dr. Berg (Chairman) and Mrs. Wilson. The Scientific Committee met three times during the fiscal year ended December 31, 2004.

Stockholder Communications with the Board of Directors

Stockholders may communicate with the Board by sending a letter to Corporate Secretary, Gilead Sciences, Inc., 333 Lakeside Drive, Foster City, California 94404. The Corporate Secretary has the authority to disregard any inappropriate communications or to take other appropriate actions with respect to any inappropriate communications. If deemed an appropriate communication, the Corporate Secretary will submit a stockholder communication to the Chairman of the Board.

Code of Ethics

Gilead's written Code of Ethics applies to all of its directors and employees, including its executive officers. The Code of Ethics is available on Gilead's website at <http://www.investors.gilead.com>. Changes to or waivers of the Code of Ethics will be disclosed on the same website.

Executive Officers

The names of Gilead's executive officers who are not also directors of Gilead and certain information about each of them as of April 1, 2005 are set forth below:

Norbert W. Bischofberger, age 49, is Gilead's Executive Vice President, Research and Development. Dr. Bischofberger joined Gilead in 1990 as Director of Organic Chemistry, became Vice President of Organic Chemistry in February 1993 and was named Vice President of Research in August 1995. Dr. Bischofberger was appointed Senior Vice President, Research in January 1998. Dr. Bischofberger was named Senior Vice President, Research and Development in January 2000. He was promoted to Executive Vice President, Research and Development in November 2000. Prior to joining Gilead, Dr. Bischofberger worked in research at Genentech, Inc. from 1986 to 1990, most recently as Manager of DNA Synthesis. He received his B.S. in Chemistry at the University of Innsbruck in Austria, and his Ph.D. in Organic Chemistry at the Eidgenossische Technische Hochschule (ETH) in Zurich, Switzerland and did postdoctoral work at Harvard University, Cambridge.

Anthony D. Caracciolo, age 50, is Gilead's Senior Vice President, Manufacturing. Mr. Caracciolo joined Gilead in 1997 as Vice President, Manufacturing Operations, and was promoted to Senior Vice President, Manufacturing Operations in August 2003. Prior to joining Gilead, Mr. Caracciolo spent six years as Vice President of Operations for Bausch & Lomb's pharmaceutical division in Tampa, Florida, directing the manufacture and global distribution of ophthalmic preparations. Prior to Bausch & Lomb, Mr. Caracciolo held various management positions at Sterling Drug, Inc. over a 13-year period. He received a B.S. in Pharmaceutical Science from St. John University, New York and was a practicing pharmacist.

William A. Lee, age 49, is Gilead's Senior Vice President, Research. Dr. Lee joined Gilead as Director of Pharmaceutical Product Development in August 1991, became Vice President, Pharmaceutical Product Development in January 1995 and in February 2000 was promoted to Vice President, Research and Pharmaceutical Development. Dr. Lee was promoted to Senior Vice President, Research and Product Development in November 2000. Prior to joining Gilead, Dr. Lee was Department Head of Drug Delivery and Formulation at California Biotechnology, Inc. from 1986 to 1991. From 1985 to 1986 Dr. Lee was a research scientist at Syntex Corporation. He received his Ph.D. in Physical Organic Chemistry from the

University of California at San Diego and did postdoctoral work at the École Polytech Fédéral Lausanne and the University of California at Santa Barbara.

John F. Milligan, age 44, is Gilead's Executive Vice President and Chief Financial Officer. Dr. Milligan joined Gilead in 1990 as a Research Scientist, and in 1996 he became Director of Project Management and Project Team Leader for the Gilead and F. Hoffmann-La Roche collaboration on Tamiflu®. In 1998 he transitioned to Corporate Development, and in March 2000 he was promoted to Vice President, Corporate Development with responsibility for licensing, corporate partnerships and mergers and acquisitions. Dr. Milligan was promoted to Chief Financial Officer in March 2002 and to Executive Vice President and Chief Financial Officer in July 2003. Dr. Milligan received a doctorate in Biochemistry from the University of Illinois and was an American Cancer Society Postdoctoral Fellow at the University of California at San Francisco.

John J. Toole, age 51, is Gilead's Senior Vice President, Clinical Research. Dr. Toole joined Gilead in 1990 as Director of Molecular and Cellular Biology. He was promoted to Vice President, Biology in 1996, and became Vice President, Clinical Research in 1998. Dr. Toole was promoted to Senior Vice President, Clinical Research in August 2003. Dr. Toole was a recipient of an American Cancer Society Postdoctoral Fellowship, and performed his postdoctoral work in molecular biology at the Harvard Medical School and the Massachusetts Institute of Technology. Dr. Toole was one of the founding scientists of Genetics Institute, Inc., where he led the project team that first cloned the human coagulation factor VIII gene. He received his Ph.D. in Molecular Biology from the State University of New York at Buffalo and his M.D. from the Stanford University School of Medicine.

