

GILEAD SCIENCES INC  
Form DEF 14A  
March 19, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**Schedule 14A Information**

**Proxy Statement Pursuant to Section 14(a) of**

**the Securities Exchange Act of 1934**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- 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):

No fee required.

Table of Contents

## Edgar Filing: GILEAD SCIENCES INC - Form DEF 14A

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
  
- (2) Aggregate number of securities to which transaction applies:
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
- (4) Proposed maximum aggregate value of transaction:
  
- (5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
  
- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:

(4) Date Filed:

**Table of Contents**

To our stockholders:

We are pleased to invite you to attend the 2013 annual meeting of stockholders of Gilead Sciences, Inc., to be held on Wednesday, May 8, 2013 at 10:00 a.m. local time at the Westin San Francisco Airport, 1 Old Bayshore Highway, Millbrae, California.

Details regarding admission to the meeting and the business to be conducted are more fully described in the Notice of Annual Meeting of Stockholders and Proxy Statement.

Your vote is very important. Whether or not you attend the annual meeting, we hope you will vote as soon as possible. There are three ways that you can cast your ballot – by telephone, by Internet or by mailing the proxy card (if you request one). Please review the instructions included in the Proxy Statement.

Thank you for your ongoing support of and continued interest in Gilead Sciences, Inc. We look forward to seeing you at the annual meeting.

Sincerely,

John C. Martin

*Chairman and Chief Executive Officer*

March 20, 2013

**Table of Contents**

**GILEAD SCIENCES, INC.**

**333 Lakeside Drive**

**Foster City, California 94404**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 8, 2013**

**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 Wednesday, May 8, 2013 at 10:00 a.m. local time at the Westin San Francisco Airport, 1 Old Bayshore Highway, Millbrae, California 94030 for the following purposes:

1. To elect ten directors to serve for the next year and until their successors are elected and qualified.
2. To ratify the selection of Ernst & Young LLP by the Audit Committee of the Board of Directors as the independent registered public accounting firm of Gilead for the fiscal year ending December 31, 2013.
3. To approve a restatement of Gilead Sciences, Inc.'s 2004 Equity Incentive Plan.
4. To approve an amendment to Gilead's Restated Certificate of Incorporation to increase the authorized number of shares of Gilead's common stock from 2,800,000,000 to 5,600,000,000 shares.
5. To approve, on an advisory basis, the compensation of our named executive officers as presented in the Proxy Statement.
6. To vote on a stockholder proposal requesting that the Board adopt a policy that the Chairman of the Board of Directors be an independent director, if properly presented at the meeting.
7. To vote on a stockholder proposal requesting that the Board take steps to permit stockholder action by written consent, if properly presented at the meeting.
8. To transact such other business as may properly come before the 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 13, 2013 as the record date for the determination of stockholders entitled to notice of and to vote at this Annual Meeting of Stockholders and at any adjournment or postponement thereof.

By Order of the Board of Directors,

Gregg H. Alton  
*Secretary*

Foster City, California

March 20, 2013

**All stockholders are invited to attend the meeting in person. Whether or not you expect to attend the meeting, please grant a proxy to vote by telephone or the Internet or complete, date, sign and return the proxy card mailed to you (if you request one) as promptly as possible 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.**

