

GILEAD SCIENCES INC
Form PRE 14A
March 13, 2006
Table of Contents

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):

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(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:

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.. 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:

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(3) Filing Party:

(4) Date Filed:

Table of Contents

To our stockholders:

We are pleased to invite you to attend the 2006 annual meeting of stockholders of Gilead Sciences, Inc., to be held on Wednesday, May 10, 2006 at 10:00 a.m. local time at the Hyatt Regency San Francisco Airport in Burlingame, California.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying 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. Please review the instructions on the proxy card regarding each of these voting options.

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,

James M. Denny
Chairman of the Board
March 31, 2006

John C. Martin
Director, President and Chief Executive Officer

Table of Contents

GILEAD SCIENCES, INC.

333 Lakeside Drive

Foster City, California 94404

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 10, 2006

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 10, 2006 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 nine directors to serve for the next year and until their successors are elected and have qualified;
2. To ratify the selection of Ernst & Young LLP by the Audit Committee of the Board of Directors as independent registered public accounting firm of Gilead for the fiscal year ending December 31, 2006;
3. To approve an amendment to Gilead's 2004 Equity Incentive Plan;
4. To approve Gilead's Code Section 162(m) Bonus Plan and certain performance-based provisions thereunder;
5. To approve an amendment to Gilead's Restated Certificate of Incorporation to increase the authorized number of shares of Gilead's common stock from 700,000,000 to 1,400,000,000 shares;
6. To vote on a stockholder proposal requesting a report on the HIV/AIDS, tuberculosis and malaria pandemics; and
7. 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 22, 2006 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,

Mark L. Perry

Secretary

Foster City, California

March 31, 2006

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.

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS</u>	1
<u>INFORMATION CONCERNING SOLICITATION AND VOTING</u>	6
<u>General</u>	6
<u>Solicitation</u>	6
<u>Stockholder Proposal</u>	6
<u>Voting Rights and Outstanding Shares</u>	7
<u>Voting in Person or by Mail</u>	7
<u>Voting Via the Internet or by Telephone</u>	7
<u>Revocability of Proxies</u>	8
<u>PROPOSAL NO. 1 Election of Directors</u>	9
<u>Nominees</u>	9
<u>Director Emeritus</u>	11
<u>Board Committees and Meetings</u>	11
<u>Executive Officers</u>	14
<u>PROPOSAL NO. 2 Ratification of the Selection of Independent Registered Public Accounting Firm</u>	16
<u>Principal Accountant Fees and Services</u>	16
<u>Pre-Approval Policy and Procedures</u>	17
<u>PROPOSAL NO. 3 Approval of Amendment to Gilead Sciences, Inc. 2004 Equity Incentive Plan</u>	18
<u>General</u>	18
<u>Background on Equity Compensation at Gilead</u>	19
<u>Key Provisions</u>	20
<u>Eligibility</u>	21
<u>Awards</u>	21
<u>Intended Grant to Directors</u>	22
<u>Adjustments</u>	23
<u>Stock Options</u>	23
<u>Restricted Stock</u>	23
<u>Transferability</u>	23
<u>Change in Control</u>	24
<u>Termination of Employment</u>	24
<u>Administration</u>	24
<u>Amendments</u>	24
<u>Federal Income Tax Information</u>	24
<u>PROPOSAL NO. 4 Approval of the Gilead Sciences, Inc. Code Section 162(m) Bonus Plan and Specific Approval of Performance-Based Provisions</u>	26
<u>Purpose</u>	26
<u>Key Provisions</u>	27
<u>Establishment of Bonuses</u>	27
<u>Performance Goal(s)</u>	27
<u>Duration and Amendment</u>	29
<u>Federal Income Tax Consequences</u>	29
<u>Other Information</u>	29
<u>PROPOSAL NO. 5 Approval of Increase in Number of Authorized Shares of Common Stock</u>	30
<u>PROPOSAL NO. 6 Stockholder Proposal Requesting Report Related to Global HIV/AIDS, Tuberculosis and Malaria Pandemics</u>	31
<u>Supporting Statement from Stockholder Proponents</u>	31
<u>Gilead's Response</u>	32
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	34
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	35
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	35
<u>COMPENSATION OF NON-EMPLOYEE DIRECTORS</u>	36
<u>COMPENSATION OF EXECUTIVE OFFICERS</u>	37

Table of Contents

<u>Summary Compensation Table</u>	37
<u>Stock Option Grants and Exercises</u>	38
<u>Securities Authorized For Issuance Under Equity Compensation Plans</u>	40
<u>Change-in-Control Option Acceleration</u>	40
<u>REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION</u>	41
<u>Role and Membership of the Compensation Committee</u>	41
<u>Executive Compensation Philosophy</u>	41
<u>Peer Group</u>	42
<u>Components of Executive Compensation Program</u>	42
<u>Review of 2005 Executive Compensation Decisions (excluding the Chief Executive Officer)</u>	44
<u>2006 Executive Compensation (excluding the Chief Executive Officer)</u>	45
<u>Chief Executive Officer Compensation</u>	46
<u>Compliance with Internal Revenue Code Section 162(m)</u>	46
<u>Conclusion</u>	47
<u>AUDIT COMMITTEE REPORT</u>	47
<u>PERFORMANCE MEASUREMENT COMPARISON</u>	49
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	50
<u>Executive Officer Loan</u>	50
<u>Indemnity Agreements</u>	50
<u>Severance Plan</u>	50
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	51
<u>OTHER MATTERS</u>	51
<u>APPENDIX A: AUDIT COMMITTEE CHARTER</u>	A-1
<u>APPENDIX B: GILEAD SCIENCES, INC. 2004 EQUITY INCENTIVE PLAN</u>	B-1
<u>APPENDIX C: GILEAD SCIENCES, INC. CODE SECTION 162(m) BONUS PLAN</u>	C-1

Table of Contents

QUESTIONS AND ANSWERS

1. Why am I receiving these materials?

The Board of Directors (the "Board") of Gilead Sciences, Inc., a Delaware corporation ("Gilead"), is providing these proxy materials to you in connection with Gilead's annual meeting of stockholders, which will take place on Wednesday, May 10, 2006 (the "Annual Meeting"). As a stockholder, you are invited to attend the Annual Meeting and are entitled to and requested to vote on the items of business described in this proxy statement.

2. What information is contained in this proxy statement?

The information in this proxy statement relates to the proposals to be voted on at the Annual Meeting, the voting process, Gilead's Board and Board committees, the compensation of directors and certain executive officers and other required information.

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

A copy of our 2005 Annual Report, which includes our Form 10-K for the year ended December 31, 2005, is enclosed.

4. Who is entitled to vote at the Annual Meeting?

Only holders of Gilead's common stock at the close of business on March 22, 2006 are entitled to receive this Notice and to vote their shares at the Annual Meeting. As of that date, there were [] 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.

5. 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:

Election of directors to serve for the next year and until their successors are elected and have qualified;

Ratification of the selection of Ernst & Young LLP as independent registered public accounting firm of Gilead for the fiscal year ending December 31, 2006;

Approval of an amendment to Gilead's 2004 Equity Incentive Plan;

Approval of Gilead's Code Section 162(m) Bonus Plan and certain performance-based provisions under the Plan;

Approval of an amendment to Gilead's Restated Certificate of Incorporation to increase the authorized number of shares of Gilead's common stock from 700,000,000 to 1,400,000,000 shares; and

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A stockholder proposal requesting a report on the HIV/AIDS, tuberculosis and malaria pandemics.

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

6. 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 independent registered public accounting firm for the 2006 fiscal year, FOR the approval of an amendment to Gilead's 2004 Equity Incentive Plan, FOR the approval of Gilead's Code Section 162(m) Bonus Plan and certain performance-based provisions under the 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 700,000,000 to 1,400,000,000 shares, and AGAINST the stockholder proposal requesting a report on the HIV/AIDS, tuberculosis and malaria pandemics.

Table of Contents

7. 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. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. 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.

Election of directors

The affirmative vote of the holders of a plurality of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting is required for the election of directors. Because nine directors are to be elected at the annual meeting, the nine nominees receiving the highest number of For votes will be elected. Withheld votes are not counted for purposes of the election of directors.

Ratification of selection of Ernst & Young LLP

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 shares present in person or represented by proxy and will have the same effect as negative votes. Broker non-votes are not counted as votes For or Against this proposal.

Approval of an amendment to Gilead's 2004 Equity Incentive Plan

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 an amendment to Gilead's 2004 Equity Incentive Plan. Abstentions will be counted towards the tabulation of shares present in person or represented by proxy and will have the same effect as negative votes. Broker non-votes are not counted as votes For or Against this proposal.

Approval of Gilead's Code Section 162(m) Bonus Plan and certain performance-based provisions thereunder

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 Gilead's Code Section 162(m) Bonus Plan and certain performance-based provisions thereunder. Abstentions will be counted towards the tabulation of shares present in person or represented by proxy and will have the same effect as negative votes. Broker non-votes are not counted as votes For or Against this proposal.

Approval of an amendment to Gilead's Restated Certificate of Incorporation to increase the authorized number of shares of Gilead's common stock from 700,000,000 to 1,400,000,000 shares

The affirmative vote of the holders of a majority of the outstanding shares of Gilead common stock will be required to approve this amendment to Gilead's Restated Certificate of Incorporation. Abstentions and broker non-votes will have the same effect as negative votes.

Stockholder proposal requesting a report on the HIV/AIDS, tuberculosis and malaria pandemics

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 requesting a report on the HIV/AIDS, tuberculosis and malaria pandemics. Abstentions will be counted towards the tabulation of shares present in person or represented by proxy and will have the same effect as negative votes. Broker non-votes are not counted as votes For or Against this proposal.

Table of Contents

8. 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.

By mail

To vote your proxy by mail, be sure to complete, sign and date the proxy card or voting instruction card and return it in the prepaid envelope. If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Board.

By telephone or on the Internet

Stockholders of record may go to <http://www.proxyvoting.com/gild> to grant a proxy to vote their shares by means of the Internet. Please have your proxy card handy when you go online. You will be required to provide the Gilead number and control number contained on your proxy card. You will then be asked to complete an electronic proxy card. 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. Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day, and will close at 11:59 p.m., Eastern Standard Time on May 9, 2006.