Kevin Young, age 47, is Gilead's Executive Vice President, Commercial Operations. Mr. Young joined Gilead in September 2004. Mr. Young has spent 20 years in the biopharmaceutical industry, first with Zeneca Pharmaceuticals (formerly ICI Pharmaceuticals) and more recently, with Amgen Inc. During his 12 years at Amgen, Mr. Young held a number of positions in Europe and the United States. His most recent position was Head of the U.S. Inflammation Business Unit, leading the launch of Enbrel® following the acquisition of Immunex Corporation. Mr. Young has undergraduate and graduate degrees in Sports Sciences and Exercise from Liverpool and Nottingham, England and has completed the Executive Program at the University of Michigan, School of Business Administration.

PROPOSAL 2

RATIFICATION OF THE SELECTION OF INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors has selected Ernst & Young LLP as Gilead's independent auditors for the fiscal year ending December 31, 2005 and has further directed that Gilead submit the selection of independent auditors for ratification by the stockholders at the Annual Meeting. The Audit Committee of the Board has determined that the rendering of non-audit services by Ernst & Young during the fiscal year ended December 31, 2004 was compatible with the auditor's independence. Ernst & Young LLP has audited Gilead's financial statements since Gilead's inception in 1987. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Principal Accountant Fees and Services

Audit Fees. During the fiscal years ended December 31, 2004 and December 31, 2003, the aggregate fees billed by Ernst & Young LLP for the audit of Gilead's financial statements for such fiscal year and for the review of Gilead's interim financial statements were \$2,151,000 and \$1,290,000, respectively.

Audit Related Fees. During the fiscal years ended December 31, 2004 and December 31, 2003, the aggregate fees billed by Ernst & Young LLP for audit related services were \$114,000 and \$144,000, respectively. These services primarily related to Sarbanes-Oxley 404 assistance in 2004 and primarily related to due diligence pertaining to business acquisitions in 2003.

Tax Fees. During the fiscal years ended December 31, 2004 and December 31, 2003, the aggregate fees billed by Ernst & Young LLP for tax related services were \$635,000 and \$486,000, respectively, primarily in connection with domestic and international tax compliance.

All Other Fees. During the fiscal years ended December 31, 2004 and December 31, 2003, there were no fees billed by Ernst & Young LLP for other professional services.

All fees described above were approved by the Audit Committee.

Stockholder ratification of the selection of Ernst & Young LLP as Gilead's independent auditors is not required by Gilead's bylaws or otherwise. However, the Board is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent accounting firm at any time during the year if they determine that such a change would be in the best interests of Gilead and its stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of Ernst & Young LLP. Abstentions will be counted towards the tabulation of votes cast and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

Pre-Approval Policy and Procedures

The Audit Committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by our independent auditor, Ernst & Young LLP. Under this policy, the Audit Committee and the Corporate Controller must both pre-approve all services to be provided by the independent auditor and the policy prohibits the engagement of the independent auditor for specified services. The policy permits the engagement of the independent auditor for services that are approved by the Audit Committee and the Corporate Controller in defined categories such as audit services, audit related services, and tax services. The policy also permits engagement of the independent auditor for other services approved by the Audit Committee to the extent the fees do not exceed 25% of the total audit fees. Pre-approval may be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditor or on an individual explicit case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated by the Audit Committee. The Audit Committee receives quarterly reports on the scope of services provided to date and planned to be provided by the independent auditor for that year.

THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 2.

PROPOSAL 3

APPROVAL OF AMENDMENT TO GILEAD SCIENCES, INC. 2004 EQUITY INCENTIVE PLAN

Gilead's stockholders are being asked to approve the amendment of Gilead's 2004 Equity Incentive Plan (the "2004 Plan") to:

- Increase the number of shares authorized and reserved for issuance under the 2004 Plan by an additional 10,000,000 shares of common stock;
- Increase the number of shares authorized under the 2004 Plan that may be granted as full-value share awards (restricted stock, performance shares, phantom shares and stock appreciation rights) from 400,000 shares to 2,900,000 shares; and
- Include stock appreciation rights in the list of awards that are taken into consideration in determining the 2,900,000 full value share limit.

As of February 28, 2005, Gilead has reserved an aggregate of 19,629,268 shares of our common stock for issuance under the 2004 Plan. As of February 28, 2005, there were 8,229,560 shares reserved for issuance upon exercise of outstanding options, 3,030 shares reserved for issuance upon conversion of phantom shares under the 2004 Plan and 11,349,678 shares remain available for future grants under the 2004 Plan.

As of February 28, 2005, options to purchase 41,767,739 shares of common stock were outstanding under Gilead's 1991 Stock Option Plan, options to purchase 2,699,600 shares of common stock were outstanding under Gilead's 1995 Non-Employee Directors' Stock Option Plan, options to purchase 37,556 shares of common stock were outstanding under the NeXstar 1993 Incentive Stock Plan, and options to purchase 1,016,945 shares of common stock were outstanding under the Triangle Pharmaceuticals 1996 Incentive Stock Plan. Gilead acquired NeXstar Pharmaceuticals, Inc. in 1999 and Triangle Pharmaceuticals, Inc. in 2003, and assumed obligations under the option plans of each company. No shares of common stock remain available for grant under any of these plans.

As of February 28, 2005, the weighted average exercise price of all outstanding options is \$19.66 and the weighted average remaining term of all options is 7.27 years. If options granted under the 1991 Plan, the 1995 Plan or the 2004 Plan expire or otherwise terminate without being exercised, the shares of our common stock reserved for such options again become available for issuance under the 2004 Plan.