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

	<b>Page No.</b>
<b><u>INTRODUCTION</u></b>	1
<b><u>QUESTIONS AND ANSWERS</u></b>	5
<b><u>PROPOSAL 1 Election of Directors</u></b>	11
<u>Nominees</u>	12
<u>Directors Not Standing for Re-election</u>	15
<u>Board Composition, Leadership, Committees and Meetings</u>	15
<u>Committees of our Board of Directors</u>	18
<u>Executive Officers</u>	21
<b><u>PROPOSAL 2 Ratification of the Selection of Independent Registered Public Accounting Firm</u></b>	23
<u>Principal Accountant Fees and Services</u>	23
<u>Pre-Approval Policy and Procedures</u>	24
<b><u>PROPOSAL 3 Approval of a Restatement of Gilead Sciences, Inc.'s 2004 Equity Incentive Plan</u></b>	25
<b><u>PROPOSAL 4 Approval of an Amendment to Gilead's Restated Certificate of Incorporation</u></b>	43
<b><u>PROPOSAL 5 Advisory Vote on Executive Compensation</u></b>	45
<b><u>PROPOSAL 6 Stockholder Proposal Requesting that the Board Adopt a Policy that the Chairman of the Board of Directors be an Independent Director</u></b>	47
<b><u>PROPOSAL 7 Stockholder Proposal Requesting that the Board Take Steps to Permit Stockholder Action By Written consent</u></b>	50
<b><u>EXECUTIVE COMPENSATION</u></b>	52
<u>Compensation Discussion and Analysis</u>	52
<u>Compensation Committee Report</u>	72
<u>Risk Assessment of Compensation Programs</u>	73
<u>Summary Compensation Table</u>	75
<u>2012 Grants of Plan-Based Awards</u>	76
<u>2012 Outstanding Equity Awards at Fiscal Year-End</u>	78
<u>2012 Option Exercises and Stock Vested</u>	81
<u>2012 Nonqualified Deferred Compensation</u>	81
<u>Employment Agreements, Severance and Change in Control Arrangements with Named Executive Officers</u>	83
<u>2012 Potential Payments Upon Involuntary Termination or Change in Control Termination</u>	86
<b><u>COMPENSATION OF NON-EMPLOYEE BOARD MEMBERS</u></b>	88
<u>General</u>	88
<u>2012 Non-Employee Board Member Compensation</u>	88
<u>2012 Director Compensation</u>	90
<b><u>SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS</u></b>	92
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	93
<b><u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>	95
<b><u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u></b>	95
<b><u>AUDIT COMMITTEE REPORT</u></b>	96
<b><u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u></b>	97
<u>Indemnity Agreements</u>	97
<u>Policies and Procedures</u>	97
<b><u>HOUSEHOLDING OF PROXY MATERIALS</u></b>	98
<b><u>APPENDIX A: GILEAD SCIENCES, INC. 2004 EQUITY INCENTIVE PLAN</u></b>	A-1

## Table of Contents

### INTRODUCTION

The Annual Meeting and this Proxy Statement provide an important opportunity for us to communicate with you about the achievements of the past year and our stewardship of Gilead. Your vote is important to us. At the Annual Meeting, in addition to the election of directors, you will have the opportunity to vote on four management and two stockholder proposals. As you consider your votes, we ask that you carefully review the information in this Proxy Statement. We summarize below key aspects of our performance, executive compensation and corporate governance to assist you as you review the more detailed information herein.

#### Performance Highlights

**Strong financial performance.** We are pleased to report that Gilead had outstanding financial performance, exceeding our objectives for 2012, with total revenues growing 16% to \$9.70 billion and product sales also increasing 16% to \$9.40 billion. In addition to the sales generated by our antiviral business, sales of products from our other therapeutic areas surpassed \$1.26 billion in annual revenue, which represents an increase of 19%, compared to 2011.

**Strong operational performance.** Our 2012 operational performance met or exceeded our objectives. We continued to capitalize on opportunities to enhance our business and position us for further future growth. Achievements include:

completing the acquisition of Pharmasset, Inc. and accelerating our timeline to develop the first all-oral regimen for the treatment of hepatitis C infection, including the initiation of our first Phase 3 study of a single tablet regimen of sofosbuvir (formerly known as GS-7977) and ledipasvir (formerly known as GS-5885);

successfully launching our second single tablet regimen for the treatment of HIV, Complera<sup>®</sup>, in the United States and Canada and Eviplera<sup>®</sup> in 19 European countries;

expanding our research and development pipeline with over 50 active Phase 3 clinical studies at the end of 2012;

obtaining U.S. Food and Drug Administration approval for and launching Stribild<sup>®</sup>, our third single tablet regimen for the treatment of HIV in the United States;

submitting U.S. and E.U. marketing applications for elvitegravir, an oral integrase inhibitor for the treatment of HIV-1 infection in treatment-experienced adults, and cobicistat, a pharmacoenhancing or boosting agent that increases blood levels to allow once-daily dosing of certain HIV medicines; and

expanding our growing oncology/inflammation pipeline, with the announced acquisition of YM BioSciences Inc., which closed in February 2013.

**Strong stockholder returns.** Our strong financial and operational performance has benefitted our stockholders. We are particularly pleased to report that we have achieved total shareholder return of 80% this year, significantly outperforming our peers. In addition, our three-year TSR increased 19% on a compound annual growth basis, which also places us at the forefront of our peers.