In person at the Annual Meeting

All stockholders may vote in person at the Annual Meeting. You may also be represented by another person at the Meeting by executing a proper proxy designating that person. If you hold your shares in street name or otherwise have beneficial but not record ownership of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspector of election with your ballot to be able to vote at the Meeting.

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

9. What can I do if I change my mind after I vote my shares?

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

written notice to Gilead's Corporate Secretary;

timely delivery of a valid, later-dated proxy or a later-dated vote by telephone or on the Internet; or

voting by ballot at the Annual Meeting.

If you are a beneficial owner of shares, you may revoke your proxy or submit new voting instructions by contacting your bank, broker or other holder of record. You may also vote in person at the Annual Meeting as described in the answer to the preceding question.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting.

10. What is the deadline for voting my shares by proxy, via the Internet or by telephone?

Votes by proxy must be received before the polls close at the Annual Meeting. Votes submitted via the Internet or by telephone must be received by 11:59 p.m., Eastern Standard Time on May 9, 2006.

11. Could other matters be decided at the Annual Meeting?

On the date this proxy statement went to press, we did not know of any matters to be raised at the Annual Meeting other than those referred to in this proxy statement. If other matters are properly presented at the Annual Meeting for consideration, if you execute and deliver a proxy, John C. Martin and Mark L. Perry, the persons named in your proxy card, will have the discretion to vote on those matters for you.

Table of Contents

12. Is my vote confidential?

Yes. Proxy cards, ballots and voting tabulations that identify stockholders by name are kept confidential. There are exceptions for contested proxy solicitations or when necessary to meet legal requirements. Mellon Investor Services, the independent proxy tabulator used by Gilead, counts the votes and acts as the inspector of election for the meeting.

13. Where can I find the voting results of the Annual Meeting?

We intend to announce preliminary voting results at the Annual Meeting and publish final results in our quarterly report on Form 10-Q for the second quarter of fiscal 2006.

14. Who will pay for the cost of this proxy solicitation?

We will pay the cost of soliciting proxies, including preparation, assembly, printing and mailing of this proxy statement and any additional information furnished to stockholders. Gilead may reimburse banks, brokerage houses, fiduciaries and custodians holding in their names shares of Gilead's common stock beneficially owned by others for their out-of-pocket expenses for forwarding solicitation materials to such beneficial owners. We have hired Mellon Investor Services LLC to distribute and solicit proxies. We will pay Mellon a fee of \$8,500, plus reasonable expenses, for these services.

15. When are the 2007 stockholder proposals due?

You may submit proposals for consideration at future stockholder meetings. For a stockholder proposal to be considered for inclusion in Gilead's proxy statement for the annual meeting next year, the Corporate Secretary must receive the written proposal at our principal executive offices no later than December 2, 2006. Such proposals also must comply with Securities and Exchange Commission (SEC) regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary

Gilead Sciences, Inc.

333 Lakeside Drive

Foster City, California 94404

Fax: (650) 578-9264

Stockholders wishing to submit proposals or director nominations that are not to be included in such proxy statement must give timely notice to the Corporate Secretary in accordance with Gilead's Bylaws, which, in general, require that the notice be received by the Corporate Secretary:

not earlier than the close of business on January 10, 2007, and

not later than the close of business on February 9, 2007.

If the date of the stockholder meeting is moved more than 30 days before or 30 days after the anniversary of Gilead's annual meeting for the prior year, then notice of a stockholder proposal that is not intended to be included in Gilead's proxy statement under Rule 14a-8 must be delivered not earlier than the close of business on the 120th day prior to the annual meeting and not later than the close of business on the later of the following two dates:

90 days prior to the meeting; or

10 days after public announcement of the meeting date.

Table of Contents

16. If I have additional questions, who can I contact?

If you have any questions about the Annual Meeting or how to vote or revoke your proxy, you should contact Gilead's proxy solicitor:

Mellon Investor Services LLC

480 Washington Boulevard

Jersey City, NJ 07503

In the United States: (866) 768-4950

In the United States (TDD for those with Impaired Hearing): (800) 231-5469

From outside the United States: (201) 680-6578

From outside the United States (TDD for those with Impaired Hearing): (201) 680-6610

Banks and brokers (call collect): (201) 680-5290

Email: *shareholder@mellon.com* (for general inquiries)

Table of Contents

GILEAD SCIENCES, INC.

333 Lakeside Drive

Foster City, California 94404

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

MAY 10, 2006

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 Wednesday, May 10, 2006 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 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 out-of-pocket expenses for forwarding solicitation materials to such beneficial owners. In addition, Gilead has retained Mellon Investor Services LLC ("Mellon") to act as a proxy solicitor in conjunction with the Annual Meeting. Gilead has agreed to pay Mellon a fee of \$8,500, plus reasonable out-of-pocket expenses, for their proxy solicitation services. Original solicitation of proxies by mail may be supplemented by telephone, facsimile, electronic mail 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 March 31, 2006 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 2007 Annual Meeting of Stockholders pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is December 2, 2006. Stockholders wishing to submit proposals or director nominations that are not to be included in such proxy statement and proxy must do so 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 2006 Annual Meeting of Stockholders (or no earlier than January 10, 2007 and no later than February 9, 2007, 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 later of 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 Exchange Act and Gilead's bylaws, which contain additional requirements, including advance notice requirements, concerning stockholder proposals and director nominations.

Table of Contents

Voting Rights and Outstanding Shares

Only stockholders of record at the close of business on the record date, March 22, 2006, will be entitled to notice of and to vote at the Annual Meeting. Each stockholder of record on the record date will be entitled to one vote for each share of common stock held as of the record date on all matters to be voted upon at the Annual Meeting. At the close of business on March 22, 2006, Gilead had outstanding and entitled to vote [] shares of common stock.

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. The inspector of election appointed for the meeting will tabulate all votes, and will separately tabulate for and withheld votes and, with respect to proposals other than the election of directors, 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 proposal has been approved, except for Proposal 5. For Proposal 5, broker non-votes will have the same effect as negative votes.

Voting in Person or by Mail

Stockholder of Record: Shares Registered in Your Name

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

For Shares Registered in the Name of a Broker or Bank

Most beneficial owners whose stock is held in street name receive instructions for granting proxies from their banks, brokers or other agents, rather than Gilead's proxy card. Simply complete and mail the proxy card to ensure that your vote is counted.

Voting Via the Internet or by Telephone

Stockholders may also grant a proxy to vote their shares using 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 inspector 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.

Table of Contents

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 instructions 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

Proxies submitted via the Internet or by telephone must be received by 11:59 p.m., Eastern Standard Time on May 9, 2006. 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 stockholder giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. A stockholder of record may revoke its proxy before it is exercised 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 it may be revoked by submitting a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person. A beneficial owner of shares may revoke its proxy or submit new voting instructions by contacting its bank, broker or other holder of record. A beneficial owner may also vote in person at the Annual Meeting. Attendance at the meeting will not, by itself, revoke a proxy.

Table of Contents**PROPOSAL 1****ELECTION OF DIRECTORS**

There are nine nominees for the nine Board positions presently authorized by resolution of the Board and Gilead's bylaws. 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 at the Annual Meeting. Each director to be elected will hold office until the next annual meeting of stockholders and until his or her 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 other than John F. Cogan, who was appointed to the Board in July 2005, and John W. Madigan, who was appointed to the Board in December 2005, was previously elected by the stockholders at the 2005 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 nine 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 standards. The Nominating and Corporate Governance Committee recommended each of the nominees listed below 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 March 31, 2006, are set forth below:

Name	Age	Position With Gilead/Principal Occupation
Paul Berg ⁽¹⁾⁽²⁾	79	Cahill Professor, Emeritus, Department of Biochemistry, Stanford University School of Medicine
John F. Cogan ⁽²⁾⁽³⁾	58	Senior Fellow, Hoover Institution, Stanford University
Etienne F. Davignon ⁽¹⁾	73	Vice Chairman of Suez-Tractebel
James M. Denny ⁽¹⁾⁽³⁾	73	Chairman of the Board of Directors of Gilead
John W. Madigan ⁽³⁾⁽⁴⁾	68	Retired Chairman and Chief Executive Officer of Tribune Company
John C. Martin	54	President and Chief Executive Officer of Gilead
Gordon E. Moore ⁽⁴⁾	77	Chairman Emeritus, Intel Corporation
Nicholas G. Moore ⁽³⁾⁽⁴⁾	64	Retired Global Chairman of PricewaterhouseCoopers
Gayle E. Wilson ⁽¹⁾⁽²⁾	63	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

Table of Contents

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 the 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., as well as a scientific advisor to Perlegen 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 is a member of the U.S. National Academy of Sciences and received the Nobel Prize for Chemistry in 1980 and the National Medal of Science in 1983.

Dr. Cogan joined Gilead's Board of Directors in July 2005. Dr. Cogan is currently the Leonard and Shirley Ely Senior Fellow at the Hoover Institution and a Professor in the Public Policy Program at Stanford University, where he has had a continuing appointment since 1980. Dr. Cogan's current research is focused on U.S. budget and fiscal policy, social security and health care. In addition to his academic tenure, Dr. Cogan has held a number of positions within the U.S. government, including as Assistant Secretary for Policy in the U.S. Department of Labor from 1981 to 1983. From 1983 to 1986, he served as an Associate Director in the U.S. Office of Management and Budget (OMB), first as Associate Director for Economics and Government and subsequently as Associate Director for Human Resources. His responsibilities included development and review of all health, housing, education and employment training programs and policies. From 1988 to 1989, Dr. Cogan served as Deputy Director of the OMB. Dr. Cogan is a director of Monaco Coach Corporation and Venture Lending and Leasing Funds I, II and IV.

Mr. Davignon joined Gilead's Board of Directors in September 1990. He is currently Vice-Chairman of Suez-Tractebel. He served as the Chairman of Société Générale de Belgique, a diversified financial and industrial company, from 1985 to 2001 and served as its Chairman from 1988 to 2001. Mr. Davignon served as the European Community's Commissioner for Industry and International Markets from 1977 to 1981 and as the European Community's Vice President for Research, Industry and Energy Policies from 1981 to 1984. Mr. Davignon is the Chairman of Compagnie de Wagons Lits in France, Recitel, CMB, SN Air Holding and a director of Compagnie de 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 the retired Vice Chairman and Chief Financial Officer of Sears, Roebuck & Co. He is a former director of Astra AB, Allstate Corporation, Sears, General Instruments, and the Principal Financial Group and has 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 currently a director of GATX Corporation and ChoicePoint, Inc. and the Chairman of Northwestern Memorial Foundation.