General

Gilead believes that an employee equity compensation program is a necessary and powerful incentive and retention tool that benefits all of its stockholders. Approval of the amendments to the 2004 Plan is intended to enable Gilead to achieve the following objectives:

1. **The opportunity for stockholders to review Gilead's equity incentive plan annually.** Gilead is providing our stockholders the opportunity to annually evaluate and vote on adding shares to our equity plan for dissemination to employees in the upcoming year. We believe this is a sound governance practice and intend to continue seeking annual stockholder approval for increases to the 2004 Plan into the future.
2. **The continued ability of Gilead to provide equity-based incentive compensation opportunities to substantially all of Gilead's U.S. employees and non-employee directors, while maintaining our commitment to keep net annual dilution at less than 3% of total shares outstanding.** Our net dilution rate for 2004, 2003 and 2002 was 2.4%, 2.3% (excluding 3,990,460 options assumed in the acquisition of Triangle Pharmaceuticals) and 1.8%, respectively. We intend to limit annual net issuances to employees and non-employee directors under the 2004 Plan to no more than 3% of the number of

shares of common stock outstanding in the course of our normal granting practices, not including extraordinary events (such as acquisitions).

3. **The ability to maintain a market competitive stock-based incentive program by having various types of equity compensation awards available under the plan, including: stock options, restricted stock awards, restricted stock units, and stock appreciation rights.** The various awards available under the 2004 Plan provide Gilead with greater flexibility to link employee performance with equity rewards and to respond to market-competitive changes in equity compensation practices. At this time, we expect that stock options priced at the full fair market value of Gilead common stock on the date of grant will remain the primary form of equity compensation for our broad-based employee population and non-employee directors. At this stage of Gilead's growth, we believe stock options best align employee compensation with company performance. However, we want to maintain the flexibility to use other forms of equity compensation based on business conditions and/or if competitive practice changes. The amendment to increase the number of full-value awards that may be granted under the 2004 Plan will put Gilead in a position to do that.

4. **The furtherance of compensation and governance best practices.** When the 2004 Plan was submitted for stockholder approval last year, Gilead incorporated several provisions to protect stockholders and reflect corporate governance best practices. The 2004 Plan prohibits stock option repricing without stockholder approval and does not contain an evergreen feature (evergreen features provide for automatic replenishment of authorized shares available under the plan). If the amendment to increase the full-value share limit is approved, there will be a 2,900,000 share limit on the number of shares of restricted stock and stock appreciation rights (which are viewed by some stockholders as equivalent to full-value shares) that may be issued under the 2004 Plan. Moreover, the stockholder-approved 2004 Plan is the only plan under which equity awards may be granted to Gilead employees, other than the Employee Stock Purchase Plan.

Background on Equity Compensation at Gilead

Equity compensation has historically been a key element of Gilead's compensation program. We believe this practice has been a significant contributing factor to Gilead's corporate achievements and financial performance in 2004 and stockholder returns over the past three years. The ability to grant stock options has enabled Gilead to attract and retain the highest caliber of employees. Stock options have also allowed us to link incentive rewards to company performance, to encourage employee ownership in Gilead and to align the interest of employees and directors with those of stockholders. This is because an increase in stock price after the date of the award is necessary for employees to realize any value; thus, employees are rewarded only upon improved stock price performance.

The use of equity compensation is not unique to Gilead, of course. Stock-based awards, and specifically stock options (but increasingly other forms of equity compensation), are a common form of compensation within our industry and are typically granted broadly throughout the organization. Without stock options, Gilead would be at a disadvantage against our competitors for recruiting and retaining key talent and may be unable to offer the market-competitive total compensation package necessary to attract, retain and motivate individuals critical to our future success. Without the ability to grant stock options, Gilead may be forced to increase cash compensation, thereby reducing resources available for the research and development or commercialization of our products.

We understand that stock-based compensation is a valuable and limited resource and that stockholders expect us to utilize this tool in an efficient manner. As a consequence, we have actively managed our stock plan over the past few years to meet stockholder expectations. Over the last three years, our average net annual dilution rate was 2.2% (excluding options assumed in the acquisition of Triangle Pharmaceuticals), and we are committed to maintaining a net dilution rate of less than 3% into

the future, subject to extraordinary events (such as acquisitions). To stay within this limit, individual annual grants are linked directly to an employee's performance. We also carefully monitor and manage our total number of shares available for issuance under the 2004 Plan, which is currently below the 50th percentile of the peer group which the Compensation Committee reviews annually.

We strongly believe that our equity compensation program and emphasis on employee stock ownership have been integral to our success to date and that they will continue to play a key role in our ability to strive for consistently superior performance in the years ahead. Our equity program is critical to our ability to bring top-notch talent to Gilead and to reward individual employee performance that results in stockholder value. Therefore, we consider approval of the amendments to the 2004 Plan vital to Gilead's continued success.