#### Compensation Highlights



***Pay and performance alignment.*** Our executive compensation programs are designed to directly link pay with performance, creating appropriate incentives for our Named Executive Officers to take actions that ultimately increase the value of Gilead and shareholder returns. Performance-based compensation, particularly long-term equity incentive awards, has historically been the largest component of our total direct compensation opportunities for our executive officers. The efforts of our executive officers to deliver against long-term business strategy contributed significantly to our operational and financial achievements in 2011 and more dramatically in 2012, which drove the significant stock price and TSR appreciation described above.

- 1 -

## **Table of Contents**

***Equity compensation comprises 71% of target compensation.*** Over the past three years, the actual compensation mix for the Named Executive Officers has been awarded in the form of approximately 14% base salary, 15% annual bonus opportunity and 71% equity awards (based on grant-date fair value). We believe this mix is appropriate because the Named Executive Officers should focus their efforts on long-term corporate results. By aligning the majority of their compensation with Gilead's performance, the Named Executive Officers realize less value from this pay component when we do not perform well and more value from this pay component when we do perform well.

***Equity compensation is performance-based:*** Because our equity compensation is delivered entirely in the form of performance-based shares and stock options, 100% of the value realized by an executive officer from his or her equity awards is performance-based. Both of these vehicles are performance-oriented, as our executive officers realize no pay delivery from their awards unless Gilead performs. Stock options are granted at the market price of our common stock on the date of grant and, therefore, require our common stock to appreciate in value before our executive officers realize any benefit from their awards. Performance share awards require not only stock price performance, as measured in terms of our TSR relative to an industry comparator group, but also revenue growth measured either in absolute terms (for 2012 awards) or relative to an industry comparator group (for pre-2012 awards).

***Responsiveness to stockholders:*** Based on stockholder feedback on our compensation policies and practices, we have taken the following actions:

enhanced the disclosures about our executive compensation program in this proxy statement to better explain our Compensation Committee's objectives and operation;

revised our compensation peer group for 2013 to remove the two largest companies based on market capitalization and revenue; and

introduced an additional cap on the maximum payout under our performance share awards.

## **Governance Highlights**

***Lead independent director.*** We believe that the interests of our stockholders are best served by maintaining our Board of Directors' flexibility in determining the board leadership structure that is best suited to the needs of Gilead at any particular time. Our Board Guidelines provide that where the Chairman is also the Chief Executive Officer, the independent directors will appoint a lead independent director to coordinate their efforts and activities. The defined role of lead independent director at Gilead is closely aligned with the role of an independent Chairman, ensuring a strong independent and active Board of Directors. As set forth in the Lead Independent Charter adopted by our Board, the lead independent director has clearly delineated and comprehensive duties. These duties include:

presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;

serving as principal liaison between the independent directors and the Chairman and between the independent directors and senior management;

approving information sent to the Board;

Edgar Filing: GILEAD SCIENCES INC - Form DEF 14A

approving agendas for the Board;

approving meeting schedules to assure that there is sufficient time for discussion of all agenda items;

calling meetings of the independent directors when necessary and appropriate;

responding directly to stockholder and other stakeholder questions and comments that are directed to the lead independent director or to the independent directors as a group;

- 2 -

## **Table of Contents**

recommending to the Board and the Board Committees the retention of advisers and consultants to report directly to the Board; and

communicating to management, as appropriate, the results of private discussions among independent directors.

***Executive sessions.*** As required by our Board Guidelines, Gilead's independent directors meet without the presence of executive management on a routine basis, to review and discuss, among other things, Gilead's strategy, performance, management effectiveness and succession planning at every regularly scheduled Board meeting and as determined by the independent directors.

***Substantial majority of independent directors.*** Currently, all of our director nominees other than our CEO (nine out of ten) are independent. In addition, all members of the key board committees—the Audit Committee, the Compensation Committee and the Nomination and Governance Committee—are independent in accordance with or as defined in the rules adopted by the SEC and NASDAQ and Gilead's own Board Guidelines. This ensures that oversight of critical matters such as the integrity of our financial statements, the compensation of our executive officers, the selection and evaluation of directors and the development of corporate governance principles is entrusted to independent directors.