Mr. Madigan joined Gilead's Board of Directors in December 2005. He is the retired Chairman and Chief Executive Officer of Tribune Company. Mr. Madigan is a special partner of Madison Dearborn Partners. He is also a director of the McCormick Tribune Foundation and Boise Cascade, a member of the Board of Overseers of the Hoover Institution, and a former Chairman of the Chicago Council on Foreign Relations. Mr. Madigan also serves as a trustee of Northwestern University, Rush University Medical Center and The Museum of Television & Radio in New York. Mr. Madigan is a member of the Defense Business Board of the Department of Defense.

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 serves on the Centers for Disease Control/Health Resources and Services Administration's Advisory Committee on HIV and STD Prevention and Treatment, as Chairman of the Board of Directors of the California Healthcare Institute, and on the Board of Trustees at the University of Chicago and Golden Gate University. Dr. Martin received his Ph.D. in organic chemistry from the University of Chicago and an M.B.A. in Marketing from Golden Gate University.

Table of Contents

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. Dr. Moore is a Trustee of 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. Dr. Moore is the Chairman of the Gordon and Betty Moore Foundation and the Moore Family Foundation. He is also the Chairman of the Executive Committee of Conservation International.

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 Chief Executive Officer of Coopers & Lybrand (U.S.) in 1994 and of Coopers & Lybrand International in 1997. Following the merger with Price Waterhouse in July 1998, Mr. Moore served as Chief Executive Officer of the U.S. firm of PwC for two years and served for three years as global Chairman of PwC. Mr. Moore serves on the Board of Directors of Bechtel Group, Inc., Wells Fargo, Network Appliance, Hudson Highland Group and two private, venture capital-backed, technology companies. Mr. Moore intends to resign from the Board of Directors of Hudson Highland Group by April 2006. He also serves on the Board of Trustees of St. Mary's College of California and has served as a trustee of the Financial Accounting Foundation, the entity overseeing the FASB. Mr. Moore is a member of the American Institute of Certified Public Accountants, the California Bar Association and the California and New York Society of Certified Public Accountants. 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.

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 to 1999. Mrs. Wilson currently serves as a director of the Education Financing Foundation of California and the Ralph M. Parsons Foundation, a non-profit 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 at the California Institute of Technology, 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.

There is no family relationship between Dr. Gordon Moore and Mr. Nicholas Moore.

Director Emeritus

In January 2006, the Board appointed Dr. George P. Shultz, a former director of Gilead, to serve as Director Emeritus. As an advisor to Gilead's Board, Dr. Shultz may attend Board meetings, including meetings of the Audit Committee and the Nominating and Corporate Governance Committee, the committees on which he served prior to his retirement, in a non-voting capacity.

Dr. Shultz joined the Board in January 1996 and served until his retirement in December 2005. Dr. Shultz currently serves as Distinguished Fellow at the Hoover Institution and as a director of the Bechtel Group, Inc., Fremont Group, Inc. and Accretive Health. 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 President of the Bechtel Group, Inc. In 1989, Dr. Shultz was awarded the Presidential Medal of Freedom, the nation's highest civilian honor.

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

Table of Contents

transactions and relationships between each director, and his or her family members, and Gilead, its senior management and its independent registered public accounting firm, the Board has affirmatively determined that eight of Gilead's nine nominees for director are independent directors within the meaning of the applicable Nasdaq listing standards. Dr. Martin, Gilead's President and Chief Executive Officer, is not independent within the meaning of the Nasdaq listing standards.

As required under applicable 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; Attendance at Annual Meetings

During the fiscal year ended December 31, 2005, the Board held seven 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, 2005, each director attended at least 75% of the aggregate of the total number of meetings of the Board and the committees of the Board on which the director served, held during the period for which he or she was a director or a committee member, respectively.

The Board has a policy encouraging, but not requiring, directors to attend annual meetings of the stockholders. Three Board members attended Gilead's 2005 annual meeting of stockholders.

Committees of the Board of Directors

The Audit Committee is comprised of Mr. Nicholas G. Moore (Chairman), Dr. Cogan, Mr. Denny and Mr. Madigan. Mr. Moore was appointed as the Audit Committee Chairman in January 2005 and Dr. Cogan and Mr. Madigan became members of the Audit Committee in July 2005 and January 2006, respectively. The Audit Committee held eleven meetings during the fiscal year ended December 31, 2005. 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. The Board has determined that each of Mr. Moore, Mr. Denny and Mr. Madigan is an audit committee financial expert, as defined in applicable Securities and Exchange Commission (SEC) rules and applicable listing standards.

The Audit Committee of the Board oversees, on behalf of the Board, Gilead's corporate accounting, financial reporting process and systems of internal accounting and financial controls. For this purpose, the Audit Committee performs several functions. Among other things, the Audit Committee:

- evaluates the performance, independence and qualifications of the independent registered public accounting firm;

- determines the engagement of the independent registered public accounting firm;

- determines whether to retain or terminate the existing independent registered public accounting firm or to appoint and engage a new independent registered public accounting firm;

- reviews and approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services;

- monitors the rotation of partners of the independent registered public accounting firm on the Gilead engagement team as required by SEC rules;

- reviews with the independent registered public accounting firm the adequacy and effectiveness of, and compliance with, Gilead's accounting and financial controls and systems of internal controls;

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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 registered public accounting firm the results of the annual audit and the results of their review of Gilead's quarterly financial statements.

Table of Contents

The Audit Committee is also responsible for establishing and maintaining procedures for receiving, reviewing and responding to complaints regarding accounting, internal accounting controls or auditing matters under the Complaint and Non-Retaliation Policy, which procedures are summarized on Gilead's website at <http://www.investors.gilead.com> under Corporate Governance.

The Audit Committee reviews and reassesses the adequacy of the Audit Committee charter every year. On July 27, 2005, the Board amended the written charter for the Audit Committee. The Audit Committee charter is available on Gilead's website at <http://www.investors.gilead.com> under Corporate Governance. Additionally, a copy of the Audit Committee charter is attached hereto as Appendix A to this proxy statement.

The Compensation Committee makes recommendations and, with respect to executive officers, determinations concerning salaries, incentive compensation 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 Dr. Gordon Moore (Chairman), Mr. Madigan and Mr. Nicholas Moore. During the fiscal year ended December 31, 2005, Mrs. Wilson served as a member of the Compensation Committee until July 2005, at which time Dr. Cogan was appointed to the Compensation Committee. Dr. Cogan served on the Compensation Committee until January 2006, at which time Mr. Madigan was appointed to the Compensation Committee. The Compensation Committee met three times during the fiscal year ended December 31, 2005. The Board has determined that 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> under Corporate Governance.

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 Mrs. Wilson (Chairperson), Dr. Berg, Mr. Davignon and Mr. Denny. Mrs. Wilson was appointed to the Nominating and Corporate Governance Committee as Chairperson in July 2005, and Mr. Davignon was appointed to the Nominating and Corporate Governance Committee in January 2006. The Board has determined that 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, 2005, the Nominating and Corporate Governance Committee met three times. The charter of the Nominating and Corporate Governance Committee is available on Gilead's website at <http://www.investors.gilead.com> under Corporate Governance.

The Nominating and Corporate Governance Committee will evaluate potential new director candidates based on a variety of criteria including the candidate's relevant experience, the number and nature of other board memberships held, desired diversity and the collective expertise of the Board and its committees, independence, and possible conflicts of interest. The Nominating and Corporate Governance 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 sources. The Nominating and Corporate Governance 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 new director 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. The recommendation should be sent to the 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.

Table of Contents

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), Dr. Cogan and Mrs. Wilson. Dr. Cogan was appointed to the Scientific Committee in January 2006. The Scientific Committee met three times during the fiscal year ended December 31, 2005. The charter of the Scientific Committee is available on Gilead's website at <http://www.investors.gilead.com> under Corporate Governance.

Stockholder Communications with the Board of Directors

Stockholders may communicate with the Board by sending a letter to the 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. The Corporate Secretary will review all communications from stockholders, but may, in his sole discretion, disregard any communication that he believes is not (i) related to the scope of Gilead's business, (ii) within the scope of the Board's responsibility, (iii) credible, or (iv) material or potentially material. 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>. Gilead intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver of, any provision of the Code of Ethics by disclosing such information 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, 2006 are set forth below.

Gregg H. Alton, age 40, is Gilead's Senior Vice President and General Counsel. Mr. Alton joined Gilead in 1999, and was promoted to his current role in 2005, where he is responsible for legal affairs as well as Gilead's government affairs activities. From 2001 until 2005, Mr. Alton served as Gilead's Vice President and General Counsel. From 1999 until 2001, Mr. Alton served as Gilead's Associate General Counsel. Prior to joining Gilead, Mr. Alton was an attorney at the law firm of Cooley Godward LLP. In this role, Mr. Alton's practice focus was mergers and acquisitions, corporate partnerships and corporate finance transactions for healthcare and information technology companies. Mr. Alton is the chairman of the board of directors of BayBio, a San Francisco Bay Area life sciences industry organization and a member of the board of directors and treasurer of the AIDS Healthcare Foundation. He received his B.A. in Legal Studies from the University of California at Berkeley and his J.D. from Stanford Law School.

Norbert W. Bischofberger, age 50, 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.

Anthony D. Caracciolo, age 51, is Gilead's Senior Vice President, Manufacturing Operations. 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

Table of Contents

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 50, 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 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 Ecole Polytech Federal Lausanne and the University of California at Santa Barbara.

John F. Milligan, age 45, 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 52, 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.

Taiyin Yang, age 52, is Gilead's Senior Vice President, Pharmaceutical Development and Manufacturing. Dr. Yang joined Gilead in 1993 as Director of Analytical Chemistry and was promoted to Senior Director of Analytical and Quality Operations in 1997, and Vice President of Pharmaceutical Development and Manufacturing in 2000. She was promoted to her current role in 2005, where she is responsible for managing the chemistry, manufacturing and control operations encompassing chemical development, formulation and process development of active pharmaceutical ingredients for Gilead's commercial and investigational products. Prior to joining Gilead, Dr. Yang was Director of Analytical Chemistry at Syntex Corporation. Dr. Yang is a member of the American Association of Pharmaceutical Scientists, a member of the American Chemical Society and a member of the Drug Information Association. Dr. Yang received her bachelor's degree in Chemistry from National Taiwan University and her Ph.D. in Organic Chemistry from the University of Southern California.