Stockholders are requested in this Proposal 3 to approve the amendments to the 2004 Plan. The 2004 Plan, as amended to date and reflecting the amendments you are being asked to vote on, is attached hereto as Exhibit A. The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to approve the amendments to the 2004 Plan. Abstentions will be counted towards the tabulation of votes cast and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

Key Provisions

The 2004 Plan is designed to reflect prevailing corporate governance and executive compensation best practices. The following summary of the key provisions of the plan reflects the proposed amendments:

Plan Termination Date:	May 25, 2014	
Eligible Participants:	Employees, directors and consultants of Gilead Sciences, Inc. or a related entity (except that only employees are eligible for Incentive Stock Options)	
Shares Authorized:	17,200,000 plus any shares previously authorized and available for issuance under the 1991 Plan and the 1995 Plan	
Shares Authorized as a Percent of Common Stock Outstanding on March 22, 2005:	4.76%	
Award Types:	(1) Incentive stock options (2) Nonstatutory stock options (3) Stock appreciation rights (4) Dividend equivalent rights (5) Restricted stock (6) Performance units (7) Performance shares (8) Phantom shares	
Grant Limits Per Person Per Year:	Stock Options:	2,000,000(1)
	Restricted Stock, Performance Shares, Phantom Shares, Stock Appreciation Rights:	200,000(2)
	Awards Denominated in US Dollars:	\$7,000,000
Aggregate Restricted Stock, Performance Shares, Phantom Shares and Stock Appreciation Rights Authorized:	2,900,000	
Vesting:	Determined by Compensation Committee	
Not Permitted:	Repricing of stock options, unless approved by stockholders	

(1) Under the 2004 Plan, an employee may be granted an additional 1,000,000 stock options on initial hire or promotion. Gilead internal guidelines limit the number of stock options an employee may be granted in a year to 1,250,000 shares and limit the additional shares an employee may be granted on initial hire or promotion to 500,000 shares.

(2) Under the 2004 Plan, an employee may be granted an additional 100,000 shares of restricted stock, restricted stock units, performance shares or phantom shares on initial hire or promotion.

Eligibility

Gilead employees or employees of a related entity are eligible to receive all types of awards under the 2004 Plan. Non-employee directors and consultants of Gilead or a related entity are eligible to receive awards except for Incentive Stock Options. The Compensation Committee or its delegate will determine which employees and consultants will receive awards under the 2004 Plan.

Awards

Awards under the 2004 Plan will be either performance-based and designed to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended, or discretionary. Subject to the 2004 Plan limits, the Compensation Committee has the discretionary authority to determine the size of an award and whether it will be subject to performance-based requirements. Under the 2004 Plan, an award may be based on any one of, or combination of, the following performance-based criteria:

- (i) revenue
- (ii) achievement of specified milestones in the discovery and development of one or more of Gilead's products
- (iii) achievement of specified milestones in the commercialization of one or more of Gilead's products
- (iv) achievement of specified milestones in the manufacturing of one or more of Gilead's products
- (v) expense targets
- (vi) personal management objectives
- (vii) share price (including, but not limited to, growth measures and total stockholder return)
- (viii) earnings per share
- (ix) operating efficiency
- (x) operating margin
- (xi) gross margin
- (xii) return measures (including, but not limited to, return on assets, capital, equity, or sales)
- (xiii) net sales growth
- (xiv) productivity ratios
- (xv) operating income
- (xvi) net operating profit
- (xvii) net earnings or net income (before or after taxes)
- (xviii) cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital)
- (xix) earnings before or after interest, taxes, depreciation, and/or amortization

- (xx) economic value added
- (xxi) market share
- (xxii) customer satisfaction
- (xxiii) working capital targets, and
- (xxiv) other measures of performance selected by the Board of Directors or the Compensation Committee.

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Intended Grants to Directors

Gilead intends to use the 2004 Plan to help administer its compensation program for directors. Under the 2004 Plan, option grants to non-employee directors are discretionary. For at least the next year, the Board of Directors expects the 2004 Plan to operate according to the following provisions as approved by the Compensation Committee, however the Compensation Committee may change them at any time.

The Board of Directors expects to grant options to purchase 30,000 shares of stock to each non-employee director upon his or her initial election to Gilead's Board of Directors (the initial grant) and options to purchase 18,750 shares of common stock on the date of each subsequent annual stockholders' meeting (the annual grant), provided the non-employee director is still serving on the Board on the date of the annual meeting. To a non-employee director serving as the Board Chair, the Board will determine the initial grant on election to the Board and expects to grant an additional option to purchase 15,000 shares of common stock as an annual grant going forward and no additional grants for serving on a committee.

To a non-employee director serving as chairperson of a standing committee of the Board of Directors, the Board expects to grant an additional option to purchase 6,000 shares of common stock at the time of his or her initial appointment and an additional option to purchase 7,500 shares of common stock at the time of his or her annual grant, with the exception of the Audit Committee chair, who will receive an additional option to purchase 10,000 shares at the time of his or her annual grant. To each non-employee director serving as a member of a standing committee of the Board of Directors, the Board expects to grant an additional option to purchase 3,000 shares of common stock at the time of his or her initial appointment and an additional option to purchase 3,750 shares of common stock at the time of his or her annual grant. In addition to the regular annual grants for Board members, committee chairs annually can be granted an option to purchase no more than a total of 13,750 additional shares of common stock for service on all committees.

Under the 2004 Plan, non-employee directors may be allowed to make an election to defer receipt of all or a portion of their annual cash retainer in the form of phantom shares granted under the 2004 Plan.