***Corporate governance policies and practices.*** We maintain strong corporate governance policies and practices. Information regarding our corporate governance initiatives can be found on our website, at <http://www.gilead.com> in the Investors section under Corporate Governance, including in Gilead's Board Guidelines and the charter for each Board committee. We believe our strong corporate governance policies and practices, including the substantial percentage of independent directors on our Board of Directors, as well as the robust duties of our lead independent director, empower our independent directors to effectively oversee Gilead's management—including the performance of the Chief Executive Officer—and provide an effective and appropriately balanced board governance structure.

***Responsiveness to stockholder viewpoints.*** Our Board has exhibited its responsiveness to the viewpoints of stockholders, taking into account the say on pay vote and votes on stockholder proposals as the Board applies its fiduciary judgment to executive compensation and corporate governance matters.

***Poison pill eliminated.*** At the 2012 annual meeting of stockholders, a majority of the stockholders voting supported a stockholder proposal that requested our Board take steps to redeem Gilead's rights plan or poison pill unless the plan is subject to a stockholder vote. In September 2012, after taking into consideration the vote of the stockholders, the Board adopted an amendment that terminated Gilead's rights plan, effective immediately.

***Stockholders' ability to call special meeting.*** We permit stockholders holding a minimum of 20% of our outstanding shares of common stock to call a special meeting of stockholders.

***No supermajority voting provisions.*** We have eliminated all supermajority voting provisions in our certificate of incorporation and bylaws in response to the viewpoints of our stockholders expressed in response to a stockholder proposal voted on at our 2010 annual meeting. At our 2011 annual meeting, our Board proposed, and our stockholders approved, amendments to our certificate of incorporation adopting simple majority voting standards.

***Majority voting in uncontested election of directors.*** Our director nominees are elected annually by majority voting in uncontested elections.

***Equal voting rights.*** We only have one class of stock with equal voting provisions.

***Annual elections.*** All of our directors are elected annually.

***Annual say on pay vote.*** We provide an annual opportunity for stockholders to advise the Board on executive compensation through an advisory say-on-pay vote, consistent with the viewpoint expressed by our stockholders in 2011 that they preferred an annual vote to a vote with lesser frequency.

**Table of Contents****Summary of Proposals for Vote**

						SEE PAGE #	
VOTING MATTER						BOARD VOTE RECOMMENDATION	(for more detail)
Proposal 1	Election of Directors					FOR each nominee	11
	Independent	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Scientific Committee		
John F. Cogan	X	Member			Member		
Etienne F. Davignon	X			Member			
Carla A. Hills	X			Member			
Kevin E. Lofton	X	Member	Member				
John W. Madigan	X	Member	Chair				
John C. Martin							
Nicholas G. Moore	X	Chair	Member				
Richard J. Whitley	X			Member	Chair		
Gayle E. Wilson	X			Chair	Member		
Per Wold-Olsen	X		Member		Member		
Proposal 2	Ratification of the Selection of Independent Registered Public Accounting Firm					FOR	23
Proposal 3	Approval of a Restatement of Gilead Sciences, Inc.'s 2004 Equity Incentive Plan					FOR	25
Proposal 4	Approval of an Amendment to Gilead's Restated Certificate of Incorporation					FOR	43
Proposal 5	Advisory Vote on Executive Compensation					FOR	45
Proposal 6	Stockholder Proposal Requesting that the Board Adopt a Policy that the Chairman of the Board of Directors be an Independent Director					AGAINST	47
Proposal 7	Stockholder Proposal Requesting that the Board Take Steps to Permit Stockholder Action By Written Consent					AGAINST	50
Thank you for your ongoing support of Gilead Sciences, Inc. We appreciate your time and consideration and ask that with respect to your vote you support the Board's recommendations.							

**Table of Contents**

**GILEAD SCIENCES, INC.**

**333 Lakeside Drive**

**Foster City, California 94404**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**MAY 8, 2013**

We are providing these proxy materials in connection with the solicitation by the Board of Directors (the Board) of Gilead Sciences, Inc., a Delaware corporation (Gilead, we, our or us), of proxies to be voted at our Annual Meeting of Stockholders to be held on Wednesday, May 8, 2013 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 of Stockholders. The Annual Meeting will be held at the Westin San Francisco Airport, 1 Old Bayshore Highway, Millbrae, California 94030.

This proxy statement and the accompanying proxy card are being mailed, or made available electronically, to stockholders on or about March 20, 2013 to all stockholders entitled to vote at our Annual Meeting.