Kevin Young, age 48, is Gilead's Executive Vice President, Commercial Operations. Mr. Young joined Gilead in September 2004 as Executive Vice President of Commercial Operations. 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 re-launch of Enbrel® following the acquisition of Immunex Corporation. Mr. Young has undergraduate and graduate degrees in Sports Science and Exercise from Liverpool and Nottingham, England and has completed the Executive Program at the University of Michigan, School of Business Administration.

Table of Contents

PROPOSAL 2

RATIFICATION OF THE SELECTION OF INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has selected Ernst & Young LLP as Gilead's independent registered public accounting firm for the fiscal year ending December 31, 2006 and has further directed that Gilead submit the selection of Gilead's independent registered public accounting firm 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 LLP during the fiscal year ended December 31, 2005 was compatible with maintaining their 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.

Stockholder ratification of the selection of Ernst & Young LLP as Gilead's independent registered public accounting firm 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 registered public 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 shares present in person or represented by proxy 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 proposal has been approved.

Principal Accountant Fees and Services

The aggregate fees billed by Ernst & Young LLP for the fiscal years ended December 31, 2005 and December 31, 2004 for the professional services described below are as follows:

Audit Fees. Fiscal 2005 audit fees consisted of fees incurred for professional services rendered for the integrated audit of Gilead's consolidated financial statements and of its internal control over financial reporting and review of the interim condensed consolidated financial statements included in the 2005 quarterly reports. Fiscal 2004 audit fees consisted of fees incurred for professional services rendered for the integrated audit of Gilead's consolidated financial statements and of its internal control over financial reporting and review of the interim condensed consolidated financial statements included in the 2004 quarterly reports. Fiscal 2005 and fiscal 2004 audit fees also consisted of fees incurred for services that are normally provided by Ernst & Young LLP in connection with statutory and regulatory filings or engagements. During fiscal 2005 and fiscal 2004, the aggregate audit fees billed by Ernst & Young LLP were \$2,833,000 and \$2,151,000, respectively.

Audit-related Fees. Audit-related fees consist of fees incurred for assurance and related services that are traditionally performed by the principal accountant, are reasonably related to the performance of the audit or review of Gilead's consolidated financial statements and are not reported under Audit Fees. During fiscal 2004, audit-related fees consisted of documentation services rendered by Ernst & Young LLP in connection with Gilead's preparation for compliance with Section 404 of the Sarbanes-Oxley Act of 2002. During fiscal 2005, there were no fees billed by Ernst & Young LLP for audit-related services. During fiscal 2004, the aggregate fees billed by Ernst & Young LLP for audit-related services were \$114,000.

Tax Fees. During fiscal 2005 and fiscal 2004, the aggregate fees billed by Ernst & Young LLP for tax-related services were \$440,000 and \$635,000, respectively, primarily in connection with domestic and international tax compliance.

Table of Contents

All Other Fees. During fiscal 2005, the aggregate fees billed by Ernst & Young LLP for other professional services were \$43,000 primarily related to specified procedures performed by Ernst & Young LLP in relation to a user-defined report. During fiscal 2004, there were no fees billed by Ernst & Young LLP for other professional services.

All of the services described above were pre-approved by the Audit Committee.

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 registered public accounting firm, 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 registered public accounting firm, and the policy prohibits the engagement of the independent registered public accounting firm for certain specified services. The policy permits the engagement of the independent registered public accounting firm 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 registered public accounting firm for other services approved by the Audit Committee if there is a persuasive business reason for using the independent registered public accounting firm over other providers. The policy provides that as a general rule of thumb, the fees for these other services should be below 25% of 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 registered public accounting firm or on an individual explicit case-by-case basis before the independent registered public accounting firm 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 registered public accounting firm in the future.

THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 2.

Table of Contents**PROPOSAL 3****APPROVAL OF AMENDMENT TO THE 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; and

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, stock appreciation rights and performance units (to the extent settled in shares)) from 2,900,000 to 5,000,000 shares.

The table below summarizes the share reserve/allocation under all of Gilead's equity incentive plans as of February 28, 2006:

Plan	Shares Available for Grant		Shares Outstanding	
	Number of Shares	Number of Shares	Weighted Average Exercise Price ⁽¹⁾	Weighted Average Remaining Contractual Term ⁽¹⁾
2004 Equity Incentive Plan	14,702,452	16,357,487	\$ 43.4661	9.31 years
1991 Stock Option Plan	<i>Gilead no longer grants equity awards under this plan</i>	29,622,188	\$ 19.2511	6.28 years
1995 Non-Employee Director's Stock Option Plan	<i>Gilead no longer grants equity awards under this plan</i>	1,803,100	\$ 10.1607	4.25 years
NeXstar Pharmaceuticals 1993 Incentive Stock Plan	<i>Gilead no longer grants equity awards under this plan</i>	10,592	\$ 3.4049	0.78 years
Triangle Pharmaceuticals 1996 Incentive Stock Plan	<i>Gilead no longer grants equity awards under this plan</i>	644,909	\$ 22.5773	5.31 years

⁽¹⁾ Does not take into account 6,249 phantom shares granted to directors 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 believes it is a sound governance practice to provide our stockholders the opportunity to evaluate and vote on adding shares to our equity plan each year. We typically grant the majority of our employee equity awards in February of each year, so the requested increase to the shares available for grant is intended to provide sufficient shares to fund employee equity awards up to the 2007 annual meeting of stockholders, with a reserve for extraordinary circumstances.

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 resulting from Gilead's equity-based incentive compensation grants made in 2005, 2004 and 2003 was 1.5%, 2.4% and 2.3% (excluding 3,990,460 options assumed in the acquisition of Triangle Pharmaceuticals, Inc.),

Table of Contents

respectively. Net dilution refers to the percentage of the total number of shares of common stock outstanding at the end of a year represented by equity-based incentive compensation grants made during such year less any shares returned to the plan as a result of equity award terminations during such year. We intend to limit net annual dilution 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 2004 Plan, including: stock options, restricted stock, performance shares, phantom shares and stock appreciation rights.⁽¹⁾ 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. We conducted a comprehensive review of our employee equity program in 2005, including an assessment of various equity awards other than stock options. Based on where Gilead is in its life cycle, management and the Board believe that stock options best align employee compensation with company performance. 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 executives, broad-based employee population and non-employee directors. 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 provide Gilead with the necessary flexibility to do that.

4. The furtherance of compensation and governance best practices. When the 2004 Plan was submitted for stockholder approval in 2004, Gilead incorporated several provisions to protect stockholders and reflect corporate governance best practices. First, 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). Second, if the amendment to increase the full value share limit is approved, there will be a 5,000,000 share limit on the number of shares of restricted stock, performance shares, phantom shares, stock appreciation rights (which are viewed by some stockholders as equivalent to full value shares) and performance units (to the extent settled in shares) that may be issued under the 2004 Plan. Finally, the stockholder-approved 2004 Plan is the only plan under which equity awards may be granted to Gilead employees, other than Gilead's 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 2005 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 if the stock price rises.

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 in that we would be unable to offer the market-competitive total compensation packages necessary to attract, retain and motivate individuals critical to our future success. Without the ability to grant stock options (or other stock-based awards), Gilead may be forced to increase cash compensation, thereby reducing resources available for the research and development or commercialization of our products.

⁽¹⁾ The 2004 Plan also provides Gilead with the ability to grant dividend equivalent rights; however, Gilead has never declared or paid a cash dividend in the history of the company and does not intend to grant any dividend equivalent rights for the foreseeable future.

Table of Contents

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 2.1% (excluding options assumed in the acquisition of Triangle Pharmaceuticals, Inc.), 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. Management and the Compensation Committee 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 our peer group.

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 on which you are being asked to vote, is attached hereto as Appendix B. 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 shares present in person or represented by proxy 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 proposal has been approved.

Key Provisions

The 2004 Plan is designed to reflect prevailing corporate governance and executive compensation best practices. The following is a summary of the key provisions of the 2004 Plan that reflects the proposed amendments. This summary does not purport to be a complete description of all the provisions of the 2004 Plan and is qualified in its entirety by reference to the provisions of the 2004 Plan itself, which is attached as Appendix B to this proxy statement.

Plan Termination Date:	May 25, 2014
Eligible Participants:	Employees, directors and consultants of Gilead or a related entity (except that only employees are eligible for Incentive Stock Options)
Shares Authorized ⁽¹⁾ :	41,377,130, which includes 27,200,000 shares authorized for issuance under the 2004 Plan, 12,595,930 shares previously authorized and available for issuance under the 1991 Stock Option Plan as of February 28, 2006 and 1,581,200 shares previously authorized and available for issuance under the 1995 Non-Employee Director's Stock Option Plan as of February 28, 2006.
Shares Authorized as a Percent of Common Stock Outstanding on February 28, 2006:	0.895%
Award Types:	<ul style="list-style-type: none"> (1) Incentive stock options (2) Nonstatutory stock options (3) Stock appreciation rights⁽²⁾ (4) Dividend equivalent rights (Gilead has never declared or paid a cash dividend to stockholders in the history of the company) (5) Restricted stock (6) Performance units (7) Performance shares (8) Phantom shares

Table of Contents

Grant Limits Per Person Per Year:	Stock Options:	1,250,000 ⁽³⁾
	Restricted Stock, Performance Shares, Phantom Shares, Stock Appreciation Rights:	200,000 ⁽⁴⁾
	Awards Denominated in U.S. Dollars:	\$7,000,000
Aggregate Restricted Stock, Performance Shares, Phantom Shares, Stock Appreciation Rights and Performance Units (to the extent settled in shares) Authorized:		
	5,000,000	
Vesting:	Determined by Compensation Committee	
Not Permitted:	Repricing of stock options, unless approved by stockholders	

- (1) Shares previously authorized and available for issuance under the 2004 Plan will increase as forfeited awards due to terminations under the 1991 Stock Option Plan and the 1995 Non-Employee Stock Option Plan revert back in the 2004 Plan to the extent they are not vested when the participant's relationship is terminated. Gilead no longer grants new equity awards under either the 1991 Stock Option Plan or the 1995 Non-Employee Stock Option Plan.
- (2) Share accounting for stock appreciation rights will be based on gross issuance and not net issuance.
- (3) Under the 2004 Plan, an employee may be granted options to purchase up to an additional 500,000 shares of common stock on initial hire or promotion.
- (4) Under the 2004 Plan, an employee may be granted up to an additional 100,000 shares of restricted stock, restricted stock units, performance shares, phantom shares or stock appreciation rights 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, in the case of awards to employees and consultants who are not directors or officers (as defined in the 2004 Plan), 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 (the Code), 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:

revenue;

achievement of specified milestones in the discovery and development of one or more of Gilead's products;

achievement of specified milestones in the commercialization of one or more of Gilead's products;

achievement of specified milestones in the manufacturing of one or more of Gilead's products;

expense targets;

personal management objectives;

Table of Contents

share price (including, but not limited to, growth measures and total stockholder return);

earnings per share;

operating efficiency;

operating margin;

gross margin;

return measures (including, but not limited to, return on assets, capital, equity, or sales);

net sales growth;

productivity ratios;

operating income;

net operating profit;

net earnings or net income (before or after taxes);

cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital);

earnings before or after interest, taxes, depreciation, and/or amortization;

economic value added;

market share;

customer satisfaction;

working capital targets; and

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to the extent that an award (other than a stock option or stock appreciation right) is not intended to comply with Section 162(m) of the Code, other measures of performance selected by the Board or the Compensation Committee.

Gilead's Compensation Committee may provide that attainment of a performance goal will be measured by adjusting the evaluation of performance as follows: to exclude restructuring and/or other nonrecurring charges; to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated net sales and operating earnings; to exclude the effects of changes to U.S. generally accepted accounting principles required by the Financial Accounting Standards Board; to exclude the effects of any statutory adjustments to corporate tax rates; to exclude the effects of any extraordinary items as determined under generally accepted accounting principles; to exclude any other unusual, non-recurring gain or loss or other extraordinary item; to respond to, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; to respond to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions; to exclude the dilutive effects of acquisitions or joint ventures; to assume that any business divested by Gilead achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; to exclude the effect of any change in the outstanding shares of common stock of Gilead by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; to reflect a corporate transaction, such as a merger, consolidation, separation (including a spinoff or other distribution of stock or property by a corporation), or reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code); and to reflect any partial or complete corporate liquidation. The Compensation Committee also may reduce or eliminate the compensation or economic benefit due upon attainment of performance goals.

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 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.

Table of Contents

The Board expects to grant options to purchase 30,000 shares of common stock to each non-employee director upon his or her initial election to the Board (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 that the non-employee director is still serving on the Board on the date of the annual stockholders' meeting. The Board will determine the initial grant to a non-employee director serving as the chairperson of the Board upon election to the Board and expects to grant an additional option to purchase 15,000 shares of common stock to the chairperson as an annual grant going forward.

The Board expects to grant to a non-employee director serving as chairperson of a standing committee of the Board 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 chairperson, who will receive an additional option to purchase 10,000 shares at the time of his or her annual grant. The Board expects to grant to each non-employee director serving as a member of a standing committee of the Board 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 chairpersons can be granted annually options 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 retainers in the form of phantom shares granted under the 2004 Plan.

Adjustments

In the event of a stock dividend, recapitalization, stock split, reorganization, merger or exchange of Gilead's common stock or similar event affecting the common stock, the number and kind of shares granted under the 2004 Plan, the number, type and maximum number of shares subject to the 2004 Plan, the number and type of shares subject to outstanding awards (other than an award of restricted stock that is outstanding at the time of the event), and the exercise price per share of outstanding awards shall be appropriately adjusted.

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 pursuant to a cashless exercise procedure or a combination of the foregoing methods. 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

Generally, awards under the Plan may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or the laws of descent or distribution. However, participants may designate a beneficiary to receive the vested portion of an award in the event of the participant's death and the Compensation Committee has the authority to allow the transfer of awards other than incentive stock options by gift or pursuant to a domestic relations order to members of the grantee's immediate family.

Table of Contents

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 without cause or, in the case of an employee, if the participant resigns due to certain specified reasons within a designated period before or after the change in control. In the event of a change in control, then, at the sole discretion of the Board and to the extent permitted by applicable law: (i) any surviving corporation will assume any awards outstanding under the 2004 Plan or will substitute similar awards for those outstanding under the 2004 Plan; (ii) the time during which such awards may be exercised will be accelerated and the awards terminated if not exercised prior to the change in control; or (iii) such awards will continue in full force and effect.

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's employment is terminated.

Administration

Under Section 162(m) of 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 or rescind any rules relating to the 2004 Plan. In the case of awards to employees and consultants who are not directors or officers (as defined in the 2004 Plan), the Compensation Committee may delegate all or part of its responsibilities to anyone it selects.

Amendments

The Board 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 a 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. However, the exercise of an incentive stock option may increase the participant's alternative minimum tax liability, if any. The participant will 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.

Table of Contents

Upon a qualifying disposition of the shares, the participant will recognize a 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 (a) the fair market value of the shares on the exercise date over (b) 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. However, a participant may elect under Section 83(b) of the Code to include as ordinary income in the year of issuance an amount equal to the excess of (i) the fair market value of the shares on the date of issuance over (ii) the purchase price, if any, for such shares, as to which amount Gilead will be entitled to a corresponding tax deduction. If this Section 83(b) election is made, the participant will not recognize any additional income tax, and Gilead will not be entitled to any deduction, as a result of the lapsing of such restrictions.

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 exercised or 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.

Table of Contents

PROPOSAL 4

APPROVAL OF THE GILEAD SCIENCES, INC. CODE SECTION 162(m) BONUS PLAN AND SPECIFIC APPROVAL OF PERFORMANCE-BASED PROVISIONS

In October 2005, the Board adopted the Gilead Sciences, Inc. Code Section 162(m) Bonus Plan (the "162(m) Bonus Plan") to govern the award and payment of annual cash bonuses to certain of Gilead's executive officers and directed that the 162(m) Bonus Plan be submitted to Gilead's stockholders for approval so that payments under the 162(m) Bonus Plan will be considered performance-based compensation for purposes of Section 162(m) of the Code and therefore fully deductible by Gilead for federal income tax purposes.

Stockholders are requested in this Proposal 4 to approve the adoption of the 162(m) Bonus Plan, including its performance-based provisions, in the form attached hereto as Appendix C. If the stockholders fail to approve this proposal, the 162(m) Bonus Plan will not become effective and participants therein will not be entitled to receive any bonus under the 162(m) Bonus Plan or under Gilead's Corporate Bonus Plan (the "Corporate Bonus Plan"), under which all other employees of Gilead participate.

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 meeting will be required to approve the 162(m) Bonus Plan and its performance-based provisions. Abstentions will be counted towards the tabulation of shares present in person or represented by proxy and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purposes in determining whether this proposal has been approved.

The essential features of the 162(m) Bonus Plan are outlined below. This summary does not purport to be a complete description of all the provisions of the 162(m) Bonus Plan and is qualified in its entirety by reference to the provisions of the 162(m) Bonus Plan itself, which is attached as Appendix C to this proxy statement.

Purpose

The purposes of the 162(m) Bonus Plan are to provide a link between compensation and performance, motivate participants to achieve corporate performance objectives and enable Gilead to attract and retain high quality executive officers.

Executive officers who hold the title of Senior Vice President or above are entitled to participate in the 162(m) Bonus Plan. Although such executive officers are not eligible to participate in the Corporate Bonus Plan, eligibility for participation in the 162(m) Bonus Plan and the amount of bonuses awarded under the 162(m) Bonus Plan will be determined by reference to the terms and conditions of the Corporate Bonus Plan, provided that Gilead achieves one or more of the performance goals established annually in advance under the 162(m) Bonus Plan. For 2006, the Board has determined that payment of bonuses under the 162(m) Bonus Plan will be conditioned on Gilead achieving at least a predetermined level of operating income.

The Board believes that it is in the best interests of Gilead and its stockholders to ensure that bonuses paid to its executive officers are fully deductible by Gilead for federal income tax purposes. Accordingly, Gilead has structured the 162(m) Bonus Plan to satisfy the requirements of Section 162(m) of the Code for performance-based compensation. Generally, Section 162(m) prevents a company from receiving a federal income tax deduction for compensation paid to a Covered Employee (as defined in Section 162(m)) in excess of \$1 million for any year, unless that compensation is performance-based. One of the requirements of performance-based compensation is that the compensation be paid pursuant to a plan that has been approved by the company's stockholders.

If the 162(m) Bonus Plan is approved by the stockholders, compensation paid by Gilead pursuant to the 162(m) Bonus Plan will not be subject to the corporate compensation deduction limits set forth in Section 162(m) of the Code. If the 162(m) Bonus Plan is not approved by the stockholders, the participating officers will not be eligible to receive bonuses under the 162(m) Bonus Plan or the Corporate Bonus Plan. Gilead reserves the right to pay bonuses to its officers and employees outside of the 162(m) Bonus Plan and the Corporate Bonus Plan.

Table of Contents

Key Provisions

The following is a brief summary of the key provisions of the 162(m) Bonus Plan.

Administration and Operation

The 162(m) Bonus Plan is administered by the Board's Compensation Committee (or a subcommittee thereof), which is comprised solely of two or more outside directors (within the meaning of Section 162(m)) designated from time to time by the Board. The Compensation Committee has the authority, in its discretion, to make any and all decisions regarding the administration of the 162(m) Bonus Plan, including establishing performance goals, construing and interpreting the terms of the 162(m) Bonus Plan and bonuses awarded thereunder, decreasing, paying or declining to pay bonuses under the 162(m) Bonus Plan, and establishing additional terms, conditions, rules, or procedures for the administration of the 162(m) Bonus Plan.

Eligible Employees

Participation in the 162(m) Bonus Plan is limited to Eligible Employees, who are employees of Gilead who hold the title of Senior Vice President or above and who, but for having the title of Senior Vice President or above, would be eligible to participate in the Corporate Bonus Plan. No non-employee director or employee with a title below Senior Vice President is covered by, or otherwise receives benefits in accordance with, the 162(m) Bonus Plan. Currently, there are nine Eligible Employees, including Gilead's Chief Executive Officer.

Establishment of Bonuses

Bonuses under the 162(m) Bonus Plan are based on individual and company performance, except that the Chief Executive Officer's bonus is based only on company performance. Individual performance is evaluated based on achievement of goals and objectives as reflected in employees' written performance objectives for the calendar year. Corporate performance is based on financial, non-financial and/or other performance goals determined and approved by the Board at the beginning of each calendar year.

Performance Goal(s)

With respect to bonuses paid under the 162(m) Bonus Plan to Eligible Employees, which are intended to qualify as performance-based compensation, the terms and conditions of the 162(m) Bonus Plan specify that the objective performance goals, as established from time to time by the Compensation Committee, will be based solely on one or more of the following:

revenue;

achievement of specified milestones in the discovery and development of one or more of Gilead's products;

achievement of specified milestones in the commercialization of one or more of Gilead's products;

achievement of specified milestones in the manufacturing of one or more of Gilead's products;

expense targets;

share price (including, but not limited to, growth measure and total shareholder return);

earnings per share;

operating margin;

gross margin;

Table of Contents

return measures (including, but not limited to, return on assets, capital, equity, or sales);

net sales growth;

productivity ratios;

operating income;

net operating profit;

net earnings or net income (before or after taxes);

cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital);

earnings before or after interest, taxes, depreciation, and/or amortization;

economic value added;

market share; and

working capital targets.

The Compensation Committee will establish the performance goals with respect to each Eligible Employee in writing not later than 90 days after the commencement of the period of service to which the performance goals relate, provided that the outcome of the performance goals is substantially uncertain at the time of their establishment. For 2006, the Compensation Committee has established a performance goal based on Gilead's operating income.

The Compensation Committee is authorized to make adjustments in the method of calculating the attainment of performance goals for a period of service as follows: to exclude restructuring and/or other nonrecurring charges; to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated net sales and operating earnings; to exclude the effects of changes to U.S. generally accepted accounting principles required by the Financial Accounting Standards Board; to exclude the effects of any statutory adjustments to corporate tax rates; to exclude the effects of any extraordinary items as determined under generally accepted accounting principles; to exclude any other unusual, non-recurring gain or loss or other extraordinary item; to respond to, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development; to respond to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions; to exclude the dilutive effects of acquisitions or joint ventures; to assume that any business divested by Gilead achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; to exclude the effect of any change in the outstanding shares of common stock of Gilead by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; to reflect a corporate transaction, such as a merger, consolidation, separation (including a spinoff or other distribution of stock or property by a corporation), or reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code); and to reflect any partial or complete corporate liquidation.

Committee Certification and Determination of Bonuses

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As soon as practicable after the end of each period of service, the Compensation Committee will certify in writing whether, with respect to each Eligible Employee, the stated performance goals have been met and will determine the amount of the bonus to be paid. In determining that amount, the Compensation Committee will consider the performance goals and bonuses established at the beginning of the year under the 162(m) Bonus Plan, the degree to which the performance goals have been satisfied and any other objective or subjective factors it deems appropriate and in its sole discretion may reduce the amount of, or eliminate altogether, any bonus that would otherwise be payable.

Table of Contents

Maximum Dollar Value of Bonuses

The maximum dollar value of any bonus paid to an Eligible Employee with respect to any one fiscal year is \$5,000,000.

Payment of Bonuses

Bonuses will be paid in cash as soon as is reasonably practicable after the Compensation Committee has certified that the applicable performance goals have been achieved, determined the bonus amounts, and authorized the payment of the corresponding bonuses. Receipt of a bonus may be deferred, however, pursuant to the terms and conditions of Gilead's Deferred Compensation Plan or any successor plan and in compliance with Section 409A of the Code.

Duration and Amendment

If the 162(m) Bonus Plan is approved by the stockholders, it will be effective as of January 1, 2006 and will continue in effect until the Board terminates it or until such point that stockholder approval again is required for the 162(m) Bonus Plan to meet the requirements of Section 162(m) of the Code and such stockholder approval is not obtained. The Board, however, may amend, suspend or terminate the 162(m) Bonus Plan at any time.

Federal Income Tax Consequences

The following is a brief description of the material U.S. federal income tax consequences associated with payments under the 162(m) Bonus Plan. It is based on existing U.S. tax laws and regulations, and there can be no assurances that those laws and regulations will not change in the future. Tax consequences in other countries and under the laws of any other jurisdiction (such as a municipality or state) vary.

Under present federal income tax law, a 162(m) Bonus Plan participant will be taxed at ordinary income rates on the cash bonus in the year in which such cash is received. If a participant elects to defer all or a portion of the bonus, the participant may be entitled to defer the recognition of income. However, bonus deferrals are subject to applicable required withholdings, and Gilead will withhold such amounts from the amount of the bonus deferral. Generally, and subject to the provisions of Section 162(m) of the Code, Gilead will receive a federal income tax deduction corresponding to the amount of income recognized by the 162(m) Bonus Plan participants.

Other Information

For a discussion of Gilead's executive compensation policies, refer to the Report of the Compensation Committee on Executive Compensation beginning on page 41.

THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 4.

Table of Contents

PROPOSAL 5

APPROVAL OF INCREASE IN NUMBER OF AUTHORIZED SHARES

OF COMMON STOCK

The Board has adopted, subject to stockholder approval, an amendment to Gilead's restated certificate of incorporation. This amendment would increase the authorized number of shares of Gilead common stock from 700,000,000 shares to 1,400,000,000 shares. These additional shares would be used by Gilead for business and financial purposes, that may include future stock splits, raising capital, establishing strategic relationships, acquisitions of other companies, businesses or products, equity incentives and compensation for employees and other transactions that the Board deems are in Gilead's best interest. The additional authorized shares would enable Gilead to act quickly in response to appropriate opportunities that may arise for these types of transactions, in most cases without the necessity of obtaining further stockholder approval. Gilead has no current plans, arrangements or understandings regarding the additional shares that would be authorized pursuant to this proposal.

As of February 28, 2006, there were 462,284,636 shares of common stock outstanding and held by Gilead stockholders. In addition to these shares, as of February 28, 2006, there were 64,860,510 shares of common stock reserved for issuance under our equity incentive plans. Of this number, 48,432,375 shares were reserved for issuance upon exercise of outstanding options that were previously granted under our stock option plans, 14,702,452 shares were reserved for issuance upon exercise of options that may be granted in the future under our stock option plans and 1,725,683 shares were reserved for issuance under the Employee Stock Purchase Plan.

The additional shares of common stock would have rights identical to the currently outstanding Gilead common stock. Adoption of the proposed amendment and any issuance of the common stock would not affect the rights of Gilead stockholders except for effects incidental to increasing the number of shares of the common stock outstanding. Incidental effects of the increase in the outstanding number of shares may include dilution of the earnings per share and voting rights of current holders of common stock. If the amendment is adopted, it will become effective upon filing of a certificate of amendment of Gilead's restated certificate of incorporation with the Secretary of State of Delaware.

Gilead could also use the additional shares of common stock to oppose a hostile takeover attempt or delay or prevent changes in control or management of Gilead. For example, without further stockholder approval, the Board could sell shares of common stock in a private transaction to purchasers who would oppose a takeover or favor the current Board. Although this proposal to increase the authorized common stock has been prompted by business and financial considerations and not by the threat of any known or threatened hostile takeover attempt, stockholders should be aware that approval of this proposal could facilitate future efforts by Gilead to deter or prevent changes in control of Gilead, including transactions that the Board determines are not in the best interests of Gilead or its stockholders, even though the stockholders would have received a premium for their shares over then-current market prices. At the present time, the Board of Directors has no intention to use these additional shares for anti-takeover purposes.

The affirmative vote of the holders of a majority of the outstanding shares of Gilead common stock will be required to approve this amendment to Gilead's restated certificate of incorporation. As a result, abstentions and broker non-votes will have the same effect as negative votes.

THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 5.

Table of Contents

PROPOSAL 6

STOCKHOLDER PROPOSAL REQUESTING REPORT RELATED TO GLOBAL HUMAN IMMUNODEFICIENCY VIRUS (HIV)/AIDS, TUBERCULOSIS AND MALARIA PANDEMICS

We expect the following proposal (Item 6 on the proxy card) to be presented by stockholders at the Annual Meeting. The Board has recommended a vote AGAINST this proposal for the reasons set forth following the proposal. Catholic Healthcare West has requested to be listed as a sponsor and Unitarian Universalist Service Committee has requested to be listed as a co-sponsor of this proposal. Names, addresses and share holdings of each stockholder proponent and co-sponsor will be supplied upon request.

RESOLVED: Shareholders request our Board review the economic effects of the HIV/AIDS, Tuberculosis and Malaria pandemics on our Company's business strategy, and its initiatives to date, and report to shareholders within six (6) months following the 2006 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 Proponents

IMPACT OF THE PANDEMICS ON GILEAD SCIENCES

We believe that HIV/AIDS, Tuberculosis (TB) and Malaria could have a profound impact on companies like Gilead Sciences, which produce products essential to combating infectious disease. This report would improve our ability to evaluate our investment.

The Pharmaceutical Shareowners Group of large institutional investors recently asked "Has the sector gone far enough?", and answered "The public health crisis in emerging markets is going to become a bigger challenge year on year. We did not hear a convincing story that the sector is ready for this" i.e. that it has a proactive, coherent and forward-looking approach for adopting to these new realities which is linked to overall business strategy. This may leave the sector exposed in the future.⁽¹⁾

Growth of the pharmaceutical industry depends on maintaining a license to operate, including intellectual property protections. This is especially true in so-called BRIC countries (Brazil, Russia, India, and China).

However, the HIV/AIDS-TB Malaria pandemics have the potential to undermine intellectual property protections, because developing countries may perceive those protections at odds with combating HIV/AIDS and other diseases.⁽²⁾

The Council on Foreign Relations adds, "Widening gaps in access to anti-HIV drugs have become pivotal sources of global political anger. It concluded "American firms have taken the brunt of the blame and been the target of special anger."⁽³⁾

SCOPE OF THE PANDEMICS

Globally, over six million people with AIDS need treatment or they will die, with the crisis most acute in Africa and growing rapidly in BRIC countries. 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.

⁽¹⁾ Public Health Crisis Emerging Markets, Pharmaceutical Shareowners Group, September 2004.

⁽²⁾ Access to medicines for the developing world and the pharmaceutical industry, Ethical Investment Research Service, May 2005.

⁽³⁾ HIV and National Security: Where Are The Links? Laurie Garrett, Council on Foreign Relations, July 2005.

Table of Contents

Advancement in treating those living with AIDS has been made. Yet only 15% of those in clinical need are on treatment.

Children with AIDS have huge unmet medical needs. Overall half of all children with AIDS die before they are two years old. Two million children are infected and need care and treatment.

REPORTING TO SHAREHOLDERS

Surveys of pharmaceutical industry reporting on HIV/AIDS-TB-Malaria have noted since reporting is not systematic or linked to discussions of investment value, this makes it difficult for investors to assess whether companies are effectively optimizing opportunities and minimizing risks.⁽⁴⁾

Our company provides limited information on product and charitable programs. However, it does not disclose HIV/AIDS-TB-Malaria's impact on our business strategy. This additional information is vital to making informed investment decisions.

We urge shareholders to vote FOR this resolution.

Gilead's Response

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

The Board 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 develop or manufacture, and has no plans to develop or manufacture, tuberculosis or malaria drugs.

The Board 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 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. Under this program, we make available Viread® at its cost in 97 developing countries in Africa, the Caribbean, Latin America and Southeast Asia. Gilead expanded its Access Program in August 2004 to include Truvada® and in August 2005, Gilead announced a significant price reduction for both Viread and Truvada made available through the Access Program in the developing world. 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®, Hepsera®, Vistide®, DaunoXome® and Emtriva® Oral Solution. The program offers patients 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, Gilead's Advancing Access Program provides such Gilead products 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 2005, these organizations included the Forum for Collaborative HIV Research, San Francisco AIDS Foundation, Global Business Coalition on HIV/AIDS, AHF Global Immunity and American Liver Foundation. Gilead includes information about worldwide HIV epidemics as well as descriptions of Gilead's programs in these areas in its Annual Report.

⁽⁴⁾ Ibid.

Table of Contents

The Board 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 shares present in person or represented by proxy 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 proposal has been approved.

THE BOARD RECOMMENDS A VOTE AGAINST PROPOSAL 6.

Table of Contents**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, 2006 by: (1) each beneficial owner of more than five percent of our common stock; (2) each director and nominee for director; (3) each current executive officer named in the Summary Compensation Table below; and (4) all current executive officers and directors of Gilead as a group.

Beneficial Owner	Beneficial Ownership ⁽¹⁾	
	Number of Shares	Percent of Total
Barclays Global Investors, NA	39,369,672 ⁽²⁾	8.5%
Axa Financial, Inc.	24,676,143 ⁽³⁾	5.3%
Paul Berg	385,400 ⁽⁴⁾	*
Norbert W. Bischofberger	1,351,253 ⁽⁵⁾	*
John F. Cogan	9,000 ⁽⁶⁾	*
Etienne F. Davignon	372,000 ⁽⁷⁾	*
James M. Denny	804,050 ⁽⁸⁾	*
William A. Lee	781,559 ⁽⁹⁾	*
John W. Madigan	10,987 ⁽¹⁰⁾	*
John C. Martin	4,460,327 ⁽¹¹⁾	*
John F. Milligan	905,771 ⁽¹²⁾	*
Gordon E. Moore	912,648 ⁽¹³⁾	*
Nicholas G. Moore	86,500 ⁽¹⁴⁾	*
Gayle E. Wilson	157,850 ⁽¹⁵⁾	*
Kevin Young	20,004 ⁽¹⁶⁾	*
All current executive officers and directors as a group (17 persons)	11,389,250 ⁽¹⁷⁾	2.4%

* 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 462,284,636 shares of common stock outstanding on February 28, 2006, adjusted as required by the rules promulgated by the SEC. Unless otherwise indicated, the address for each of the individuals and entities listed in this table is c/o Gilead Sciences, Inc., 333 Lakeside Drive, Foster City, California 94404.
- (2) Based on information set forth in a Schedule 13G filed with the SEC on January 25, 2006 by Barclays Global Investors, NA, Barclays Global Investors, Ltd and Barclays Global Investors Japan Trust And Banking Company Limited, reporting sole power to vote or direct the vote over 34,781,982 shares and sole power to dispose or direct the disposition of 39,369,672 shares. The address of Barclays Global Fund Advisors is 45 Fremont Street, San Francisco, CA 94105.
- (3) Based on information set forth in a Schedule 13G filed with the SEC on February 14, 2006, on behalf of AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle and AXA Courtage Assurance Mutuelle, AXA, and AXA Financial, Inc. (AXF). AXA Investment Managers Paris (France), a related entity of AXA, has sole power to vote or direct the vote over 2,896 shares and sole power to dispose or direct the disposition of 2,896 shares. AXA Rosenberg Investment Management LLC, a related entity of AXA, has sole power to vote or direct the vote over 218,985 shares and sole power to dispose or direct the disposition of 557,313 shares. AXA Equitable Life Insurance Company, a subsidiary of AXF, has sole power to vote or direct the vote over 202,190 shares and sole power to dispose or direct the disposition of 442,907 shares. Alliance Capital Management L.P. (Alliance), a subsidiary of AXF, has sole power to vote or direct the vote over 16,602,674 shares, shared power to vote or to direct the vote over 88,086 shares, sole power to dispose or direct the disposition of 23,629,473 shares and shared power to dispose or to direct

Table of Contents

- the disposition of 43,554 shares. Alliance's shares are acquired solely for investment purposes on behalf of client discretionary investment advisory accounts. The address of AXF is 1290 Avenue of the Americas, New York, New York 10104.
- (4) Includes 376,400 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (5) Includes 89,822 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 741,250 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (6) Includes 9,000 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (7) Includes 160,000 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (8) Includes 680,350 shares subject to stock options exercisable within 60 days of February 28, 2006. The total also includes 88,700 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.
 - (9) Includes 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 773,618 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (10) Includes 6,000 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (11) Includes 3,732,110 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (12) Includes 807,250 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (13) Includes 510,000 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (14) Includes 86,500 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (15) Includes 157,850 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (16) Includes 18,750 shares subject to stock options exercisable within 60 days of February 28, 2006.
 - (17) Includes an aggregate of 9,244,539 shares subject to stock options exercisable by directors and executive officers within 60 days of February 28, 2006. See notes (4) through (16) 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, 2005, Gilead's executive officers, directors and greater than ten percent stockholders complied with all Section 16(a) filing requirements applicable to these executive officers, directors and greater than ten percent stockholders, except that Mr. Nicholas Moore and Dr. Cogan each did not timely file one report with respect to one transaction.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Gilead's Compensation Committee consists of Dr. Gordon Moore (Chairman), Mr. Madigan and Mr. Nicholas Moore. During the fiscal year ended December 31, 2005, Mrs. Wilson served as a member of the Compensation Committee until July 2005, at which time Dr. Cogan was appointed to the Compensation Committee. Dr. Cogan served on the Compensation Committee until January 2006, at which time Mr. Madigan was appointed to the Compensation Committee. None of the members of the Compensation Committee during 2005 is currently or has been, at any time since Gilead's formation, one of Gilead's officers or employees. During 2005, 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 the Board or its Compensation Committee.

Table of Contents**COMPENSATION OF NON-EMPLOYEE DIRECTORS**

Gilead's directors play a critical role in guiding Gilead's strategic direction and overseeing the management of the company. Recent developments in corporate governance and financial reporting have resulted in an increased demand for highly qualified and productive public company directors.

The many responsibilities and risks and the substantial time commitment of being a director require that we provide adequate compensation commensurate with our directors' workload and opportunity costs. Gilead's non-employee directors are compensated based upon their respective levels of board participation and responsibilities, including service on board committees. Non-employee directors receive a combination of annual cash retainers and stock option grants in amounts that correlate to the responsibilities of each director in his or her service to Gilead. In addition to this compensation, members of the Board are also eligible for reimbursement of expenses incurred in connection with attendance at Board and committee meetings and related activities, in accordance with Gilead policy. Our only employee director, Dr. Martin, receives no separate compensation for his service as a director of Gilead.

The following table describes Gilead's compensation practices for non-employee directors during 2005. This compensation arrangement was approved and ratified by the Board in January 2005 and will remain in effect for 2006, unless otherwise amended by the Board.

	2005 and 2006 Non-Employee Director Compensation		
	Cash⁽¹⁾	Stock Option Shares⁽²⁾	Annual
Board Member	\$40,000 retainer (only if no Committee service)	Initial 30,000	18,750
Board Chair	\$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)	\$60,000 retainer	6,000 additional	7,500 additional
Committee Member (all Committees)	\$60,000 retainer	3,000 additional	3,750 additional

⁽¹⁾ Cash amounts represent the total cash compensation an individual Board member receives, depending on his or her role (for example, if the Audit Committee Chair also serves on the Compensation Committee, the total retainer paid is only the \$70,000 Audit Committee Chair retainer).

⁽²⁾ All non-employee directors 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. This limit is in addition to the board member stock option awards.

Board members may elect to receive their cash retainers 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 on the grant date and are delivered to directors in shares of Gilead common stock upon settlement. Alternatively, Board members may elect to defer receipt of their cash retainer under Gilead's Deferred Compensation Plan.

The Board has established a stock ownership guideline to encourage Board members to hold Gilead shares with an aggregate fair market value of at least three times their annual retainer. This target is to be achieved over time.

Table of Contents

Non-employee director stock option awards are granted under the 2004 Plan. Options granted under the 2004 Plan are at prices not less than fair market value on the date of grant. Commencing in 2000, one of the members of the Board, Etienne Davignon, declined his annual stock option grants due to adverse consequences under Belgian tax law. In lieu of stock options, in 2005, the Board granted to Mr. Davignon 6,000 shares of restricted stock under the 2004 Plan, with a six-month restriction on the ability to sell the stock. In January 2006, Mr. Davignon was granted an additional 1,000 shares of restricted stock with the same sale restrictions in connection with his appointment to serve on the Nominating and Corporate Governance Committee.

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 to Gilead. Annual board member stock option grants, initial stock option grants for new committee members and chairpersons and annual stock option grants for 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.

During 2005, Gilead granted options to purchase a total of 224,500 shares to its current non-employee directors, at exercise prices ranging from \$32.02 to \$51.98 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 trading day immediately prior to the date of such grant).

COMPENSATION OF EXECUTIVE OFFICERS

The following table shows, for the years ended December 31, 2005, 2004 and 2003, certain compensation awarded or paid to, or earned by, Gilead's Chief Executive Officer and its other four most highly compensated executive officers as of December 31, 2005, referred to herein as the Named Executive Officers :

Summary Compensation Table

Name and Principal Position	Year Ended December 31,	Annual Compensation				Long Term Compensation	
		Total ⁽¹⁾	Salary ⁽²⁾	Bonus ⁽³⁾	Other Annual Compensation	Awards Securities Underlying Options ⁽⁴⁾	All Other Compensation ⁽⁵⁾
John C. Martin President and Chief Executive Officer	2005	\$ 2,084,055	\$ 967,083	\$ 1,111,500	\$ 350	425,000	\$ 5,122
	2004	\$ 1,895,267	\$ 870,000	\$ 1,020,800		850,000	\$ 4,467
	2003	\$ 1,646,823	\$ 751,667	\$ 887,680	\$ 3403 ⁽⁶⁾	800,000	\$ 4,073
Norbert W. Bischofberger Executive Vice President, Research and Development	2005	\$ 1,074,902	\$ 576,667	\$ 493,725	\$ 300	175,000	\$ 4,210
	2004	\$ 1,005,250	\$ 535,417	\$ 465,750	\$ 300	350,000	\$ 3,783
	2003	\$ 911,879	\$ 480,583	\$ 427,770		400,000	\$ 3,526
John F. Milligan Executive Vice President and Chief Financial Officer	2005	\$ 931,405	\$ 495,833	\$ 425,625	\$ 350	175,000	\$ 9,597 ⁽⁸⁾
	2004	\$ 839,434	\$ 441,667	\$ 388,125	\$ 350	300,000	\$ 9,292 ⁽⁸⁾
	2003	\$ 590,178	\$ 328,933	\$ 244,446	\$ 7,646 ⁽⁷⁾	340,000	\$ 9,153 ⁽⁸⁾
Kevin Young							

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Executive Vice	2005	\$ 1,003,928	\$ 447,917	\$ 516,396 ⁽⁹⁾	\$ 300	125,000	\$ 39,315 ⁽¹⁰⁾
President, Commercial	2004	\$ 387,726	\$ 128,862	\$ 240,896 ⁽⁹⁾		250,000	\$ 17,968 ⁽¹¹⁾
	2003						
Operations							
William A. Lee	2005	\$ 569,775	\$ 363,333	\$ 202,028		105,000	\$ 4,414
	2004	\$ 533,212	\$ 341,250	\$ 188,025	\$ 350	150,000	\$ 3,587
Senior Vice President,	2003	\$ 475,326	\$ 298,406	\$ 173,400		200,000	\$ 3,520
Research							

Table of Contents

- (1) Represents the total of all amounts shown under the base salary, bonus, other annual compensation and all other compensation columns in the table above.
- (2) Includes amounts earned but deferred at the election of the Named Executive Officers pursuant to Gilead's 401(k) employee savings and retirement plan and/or Gilead's Deferred Compensation Plan.
- (3) For each year, includes amounts paid in March of the following year based on the Compensation Committee's review of corporate performance and individual achievements for the prior fiscal year. In accordance with Gilead's incentive bonus program, performance-based cash bonuses with respect to each year were paid to Named Executive Officers who were employed as of the following February. Also includes amounts awarded but deferred at the election of the Named Executive Officers pursuant to Gilead's Deferred Compensation Plan.
- (4) Gilead has not granted any stock appreciation rights, has not made any long-term incentive plan awards and did not make any restricted stock grants to the Named Executive Officers during the periods covered. All share amounts have been restated to reflect the effect of the stock splits in the form of stock dividends completed on March 8, 2002 and September 3, 2004.
- (5) Includes \$2,500 contributed annually to each individual's 401(k) account and the amount of the group term life insurance premiums paid by Gilead.
- (6) Includes \$3,103 for personal use of Gilead's corporate aircraft. The value of personal aircraft usage reported above is the aggregate incremental cost to Gilead (including fuel, maintenance and certain fees and expenses). The amounts reported reflect a change in valuation methodology from prior years in which the cost of personal use of Gilead's aircraft had been calculated using the Standard Industry Fare Level (SIFL) formula established by the Internal Revenue Service. The fiscal 2004 and 2003 amounts for all of the Named Executive Officers have been re-calculated so that amounts are reported on a consistent basis.
- (7) Includes \$7,346 for travel and entertainment-related expenses in connection with a Gilead-sponsored business event.
- (8) Includes \$5,973, which represents the amount of imputed interest under the loan described under "Certain Relationships and Related Party Transactions" Executive Officer Loan on page 50.
- (9) Includes one installment of Mr. Young's signing bonus in the amount of \$133,333. Mr. Young's signing bonus in the aggregate amount of \$400,000 is payable in three annual installments commencing in 2004.
- (10) Includes \$35,263 paid to Mr. Young in connection with relocation expenses in 2005.
- (11) Includes \$17,968 paid to Mr. Young in connection with relocation expenses in 2004.

Stock Option Grants and Exercises

As of February 28, 2006, options to purchase 16,357,487 shares of common stock were outstanding under the 2004 Plan, 5,901 shares were reserved for issuance on conversion of phantom shares under the 2004 Plan, and 14,702,452 shares remain available for future grants under the 2004 Plan. As of February 28, 2006, options to purchase 29,622,188 shares of common stock were outstanding under Gilead's 1991 Stock Option Plan, options to purchase 1,803,100 shares of common stock were outstanding under Gilead's 1995 Non-Employee Directors' Stock Option Plan, options to purchase 10,592 shares of common stock were outstanding under the NeXstar 1993 Incentive Stock Plan, and options to purchase 644,909 shares of common stock were outstanding under the Triangle Pharmaceuticals, Inc. 1996 Incentive Stock Plan. No shares of common stock remain available for grant under any of these plans.

Table of Contents

Gilead grants both incentive stock options and nonstatutory stock options to its executive officers under the 2004 Plan. The following tables show, for the year ended December 31, 2005, certain information regarding options granted to, exercised by, and held at year-end by the Named Executive Officers:

Option Grants in Last Fiscal Year

	Shares Underlying Options Granted ⁽¹⁾	Individual Grants % of Total Options Granted to Employees in 2005 ⁽²⁾	Exercise Price Per Share ⁽¹⁾	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term ⁽³⁾	
					5%	10%
John C. Martin	425,000	4.8986%	\$ 32.02	01/26/15	\$ 8,558,313	\$ 21,688,444
Norbert W. Bischofberger	175,000	2.0171%	\$ 32.02	01/26/15	\$ 3,524,011	\$ 8,930,536
John F. Milligan	175,000	2.0171%	\$ 32.02	01/26/15	\$ 3,524,011	\$ 8,930,536
Kevin Young	125,000	1.4408%	\$ 32.02	01/26/15	\$ 2,517,151	\$ 6,378,954
William A. Lee	75,000	0.8645%	\$ 32.02	01/26/15	\$ 1,510,290	\$ 3,827,373
	30,000	0.3458%	\$ 43.97	07/27/15	\$ 829,575	\$ 2,102,306

(1) The terms of such options, which include both incentive and nonstatutory stock options, are consistent with those of options granted to other employees under the 1991 Stock Option Plan and the 2004 Plan. The exercise price per share of each option granted was equal to the fair market value of Gilead's common stock on the date of the grant. The options vest at the rate of 20% after one year and 5% per quarter thereafter during the optionee's employment. Subject to certain exceptions, the maximum term of options granted under both the 1991 Stock Option Plan and the 2004 Plan is ten years. No stock appreciation rights have been granted in fiscal year 2005.

(2) Based on options to purchase 8,676,012 shares of common stock granted to employees, including executive officers, for the year ended December 31, 2005.

(3) The potential realizable value is based on the term of the option at the date of the grant. It is calculated by assuming that the stock price on the date of grant appreciates at the indicated annual rate, compounded annually for the entire term, and that the option is exercised and sold on the last day of the option term for the appreciated stock price. Actual gains, if any, are dependent on the actual future performance of Gilead's common stock and the timing of exercise and sale transactions by the holder. These numbers are based on SEC requirements and do not reflect Gilead's projection or estimate of future stock price growth.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

			Shares of Common Stock		Value of Unexercised	
	Shares		Underlying Unexercised Options		In-the- Money Options at	
	Acquired	Value	at December 31, 2005 ⁽²⁾		December 31, 2005 ⁽³⁾	
	on Exercise	Realized ⁽¹⁾	Exercisable	Unexercisable	Exercisable	Unexercisable
John C. Martin	521,360	\$ 20,771,027	3,528,860	1,501,500	\$ 147,848,492	\$ 39,540,116
Norbert W. Bischofberger	618,968	\$ 19,991,879	736,500	698,500	\$ 25,416,471	\$ 19,189,644
John F. Milligan	115,500	\$ 3,715,059	706,500	615,000	\$ 24,218,663	\$ 15,264,886
Kevin Young		\$	50,000	325,000	\$ 861,000	\$ 6,012,751
William A. Lee	89,200	\$ 3,198,881	714,868	333,500	\$ 29,121,276	\$ 8,263,022

(1) Represents the fair value of the aggregate amount of common stock on the date of exercise (based on the closing sales price reported on the Nasdaq Stock Market or the actual sales price if the shares were sold by the optionee) less the exercise price, and does not necessarily indicate that the shares were sold by the optionee.

(2) Includes both in-the-money and out-of-the-money options.

(3) Represents the fair value of the options based on the fair value of Gilead's common stock at December 31, 2005 (\$52.57 based on the closing sales price reported on the Nasdaq Stock Market on December 30, 2005), less the exercise price.

Table of Contents**Securities Authorized for Issuance under Equity Compensation Plans**

The following table provides certain information with respect to all of Gilead's equity compensation plans in effect as of December 31, 2005:

Equity Compensation Plan Information

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)⁽¹⁾	Number of Common Shares Remaining Available for Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)⁽²⁾
Equity compensation plans approved by security holders	45,925,785	\$ 22.5952	21,501,244
Equity compensation plans not approved by security holders			
Total:	45,925,785	\$ 22.5952	21,501,244

⁽¹⁾ Does not take into account 6,249 phantom shares granted to directors under the 2004 Plan.

⁽²⁾ Includes approximately 1.7 million shares reserved for issuance under Gilead's Employee Stock Purchase Plan.

Change-in-Control Option Acceleration