Adjustments

In the event of a stock dividend, recapitalization, stock split, reorganization, merger, spin-off, repurchase or exchange of Gilead's common stock or similar event affecting the common stock, the Compensation Committee may, in its discretion, adjust the number and kind of shares granted under the 2004 Plan, the number and kind of shares subject to outstanding stock options and restricted stock awards and the exercise price of outstanding stock options.

Stock Options

The exercise price of stock options granted under the 2004 Plan may not be less than the fair market value of the common stock on the date of grant and no stock option will be exercisable more than ten years after the date it is granted. The Compensation Committee will determine at the time of grant when each stock option becomes exercisable. Payment of the exercise price of a stock option may be in cash, common stock owned by the participant or by a combination of cash and common stock. Gilead may require, prior to issuing common stock under the 2004 Plan, that the participant remit an amount in cash or common stock sufficient to satisfy tax withholding requirements.

Restricted Stock

Except with respect to a maximum of 5% of the shares authorized for issuance, any awards of restricted stock and restricted stock units which vest on the basis of a participant's continuous active service

with Gilead or a related entity will not provide for vesting which is any more rapid than annual pro rata vesting over a three-year period and any awards of restricted stock or restricted stock units which provide for vesting upon the attainment of performance goals shall provide for a performance period of at least 12 months.

Transferability

Stock options granted under the 2004 Plan are transferable only as provided by the rules of the Compensation Committee, by the participant's last will and testament, and by the applicable laws of descent and distribution and, in the case of nonstatutory stock options during the participant's lifetime, by gift or pursuant to a domestic relations order. Restricted stock may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of until the applicable restrictions lapse. Other awards granted under the 2004 Plan may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of while the award is outstanding.

Change in Control

Stock options and other awards granted to employees, non-employee directors and consultants under the 2004 Plan will become fully vested and exercisable upon the occurrence of a change in control as defined in the 2004 Plan if the participant's active service is terminated involuntarily or the participant resigns due to certain specified reasons within a designated period following the change in control.

Termination of Employment

Upon termination of a participant's employment, a participant has a limited period of time in which to exercise outstanding stock options for any shares in which the participant is vested at that time. This period will be specified by the Compensation Committee, need not be uniform among all options issued under the 2004 Plan, and may reflect distinctions based on the reasons for termination of employment. All outstanding awards will be forfeited to Gilead to the extent they are not vested when the participant terminates employment.

Administration

Under Section 162(m) of the Internal Revenue Code (the "Code"), grants may be made only by a committee comprised solely of two or more directors eligible to serve as a committee making awards qualified as performance-based compensation. The Compensation Committee will select the employees of Gilead who shall receive awards, determine the number of shares covered thereby, and establish the terms, conditions and other provisions of the grants. The Compensation Committee may interpret the 2004 Plan and establish, amend and rescind any rules relating to the 2004 Plan. The Compensation Committee may delegate all or part of its responsibilities to anyone it selects.

Amendments

The Board of Directors may at any time amend, suspend or terminate the 2004 Plan; provided, however, that no action may be taken without the approval of Gilead's stockholders to the extent approval is required by NASD Marketplace Rule 4350(i)(1)(A), Section 422 of the Code and regulations promulgated thereunder, or any other Applicable Laws, or if such amendment would change any of the provisions of Section 4(b)(vi) or Section 13(a) of the 2004 Plan.

Federal Income Tax Information

The following is only a brief summary of the effect of U.S. federal income taxation on the award recipient and on Gilead of an award of a stock option or restricted stock and this summary does not discuss

the income tax laws of any other jurisdiction (such as municipality or state) in which the recipient of the award may reside.

Stock option grants under the 2004 Plan may be either incentive stock options which satisfy the requirements of Section 422 of the Code or nonstatutory stock options which are not intended to meet such requirements. With respect to incentive stock options, no federal income tax is payable by a participant either upon the grant of an incentive stock option or at the time the option is exercised. The participant will, however, recognize taxable income in the year in which the purchased shares are sold or otherwise made the subject of a disposition. For Federal tax purposes, dispositions are divided into two categories: (i) qualifying and (ii) disqualifying. A qualifying disposition occurs if the sale or other disposition of the shares is made more than two years after the date the option is granted for those shares and more than one year after the date the option is exercised for those shares. If the sale or disposition occurs before these periods are satisfied, then a disqualifying disposition will result.

Upon a qualifying disposition of the shares, the participants will recognize long-term capital gain in an amount equal to the excess of (i) the amount realized upon the sale or other disposition of the purchased shares over (ii) the exercise price paid for those shares. If there is a disqualifying disposition of the shares, then the excess of (i) the fair market value of the shares on the exercise date over (ii) the exercise price paid for those shares will be taxable as ordinary income to the participant. Any additional gain or loss recognized upon the disposition will be taxable as a capital gain or loss.

If the participant makes a disqualifying disposition of the purchased shares, then Gilead will be entitled to an income tax deduction for the taxable year in which such disposition occurs, equal to the excess of (i) the fair market value of such shares on the option exercise date over (ii) the exercise price paid for the shares. In no other instance will Gilead be allowed a deduction with respect to the participant's disposition of the purchased shares.

