Gilead Annual Report 2014

To Our Stockholders, Employees and Friends:

Over the course of 2014, Gilead's medicines helped more patients than ever before.

Left to right: Taiyin Yang, PhD, *Executive Vice President, Pharmaceutical Development and Manufacturing;* Gregg H. Alton, *Executive Vice President, Corporate and Medical Affairs;* John McHutchison, MD, *Executive Vice President, Clinical Research;* Robin L. Washington, *Executive Vice President and Chief Financial Officer;* John F. Milligan, PhD, *President and Chief Operating Officer;* John C. Martin, PhD, *Chairman and Chief Executive Officer;* Norbert W. Bischofberger, PhD, *Executive Vice President, Research and Development and Chief Scientific Officer;* Katie L. Watson, *Senior Vice President, Human Resources;* Paul R. Carter, *Executive Vice President, Commercial Operations;* Andrew Cheng, MD, PhD, *Executive Vice President, HIV Therapeutics and Development Operations.*

We made tremendous progress during the year, introducing new therapies for hepatitis C and cancer while continuing to build on achievements in HIV with regulatory filings for the company's first tenofovir alafenamide (TAF)-based single tablet regimen (STR) in the United States and the European Union. We forged new partnerships, expanded the company's geographic reach to now include operations in more than 30 countries across six continents and made strides to increase access to our medicines worldwide.

The company's 2014 financial performance, with total revenues of $24.9 billion, reflects an ongoing focus on scientific innovation that delivers best-in-class medications to patients with diseases that represent significant unmet needs around the world.

Continued Innovation for the Treatment of Liver Diseases

Hepatitis C-related liver disease poses a threat to the health of millions of people worldwide. Sovaldi®, an important therapeutic advance for the treatment of chronic hepatitis C virus (HCV), received approval in the United States and European Union in December 2013 and January 2014, respectively. Today, Sovaldi is approved in more than 40 countries, and at the end of 2014, more than 170,000 chronic HCV patients had been treated with a Sovaldi-containing regimen since the product was first approved.

In 2014, Harvoni® was approved in the United States, Canada, the European Union and Switzerland. Harvoni is the first once-daily STR for the treatment of chronic HCV infection in genotype 1 patients–the most prevalent genotype worldwide.

Harvoni represents a significant medical advance in the treatment of HCV because it's simple, tolerable, eliminates the need for both interferon and ribavirin, and results in high cure rates. In clinical trials of individuals with genotype 1 infection, Harvoni provided cure rates of 94–99 percent with eight, 12 or 24 weeks of once-daily therapy, depending on a patient's prior treatment history, cirrhosis status and viral load. Gilead continues to investigate the use of Harvoni in different patient groups, including non-genotype 1 infected patients, in HIV co-infection and in patients with advanced liver disease.

In the United States, the company has worked to establish agreements with payers that will streamline the process of starting a patient on therapy, allowing more patients to begin therapy because less time will be spent on authorization of prescription reimbursement.

In Europe, Gilead is working with governments across the European Union to secure country-by-country reimbursement as quickly as possible. And, based on anticipated approvals for both Sovaldi and Harvoni in 2015, the company is well prepared to introduce the products in Japan, a country with one of the highest rates of liver cancer due to HCV in the industrialized world.

Gilead is also prioritizing access in resource-limited countries where the disease burden is high. Gilead entered into an agreement with the Egyptian government to make Sovaldi available there, and the first Egyptian patients began treatment in September 2014. Also in September, agreements were established with seven Indian pharmaceutical manufacturers that allow for the manufacturing of Sovaldi and Harvoni for distribution in 91 developing countries in which an estimated 100 million people are infected with hepatitis C. Sovaldi has also been approved in India, Mongolia and Pakistan and marketing authorization applications have been filed in 10 additional emerging and developing market countries.

Simultaneously, Gilead remains focused on advancing care of people with HCV with the development of a regimen that has the potential to cure patients, regardless of genotype. Phase 3 studies evaluating the combination of GS-5816 and sofosbuvir are now underway, with data anticipated in the third quarter of 2015. Moreover, we are exploring GS-9857, a pan-genotypic protease inhibitor, in combination with sofosbuvir and GS-5816 to potentially further reduce treatment duration to less than 12 weeks.

Hepatitis B virus (HBV) infection, the most common cause of liver cancer worldwide, affects approximately 400 million individuals. Viread® continues to be the most prescribed chronic HBV therapy in the United States and Europe, offering many patients an effective approach to managing their disease. TAF, a nucleotide reverse transcriptase inhibitor designed to prevent viral replication, is being evaluated in Phase 3 studies in which enrollment was completed in 2014.

Viread provides clear benefit to chronic HBV sufferers, however, Gilead's ultimate goal is to offer these patients a cure. Because the biology of HBV infection differs from that of HCV, developing a cure will require an approach that will most likely necessitate multiple drugs that inhibit viral replication in conjunction with the elimination of HBV DNA from all infected liver cells.

Consequently, we are developing agents that potentially enable the immune system to clear HBV infection. Phase 2 studies are underway with the TLR7 agonist GS-9620 and with GS-4774, a therapeutic vaccine that also could be used in conjunction with Viread, TAF or other oral therapies.

Within the liver diseases area, Gilead is also focusing on nonalcoholic steatohepatitis (NASH). Phase 2 studies are fully enrolled for simtuzumab, a monoclonal antibody that inhibits LOXL2, in NASH as well as primary sclerosing cholangitis. In early 2015, Gilead also acquired a Farnesoid X Receptor (FXR) program from Phenex, comprising small molecule FXR agonists for the treatment of liver diseases including NASH. Additionally, Gilead's ASK-1 inhibitor, currently in Phase 2 studies for diabetic nephropathy and pulmonary arterial hypertension, will be evaluated in a Phase 2 study in NASH slated to begin in the first half of this year. These three programs address liver damage in NASH patients via different mechanisms of action.

Developing Better Options for Managing HIV

Gilead's once-daily STRs have transformed the treatment of HIV because of their efficacy, tolerability and dosing convenience, which can help people adhere to their medication, an important consideration for patients on life-long therapy. The clinical value of STRs is broadly accepted within the medical community and as a result, more than 70 percent of newly-diagnosed HIV patients in the United States are prescribed a Gilead STR. In 2014, Stribild® and Eviplera® (Complera® in the U.S.) were the most prescribed regimens for treatment-naïve patients in the United States and Europe, respectively.

Groups across Gilead are working collaboratively to help expand access to HIV testing and linkage to care for those infected with the virus. Data show diagnosis, earlier treatment and adherence help stem the spread of the disease.

As HIV patients live longer, they face additional health issues. Because of this, creating new HIV therapies that are potentially safer, better tolerated and achieve high efficacy rates remains a priority.

Gilead has made exciting progress with regimens containing TAF. TAF has demonstrated high antiviral efficacy and an improved renal and bone safety profile. Results from two Phase 3 studies showed the compound known as E/C/F/TAF (elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide) had more favorable renal and bone safety profiles compared with Stribild. These encouraging results supported the regulatory submissions of E/C/F/TAF in the United States and Europe and prompted us to accelerate our regulatory filing timeline for F/TAF (emtricitabine/tenofovir alafenamide), which will be an important new backbone to address long-term treatment needs across many regimens.

Finally, Gilead expanded its partnership with Janssen R&D Ireland, our distribution partner for Complera/Eviplera, to include the development and commercialization of R/F/TAF, which is F/TAF plus Janssen's rilpivirine. Janssen is also developing D/C/F/TAF, which contains Janssen's darunavir and would be the first protease-containing STR available to patients.

To ensure this next generation of TAF-based regimens will reach patients around the world, we expanded our agreement with the Medicines Patent Pool in July to speed access in the developing world once approved in the United States. The agreement will allow sub-licensing of TAF for HBV and HIV to generic drug companies in India and China to manufacture and distribute it in 112 developing countries. The agreement builds on the success of our earlier efforts. Today, more than 125 countries in the developing world are included in Gilead's access program and more than 7 million HIV-infected individuals in the developing world are receiving one of Gilead's antiretrovirals representing more than 60 percent of people on therapy.

Establishing a Foundation in Oncology

Zydelig is a first-in-class PI3K delta inhibitor approved in the United States and European Union in 2014 for several blood cancers, providing a new therapy for patient populations with few other options. Zydelig provides a foundation from which to develop new cancer therapies, including combination regimens that potentially offer cancer patients longer lasting remission rates.

We are conducting studies to help us better understand the potential benefit of Zydelig in a variety of lymphomas and at various stages of the disease. In addition, we are advancing development of other novel, investigational anti-cancer molecules, including the Syk inhibitor entospletinib (GS-9973) and the JAK inhibitor momelotinib. Further enhancing the company's pipeline of experimental oncology medicines is GS-4059, a BTK inhibitor we recently licensed from Ono Pharmaceutical of Japan. With this agreement, Gilead now has compounds targeting multiple signaling pathways associated with B-cell malignancies–PI3K delta, Syk, JAK and BTK. The goal of combination studies in the field of oncology is to achieve more pronounced and more durable response rates and to expand the number of cancers that may be treated.

GS-5745, the anti-MMP9 antibody, is undergoing evaluation in ulcerative colitis and gastric and pancreatic cancers. Based on promising safety and efficacy data, we anticipate moving the compound forward in clinical development for ulcerative colitis and gastric cancer in 2015. In addition, Phase 2 studies are planned in Crohn's disease.

Advancement in Cardiovascular and Respiratory Disease

In the areas of cardiovascular and respiratory diseases, Gilead is focused on expanding the use of available therapies and developing compounds with the potential to provide clinical benefit to new patient populations. A key achievement in this area in 2014 was the AMBITION trial, which has the potential to change the way patients with pulmonary arterial hypertension (PAH) are treated. AMBITION evaluated ambrisentan, approved as Letairis®, in combination with tadalafil as an initial regimen for PAH patients. Data from AMBITION showed that the combination of ambrisentan and tadalafil resulted in a 50 percent reduction in risk of clinical failure compared with either drug by itself. Gilead submitted an sNDA to cover the use of ambrisentan in combination with tadalafil to the U.S. FDA in December.

We are also building on the knowledge that has been gained in understanding the mechanism of action of Ranexa®, currently approved for the treatment for chronic angina, which alters the activity of the cardiac late sodium current. GS-6615, a potent and selective late sodium current inhibitor, is in development to treat rare and potentially fatal heart conditions that lack effective therapy: long QT-3 syndrome, hypertrophic cardiomyopathy and ventricular tachycardia/ventricular fibrillation.

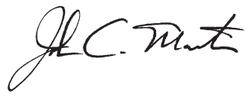
Progress is being made with GS-5806, an investigational fusion inhibitor for the treatment of respiratory syncytial virus (RSV). Results of a Phase 2a challenge study, which were published in the *New England Journal of Medicine,* indicate that the compound reduced symptoms and viral load in RSV-infected adult volunteers. There is no effective therapy for RSV, which accounts for more than 300,000 hospitalizations each year in the United States. Simtuzumab, in studies for several liver diseases, is also being evaluated as a potential treatment for idiopathic pulmonary fibrosis, a disease that causes scarring and reduced function of the lungs.

In Closing

2014 was a remarkable year for Gilead. We enter 2015 with a portfolio of 19 marketed products, a diverse pipeline, new partners and a continued focus on enabling worldwide access to our life-saving medications.

The support of our shareholders, the guidance from our Board of Directors and the incredible efforts of our employees are responsible for the company's success to date, and for allowing Gilead to achieve its goal of providing treatment to millions of individuals around the world.

Thank you for your interest in Gilead.

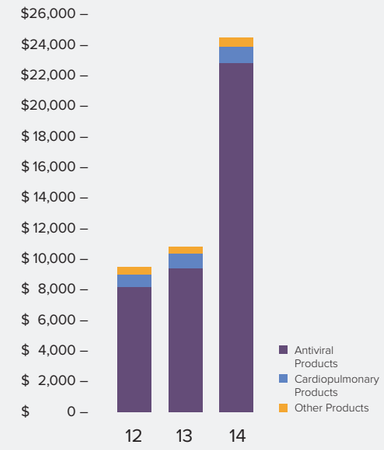


John C. Martin, PhD
Chairman and Chief Executive Officer

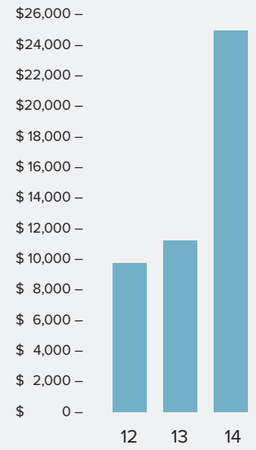
Forward-Looking Statement
This Annual Report includes forward-looking statements regarding our clinical studies and product candidates, including the anticipated timing and achievement of certain development milestones, regulatory filings and launches. Such statements are predictions and involve risks and uncertainties such that actual results may differ materially. Please refer to Gilead's Annual Report on Form 10-K for the year ended December 31, 2014 attached to this report for the risks and uncertainties affecting Gilead's business. Gilead disclaims any obligation to update any forward-looking statements in this report.

FINANCIAL HIGHLIGHTS

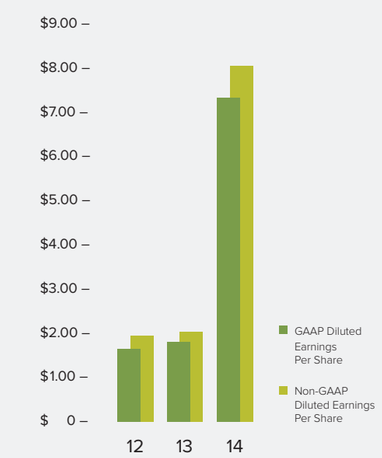
PRODUCT SALES
($ IN MILLIONS)



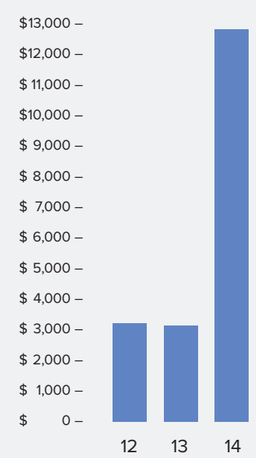
TOTAL REVENUES
($ IN MILLIONS)



EARNINGS PER SHARE



OPERATING CASH FLOW
($ IN MILLIONS)



- Non-GAAP amounts may not sum due to rounding.
- Non-GAAP diluted earnings per share for 2012 exclude after-tax acquisition-related expenses of $0.08, restructuring expenses of $0.01 and stock-based compensation expenses of $0.22.
- Non-GAAP diluted earnings per share for 2013 exclude after-tax acquisition-related expenses of $0.11 and stock-based compensation expenses of $0.11.
- Non-GAAP diluted earnings per share for 2014 exclude after-tax acquisition-related expenses of $0.55 and stock-based compensation expenses of $0.18.

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Sciences, Merck Research
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University of Pittsburgh School
of Medicine

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Director, Schiff Center for Liver
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Director, Hepatology Research
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University of Miami Miller School of
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Robert T. Schooley, MD
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Division of Infectious Diseases,
Vice Chair of Department of Medicine,
University of California, San Diego

Eric J. Topol, MD
Director, Scripps Translational
Science Institute
Chief Academic Officer,
Scripps Health
Professor of Genomics,
The Scripps Research Institute

CORPORATE SECRETARY

Gregg H. Alton
Executive Vice President,
Corporate and Medical Affairs

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Ernst & Young, LLP
Redwood City, California

CORPORATE HEADQUARTERS

Gilead Sciences, Inc.
333 Lakeside Drive
Foster City, CA 94404 USA
(800) 445-3235 or (650) 574-3000
www.gilead.com

STOCKHOLDER INQUIRIES

Inquiries from our stockholders and potential investors regarding our company are always welcome and will receive a prompt response. Please direct your requests for information to:

Investor Relations
Gilead Sciences, Inc.
333 Lakeside Drive
Foster City, CA 94404 USA
(800) 445-3235 or (650) 574-3000

Information regarding Gilead is also available at www.gilead.com.

STOCK LISTING

Gilead common stock is traded on the Nasdaq Global Select Stock Market, under the symbol GILD.

ANNUAL MEETING

The annual meeting of stockholders will be held at 10:00 a.m. on Wednesday, May 6, 2015, at the Westin San Francisco Airport Hotel.

TRANSFER AGENT AND REGISTRAR

Communications concerning stock transfer requirements, lost certificates and changes of address should be directed to the Transfer Agent:

Computershare
P.O. BOX 30170
College Station, TX 77842-3170
(800) 710-0940
www.computershare.com/investor

EQUAL OPPORTUNITY EMPLOYER

Gilead Sciences is proud to be an equal opportunity employer and extends employment to men and women from culturally diverse backgrounds. Our environment respects individual differences and recognizes each employee as an integral member of our company. Our workforce reflects these values and celebrates the individuals who make up our growing team.

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Gilead Sciences is a biopharmaceutical company that discovers, develops and commercializes innovative therapeutics in areas of unmet medical need. The company's mission is to advance the care of patients suffering from life-threatening diseases worldwide. Gilead has operations in more than 30 countries worldwide, with headquarters in Foster City, California.

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Full U.S. prescribing information for Gilead products is available at www.gilead.com.

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