**QUESTIONS AND ANSWERS**

**1. Why did I receive a notice regarding the availability of proxy materials on the Internet?**

Pursuant to rules adopted by the Securities and Exchange Commission (the SEC), we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to our stockholders of record. This approach conserves natural resources and reduces our costs of printing and distributing our proxy materials, while providing stockholders with a convenient way to access our proxy materials. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request a printed set of the proxy materials, including a proxy card. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice.

**2. How may I obtain a copy of Gilead's Annual Report on Form 10-K and other financial information?**

A copy of our 2012 Annual Report, which includes our Form 10-K for the year ended December 31, 2012, is available at <http://www.gilead.com/proxy> or may be requested from our Investor Relations department as described elsewhere in this proxy statement. Our 2012 Annual Report is not incorporated into this proxy statement and shall not be considered proxy solicitation material.

**3. Who is entitled to vote at the Annual Meeting?**

Only holders of our common stock at the close of business on March 13, 2013 are entitled to receive the Notice of Annual Meeting and to vote their shares at the Annual Meeting. As of that date, there were 1,523,990,745 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter to be voted upon at the Annual Meeting.

**4. What items of business will be voted on at the Annual Meeting?**

The items of business scheduled to be voted on at the Annual Meeting are:

Edgar Filing: GILEAD SCIENCES INC - Form DEF 14A

to elect ten directors to serve for the next year and until their successors are elected and qualified;

to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013;

to approve a restatement of Gilead Sciences, Inc.'s 2004 Equity Incentive Plan;

to approve an amendment to Gilead's Restated Certificate of Incorporation to increase the authorized number of shares of Gilead's common stock from 2,800,000,000 to 5,600,000,000 shares;

- 5 -



**Table of Contents**

to approve, on an advisory basis, the compensation of our named executive officers as presented in this proxy statement.

to vote on a stockholder proposal requesting that the Board adopt a policy that the Chairman of the Board be an independent director, if properly presented at the meeting; and

to vote on a stockholder proposal requesting that the Board take steps to permit stockholder action by written consent, if properly presented at the meeting.

We will also consider any other business that properly comes before the Annual Meeting. See question 11, Could other matters be decided at the Annual Meeting? below.

**5. How does the Board recommend that I vote?**

Our Board recommends that you vote your shares:

FOR each of the nominees to the Board;

FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013;

FOR the approval of a restatement of Gilead Sciences, Inc.'s 2004 Equity Incentive Plan;

FOR the approval of an amendment to Gilead's Restated Certificate of Incorporation to increase the authorized number of shares of Gilead's common stock from 2,800,000,000 to 5,600,000,000 shares;

FOR the approval, on an advisory basis, of the compensation of our named executive officers as presented in this proxy statement; and

AGAINST the stockholder proposal requesting that the Board adopt a policy that the Chairman of the Board be an independent director; and

AGAINST the stockholder proposal requesting that the Board take steps to permit stockholder action by written consent.

**6. What are the voting requirements to elect the directors and to approve each of the proposals discussed in this proxy statement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if a majority of the outstanding shares is represented by votes present at the meeting in person or by proxy. Shares represented by proxies marked abstain and broker non-votes are counted in determining whether a quorum is present. A broker non-vote is a proxy submitted by a broker that does not indicate a vote for some of the proposals because the broker does not have discretionary voting authority on certain types of proposals and has not received instructions from its client as to how to vote on a particular proposal.

## Edgar Filing: GILEAD SCIENCES INC - Form DEF 14A

### Proposal

Proposal 1 Election of ten directors to serve for the next year and until their successors are elected and qualified

Proposal 2 Ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013

Proposal 3 Approval of a restatement of Gilead Sciences, Inc.'s 2004 Equity Incentive Plan

Proposal 4 Approval of an amendment to Gilead's Restated Certificate of Incorporation

### Vote Required

Majority of votes cast (number of shares voted For a director must exceed the number of shares voted Against that director)

Majority of the shares entitled to vote and present in person or represented by proxy

Majority of the shares entitled to vote and present in person or represented by proxy