Generally, no federal income tax is payable by a participant upon the grant of a nonstatutory stock option and no deduction is taken by Gilead. Under current tax laws, if a participant exercises a nonstatutory stock option, he or she will be taxed on the difference between the fair market value of the common stock on the exercise date and the option price. Gilead will be entitled to a corresponding deduction on its income tax return.

Restricted stock is taxed under Section 83 of the Code. Generally, no taxes are due when the award is initially made and no deduction will be taken by Gilead at that time. The award becomes taxable when it is no longer subject to a substantial risk of forfeiture (i.e., become vested or transferable). Income tax is paid on the value of the stock at ordinary rates when the restrictions lapse and Gilead will be entitled to a corresponding deduction on its income tax return.

Generally, no taxes are due when an award of restricted stock units, performance shares, performance units, dividend equivalent rights, stock appreciation rights or phantom shares is made and no deduction will be taken by Gilead at that time. When such awards are distributed, ordinary income tax is paid on the fair market value of the shares (if any) and the amount of cash received. Gilead will be entitled to a tax deduction equal to that ordinary income.

THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 3.

PROPOSAL 4

STOCKHOLDER PROPOSAL REQUESTING REPORT RELATED TO GLOBAL HIV/AIDS, TUBERCULOSIS AND MALARIA PANDEMICS

We expect the following proposal (Item 4 on the proxy card) to be presented by stockholders at the Annual Meeting. The Board of Directors has recommended a vote AGAINST this proposal for the reasons set forth following the proposal. Names, addresses and share holdings of the stockholder proponent and co-filer will be supplied upon request.

RESOLVED: Shareholders request that our Board review the economic effects of the HIV/AIDS, tuberculosis and malaria pandemics on the company's business strategy, and its initiatives to date, and report to shareholders within six (6) months following the 2005 annual meeting. This report developed at reasonable costs and omitting proprietary information, will identify the impacts of these pandemics on the company.

Supporting Statement from Stockholder Proponent:

We believe that HIV/AIDS, tuberculosis (TB) and malaria pose major risks to the long-term financial health of firms, like Gilead Sciences, that operate in emerging markets.

Our company is involved in the production of medicines to treat these pandemics, which can save and extend the lives of millions of people. Therefore our company can and should play a key role in addressing the economic, political and moral emergencies of HIV-TB-Malaria in sub-Saharan Africa, India, China, southeast Asia, and Russia.

The crisis of HIV/AIDS in Africa, with half of all global HIV/AIDS cases, is well known. UNAIDS the joint United Nations AIDS program reports life expectancy in much of southern Africa has declined by over half, to barely thirty years.

New research also shows disturbing trends in Asian markets. 7.4 million people in Asia are living with HIV, says UNAIDS. India has the greatest number of people living with HIV in the world, says Richard Feachem, who runs the Global Fund to Fight AIDS-TB-Malaria. New infection rates in Asia are at all-time highs.

Foreign Affairs reported in December 2002 that even moderate HIV pandemics in India and China may reduce per capita GNP by 2025 to virtually 2000 levels wiping out a generation's worth of economic growth.

In China, UNAIDS projects 10 million infections by 2010. Stephen Roach, Morgan Stanley's Chief Economist, wrote in June 2004 that all the economic growth in the world cannot possibly compensate for the devastation China would face if [UNAIDS] projections were to come to pass.

Despite these warnings, a 2004 World Economic Forum report concluded firms are not particularly active in combating HIV/AIDS and businesses appear to be making decisions based on a patchy assessment of the risks they face.

Unfortunately, most companies do not yet report appropriate data for investors to make informed decisions about the impact of HIV/AIDS, says a 2003 survey of corporations by UNAIDS. We believe, to date, our company's reporting has also been inadequate.

In contrast to our company's performance, several large-cap firms make reporting on infectious diseases best practice. In 2004, Coca-Cola shareholders approved a resolution seeking such a report with 98% support. Coca-Cola's subsequent report notes the moral and business imperatives are of equal importance in responding to HIV/AIDS.

Our experience with Coca-Cola and other leading companies demonstrates that these reports need not be onerous. In our opinion, shareholders must fully understand the threats posed by these diseases in order to make informed assessments of our company's value.

We urge shareholders to vote FOR this resolution.

GILEAD'S RESPONSE

Gilead's Board of Directors unanimously recommends a vote AGAINST this proposal.

Gilead's Board of Directors believes that this proposal is unnecessary because leadership in the fight against the global HIV epidemic is already one of Gilead's priorities. Gilead does not make, and has no plans to make, tuberculosis or malaria drugs.

Gilead's Board of Directors recognizes the significant social and economic impact HIV/AIDS is having on the United States and around the world. Gilead's short-term and long-term business strategies focus on continuing to develop drugs to treat HIV infection and to provide these drugs in formulations that may make it easier for individuals around the world to have access to the drugs and to be able to take the drugs in an effective way.

Gilead developed the Gilead Access Program in 2002. This program makes several of our HIV products available at no profit to treatment facilities in every country in Africa and in 15 additional countries designated as "least developed" by the United Nations. This program also provides information and assistance to treatment centers in preparing requests to participate in the program. Additionally, together with government and non-profit organizations, Gilead is participating in clinical trials to identify the best approaches for delivering HIV therapies in countries with limited healthcare resources.

Through our Advancing Access program, we provide assistance for people who cannot afford to pay for all or part of the cost of Truvada, Viread, Emtriva, Hepsara and Vistide. The program offers patient help in finding or gaining insurance coverage and identifying other prescription benefit programs that may help them. If individuals neither have nor qualify for public or private insurance benefits, and they meet program eligibility criteria, Advancing Access provides the following Gilead medications free of charge. Gilead collaborates with patient advocacy groups, medical societies and foundations working in the areas of HIV/AIDS and hepatitis to develop education campaigns and outreach programs. We also fund leading organizations focused on research and education in our key product areas. In 2004, these organizations included Forum for Collaborative HIV Research, American Foundation for AIDS Research, Global Business Coalition on HIV/AIDS, AHF Global Immunity and American Liver Foundation. Gilead includes information about worldwide HIV epidemics in its annual report as well as descriptions of Gilead's programs in these areas.

Gilead's Board of Directors believes the additional reviews and report requested by the above proposal are unnecessary, would not contribute to Gilead's or investors' understanding of the impact of HIV/AIDS on Gilead's business strategy and would use resources that could be more effectively applied to Gilead's ongoing HIV/AIDS initiatives.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to approve the stockholder proposal. Abstentions will be counted towards the tabulation of votes cast and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

THE BOARD RECOMMENDS A VOTE AGAINST PROPOSAL 4.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the ownership of Gilead's common stock as of February 28, 2005 by: (1) each current director; (2) each current executive officer named in the Summary Compensation Table below; and (3) all current executive officers and directors of Gilead. We are not aware of any beneficial owner of more than five percent of our common stock.

Beneficial Owner	Beneficial Ownership(1)	
	Number of Shares	Percent of Total
John C. Martin(2)	4,351,078	1 %
Norbert W. Bischofberger(3)	1,564,726	*
James M. Denny(4)	784,106	*
William A. Lee(5)	845,290	*
Gordon E. Moore(6)	852,648	*
Nicholas G. Moore(7)	84,000	*
George P. Shultz(8)	621,600	*
Etienne F. Davignon(9)	365,000	*
John F. Milligan(10)	765,302	*
John J. Toole(11)	494,166	*
Paul Berg(12)	356,400	*
Gayle E. Wilson(13)	76,800	*
All executive officers and directors as a group (14 persons)(14)	11,401,557	2.5 %

* Less than one percent

(1) This table is based upon information supplied by Gilead's directors, officers, and principal stockholders and Schedules 13D and 13G filed with the SEC. Unless otherwise indicated in the footnotes to this table, and subject to community property laws where applicable, Gilead believes each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Applicable percentages are based on 449,881,860 shares of common stock outstanding on February 28, 2005, adjusted as required by the rules promulgated by the SEC.

(2) Includes 3,668,220 shares subject to stock options exercisable within 60 days of February 28, 2005.

(3) Includes 92,772 shares held in trust for which Dr. Bischofberger and Inger Bischofberger, his wife, are trustees and over which Dr. Bischofberger has shared voting and investment power, 1,600 shares held in accounts for Dr. Bischofberger's minor children for which he is the custodian having sole voting and investment power and 1,022,172 shares subject to stock options exercisable within 60 days of February 28, 2005.

(4) Includes 685,400 shares subject to stock options exercisable within 60 days of February 28, 2005. The total also includes 88,706 shares held by a not-for-profit corporation, of which Mr. Denny is an investment manager. Mr. Denny disclaims any beneficial ownership of these shares.

(5) Includes 80,262 shares held in trust for which Dr. Lee and Linda Sanders, his wife, are co-trustees and over which Dr. Lee has shared voting and investment power, and 728,068 shares subject to stock options exercisable within 60 days of February 28, 2005.

(6) Includes 666,000 shares subject to stock options exercisable within 60 days of February 28, 2005.

(7) Includes 84,000 shares subject to stock options exercisable within 60 days of February 28, 2005.

(8) Includes 541,600 shares subject to stock options exercisable within 60 days of February 28, 2005.

- (9) Includes 160,000 shares subject to stock options exercisable within 60 days of February 28, 2005.
- (10) Includes 673,000 shares subject to stock options exercisable within 60 days of February 28, 2005.
- (11) Includes 4,434 shares held in trust for which Dr. Toole and his wife, Susan Toole, are co-trustees and over which Dr. Toole has shared voting and investment power, 19,600 shares held in accounts for Dr. Toole's minor children for which he is the custodian having sole investment power and 461,100 shares subject to stock options exercisable within 60 days of February 28, 2005.
- (12) Includes 348,400 shares subject to stock options exercisable within 60 days of February 28, 2005.
- (13) Includes 76,800 shares subject to stock options exercisable within 60 days of February 28, 2005.
- (14) Includes 9,354,666 shares subject to stock options exercisable within 60 days of February 28, 2005. See notes (2) through (13) above.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires Gilead's directors and executive officers, and persons who own more than ten percent of a registered class of Gilead's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Gilead. Executive officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish Gilead with copies of all Section 16(a) forms they file.

To Gilead's knowledge, based solely on a review of the copies of such reports furnished to Gilead and written representations that no other reports were required during the fiscal year ended December 31, 2004, Gilead's executive officers, directors and greater than 10% beneficial owners complied with all Section 16(a) filing requirements applicable to these executive officers, directors and greater than 10% beneficial owners except as follows: Mr. Denny and Gordon Moore each reported one transaction on a late Form 4 and Mr. Davignon reported two transactions on a late Form 5.

Compensation Committee Interlocks and Insider Participation

Gilead's Compensation Committee consists of Gordon Moore (Chairman), Nicholas Moore and Mrs. Wilson. None of the members of the Compensation Committee is currently or has been, at any time since Gilead's formation, one of Gilead's officers or employees. No executive officer of Gilead has served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on Gilead's Board of Directors or Compensation Committee.

Executive Compensation

Compensation of Non-Employee Directors

Non-employee directors receive a combination of cash compensation and stock option grants for their service to Gilead. In addition to this compensation, members of the Board are also eligible for reimbursement for expenses incurred in connection with attendance at Board and committee meetings and related activities in accordance with Gilead policy.

The following table describes Gilead's compensation practices for non-employee directors during 2004:

2004 Non-Employee Director Compensation			
	Cash	Stock Option Shares(1)	Annual
Board Member	\$35,000 retainer, plus \$2,000 meeting fee	60,000	30,000
Board Chair(2)		Determined at time of appointment	24,000
Committee Chair(2)	\$1,500 meeting fee	12,000	12,000 (3)
Committee Member(2)	\$1,000 meeting fee	6,000	6,000 (3)

- (1) Split-adjusted to reflect the two-for-one stock split effective September 3, 2004.
- (2) Cash and stock option share amounts paid in addition to Board member compensation.
- (3) Committee chairpersons and members may receive options to purchase no more than 18,000 shares of common stock of Gilead annually for service on all committees combined.

In January 2005, the Board approved the following compensation levels effective for 2005:

2005 Non-Employee Director Compensation			
	Cash(1)	Stock Option Shares(2)	Annual
Board Member (no Committee Service)	\$40,000 retainer	15,000	18,750
Board Chair(3)	\$80,000 retainer	Determined at time of appointment	15,000 additional
Audit Committee Chair	\$70,000 retainer	6,000 additional	10,000 additional
Committee Chairs (other than Audit) and Committee Members	\$60,000 retainer	3,000 additional	3,750 additional

- (1) Cash amounts represent the total cash compensation a Board member receives, depending on role (for example, if the Audit Committee Chair also serves on the Compensation Committee, the total retainer paid is \$70,000).
- (2) All Board members receive the board member stock option awards. Stock option amounts for board chair, committee chairs and committee members are in addition to the board member grant. Committee chairpersons and members may receive options to purchase no more than an additional 13,750 shares of common stock of Gilead annually for service on all committees combined.
- (3) Board Chair does not receive additional option grants for serving as a committee chair or committee member.

For 2004 and 2005, Board members may elect to receive their cash retainer in the form of phantom shares that are deferred until a later date identified by the Board member. Phantom shares have a value equal to the fair market value of Gilead's common stock and are delivered to directors in shares of Gilead common stock upon settlement.

Non-employee directors of Gilead receive stock option grants under the 2004 Equity Incentive Plan. Options granted under the 2004 Plan are at prices not less than fair market value on the date of grant. One of the members of the Board, Etienne Davignon, declined his annual stock option grants after January 2000 due to adverse consequences under Belgian tax law. The Board granted to Mr. Davignon

5,000 shares of restricted stock under the 2004 Equity Incentive Plan, with a six-month restriction on the ability to sell the stock.

Initial option grants for new Board members vest in two years at the rate of 50% on the first anniversary of the date of grant and 50% on the second anniversary of the date of grant, subject to the condition of continuous service as a non-employee director to Gilead. Annual board member stock option grants, initial stock option grants for new committee members and chairpersons and annual stock option grants for new committee members and chairpersons vest immediately on the date of grant. The exercise price of options granted must be paid in cash or shares of common stock of Gilead at the time the option is exercised.

Effective January 1, 2004, the Board of Directors established a guideline to encourage Board members to hold Gilead shares with a fair market value of at least three times the annual retainer. This target is to be achieved over time.

During 2004, Gilead granted options to purchase 378,000 shares to its current non-employee directors, at exercise prices ranging from \$26.73 to \$31.40 per share. Each option granted had an exercise price equal to the fair market value of Gilead's common stock on the date of grant (based on the closing sales price for Gilead's common stock reported on the Nasdaq National Market on the date prior to the date of such grant).

Compensation of Executive Officers

Summary of Compensation

The following table shows, for the years ended December 31, 2004, 2003 and 2002, certain compensation awarded or paid to, or earned by, Gilead's Chief Executive Officer and its other four most highly compensated executive officers and one former executive officer, referred to herein as the Named Executive Officers :

Summary Compensation Table

Name and Principal Position	Year Ended December 31,	Annual Compensation		Long Term Compensation Shares	All Other Compensation(4)
		Salary(1)	Bonus(2)	Other Annual Compensation(3)	
John C. Martin	2004	\$ 870,000	\$ 1,020,800		