- 6 -

**Table of Contents**

<b>Proposal</b>	<b>Vote Required</b>
Proposal 5 Approval, on an advisory basis, of the compensation of our named executive officers as presented in this proxy statement	Majority of the shares entitled to vote and present in person or represented by proxy
Proposal 6 Vote on a stockholder proposal requesting that the Board adopt a policy that the Chairman of the Board be an independent director, if properly presented at the meeting	Majority of the shares entitled to vote and present in person or represented by proxy
Proposal 7 Vote on a stockholder proposal requesting that the Board take action to permit stockholder action by written consent, if properly presented at the meeting	Majority of the shares entitled to vote and present in person or represented by proxy

If your shares are held by a broker and you do not indicate how you wish to vote, your broker is permitted to exercise its discretion to vote your shares only on certain routine matters. Proposal 2 is a routine matter. As a result, your broker is permitted to exercise discretionary voting authority to vote your shares for this proposal. Your broker may not exercise discretionary voting authority and may not vote your shares with respect to the other proposals unless you provide your broker with voting instructions.

With respect to Proposal 1, abstentions will not have an effect on the outcome of the vote. With respect to Proposals 2, 3, 4, 5, 6 and 7, abstentions will have the same effect as an against vote. Broker non-votes will have no effect on Proposals 1, 2, 3, 5, 6 or 7. Broker non-votes will have the same effect as an against vote with respect to Proposal 4.

**7. How do I vote?**

You may vote in person by attending the meeting or by completing and returning a proxy by mail, by telephone or electronically, using the Internet. If your shares are registered directly in your name with Gilead’s transfer agent, Computershare, you are considered a stockholder of record. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. Most beneficial owners whose stock is held in the name of a bank, broker or other nominee receive instructions for granting proxies from their banks, brokers or other nominees, rather than our proxy card. You can vote your shares held through a bank, broker or other nominee by following the voting instructions sent to you by that institution.

***By mail***

To vote your proxy by mail, be sure to complete, sign and date the proxy card (if you request one) or voting instruction card that may be delivered to you and return it in the envelope provided. If you return your signed proxy card but do not indicate your voting preferences, the persons named on the proxy card will vote the shares represented by that proxy as recommended by our Board.

***By Internet or the telephone***

Stockholders may also vote their shares using the Internet or telephone. The law of the State of Delaware, under which we are incorporated, specifically permits electronically transmitted proxies so long as each such proxy contains or is submitted with information from which the inspector of election can determine that such proxy was authorized by the stockholder. The Internet and telephone voting procedures below are designed to authenticate stockholders’ identities, to allow stockholders to vote their shares and to confirm that stockholders’ instructions have been recorded properly. Stockholders voting shares 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.

## **Table of Contents**

Stockholders of record may go to <http://www.proxyvote.com> to vote their shares. You will be required to provide the control number printed on your Notice. 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. Stockholders of record using a touch-tone telephone may vote their shares by calling (800) 690-6903 and following the recorded instructions.

A number of brokers and banks are participating in a program that offers the ability to grant proxies to vote shares over the telephone and Internet. Street name holders may vote on the Internet by accessing <http://www.proxyvote.com>. You will be required to provide the control number printed on your Notice. Street name holders using a touch-tone telephone may vote their shares by calling (800) 454-8683 and following the recorded instructions.

Internet and telephone voting for stockholders of record and street name holders will be available 24 hours a day, and will close at 11:59 p.m., Eastern Daylight Time on May 7, 2013. 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.

### ***In person at the Annual Meeting***

Stockholders of record may vote in person at the Annual Meeting or vote by proxy using a proxy card that they may request. Whether or not a stockholder plans to attend the meeting, the stockholder should vote by proxy to ensure his or her vote is counted. A stockholder may still attend the meeting and vote in person if he or she has already voted by proxy. To vote in person, a stockholder may come to the Annual Meeting and we will provide the stockholder with a ballot when he or she arrives. To vote using the proxy card, simply complete, sign and date the proxy card and return it promptly in the envelope provided to you. If a stockholder returns a signed proxy card to us before the Annual Meeting, we will vote the stockholder's shares as he or she directs.

If you are a beneficial owner of shares, you must obtain a legal proxy from your bank, broker or other nominee and present it to the inspector of election with your ballot to be able to vote at the Annual Meeting.

Your vote is important. You can save us the expense of a second mailing by voting promptly.

### **8. What can I do if I change my mind after I vote my shares?**

Any stockholder giving a proxy pursuant to this solicitation has the power to revoke it at any time before the shares are voted.

If you are a stockholder of record, you can revoke your proxy before it is exercised by: