QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2019

GILEAD SCIENCES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware 94-3047598
(State or Other Jurisdiction of Incorporation or Organization) (IRS Employer Identification No.)

333 Lakeside Drive Foster City, California 94404
(Address of principal executive offices) (Zip Code)

650-574-3000
(Registrant’s Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Trading Symbol(s) Name of each exchange on which registered

Common Stock, par value, $0.001 per share GILD Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares outstanding of the issuer’s common stock, par value $0.001 per share, as of July 30, 2019: 1,266,455,481
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We own or have rights to various trademarks, copyrights and trade names used in our business, including the following: GILEAD®, GILEAD SCIENCES®, AMBISOME®, ATRIPLA®, BIKTARVY®, CAYSTON®, COMPLERA®, DESCOVY®, EMTRIVA®, EPCLUSA®, EVIPLERA®, GENVOYA®, HARVONI®, HEPSERA®, LETAIRIS®, ODEFSEY®, RANEXA®, SOVALDI®, STRIBILD®, TRUVADA®, TRUVADA FOR PREP®, TYBOST®, VEMLIDY®, VIREAD®, VOSEVI®, YESCARTA® and ZYDELIG®. LEXISCAN® is a registered trademark of Astellas U.S. LLC. MACUGEN® is a registered trademark of Eyetech, Inc. SYMTUZA® is a registered trademark of Janssen Sciences Ireland UC. TAMIFLU® is a registered trademark of Hoffmann-La Roche Inc. This report also includes other trademarks, service marks and trade names of other companies.
## Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### GILEAD SCIENCES, INC.

#### CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$11,240</td>
<td>$17,940</td>
</tr>
<tr>
<td>Short-term marketable securities</td>
<td>15,943</td>
<td>12,149</td>
</tr>
<tr>
<td>Accounts receivable, net of allowances of $610 and $583, respectively</td>
<td>3,396</td>
<td>3,327</td>
</tr>
<tr>
<td>Inventories</td>
<td>884</td>
<td>814</td>
</tr>
<tr>
<td>Prepaid and other current assets</td>
<td>2,264</td>
<td>1,606</td>
</tr>
<tr>
<td>Total current assets</td>
<td>33,727</td>
<td>35,836</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>4,249</td>
<td>4,006</td>
</tr>
<tr>
<td>Long-term marketable securities</td>
<td>3,051</td>
<td>1,423</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>15,152</td>
<td>15,738</td>
</tr>
<tr>
<td>Goodwill</td>
<td>4,117</td>
<td>4,117</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>2,914</td>
<td>2,555</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$63,210</td>
<td>$63,675</td>
</tr>
</tbody>
</table>

|                      |               |                   |
| **Liabilities and Stockholders’ Equity** |   |   |
| Current liabilities: |               |                   |
| Accounts payable     | $617          | $790              |
| Accrued government and other rebates | 3,585        | 3,928             |
| Other accrued liabilities | 2,760        | 3,139             |
| Current portion of long-term debt and other obligations, net | 1,999        | 2,748             |
| **Total current liabilities** | 8,961        | 10,605            |
| Long-term debt, net | 24,084        | 24,574            |
| Long-term income taxes payable | 5,837        | 5,922             |
| Other long-term obligations | 1,577        | 1,040             |
| **Total liabilities and stockholders’ equity** | $63,210 | $63,675 |

See accompanying notes.

2
## GILEAD SCIENCES, INC.
### CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th></th>
<th>Six Months Ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30,</td>
<td>2019</td>
<td>2018</td>
<td>June 30,</td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product sales</td>
<td>$ 5,607</td>
<td>$ 5,540</td>
<td></td>
<td>$ 10,807</td>
<td>$ 10,541</td>
<td></td>
</tr>
<tr>
<td>Royalty, contract and other revenues</td>
<td>78</td>
<td>108</td>
<td>159</td>
<td>195</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$ 5,685</td>
<td>$ 5,648</td>
<td></td>
<td>$ 10,966</td>
<td>$ 10,736</td>
<td></td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>1,000</td>
<td>1,196</td>
<td></td>
<td>1,957</td>
<td>2,197</td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>1,160</td>
<td>1,192</td>
<td>2,217</td>
<td>2,129</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>1,095</td>
<td>980</td>
<td>2,125</td>
<td>1,977</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total costs and expenses</td>
<td>3,255</td>
<td>3,368</td>
<td>6,299</td>
<td>6,303</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from operations</td>
<td>2,430</td>
<td>2,280</td>
<td>4,667</td>
<td>4,433</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(248)</td>
<td>(266)</td>
<td></td>
<td>(502)</td>
<td>(556)</td>
<td></td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>228</td>
<td>72</td>
<td>595</td>
<td>242</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before provision for income taxes</td>
<td>2,410</td>
<td>2,086</td>
<td>4,760</td>
<td>4,119</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>535</td>
<td>267</td>
<td>917</td>
<td>761</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>1,875</td>
<td>1,819</td>
<td></td>
<td>3,843</td>
<td>3,358</td>
<td></td>
</tr>
<tr>
<td>Net income (loss) attributable to noncontrolling interest</td>
<td>(5)</td>
<td>2</td>
<td>(12)</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income attributable to Gilead</td>
<td>$ 1,880</td>
<td>$ 1,817</td>
<td>$ 3,855</td>
<td>$ 3,355</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income per share attributable to Gilead common stockholders - basic</td>
<td>$ 1.48</td>
<td>$ 1.40</td>
<td>$ 3.03</td>
<td>$ 2.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares used in per share calculation - basic</td>
<td>1,270</td>
<td>1,298</td>
<td>1,273</td>
<td>1,302</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income per share attributable to Gilead common stockholders - diluted</td>
<td>$ 1.47</td>
<td>$ 1.39</td>
<td>$ 3.01</td>
<td>$ 2.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares used in per share calculation - diluted</td>
<td>1,277</td>
<td>1,308</td>
<td>1,280</td>
<td>1,314</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes.
GILEAD SCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(in millions)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>June 30, 2018</td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Net income</td>
<td>$1,875</td>
<td>$1,819</td>
<td>$3,843</td>
<td>$3,358</td>
</tr>
<tr>
<td>Other comprehensive income (loss):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net foreign currency translation gain (loss), net of tax</td>
<td>(13)</td>
<td>(25)</td>
<td>8</td>
<td>(18)</td>
</tr>
<tr>
<td>Available-for-sale debt securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized gain (loss), net of tax</td>
<td>19</td>
<td>30</td>
<td>49</td>
<td>(6)</td>
</tr>
<tr>
<td>Reclassifications to net income, net of tax</td>
<td>—</td>
<td>4</td>
<td>—</td>
<td>4</td>
</tr>
<tr>
<td>Net change</td>
<td>19</td>
<td>34</td>
<td>49</td>
<td>(2)</td>
</tr>
<tr>
<td>Cash flow hedges:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized gain, net of tax</td>
<td>1</td>
<td>118</td>
<td>29</td>
<td>57</td>
</tr>
<tr>
<td>Reclassifications to net income, net of tax</td>
<td>(35)</td>
<td>45</td>
<td>(64)</td>
<td>93</td>
</tr>
<tr>
<td>Net change</td>
<td>(34)</td>
<td>163</td>
<td>(35)</td>
<td>150</td>
</tr>
<tr>
<td>Other comprehensive income (loss)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(28)</td>
<td>172</td>
<td>22</td>
<td>130</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>1,847</td>
<td>1,991</td>
<td>3,865</td>
<td>3,488</td>
</tr>
<tr>
<td>Comprehensive income (loss) attributable to noncontrolling interest</td>
<td>(5)</td>
<td>2</td>
<td>(12)</td>
<td>3</td>
</tr>
<tr>
<td>Comprehensive income attributable to Gilead</td>
<td>$1,852</td>
<td>$1,989</td>
<td>$3,877</td>
<td>$3,485</td>
</tr>
</tbody>
</table>

See accompanying notes.
GILEAD SCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)
(in millions, except per share amounts)

Three Months Ended June 30, 2019

<table>
<thead>
<tr>
<th>Gilead Stockholders' Equity</th>
<th>Shares</th>
<th>Amount</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Retained Earnings</th>
<th>Noncontrolling Interest</th>
<th>Total Stockholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at March 31, 2019</td>
<td>1,274</td>
<td>$ 1</td>
<td>$ 2,494</td>
<td>$ 130</td>
<td>$ 19,326</td>
<td>$ 140</td>
<td>$ 22,091</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive loss, net of tax</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(28)</td>
<td>—</td>
<td>—</td>
<td>(28)</td>
</tr>
<tr>
<td>Issuances under equity incentive plans</td>
<td>2</td>
<td>—</td>
<td>41</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>41</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>—</td>
<td>—</td>
<td>175</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>175</td>
</tr>
<tr>
<td>Repurchases of common stock</td>
<td>(9)</td>
<td>—</td>
<td>(26)</td>
<td>—</td>
<td>(567)</td>
<td>—</td>
<td>(593)</td>
</tr>
<tr>
<td>Dividends declared ($0.63 per share)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(810)</td>
<td>—</td>
<td>(810)</td>
</tr>
<tr>
<td>Balance at June 30, 2019</td>
<td>1,267</td>
<td>$ 1</td>
<td>$ 2,684</td>
<td>$ 102</td>
<td>$ 19,829</td>
<td>$ 135</td>
<td>$ 22,751</td>
</tr>
</tbody>
</table>

Six Months Ended June 30, 2019

<table>
<thead>
<tr>
<th>Gilead Stockholders' Equity</th>
<th>Shares</th>
<th>Amount</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Retained Earnings</th>
<th>Noncontrolling Interest</th>
<th>Total Stockholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2018</td>
<td>1,282</td>
<td>$ 1</td>
<td>$ 2,282</td>
<td>$ 80</td>
<td>$ 19,024</td>
<td>$ 147</td>
<td>$ 21,534</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income, net of tax</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,855</td>
<td>(12)</td>
<td>3,843</td>
</tr>
<tr>
<td>Issuances under employee stock purchase plan</td>
<td>1</td>
<td>—</td>
<td>63</td>
<td>—</td>
<td>22</td>
<td>—</td>
<td>22</td>
</tr>
<tr>
<td>Issuances under equity incentive plans</td>
<td>6</td>
<td>—</td>
<td>82</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>82</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>—</td>
<td>—</td>
<td>319</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>319</td>
</tr>
<tr>
<td>Repurchases of common stock</td>
<td>(22)</td>
<td>—</td>
<td>(62)</td>
<td>—</td>
<td>(1,434)</td>
<td>—</td>
<td>(1,496)</td>
</tr>
<tr>
<td>Dividends declared ($1.26 per share)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,624)</td>
<td>—</td>
<td>(1,624)</td>
</tr>
<tr>
<td>Cumulative effect from the adoption of new leases standard (Note 1)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>8</td>
<td>—</td>
<td>8</td>
</tr>
<tr>
<td>Balance at June 30, 2019</td>
<td>1,267</td>
<td>$ 1</td>
<td>$ 2,684</td>
<td>$ 102</td>
<td>$ 19,829</td>
<td>$ 135</td>
<td>$ 22,751</td>
</tr>
</tbody>
</table>

See accompanying notes.
GILEAD SCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY (CONTINUED)
(inaudited)
(in millions, except per share amounts)

### Three Months Ended June 30, 2018

<table>
<thead>
<tr>
<th>Gilead Stockholders’ Equity</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Retained Earnings</th>
<th>Noncontrolling Interest</th>
<th>Total Stockholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
</tr>
<tr>
<td>1,300</td>
<td>$1</td>
<td>1,300</td>
<td>$1,564</td>
<td>417</td>
<td>$(170)</td>
<td>19,196</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other comprehensive income, net of tax</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>172</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Issuances under equity incentive plans</strong></td>
<td>3</td>
<td>—</td>
<td>—</td>
<td>45</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Stock-based compensation</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>253</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Repurchases of common stock</strong></td>
<td>(7)</td>
<td>—</td>
<td>—</td>
<td>(18)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Dividends declared ($0.57 per share)</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(747)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance at March 31, 2018</strong></td>
<td>1,296</td>
<td>$1</td>
<td>1,296</td>
<td>$1,844</td>
<td>2</td>
<td>$19,825</td>
</tr>
</tbody>
</table>

### Six Months Ended June 30, 2018

<table>
<thead>
<tr>
<th>Gilead Stockholders’ Equity</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Retained Earnings</th>
<th>Noncontrolling Interest</th>
<th>Total Stockholders’ Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
</tr>
<tr>
<td>1,308</td>
<td>$1</td>
<td>1,308</td>
<td>$1,264</td>
<td>165</td>
<td>$19,012</td>
<td>59</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other comprehensive income, net of tax</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>130</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Issuances under employee stock purchase plan</strong></td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>48</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Issuances under equity incentive plans</strong></td>
<td>8</td>
<td>—</td>
<td>—</td>
<td>109</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Stock-based compensation</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>477</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Repurchases of common stock</strong></td>
<td>(21)</td>
<td>—</td>
<td>—</td>
<td>(54)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Dividends declared ($1.14 per share)</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,499)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Cumulative effect from the adoption of new accounting standards</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(293)</td>
<td>483</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance at June 30, 2018</strong></td>
<td>1,296</td>
<td>$1</td>
<td>1,296</td>
<td>$1,844</td>
<td>2</td>
<td>$19,825</td>
</tr>
</tbody>
</table>

See accompanying notes.
### Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$3,843</td>
<td>$3,358</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>120</td>
<td>112</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>587</td>
<td>601</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>317</td>
<td>472</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>28</td>
<td>(2)</td>
</tr>
<tr>
<td>Net unrealized (gains) losses from equity securities</td>
<td>(254)</td>
<td>19</td>
</tr>
<tr>
<td>Other</td>
<td>66</td>
<td>130</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>(68)</td>
<td>277</td>
</tr>
<tr>
<td>Inventories</td>
<td>(12)</td>
<td>(34)</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>(34)</td>
<td>622</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(166)</td>
<td>(193)</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>(274)</td>
<td>(1,838)</td>
</tr>
<tr>
<td>Accrued liabilities and other</td>
<td>(488)</td>
<td>319</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>3,665</td>
<td>3,843</td>
</tr>
</tbody>
</table>

### Investing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of marketable debt securities</td>
<td>(17,022)</td>
<td>(2,009)</td>
</tr>
<tr>
<td>Proceeds from sales of marketable debt securities</td>
<td>1,564</td>
<td>676</td>
</tr>
<tr>
<td>Proceeds from maturities of marketable debt securities</td>
<td>10,029</td>
<td>11,539</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(422)</td>
<td>(509)</td>
</tr>
<tr>
<td>Other</td>
<td>(302)</td>
<td>(102)</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(6,153)</td>
<td>9,595</td>
</tr>
</tbody>
</table>

### Financing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issuances of common stock</td>
<td>141</td>
<td>159</td>
</tr>
<tr>
<td>Repurchases of common stock</td>
<td>(1,422)</td>
<td>(1,489)</td>
</tr>
<tr>
<td>Repayments of debt and other obligations</td>
<td>(1,250)</td>
<td>(4,500)</td>
</tr>
<tr>
<td>Payments of dividends</td>
<td>(1,617)</td>
<td>(1,493)</td>
</tr>
<tr>
<td>Other</td>
<td>(75)</td>
<td>(424)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(4,223)</td>
<td>(7,747)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>11</td>
<td>(45)</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>(6,700)</td>
<td>5,646</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>17,940</td>
<td>7,588</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>$11,240</td>
<td>$13,234</td>
</tr>
</tbody>
</table>

See accompanying notes.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information. The financial statements include all adjustments consisting of normal recurring adjustments that the management of Gilead Sciences, Inc. (Gilead, we, our or us) believes are necessary for a fair presentation of the periods presented. These interim financial results are not necessarily indicative of results expected for the full fiscal year or for any subsequent interim period.

The accompanying Condensed Consolidated Financial Statements include the accounts of Gilead, our wholly-owned subsidiaries and certain variable interest entities for which we are the primary beneficiary. All intercompany transactions have been eliminated. For consolidated entities where we own or are exposed to less than 100% of the economics, we record net income (loss) attributable to noncontrolling interest in our Condensed Consolidated Statements of Income equal to the percentage of the economic or ownership interest retained in such entities by the respective noncontrolling parties.

We assess whether we are the primary beneficiary of a variable interest entity (VIE) at the inception of the arrangement and at each reporting date. This assessment is based on our power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and our obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. As of June 30, 2019, we did not have any material VIEs.

The accompanying Condensed Consolidated Financial Statements and related Notes to Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the related notes thereto for the year ended December 31, 2018, included in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission.

Significant Accounting Policies, Estimates and Judgments

The preparation of these Condensed Consolidated Financial Statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. On an ongoing basis, we evaluate our significant accounting policies and estimates. We base our estimates on historical experience and on various market-specific and other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates are assessed each period and updated to reflect current information. Actual results may differ significantly from these estimates.

Concentrations of Risk

We are subject to credit risk from our portfolio of cash equivalents and marketable securities. Under our investment policy, we limit amounts invested in such securities by credit rating, maturity, industry group, investment type and issuer, except for securities issued by the U.S. government. We are not exposed to any significant concentrations of credit risk from these financial instruments. The goals of our investment policy, in order of priority, are as follows: safety and preservation of principal and diversification of risk; liquidity of investments sufficient to meet cash flow requirements; and a competitive after-tax rate of return.

We are also subject to credit risk from our accounts receivable related to our product sales. The majority of our trade accounts receivable arises from product sales in the United States and Europe. To date, we have not experienced significant losses with respect to the collection of our accounts receivable. We believe that our allowance for doubtful accounts was adequate as of June 30, 2019.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02 “Leases” (ASU 2016-02) and subsequently issued supplemental adoption guidance and clarification (collectively, Topic 842). Topic 842 amends a number of aspects of lease accounting, including requiring lessees to recognize right-of-use assets and lease liabilities for operating leases with a lease term greater than one year. Topic 842 supersedes Topic 840 “Leases.”

On January 1, 2019, we adopted Topic 842 using the modified retrospective approach. Results for reporting periods beginning after January 1, 2019 are presented under Topic 842, while prior period amounts are not adjusted and continue to be reported in accordance with our historical accounting under Topic 840. We elected the package of practical expedients permitted under the transition guidance within Topic 842, which allowed us to carry forward the historical lease classification, retain the initial direct costs for any leases that existed prior to the adoption of the standard and not reassess whether any contracts entered into prior to the adoption are leases. We also elected to account for lease and nonlease components in our lease agreements as a single lease component in determining lease assets and liabilities. In addition, we elected not to recognize the right-of-use assets and liabilities for leases with lease terms of one year or less.
Upon adoption of Topic 842, we recorded $441 million of right-of-use assets within Other long-term assets and $490 million of operating lease liabilities, classified primarily within Other long-term obligations on our Condensed Consolidated Balance Sheet, as of January 1, 2019. The adoption did not have a material impact on our Condensed Consolidated Statements of Income or Condensed Consolidated Statements of Cash Flows. See Note 10. Leases for additional information.

Recently Issued Accounting Standards Not Yet Adopted

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 “Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments” (ASU 2016-13). ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets. In April 2019, the FASB issued clarification to ASU 2016-13 within ASU 2019-04 “Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.” The guidance will become effective for us beginning in the first quarter of 2020 and must be adopted using a modified retrospective approach, with certain exceptions. We are evaluating the impact of the adoption of these standards, but we currently do not expect a material impact on our Condensed Consolidated Financial Statements.

In November 2018, the FASB issued Accounting Standards Update No. 2018-18 “Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606” (ASU 2018-18). ASU 2018-18 clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC 606 when the counterparty is a customer. In addition, the update precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue if the counterparty is not a customer for that transaction. This guidance will become effective for us beginning in the first quarter of 2020 and will be applied retrospectively to January 1, 2018 when we initially adopted Topic 606. Early adoption is permitted. We are evaluating the impact of the adoption of this standard, but we currently do not expect a material impact on our Condensed Consolidated Financial Statements.
## 2. REVENUES

### Disaggregation of Revenues

The following table disaggregates our product sales by product and geographic region and disaggregates our royalty, contract and other revenues by geographic region (in millions):

<table>
<thead>
<tr>
<th>Product sales:</th>
<th>Three Months Ended June 30, 2019</th>
<th>Three Months Ended June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S.</td>
<td>Europe</td>
</tr>
<tr>
<td>Atripla</td>
<td>$122</td>
<td>$26</td>
</tr>
<tr>
<td>Biktarvy</td>
<td>1,023</td>
<td>73</td>
</tr>
<tr>
<td>Complera/Eviplera</td>
<td>42</td>
<td>72</td>
</tr>
<tr>
<td>Descovy</td>
<td>246</td>
<td>69</td>
</tr>
<tr>
<td>Genvoya</td>
<td>733</td>
<td>177</td>
</tr>
<tr>
<td>Odefsey</td>
<td>266</td>
<td>111</td>
</tr>
<tr>
<td>Stribild</td>
<td>78</td>
<td>24</td>
</tr>
<tr>
<td>Truvada</td>
<td>657</td>
<td>41</td>
</tr>
<tr>
<td>Other HIV(1)</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Revenue share – Syntuza(2)</td>
<td>55</td>
<td>29</td>
</tr>
<tr>
<td>AmBisome</td>
<td>10</td>
<td>60</td>
</tr>
<tr>
<td>Ledipasvir/Sofosbuvir(3)</td>
<td>86</td>
<td>22</td>
</tr>
<tr>
<td>Letairis</td>
<td>204</td>
<td>—</td>
</tr>
<tr>
<td>Ranexa</td>
<td>19</td>
<td>—</td>
</tr>
<tr>
<td>Sofosbuvir/Velpatasvir(4)</td>
<td>219</td>
<td>156</td>
</tr>
<tr>
<td>Vemlidy</td>
<td>71</td>
<td>5</td>
</tr>
<tr>
<td>Viread</td>
<td>9</td>
<td>28</td>
</tr>
<tr>
<td>Vosevi</td>
<td>53</td>
<td>15</td>
</tr>
<tr>
<td>Yescarta</td>
<td>99</td>
<td>21</td>
</tr>
<tr>
<td>Zydelig</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Other(5)</td>
<td>41</td>
<td>97</td>
</tr>
<tr>
<td>Total product sales</td>
<td>4,054</td>
<td>1,041</td>
</tr>
<tr>
<td>Royalty, contract and other revenues</td>
<td>19</td>
<td>58</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$4,073</td>
<td>$1,099</td>
</tr>
</tbody>
</table>
### Product sales:

<table>
<thead>
<tr>
<th></th>
<th>U.S.</th>
<th>Europe</th>
<th>Other International</th>
<th>Total</th>
<th>U.S.</th>
<th>Europe</th>
<th>Other International</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Atripla</strong></td>
<td>$ 255</td>
<td>$ 42</td>
<td>$ 26</td>
<td>$ 323</td>
<td>$ 502</td>
<td>$ 90</td>
<td>$ 71</td>
<td>$ 663</td>
</tr>
<tr>
<td><strong>Biktarvy</strong></td>
<td>1,762</td>
<td>121</td>
<td>26</td>
<td>1,909</td>
<td>218</td>
<td>2</td>
<td>—</td>
<td>220</td>
</tr>
<tr>
<td><strong>Complera/Eviplera</strong></td>
<td>86</td>
<td>134</td>
<td>18</td>
<td>238</td>
<td>149</td>
<td>212</td>
<td>28</td>
<td>389</td>
</tr>
<tr>
<td><strong>Descovy</strong></td>
<td>479</td>
<td>137</td>
<td>84</td>
<td>700</td>
<td>585</td>
<td>153</td>
<td>26</td>
<td>764</td>
</tr>
<tr>
<td><strong>Genvoya</strong></td>
<td>1,461</td>
<td>370</td>
<td>164</td>
<td>1,995</td>
<td>1,757</td>
<td>393</td>
<td>92</td>
<td>2,242</td>
</tr>
<tr>
<td><strong>Odefsey</strong></td>
<td>548</td>
<td>217</td>
<td>19</td>
<td>784</td>
<td>582</td>
<td>135</td>
<td>10</td>
<td>727</td>
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<tr>
<td><strong>Strivid</strong></td>
<td>145</td>
<td>42</td>
<td>17</td>
<td>204</td>
<td>277</td>
<td>63</td>
<td>21</td>
<td>361</td>
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<tr>
<td><strong>Truvada</strong></td>
<td>1,208</td>
<td>74</td>
<td>42</td>
<td>1,324</td>
<td>1,156</td>
<td>183</td>
<td>78</td>
<td>1,417</td>
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<tr>
<td><strong>Other HIV</strong></td>
<td>20</td>
<td>2</td>
<td>10</td>
<td>32</td>
<td>20</td>
<td>4</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td><strong>Revenue share – Symtuza</strong></td>
<td>97</td>
<td>53</td>
<td>—</td>
<td>150</td>
<td>—</td>
<td>20</td>
<td>—</td>
<td>20</td>
</tr>
<tr>
<td><strong>AmBisome</strong></td>
<td>18</td>
<td>117</td>
<td>63</td>
<td>198</td>
<td>31</td>
<td>111</td>
<td>68</td>
<td>210</td>
</tr>
<tr>
<td><strong>Ledipasvir/Sofosbuvir</strong></td>
<td>203</td>
<td>49</td>
<td>166</td>
<td>418</td>
<td>464</td>
<td>78</td>
<td>137</td>
<td>679</td>
</tr>
<tr>
<td><strong>Letairis</strong></td>
<td>401</td>
<td>—</td>
<td>—</td>
<td>401</td>
<td>448</td>
<td>—</td>
<td>—</td>
<td>448</td>
</tr>
<tr>
<td><strong>Ranexa</strong></td>
<td>174</td>
<td>—</td>
<td>—</td>
<td>174</td>
<td>403</td>
<td>—</td>
<td>—</td>
<td>403</td>
</tr>
<tr>
<td><strong>Sofosbuvir/Velpatasvir</strong></td>
<td>440</td>
<td>310</td>
<td>225</td>
<td>984</td>
<td>508</td>
<td>366</td>
<td>162</td>
<td>1,036</td>
</tr>
<tr>
<td><strong>Vemlidy</strong></td>
<td>136</td>
<td>9</td>
<td>72</td>
<td>217</td>
<td>106</td>
<td>6</td>
<td>22</td>
<td>134</td>
</tr>
<tr>
<td><strong>Viread</strong></td>
<td>21</td>
<td>42</td>
<td>84</td>
<td>147</td>
<td>23</td>
<td>62</td>
<td>94</td>
<td>179</td>
</tr>
<tr>
<td><strong>Vosevi</strong></td>
<td>98</td>
<td>31</td>
<td>9</td>
<td>138</td>
<td>172</td>
<td>36</td>
<td>8</td>
<td>216</td>
</tr>
<tr>
<td><strong>Yescarta</strong></td>
<td>189</td>
<td>27</td>
<td>—</td>
<td>216</td>
<td>108</td>
<td>—</td>
<td>—</td>
<td>108</td>
</tr>
<tr>
<td><strong>Zydelig</strong></td>
<td>23</td>
<td>29</td>
<td>1</td>
<td>53</td>
<td>31</td>
<td>40</td>
<td>1</td>
<td>72</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>77</td>
<td>117</td>
<td>8</td>
<td>202</td>
<td>56</td>
<td>56</td>
<td>109</td>
<td>221</td>
</tr>
<tr>
<td><strong>Total product sales</strong></td>
<td>7,850</td>
<td>1,923</td>
<td>1,034</td>
<td>10,807</td>
<td>7,596</td>
<td>2,010</td>
<td>935</td>
<td>10,541</td>
</tr>
</tbody>
</table>

### Royalty, contract and other revenues

<table>
<thead>
<tr>
<th></th>
<th>U.S.</th>
<th>Europe</th>
<th>Other International</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenues</strong></td>
<td>$ 7,891</td>
<td>$ 2,037</td>
<td>$ 1,038</td>
<td>$ 10,966</td>
</tr>
</tbody>
</table>

### Notes:

1. Includes Emtriva and Tybost
2. Represents our revenue from cobicistat (C), emtricitabine (FTC) and tenofovir alafenamide (TAF) in Symtuza (darunavir/C/FTC/TAF), a fixed dose combination product commercialized by Janssen Sciences Ireland UC (Janssen)
3. Amounts consist of sales of Harvoni and the authorized generic version of Harvoni sold by our separate subsidiary, Asegua Therapeutics LLC
4. Amounts consist of sales of Epclusa and the authorized generic version of Epclusa sold by our separate subsidiary, Asegua Therapeutics LLC
5. Includes Cayston, Hepsera and Sovaldi

### Revenues Recognized from Performance Obligations Satisfied in Prior Periods

Revenues recognized from performance obligations satisfied in prior years related to royalties for licenses of our intellectual property were $171 million and $326 million for the three and six months ended June 30, 2019, respectively, and $131 million and $228 million for the three and six months ended June 30, 2018, respectively. Changes in estimates for variable consideration related to sales made in prior years resulted in a $193 million and $300 million increase in revenues for the three and six months ended June 30, 2019, respectively, and a $91 million and $4 million increase for the three and six months ended June 30, 2018, respectively.

### Contract Balances

Our contract assets, which consist of unbilled amounts primarily from arrangements where the licensing of intellectual property is the only or predominant performance obligation, totaled $149 million and $125 million as of June 30, 2019 and December 31, 2018, respectively.

Contract liabilities were not material as of June 30, 2019 and December 31, 2018.
3. FAIR VALUE MEASUREMENTS

We determine the fair value of financial and non-financial assets and liabilities using the fair value hierarchy, which establishes three levels of inputs that may be used to measure fair value, as follows:

- **Level 1 inputs** include quoted prices in active markets for identical assets or liabilities;
- **Level 2 inputs** include observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability. For our marketable securities, we review trading activity and pricing as of the measurement date. When sufficient quoted pricing for identical securities is not available, we use market pricing and other observable market inputs for similar securities obtained from various third-party data providers. These inputs either represent quoted prices for similar assets in active markets or have been derived from observable market data; and
- **Level 3 inputs** include unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the underlying asset or liability. Our Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques and significant management judgment or estimation.

Our financial instruments consist primarily of cash and cash equivalents, marketable debt securities, accounts receivable, foreign currency exchange contracts, equity securities, accounts payable and short-term and long-term debt. Cash and cash equivalents, marketable debt securities, certain equity securities and foreign currency exchange contracts are reported at their respective fair values on our Condensed Consolidated Balance Sheets. Equity securities without readily determinable fair values are recorded using the measurement alternative of cost less impairment, if any, adjusted for observable price changes in orderly transactions for identical or similar investments of the same issuer. Short-term and long-term debt are reported at their amortized costs on our Condensed Consolidated Balance Sheets. The remaining financial instruments are reported in our Condensed Consolidated Balance Sheets at amounts that approximate current fair values. There were no transfers between Level 1, Level 2 and Level 3 in the periods presented.

The following table summarizes the types of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy (in millions):

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th></th>
<th></th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
</tr>
<tr>
<td>U.S. treasury securities</td>
<td>3,916</td>
<td>$ —</td>
<td>—</td>
<td>3,916</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>—</td>
<td>5,385</td>
<td>—</td>
<td>4,361</td>
</tr>
<tr>
<td>U.S. government agencies securities</td>
<td>— 1,531</td>
<td>—</td>
<td>—</td>
<td>938</td>
</tr>
<tr>
<td>Non-U.S. government securities</td>
<td>— 420</td>
<td>—</td>
<td>—</td>
<td>305</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>— 13,271</td>
<td>—</td>
<td>—</td>
<td>13,067</td>
</tr>
<tr>
<td>Residential mortgage and asset-backed securities</td>
<td>— 536</td>
<td>—</td>
<td>—</td>
<td>1,524</td>
</tr>
<tr>
<td>Equity securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market funds</td>
<td>3,007</td>
<td>—</td>
<td>—</td>
<td>5,305</td>
</tr>
<tr>
<td>Publicly traded equity securities</td>
<td>1,172</td>
<td>16</td>
<td>—</td>
<td>881</td>
</tr>
<tr>
<td>Deferred compensation plan</td>
<td>156</td>
<td>—</td>
<td>—</td>
<td>124</td>
</tr>
<tr>
<td>Foreign currency derivative contracts</td>
<td>— 48</td>
<td>—</td>
<td>—</td>
<td>78</td>
</tr>
<tr>
<td>Total</td>
<td>$ 8,251</td>
<td>$ 21,207</td>
<td>$ 29,458</td>
<td>$ 10,279</td>
</tr>
</tbody>
</table>

|                      | Level 2       | Level 3     | Level 3     | Total            |
|                      | 6             | 1           | —           | 125              |

Changes in the fair value of equity securities resulted in net unrealized gains of $57 million and $254 million for the three and six months ended June 30, 2019, respectively, and net unrealized losses of $64 million and $19 million for the three and six months ended June 30, 2018, respectively, which were included in Other income (expense), net on our Condensed Consolidated
Statements of Income. Investments in equity securities without readily determinable fair values were not material for the periods presented.

The following table summarizes the classification of our equity securities in our Condensed Consolidated Balance Sheets (in millions):

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,007</td>
<td>$5,305</td>
</tr>
<tr>
<td>Prepaid and other current assets</td>
<td>1,178</td>
<td>863</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>166</td>
<td>142</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,351</strong></td>
<td><strong>$6,310</strong></td>
</tr>
</tbody>
</table>

Our available-for-sale debt securities are classified as cash equivalents, short-term marketable securities and long-term marketable securities on our Condensed Consolidated Balance Sheets. See Note 4. Available-for-Sale Debt Securities for additional information.

**Level 2 Inputs**

We estimate the fair values of Level 2 instruments by taking into consideration valuations obtained from third-party pricing services. The pricing services utilize industry standard valuation models, including both income-based and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate the fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar securities, issuer credit spreads, benchmark securities, prepayment/default projections based on historical data and other observable inputs.

Substantially all of our foreign currency derivative contracts have maturities within an 18-month time horizon and all are with counterparties that have a minimum credit rating of A- or equivalent by S&P Global Ratings, Moody’s Investors Service, Inc. or Fitch Ratings, Inc. We estimate the fair values of these contracts by taking into consideration the valuations obtained from a third-party valuation service that utilizes an income-based industry standard valuation model for which all significant inputs are observable, either directly or indirectly. These inputs include foreign currency exchange rates, London Interbank Offered Rates (LIBOR) and swap rates. These inputs, where applicable, are observable at commonly quoted intervals.

The total estimated fair values of our short-term and long-term debt, determined using Level 2 inputs based on their quoted market values, were approximately $28.0 billion and $27.1 billion as of June 30, 2019 and December 31, 2018, respectively, and the carrying values were $26.1 billion and $27.3 billion as of June 30, 2019 and December 31, 2018, respectively.

**4. AVAILABLE-FOR-SALE DEBT SECURITIES**

The following table summarizes our available-for-sale debt securities (in millions):

<table>
<thead>
<tr>
<th>Securities</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. treasury securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortized Cost</td>
<td>$3,917</td>
<td>$3,978</td>
</tr>
<tr>
<td>Gross Unrealized Gains</td>
<td>$1</td>
<td>$—</td>
</tr>
<tr>
<td>Gross Unrealized Losses</td>
<td>$(2)</td>
<td>$(9)</td>
</tr>
<tr>
<td>Estimated Fair Value</td>
<td>$3,916</td>
<td>$3,969</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>5,385</td>
<td>4,361</td>
</tr>
<tr>
<td>U.S. government agencies securities</td>
<td>1,531</td>
<td>943</td>
</tr>
<tr>
<td>Non-U.S. government securities</td>
<td>420</td>
<td>307</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>13,272</td>
<td>13,095</td>
</tr>
<tr>
<td>Residential mortgage and asset-backed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>securities</td>
<td>537</td>
<td>1,532</td>
</tr>
<tr>
<td>Total</td>
<td>$25,062</td>
<td>$24,216</td>
</tr>
</tbody>
</table>

The following table summarizes the classification of our available-for-sale debt securities in our Condensed Consolidated Balance Sheets (in millions):

<table>
<thead>
<tr>
<th>Securities</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,065</td>
<td>$10,592</td>
</tr>
<tr>
<td>Short-term marketable securities</td>
<td>15,943</td>
<td>12,149</td>
</tr>
<tr>
<td>Long-term marketable securities</td>
<td>3,051</td>
<td>1,423</td>
</tr>
<tr>
<td>Total</td>
<td>$25,059</td>
<td>$24,164</td>
</tr>
</tbody>
</table>
The following table summarizes our available-for-sale debt securities by contractual maturity (in millions):

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amortized Cost</td>
<td>Fair Value</td>
<td></td>
</tr>
<tr>
<td>Within one year</td>
<td>$ 22,010</td>
<td>$ 22,008</td>
<td></td>
</tr>
<tr>
<td>After one year through five years</td>
<td>3,016</td>
<td>3,015</td>
<td></td>
</tr>
<tr>
<td>After five years through ten years</td>
<td>19</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>After ten years</td>
<td>17</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 25,062</strong></td>
<td><strong>$ 25,059</strong></td>
<td></td>
</tr>
</tbody>
</table>

The following table summarizes our available-for-sale debt securities that were in a continuous unrealized loss position, but were not deemed to be other-than-temporarily impaired (in millions):

<table>
<thead>
<tr>
<th></th>
<th>Less Than 12 Months</th>
<th>12 Months or Greater</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Unrealized Losses</td>
<td>Estimated Fair Value</td>
<td>Gross Unrealized Losses</td>
</tr>
<tr>
<td>June 30, 2019</td>
<td>$ (1)</td>
<td>$ 1,401</td>
<td>$ (1)</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>—</td>
<td>8</td>
<td>—</td>
</tr>
<tr>
<td>U.S. government agencies securities</td>
<td>—</td>
<td>391</td>
<td>—</td>
</tr>
<tr>
<td>Non-U.S. government securities</td>
<td>—</td>
<td>11</td>
<td>—</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>(1)</td>
<td>922</td>
<td>(3)</td>
</tr>
<tr>
<td>Residential mortgage and asset-backed securities</td>
<td>—</td>
<td>26</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ (2)</td>
<td>$ 2,759</td>
<td>$ (5)</td>
</tr>
</tbody>
</table>

December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Gross Unrealized Losses</th>
<th>Estimated Fair Value</th>
<th>Gross Unrealized Losses</th>
<th>Estimated Fair Value</th>
<th>Gross Unrealized Losses</th>
<th>Estimated Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. treasury securities</td>
<td>$ —</td>
<td>$ 896</td>
<td>$ (9)</td>
<td>$ 1,383</td>
<td>$ (9)</td>
<td>$ 2,279</td>
</tr>
<tr>
<td>U.S. government agencies securities</td>
<td>—</td>
<td>30</td>
<td>(5)</td>
<td>553</td>
<td>(5)</td>
<td>583</td>
</tr>
<tr>
<td>Non-U.S. government securities</td>
<td>—</td>
<td>86</td>
<td>(2)</td>
<td>192</td>
<td>(2)</td>
<td>278</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>(1)</td>
<td>1,600</td>
<td>(28)</td>
<td>4,204</td>
<td>(29)</td>
<td>5,804</td>
</tr>
<tr>
<td>Residential mortgage and asset-backed securities</td>
<td>—</td>
<td>192</td>
<td>(8)</td>
<td>1,186</td>
<td>(8)</td>
<td>1,378</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ (1)</td>
<td>$ 2,804</td>
<td>$ (52)</td>
<td>$ 7,518</td>
<td>$ (53)</td>
<td>$ 10,322</td>
</tr>
</tbody>
</table>

We held a total of 593 and 1,348 positions, which were in an unrealized loss position, as of June 30, 2019 and December 31, 2018, respectively.

Based on our review of these securities, we believe we had no other-than-temporary impairments as of June 30, 2019 and December 31, 2018, because we do not intend to sell these securities nor do we believe that we will be required to sell these securities before the recovery of their amortized cost basis. Gross realized gains and gross realized losses were not material for the three and six months ended June 30, 2019 and 2018.

5. **DERIVATIVE FINANCIAL INSTRUMENTS**

Our operations in foreign countries expose us to market risk associated with foreign currency exchange rate fluctuations between the U.S. dollar and various foreign currencies, primarily the Euro. To manage this risk, we may hedge a portion of our foreign currency exposures related to outstanding monetary assets and liabilities as well as forecasted product sales using foreign currency exchange forward or option contracts. In general, the market risk related to these contracts is offset by corresponding gains and losses on the hedged transactions. The credit risk associated with these contracts is driven by changes in interest and currency exchange rates and, as a result, varies over time. By working only with major banks and closely monitoring current market conditions, we seek to limit the risk that counterparties to these contracts may be unable to perform. We also seek to limit our risk of loss by entering into contracts that permit net settlement at maturity. Therefore, our overall risk of loss in the event of a counterparty default is limited to the amount of any unrealized gains on outstanding contracts (i.e., those contracts that have a positive fair value) at the date of default. We do not enter into derivative contracts for trading purposes.

We hedge our exposure to foreign currency exchange rate fluctuations for certain monetary assets and liabilities of our entities that are denominated in a non-functional currency. The derivative instruments we use to hedge this exposure are not designated as hedges and, as a result, changes in their fair value are recorded in Other income (expense), net on our Condensed Consolidated Statements of Income.
We hedge our exposure to foreign currency exchange rate fluctuations for forecasted product sales that are denominated in a non-functional currency. The derivative instruments we use to hedge this exposure are designated as cash flow hedges and have maturities of 18 months or less. Upon executing a hedging contract and quarterly thereafter, we assess hedge effectiveness using regression analysis. The unrealized gains or losses in Accumulated other comprehensive income (AOCI) are reclassified into product sales when the respective hedged transactions affect earnings. The majority of gains and losses related to the hedged forecasted transactions reported in AOCI as of June 30, 2019 are expected to be reclassified to product sales within 12 months.

The cash flow effects of our derivative contracts for the six months ended June 30, 2019 and 2018 were included within Net cash provided by operating activities on our Condensed Consolidated Statements of Cash Flows.

We had notional amounts on foreign currency exchange contracts outstanding of $2.9 billion and $2.2 billion as of June 30, 2019 and December 31, 2018, respectively.

While all our derivative contracts allow us the right to offset assets and liabilities, we have presented amounts on a gross basis. The following table summarizes the classification and fair values of derivative instruments in our Condensed Consolidated Balance Sheets (in millions):

### June 30, 2019

<table>
<thead>
<tr>
<th>Classification</th>
<th>Asset Derivatives</th>
<th>Liability Derivatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency exchange contracts</td>
<td>Other current assets</td>
<td>$ 47</td>
</tr>
<tr>
<td>Foreign currency exchange contracts</td>
<td>Other long-term assets</td>
<td>1</td>
</tr>
<tr>
<td>Total derivatives designated as hedges</td>
<td></td>
<td>$ 48</td>
</tr>
<tr>
<td>Derivatives not designated as hedges:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency exchange contracts</td>
<td>Other current assets</td>
<td>—</td>
</tr>
<tr>
<td>Total derivatives not designated as hedges</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Total derivatives</td>
<td></td>
<td>$ 48</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Asset Derivatives</th>
<th>Liability Derivatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency exchange contracts</td>
<td>Other current assets</td>
<td>$ 73</td>
</tr>
<tr>
<td>Foreign currency exchange contracts</td>
<td>Other long-term assets</td>
<td>5</td>
</tr>
<tr>
<td>Total derivatives designated as hedges</td>
<td></td>
<td>78</td>
</tr>
<tr>
<td>Derivatives not designated as hedges:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency exchange contracts</td>
<td>Other current assets</td>
<td>—</td>
</tr>
<tr>
<td>Total derivatives not designated as hedges</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Total derivatives</td>
<td></td>
<td>$ 78</td>
</tr>
</tbody>
</table>

The following table summarizes the effect of our foreign currency exchange contracts on our Condensed Consolidated Financial Statements (in millions):

### Three Months Ended June 30, Six Months Ended June 30

<table>
<thead>
<tr>
<th>Classification</th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gains recognized in AOCI</td>
<td>$ 1</td>
<td>$ 119</td>
<td>$ 29</td>
<td>$ 58</td>
</tr>
<tr>
<td>Gains (losses) reclassified from AOCI into product sales</td>
<td>36</td>
<td>(45)</td>
<td>65</td>
<td>(93)</td>
</tr>
<tr>
<td>Gains (losses) recognized in Other income (expense), net</td>
<td>$ (5)</td>
<td>$ 10</td>
<td>$ (11)</td>
<td>$ (4)</td>
</tr>
</tbody>
</table>
The following table summarizes the potential effect of offsetting our foreign currency exchange contracts on our Condensed Consolidated Balance Sheets (in millions):

<table>
<thead>
<tr>
<th>Description</th>
<th>Gross Amounts Not Offset on our Condensed Consolidated Balance Sheets</th>
<th>Gross Amounts of Recognized Assets/Liabilities</th>
<th>Gross Amounts Offset on our Condensed Consolidated Balance Sheets</th>
<th>Amounts of Assets/Liabilities Presented on our Condensed Consolidated Balance Sheets</th>
<th>Derivative Financial Instruments</th>
<th>Cash Collateral Received/ Pledged</th>
<th>Net Amount (Legal Offset)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative assets</td>
<td>$</td>
<td>$48</td>
<td>—</td>
<td>$48</td>
<td>(6)</td>
<td>—</td>
<td>$42</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>(6)</td>
<td>—</td>
<td>(6)</td>
<td>6</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>As of December 31, 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative assets</td>
<td>$</td>
<td>$78</td>
<td>—</td>
<td>$78</td>
<td>(1)</td>
<td>—</td>
<td>$77</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>(1)</td>
<td>—</td>
<td>(1)</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

From time to time, we may discontinue cash flow hedges and, as a result, record related amounts in Other income (expense), net on our Condensed Consolidated Statements of Income. There was no discontinuance of cash flow hedges for the three and six months ended June 30, 2019 and 2018.

6. **COLLABORATIVE AND OTHER ARRANGEMENTS**

   We enter into collaborations and other similar arrangements with third parties for the development and commercialization of certain products and product candidates. These arrangements may include non-refundable up-front payments, payments by us for options to acquire certain rights, contingent obligations by us for potential development and regulatory milestone payments and/or sales-based milestone payments, royalty payments, revenue or profit sharing arrangements, cost sharing arrangements and equity investments.

   During the three and six months ended June 30, 2019 and 2018, we entered into several collaborative and other similar arrangements, including equity investments and licensing arrangements, that we do not consider to be individually material. Cash outflows and accrued up-front payments related to these arrangements totaled $206 million and $393 million for the three and six months ended June 30, 2019, respectively, and $284 million and $304 million for the three and six months ended June 30, 2018, respectively. We recorded up-front collaboration and licensing expenses related to these arrangements of $165 million and $291 million for the three and six months ended June 30, 2019, respectively, and $160 million for both the three and six months ended June 30, 2018 within Research and development expenses on our Condensed Consolidated Statements of Income and the remaining amounts were recorded in Prepaid and other current assets and Other long-term assets on our Condensed Consolidated Balance Sheets.

   Under the financial terms of these arrangements, we may be required to make payments upon achievement of various developmental, regulatory and commercial milestones, which could be significant. Future milestone payments, if any, will be reflected on our Condensed Consolidated Statements of Income when the corresponding events become probable. In addition, we may be required to pay significant royalties on future sales if products related to these arrangements are commercialized. The payment of these amounts, however, is contingent upon the occurrence of various future events, which have a high degree of uncertainty of occurrence.

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7. OTHER FINANCIAL INFORMATION

Inventories

The following table summarizes our inventories (in millions):

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials</td>
<td>$1,832</td>
<td>$1,888</td>
</tr>
<tr>
<td>Work in process</td>
<td>265</td>
<td>235</td>
</tr>
<tr>
<td>Finished goods</td>
<td>498</td>
<td>507</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,595</strong></td>
<td><strong>$2,630</strong></td>
</tr>
</tbody>
</table>

Reported as:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>$884</td>
<td>$814</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td>1,711</td>
<td>1,816</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,595</strong></td>
<td><strong>$2,630</strong></td>
</tr>
</tbody>
</table>

Amounts reported as other long-term assets primarily consisted of raw materials as of June 30, 2019 and December 31, 2018.

Other Accrued Liabilities

The following table summarizes the components of other accrued liabilities (in millions):

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and employee benefits</td>
<td>$433</td>
<td>$555</td>
</tr>
<tr>
<td>Accrued payment for marketing-related rights acquired from Japan Tobacco Inc.</td>
<td>175</td>
<td>365</td>
</tr>
<tr>
<td>Other accrued expenses</td>
<td>2,152</td>
<td>2,219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,760</strong></td>
<td><strong>$3,139</strong></td>
</tr>
</tbody>
</table>

8. INTANGIBLE ASSETS

The following table summarizes our intangible assets, net (in millions):

<table>
<thead>
<tr>
<th></th>
<th>Gross Carrying Amount</th>
<th>Accumulated Amortization</th>
<th>Foreign Currency Translation Adjustment</th>
<th>Net Carrying Amount</th>
<th>Gross Carrying Amount</th>
<th>Accumulated Amortization</th>
<th>Foreign Currency Translation Adjustment</th>
<th>Net Carrying Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finite-lived assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible asset - sofosbuvir</td>
<td>$10,720</td>
<td>$(3,903)</td>
<td>$—</td>
<td>$6,817</td>
<td>$10,720</td>
<td>$(3,554)</td>
<td>$—</td>
<td>$7,166</td>
</tr>
<tr>
<td>Intangible asset - axicabtagene ciloleucel (DLBCL)</td>
<td>6,200</td>
<td>(588)</td>
<td>—</td>
<td>5,612</td>
<td>6,200</td>
<td>(416)</td>
<td>—</td>
<td>5,784</td>
</tr>
<tr>
<td>Intangible asset - Ranexa</td>
<td>688</td>
<td>(688)</td>
<td>—</td>
<td>—</td>
<td>688</td>
<td>(678)</td>
<td>—</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>1,098</td>
<td>(415)</td>
<td>(3)</td>
<td>680</td>
<td>1,096</td>
<td>(359)</td>
<td>(3)</td>
<td>734</td>
</tr>
<tr>
<td>Total finite-lived assets</td>
<td>18,706</td>
<td>(5,594)</td>
<td>(3)</td>
<td>13,109</td>
<td>18,704</td>
<td>(5,007)</td>
<td>(3)</td>
<td>13,694</td>
</tr>
<tr>
<td>Indefinite-lived assets - In Process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>2,047</td>
<td>—</td>
<td>(4)</td>
<td>2,043</td>
<td>2,047</td>
<td>—</td>
<td>(3)</td>
<td>2,044</td>
</tr>
<tr>
<td>Total intangible assets</td>
<td>$20,753</td>
<td>$(5,594)</td>
<td>$(7)</td>
<td>$15,152</td>
<td>$20,751</td>
<td>$(5,007)</td>
<td>$(6)</td>
<td>$15,738</td>
</tr>
</tbody>
</table>

Aggregate amortization expense related to finite-lived intangible assets was $288 million and $587 million for the three and six months ended June 30, 2019, respectively, and $300 million and $601 million for the three and six months ended June 30, 2018, respectively, and was primarily included in Cost of goods sold on our Condensed Consolidated Statements of Income.
The following table summarizes the estimated future amortization expense associated with our finite-lived intangible assets as of June 30, 2019 (in millions):

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 (remaining six months)</td>
<td>$563</td>
</tr>
<tr>
<td>2020</td>
<td>1,125</td>
</tr>
<tr>
<td>2021</td>
<td>1,125</td>
</tr>
<tr>
<td>2022</td>
<td>1,125</td>
</tr>
<tr>
<td>2023</td>
<td>1,125</td>
</tr>
<tr>
<td>Thereafter</td>
<td>8,046</td>
</tr>
<tr>
<td>Total</td>
<td>$13,109</td>
</tr>
</tbody>
</table>

9. DEBT AND CREDIT FACILITIES

The following table summarizes our borrowings under various financing arrangements (in millions):

<table>
<thead>
<tr>
<th>Type of Borrowing</th>
<th>Issue Date</th>
<th>Due Date</th>
<th>Interest Rate</th>
<th>Carrying Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Unsecured</td>
<td>September 2017</td>
<td>March 2019</td>
<td>3-month LIBOR + 0.22%</td>
<td></td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>March 2014</td>
<td>April 2019</td>
<td>2.05%</td>
<td>—</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2017</td>
<td>September 2019</td>
<td>1.85%</td>
<td>999</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2017</td>
<td>September 2019</td>
<td>3-month LIBOR + 0.25%</td>
<td>500</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>November 2014</td>
<td>February 2020</td>
<td>2.35%</td>
<td>500</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2015</td>
<td>September 2020</td>
<td>2.55%</td>
<td>1,997</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>March 2011</td>
<td>April 2021</td>
<td>4.50%</td>
<td>998</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>December 2011</td>
<td>December 2021</td>
<td>4.40%</td>
<td>1,248</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2016</td>
<td>March 2022</td>
<td>1.95%</td>
<td>498</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2015</td>
<td>September 2022</td>
<td>3.25%</td>
<td>997</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2016</td>
<td>September 2023</td>
<td>2.50%</td>
<td>746</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>March 2014</td>
<td>April 2024</td>
<td>3.70%</td>
<td>1,744</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>November 2014</td>
<td>February 2025</td>
<td>3.50%</td>
<td>1,745</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2015</td>
<td>March 2026</td>
<td>3.65%</td>
<td>2,733</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2016</td>
<td>March 2027</td>
<td>2.95%</td>
<td>1,245</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2015</td>
<td>September 2035</td>
<td>4.60%</td>
<td>990</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2016</td>
<td>September 2036</td>
<td>4.00%</td>
<td>741</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>December 2011</td>
<td>December 2041</td>
<td>5.65%</td>
<td>995</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>March 2014</td>
<td>April 2044</td>
<td>4.80%</td>
<td>1,734</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>November 2014</td>
<td>February 2045</td>
<td>4.50%</td>
<td>1,731</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2015</td>
<td>March 2046</td>
<td>4.75%</td>
<td>2,217</td>
</tr>
<tr>
<td>Senior Unsecured</td>
<td>September 2016</td>
<td>March 2047</td>
<td>4.15%</td>
<td>1,725</td>
</tr>
<tr>
<td>Total, net</td>
<td></td>
<td></td>
<td></td>
<td>26,083</td>
</tr>
<tr>
<td>Less current portion</td>
<td></td>
<td></td>
<td></td>
<td>1,999</td>
</tr>
<tr>
<td>Total long-term debt, net</td>
<td></td>
<td></td>
<td></td>
<td>$24,084</td>
</tr>
</tbody>
</table>

In March 2019, we repaid $750 million of our senior unsecured notes upon maturity that were issued in September 2017, and in April 2019, we repaid $500 million of our senior unsecured notes upon maturity that were issued in March 2014.

We are required to comply with certain covenants under our credit agreement and note indentures governing our senior notes. As of June 30, 2019, we were not in violation of any covenants. Additionally, as of June 30, 2019 and December 31, 2018, there were no amounts outstanding under our $2.5 billion five-year revolving credit facility agreement maturing in May 2021.
10. LEASES

We lease facilities and equipment primarily related to administrative, research and development and sales and marketing activities under various non-cancelable operating leases in the United States and markets outside the United States. We determine if an arrangement contains a lease at inception. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term, which is the non-cancelable period stated in the contract adjusted for any options to extend or terminate when it is reasonably certain that we will exercise that option. Some of our leases include options to extend the terms for up to 15 years and some include options to terminate the lease within one year after the lease commencement date. Right-of-use assets include any prepaid lease payments and exclude lease incentives and initial direct costs incurred.

As of June 30, 2019, we do not have material finance leases. As most of our operating leases do not provide an implicit interest rate, we use a portfolio approach to determine a collateralized incremental borrowing rate based on the information available at the commencement date to determine the lease liability. Operating lease expense for the minimum lease payments is recognized on a straight-line basis over the lease term. Operating lease expenses including variable costs and short-term leases were $38 million and $74 million for the three and six months ended June 30, 2019, respectively.

The following table summarizes balance sheet and other information related to our operating leases as of June 30, 2019 (in millions, except weighted average data):

<table>
<thead>
<tr>
<th>Classification</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right-of-use assets, net</td>
<td>$504</td>
</tr>
<tr>
<td>Other long-term assets</td>
<td></td>
</tr>
<tr>
<td>Lease liabilities - current</td>
<td>$73</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td></td>
</tr>
<tr>
<td>Lease liabilities - noncurrent</td>
<td>$481</td>
</tr>
<tr>
<td>Other long-term obligations</td>
<td></td>
</tr>
<tr>
<td>Weighted average remaining lease term</td>
<td>9.5 years</td>
</tr>
<tr>
<td>Weighted average discount rate</td>
<td>3.60%</td>
</tr>
</tbody>
</table>

The following table summarizes other supplemental information related to our operating leases (in millions):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid for amounts included in the measurement of lease liabilities</td>
<td>$18</td>
<td>$36</td>
</tr>
<tr>
<td>Right-of-use assets obtained in exchange for lease liabilities</td>
<td>$70</td>
<td>$100</td>
</tr>
</tbody>
</table>

The following table summarizes a maturity analysis of our operating lease liabilities showing the aggregate lease payments as of June 30, 2019 (in millions):

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 (remaining six months)</td>
<td>$47</td>
</tr>
<tr>
<td>2020</td>
<td>87</td>
</tr>
<tr>
<td>2021</td>
<td>83</td>
</tr>
<tr>
<td>2022</td>
<td>75</td>
</tr>
<tr>
<td>2023</td>
<td>66</td>
</tr>
<tr>
<td>Thereafter</td>
<td>305</td>
</tr>
<tr>
<td>Total undiscounted lease payments</td>
<td>663</td>
</tr>
<tr>
<td>Less: imputed interest</td>
<td>(109)</td>
</tr>
<tr>
<td>Total discounted lease payments</td>
<td>$554</td>
</tr>
</tbody>
</table>
The following table summarizes the aggregate undiscounted non-cancelable future minimum lease payments for operating leases under the prior leases standard as of December 31, 2018 (in millions):

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 89</td>
</tr>
<tr>
<td>2020</td>
<td>78</td>
</tr>
<tr>
<td>2021</td>
<td>66</td>
</tr>
<tr>
<td>2022</td>
<td>60</td>
</tr>
<tr>
<td>2023</td>
<td>52</td>
</tr>
<tr>
<td>Thereafter</td>
<td>229</td>
</tr>
<tr>
<td><strong>Total minimum lease payments</strong></td>
<td><strong>$ 574</strong></td>
</tr>
</tbody>
</table>

II. COMMITMENTS AND CONTINGENCIES

We are a party to various legal actions. The most significant of these are described below. We recognize accruals for such actions to the extent that we conclude that a loss is both probable and reasonably estimable. We accrue for the best estimate of a loss within a range; however, if no estimate in the range is better than any other, then we accrue the minimum amount in the range. If we determine that a loss is reasonably possible and the loss or range of loss can be estimated, we disclose the possible loss. Unless otherwise noted, it is not possible to determine the outcome of these matters, and we cannot reasonably estimate the maximum potential exposure or the range of possible loss.

We did not recognize any accruals for the actions described below in our Condensed Consolidated Balance Sheets as of June 30, 2019 and December 31, 2018, as we did not believe losses were probable.

Litigation Related to Sofosbuvir

In 2012, we acquired Pharmasset, Inc. (Pharmasset). Through the acquisition, we acquired sofosbuvir, a nucleotide analog that acts to inhibit the replication of the hepatitis C virus (HCV). In 2013, we received approval from U.S. Food and Drug Administration (FDA) for sofosbuvir, now known commercially as Sovaldi. Sofosbuvir is also included in all of our marketed HCV products. We have received a number of litigation claims regarding sofosbuvir. While we have carefully considered these claims both prior to and following the acquisition and believe they are without merit, we cannot predict the ultimate outcome of such claims or range of loss.

We are aware of patents and patent applications owned by third parties that have been or may in the future be alleged by such parties to cover the use of our HCV products. If third parties obtain valid and enforceable patents, and successfully prove infringement of those patents by our HCV products, we could be required to pay significant monetary damages. We cannot predict the ultimate outcome of intellectual property claims related to our HCV products. We have spent, and will continue to spend, significant resources defending against these claims.

Litigation with Idenix Pharmaceuticals, Inc. (Idenix), Universita Degli Studi di Cagliari (UDSG), Centre National de la Recherche Scientifique and L’Universite Montpellier II

In 2013, Idenix, UDSG, Centre National de la Recherche Scientifique and L’Université Montpellier II sued us in U.S. District Court for the District of Delaware alleging that the commercialization of sofosbuvir infringes U.S. Patent No. 7,608,600 (the ‘600 patent). Also in 2013, Idenix and UDSG sued us in the U.S. District Court for the District of Massachusetts alleging that the commercialization of sofosbuvir infringes U.S. Patent Nos. 6,914,054 (the ‘054 patent) and 7,608,597 (the ‘597 patent). In 2014, the court transferred the Massachusetts litigation to the U.S. District Court for the District of Delaware.

Prior to trial in 2016, Idenix committed to give us a covenant not to sue with respect to any claims arising out of the ‘054 patent related to sofosbuvir and withdrew that patent from the trial. A jury trial was held in 2016 on the ‘597 patent, and the jury found that we willfully infringed the asserted claims of the ‘597 patent and awarded Idenix $2.54 billion in past damages. In 2018, the judge invalidated Idenix’s ‘597 patent and vacated the jury’s award of $2.54 billion in past damages. Idenix appealed this decision to the U.S. Court of Appeals for the Federal Circuit (CAFC), and oral argument took place in July 2019. No decision has been handed down yet. We believe the Delaware court’s decision correctly found that, as a matter of law, the ‘597 patent is invalid, and we remain confident in the merits of our case on appeal. We believe that the possibility of a material adverse outcome on this matter is remote.

In 2014, the European Patent Office (EPO) granted Idenix’s European Patent No. 1 523 489 (the ‘489 patent), which corresponds to the ‘600 patent. The same day that the ‘489 patent was granted, we filed an opposition with the EPO seeking to revoke the ‘489 patent. An opposition hearing was held in 2016, and the EPO ruled in our favor and revoked the ‘489 patent.
Idenix has appealed. In 2014, Idenix also initiated infringement proceedings against us in Germany and France alleging that the commercialization of Sovaldi would infringe the German and French counterparts of the ‘489 patent. In 2015, the German court in Düsseldorf determined that the Idenix patent was highly likely to be invalid and stayed the infringement proceedings pending the outcome of the opposition hearing held by the EPO in 2016. Idenix has not appealed this decision of the German court staying the proceedings. Upon Idenix’s request, the French proceedings have been stayed.

Litigation with the University of Minnesota

The University of Minnesota (the University) has obtained Patent No. 8,815,830 (the ‘830 patent), which purports to broadly cover nucleosides with antiviral and anticancer activity. In 2016, the University filed a lawsuit against us in the U.S. District Court for the District of Minnesota, alleging that the commercialization of sofosbuvir-containing products infringes the ‘830 patent. We believe the ‘830 patent is invalid and will not be infringed by the continued commercialization of sofosbuvir. In 2017, the court granted our motion to transfer the case to California. We have also filed four petitions for inter partes review with the USPTO Patent Trial and Appeal Board (PTAB) alleging that all asserted claims are invalid for anticipation and obviousness. In 2018, the District Court stayed the litigation until after the PTAB rules on our petitions for inter partes review.

Litigation Related to Axicabtagene Ciloleucel

We own patents and patent applications that claim axicabtagene ciloleucel chimeric DNA segments. Third parties may have, or may obtain rights to, patents that allegedly could be used to prevent or attempt to prevent us from commercializing axicabtagene ciloleucel or to require us to obtain a license in order to commercialize axicabtagene ciloleucel. For example, we are aware that Juno Therapeutics, Inc. (Juno) has exclusively licensed Patent No. 7,446,190 (the ‘190 patent), which was issued to Sloan Kettering Cancer Center. In September 2017, Juno and Sloan Kettering Cancer Center filed a lawsuit against us in the U.S. District Court for the Central District of California, alleging that the commercialization of axicabtagene ciloleucel infringes the ‘190 patent. In October 2017, following FDA approval for Yescarta, Juno filed a second complaint alleging that axicabtagene ciloleucel infringes the ‘190 patent. Juno subsequently moved to dismiss the September 2017 complaint and has maintained the October 2017 complaint. The court has set a trial date of December 2019 for this lawsuit.

Litigation Related to Bictegravir

In 2018, ViiV Healthcare Company (ViiV) filed a lawsuit against us in the U.S. District Court of Delaware, alleging that the commercialization of bictegravir, sold commercially in combination with tenofovir alafenamide and emtricitabine as Biktarvy, infringes ViiV’s U.S. Patent No. 8,129,385 (the ‘385 patent), which was issued to Shionogi & Co. Ltd. and GlaxoSmithKline LLC. The ‘385 patent is the compound patent covering ViiV’s dolutegravir. Bictegravir is structurally different from dolutegravir, and we believe that bictegravir does not infringe the claims of the ‘385 patent. To the extent that ViiV’s patent claims are interpreted to cover bictegravir, we believe those claims are invalid. The U.S. Patent and Trademark Office (USPTO) has granted us patents covering bictegravir. The court has set a trial date of September 2020 for this lawsuit.

In 2018, ViiV also filed a lawsuit against us in the Federal Court of Canada, alleging that our activities relating to our bictegravir compound have infringed ViiV’s Canadian Patent No. 2,606,282 (the ‘282 patent), which was issued to Shionogi & Co. Ltd. and ViiV. The ‘282 patent is the compound patent covering ViiV’s dolutegravir. We believe that bictegravir does not infringe the claims of the ‘282 patent. To the extent that ViiV’s patent claims are interpreted to cover bictegravir, we believe those claims are invalid.

We cannot predict the ultimate outcome of intellectual property claims related to axicabtagene ciloleucel. If Juno’s patent is upheld as valid and Juno successfully proves infringement of that patent by axicabtagene ciloleucel, we could be required to pay significant monetary damages or we could be prevented from selling Yescarta unless we were able to obtain a license to this patent. Such a license may not be available on commercially reasonable terms or at all.

Litigation with Generic Manufacturers

As part of the approval process for some of our products, FDA granted us a New Chemical Entity (NCE) exclusivity period during which other manufacturers’ applications for approval of generic versions of our product will not be approved. Generic manufacturers may challenge the patents protecting products that have been granted NCE exclusivity one year prior to the end of the NCE exclusivity period. Generic manufacturers have sought and may continue to seek FDA approval for a similar or identical drug through an abbreviated new drug application (ANDA), the application form typically used by manufacturers seeking approval of a generic drug. The sale of generic versions of our products earlier than their patent expiration would have a significant negative
effect on our revenues and results of operations. To seek approval for a generic version of a product having NCE status, a generic company may submit its ANDA to FDA four years after the branded product’s approval.

Current legal proceedings of significance with generic manufacturers include:

**HIV Products**

In 2018, we received notice that Zydus Pharmaceuticals (USA) Inc. (Zydus) submitted an ANDA to FDA requesting permission to manufacture and market generic versions of Truvada at various dosage strengths. In the notice, Zydus alleges that two patents associated with emtricitabine and four patents associated with the emtricitabine and tenofovir disoproxil fumarate fixed-dose combination are invalid, unenforceable and/or will not be infringed by Zydus’ manufacture, use or sale of generic versions of Truvada at various dosage strengths. In response, we filed a lawsuit against Zydus in the U.S. District Court for the District of New Jersey for infringement of our patents.

In 2018, we received notice that Mylan Pharmaceuticals Inc. (Mylan) submitted an ANDA to FDA requesting permission to manufacture and market a generic version of Strilbald. In the notice, Mylan alleges that one patent owned by Japan Tobacco Inc. (JT) and associated with elvitegravir is invalid, unenforceable and/or will not be infringed by Mylan’s manufacture, use or sale of a generic version of Strilbald. In 2019, JT filed a lawsuit against Mylan in the U.S. District Court for the Northern District of West Virginia for infringement of its patent. In 2019, JT reached an agreement with Mylan to resolve the lawsuit, which has been dismissed.

**HCV Products**

In 2018, we received notices from Natco Pharma Limited (Natco) and Teva Pharmaceuticals (Teva) that they have each submitted an ANDA to FDA requesting permission to manufacture and market a generic version of Sovaldi. In Teva’s notice, it alleges that nine patents associated with sofosbuvir are invalid, unenforceable and/or will not be infringed by Teva’s manufacture, use or sale of generic versions of Sovaldi. In response, we filed lawsuits against Teva in the U.S. District Court for the District of New Jersey and the U.S. District Court for the District of Delaware for infringement of these patents. In Natco’s notice, it alleges that two patents associated with sofosbuvir are invalid, unenforceable and/or will not be infringed by Natco’s manufacture, use or sale of generic versions of Sovaldi. We also filed lawsuits against Natco in the U.S. District Court for the District of New Jersey and the U.S. District Court for the District of Delaware for infringement of these patents. In 2018, we reached an agreement with Teva to resolve the lawsuit, which has been dismissed. The settlement agreement has been filed with the Federal Trade Commission and Department of Justice as required by law. In 2019, we reached an agreement with Natco to resolve the lawsuit, which has been dismissed. The settlement agreement has been filed with the Federal Trade Commission and Department of Justice as required by law.

**European Patent Claims**

In 2015, several parties filed oppositions in the EPO requesting revocation of one of our granted European patents covering sofosbuvir that expires in 2028. In 2016, the EPO upheld the validity of certain claims of our sofosbuvir patent. We have appealed this decision, seeking to restore all of the original claims, and several of the original opposing parties have also appealed, requesting full revocation. The appeal process may take several years.

In 2017, several parties filed oppositions in the EPO requesting revocation of our granted European patent relating to sofosbuvir that expires in 2024. The EPO conducted an oral hearing for this opposition in 2018 and upheld the claims. Two of the original opposing parties have appealed, requesting full revocation. The appeal process may take several years.

In 2016, several parties filed oppositions in the EPO requesting revocation of our granted European patent covering TAF that expires in 2021. In 2017, the EPO upheld the validity of the claims of our TAF patent. Three parties have appealed this decision. The appeal process may take several years.

In 2017, several parties filed oppositions in the EPO requesting revocation of our granted European patent relating to TAF hemifumarate that expires in 2032. We responded to these oppositions, and a hearing was held in February 2019. The patent was upheld at this hearing. Three parties have appealed this decision. The appeal process may take several years.

In 2016, three parties filed oppositions in the EPO requesting revocation of our granted European patent covering cobicistat that expires in 2027. In 2017, the EPO upheld the validity of the claims of our cobicistat patent. One of the original opposing parties has appealed this decision. The appeal process may take several years.

While we are confident in the strength of our patents, we cannot predict the ultimate outcome of these oppositions. If we are unsuccessful in defending these oppositions, some or all of our patent claims may be narrowed or revoked and the patent protection for sofosbuvir, TAF, TAF hemifumarate and cobicistat in the European Union could be substantially shortened or eliminated entirely. If our patents are revoked, and no other European patents are granted covering these compounds, our exclusivity may be based entirely on regulatory exclusivity granted by the European Medicines Agency. If we lose patent protection for any
of these compounds, our revenues and results of operations could be negatively impacted for the years including and succeeding the year in which such exclusivity is lost, which may cause our stock price to decline.

Government Investigations and Related Litigation

In 2011, we received a subpoena from the U.S. Attorney’s Office for the Northern District of California requesting documents related to the manufacture, and related quality and distribution practices, of Complera, Atripla, Truvada, Viread, Emtriva, Hepsera and Letairis. We cooperated with the government’s inquiry. In 2014, the U.S. Department of Justice informed us that, following an investigation, it declined to intervene in a False Claims Act lawsuit filed by two former employees. Also in 2014, the former employees served a First Amended Complaint, and the U.S. District Court for the Northern District of California issued an order granting in its entirety, without prejudice, our motion to dismiss the First Amended Complaint. We cooperated with the government’s inquiry. In 2015, the plaintiffs filed a Second Amended Complaint, and the District Court issued an order granting our motion to dismiss the Second Amended Complaint. The plaintiffs then filed a notice of appeal in the U.S. Court of Appeals for the Ninth Circuit. In 2017, the Ninth Circuit granted our motion to stay the case pending an appeal to the U.S. Supreme Court, and we filed a Petition for a Writ of Certiorari to the U.S. Supreme Court. In 2018, the Solicitor General submitted a brief for the United States to the U.S. Supreme Court stating its intention to file a motion to dismiss under the federal False Claims Act. In January 2019, the U.S. Supreme Court denied the petition and the case has been remanded to the District Court. In March 2019, the Department of Justice filed a motion to dismiss the Second Amended Complaint, which the District Court is expected to rule upon later this year.

In 2016, we received a subpoena from the U.S. Attorney’s Office for the District of Massachusetts requesting documents related to our support of 501(c) (3) organizations that provide financial assistance to patients and documents concerning our provision of financial assistance to patients for our HCV products. We are cooperating with this inquiry. In 2017, we received a subpoena from the U.S. Attorney’s Office for the District of Massachusetts requesting documents related to our copay coupon program and Medicaid price reporting methodology. We are cooperating with this inquiry.

In 2017, we received a voluntary request for information from the U.S. Attorney’s Office for the Eastern District of Pennsylvania requesting information related to our reimbursement support offerings, clinical education programs and interactions with specialty pharmacies for Sovaldi and Harvoni. In 2018, we received another voluntary request for information related to our speaker programs and advisory boards for our HCV and hepatitis B virus products. We are cooperating with these voluntary requests.

In 2017, we received a subpoena from the California Department of Insurance and the Alameda County District Attorney’s Office requesting documents related to our marketing activities, reimbursement support offerings, clinical education programs and interactions with specialty pharmacies for Harvoni and Sovaldi. We are cooperating with this inquiry.

In 2017, we also received a subpoena from the U.S. Attorney’s Office for the Southern District of New York requesting documents related to our promotional speaker programs for HIV. We are cooperating with this inquiry.

Product Liability

We have been named as a defendant in one class action lawsuit and various product liability lawsuits related to Viread, Truvada, Atripla, Complera and Stribild. Plaintiffs allege that Viread, Truvada, Atripla, Complera and/or Stribild caused them to suffer kidney and/or bone injuries. The lawsuits, all of which are pending in state or federal court in California, involve hundreds of plaintiffs. Plaintiffs in these cases seek damages and other relief on various grounds for alleged personal injury and economic loss. We intend to vigorously defend ourselves in these actions. While we believe these cases are without merit, we cannot predict the ultimate outcome. If plaintiffs are successful in their claims, we could be required to pay significant monetary damages.

Antitrust and Consumer Protection

We (along with JT, Bristol-Myers Squibb Company and Johnson & Johnson, Inc.) have been named as defendants in a class action lawsuit filed in 2019 related to various drugs used to treat HIV, including drugs used in combination antiretroviral therapy. Plaintiffs allege that we (and the other defendants) engaged in various conduct to restrain competition in violation of federal and state antitrust laws and state consumer protection laws. The lawsuit, a consolidated action pending in the United States District Court for the Northern District of California, seeks to bring claims on behalf of a nationwide class of end-payor purchasers. Plaintiffs seek damages, permanent injunctive relief, and other relief. We intend to vigorously defend ourselves in this action. While we believe this action is without merit, we cannot predict the ultimate outcome. If plaintiffs are successful in their claims, we could be required to pay significant monetary damages or could be subject to permanent injunctive relief.

Other Matters

We are a party to various legal actions that arose in the ordinary course of our business. We do not believe that these other legal actions will have a material adverse impact on our consolidated business, financial position or results of operations. 23
12. STOCKHOLDERS’ EQUITY

Stock Repurchase Program

In the first quarter of 2016, our Board of Directors authorized a $12.0 billion stock repurchase program (2016 Program) under which repurchases may be made in the open market or in privately negotiated transactions. We started repurchases under the 2016 Program in April 2016.

During the three and six months ended June 30, 2019, we repurchased and retired 9 million and 21 million shares of our common stock for $588 million and $1.4 billion, respectively, through open market transactions under the 2016 Program. During the three and six months ended June 30, 2018, we repurchased and retired 7 million and 20 million shares of our common stock for $450 million and $1.5 billion, respectively, through open market transactions under the 2016 Program. As of June 30, 2019, the remaining authorized repurchase amount under the 2016 Program was $3.7 billion.

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in AOCI by component, net of tax during the six months ended June 30, 2019 and 2018 (in millions):

<table>
<thead>
<tr>
<th>Component</th>
<th>Balance at December 31, 2018</th>
<th>Net Unrealized Gain (Loss)</th>
<th>Reclassifications to Net Income</th>
<th>Net Current Period Other Comprehensive Income (Loss)</th>
<th>Balance at June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Currency Translation</td>
<td>$ 47</td>
<td>$ (52)</td>
<td></td>
<td>$ 50</td>
<td>$ 102</td>
</tr>
<tr>
<td>Unrealized Gains and Losses on Available-for-Sale Debt Securities</td>
<td>$ 85</td>
<td>$ 85</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized Gains and Losses on Cash Flow Hedges</td>
<td></td>
<td></td>
<td>(64)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ 80</td>
<td></td>
<td>(64)</td>
<td></td>
<td>$ 102</td>
</tr>
<tr>
<td>Balance at December 31, 2017</td>
<td>$ 85</td>
<td>(293)</td>
<td></td>
<td></td>
<td>(293)</td>
</tr>
<tr>
<td>Reclassifications to Retained Earnings as a Result of the Adoption of New Accounting Standards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at January 1, 2018</td>
<td>85</td>
<td>(99)</td>
<td>(114)</td>
<td></td>
<td>(128)</td>
</tr>
<tr>
<td>Net Unrealized Gain (Loss)</td>
<td>(18)</td>
<td>(6)</td>
<td>57</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Reclassifications to Net Income</td>
<td></td>
<td></td>
<td>4</td>
<td></td>
<td>97</td>
</tr>
<tr>
<td>Net Current Period Other Comprehensive Income (Loss)</td>
<td></td>
<td></td>
<td>(18)</td>
<td></td>
<td>130</td>
</tr>
<tr>
<td>Balance at June 30, 2018</td>
<td>$ 67</td>
<td>(101)</td>
<td>$ 36</td>
<td></td>
<td>$ 2</td>
</tr>
</tbody>
</table>

The amounts reclassified to net income for gains and losses on cash flow hedges are recorded as part of Product sales on our Condensed Consolidated Statements of Income. See Note 5. Derivative Financial Instruments for additional information. The amounts reclassified to net income for gains and losses on available-for-sale debt securities are recorded as part of Other income (expense), net on our Condensed Consolidated Statements of Income. The income tax impact allocated to each component of other comprehensive income was not material for the periods presented.

13. NET INCOME PER SHARE ATTRIBUTABLE TO GILEAD COMMON STOCKHOLDERS

Basic net income per share attributable to Gilead common stockholders is calculated based on the weighted-average number of shares of our common stock outstanding during the period. Diluted net income per share attributable to Gilead common stockholders is calculated based on the weighted-average number of shares of our common stock and other dilutive securities outstanding during the period. The potentially dilutive shares of our common stock resulting from the assumed exercise of outstanding stock options and equivalents were determined under the treasury stock method.

Potential shares of common stock excluded from the computation of diluted net income per share attributable to Gilead common shareholders because their effect would have been antidilutive were 17 million and 14 million for the three and six months ended June 30, 2019, respectively, and 21 million and 16 million for the three and six months ended June 30, 2018, respectively.
The following table summarizes the calculation of basic and diluted net income per share attributable to Gilead common stockholders (in millions, except per share amounts):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30,</td>
<td></td>
<td>June 30,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Net income attributable to Gilead</td>
<td>$1,880</td>
<td>$1,817</td>
<td>$3,855</td>
<td>$3,355</td>
</tr>
<tr>
<td>Shares used in per share calculation - basic</td>
<td>1,270</td>
<td>1,298</td>
<td>1,273</td>
<td>1,302</td>
</tr>
<tr>
<td>Dilutive effect of stock options and equivalents</td>
<td>7</td>
<td>10</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>Shares used in per share calculation - diluted</td>
<td>1,277</td>
<td>1,308</td>
<td>1,280</td>
<td>1,314</td>
</tr>
<tr>
<td>Net income per share attributable to Gilead common stockholders - basic</td>
<td>$1.48</td>
<td>$1.40</td>
<td>$3.03</td>
<td>$2.58</td>
</tr>
</tbody>
</table>
| Net income per share attributable to Gilead common stockholders - diluted | $1.47  | $1.39  | $3.01  | $2.55  

14. SEGMENT INFORMATION

We have one operating segment, which primarily focuses on the discovery, development and commercialization of innovative medicines in areas of unmet medical need. Therefore, our results of operations are reported on a consolidated basis consistent with internal management reporting reviewed by our chief operating decision maker, who is our chief executive officer.

See Note 2. Revenues for a summary of disaggregated revenues by product and geographic region.

The following table summarizes revenues from each of our customers who individually accounted for 10% or more of our total revenues (as a percentage of total revenues):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30,</td>
<td></td>
<td>June 30,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>AmerisourceBergen Corp.</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Cardinal Health, Inc.</td>
<td>21%</td>
<td>20%</td>
<td>21%</td>
<td>20%</td>
</tr>
<tr>
<td>McKesson Corp.</td>
<td>20%</td>
<td>21%</td>
<td>20%</td>
<td>21%</td>
</tr>
</tbody>
</table>

15. INCOME TAXES

Our effective income tax rate of 22.2% for the three months ended June 30, 2019 differed from the U.S. federal statutory rate of 21% primarily due to the tax on Global Intangible Low-Taxed Income, state taxes and our portion of the non-tax deductible Branded Prescription Drug (BPD) fee, partially offset by earnings from non-U.S. subsidiaries that operate in jurisdictions with lower tax rates than the United States.

Our effective income tax rate of 19.3% for the six months ended June 30, 2019 differed from the U.S. federal statutory rate of 21% primarily due to a $119 million tax benefit related to settlements with taxing authorities and earnings from non-U.S. subsidiaries that operate in jurisdictions with lower tax rates than the United States, partially offset by the Global Intangible Low-Taxed Income, state taxes and our portion of the non-tax deductible BPD fee.

Our effective income tax rates of 12.8% and 18.5% for the three and six months ended June 30, 2018, respectively, differed from the U.S. federal statutory rate of 21% primarily due to tax benefits of $202 million and $153 million, respectively, related to settlements of tax examinations and earnings from non-U.S. subsidiaries that operate in jurisdictions with lower tax rates than the United States, partially offset by the Global Intangible Low-Taxed Income and state taxes.

We file federal, state and foreign income tax returns in the United States and in many foreign jurisdictions. For federal and California income tax purposes, the statute of limitations is open for 2013 and 2010 onwards, respectively. Our income tax returns are subject to audit by federal, state and foreign tax authorities. We are currently under examination by the IRS for the tax years from 2013 to 2015 and by various state and foreign jurisdictions. There are differing interpretations of tax laws and regulations, and as a result, significant disputes may arise with these tax authorities involving issues of the timing and amount of deductions and allocations of income among various tax jurisdictions. We regularly evaluate our exposures associated with our tax filing positions.

We record liabilities related to uncertain tax positions in accordance with the income tax guidance which clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements by prescribing a minimum recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Resolution of one or more of these uncertain tax positions in any period may have a material impact on the results of operations for that period.
Our unrecognized tax benefits decreased by $119 million during the six months ended June 30, 2019 due to settlements with taxing authorities. As of June 30, 2019, we believe that it is reasonably possible that our unrecognized tax benefits may materially change in the next 12 months due to potential resolutions with a taxing authority. An estimate of the range of the reasonably possible change cannot be determined at this time.

In June 2019, the U.S. Court of Appeals for the Ninth Circuit (Ninth Circuit) issued an opinion in Altera Corp. v. Commissioner reversing the prior decision of the United States Tax Court and requiring related parties in an intercompany cost-sharing arrangement to share expenses related to stock-based compensation. It is possible that there will be further judicial review of this issue; and as such, we believe the law to be unsettled and continue to recognize tax benefits for the exclusion of stock-based compensation from our cost-sharing arrangement. We will continue to monitor this issue and will reassess our evaluation of the financial reporting impact when more information becomes available.

16. SUBSEQUENT EVENT

In July 2019, we entered into an Option, License and Collaboration Agreement (the Collaboration Agreement) with Galapagos NV (Galapagos), pursuant to which the parties entered into a global collaboration that covers Galapagos’ current and future product portfolio (other than filgotinib, an investigational, selective JAK1 inhibitor for inflammatory disease indications, which is already subject to the parties’ existing collaborative arrangement). Upon the closing of the Collaboration Agreement, we will make an up-front license and option fee payment of $3.95 billion and an equity investment in Galapagos of approximately $1.1 billion.

Collaboration Agreement

Under the Collaboration Agreement, we will acquire rights to participate in the development and commercialization of GLPG-1690, Galapagos’ Phase 3 candidate for idiopathic pulmonary fibrosis, and receive option rights to participate in the development and commercialization of GLPG-1972, a Phase 2b candidate for osteoarthritis, and Galapagos’ other current and future clinical programs that have entered clinical development during the first ten years of the collaboration. We may exercise our option to acquire a license to a program after the receipt of a data package from a completed, qualifying Phase 2 study for such program (or, in certain circumstances, the first Phase 3 study).

If GLPG-1690 receives marketing approval in the United States, we will pay Galapagos $325 million as well as tiered royalties. If we exercise our option to acquire a license to the GLPG-1972 program after the completion of Galapagos’ ongoing Phase 2 trial, we will pay a $250 million option exercise fee. In addition, following opt-in, Galapagos would be eligible to receive up to $750 million in development, regulatory and commercial milestones on GLPG-1972 as well as tiered royalties. With respect to all other products in Galapagos’ current and future pipeline, if we exercise our option to acquire a license to a program, we will pay a $150 million option exercise fee per program. In addition, Galapagos will receive tiered royalties ranging from 20% to 24% on net sales of all Galapagos products optioned by us as part of the Collaboration Agreement (including GLPG-1690 and GLPG-1972), subject to customary royalty terms and adjustments.

If we exercise our option rights for a program, we will share development costs and mutually agreed commercialization costs equally with Galapagos, subject to the ability of either party to conduct certain independent research or development activities and independent commercial activities in their respective territories. Galapagos will retain exclusive rights to commercialize products included in the optioned program in the European Union, Iceland, Norway, Lichtenstein and Switzerland, and we will have exclusive commercialization rights for such products for all other countries globally, except for GLPG-1972 where we will only acquire the U.S. rights as they are the only rights not subject to a license agreement between Galapagos and a third party.

For each program we opt-in to, we are required to use commercially reasonable efforts to obtain marketing approval in the United States and Japan and to market, promote, sell or distribute one product for one indication in the United States and Japan. We may terminate the collaboration in its entirety or on a program-by-program and country-by-country basis with advance notice as well as following other customary termination events.

Subscription Agreement

In July 2019, we entered into a Subscription Agreement (the Subscription Agreement) with Galapagos pursuant to which we agreed to purchase, subject to certain conditions, the number of ordinary shares of Galapagos, no par value (the Subscription Shares), sufficient to bring our aggregate ownership percentage in Galapagos at the closing of the Subscription Agreement to 20.1% on a fully diluted basis. The price per subscription share is equal to €140.59. In addition, subject to and upon Galapagos’ shareholders’ approval, we will be issued and will subscribe to warrants that confer the right to subscribe for a number of new shares to be issued by Galapagos sufficient to bring the number of shares owned by us to 29.9% of the issued and outstanding shares. We are subject to a 10-year standstill restricting our ability to acquire voting securities of Galapagos exceeding more than 29.9% of the then issued and outstanding voting securities of Galapagos.

We agreed not to, without the prior consent of Galapagos, dispose of any equity securities of Galapagos prior to the earlier of the second anniversary of the closing of the Subscription Agreement and the termination of the Subscription Agreement (if the closing does not occur). During the period running from the date that is two years following the closing of the Subscription Agreement until the date that is five years following the closing of the Subscription Agreement, we shall not, without the prior
consent of Galapagos, dispose of any equity securities of Galapagos if after such disposal we would own less than 20.1% of the then issued and outstanding voting securities of Galapagos.

We will have the right to have two designees appointed to Galapagos’ board of directors (the Galapagos Board) following the closing of the Subscription Agreement and the approval of Galapagos’ shareholders. In the event that our designees are not approved by Galapagos’ shareholders, our designees will be invited to the Galapagos Board as observers.

The closing of the Collaboration Agreement and Subscription Agreement are subject to a number of closing conditions, including antitrust clearances required by the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder and receipt of merger control approval from the Austrian Federal Competition Authority.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. The forward-looking statements are contained principally in this section entitled “Management's Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors.” Words such as “expect,” “anticipate,” “target,” “goal,” “project,” “hope,” “intend,” “plan,” “believe,” “seek,” “estimate,” “continue,” “may,” “could,” “should,” “might,” variations of such words and similar expressions are intended to identify such forward-looking statements. In any case, any statements other than statements of historical fact are forward-looking statements, including statements regarding overall trends, operating cost and revenue trends, liquidity and capital needs, collaboration and licensing arrangements and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends and similar expressions.

We have based these forward-looking statements on our current expectations about future events. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Our actual results may differ materially from those suggested by these forward-looking statements for various reasons, including those identified below under “Risk Factors.” Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements included in this report are made only as of the date hereof. Except as required under federal securities laws and the rules and regulations of the Securities and Exchange Commission (SEC), we do not undertake and specifically decline any obligation to update any of these statements or to publicly announce the results of any revisions to any forward-looking statements after the distribution of this report, whether as a result of new information, future events, changes in assumptions or otherwise. In evaluating our business, you should carefully consider the risks described in the section entitled “Risk Factors” under Part II, Item 1A in addition to the other information in this Quarterly Report on Form 10-Q. Any of the risks contained herein could materially and adversely affect our business, results of operations and financial condition.

You should read the following management’s discussion and analysis of our financial condition and results of operations in conjunction with our audited Consolidated Financial Statements and related notes thereto included as part of our Annual Report on Form 10-K for the year ended December 31, 2018 and our unaudited Condensed Consolidated Financial Statements for the six months ended June 30, 2019 and other disclosures (including the disclosures under Part II, Item 1A, “Risk Factors”) included in this Quarterly Report on Form 10-Q. Our Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles and are presented in U.S. dollars.

Management Overview

Gilead Sciences, Inc. (Gilead, we, our or us), incorporated in Delaware on June 22, 1987, is a research-based biopharmaceutical company that discovers, develops and commercializes innovative medicines in areas of unmet medical need. With each new discovery and investigational drug candidate, we strive to transform and simplify care for people with life-threatening illnesses around the world. We have operations in more than 35 countries worldwide, with headquarters in Foster City, California. Gilead’s primary areas of focus include HIV/AIDS, liver diseases, hematology/oncology and inflammation/respiratory diseases. We seek to add to our existing portfolio of products through our internal discovery and clinical development programs, product acquisition, licensing and strategic collaborations.

Our portfolio of marketed products includes AmBisome®, Atripla®, Biktarvy®, Cayston®, Complera®/Eviplera®, Descovy®, Emtriva®, Epclusa®, Genvoya®, Harvoni®, Hepsera®, Letairis®, Odofsey®, Ranexa®, Sovaldi®, Stribild®, Truvada®, Tybost®, Vemlidy®, Viread®, Vosevi®, Yescarta® and Zydelig®. We sell and distribute authorized generic versions of Eplusa and Harvoni in the United States through our separate subsidiary, Asegua Therapeutics LLC. In addition, we sell and distribute certain products through our corporate partners under collaborative agreements.

Business Highlights

During the second quarter of 2019, we continued to advance our product pipeline across our therapeutic areas with the goal of delivering best-in-class drugs that advance the current standard of care and/or address unmet medical need. Recent key announcements include:
Collaborations:

- Entry into a global research and development collaboration with Galapagos NV (Galapagos). Upon closing of the collaboration with Galapagos, we will make an up-front license and option fee payment of $3.95 billion and an equity investment in Galapagos of approximately $1.1 billion. Under the collaboration agreement, we have option rights to acquire an exclusive license to all current and future clinical programs of Galapagos being developed during the first ten years of the collaboration and, for those programs that entered clinical development prior to the end of the initial option term, for up to an additional three years thereafter. The closing of the collaboration with Galapagos is subject to a number of closing conditions, including antitrust clearances required by the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder and receipt of merger control approval from the Austrian Federal Competition Authority.
- Entry into collaboration and/or license agreements with Renown Institute for Health Innovation, Novartis AG, Carna Biosciences Inc., Nurix Therapeutics, Inc., Humanigen, Inc. and Goldfinch Bio, Inc.

Product, Pipeline and Other Updates:

- Presentation of data of at the 10th International AIDS Society Conference on HIV Science, which included:
  - Results from a sub-analysis of the DISCOVER trial evaluating an investigational use of Descovy for HIV pre-exposure prophylaxis (PrEP), which demonstrated that Descovy reached intracellular drug concentration levels above the estimated protective threshold significantly more quickly than Truvada and that these drug concentration levels persist longer than Truvada;
  - Results from two studies of investigational toll-like receptor (TLR7) agonists as part of an HIV cure research program. The Phase 1 and preclinical study results demonstrate that TLR7 agonists have a potential role to play in scalable strategies for achieving sustained viral remission in humans;
  - Results from two Phase 3 trials demonstrating the effectiveness of Biktarvy for the treatment of HIV in women and in virologically suppressed patients with known resistance; and
  - Results from a Phase 1b study of GS-6207, an investigational, novel, selective capsid inhibitor, in people living with HIV. The Phase 1b data demonstrated the first proof of concept that HIV capsid inhibition can lead to significant declines in viral load in vivo and that resistance to GS-6207 in vitro did not lead to resistance to other classes of drugs used in the treatment of HIV.
- Plans for a new 67,000-square foot facility in Oceanside, California, dedicated to the development and manufacturing of viral vectors, a critical starting material in the production of cell therapies.
- Presentation of data at the 2019 American Society of Clinical Oncology Annual Meeting, which included:
  - Results from a safety management analysis of early use of steroids from the ZUMA-1 trial of Yescarta in adult patients with diffuse large B-cell lymphoma (DLBCL);
  - Results from a sub-population analysis from the ZUMA-1 trial of Yescarta in adult patients with DLBCL; and
  - Results from the completed Phase 1 of the ZUMA-3 study evaluating KTE-X19, an investigational CD19 chimeric antigen receptor T (CAR T) cell therapy. ZUMA-3 is a single-arm Phase 1/2 study in adult patients with relapsed or refractory acute lymphoblastic leukemia.
- Intent to submit a new drug application to U.S. Food and Drug Administration (FDA) for filgotinib this year, an investigational, oral, selective JAK1 inhibitor, as a treatment for rheumatoid arthritis (RA).
- Presentation of data at the Annual European Congress of Rheumatology 2019, which included data on filgotinib. Among the abstracts presented were 24 week interim results from the ongoing FINCH 1 and FINCH 3 Phase 3 studies evaluating filgotinib in adults with RA.
- The donation of Truvada for PrEP® (emtricitabine 200 mg and tenofovir disoproxil fumarate 300 mg) to the U.S. Centers for Disease Control and Prevention (CDC) in support of national efforts to help prevent HIV and end the epidemic. We will provide to CDC up to 2.4 million bottles of Truvada annually for uninsured Americans at risk for HIV. The donation, which extends until 2030, will transition to Descovy, if it is approved for use as prevention.

Financial Highlights

Total revenues increased by 1% to $5.7 billion for the second quarter of 2019, compared to $5.6 billion for the same period in 2018, primarily due to higher product sales, which were $5.6 billion compared to $5.5 billion for the same period in 2018. The increase in product sales was primarily due to higher HIV product sales and $102 million higher net adjustments for government rebates and discounts related to sales made in prior years, partially offset by lower sales of Ranexa, Letairis and our HCV products.

Cost of goods sold decreased by 16% to $1.0 billion for the second quarter of 2019, compared to $1.2 billion for the same period in 2018, primarily due to lower royalty expenses, lower inventory reserves related to inventory and supply chain
rationalization and lower amortization expense related to the Ranexa intangible asset, which was fully amortized during the first quarter of 2019.

Research and development (R&D) expenses decreased by 3% to $1,160 million for the second quarter of 2019, compared to $1,192 million for the same period in 2018, primarily due to the 2018 purchase of an FDA Priority Review Voucher and lower stock-based compensation expense in 2019, largely offset by higher investments in 2019 to support our cell therapy programs.

Selling, general and administrative (SG&A) expenses increased by 12% to $1.1 billion for the second quarter of 2019, compared to $980 million for the same period in 2018, primarily due to higher promotional expenses in the United States and expenses associated with the expansion of our products in Japan and China, partially offset by lower stock-based compensation expense. Stock-based compensation expense was higher for the second quarter of 2018 following the acquisition of Kite Pharma Inc.

Net income attributable to Gilead increased to $1.9 billion, or $1.47 per diluted share, for the second quarter of 2019 from $1.8 billion, or $1.39 per diluted share, for the same period in 2018, primarily due to higher income from operations and net unrealized gains from changes in the fair value of our equity securities, partially offset by a higher provision for income taxes. Net income attributable to Gilead for the second quarter of 2018 benefited from a $202 million, or $0.15 per diluted share, settlement of a tax examination.

As of June 30, 2019, we had $30.2 billion of cash, cash equivalents and marketable debt securities compared to $31.5 billion as of December 31, 2018. During the second quarter of 2019, we generated $2.2 billion in operating cash flow, repaid $500 million of debt, paid cash dividends of $800 million and repurchased 9 million shares of our common stock for $588 million through open market transactions.

Results of Operations

Total Revenues

The following table summarizes the period-over-period changes in our product sales and royalty, contract and other revenues:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>June 30, 2018</td>
<td>Change</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product sales</td>
<td>$5,607</td>
<td>$5,540</td>
<td>1%</td>
</tr>
<tr>
<td>Royalty, contract and other revenues</td>
<td>78</td>
<td>108</td>
<td>(28)%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$5,685</td>
<td>$5,648</td>
<td>1%</td>
</tr>
</tbody>
</table>

Product sales for the three months ended June 30, 2019

Total product sales increased by 1% to $5.6 billion for the three months ended June 30, 2019, compared to $5.5 billion for the same period in 2018, primarily due to higher HIV product sales and $102 million higher net adjustments for government rebates and discounts related to sales made in prior years, partially offset by lower sales of Ranexa, Letairis and our HCV products.

HIV product sales increased by 10% to $4.0 billion for the three months ended June 30, 2019, compared to $3.7 billion for the same period in 2018, primarily due to higher sales volume as a result of the continued uptake of Biktarvy and approximately $70 million of favorable adjustments for statutory rebates in Europe, partially offset by decreases in sales volume of Genvoya and our Truvada (emtricitabine (FTC) and tenofovir disoproxil fumarate (TDF))-based products.

HCV product sales decreased by 16% to $842 million for the three months ended June 30, 2019, compared to $1.0 billion for the same period in 2018, primarily due to competitive dynamics, including a decline in U.S. Medicare prices and lower patient starts. The decline was partially offset by approximately $80 million of favorable adjustments for statutory rebates in Europe.

Yescarta generated $120 million in sales during the three months ended June 30, 2019, compared to $68 million for the same period in 2018. The increase was driven by an increase in the number of therapies provided to patients.

Other product sales, which include products from our HBV, cardiovascular, oncology and other categories inclusive of Vemlidy, Viread, Letairis, Ranexa, Zydelig, AmBisome and Cayston, decreased by 25% to $604 million for the three months ended June 30, 2019, compared to $807 million for the same period in 2018. The decrease was primarily due to the expected decline in sales of Ranexa and Letairis after the entry of generic versions in the United States in 2019.

Of our total product sales, 28% and 27% were generated outside the United States during the three months ended June 30, 2019 and 2018, respectively. We faced exposure to movements in foreign currency exchange rates, primarily in the Euro. We used foreign currency exchange contracts to hedge a portion of our foreign currency exposure. Foreign currency exchange, net of
hedges, had an immaterial impact on our product sales for the three months ended June 30, 2019, based on a comparison using foreign currency exchange rates from the three months ended June 30, 2018.

Product sales in the United States decreased slightly to $4,054 million for the three months ended June 30, 2019, compared to $4,069 million for the same period in 2018. The decrease was primarily due to lower sales of Ranexa and Letairis following the entry of generic versions in 2019 and lower sales of our HCV products, partially offset by higher sales of our HIV products. The decrease in sales of our HCV products was primarily due to lower average net selling price, including a decline in U.S. Medicare prices in 2019, lower sales volume as a result of a decrease in market share and fewer patient starts. The increase in sales of our HIV products was primarily due to the continued uptake of Biktarvy and increased usage of Truvada for PrEP, partially offset by decreases in sales volume of Genvoya, Atripla, Strivilb, Descovy and Complera.

Product sales in Europe increased by 4% to $1,041 million for the three months ended June 30, 2019, compared to $1,005 million for the same period in 2018. Product sales for the second quarter of 2019 benefited from approximately $160 million of adjustments for statutory rebates. In addition, sales of Biktarvy and Odefsey were higher for the three months ended June 30, 2019 compared to the same period in 2018. The increases in product sales in Europe were partially offset by the broader availability of generic versions of Truvada, Atripla and Viread. Foreign currency exchange, net of hedges, had an immaterial impact on our product sales in Europe for the three months ended June 30, 2019, based on a comparison using foreign currency exchange rates from the three months ended June 30, 2018.

Product sales in other locations increased by 10% to $512 million for the three months ended June 30, 2019, compared to $466 million for the same period in 2018, primarily due to higher HIV product sales in Japan as a result of acquiring the rights to certain products in our HIV portfolio in Japan effective January 1, 2019.

*Product sales for the six months ended June 30, 2019*

Total product sales increased by 3% to $10.8 billion for the six months ended June 30, 2019, compared to $10.5 billion for the same period in 2018, primarily due to higher HIV product sales and $296 million higher net adjustments for government rebates and discounts related to sales made in prior years. The increase was partially offset by lower sales of our HCV products, Ranexa and Letairis.

HIV product sales increased by 12% to $7.7 billion for the six months ended June 30, 2019, compared to $6.8 billion for the same period in 2018, driven by higher sales volume as a result of the continued uptake of Biktarvy and higher net adjustments for government rebates and discounts. The increase was partially offset by decreases in sales volume of Genvoya and our Truvada (FTC)/(TDF)-based products and lower average net selling prices.

HCV product sales decreased by 20% to $1.6 billion for the six months ended June 30, 2019, compared to $2.0 billion for the same period in 2018, primarily due to lower average net selling price, including a decline in U.S. Medicare prices in 2019, and lower patient starts. The decline was partially offset by higher net adjustments for government rebates and discounts.

Yescarta generated $216 million in sales during the six months ended June 30, 2019, compared to $108 million for the same period in 2018. The increase was driven by an increase in the number of therapies provided to patients.

Other product sales, which include products from our HBV, cardiovascular, oncology and other categories inclusive of Vemvidly, Viread, Letairis, Ranexa, Zydelig, AmBisome and Cayston, decreased by 16% to $1.3 billion for the six months ended June 30, 2019, compared to $1.6 billion for the same period in 2018. The decrease was primarily due to the expected decline in sales of Ranexa and Letairis after the entry of generic versions in the United States in 2019.

Of our total product sales, 27% and 28% were generated outside the United States during the six months ended June 30, 2019 and 2018, respectively. We faced exposure to movements in foreign currency exchange rates, primarily in the Euro. We used foreign currency exchange contracts to hedge a portion of our foreign currency exposure. Foreign currency exchange, net of hedges, had an immaterial impact on our product sales for the six months ended June 30, 2019.

Product sales in the United States increased by 3% to $7.9 billion for the six months ended June 30, 2019, compared to $7.6 billion for the same period in 2018. The increase was primarily due to higher sales of our HIV products and higher net adjustments for government rebates and discounts, partially offset by lower sales of our HCV products, and lower sales of Ranexa and Letairis following the entry of generic versions in 2019. The increase in sales of our HIV products was primarily due to the continued uptake of Biktarvy and increased usage of Truvada for PrEP, partially offset by decreases in sales volume of Genvoya, Atripla, Strivilb, Descovy and Complera. The decrease in sales of our HCV products was primarily due to lower average net selling price, including a decline in U.S. Medicare prices in 2019, lower sales volume as a result of a decrease in market share and fewer patient starts.

Product sales in Europe decreased by 4% to $1.9 billion for the six months ended June 30, 2019, compared to $2.0 billion for the same period in 2018. The decrease was primarily due to the broader availability of generic versions of Truvada, Atripla and Viread, lower average net selling prices and lower patient starts for our HCV products. The decrease was partially offset by the continued uptake of Biktarvy and Odefsey and higher net adjustments for government rebates and discounts, primarily due to
approximately $160 million of favorable adjustments for statutory rebates. Foreign currency exchange, net of hedges, had an immaterial impact on our product sales in Europe for the six months ended June 30, 2019.

Product sales in other locations increased by 11% to $1.0 billion for the six months ended June 30, 2019, compared to $935 million for the same period in 2018, primarily due to higher HIV product sales in Japan as a result of acquiring the rights to certain products in our HIV portfolio in Japan effective January 1, 2019.

The following table summarizes the period-over-period changes in our product sales by product:

<table>
<thead>
<tr>
<th>Product</th>
<th>Three Months Ended</th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>2018</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Atripla</td>
<td>$152</td>
<td>$349</td>
</tr>
<tr>
<td>Biktarvy</td>
<td>1,116</td>
<td>185</td>
</tr>
<tr>
<td>Complera/Evipla</td>
<td>123</td>
<td>199</td>
</tr>
<tr>
<td>Descovy</td>
<td>358</td>
<td>403</td>
</tr>
<tr>
<td>Genvoya</td>
<td>980</td>
<td>1,160</td>
</tr>
<tr>
<td>Odefsey</td>
<td>387</td>
<td>385</td>
</tr>
<tr>
<td>Strivid</td>
<td>108</td>
<td>187</td>
</tr>
<tr>
<td>Truvada</td>
<td>718</td>
<td>765</td>
</tr>
<tr>
<td>Other HIV(1)</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Revenue share - Symtuza(2)</td>
<td>84</td>
<td>13</td>
</tr>
<tr>
<td>Total HIV</td>
<td>4,041</td>
<td>3,665</td>
</tr>
<tr>
<td>AmBisome</td>
<td>105</td>
<td>103</td>
</tr>
<tr>
<td>Ledipasvir/Sofosbuvir(3)</td>
<td>193</td>
<td>331</td>
</tr>
<tr>
<td>Letairis</td>
<td>204</td>
<td>244</td>
</tr>
<tr>
<td>Ranexa</td>
<td>19</td>
<td>208</td>
</tr>
<tr>
<td>Sofosbuvir/Velpatasvir(4)</td>
<td>493</td>
<td>500</td>
</tr>
<tr>
<td>Vemlidy</td>
<td>116</td>
<td>76</td>
</tr>
<tr>
<td>Viread</td>
<td>75</td>
<td>82</td>
</tr>
<tr>
<td>Vosevi</td>
<td>75</td>
<td>109</td>
</tr>
<tr>
<td>Yescarta</td>
<td>120</td>
<td>68</td>
</tr>
<tr>
<td>Zydelig</td>
<td>26</td>
<td>39</td>
</tr>
<tr>
<td>Other(5)</td>
<td>140</td>
<td>115</td>
</tr>
<tr>
<td><strong>Total product sales</strong></td>
<td><strong>$5,607</strong></td>
<td><strong>$5,540</strong></td>
</tr>
</tbody>
</table>

Notes:
* Percentage is greater than 100%
1 Includes Entriva and Tybost
2 Represents our revenue from cobicistat (C), emtricitabine (FTC) and tenofovir alafenamide (TAF) in Symtuza (darunavir/C/FTC/TAF), a fixed dose combination product commercialized by Janssen Sciences Ireland UC (Janssen)
3 Amounts consist of sales of Harvoni and the authorized generic version of Harvoni sold by our separate subsidiary, Asegua Therapeutics LLC
4 Amounts consist of sales of Epclusa and the authorized generic version of Epclusa sold by our separate subsidiary, Asegua Therapeutics LLC
5 Includes Cayston, Hepsera and Sovaldi. In Europe, the increase for both the three and six months ended June 30, 2019 was primarily due to favorable adjustments of approximately $80 million for statutory rebates related to sales of Sovaldi made in prior years

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The following is additional discussion of our results on certain products:

- **Descovy (FTC/TAF)-based products - Biktarvy, Descovy, Genvoya, Odefsey and Revenue Share - Symtuza**

  The following table summarizes the period-over-period changes in our sales of Descovy (FTC/TAF)-based products:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th></th>
<th>Six Months Ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>2018</td>
<td>Change</td>
<td>June 30, 2019</td>
<td>2018</td>
<td>Change</td>
</tr>
<tr>
<td>U.S.</td>
<td>$2,323</td>
<td>$1,701</td>
<td>37%</td>
<td>$4,347</td>
<td>$3,142</td>
<td>38%</td>
</tr>
<tr>
<td>Europe</td>
<td>459</td>
<td>377</td>
<td>22%</td>
<td>898</td>
<td>703</td>
<td>28%</td>
</tr>
<tr>
<td>Other International</td>
<td>143</td>
<td>68</td>
<td>110%</td>
<td>293</td>
<td>128</td>
<td>129%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,925</strong></td>
<td><strong>$2,146</strong></td>
<td><strong>36%</strong></td>
<td><strong>$5,538</strong></td>
<td><strong>$3,973</strong></td>
<td><strong>39%</strong></td>
</tr>
</tbody>
</table>

  % of total product sales: 52% 39% 51% 39%
  % of HIV product sales: 72% 59% 72% 58%

  For both the three and six months ended June 30, 2019, the increases in U.S. sales were primarily due to the continued uptake of Biktarvy, partially offset by decreases in sales volume of Genvoya. The increases in sales in Europe were primarily due to higher sales volume as a result of the continued uptake of Biktarvy and Odefsey, partially offset by lower average net selling prices.

- **Truvada (FTC/TDF)-based products - Atripla, Complera/Eviplera, Stribild and Truvada**

  The following table summarizes the period-over-period changes in our sales of Truvada (FTC/TDF)-based products:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th></th>
<th>Six Months Ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>2018</td>
<td>Change</td>
<td>June 30, 2019</td>
<td>2018</td>
<td>Change</td>
</tr>
<tr>
<td>U.S.</td>
<td>$899</td>
<td>$1,149</td>
<td>(22)%</td>
<td>$1,694</td>
<td>$2,084</td>
<td>(19)%</td>
</tr>
<tr>
<td>Europe</td>
<td>163</td>
<td>262</td>
<td>(38)%</td>
<td>292</td>
<td>548</td>
<td>(47)%</td>
</tr>
<tr>
<td>Other International</td>
<td>39</td>
<td>89</td>
<td>(56)%</td>
<td>103</td>
<td>198</td>
<td>(48)%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,101</strong></td>
<td><strong>$1,500</strong></td>
<td><strong>(27)%</strong></td>
<td><strong>$2,089</strong></td>
<td><strong>$2,830</strong></td>
<td><strong>(26)%</strong></td>
</tr>
</tbody>
</table>

  % of total product sales: 20% 27% 19% 27%

  For both the three and six months ended June 30, 2019, the decreases in U.S. sales were primarily due to lower sales volume as a result of patients switching to newer regimens containing FTC/TAF, partially offset by the increased usage of Truvada for PrEP. The decreases in sales in Europe were primarily due to lower sales volume as a result of the broader availability of generic versions of Truvada and Atripla and patients switching to newer regimens containing FTC/TAF.

- **HCV products - Epclusa, Harvoni, Sovaldi, Vosevi and Authorized Generics of Epclusa and Harvoni**

  The following table summarizes the period-over-period changes in our sales of HCV products:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th></th>
<th></th>
<th>Six Months Ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>2018</td>
<td>Change</td>
<td>June 30, 2019</td>
<td>2018</td>
<td>Change</td>
</tr>
<tr>
<td>US</td>
<td>$355</td>
<td>$542</td>
<td>(35)%</td>
<td>$748</td>
<td>$1,126</td>
<td>(34)%</td>
</tr>
<tr>
<td>Europe</td>
<td>277</td>
<td>237</td>
<td>17%</td>
<td>480</td>
<td>508</td>
<td>(6)%</td>
</tr>
<tr>
<td>Other International</td>
<td>210</td>
<td>221</td>
<td>(5)%</td>
<td>404</td>
<td>412</td>
<td>(2)%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$842</strong></td>
<td><strong>$1,000</strong></td>
<td><strong>(16)%</strong></td>
<td><strong>$1,632</strong></td>
<td><strong>$2,046</strong></td>
<td><strong>(20)%</strong></td>
</tr>
</tbody>
</table>

  % of total product sales: 15% 18% 15% 19%

  For the three months ended June 30, 2019, the decrease in U.S. sales was primarily due to lower average net selling price, including a decline in U.S. Medicare prices in 2019, lower sales volume as a result of market share decline and fewer patient starts. The increase in sales in Europe was primarily due to approximately $80 million of favorable adjustments for statutory rebates related to sales of Sovaldi made in prior years.

  For the six months ended June 30, 2019, the decrease in U.S. sales was primarily due to lower average net selling price, including a decline in U.S. Medicare prices in 2019, lower sales volume as a result of market share decline and fewer patient starts. The decrease in sales in Europe was due to lower patient starts, partially offset by higher net adjustments for government rebates and discounts.
Cost of Goods Sold and Product Gross Margin

The following table summarizes the period-over-period changes in our cost of goods sold and product gross margin:

<table>
<thead>
<tr>
<th>(In millions, except percentages)</th>
<th>Three Months Ended</th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>Change</td>
</tr>
<tr>
<td>Total product sales</td>
<td>$5,607</td>
<td>1%</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>$1,000</td>
<td>(16)%</td>
</tr>
<tr>
<td>Product gross margin</td>
<td>82%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Cost of goods sold for the three and six months ended June 30, 2019 decreased by $196 million and $240 million, or 16% and 11%, respectively, compared to the same periods in 2018, primarily due to lower royalty expenses, lower inventory reserves related to inventory and supply chain rationalization and lower amortization expense related to the Ranexa intangible asset, which was fully amortized during the first quarter of 2019. Royalty expenses for the three and six months ended June 30, 2019 decreased by $77 million and $121 million, respectively, compared to the same periods in 2018, primarily due to lower sales of Atripla, Ranexa, Letairis and products containing elvitegravir.

Product gross margin for the three and six months ended June 30, 2019 increased by 4% and 3%, respectively, compared to the same periods in 2018, primarily due to product mix and the factors noted above relating to costs of goods sold.

Research and Development Expenses

The following table summarizes the period-over-period changes in our R&D expenses:

<table>
<thead>
<tr>
<th>(In millions, except percentages)</th>
<th>Three Months Ended</th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>Change</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>$1,160</td>
<td>(3)%</td>
</tr>
</tbody>
</table>

R&D expenses consist primarily of clinical studies performed by contract research organizations, materials and supplies, licenses and fees, up-front and milestone payments under collaboration agreements, personnel costs, including salaries, benefits and stock-based compensation, and overhead allocations consisting of various support and facilities-related costs.

We do not track total R&D expenses by product candidate, therapeutic area or development phase. However, we manage our R&D expenses by identifying the R&D activities we anticipate will be performed during a given period and then prioritizing efforts based on scientific data, probability of successful development, market potential, available human and capital resources and other considerations. We continually review our R&D pipeline and the status of development and, as necessary, reallocate resources among the R&D portfolio that we believe will best support the future growth of our business.

R&D expenses for the three months ended June 30, 2019 decreased by $32 million, or 3%, compared to the same period in 2018, primarily due to the 2018 purchase of an FDA Priority Review Voucher and lower stock-based compensation expense in 2019, largely offset by higher investments in 2019 to support our cell therapy programs. Stock-based compensation expense for the three months ended June 30, 2019 decreased by $22 million, compared to the same period in 2018, primarily due to the 2018 impact of stock-based compensation expense associated with our acquisition of Kite Pharma Inc.

R&D expenses for the six months ended June 30, 2019 increased by $88 million, or 4%, compared to the same period in 2018, primarily due to $131 million higher up-front collaboration expenses and higher investments to support our cell therapy programs, partially offset by the 2018 purchase of an FDA Priority Review Voucher and lower stock-based compensation expense. Stock-based compensation expense for the six months ended June 30, 2019 decreased by $64 million, compared to the same period in 2018, primarily due to the 2018 impact of stock-based compensation expense associated with our acquisition of Kite Pharma Inc.

Selling, General and Administrative Expenses

The following table summarizes the period-over-period changes in our SG&A expenses:

<table>
<thead>
<tr>
<th>(In millions, except percentages)</th>
<th>Three Months Ended</th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2019</td>
<td>Change</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>$1,095</td>
<td>12%</td>
</tr>
</tbody>
</table>

SG&A expenses relate to sales and marketing, finance, human resources, legal and other administrative activities. Expenses consist primarily of personnel costs, facilities and overhead costs, outside marketing, advertising and legal expenses and other general and administrative costs. SG&A expenses also include the Branded Prescription Drug (BPD) fee. In the United States,
we, along with other pharmaceutical manufacturers of branded drug products, are required to pay a portion of the BPD fee, which is estimated based on select
government sales during the prior year as a percentage of total industry government sales and is trued-up upon receipt of invoices from the Internal Revenue
Service (IRS).

SG&A expenses for the three months ended June 30, 2019 increased by $115 million, or 12%, compared to the same period in 2018, primarily due to
higher promotional expenses in the United States and expenses associated with the expansion of our business in Japan and China, partially offset by lower
stock-based compensation expense. Stock-based compensation expense for the three months ended June 30, 2019 decreased by $48 million, compared to
the same period in 2018, primarily due to the 2018 impact of stock-based compensation expense associated with our acquisition of Kite Pharma Inc.

SG&A expenses for the six months ended June 30, 2019 increased by $148 million, or 7%, compared to the same period in 2018, primarily due to higher
promotional expenses in the United States and expenses associated with the expansion of our business in Japan, China and Europe, partially offset by lower
stock-based compensation expense. Stock-based compensation expense for the six months ended June 30, 2019 decreased by $84 million, compared to the same
period in 2018, primarily due to the 2018 impact of stock-based compensation expense associated with our acquisition of Kite Pharma Inc. BPD fee expense for
the six months ended June 30, 2019 increased to $149 million from $126 million for the same period in 2018, primarily due to net adjustments based on IRS
invoices.

Other Income (Expense), Net

Other income (expense), net was $228 million and $595 million for the three and six months ended June 30, 2019, respectively, compared to $72 million
and $242 million for the three and six months ended June 30, 2018, respectively. The increases in the three and six months ended June 30, 2019 related
primarily to higher net unrealized gains of $121 million and $273 million, respectively, from changes in the fair value of our equity securities and higher interest
income of $39 million and $87 million, respectively, due to our cash, cash equivalents and marketable debt securities earning a higher yield.

Provision for Income Taxes

Our provision for income taxes was $535 million and $267 million for the three months ended June 30, 2019 and 2018, respectively. Our effective tax rate
increased to 22.2% for the three months ended June 30, 2019 from 12.8% for the same period in 2018, primarily due to the 2018 impact of a $202 million tax
benefit related to settlement of a tax examination.

Our provision for income taxes was $917 million and $761 million for the six months ended June 30, 2019 and 2018, respectively. Our effective tax rate
increased to 19.3% for the six months ended June 30, 2019 from 18.5% for the same period in 2018, primarily due to the impacts from tax settlements. We
recorded net tax benefits of $119 million and $153 million related to settlements with taxing authorities during the six months ended June 30, 2019 and 2018,
respectively.

We continue to evaluate certain changes to our legal entity structure in response to guidelines and requirements in various international tax jurisdictions
where we conduct business. These changes may take multiple reporting periods to implement and may result in certain material, but non-recurring, adjustments
to our deferred tax assets and/or liabilities, which will cause an offsetting increase or decrease to our tax provision. Estimates of these adjustments cannot be
reasonably determined at this time and are dependent on the changes actually implemented.

Liquidity and Capital Resources

We believe that our existing capital resources, supplemented by our cash flows generated from operating activities, will be adequate to satisfy our capital
needs for the foreseeable future.

The following table summarizes our cash, cash equivalents and marketable debt securities and working capital:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>June 30, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and marketable debt securities</td>
<td>$ 30,234</td>
<td>$ 31,512</td>
</tr>
<tr>
<td>Working capital</td>
<td>$ 24,766</td>
<td>$ 25,231</td>
</tr>
</tbody>
</table>

Cash, Cash Equivalents and Marketable Debt Securities

Cash, cash equivalents and marketable debt securities decreased by $1.3 billion, or 4%, compared to December 31, 2018. During the six months ended
June 30, 2019, we generated $3.7 billion in operating cash flow, repaid $1.3 billion of debt, paid cash dividends of $1.6 billion and repurchased 21 million
shares of our common stock for $1.4 billion through open market transactions. In the second half of 2019, we expect a significant decrease to our cash, cash
equivalents and marketable debt securities upon closing of a collaboration with Galapagos under which we are obligated to make a $3.95 billion up-front
payment and an equity investment of approximately $1.1 billion. See Note 16. Subsequent Event of the Notes to Condensed Consolidated Financial Statements
included in Part 1, Item 1 of this Quarterly Report on Form 10-Q for additional information.
Working Capital

Working capital decreased by $465 million, or 2%, compared to December 31, 2018, primarily due to a decrease in cash, cash equivalents and short-term marketable debt securities.

Cash Flows

The following table summarizes our cash flow activities:

<table>
<thead>
<tr>
<th>(In millions)</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Cash provided by (used in):</td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>$3,665</td>
</tr>
<tr>
<td>Investing activities</td>
<td>$(6,153)</td>
</tr>
<tr>
<td>Financing activities</td>
<td>$(4,223)</td>
</tr>
</tbody>
</table>

Cash Provided by Operating Activities

Cash provided by operating activities represents the cash receipts and disbursements related to all activities other than investing and financing activities. Operating cash flow is derived by adjusting our net income for non-cash items and changes in operating assets and liabilities. Cash provided by operating activities decreased by $178 million to $3.7 billion for the six months ended June 30, 2019 compared to the same period in 2018. The decrease was primarily due to lower collections on accounts receivable in 2019 and the collection of a receivable from Bristol-Myers Squibb Company in 2018 following the termination of collaboration pursuant to the terms of the existing agreements. The decrease was partially offset by lower tax and accrued government rebate payments during the six months ended June 30, 2019. Tax payments for the six months ended June 30, 2018 included $1.2 billion of transition tax relating to the enactment of the Tax Cuts and Jobs Act in December 2017 and a $514 million settlement of a tax examination.

Cash Provided by (Used in) Investing Activities

Cash provided by (used in) investing activities primarily consists of purchases, sales and maturities of our marketable debt securities, our capital expenditures and other investments. Cash used in investing activities was $6.2 billion for the six months ended June 30, 2019, compared to cash provided by investing activities of $9.6 billion for the same period in 2018. The change in cash provided by (used in) investing activities was primarily due to higher purchases of marketable debt securities driven by a shift in our investment strategy to investing in longer dated securities in 2019 compared to investing in cash equivalents in 2018. In addition, we made $190 million of payments to Japan Tobacco Inc. during the six months ended June 30, 2019 in connection with acquiring the rights to market and distribute certain HIV products in Japan.

Cash Used in Financing Activities

Cash used in financing activities was $4.2 billion for the six months ended June 30, 2019, compared to cash used in financing activities of $7.7 billion for the same period in 2018. The decrease in cash used in financing activities was primarily due to lower repayments of debt during the six months ended June 30, 2019.

Debt and Credit Facilities

The summary of our borrowings under various financing arrangements is included in Note 9. Debt and Credit Facilities of the Notes to Condensed Consolidated Financial Statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

During the six months ended June 30, 2019, we repaid $750 million of our senior unsecured notes upon maturity that were issued in September 2017 and $500 million of our senior unsecured notes upon maturity that were issued in March 2014. Other than the aforementioned repayments, there were no material changes to our debt or our credit facility during the six months ended June 30, 2019. As of June 30, 2019, no amounts were outstanding under our $2.5 billion five-year revolving credit facility agreement maturing in May 2021.

Critical Accounting Policies, Estimates and Judgments

The preparation of our Condensed Consolidated Financial Statements requires us to make estimates and judgments that affect the reported amounts in the financial statements and related disclosures. On an ongoing basis, we evaluate our significant accounting policies and estimates. We base our estimates on historical experience and on various market-specific and other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ significantly from these estimates. Estimates are assessed each period and updated to reflect current information. A summary of
our critical accounting policies and estimates is presented in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2018. There were no material changes to our critical accounting policies and estimates during the six months ended June 30, 2019.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

**Recent Accounting Pronouncements**

See Note 1. Summary of Significant Accounting Policies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in our market risk during the three and six months ended June 30, 2019 compared to the disclosures in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2018.

**Item 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

An evaluation as of June 30, 2019 was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our “disclosure controls and procedures,” which are defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), as controls and other procedures of a company that are designed to ensure that the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2019.

**Changes in Internal Control over Financial Reporting**

Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated any changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2019, and has concluded that there was no change during such quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on the Effectiveness of Controls**

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of our disclosure control system were met.
PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For a description of our significant pending legal proceedings, please see Note 11. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item I of this Quarterly Report on Form 10-Q.

Item 1A. RISK FACTORS

In evaluating our business, you should carefully consider the following risks in addition to the other information in this Quarterly Report on Form 10-Q. A manifestation of any of the following risks could materially and adversely affect our business, results of operations and financial condition. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. It is not possible to predict or identify all such factors and, therefore, you should not consider the following risks to be a complete statement of all the potential risks or uncertainties that we face.

A substantial portion of our revenues is derived from sales of products to treat HIV and HCV. If we are unable to increase HIV sales or if HCV sales decrease more than anticipated, then our results of operations may be adversely affected.

We receive a substantial portion of our revenue from sales of our products for the treatment of HIV infection. During the six months ended June 30, 2019, sales of our HIV products accounted for approximately 71% of our total product sales, and we expect our HIV products to account for a higher percentage of our total product sales in 2019 than in 2018. Most of our HIV products contain tenofovir alafenamide (TAF), tenofovir disoproxil fumarate (TDF) and/or emtricitabine, which belong to the nucleoside class of antiviral therapeutics. If the treatment paradigm for HIV changes, causing nucleoside-based therapeutics to fall out of favor, or if we are unable to maintain or increase our HIV product sales, our results of operations would likely suffer and we would likely need to scale back our operations, including our future drug development and spending on research and development (R&D) efforts.

During the six months ended June 30, 2019, sales of our products for the treatment of chronic hepatitis C virus (HCV) infection accounted for approximately 15% of our total product sales. Our HCV revenues have declined, and we expect a further decline in product sales in 2019, compared to 2018, in major markets. The drivers of our HCV product revenues are patient starts, net pricing, market share and treatment duration. With treatment duration stabilizing and pricing largely stabilizing, we expect to continue to compete for market share across market segments and geographies. We anticipate patient starts to continue to steadily decline and be more predictable. Any unexpected and adverse changes to these drivers, including any larger than anticipated shifts, may adversely impact our HCV product revenues.

In addition, future sales of our HIV and HCV products depend, in part, on the extent of reimbursement of our products by private and public payers. We may continue to experience global pricing pressure that could result in larger discounts or rebates on our products or delayed reimbursement, which negatively impacts our product sales and results of operations. Also, private and public payers can choose to exclude our products from their formulary coverage lists or limit the types of patients for whom coverage will be provided, which would negatively impact the demand for, and revenues of, our products. Any change in the formulary coverage, reimbursement levels or discounts or rebates offered on our products to payers may impact our anticipated revenues. If we are unable to achieve our forecasted HIV and HCV sales, our stock price could be adversely impacted.

We may be unable to sustain or increase sales of our HIV or HCV products for any number of reasons including, but not limited to, the reasons discussed above and the following:

- As our products are used over a longer period of time in many patients and in combination with other products, and additional studies are conducted, new issues with respect to safety, resistance and interactions with other drugs may arise, which could cause us to provide additional warnings or contraindications on our labels, narrow our approved indications or halt sales of a product, each of which could reduce our revenues.
- As our products mature, private insurers and government payers often reduce the amount they will reimburse patients for these products, which increases pressure on us to reduce prices.
- If physicians do not see the benefit of our HIV or HCV products, the sales of our HIV or HCV products will be limited.
- As new branded or generic products are introduced into major markets, our ability to maintain pricing and market share may be affected.

If we fail to develop and commercialize new products or expand the indications for existing products, our prospects for future revenues and our results of operations may be adversely affected.

The success of our business depends on our ability to introduce new products as well as expand the indications for our existing products to address areas of unmet medical need. The launch of commercially successful products is necessary to cover our substantial research and development expenses and to offset revenue losses when our existing products lose market share due to
Our inability to accurately predict demand for our products and fluctuations in purchasing patterns or wholesaler inventories makes it difficult for us to accurately forecast sales and may cause our forecasted revenues and earnings to fluctuate, which could adversely affect our financial results and stock price.

We may be unable to accurately predict demand for our products, including the uptake of new products, as demand depends on a number of factors. For example, the non-retail sector in the United States, which includes government institutions, including state AIDS Drug Assistance Programs (ADAPs), the U.S. Department of Veterans Affairs, correctional facilities and large health maintenance organizations, tends to be less consistent in terms of buying patterns and often causes quarter-over-quarter fluctuations that do not necessarily mirror patient demand for our products. Federal and state budget pressures, as well as the annual grant cycles for federal and state funds, may cause purchasing patterns to not reflect patient demand of our products. We expect to continue to experience fluctuations in the purchasing patterns of our non-retail customers, which may result in fluctuations in our product sales, revenues and earnings in the future. In light of the budget crises faced by many European countries, we have observed variations in purchasing patterns induced by cost containment measures in Europe. We believe these measures have caused some government agencies and other purchasers to reduce inventory of our products in the distribution channels, which has decreased our revenues and caused fluctuations in our product sales and earnings. We may continue to see this trend in the future.

We sell and distribute most of our products in the United States exclusively through the wholesale channel. During the six months ended June 30, 2019, approximately 86% of our product sales in the United States were to three wholesalers, AmerisourceBergen Corp., Cardinal Health, Inc. and McKesson Corp. The U.S. wholesalers with whom we have entered into inventory management agreements make estimates to determine end user demand and may not be completely effective in matching their inventory levels to actual end user demand. As a result, changes in inventory levels held by those wholesalers can cause our operating results to fluctuate unexpectedly if our sales to these wholesalers do not match end user demand. In addition, inventory is held at retail pharmacies and other non-wholesaler locations with whom we have no inventory management agreements and no control over buying patterns. Adverse changes in economic conditions, increased competition or other factors may cause retail pharmacies to reduce their inventories of our products, which would reduce their orders from wholesalers and, consequently, the wholesalers’ orders from us, even if end user demand has not changed. In addition, we have observed that strong wholesaler and sub-wholesaler purchases of our products in the fourth quarter typically result in inventory draw-down by wholesalers and sub-wholesalers in the subsequent first quarter. As inventory in the distribution channel fluctuates from quarter to quarter, we may continue to see fluctuations in our earnings and a mismatch between prescription demand for our products and our revenues.

Yescarta, a chimeric antigen receptor (CAR) T cell therapy, represents a novel approach to cancer treatment that creates significant challenges for us, which may impact our ability to increase sales of Yescarta.

Yescarta, a CAR T cell therapy, involves (i) harvesting T cells from the patient’s blood, (ii) engineering T cells to express cancer-specific receptors, (iii) increasing the number of engineered T cells and (iv) infusing the functional cancer-specific T cells back into the patient. Advancing this novel and personalized therapy creates significant challenges, including:

• educating and certifying medical personnel regarding the procedures and the potential side effect profile of our therapy, such as the potential adverse side effects related to cytokine release syndrome and neurologic toxicities, in compliance with the Risk Evaluation and Mitigation Strategy program required by U.S. Food and Drug Administration (FDA) for Yescarta;

• using medicines to manage adverse effects of our therapy, such as tocilizumab and corticosteroids, which may not be available in sufficient quantities, may not adequately control the side effects and/or may have a detrimental impact on the efficacy of the treatment;

• developing a robust and reliable process, while limiting contamination risks, for engineering a patient’s T cells ex vivo and infusing the engineered T cells back into the patient; and
conditioning patients with chemotherapy in advance of administering our therapy, which may increase the risk of adverse side effects.

The use of engineered T cells as a potential cancer treatment is a recent development and may not be broadly accepted by physicians, patients, hospitals, cancer treatment centers, payers and others in the medical community. We may not be able to establish or demonstrate to the medical community or commercial or governmental payers the safety and efficacy of Yescarta and the potential advantages compared to existing and future therapeutics. If we fail to overcome these significant challenges, our sales of Yescarta, results of operations and stock price could be adversely affected.

We face significant competition.

We face significant competition from global pharmaceutical and biotechnology companies, specialized pharmaceutical firms and generic drug manufacturers. Our products compete with other available products based primarily on efficacy, safety, tolerability, acceptance by doctors, ease of patient compliance, ease of use, price, insurance and other reimbursement coverage, distribution and marketing.

Our TAF-containing HIV products compete primarily with products from Viiv Healthcare Company (ViiV). We also face competition from generic HIV products. Generic versions of efavirenz, a component of Atripla, are available in the United States, Canada and Europe. We have observed some pricing pressure related to the efavirenz component of our Atripla sales. TDF, one of the active pharmaceutical ingredients in Truvada, Atripla, Complera/Eviplera and Stribild, faces generic competition in the European Union, the United States and certain other countries. In addition, because emtricitabine, the other active pharmaceutical ingredient of Truvada, faces generic competition in the European Union, Truvada also faces generic competition in the European Union and certain other countries outside of the United States. Pursuant to a settlement agreement relating to patents that protect Truvada and Atripla, Teva Pharmaceuticals will be able to launch generic fixed-dose combinations of emtricitabine and TDF and generic fixed-dose combinations of emtricitabine, TDF and efavirenz in the United States on September 30, 2020.

Our HCV products compete primarily with products marketed by AbbVie Inc. and Merck & Co., Inc.

Our HBV products face competition from existing therapies for treating patients with HBV as well as generic versions of TDF. Our HBV products also compete with products marketed by Bristol-Myers Squibb Company and Novartis Pharmaceuticals Corporation (Novartis).

Yescarta competes with a CAR T cell therapy marketed by Novartis and is expected to compete with products from other companies developing advanced T cell therapies.

Letairis competes with products marketed by Actelion Pharmaceuticals US, Inc., United Therapeutics Corporation and Pfizer Inc. Letairis also faces competition from manufacturers of generic versions of Letairis in the United States.

Ranexa competes predominantly with generic compounds from three distinct classes of drugs for the treatment of chronic angina in the United States, including generic and/or branded beta-blockers, calcium channel blockers and long-acting nitrates. Ranexa also faces competition from manufacturers of generic versions of Ranexa in the United States.

In addition, a number of companies are pursuing the development of technologies which are competitive with our existing products or research programs. These competing companies include specialized pharmaceutical firms and large pharmaceutical companies acting either independently or together with other pharmaceutical companies. Furthermore, academic institutions, government agencies and other public and private organizations conducting research may seek patent protection and may establish collaborative arrangements for competitive products or programs. If any of these competitors gain market share as a result of new technologies, commercialization strategies or otherwise, it could adversely affect our results of operations and stock price.

Our results of operations may be adversely affected by current and potential future healthcare legislative and regulatory actions.

Legislative and regulatory actions affecting government prescription drug procurement and reimbursement programs occur relatively frequently. In the United States, the Affordable Care Act (the ACA) was enacted in 2010 to expand healthcare coverage. Since then, numerous efforts have been made to repeal, amend or administratively limit the ACA in whole or in part. For example, the Tax Cuts and Jobs Act, signed into law by President Trump in 2017, repealed the individual health insurance mandate, which is considered a key component of the ACA. In December 2018, a Texas federal district court struck down the ACA on the grounds that the individual health insurance mandate is unconstitutional, although this ruling has been stayed pending appeal. The ongoing challenges to the ACA and new legislative proposals have resulted in uncertainty regarding the ACA’s future viability and destabilization of the health insurance market. The resulting impact on our business is uncertain and could be material.

Efforts to control prescription drug prices could also have a material adverse effect on our business. For example, in 2018, President Trump and the Secretary of the U.S. Department of Health and Human Services (HHS) released the "American Patients First Blueprint" and have begun implementing certain portions. The initiative includes proposals to increase generic drug and biosimilar competition, enable the Medicare program to negotiate drug prices more directly and improve transparency regarding
Our existing products are subject to reimbursement from government agencies and other third parties, and we may be required to provide rebates and other discounts on our products, which may result in an adjustment to our product revenues. Pharmaceutical pricing and reimbursement pressures may adversely affect our profitability and our results of operations.

Successful commercialization of our products depends, in part, on the availability of governmental and third-party payer reimbursement for the cost of such products and related treatments in the markets where we sell our products. Government health authorities, private health insurers and other organizations generally provide reimbursement. In the United States, the European Union and other significant or potentially significant markets for our products and product candidates, government authorities and third-party payers are increasingly attempting to limit or regulate the price of medical products and services. A substantial portion of sales of our products is subject to significant discounts from list price, including rebates that we may be required to pay certain governmental agencies. In addition, standard reimbursement structures may not adequately reimburse for innovative therapies.

For example, effective October 2018, the Centers for Medicare and Medicaid Services (CMS) established inpatient reimbursement for patients receiving Yescarta. The reimbursement includes payment for a severity adjusted diagnosis related group (DRG) 016, a new technology add-on payment (NTAP) for Yescarta that at most will cover one half the cost of Yescarta and may cover less than that, and, in some cases, an outlier payment. Taken together, the total payment may not be sufficient to reimburse hospitals for their cost of care for patients receiving Yescarta. This payment methodology is likely to be in effect until at least September 2020. Limited payments such as this could impact the willingness of some hospitals to offer the therapy and of doctors to recommend the therapy and could lessen the attractiveness of our therapy to patients, which could have an adverse effect on sales of Yescarta and on our results of operations. CMS has also proposed a National Coverage Decision on CAR T cell therapy and would impose certain coverage limitations on that therapy. These coverage limitations would apply to the entire Medicare program and includes, among other things, a requirement for patients to be enrolled in a clinical trial or registry in order for the hospital and physician to be paid for CAR T cell therapy. Further, commercial payers may follow Medicare coverage policies and could impose similar limitations. Additionally, in the European Union, there are barriers to reimbursement in individual countries that could limit the uptake of Yescarta.

In addition, we estimate the rebates we will be required to pay in connection with sales during a particular quarter based on claims data from prior quarters. In the United States, actual rebate claims are typically made by payers one to three quarters in arrears. Actual claims and payments may vary significantly from our estimates which can cause an adjustment to our product revenues. To the extent our actual or anticipated product revenues fall short of investors’ expectations, our stock price could be adversely impacted.
We have engaged in, and may in the future engage in, business acquisitions, licensing arrangements, collaborations, disposal of our assets and other strategic transactions, which could cause us to incur significant expenses and could adversely affect our financial condition and results of operations.

We have engaged in, and may in the future engage in, business acquisitions, licensing arrangements, collaborations, disposal of our assets and other transactions, as part of our business strategy. We may not identify suitable transactions in the future and, if we do, we may not complete such transactions in a timely manner, on a cost-effective basis, or at all, and may not realize the expected benefits. For example, if we are successful in making an acquisition, the products and technologies that are acquired may not be successful or may require significantly greater resources and investments than originally anticipated. We also may not be able to integrate acquisitions successfully into our existing business and could incur or assume significant debt and unknown or contingent liabilities. We have also acquired, and may in the future acquire, equity investments in our strategic transactions, such as in connection with our collaboration with Galapagos NV, and the value of our equity investments may fluctuate and decline in value. Further, we conduct annual impairment testing of our goodwill and other indefinite lived intangible assets in the fourth quarter, or earlier if impairment indicators exist, as required under U.S. generally accepted accounting principles, which may result in an impairment charge. If we fail to overcome these risks, it could cause us to incur significant expenses and negatively affect profitability, which could have an adverse effect on our results of operations. We could also experience negative effects on our reported results of operations from acquisition or disposition-related charges, amortization of expenses related to intangibles and charges for impairment of long-term assets.

Approximately 27% of our product sales occur outside the United States, and currency fluctuations and hedging expenses may cause our earnings to fluctuate, which could adversely affect our stock price.

Because a significant percentage of our product sales are denominated in foreign currencies, primarily the Euro, we face exposure to adverse movements in foreign currency exchange rates. When the U.S. dollar strengthens against these foreign currencies, the relative value of sales made in the respective foreign currency decreases. Conversely, when the U.S. dollar weakens against these currencies, the relative value of such sales increases. Overall, we are a net receiver of foreign currencies and, therefore, benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar.
We use foreign currency exchange forward and option contracts to hedge a portion of our forecasted international sales, primarily those denominated in the Euro. We also hedge certain monetary assets and liabilities denominated in foreign currencies, which reduces but does not eliminate our exposure to currency fluctuations between the date a transaction is recorded and the date cash is collected or paid. Foreign currency exchange, net of hedges, had an immaterial impact on our product sales for the six months ended June 30, 2019, compared to the same period in 2018.

We cannot predict future fluctuations in the foreign currency exchange rates of the U.S. dollar. If the U.S. dollar appreciates significantly against certain currencies and our hedging program does not sufficiently offset the effects of such appreciation, our results of operations will be adversely affected and our stock price may decline.

Additionally, the expenses that we recognize in relation to our hedging activities can also cause our earnings to fluctuate. The level of hedging expenses that we recognize in a particular period is impacted by the changes in interest rate spreads between the foreign currencies that we hedge and the U.S. dollar.

If significant safety issues arise for our marketed products or our product candidates, our reputation may be harmed and our future sales may be reduced, which could adversely affect our results of operations.

The data supporting the marketing approvals for our products and forming the basis for the safety warnings in our product labels were obtained in controlled clinical trials of limited duration and, in some cases, from post-approval use. As our products are used over longer periods of time by patients with underlying health problems or other medicines, we expect to continue finding new issues related to safety, resistance or drug interactions. Any such issues may require changes to our product labels, such as additional warnings, contraindications or even narrowed indications. If any of these were to occur, it could reduce the market acceptance and sales of our products.

Regulatory authorities have been moving towards more active and transparent pharmacovigilance and are making greater amounts of stand-alone safety information and clinical trial data directly available to the public through websites and other means, such as periodic safety update report summaries, risk management plan summaries and various adverse event data. Safety information, without the appropriate context and expertise, may be misinterpreted and lead to misperception or legal action which may potentially cause our product sales or stock price to decline.

Further, if serious safety, resistance or drug interaction issues arise with our marketed products, sales of these products could be limited or halted by us or by regulatory authorities and our results of operations could be adversely affected.

Our operations depend on compliance with complex FDA and comparable international regulations. Failure to obtain broad approvals on a timely basis or to maintain compliance could delay or halt commercialization of our products.

The products we develop must be approved for marketing and sale by regulatory authorities and, once approved, are subject to extensive regulation by FDA, the European Medicines Agency (EMA) and comparable regulatory agencies in other countries. We are continuing clinical trials for many of our products for currently approved and additional uses. We anticipate that we will file for marketing approval in additional countries and for additional indications and products over the next several years. These products may fail to receive such marketing approvals on a timely basis, or at all.

Further, how we manufacture and sell our products is subject to extensive regulation and review. Discovery of previously unknown problems with our marketed products or problems with our manufacturing, safety reporting or promotional activities may result in restrictions on our products, including withdrawal of the products from the market. If we fail to comply with applicable regulatory requirements, including those related to promotion and manufacturing, we could be subject to penalties including fines, suspensions of regulatory approvals, product recalls, seizure of products and criminal prosecution.

For example, under FDA rules, we are often required to conduct post-approval clinical studies to assess a known serious risk, signals of serious risk or to identify an unexpected serious risk. In certain circumstances, we may be required to implement a Risk Evaluation and Mitigation Strategy program for our products, which could include a medication guide, patient package insert, a communication plan to healthcare providers, restrictions on distribution or use of a product and other elements FDA deems necessary to assure safe use of the drug. Failure to comply with these or other requirements imposed by FDA could result in significant civil monetary penalties and our operating results may be adversely affected and our stock price may decline.

Additionally, the expenses that we recognize in relation to our hedging activities can also cause our earnings to fluctuate. The level of hedging expenses that we recognize in a particular period is impacted by the changes in interest rate spreads between the foreign currencies that we hedge and the U.S. dollar.

We face risks in our clinical trials, including the potential for unfavorable results, delays in anticipated timelines and disruption, which may adversely affect our prospects for future revenue growth and our results of operations.

We are required to demonstrate the safety and efficacy of products that we develop for each intended use through extensive preclinical studies and clinical trials. The results from preclinical and early clinical studies do not always accurately predict results in later, large-scale clinical trials. Even successfully completed large-scale clinical trials may not result in marketable products. For example, we recently announced that our KITE-585 program, an anti-B cell maturation antigen being evaluated for the treatment of multiple myeloma, will not be moving forward. We also recently announced that STELLAR-3 and STELLAR-4, Phase 3 studies evaluating the safety and efficacy of selonsertib for the treatment of nonalcoholic steatohepatitis (NASH), did not meet the pre-
specified week 48 primary endpoints. If any of our product candidates fails to achieve its primary endpoint in clinical trials, if safety issues arise or if the results from our clinical trials are otherwise inadequate to support regulatory approval of our product candidates, commercialization of that product candidate could be delayed or halted. In addition, we may also face challenges in clinical trial protocol design.

If the clinical trials for any of the product candidates in our pipeline are delayed or terminated, our prospects for future revenue growth and our results of operations may be adversely impacted. For example, we face numerous risks and uncertainties with our product candidates, including Descovy for pre-exposure prophylaxis (PrEP); selonsertib for the treatment of NASH; axicabtagene ciloleucel for the treatment of second line diffuse large B-cell lymphoma; and filgotinib for the treatment of rheumatoid arthritis, Crohn’s disease and ulcerative colitis, each currently in Phase 3 clinical trials, that could prevent completion of development of these product candidates. These risks include our ability to enroll patients in clinical trials, the possibility of unfavorable results of our clinical trials, the need to modify or delay our clinical trials or to perform additional trials and the risk of failing to obtain FDA and other regulatory body approvals. As a result, our product candidates may never be successfully commercialized. For example, FDA has requested that we conduct a safety study of filgotinib in men with moderately to severely active inflammatory bowel disease (MANTA study) as a post-marketing requirement. Further, we may make a strategic decision to discontinue development of our product candidates if, for example, we believe commercialization will be difficult relative to other opportunities in our pipeline. If these programs and others in our pipeline cannot be completed on a timely basis or at all, then our prospects for future revenue growth and our results of operations may be adversely impacted. In addition, clinical trials involving our commercial products could raise new safety issues for our existing products, which could in turn adversely affect our results of operations and harm our business.

In addition, we extensively outsource our clinical trial activities and usually perform only a small portion of the start-up activities in-house. We rely on independent third-party contract research organizations (CROs) to perform most of our clinical studies, including document preparation, site identification, screening and preparation, pre-study visits, training, program management, patient enrollment, ongoing monitoring, site management and bioanalytical analysis. Many important aspects of the services performed for us by the CROs are out of our direct control. If there is any dispute or disruption in our relationship with our CROs, our clinical trials may be delayed. Moreover, in our regulatory submissions, we rely on the quality and validity of the clinical work performed by third-party CROs. If any of our CROs’ processes, methodologies or results were determined to be invalid or inadequate, our own clinical data and results and related regulatory approvals may be adversely affected.

We depend on relationships with third parties for sales and marketing performance, technology, development, logistics and commercialization of products. Failure to maintain these relationships, poor performance by these companies or disputes with these third parties could negatively impact our business.

We rely on a number of collaborative relationships with third parties for our sales and marketing performance in certain territories. For example, we have collaboration arrangements with Janssen Sciences Ireland UC for Odefsey, Complera/Eviplera and Symtuza. In some countries, we rely on international distributors for sales of certain of our products. Some of these relationships also involve the clinical development of these products by our partners. Reliance on collaborative relationships poses a number of risks, including the risk that:

- we are unable to control the resources our corporate partners devote to our programs or products;
- disputes may arise with respect to the ownership of rights to technology developed with our corporate partners;
- disagreements with our corporate partners could cause delays in, or termination of, the research, development or commercialization of product candidates or result in litigation or arbitration;
- contracts with our corporate partners may fail to provide significant protection or may fail to be effectively enforced if one of these partners fails to perform;
- our corporate partners have considerable discretion in electing whether to pursue the development of any additional products and may pursue alternative technologies or products either on their own or in collaboration with our competitors;
- our corporate partners with marketing rights may choose to pursue competing technologies or to devote fewer resources to the marketing of our products than they do to products of their own development; and
- our distributors and our corporate partners may be unable to pay us.

Given these risks, there is a great deal of uncertainty regarding the success of our current and future collaborative efforts. If these efforts fail, our product development or commercialization of new products could be delayed or revenues from products could decline.

In addition, we rely on third-party sites to collect patients’ white blood cells, known as apheresis centers, shippers, couriers, and hospitals for the logistical collection of patients’ white blood cells and ultimate delivery of Yescarta to patients. Any disruption or difficulties incurred by any of these vendors could result in product loss and regulatory action and harm our Yescarta business and our reputation. To ensure that any apheresis center is prepared to ship cells to our manufacturing facilities, we plan to conduct quality certifications of each apheresis center. However, apheresis centers may choose not to participate in the certification process.
or we may be unable to complete certification in a timely manner or at all, which could delay or restrain our manufacturing and commercialization efforts. As a result, our sales of Yescarta may be limited which could harm our results of operations.

**Our success depends to a significant degree on our ability to defend our patents and other intellectual property rights both domestically and internationally. We may not be able to obtain effective patents to protect our technologies from use by competitors.**

Patents and other proprietary rights are very important to our business. Our success depends to a significant degree on our ability to:

- obtain patents and licenses to patent rights;
- preserve trade secrets and internal know-how;
- defend against infringement of our patents and efforts to invalidate them; and
- operate without infringing on the intellectual property of others.

If we have a properly drafted and enforceable patent, it can be more difficult for our competitors to use our technology to create competitive products and more difficult for our competitors to obtain a patent that prevents us from using technology we create. As part of our business strategy, we actively seek patent protection both in the United States and internationally and file additional patent applications, when appropriate, to cover improvements in our compounds, products and technology.

Patent applications are confidential for a period of time before a patent is issued. As a result, we may not know if our competitors filed patent applications for technology covered by our pending applications or if we were the first to invent or first to file an application directed toward the technology that is the subject of our patent applications. In addition, if competitors file patent applications covering our technology, we may have to participate in litigation, post-grant proceedings before the U.S. Patent and Trademark Office or other proceedings to determine the right to a patent or validity of any patent granted. Litigation, post-grant proceedings before the U.S. Patent and Trademark Office or other proceedings are unpredictable and expensive, and could divert management attention from other operations, such that, even if we are ultimately successful, our results of operations may be adversely affected by such events.

Generic manufacturers have sought, and may continue to seek, FDA approval to market generic versions of our products through an abbreviated new drug application (ANDA), the application process typically used by manufacturers seeking approval of a generic drug. For a description of our ANDA litigation, see Note 11. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The entry of generic versions of our products has, and may in the future, lead to market share and price erosion and have a negative impact on our business and results of operations.

**Our success depends in large part on our ability to operate without infringing upon the patents or other proprietary rights of third parties.**

If we infringe the valid patents of third parties, we may be required to pay significant monetary damages or we may be prevented from commercializing products or may be required to obtain licenses from these third parties. We may not be able to obtain alternative technologies or any required license on commercially reasonable terms or at all. If we fail to obtain these licenses or alternative technologies, we may be unable to develop or commercialize some or all of our products. For example, we are aware of patents and patent applications owned by third parties that such parties may claim cover the use of sofosbuvir, axicabtagene ciloleucel and bictegravir. See also a description of our litigation regarding sofosbuvir, axicabtagene ciloleucel and bictegravir in Note 11, Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. We are also aware of U.S. Patent Nos. 9,044,509, 9,579,333, 9,937,191 and 10,335,423 assigned to the U.S. Department of Health and Human Services that purport to claim a process of protecting a primate host from infection by an immunodeficiency retrovirus by administering a combination of emtricitabine and tenofovir or TDF prior to exposure of the host to the immunodeficiency retrovirus. We have been in contact with the U.S. Department of Health and Human Services about the scope and relevance of the patents and have explained that we do not believe that these patents are valid because the patent office was not given the most relevant prior art and because physicians and patients were using the claimed methods years before the Centers for Disease Control and Prevention filed the applications for the patents.

Furthermore, we also rely on unpatented trade secrets and improvements, unpatented internal know-how and technological innovation. For example, a great deal of our liposomal manufacturing expertise, which is a key component of our liposomal technology, is not covered by patents but is instead protected as a trade secret. We protect these rights mainly through confidentiality agreements with our corporate partners, employees, consultants and vendors. We cannot be certain that these parties will comply with these confidentiality agreements, that we have adequate remedies for any breach or that our trade secrets, internal know-how or technological innovation will not otherwise become known or be independently discovered by our competitors. Under some of our R&D agreements, inventions become jointly owned by us and our corporate partner and in other cases become the exclusive property of one party. In certain circumstances, it can be difficult to determine who owns a particular invention and disputes could
corporate partners outside of the United States. As a result, any political or economic factors in a specific country or region, including any changes in or commercialization efforts.

on, including in the event of a disaster, such as an earthquake, equipment failure or other difficulty, may negatively impact our development and which we may not be able to replace in a timely manner and on commercially reasonable terms, or at all. Problems with any of the single suppliers we depend in development for clinical trials. In addition, some of our products and the materials that we utilize in our operations are manufactured at only one facility, from our suppliers were interrupted for any reason, we may be unable to ship certain of our products for commercial supply or to supply our product candidates clinical supplies of product to meet market demand, which could in turn decrease our revenues and harm our business. In addition, if deliveries of materials manufacturing operations of any of the single suppliers for our products are suspended, we may be unable to generate sufficient quantities of commercial or comply with applicable regulations and conditions of product approval, the regulatory authority may suspend the manufacturing operations. If the inspections, our currently marketed products and the timing of regulatory approval of products in development could be adversely affected. Further, there is risk that regulatory agencies in other countries where marketing applications are pending will undertake similar additional reviews or apply a heightened standard of review, which could delay the regulatory approvals for products in those countries. If approval of any of our product candidates were delayed or if production of our marketed products was interrupted, our anticipated revenues and our stock price may be adversely affected.

We may not be able to obtain materials or supplies necessary to conduct clinical trials or to manufacture and sell our products, which could limit our ability to generate revenues.

We need access to certain supplies and products to conduct our clinical trials and to manufacture and sell our products. If we are unable to purchase sufficient quantities of these materials or find suitable alternative materials in a timely manner, our development efforts for our product candidates may be delayed or our ability to manufacture our products could be limited, which could limit our ability to generate revenues.

Suppliers of key components and materials must be named in the new drug application or marketing authorization application filed with the regulatory authority for any product candidate for which we are seeking marketing approval, and significant delays can occur if the qualification of a new supplier is required. Even after a manufacturer is qualified by the regulatory authority, the manufacturer must continue to expend time, money and effort in the area of production and quality control to ensure full compliance with GMP. Manufacturers are subject to regular periodic inspections by regulatory authorities following initial approval. If, as a result of these inspections, a regulatory authority determines that the equipment, facilities, laboratories or processes do not comply with applicable regulations and conditions of product approval, the regulatory authority may suspend the manufacturing operations. If the manufacturing operations of any of the single suppliers for our products are suspended, we may be unable to generate sufficient quantities of commercial or clinical supplies of product to meet market demand, which could in turn decrease our revenues and harm our business. In addition, if deliveries of materials from our suppliers were interrupted for any reason, we may be unable to ship certain of our products for commercial supply or to supply our product candidates in development for clinical trials. In addition, some of our products and the materials that we utilize in our operations are manufactured at only one facility, which we may not be able to replace in a timely manner and on commercially reasonable terms, or at all. Problems with any of the single suppliers we depend on, including in the event of a disaster, such as an earthquake, equipment failure or other difficulty, may negatively impact our development and commercialization efforts.

A significant portion of the raw materials and intermediates used to manufacture our antiviral products are supplied by third-party manufacturers and corporate partners outside of the United States. As a result, any political or economic factors in a specific country or region, including any changes in or interpretations of trade regulations, compliance requirements or tax legislation, that would limit or prevent third parties outside of the United States from supplying these materials could adversely affect our ability
to manufacture and supply our antiviral products to meet market needs and have a material and adverse effect on our operating results.

If we were to encounter any of these difficulties, our ability to conduct clinical trials on product candidates and to manufacture and sell our products could be impaired, which could have an adverse effect on our business.

**Imports from countries where our products are available at lower prices and unapproved generic or counterfeit versions of our products could have a negative impact on our reputation and business.**

Prices for our products are based on local market economics and competition and sometimes differ from country to country. Our sales in countries with relatively higher prices may be reduced if products can be imported into those or other countries from lower price markets. If our HIV, HBV and HCV products, which we have agreed to make available at substantially reduced prices to certain low- and middle-income countries participating in our Gilead Access Program, are re-exported from these low- and middle-income countries into the United States, Europe or other higher price markets, our revenues could be adversely affected. In addition, we have entered into voluntary licensing agreements with generic drug companies in India, South Africa and China, as well as a licensing agreement with the Medicines Patent Pool, a United Nations-backed public health organization, which allows generic drug companies to manufacture generic versions of HIV and HBV products incorporating our licensed compounds, TAF, cobicistat, elvitegravir and bictegravir, for distribution in certain low- and middle-income countries. We have also entered into agreements with generic manufacturers in India, Egypt and Pakistan allowing them to produce and/or distribute generic versions of our HCV products in certain low- and middle-income countries. If generic versions of our HIV, HBV and HCV products produced and/or distributed under these agreements are then re-exported to the United States, Europe or other markets outside of these low- and middle-income countries, our revenues could be adversely affected. In addition, purchases of our products in countries where our selling prices are relatively low for resale in countries in which our selling prices are relatively high may adversely impact our revenues and gross margin and may cause our sales to fluctuate from quarter to quarter. Additionally, use of these diverted products could occur in countries where they have not been approved and patients could source the product outside the legitimate supply chain. Therefore, the products may be handled, shipped and stored inappropriately, which may affect the efficacy of the product and could harm patients, our brands or the commercial or scientific reputation of our products.

In the European Union, we are required to permit products purchased in one EU member state to be sold in another EU member state. Purchases of our products in countries where our selling prices are relatively low for resale in countries in which our selling prices are relatively high can affect the inventory level held by our wholesalers and can cause the relative sales levels in the various countries to fluctuate from quarter to quarter and not reflect the actual consumer demand in any given quarter. These quarterly fluctuations may impact our earnings, which could adversely affect our stock price and harm our business.

We are also aware of the existence of various “Buyers Clubs” around the world that promote the personal importation of generic versions of our HCV and HIV products that have not been approved for use in the countries into which they are imported. As a result, patients may be at risk of taking unapproved medications which may not be what they purport to be, may not have the potency they claim to have or may contain harmful substances. To the extent patients take unapproved generic versions of one or more of our medications and are injured by these generic products, our brands or the commercial or scientific reputation of our HCV and HIV products could be harmed.

Further, third parties may illegally distribute and sell counterfeit versions of our products, which do not meet the rigorous quality standards of our manufacturing and supply chain. For example, in 2017 and 2018, there were reports that a product labeled as Eclusa was available in multiple countries, which we determined was not an authentic product based on sample analysis and the lot number. We have cooperated and continue to cooperate with regulatory authorities to investigate this matter. We actively take actions to discourage the distribution and sale of counterfeits of our products around the world, including working with local regulatory and legal authorities to enforce laws against counterfeit drugs, raising public awareness of the dangers of counterfeit drugs and promoting public policies to hinder the sale and availability of counterfeit drugs. Counterfeit drugs pose a serious risk to patient health and safety and may raise the risk of product recalls. Our reputation and business could suffer as a result of counterfeit drugs sold under our brand names.

**Expensive litigation and government investigations have increased our expenses which may continue to reduce our earnings.**

We are involved in a number of litigation, investigation and other dispute-related matters that require us to expend substantial internal and financial resources. We expect these matters will continue to require a high level of internal and financial resources for the foreseeable future. These matters have reduced and will continue to reduce our earnings and require significant management attention. For a description of our litigation, investigations and other dispute-related matters, see Note 11. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The outcome of such legal proceedings or any other legal proceedings that may be brought against us, the investigations or any other investigations that may be initiated and any other dispute-related matters, are inherently uncertain, and adverse developments or outcomes can result in significant expenses, monetary damages, penalties or injunctive relief against us that could significantly reduce our earnings and cash flows and harm our business and reputation.

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We may face significant liability resulting from our products and such liability could materially reduce our earnings.

The testing, manufacturing, marketing and use of our commercial products, as well as product candidates in development, involve substantial risk of product liability claims. These claims may be made directly by consumers, healthcare providers, pharmaceutical companies or others. We have limited insurance for product liabilities that may arise. If claims exceed our coverage, our financial condition will be adversely affected. In addition, negative publicity associated with any claims, regardless of their merit, may decrease the demand for our products and impair our financial condition. For a description of our product liability matters, see Note 11. Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

If we fail to attract and retain highly qualified personnel, we may be unable to successfully develop new product candidates, conduct our clinical trials and commercialize our product candidates.

Our future success will depend in large part on our continued ability to attract and retain highly qualified scientific, technical and management personnel, as well as personnel with expertise in clinical testing, governmental regulation and commercialization. We face competition for personnel from other companies, universities, public and private research institutions, government entities and other organizations. Competition for qualified personnel in the biopharmaceutical field is intense, and there is a limited pool of qualified potential employees to recruit. We may not be able to attract and retain quality personnel on acceptable terms. Additionally, changes to U.S. immigration and work authorization laws and regulations could make it more difficult for employees to work in or transfer to jurisdictions in which we have operations and could impair our ability to attract and retain qualified personnel. If we are unsuccessful in our recruitment and retention efforts, our business may be harmed.

We have recently announced changes to our senior leadership team. In April 2019, we announced that Robin L. Washington plans to retire from her position as our Executive Vice President and Chief Financial Officer, effective March 2020, or if earlier, when a successor is named and commences in the role. Should a successor be named and commences in the role prior to March 2020, Ms. Washington has agreed to remain in an advisory capacity through the completion of our reporting of 2019 financial results. In July 2019, we also announced that John G. McHutchison, A.O., M.D., our Chief Scientific Officer and Head of Research and Development, has decided to leave the company, effective August 2019. We have commenced a search for his successor. If there are delays with the selection of a new Chief Financial Officer and Chief Scientific Officer, or if we do not successfully manage these transitions, our business may be negatively impacted.

Business disruptions from natural or man-made disasters may adversely affect our revenues and materially reduce our earnings.

Our worldwide operations, third-party manufacturers or corporate partners could be subject to business interruptions stemming from natural or man-made disasters, including those related to climate change, for which we or they may be uninsured or inadequately insured. Our corporate headquarters in Foster City and our Santa Monica location, which together house a majority of our R&D activities, and our San Dimas, La Verne, Oceanside and El Segundo manufacturing facilities are located in California, a seismically active region. As we may not carry adequate earthquake insurance and significant recovery time could be required to resume operations, our financial condition and operating results could be materially adversely affected in the event of a major earthquake.

We are dependent on information technology systems, infrastructure and data, which may be subject to cyberattacks and security breaches.

We are dependent upon information technology systems, infrastructure and data, including our Kite Konnect platform, which is critical to ensure chain of identity and chain of custody of Yescarta. The multitude and complexity of our computer systems make them inherently vulnerable to service interruption or destruction, malicious intrusion and random attack. Likewise, data privacy or security breaches by employees or others pose a risk that sensitive data, including our intellectual property or trade secrets or the personal information of our employees, patients, customers or other business partners may be exposed to unauthorized persons or to the public. Cyberattacks are increasing in their frequency, sophistication and intensity. Cyberattacks could include the deployment of harmful malware, denial-of-service, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. Our business and technology partners face similar risks and any security breach of their systems could adversely affect our security posture. While we have invested, and continue to invest, in the protection of our data and information technology infrastructure, there can be no assurance that our efforts, or the efforts of our partners and vendors, will prevent service interruptions or identify breaches in our systems. Such interruptions or breaches could adversely affect our business and operations and/or cause the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm to us. In addition, our insurance may not be sufficient in type or amount to cover the financial, legal, business or reputational losses that may result from an interruption or breach of our systems.

Regulators globally are also imposing new data security requirements, including greater monetary fines for privacy violations. For example, the General Data Protection Regulation (GDPR) that became effective in Europe in 2018 established new regulations regarding the handling of personal data, and non-compliance with the GDPR may result in monetary penalties of up to four percent.
of worldwide revenue. In addition, we may be subject to additional data privacy and security laws, such as the California Consumer Privacy Act of 2018. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, including healthcare data or other personal information, could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions in which we operate.

**Changes in our effective income tax rate could reduce our earnings.**

We are subject to income taxes in the United States and various foreign jurisdictions including Ireland. Due to economic and political conditions, various countries are actively considering and have made changes to existing tax laws. We cannot predict the form or timing of potential legislative and regulatory changes that could have a material adverse impact on our results of operations. For example, the United States enacted significant tax reform, and certain provisions of the new law are complex and will continue to significantly affect us.

In addition, significant judgment is required in determining our worldwide provision for income taxes. Various factors may have favorable or unfavorable effects on our income tax rate including, but not limited to, changes in forecasted demand for our HCV products, our portion of the non-tax deductible annual branded prescription drug fee, the accounting for stock options and other share-based awards, mergers and acquisitions, the ability to manufacture product in our Cork, Ireland facility, the amortization of certain acquisition related intangibles for which we receive no tax benefit, future levels of R&D spending, changes in the mix of earnings in the various tax jurisdictions in which we operate, changes in overall levels of pre-tax earnings, resolution of federal, state and foreign income tax audits, and potential changes to our legal entity structure. The impact on our income tax provision resulting from the above mentioned factors may be significant and could have a negative impact on our consolidated results of operations.

Our income tax returns are subject to audit by federal, state and foreign tax authorities. We are currently under examination by the Internal Revenue Service for the tax years from 2013 to 2015 and by various state and foreign jurisdictions. There are differing interpretations of tax laws and regulations and, as a result, significant disputes may arise with these tax authorities involving issues of the timing and amount of deductions and allocations of income among various tax jurisdictions. Resolution of one or more of these exposures in any reporting period could have a material impact on the results of operations for that period.

**There can be no assurance that we will pay dividends or continue to repurchase stock.**

Our Board of Directors authorized a dividend program under which we intend to pay quarterly dividends of $0.63 per share, subject to quarterly declarations by our Board of Directors. Our Board of Directors also approved the repurchase of up to $12.0 billion of our common stock, of which $3.7 billion is available for repurchase as of June 30, 2019. Any future declarations, amount and timing of any dividends and/or the amount and timing of such stock repurchases are subject to capital availability and determinations by our Board of Directors that cash dividends and/or stock repurchases are in the best interest of our stockholders and are in compliance with all respective laws and our agreements applicable to the declaration and payment of cash dividends and the repurchase of stock. Our ability to pay dividends and/or repurchase stock will depend upon, among other factors, our cash balances and potential future capital requirements for strategic transactions, including acquisitions, debt service requirements, results of operations, financial condition and other factors beyond our control that our Board of Directors may deem relevant. A reduction in or elimination of our dividend payments, our dividend program and/or stock repurchases could have a negative effect on our stock price.
**Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

**Issuer Purchases of Equity Securities**

In the first quarter of 2016, our Board of Directors authorized a $12.0 billion share repurchase program (2016 Program) under which repurchases may be made in the open market or in privately negotiated transactions. We started repurchases under the 2016 Program in April 2016.

During the three months ended June 30, 2019, we repurchased and retired 9 million shares of our common stock for $588 million through open market transactions under the 2016 Program. The table below summarizes our stock repurchase activity for the three months ended June 30, 2019:

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Number of Shares Purchased (in thousands)</th>
<th>Average Price Paid per Share (in dollars)</th>
<th>Total Number of Shares Purchased as Part of Publicly Announced Program (in thousands)</th>
<th>Maximum Fair Value of Shares that May Yet Be Purchased Under the Program (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1 - April 30, 2019</td>
<td>3,130</td>
<td>$65.22</td>
<td>3,103</td>
<td>$4,111</td>
</tr>
<tr>
<td>May 1 - May 31, 2019</td>
<td>3,274</td>
<td>$65.47</td>
<td>3,236</td>
<td>$3,899</td>
</tr>
<tr>
<td>June 1 - June 30, 2019</td>
<td>2,629</td>
<td>$66.65</td>
<td>2,601</td>
<td>$3,726</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,033</strong></td>
<td><strong>$65.73</strong></td>
<td><strong>8,940</strong></td>
<td><strong>(1)</strong></td>
</tr>
</tbody>
</table>

(1) The difference between the total number of shares purchased and the total number of shares purchased as part of a publicly announced program is due to shares of common stock withheld by us from employee restricted stock awards in order to satisfy applicable tax withholding obligations.

**Item 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**Item 4. MINE SAFETY DISCLOSURES**

Not applicable.

**Item 5. OTHER INFORMATION**

Not applicable.

**Item 6. EXHIBITS**

Reference is made to the Exhibit Index included herein.
<table>
<thead>
<tr>
<th>Exhibit Footnote</th>
<th>Exhibit Number</th>
<th>Description of Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>3.1</td>
<td>Restated Certificate of Incorporation of Registrant</td>
</tr>
<tr>
<td>(1)</td>
<td>3.2</td>
<td>Amended and Restated Bylaws of Registrant</td>
</tr>
<tr>
<td>(1)</td>
<td>4.1</td>
<td>Reference is made to Exhibit 3.1 and Exhibit 3.2</td>
</tr>
<tr>
<td>(2)</td>
<td>4.2</td>
<td>Indenture related to Senior Notes, dated as of March 30, 2011, between Registrant and Wells Fargo, National Association, as Trustee</td>
</tr>
<tr>
<td>(2)</td>
<td>4.3</td>
<td>First Supplemental Indenture related to Senior Notes, dated as of March 30, 2011, between Registrant and Wells Fargo, National Association, as Trustee (including form of Senior Notes)</td>
</tr>
<tr>
<td>(3)</td>
<td>4.4</td>
<td>Second Supplemental Indenture related to Senior Notes, dated as of December 13, 2011, between Registrant and Wells Fargo, National Association, as Trustee (including Form of 2023 Note, Form of 2021 Note)</td>
</tr>
<tr>
<td>(4)</td>
<td>4.5</td>
<td>Third Supplemental Indenture related to Senior Notes, dated as of March 7, 2014, between Registrant and Wells Fargo, National Association, as Trustee (including Form of 2024 Note, Form of 2044 Note)</td>
</tr>
<tr>
<td>(5)</td>
<td>4.6</td>
<td>Fourth Supplemental Indenture related to Senior Notes, dated as of November 17, 2014, between Registrant and Wells Fargo, National Association, as Trustee (including Form of 2025 Note, Form of 2045 Note)</td>
</tr>
<tr>
<td>(6)</td>
<td>4.7</td>
<td>Fifth Supplemental Indenture, dated as of September 14, 2015, between Registrant and Wells Fargo Bank, National Association, as Trustee (including Form of 2020 Note, Form of 2022 Note, Form of 2040 Note, Form of 2043 Note)</td>
</tr>
<tr>
<td>(7)</td>
<td>4.8</td>
<td>Sixth Supplemental Indenture, dated as of September 29, 2016, between Registrant and Wells Fargo Bank, National Association, as Trustee (including Form of 2021 Note, Form of 2023 Note, Form of 2041 Note, Form of 2043 Note)</td>
</tr>
<tr>
<td>(8)</td>
<td>4.9</td>
<td>Seventh Supplemental Indenture, dated as of September 22, 2017, between Registrant and Wells Fargo Bank, National Association, as Trustee (including Form of Fixed Rate Note, Form of Form of September 2018 Note, Form of March 2019 Note and Form of September 2019 Note)</td>
</tr>
<tr>
<td>*(9)</td>
<td>10.1</td>
<td>Gilead Sciences, Inc. 2004 Equity Incentive Plan, as amended and restated May 10, 2017</td>
</tr>
<tr>
<td>*(10)</td>
<td>10.2</td>
<td>Form of employee stock option agreement under 2004 Equity Incentive Plan (for grants made in 2010)</td>
</tr>
<tr>
<td>*(11)</td>
<td>10.3</td>
<td>Form of employee stock option agreement under 2004 Equity Incentive Plan (for grants made in 2011 through 2018)</td>
</tr>
<tr>
<td>*</td>
<td>10.4***</td>
<td>Form of employee stock option agreement under 2004 Equity Incentive Plan (for grants commencing in 2019)</td>
</tr>
<tr>
<td>*(12)</td>
<td>10.5</td>
<td>Form of non-employee director stock option agreement under 2004 Equity Incentive Plan (for grants made in 2009 through 2012)</td>
</tr>
<tr>
<td>*(13)</td>
<td>10.6</td>
<td>Form of non-employee director stock option agreement (U.S.) under 2004 Equity Incentive Plan (for grants made in 2013)</td>
</tr>
<tr>
<td>*(13)</td>
<td>10.7</td>
<td>Form of non-employee director stock option agreement (non-U.S.) under 2004 Equity Incentive Plan (for grants made in 2013)</td>
</tr>
<tr>
<td>*(14)</td>
<td>10.8</td>
<td>Form of non-employee director stock option agreement under 2004 Equity Incentive Plan (for grants made in 2014 through 2018)</td>
</tr>
<tr>
<td>*</td>
<td>10.9***</td>
<td>Form of non-employee director stock option agreement under 2004 Equity Incentive Plan (for grants commencing in 2019)</td>
</tr>
<tr>
<td>*(15)</td>
<td>10.10</td>
<td>Form of performance share award agreement - TSR Goals (U.S.) with Director Retirement Provisions under 2004 Equity Incentive Plan (for grants made in 2016 through 2018)</td>
</tr>
<tr>
<td>*(15)</td>
<td>10.11</td>
<td>Form of performance share award agreement - TSR Goals (non-U.S) under 2004 Equity Incentive Plan (for grants made in 2016 through 2018)</td>
</tr>
<tr>
<td>*</td>
<td>10.12***</td>
<td>Form of performance share award agreement - TSR Goals (U.S.) under 2004 Equity Incentive Plan (for grants made in 2016 through 2018)</td>
</tr>
<tr>
<td>*(15)</td>
<td>10.13</td>
<td>Form of performance share award agreement - Revenue Goals (U.S.) under 2004 Equity Incentive Plan (for grants made in 2016 through 2018)</td>
</tr>
<tr>
<td>*(15)</td>
<td>10.14</td>
<td>Form of performance share award agreement - Revenue Goals (U.S.) with Director Retirement Provisions under 2004 Equity Incentive Plan (for grants made in 2016 through 2018)</td>
</tr>
<tr>
<td>*</td>
<td>10.15***</td>
<td>Form of performance share award agreement - Revenue Goals (U.S.) under 2004 Equity Incentive Plan (for grants commencing in 2019)</td>
</tr>
<tr>
<td>*(11)</td>
<td>10.16</td>
<td>Form of employee restricted stock unit issuance agreement under 2004 Equity Incentive Plan (for grants made in 2011 through 2018)</td>
</tr>
<tr>
<td>*</td>
<td>10.17***</td>
<td>Form of employee restricted stock unit issuance agreement under 2004 Equity Incentive Plan (for grants commencing in 2019)</td>
</tr>
<tr>
<td>*</td>
<td>10.18***</td>
<td>Form of non-employee director restricted stock unit issuance agreement under 2004 Equity Incentive Plan (for grants commencing in 2019)</td>
</tr>
<tr>
<td>*</td>
<td>10.20***</td>
<td>Gilead Sciences, Inc. 2005 Deferred Compensation Plan, as amended and restated April 10, 2016</td>
</tr>
<tr>
<td>*(17)</td>
<td>10.21</td>
<td>Gilead Sciences, Inc. Severance Plan, as amended on March 8, 2016</td>
</tr>
<tr>
<td>*(18)</td>
<td>10.22</td>
<td>Gilead Sciences, Inc. Corporate Bonus Plan, as amended and restated effective as of January 1, 2019</td>
</tr>
<tr>
<td>*(19)</td>
<td>10.23</td>
<td>Gilead Sciences, Inc. Retention Program for Executive Officers</td>
</tr>
</tbody>
</table>
10.24  Offer Letter dated April 16, 2008 between Registrant and Robin Washington

10.25  Offer Letter dated November 30, 2018 between Registrant and Daniel O’Day

10.26*** Offer Letter dated May 21, 2019 between Registrant and Johanna Mercier

10.27*** Stock option agreement for Daniel O’Day under 2004 Equity Incentive Plan

10.28*** Performance share award agreement for Daniel O’Day (for TSR Goals in 2019) under 2004 Equity Incentive Plan

10.29*** Performance share award agreement for Daniel O’Day (for Reverse Goals in 2019) under 2004 Equity Incentive Plan

10.30*** Form of restricted stock unit issuance agreement for Daniel O’Day (in 2019) under 2004 Equity Incentive Plan

10.31  Form of Indemnity Agreement entered into between Registrant and its directors and executive officers

10.32  Form of Employee Proprietary Information and Invention Agreement entered into between Registrant and certain of its officers and key employees

10.33  Form of Employee Proprietary Information and Invention Agreement entered into between Registrant and certain of its officers and key employees (revised in September 2006)

10.34  Amendment Agreement, dated October 25, 1993, between Registrant, the Institute of Organic Chemistry and Biochemistry (IOCB) and Rega Stichting v.z.w. (REGA), together with the following exhibits: the License Agreement, dated December 15, 1991, between Registrant, IOCB and REGA (the 1991 License Agreement), the License Agreement, dated October 15, 1992, between Registrant, IOCB and REGA (the October 1992 License Agreement) and the License Agreement, dated December 1, 1992, between Registrant, IOCB and REGA (the December 1992 License Agreement)

10.35  Sixth Amendment Agreement to the License Agreement, between IOCB/REGA and Registrant, dated August 16, 2006 amending the October 1992 License Agreement and the December 1992 License Agreement

10.36  Seventh Amendment Agreement to the License Agreement, between IOCB/REGA and Registrant dated July 1, 2013 amending the October 1992 License Agreement and the December 1992 License Agreement

10.37  Exclusivity License Agreement between Registrant and successor to Triangle Pharmaceuticals, Inc. - Glaxo Group Limited - The Wellcome Foundation Limited - Glaxo Wellcome Inc. and Emory University, dated May 9, 1999

10.38  Royalty Safe Agreement by and among Registrant, Emory University and Investors Trust & Custodial Services (Ireland) Limited, solely in its capacity as Trustee of Royalty Pharma, dated July 18, 2003

10.39  Amended and Restated License Agreement between Registrant, Emory University and Investors Trust & Custodial Services (Ireland) Limited, solely in its capacity as Trustee of Royalty Pharma, dated April 23, 2003

10.40  Amended and Restated EVG License Agreement between Japan Tobacco Inc., and Registrant, dated November 29, 2018

10.41  Master Agreement by and between Registrant, Gilead Sciences K.K. and Japan Tobacco Inc., dated November 29, 2018

10.42  Amended and Restated Collaboration Agreement by and among Registrant, Gilead Sciences Ireland UC (formerly Gilead Sciences Limited) and Janssen R&D Ireland, dated December 23, 2014

10.43  License Agreement by and among Kite Pharma, Inc., Cabaret Biotech Ltd. and Dr. Zelig Eshhar, dated December 12, 2013

31.1*** Certification of Chief Executive Officer, as required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended

31.2*** Certification of Chief Financial Officer, as required by Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended

32.1i  XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

32.2i  XBRL Taxonomy Extension Schema Document

32.3i  XBRL Taxonomy Extension Calculation Linkbase Document

32.4i  XBRL Taxonomy Extension Definition Linkbase Document

32.5i  XBRL Taxonomy Extension Label Linkbase Document

32.6i  XBRL Taxonomy Extension Presentation Linkbase Document

104  The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, formatted in Inline XBRL
Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GILEAD SCIENCES, INC.  
(Registrant)  

Date: August 6, 2019  
/s/ DANIEL P. O’DAY  
Daniel P. O’Day  
Chairman and Chief Executive Officer  
(Principal Executive Officer)  

Date: August 6, 2019  
/s/ ROBIN L. WASHINGTON  
Robin L. Washington  
Executive Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)  

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RECITALS

A. This Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s grant of an option to Optionee.

B. All capitalized terms used but not otherwise defined in this Agreement shall have the meaning assigned to them in the attached Appendix.

NOW, THEREFORE, the Company hereby grants an option to Optionee upon the following terms and conditions:

1. Grant of Option. The Company hereby grants to Optionee an option to purchase shares of Common Stock under the Plan. The Grant Date, the Option Shares, the Exercise Price, the Vesting Schedule and the Expiration Date are indicated on attached Schedule I to this Agreement. The option is a non-statutory option under the U.S. federal income tax laws. The remaining terms and conditions governing this option shall be as set forth in this Agreement.

2. Option Term. The term of this option shall commence on the Grant Date and continue to be in effect until the close of business on the last business day prior to the Expiration Date specified in attached Schedule I, unless sooner terminated in accordance with Paragraph 5 or 6 below.

3. Transferability. This option shall be neither transferable nor assignable by Optionee other than by will or the laws of inheritance following Optionee’s death and may be exercised, during Optionee’s lifetime, only by Optionee.

4. Dates of Exercise. This option shall vest and become exercisable for the Option Shares in a series of installments in accordance with the Vesting Schedule set forth in attached Schedule I. As the option vests and becomes exercisable for such installments, those installments shall accumulate, and the option shall remain exercisable for the accumulated installments until the last business day prior to the Expiration Date or any sooner termination of the option term under Paragraph 5 or 6 below.

5. Cessation of Service. The option term specified in Paragraph 2 above shall terminate (and this option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

   (a) Except as otherwise expressly provided in subparagraphs (b) through (f) of this Paragraph 5, should Optionee cease to remain in Continuous Service for any reason while this option is outstanding, then Optionee shall have until the close of business on the last business
day prior to the expiration of the earlier (i) the expiration of the three (3)-month period measured from the date of such cessation of Continuous Service, or (ii) the Expiration Date, during which to exercise this option for any or all of the Option Shares for which this option is vested and exercisable at the time of Optionee’s cessation of Continuous Service. Upon the expiration of such limited exercise period, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(b) In the event Optionee ceases Continuous Service by reason of his or her death while this option is outstanding, then this option may be exercised, for any or all of the Option Shares for which this option is vested and exercisable at the time of Optionee’s cessation of Continuous Service, by (i) the personal representative of Optionee’s estate or (ii) the person or persons to whom the option is transferred pursuant to Optionee’s will or the laws of inheritance following Optionee’s death. Any such right to exercise this option shall lapse, and this option shall cease to be outstanding, upon the close of business on the last business day prior to the earlier of (A) the expiration of the twelve (12)-month period measured from the date of Optionee’s death or (B) the Expiration Date. Upon the expiration of such limited exercise period, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(c) Should Optionee cease Continuous Service by reason of Permanent Disability while this option is outstanding, then Optionee shall have until the close of business on the last business day prior to the earlier of (i) expiration of the twelve (12)-month period measured from the date of such cessation of Continuous Service, or (ii) the Expiration Date, during which to exercise this option for any or all of the Option Shares for which this option is vested and exercisable at the time of such cessation of Continuous Service. Upon the expiration of such limited exercise period, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(d) Should Optionee (i) cease Continuous Service at least twelve (12) months following the Grant Date and (ii) (x) after attaining age 55 and completing at least ten (10) years of Continuous Service or (y) after attaining age 65, then Optionee shall (1) continue to vest in any options granted hereunder in accordance with the Vesting Schedule set forth on Schedule I as if such Optionee had remained in Continuous Service; and (2) have until the close of business on the last business day prior to the earlier of: (A) expiration of the five (5) year period measured from the date of such cessation of Continuous Service, or (B) the Expiration Date, during which to exercise this option for any or all of the Option Shares for which this option is vested and exercisable at the time of such cessation of Continuous Service or becomes vested and exercisable following such cessation of Continuous Service in accordance with this subparagraph (d). If Optionee, as of December 31, 2018, (I) is in Salary Grade 35 or above, (II) has completed at least three (3) years of Continuous Service, and (III) the sum of Optionee’s attained age and completed years of Continuous Service equals or exceeds seventy (70) years, he or she shall be deemed to satisfy the requirements of subparagraphs (d)(i) and (ii). Notwithstanding the foregoing, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in Optionee’s jurisdiction that would likely result in the favorable treatment applicable to the option.
pursuant to this subparagraph (d) being deemed unlawful and/or discriminatory, then the Company will not apply this favorable treatment at the time of Optionee’s cessation of Continuous Service, and the option will be treated as set forth in the other subparagraphs of this Paragraph 5, as applicable.

(e) The applicable period of post-service exercisability in effect pursuant to the foregoing provisions of this Paragraph 5 shall automatically be extended by an additional period of time equal in duration to any interval within such post-service exercise period during which the exercise of this option or the immediate sale of the Option Shares acquired under this option cannot be effected in compliance with applicable federal, state and foreign securities laws, but in no event shall such an extension result in the continuation of this option beyond the close of business on the last business day prior to the Expiration Date.

(f) Notwithstanding any other provision hereof, should Optionee’s Continuous Service be terminated for Cause (or for a reason that is comparable to termination for Cause under employment laws in the jurisdiction where Optionee is employed or the terms of Optionee’s employment agreement, if any), or should Optionee engage in any other conduct, while in Continuous Service or following cessation of Continuous Service, that is materially detrimental to the business or affairs of the Company (or any Related Entity), as determined in the sole discretion of the Administrator, then this option, whether or not vested and exercisable at the time, shall terminate immediately and cease to be outstanding.

(g) During the limited period of post-service exercisability provided under this Paragraph 5, this option may not be exercised in the aggregate for more than the number of Option Shares for which this option is at the time vested and exercisable. Except as set forth in Section 5(d) or to the extent (if any) specifically authorized by the Administrator pursuant to an express written agreement with Optionee, this option shall not vest or become exercisable for any additional Option Shares, whether pursuant to the normal Vesting Schedule set forth in attached Schedule I or the special vesting acceleration provisions of Paragraph 6 below, following Optionee’s cessation of Continuous Service. Upon the expiration of such limited exercise period or (if earlier) upon the close of business on the last business day prior to the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.


(a) This option, to the extent outstanding at the time of an actual Change in Control but not otherwise fully exercisable, shall automatically accelerate so that this option shall, immediately prior to the effective date of such Change in Control, become exercisable for all of the Option Shares at the time subject to this option and may be exercised for any or all of those Option Shares as fully vested shares of Common Stock. However, this option shall not become exercisable on such an accelerated basis if and to the extent: (i) this option is to be assumed by the successor corporation (or parent thereof) or is otherwise to continue in full force and effect pursuant to the terms of the Change in Control transaction, (ii) this option is to be replaced with an economically-equivalent substitute equity award or (iii) this option is to be replaced with a cash retention program.
of the successor corporation which preserves the spread existing at the time of the Change in Control on any Option Shares for which this option is not otherwise at that time vested and exercisable (the excess of the Fair Market Value of those Option Shares over the aggregate Exercise Price payable for such shares) and provides for the subsequent vesting and concurrent payout of that spread in accordance with the same Vesting Schedule for those Option Shares as set forth in attached Schedule I. Notwithstanding the foregoing, no such cash retention program shall be established for this option (or any other option granted to Optionee under the Plan) to the extent such program would otherwise be deemed to constitute a deferred compensation arrangement subject to the requirements of Code Section 409A and the Treasury Regulations thereunder.

(b) Immediately following the consummation of the Change in Control, this option shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in effect pursuant to the terms of the Change in Control transaction.

(c) If this option is assumed in connection with a Change in Control or otherwise continued in effect, then this option shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities into which the shares of Common Stock subject to this option would have been converted in consummation of such Change in Control had those shares actually been outstanding at the time. Appropriate adjustments shall also be made to the Exercise Price, provided the aggregate Exercise Price shall remain the same. To the extent the actual holders of the Company’s outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption or continuation of this option but subject to the Administrator’s approval, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control, provided such common stock is readily tradable on an established U.S. securities exchange or market.

(d) If this option is assumed or otherwise continued in effect in connection with a Change in Control or replaced with an economically-equivalent equity award or a cash retention program in accordance with Paragraph 6(a) above, then:

(i) the option (or such economically equivalent award) shall vest and become immediately exercisable for all of the Option Shares or other securities at the time subject to the option (or such award) and may, within the applicable exercise period under Paragraph 5, be exercised for any or all of those Option Shares or other securities as fully vested shares or securities, or

(ii) the balance credited to Optionee under any cash retention program established in accordance with Paragraph 6(a) shall immediately be paid to Optionee in a lump sum, subject to the Company’s collection of all applicable Withholding Taxes;
if, within the period beginning with the execution date of the definitive agreement for the Change in Control transaction and ending with the earlier of (i) the termination of that definitive agreement without the consummation of such Change in Control or (ii) the expiration of the Applicable Acceleration Period following the consummation of such Change in Control, Optionee’s Continuous Service terminates due to an involuntary termination (other than for death or Permanent Disability) without Cause (or without a reason that is comparable to termination for Cause under employment laws in the jurisdiction where Optionee is employed or the terms of Optionee’s employment agreement, if any) or a voluntary termination by Optionee due to Constructive Termination.

(e) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. Adjustment in Option Shares. Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, or other change affecting the outstanding Common Stock as a class without the Company’s receipt of consideration, or should the value of outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable and proportional adjustments shall be made by the Administrator to (i) the total number and/or class of securities subject to this option and (ii) the Exercise Price. The adjustments shall be made in such manner as the Administrator deems appropriate in order to reflect such change and thereby prevent the dilution or enlargement of benefits hereunder, and those adjustments shall be final, binding and conclusive upon Optionee and any other person or persons having an interest in the option. In the event of any Change in Control transaction, the adjustment provisions of Paragraph 6(c) above shall be controlling.

8. Stockholder Rights. The holder of this option shall not have any stockholder rights including voting, dividend or liquidation rights, with respect to the Option Shares until such person shall have exercised the option, paid the Exercise Price and become a holder of record of the purchased shares.


(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or any other person or persons exercising the option) must take the following actions:

(i) Execute and deliver to the Company a Notice of Exercise as to the Option Shares for which the option is exercised or comply with such other procedures as the Company may establish for notifying the Company, either directly or through an on-line internet transaction with a brokerage firm authorized by the Company to effect such option exercises, of the exercise of this option for one or more Option Shares.
(ii) Pay the aggregate Exercise Price for the purchased shares in one or more of the following forms:

(A) cash or check made payable to the Company; or

(B) through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the option) shall concurrently provide irrevocable instructions (i) to a brokerage firm (reasonably satisfactory to the Company for purposes of administering such procedure in accordance with the Company’s pre-clearance/pre-notification policies) to effect the immediate sale of all or a sufficient portion of the purchased shares so that such brokerage firm can remit to the Company, on the settlement date, sufficient funds out of the resulting sale proceeds to cover the aggregate Exercise Price payable for all the purchased shares plus all applicable Withholding Taxes and (ii) to the Company to deliver the purchased shares directly to such brokerage firm on such settlement date.

Except to the extent the sale and remittance procedure is utilized in connection with the option exercise, payment of the Exercise Price must accompany the Notice of Exercise (or other notification procedure) delivered to the Company in connection with the option exercise.

(iii) Furnish to the Company appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise this option.

(iv) Make appropriate arrangements with the Company (or the Employer) for the satisfaction of all applicable Withholding Taxes.

(b) As soon as practical after the Exercise Date, the Company shall issue to or on behalf of Optionee (or any other person or persons exercising this option) the purchased Option Shares, subject to appropriate restrictions, if any.

(c) In no event may this option be exercised for any fractional shares.


(a) Optionee acknowledges that, regardless of any action the Company and/or the Employer take with respect to any or all Withholding Taxes, the ultimate liability for all Withholding Taxes is and remains Optionee’s responsibility and may exceed the amount actually withheld by the Company or the Employer. Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the option, including the grant, vesting or exercise of the options, the subsequent sale of any shares of Common Stock acquired at exercise and the receipt of any dividends; and (ii) do not commit to, and are under no obligation to, structure
the terms of the grant or any aspect of the option to reduce or eliminate Optionee’s liability for Withholding Taxes or achieve any particular tax result. Further, if Optionee is subject to Withholding Taxes in more than one jurisdiction, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Withholding Taxes in more than one jurisdiction.

(b) Prior to the relevant taxable event, Optionee agrees to make arrangements satisfactory to the Company and/or the Employer to satisfy all Withholding Taxes. In this regard, Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Withholding Taxes by one or a combination of the following:

(i) withholding from any wages or other cash compensation paid to Optionee by the Company and/or the Employer; or

(ii) withholding from the proceeds of the sale of shares of Common Stock acquired upon exercise of the option.

Depending on the withholding method, the Company may withhold or account for Withholding Taxes by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Optionee will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. Optionee shall pay to the Company and/or the Employer any amount of Withholding Taxes that the Company and/or the Employer may be required to withhold as a result of Optionee’s participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver any purchased Option Shares or the proceeds of the sale of shares if Optionee fails to comply with Optionee’s obligations in connection with the Withholding Taxes.

11. **Compliance with Laws and Regulations.**

   (a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Company and Optionee with all Applicable Laws relating thereto, as determined by counsel for the Company.

   (b) The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of any Common Stock pursuant to this option shall relieve the Company of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Company, however, shall use its reasonable best efforts to obtain all such approvals.

12. **Insider Trading Restrictions/Market Abuse Laws.** Optionee may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions including the United States and
Optionee’s country or his or her broker’s country, if different, which may affect Optionee’s ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (e.g., options) or rights linked to the value of shares of Common Stock during such times as Optionee is considered to have “inside information” regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Optionee placed before he or she possessed inside information. Furthermore, Optionee could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Optionee acknowledges that it is Optionee’s responsibility to comply with any applicable restrictions and Optionee should speak with his or her personal legal advisor on this matter.

13. **Successors and Assigns.** Except to the extent otherwise provided in Paragraphs 3 and 6 above, the provisions of this Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns and Optionee, Optionee’s assigns, the legal representatives, heirs and legatees of Optionee’s estate.

14. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the most current address then indicated for Optionee on the Company’s employee records or shall be delivered electronically to Optionee through the Company’s electronic mail system or through an on-line brokerage firm authorized by the Company to effect option exercises through the internet. All notices shall be deemed effective upon personal delivery or delivery through the Company’s electronic mail system or upon deposit in the U.S. or local country mail, postage prepaid and properly addressed to the party to be notified.

15. **Construction.** This Agreement and the option evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in this option.

16. **Governing Law and Venue.**

   (a) The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to Delaware’s conflict-of-laws rules.

   (b) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this option and this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts
for the Northern District of California, and no other courts where the grant of this option is made and/or to be performed.

17. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

18. **Waiver.** Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Optionee or other Optionees.

19. **Excess Shares.** If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of shares of Common Stock which may without stockholder approval be issued under the Plan, then this option shall be void with respect to those excess shares, unless stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock issuable under the Plan is obtained in accordance with the provisions of the Plan. In no event shall the option be exercisable with respect to any of the excess Option Shares unless and until such stockholder approval is obtained.

20. **Leaves of Absence.** The following provisions shall govern leaves of absence, except to the extent the application of such provisions to Optionee would contravene employment laws in the jurisdiction where Optionee is employed or the terms of Optionee’s employment agreement, if any.

   (a) For purposes of this Agreement, Optionee’s Continuous Service shall not be deemed to cease during any period for which Optionee is on a military leave, sick leave or other personal leave approved by the Company. However, Optionee shall not receive any Continuous Service credit, for purposes of vesting in this option and the Option Shares pursuant to the Vesting Schedule set forth in attached Schedule I, for any period of such leave of absence, except to the extent otherwise required by employment laws in the jurisdiction where Optionee is employed or the terms of Optionee’s employment agreement, if any or pursuant to the following policy:

      - Optionee shall receive Continuous Service credit for such vesting purposes for (i) the first three (3) months of an approved personal leave of absence or (ii) the first seven (7) months of any bona fide leave of absence (other than an approved personal leave), but in no event beyond the expiration date of such leave of absence.

   (b) In no event shall Optionee be deemed to remain in Continuous Service at any time after the earlier of (i) the expiration date of his or her leave of absence, unless Optionee returns to active Continuous Service on or before that date, or (ii) the date Optionee’s Continuous Service actually terminates by reason of his or her voluntary or involuntary termination or by reason of his or her death or Permanent Disability.
21. **Acknowledgment of Nature of Plan and Option.** In accepting the option, Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future options, if any, will be at the sole discretion of the Company;

(d) the option grant and Optionee’s participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Related Entity and shall not interfere with the ability of the Company, the Employer or any Related Entity, as applicable, to terminate Optionee’s employment or service relationship (if any);

(e) Optionee’s participation in the Plan is voluntary;

(f) the option and the Option Shares, and the income and value of same, are not intended to replace any pension rights or compensation;

(g) the option and the Option Shares, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar payments;

(h) the future value of the Option Shares is unknown, indeterminable and cannot be predicted with any certainty;

(i) if the Option Shares do not increase in value, the option will have no value;

(j) if Optionee exercises his or her option and obtains the Option Shares, the value of those Option Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the option resulting from termination of Optionee’s Continuous Service by the Employer or the Company (or any Related Entity) (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Optionee is employed or the terms of Optionee’s employment agreement, if any), and in consideration of the Award, Optionee irrevocably agrees not to institute any claim against the Company, the Employer or any
Related Entity, waives his or her ability, if any, to bring any such claim and releases the Company, the Employer and any Related Entity from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(l) unless otherwise agreed with the Company in writing, the option and the Option Shares, and the income and value of same, are not granted as consideration for, or in connection with, any service Optionee may provide as a director of the Company or a Related Entity;

(m) unless otherwise provided in the Plan or by the Company in its discretion, the option and the benefits evidenced by this Agreement do not create any entitlement to have the option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Option Shares; and

(n) the following provisions apply only if Optionee is providing services outside the United States:

(i) the option and the Option Shares, and the income and value of same, are not part of normal or expected compensation or salary for any purpose;

(ii) Optionee acknowledges and agrees that neither the Company, the Employer nor any Related Entity shall be liable for any foreign exchange rate fluctuation between Optionee’s local currency and the United States Dollar that may affect the value of the option or of any amounts due to Optionee pursuant to the exercise of the option or the subsequent sale of any Option Shares acquired upon exercise.

22. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee’s participation in the Plan or Optionee’s acquisition or sale of the Option Shares. Optionee should consult with his or her personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

23. **Data Privacy.**

(a) **Data Privacy Consent.** By electing to participate in the Plan via the Company’s online acceptance procedure, Optionee is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Personal Data (as defined below) by the Company and the transfer of Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level of protection from a European (or other) data protection law perspective, for the purposes described herein.
(b) **Declaration of Consent.** Optionee understands that he or she needs to review the following information about the processing of his or her personal data by or on behalf of the Company, the Employer and/or any Related Entity as described in the Agreement and any other Plan materials (the “Personal Data”) and declare his or her consent. As regards the processing of Optionee’s Personal Data in connection with the Plan and this Agreement, Optionee understands that the Company is the controller of his or her Personal Data.

(c) **Data Processing and Legal Basis.** The Company collects, uses and otherwise processes Personal Data about Optionee for the purposes of allocating shares of Common Stock and implementing, administering and managing the Plan. Optionee understands that this Personal Data may include, without limitation, his or her name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock or equivalent benefits awarded, cancelled, exercised, vested, unvested or outstanding in Optionee's favor. The legal basis for the processing of Optionee's Personal Data, where required, will be his or her consent.

(d) **Stock Plan Administration Service Providers.** Optionee understands that the Company transfers his or her Personal Data, or parts thereof, to E*TRADE Financial Services, Inc. (and its affiliated companies), an independent service provider based in the United States which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Optionee’s Personal Data with such different service provider that serves the Company in a similar manner. Optionee understands and acknowledges that the Company's service provider will open an account for him or her to receive and trade shares of Common Stock acquired under the Plan and that he or she will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Optionee’s ability to participate in the Plan.

(e) **International Data Transfers.** Optionee understands that the Company and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as E*TRADE Financial Services, Inc., are based in the United States. Optionee understands and acknowledges that his or her country may have enacted data privacy laws that are different from the laws of the United States. For example, the European Commission has issued only a limited adequacy finding with respect to the United States that applies solely if and to the extent that companies self-certify and remain self-certified under the EU/U.S. Privacy Shield program. The Company does not currently participate in the EU/U.S. Privacy Shield Program. The Company’s legal basis for the transfer of Optionee’s Personal Data is his or her consent.

(f) **Data Retention.** Optionee understands that the Company will use his or her Personal Data only as long as is necessary to implement, administer and manage his or her participation in the Plan, or to comply with legal or regulatory obligations, including under tax and securities laws. In the latter case, Optionee understands and acknowledges that the
Company’s legal basis for the processing of his or her Personal Data would be compliance with the relevant laws or regulations. When the Company no longer needs Optionee’s Personal Data for any of the above purposes, Optionee understands the Company will remove it from its systems.

(g) **Voluntariness and Consequences of Denial/Withdrawal of Consent.** Optionee understands that his or her participation in the Plan and his or her consent is purely voluntary. Optionee may deny or later withdraw his or her consent at any time, with future effect and for any or no reason. If Optionee denies or later withdraws his or her consent, the Company can no longer offer Optionee participation in the Plan or offer other equity awards to Optionee or administer or maintain such awards and Optionee would no longer be able to participate in the Plan. Optionee further understands that denial or withdrawal of his or her consent would not affect his or her status or salary as an employee or his or her career and that Optionee would merely forfeit the opportunities associated with the Plan.

(h) **Data Subject Rights.** Optionee understands that data subject rights regarding the processing of Personal Data vary depending on the applicable law and that, depending on where Optionee is based and subject to the conditions set out in the applicable law, Optionee may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Company holds about him or her and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about him or her that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, processed based on withdrawn consent, processed for legitimate interests that, in the context of his or her objection, do not prove to be compelling, or processed in non-compliance with applicable legal requirements, (iv) request the Company to restrict the processing of his or her Personal Data in certain situations where Optionee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of Optionee’s Personal Data that he or she has actively or passively provided to the Company (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or his or her employment and is carried out by automated means. In case of concerns, Optionee understands that he or she may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, Optionee’s rights, Optionee understands that he or she should contact his or her local human resources representative.

(i) **Alternate Basis and Additional Consents.** Finally, Optionee understands that the Company may rely on a different basis for the collection, processing or transfer of Personal Data in the future and/or request that Optionee provide another data privacy consent. If applicable, Optionee agrees that upon request of the Company or the Employer, Optionee will provide an executed acknowledgment or data privacy consent form (or any other agreements or consents) that the Company and/or the Employer may deem necessary to obtain from him or her for the purpose of administering his or her participation in the Plan in compliance with the data privacy laws in his or her country, either now or in the future. Optionee understands
and agrees that he or she will not be able to participate in the Plan if Optionee fails to provide any such consent or agreement requested by the Company and/or the Employer.

24. **Plan Prospectus.** The official prospectus for the Plan is available on the Company’s intranet at: GNet > Employee Resources > Stock Awards > Plan Documents. Optionee may also obtain a printed copy of the prospectus by contacting Stock Plan Services at stockplanservices@gilead.com.

25. **Language.** By electing to accept this Agreement, Optionee acknowledges that he or she is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Optionee to understand the terms and conditions of this Agreement. Further, if Optionee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

26. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through the electronic acceptance procedure established and maintained by the Company or a third party designated by the Company.

27. **Optionee Acceptance.** Optionee must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall this option be exercised in the absence of such acceptance. An exercise of any portion of the shares subject to this Option shall be deemed to be an acceptance by Optionee of the terms and conditions of this Agreement.

28. **Foreign Account / Assets Reporting.** Depending upon the country to which laws Optionee is subject, Optionee may have certain foreign asset and/or account reporting requirements that may affect Optionee’s ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside Optionee’s country. Optionee’s country may require that he or she report such accounts, assets or transactions to the applicable authorities in Optionee’s country. Optionee is responsible for knowledge of and compliance with any such regulations and should speak with his or her own personal tax, legal and financial advisors regarding same.

29. **Addendum.** Notwithstanding any provision herein, Optionee’s participation in the Plan shall be subject to any additional terms and conditions as set forth in the Addendum for Optionee’s country of residence, if any. Moreover, if Optionee relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Optionee, to the extent the Company determines that the application of such terms and conditions is necessary for legal or administrative reasons. The Addendum constitutes part of this Agreement.
30. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Optionee’s participation in the Plan, on the option and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**IN WITNESS WHEREOF,** the Company has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

GILEAD SCIENCES, INC.

By: Kathryn Watson

Title: EVP, Human Resources

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By electronically accepting the option, Optionee agrees that this option is granted under and governed by the terms and conditions of the Plan and the Agreement, including the terms and conditions set forth in any Addendum to the Agreement for Optionee’s country. Optionee has reviewed the Plan and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting the Agreement and fully understands all provisions of the Plan and Agreement.
APPENDIX

The following definitions shall be in effect under the Agreement:

A. **Addendum** shall mean the addendum to this Agreement setting forth special terms and conditions for Optionee’s country.

B. **Administrator** shall mean the Compensation Committee of the Board (or a subcommittee thereof) acting in its capacity as administrator of the Plan.

C. **Agreement** shall mean this Global Stock Option Agreement.

D. **Applicable Acceleration Period** shall have the meaning assigned to such term in Section 2(b) of the Plan and shall be determined on the basis of Optionee’s status on the Change in Control date.

E. **Applicable Laws** shall mean the legal requirements related to the Plan and the option under applicable provisions of the federal securities laws, state corporate and securities laws, the Code, the rules of any applicable Stock Exchange on which the Common Stock is listed for trading, and the rules of any non-U.S. jurisdiction applicable to options granted to residents therein.

F. **Board** shall mean the Company’s Board of Directors.

G. **Cause** shall have the meaning given to the term “Cause” in any effective employment agreement between the Optionee and the Company or a Related Entity, or if none the meaning set forth below. For purposes of Paragraph 5 of the Agreement, **Cause** mean the termination of Optionee’s Continuous Service as a result of Optionee’s (i) performance of any act, or failure to perform any act, in bad faith and to the detriment of the Company or a Related Entity; (ii) dishonesty, intentional misconduct, material violation of any applicable Company or Related Entity policy, or material breach of any agreement with the Company or a Related Entity; or (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person. However, for purposes of Paragraph 6(d) of the Agreement, **Cause** shall mean the termination of Optionee’s Continuous Service as a result of Optionee’s (a) conviction of, a guilty plea with respect to, or a plea of *nolo contendere* to, a charge that Optionee has committed a felony under the laws of the United States or of any State or a crime involving moral turpitude, including (without limitation) fraud, theft, embezzlement or any crime that results in or is intended to result in personal enrichment to Optionee at the expense of the Company or a Related Entity; (b) material breach of any agreement entered into between Optionee and the Company or a Related Entity that impairs the Company’s or the Related Entity’s interest therein; (c) willful misconduct, significant failure to perform his or her duties or gross neglect of his or her duties; or (d) engagement in any activity that constitutes a material conflict of interest with the Company or a Related Entity.

H. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:
(i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

(ii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders or an acquisition, consolidation or other reorganization to which the Company is a party; or

(iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (a) have been Board members continuously since the beginning of such period or (b) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (a) above who were still in office at the time the Board approved such election or nomination.

In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity.

I. **Code** shall mean the U.S. Internal Revenue Code of 1986, as amended.

J. **Common Stock** shall mean shares of the Company’s common stock.

K. **Company** shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.
L. **Constructive Termination** shall have the meaning assigned to such term in Section 11(d) of the Plan.

M. **Consultant** shall mean any person, including an advisor, who is compensated by the Company or any Related Entity for services performed as a non-employee consultant; *provided, however*, that the term “Consultant” shall not include non-employee Directors serving in their capacity as Board members. The term “Consultant” shall include a member of the board of directors of a Related Entity.

N. **Continuous Service** shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. For purposes of this Agreement, Optionee shall be deemed to cease Continuous Service immediately upon the occurrence of either of the following events: (i) Optionee no longer performs services in any of the foregoing capacities for the Company or any Related Entity or (ii) the entity for which Optionee is performing such services ceases to remain a Related Entity of the Company, even though Optionee may subsequently continue to perform services for that entity. Subject to the foregoing, the Administrator shall have the exclusive discretion to determine when Optionee ceases Continuous Service for purposes of the option.

O. **Director** shall mean a member of the Board.

P. **Employee** shall mean an individual who is in the employ of the Company (or any Related Entity), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

Q. **Employer** shall mean the Company or the Related Entity employing or retaining Optionee.

R. **Exercise Date** shall mean the date on which the option shall have been exercised in accordance with Paragraph 9 of the Agreement.

S. **Exercise Price** shall mean the exercise price payable per Option Share as specified in attached Schedule I.

T. **Expiration Date** shall mean the date specified on attached Schedule I for measuring the maximum term for which the option may remain outstanding.

U. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock; *provided, however*, that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The
applicable quoted price shall be as reported in The Wall Street Journal or such other source as the Administrator deems reliable.

V. **Grant Date** shall mean the date on which the option is granted, as specified on attached Schedule I.

W. **1934 Act** shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

X. **Non-Statutory Option** shall mean an option not intended to satisfy the requirements of Code Section 422.

Y. **Notice of Exercise** shall mean the notice of option exercise in the form authorized by the Company.

Z. **Option Shares** shall mean the number of shares of Common Stock subject to the option as specified in attached Schedule I.

AA. **Optionee** shall mean the person identified in attached Schedule I to whom the option is granted pursuant to the Agreement.

BB. **Parent** shall mean a “parent corporation,” whether now existing or hereafter established, as defined in Section 424(e) of the Code.

CC. **Permanent Disability** shall mean the inability of Optionee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is expected to result in death or to be of continuous duration of twelve (12) months or more. The Administrator shall have the exclusive discretion to determine when Permanent Disability has occurred for purposes of this Agreement.

DD. **Plan** shall mean the Company’s 2004 Equity Incentive Plan, as amended from time to time.

EE. **Related Entity** shall mean (i) any Parent or Subsidiary of the Company and (ii) any corporation in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Optionee provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least twenty percent (20%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain and there is a legitimate non-tax business purpose for making this option grant to Optionee.

FF. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

GG. **Subsidiary** shall mean a “subsidiary corporation,” whether now existing or hereafter established, as defined in Section 424(f) of the Code.
HH. **Vesting Schedule** shall mean the schedule set forth in attached Schedule I, pursuant to which the option is to vest and become exercisable for the Option Shares in a series of installments over Optionee’s period of Continuous Service.

II. **Withholding Taxes** shall mean any and all income tax (including U.S. federal, state, and local tax and/or foreign income taxes) and the employee portion of the federal, state, local and/or foreign employment taxes (including social insurance, payroll tax, payment on account or other tax-related items) required or permitted to be withheld by the Company and/or the Employer in connection with any taxable event attributable to the option or Optionee’s participation in the Plan.
SCHEDULE I
OPTION GRANT SPECIFICS

Name of Optionee:
Grant Date:
Total Number of Option Shares:
Exercise Price:
Vesting Schedule:

B-1
Recitals

A. Optionee is to render valuable services to the Company as a non-employee Director and this Stock Option Agreement (this “Agreement”) is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s grant of an option to Optionee in his or her capacity as a non-employee Director.

B. All capitalized terms used in this Agreement shall have the meaning assigned to them herein and in the attached Appendix A. Capitalized terms not defined herein or in the attached Appendix A shall have the meanings assigned to them in the Plan.

NOW, THEREFORE, the Company hereby grants this option to Optionee upon the following terms and conditions:

1. **Grant of Option.** The Company hereby grants to Optionee, as of the Grant Date indicated below, an option to purchase the Option Shares under the Plan. The number of Option Shares purchasable under the option, the applicable vesting schedule for the option, the Exercise Price per Share and the remaining terms and conditions governing the option shall be as set forth in this Agreement.

Award Summary

Optionee: (First Name, Last Name)
Grant Date: (Date)
Exercise Price: $XX.XX per share
Number of Option Shares: (xxxx) shares of Common Stock
Expiration Date: (Date)
Type of Option: Non-Statutory Stock Option

Vesting Schedule: The option shall vest and become exercisable for the Option Shares in four (4) successive equal quarterly installments upon Optionee’s completion of each quarter of Continuous Service over the one (1) year period measured from the Grant Date; provided, however, that if the next regular annual stockholders meeting following the Grant Date occurs prior to the quarterly vesting date of the last installment, such last installment shall instead vest on the day immediately preceding such stockholders meeting provided Optionee remains in Continuous Service through such day.
2. **Option Term.** The term of the option shall commence on the Grant Date and continue to be in effect until the close of business on the last business day prior to the Expiration Date (whether such day is a business day, holiday or weekend), unless sooner terminated in accordance with Paragraph 5 or 6 below.

3. **Limited Transferability.** Prior to actual receipt of the Shares upon exercise of this option, Optionee may not transfer or assign any interest in the option or the underlying Shares, except that the option may be assigned in whole or in part during Optionee’s lifetime to one or more members of Optionee’s Immediate Family, provided such assignment constitutes a gratuitous transfer by Optionee for which no consideration is directly or indirectly received. The assigned portion may only be exercised by the person who acquires a proprietary interest in the option pursuant to the assignment. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents to be executed by Optionee and the assignee as the Company may deem appropriate.

4. **Dates of Exercise.** The option shall become exercisable for the Option Shares in a series of installments over Optionee’s period of Continuous Service in accordance with the Vesting Schedule set forth in Paragraph 1 above. As the option becomes exercisable for such installments, those installments shall accumulate, and the option shall remain exercisable for the accumulated installments until (i) the close of business on the last business day prior to the Expiration Date or (ii) the sooner termination of the option term under Paragraph 5 or 6 below.

5. **Cessation of Service.** The option term specified in Paragraph 2 above shall terminate (and the option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

   (a) Except as otherwise expressly provided in subparagraphs (b) through (d) of this Paragraph 5, should Optionee cease to remain in Continuous Service for any reason while the option is outstanding, then Optionee shall have until the close of business on the last business day prior to the expiration of the three-(3) year period measured from the date of such cessation of Continuous Service during which to exercise the option for any or all of the Option Shares for which the option is at the time of such cessation of Continuous Service vested and exercisable, but in no event shall the option be exercisable at any time after the close of business on the last business day prior to the Expiration Date.

   (b) Should Optionee’s Continuous Service terminate by reason of his or her death while the option is outstanding, then the Option Shares shall fully vest and the option may be exercised for any or all of the Option Shares at the time subject to the option by the person or persons to whom the option is transferred during Optionee’s lifetime pursuant to a permitted transfer under Paragraph 3 above or, in the absence of any such transfer, by: (i) the designated beneficiary or beneficiaries under any beneficiary designation in effect for the option at the time of Optionee’s death, (ii) the personal representative of Optionee’s estate, or (iii) the person or persons to whom the option is transferred pursuant to Optionee’s will or the laws of inheritance following Optionee’s death, as the case may be. Any right to exercise the option shall lapse, and the option shall cease to be outstanding, upon the close of business on the last business day prior to the earlier of (i) the expiration of the three-(3) year period measured from the date of Optionee’s death or (ii) the
Expiration Date. Upon the expiration of such limited exercise period, the option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(c) The applicable period of post-service exercisability in effect pursuant to the foregoing provisions of this Paragraph 5 shall automatically be extended by an additional period of time equal in duration to any interval within such post-service exercise period during which the exercise of the option or the immediate sale of the Option Shares acquired under the option cannot be effected in compliance with applicable federal, state and foreign securities laws, but in no event shall such an extension result in the continuation of the option beyond the close of business on the last business day prior to the Expiration Date.

(d) Should Optionee’s Continuous Service terminate for Cause, or should Optionee engage in any other conduct, while in such service or following cessation of Continuous Service, that is materially detrimental to the business or affairs of the Company (or any Related Entity), as determined in the sole discretion of the Administrator, then the option shall terminate immediately and cease to be outstanding.

(e) For purposes of the foregoing provisions of this Paragraph 5, Optionee shall not be deemed to cease Continuous Service if Optionee continues to serve the Company as a Director Emeritus immediately following his or her cessation of service as a Board member without an intervening break in Continuous Service.

(f) During the limited period of post-service exercisability provided under this Paragraph 5, the option may not be exercised in the aggregate for more than the number of Option Shares for which the option is at the time vested and exercisable. Except to the extent (if any) specifically authorized by the Administrator pursuant to an express written agreement with Optionee, the option shall not vest or become exercisable for any additional Option Shares, whether pursuant to the exercise/vesting schedule set forth in Paragraph 1 above or the special vesting acceleration provisions of Paragraph 6 below, following Optionee’s cessation of Continuous Service. Upon the expiration of such limited exercise period or (if earlier) upon the close of business on the last business day prior to the Expiration Date, the option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

6. Change in Control

(a) Should Optionee remain in Continuous Service until the effective date of a Change in Control, then the option, to the extent outstanding at the time but not otherwise fully exercisable, shall automatically accelerate so that the option shall, immediately prior to the effective date of the Change in Control, become exercisable for all of the Option Shares at the time subject to the option, and may be exercised for any or all of those Option Shares as fully vested shares of Common Stock.

(b) Immediately following the consummation of a Change in Control transaction, the option shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in effect pursuant to the terms of the Change in Control transaction.
If the option is assumed in connection with a Change in Control or otherwise continued in effect, then the option shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities into which the shares of Common Stock subject to the option would have been converted in consummation of such Change in Control had those shares actually been outstanding at the time. Appropriate adjustments shall also be made to the Exercise Price, provided the aggregate Exercise Price shall remain the same. To the extent the actual holders of the Company’s outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption or continuation of the option but subject to the Administrator’s approval, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control, provided such common stock is readily tradable on an established U.S. securities exchange or market.

This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. **Adjustment in Option Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class, or should the value of the outstanding shares of Common Stock change as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable and proportional adjustments shall be made by the Administrator to (i) the total number and/or class of securities subject to the option and (ii) the Exercise Price. The adjustments shall be made in such manner as the Administrator deems appropriate in order to reflect such change and thereby prevent the dilution or enlargement of benefits hereunder, and those adjustments shall be final, binding and conclusive upon Optionee and any other person or persons having or claiming an interest in the option. In the event of any Change in Control transaction, the adjustment provisions of Paragraph 6(c) above shall be controlling.

8. **Stockholder Rights.** The holder of the option shall not have any stockholder rights including voting, dividend, or liquidation rights with respect to the Option Shares until such person shall have exercised the option, paid the Exercise Price and become a holder of record of the purchased Shares.

9. **Manner of Exercising Option.**

(a) In order to exercise the option with respect to all or any portion of the Option Shares for which the option is at the time vested and exercisable, Optionee (or any other person or persons exercising the option) must take the following actions:

(i) Execute and deliver to the Company a Notice of Exercise as to the Option Shares for which the option is exercised or comply with such other procedures as the Company may establish for notifying the Company, directly or through a brokerage firm authorized by the Company to effect option.
exercises, of the exercise of the option for one or more Option Shares. The applicable Notice of Exercise may be obtained upon request through stockplanservices@gilead.com.

(ii) Pay the aggregate Exercise Price for the purchased Shares in one or more of the following forms:

(A) cash or check made payable to the Company; or

(B) through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the option) shall concurrently provide irrevocable instructions (i) to a brokerage firm (reasonably satisfactory to the Company for purposes of administering such procedure in accordance with the Company’s pre-clearance/pre-notification policies) to effect the immediate sale of all or a sufficient portion of the purchased Shares so that such brokerage firm can remit to the Company, on the settlement date, sufficient funds out of the resulting sale proceeds to cover the aggregate Exercise Price payable for all the purchased Shares plus any Withholding Taxes and (ii) to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm on such settlement date.

Except to the extent the sale and remittance procedure is utilized in connection with the option exercise, payment of the Exercise Price must accompany the Notice of Exercise (or other notification procedure) delivered to the Company in connection with the option exercise.

(iii) Furnish to the Company appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise the option.

(iv) Make appropriate arrangements with the Company (or Related Entity employing or retaining Optionee) for the satisfaction of any Withholding Taxes.

(b) On or as promptly as practicable after the Exercise Date, the Company shall issue to or on behalf of Optionee (or any other person or persons exercising the option) a certificate for the purchased Option Shares (either in paper or electronic form), with the appropriate legends affixed thereto.

(c) In no event may the option be exercised for any fractional shares.

10. **Compliance with Laws and Regulations.**

(a) The exercise of the option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Company and Optionee with all Applicable Laws relating thereto, as determined by counsel for the Company.

(b) The sale of Shares issued under the Plan also must comply with all Applicable Laws relating thereto, including U.S. securities laws that impose restrictions on insider trading, which may affect Optionee’s ability to sell Shares acquired under the option. Any restrictions
under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Optionee is solely responsible for ensuring compliance with all Applicable Laws and should consult a legal advisor in this regard.

(c) The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of any Common Stock pursuant to the option shall relieve the Company of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Company, however, shall use its best efforts to obtain all such approvals.

11. **Successors and Assigns.** Except to the extent otherwise provided in Paragraphs 3 and 6 above, the provisions of this Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns and Optionee, Optionee’s assigns, the legal representatives, heirs and legatees of Optionee’s estate and, if the Administrator permits Optionee to designate beneficiaries of the option, all designated beneficiaries.

12. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the most current address then indicated for Optionee on the Company’s records or shall be delivered electronically to Optionee through the Company’s electronic mail system or through an on-line brokerage firm authorized by the Company to effect option exercises through the internet. All notices shall be deemed effective upon personal delivery or electronic delivery as specified above or upon deposit in the U.S. or local country mail, postage prepaid and properly addressed to the party to be notified.

13. **Construction.** This Agreement and the option evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the option.

14. **Governing Law and Venue.**

   (a) The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to that State’s conflict-of-laws rules.

   (b) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the option and this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the Northern District of California, and no other courts where the grant of the option is made and/or to be performed.
15. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

16. **Waiver.** Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

17. **Excess Shares.** If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of shares of Common Stock which may without stockholder approval be issued under the Plan, then the option shall be void with respect to those excess shares, unless stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock issuable under the Plan is obtained in accordance with the provisions of the Plan. In no event shall the option be exercisable with respect to any of the excess Option Shares unless and until such stockholder approval is obtained.

18. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee’s participation in the Plan or Optionee’s acquisition or sale of the Option Shares. Optionee is hereby advised to consult with his or her personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

19. **No Impairment of Rights.** This Agreement shall not in any way be construed or interpreted so as to affect adversely or otherwise impair the right of the Company or its stockholders to remove Optionee from the Board at any time in accordance with the provisions of Applicable Law.

20. **Plan Prospectus.** The official prospectus for the Plan is attached if the option is the first option made to Optionee under the Plan. Optionee may obtain an additional printed copy of the prospectus by contacting Stock Plan Services at stockplanservices@gilead.com.

21. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

22. **Optionee Acceptance.** Optionee must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall the option be exercised in the absence of such acceptance. An exercise of any portion of the Shares subject to this Option shall be deemed to be an acceptance by Optionee of the terms and conditions of this Agreement.

23. **Appendices B and C.** Notwithstanding any provision of this Agreement to the contrary, if Optionee resides in a country outside the United States or is otherwise subject to the laws of a country other than the United States, the option and any Option Shares acquired under...
the Plan shall be subject to the additional terms and conditions set forth in Appendix B to this Agreement and to any special terms and provisions as set forth in Appendix C for Optionee’s country, if any. Moreover, if Optionee relocates to one of the countries included in Appendix C, the special terms and conditions for such country will apply to Optionee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendices B and C constitute part of this Agreement.

24. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Optionee’s participation in the Plan, on the option and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
IN WITNESS WHEREOF, Gilead Sciences, Inc. has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

GILEAD SCIENCES, INC.

By:

Title: EVP Human Resources

OPTIONEE

By:

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APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Cause** shall mean the termination of Optionee’s Continuous Service as a result of Optionee’s (i) performance of any act, or failure to perform any act, in bad faith and to the detriment of the Company; (ii) dishonesty, intentional misconduct, material breach of any fiduciary duty owed to the Company; (iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; or (iv) reasons that are comparable to “cause” under labor laws in the jurisdiction where Optionee is providing service or the terms of Optionee’s service agreement, if any.

B. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:

   (i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

   (ii) the closing of any transaction or series of related transactions (including without limitation a merger or reorganization in which the Company is the surviving entity) pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the Exchange Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company, or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders, or an acquisition, consolidation or other reorganization to which the Company is a party;

   (iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously
since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) above who were still in office at the time the Board approved such election or nomination; or

(iv) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity which results in any person or entity (other than the Company or a person or entity that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) owning fifty percent (50%) or more of the combined voting power of all classes of stock of such surviving entity.

In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly, and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity.

C. **Company** shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.

D. **Continuous Service** shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. For purposes of this Agreement, Optionee shall be deemed to cease Continuous Service immediately upon the occurrence of either of the following events: (i) Optionee no longer performs services in any of the foregoing capacities for the Company or any Related Entity or (ii) the entity for which Optionee is performing such services ceases to remain a Related Entity of the Company, even though Optionee may subsequently continue to perform services for that entity. The Administrator shall have the exclusive discretion to determine when Optionee ceases Continuous Service for purposes of the option.

E. **Director** shall mean a member of the Board or a Director Emeritus.

F. **Exchange Act** shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

G. **Exercise Date** shall mean the date on which the option shall have been exercised in accordance with Paragraph 9 of the Agreement.

H. **Exercise Price** shall mean the exercise price per Option Share as specified in Paragraph 1 of the Agreement.
I. **Expiration Date** shall mean the date specified in Paragraph 1 of the Agreement for measuring the maximum term for which the option may remain outstanding.

J. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock; provided, however, that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The applicable quoted price shall be as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable.

K. **Grant Date** shall mean the date of grant of the option as specified in Paragraph 1 of the Agreement.

L. **Notice of Exercise** shall mean the notice of option exercise in the form prescribed by the Company.

M. **Option Shares** shall mean the number of shares of Common Stock subject to the option as specified in Paragraph 1 of the Agreement.

N. **Optionee** shall mean the person to whom the option is granted pursuant to the Agreement.

O. **Plan** shall mean the Company’s 2004 Equity Incentive Plan, as amended from time to time.

P. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

Q. **Withholding Taxes** shall mean any U.S. federal, state, local and/or foreign income taxes and Optionee’s portion of the U.S. federal, state, local and/or foreign employment taxes (including social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items), in each case, required or permitted to be withheld by the Company and/or any Related Entity in connection with any taxable event relating to the option or Optionee’s participation in the Plan, as determined by the Administrator.

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**APPENDIX B**

**TERMS AND CONDITIONS FOR NON-U.S. OPTIONEES**

The provisions in this Appendix B apply to Optionees that reside in a country outside the United States or who are otherwise subject to the laws of a country other than the United States and supplement, amend or replace the provisions in the Agreement, as applicable:

1. **Transferability.** The following replaces Paragraph 3 of the Agreement in its entirety:

   The option shall be neither transferable nor assignable by Optionee other than by will or the laws of inheritance following Optionee’s death and may be exercised, during Optionee’s lifetime, only by Optionee.

2. **Acknowledgment of Nature of Plan and Option.** In accepting the option, Optionee acknowledges, understands and agrees that:

   (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

   (b) the option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

   (c) all decisions with respect to future options or other grants, if any, will be at the sole discretion of the Company;

   (d) Optionee’s participation in the Plan is voluntary;

   (e) the option and the Option Shares are for future services only and should not be considered as compensation for past services for the Company (or any Related Entity);

   (f) the option and Optionee’s participation in the Plan will not be interpreted to form an employment relationship with the Company (or any Related Entity);

   (g) the future value of the Option Shares is unknown, indeterminable and cannot be predicted with any certainty;

   (h) if the Option Shares do not increase in value, the option will have no value;
1. **Data Privacy Consent**

By accepting this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance, Optionee is declaring that he or she agrees with the provisions of this Agreement and any other Plan materials (the “Personal Data”) and declares his or her consent.

As regards the processing of Optionee’s Personal Data in connection with the Plan and this Agreement, Optionee understands that the Company is the controller of his or her Personal Data.

2. **Data Processing and Legal Basis**

The Company collects, uses and otherwise processes Personal Data about Optionee for the purposes of allocating shares of Common Stock and implementing, administering and managing the Plan. Optionee understands that this Personal Data may include, without limitation, his or her name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), remuneration, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock or equivalent benefits awarded, cancelled, exercised, vested, unvested or outstanding in Optionee’s favor. The legal basis for the processing of Optionee’s Personal Data, where required, will be his or her consent.

3. **Stock Plan Administration Service Providers**

Optionee understands that the Company transfers his or her Personal Data, or parts thereof, to E*TRADE Financial Services, Inc. (and its affiliated companies), an independent service provider based in the United States which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Optionee’s Personal Data with such different service provider that serves the Company in a similar manner. Optionee understands and acknowledges that the Company’s service provider will open an account for him or her to receive and trade shares of Common Stock acquired under the Plan and that he or she will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Optionee’s ability to participate in the Plan.

4. **International Data Transfers**

Optionee understands that the Company and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as E*TRADE Financial Services, Inc., are based in the United States. Optionee understands and acknowledges that his or her country may have enacted data privacy laws that are different from the laws of the United States. For example, the European Commission has issued only a limited adequacy finding with respect to the United States that applies solely if and to the extent that companies self-certify and remain self-certified under the EU/U.S. Privacy Shield program. The Company currently participates in the EU/U.S. Privacy Shield Program, though third parties implementing, administering, and managing the Plan may not. The Company’s legal basis for the transfer of Optionee’s Personal Data is his or her consent.

5. **Data Retention**

Optionee understands that the Company will use his or her Personal Data only as long as is necessary to implement, administer and manage his or her participation in the Plan, or to comply with legal or regulatory obligations, including under tax and securities laws. In the latter case, Optionee understands and acknowledges that the Company’s legal basis for the processing of his or her Personal Data would be compliance with the relevant laws or regulations. When the
Company no longer needs Optionee’s Personal Data for any of the above purposes, Optionee understands the Company will remove it from its systems.

(g) Voluntariness and Consequences of Denial/Withdrawal of Consent. Optionee understands that his or her participation in the Plan and his or her consent is purely voluntary. Optionee may deny or later withdraw his or her consent at any time, with future effect and for any or no reason. If Optionee denies or later withdraws his or her consent, the Company can no longer offer Optionee participation in the Plan or offer other equity awards to Optionee or administer or maintain such awards and Optionee would no longer be able to participate in the Plan. Optionee further understands that denial or withdrawal of his or her consent would not affect his or her status or remuneration as a non-employee Director and that Optionee would merely forfeit the opportunities associated with the Plan.

(h) Data Subject Rights. Optionee understands that data subject rights regarding the processing of Personal Data vary depending on the applicable law and that, depending on where Optionee is based and subject to the conditions set out in the applicable law, Optionee may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Company holds about him or her and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about him or her that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, processed based on withdrawn consent, processed for legitimate interests that, in the context of his or her objection, do not prove to be compelling, or processed in non-compliance with applicable legal requirements, (iv) request the Company to restrict the processing of his or her Personal Data in certain situations where Optionee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of Optionee’s Personal Data that he or she has actively or passively provided to the Company (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or his or her service and is carried out by automated means. In case of concerns, Optionee understands that he or she may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, Optionee’s rights, Optionee understands that he or she should contact stockplanservices@gilead.com.


(a) Optionee acknowledges that, regardless of any action the Company and/or any Related Entity take with respect to any or all Withholding Taxes, the ultimate liability for all Withholding Taxes legally due by Optionee is and remains Optionee’s responsibility and may exceed the amount, if any, actually withheld by the Company or any Related Entity. Optionee further acknowledges that the Company and/or any Related Entity (i) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the option, including the grant, vesting or exercise of the options, the subsequent sale of any Option Shares and the receipt of any dividends; and (ii) do not commit to, and are under no obligation to, structure the terms of the grant or any aspect of the option to reduce or eliminate Optionee’s liability for Withholding Taxes or achieve any particular tax result. Further, if Optionee has become subject to Withholding Taxes in more than one jurisdiction, Optionee acknowledges that the Company and/or any Related Entity may be required to withhold or account for Withholding Taxes in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, Optionee shall pay or make arrangements satisfactory to the Company to satisfy all Withholding Taxes, including (without limitation) Optionee’s delivery of a check payable to the order of the Company in the amount of such Withholding Taxes or a wire transfer from Optionee of sufficient funds to the Company to cover the amount of such Withholding Taxes. In this regard, Optionee authorizes the Company, or its agents, at their discretion, to satisfy the obligations with regard to all Withholding Taxes by one or a combination of the following:

(i) withholding from any cash compensation or other remuneration paid to Optionee by the Company;

(ii) withholding from the proceeds of the sale by Optionee of all or a portion of the Option Shares effected in a manner similar to the sale and remittance procedure described in Paragraph 9(a)(ii)(B) of this Agreement.

The Company may refuse to issue or deliver the purchased Option Shares or the proceeds of the sale of shares, if Optionee fails to comply with Optionee’s obligations in connection with the Withholding Taxes.

5. Insider Trading Restrictions/Market Abuse Laws. Optionee may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions including the United States and Optionee’s country or his or her broker’s country, if different, which may affect Optionee’s ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (e.g., options) or rights linked to the value of shares of Common Stock during such times as Optionee is considered to have “inside information” regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Optionee placed before he or she possessed inside information. Furthermore, Optionee could be prohibited from (i) disclosing the inside information to any third party and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may...
be imposed under any applicable insider trading policy of the Company. Optionee is solely responsible for ensuring compliance with any applicable restrictions and should consult a legal advisor in this regard.

6. **Foreign Account / Assets Reporting.** Depending upon the country to which laws Optionee is subject, Optionee may have certain foreign asset and/or account reporting requirements that may affect Optionee’s ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside Optionee’s country. Optionee’s country may require that he or she report such accounts, assets or transactions to the applicable authorities in Optionee’s country. Optionee is responsible for knowledge of and compliance with any such regulations and should speak with his or her own personal tax, legal and financial advisors regarding same.

7. **Language.** If Optionee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

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**APPENDIX C**

**COUNTRY-SPECIFIC PROVISIONS**

**Terms and Conditions**

This Appendix C includes special terms and conditions that govern the options granted to Optionee if Optionee resides in one of the countries listed herein. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Agreement (of which this Appendix C is a part) and the Plan.

**Notifications**

This Appendix C may also include information regarding exchange controls and certain other issues of which Optionee should be aware with respect to Optionee’s participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Optionee not rely on the information noted herein as the only source of information relating to the consequences of Optionee’s participation in the Plan because the information may be out of date at the time Optionee exercises the options or sells shares of Common Stock he or she acquires under the Plan.

In addition, the information is general in nature and may not apply to Optionee’s particular situation, and the Company is not in a position to assure Optionee of any particular result. **Accordingly, Optionee is strongly advised to seek appropriate professional advice as to how the relevant laws in Optionee’s country apply to his or her specific situation.**

If Optionee is a citizen or resident of another country, relocated to another country after the Grant Date, or is considered a resident of another country for local law purposes, the information contained in this Appendix C may not be applicable to him or her.

**MALTA**

**Terms and Conditions**

**Securities Law Warning.** Optionee acknowledges, understands and agrees that the option, the Agreement, the Plan and all other materials Optionee may receive regarding his or her participation in the Plan do not constitute advertising or an offering of securities in Malta and are deemed accepted by Optionee only upon receipt of Optionee’s electronic or written acceptance in the United States. The issuance of the shares of Common Stock under the Plan has not and will not be registered in Malta and, therefore, the shares described in any Plan documents may not be offered or placed in public circulation in Malta.

Optionee further acknowledges, understands and agrees that in no event will shares of Common Stock acquired upon exercise of the option be delivered to Optionee in Malta; all shares acquired upon exercise of the Option will be maintained on Optionee’s behalf in the United States.

**SINGAPORE**

**Notifications**
Securities Law Notice. The grant of the option is being made pursuant to the “Qualifying Person” exemption under section 273(1) (f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) under which it is exempt from the prospectus and registration requirements under the SFA and the grant is not made to Optionee with a view to the shares being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Optionee should note that the option is subject to section 257 of the SFA and Optionee should not make (i) any subsequent sale of the shares in Singapore, or (ii) any offer of such subsequent sale of the shares in Singapore, unless such sale or offer is made: (a) more than six months after the Grant Date or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or pursuant to, and in accordance with the conditions of, any applicable provisions of the SFA.
Exhibit 10.12

TSR PERFORMANCE GOAL

GILEAD SCIENCES, INC.

PERFORMANCE SHARE AWARD AGREEMENT

RECITALS

A. Gilead Sciences, Inc. (the “Company”) has implemented the Gilead Sciences, Inc. 2004 Equity Incentive Plan, as amended (the “Plan”) for the purpose of providing incentives to attract, retain and motivate eligible Employees, Directors and Consultants to continue their service relationship with the Company.

B. This Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s issuance of shares of Common Stock to Participant thereunder.

C. All capitalized terms in this Performance Share Award Agreement (this “Agreement”) shall have the meaning assigned to them herein or in the attached Appendix A. Capitalized terms not defined herein or in the attached Appendix A shall have the meanings assigned to them in the Plan.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Performance Shares.** The Company hereby awards to Participant, as of the Award Date indicated below, an award (the “Award”) of Performance Shares under the Plan. This Agreement provides the Participant with the right to receive one or more shares of Common Stock on the designated issuance date for those shares, based upon the extent to which each Performance Share vests pursuant to the terms hereof. The Target Shares subject to this Award, the applicable performance-vesting and Continuous Service vesting requirements for this Award, the date or dates on which the shares of Common Stock that vest hereunder shall become issuable and the remaining terms and conditions governing this Award, including the applicable vesting acceleration provisions, shall be as set forth in this Agreement.

**AWARD SUMMARY**

<table>
<thead>
<tr>
<th>Participant</th>
<th>[___]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Award Date:</td>
<td>[___]</td>
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</table>

1
Target Number of Performance Shares: The actual number of shares of Common Stock that may become issuable pursuant to the Performance Shares subject to this Agreement shall be determined in accordance with the performance-vesting and Continuous Service vesting provisions of attached Schedule I. For purposes of the applicable calculations under Schedule I, the target number of Performance Shares to be utilized is [___] shares (the “Target Shares”).

Vesting Schedule:

Vesting Requirements. The Performance Shares shall be subject to the performance-vesting and Continuous Service vesting requirements set forth in attached Schedule I and shall vest on the Certification Date (as defined in Appendix A).

Change in Control Vesting. The shares of Common Stock underlying the Performance Shares may also vest on an accelerated basis in accordance with the applicable provisions of Paragraph 4 of this Agreement should a Change in Control occur after the start but prior to the completion of the Performance Period applicable to the Performance Shares.

Issuance Date: The shares of Common Stock which actually vest and become issuable pursuant to the Performance Shares shall be issued in accordance with the provisions of this Agreement applicable to the particular circumstances under which such vesting occurs.

2. **Limited Transferability.** Prior to the actual issuance of the shares of Common Stock which vest hereunder, Participant may not transfer any interest in the Performance Shares subject to this Award or the underlying shares of Common Stock or pledge or otherwise hedge the sale of those Performance Shares or underlying shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the underlying shares of Common Stock. However, any shares of Common Stock which vest hereunder but otherwise remain unissued at the time of Participant’s death may be transferred pursuant to the provisions of Participant’s will or the laws of inheritance.

3. **Stockholder Rights and Dividend Equivalents**

   (a) The holder of this Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the shares of Common Stock subject to the Award until Participant becomes the record holder of those shares upon their actual issuance following the Company’s collection of the applicable Withholding Taxes.

   (b) Notwithstanding the foregoing, in the event that any dividend or other distribution is declared and paid on shares of Common Stock after the Award Date, but prior to the complete settlement, cancellation or forfeiture of this Award, the Participant shall be entitled to receive, upon settlement of this Award, an amount (the “phantom dividend equivalent amount”) equal to the dividends or other distributions that would have been paid or issued on the number of shares of Common Stock actually vested and issuable to Participant pursuant to this Award. The phantom dividend equivalent amount shall be calculated by the Administrator in its discretion and need not be adjusted for interest, earnings or assumed reinvestment. The phantom dividend equivalent amount shall be distributed to Participant concurrently with the issuance of the vested shares to which those phantom dividend equivalents relate, and may be paid and distributed in the
same form the actual dividend or distribution was paid to the holders of the Common Stock or in such other form as the Administrator deems appropriate. Each such distribution of phantom dividend equivalents shall be subject to the Company’s collection of any Withholding Taxes applicable to that distribution. The Administrator shall have the sole discretion to determine the dollar value of any dividend or distribution paid other than in the form of cash, and its determination shall be controlling. No phantom dividend equivalent amount shall be paid or distributed on shares of Common Stock under this Award that are forfeited or that otherwise are not vested and issued or issuable under this Award.

4. **Change in Control.** The following provisions shall apply only to the extent a Change in Control is consummated prior to the Certification Date and shall have no force or effect if the effective date of the Change in Control occurs after the Certification Date:

(a) Should (i) the Change in Control occur within the first twelve (12) months of the Performance Period and (ii) Participant remains in Continuous Service through the effective date of that Change in Control, then Participant shall immediately vest in that number of shares of Common Stock equal to the Target Shares subject to this Award, without any measurement of Performance Goal attainment to date and without regard to the Continuous Service vesting provisions.

(b) Should (i) the Change in Control occur at any time on or after the completion of the first twelve (12) months of the Performance Period but prior to the Certification Date and (ii) Participant remains in Continuous Service through the effective date of that Change in Control, then Participant shall immediately vest in that number of shares of Common Stock equal to the greater of (i) the Target Shares subject to this Award or (ii) the actual number of Performance-Qualified Shares determined by multiplying (A) the Target Shares subject to this Award by (B) the applicable percentage (determined in accordance with the payout slope set forth in attached Schedule I) for the level at which the TSR Performance Goal is attained over an abbreviated Performance Period ending with the close of the Company’s fiscal quarter coincident with or immediately preceding the effective date of the Change in Control, in either case, without regard to the Continuous Service vesting requirements.

(c) The foregoing provisions of this Paragraph 4 shall also apply should Participant’s Continuous Service terminate, by reason of an involuntary termination (other than as a result of Retirement, death, or Permanent Disability) other than for Cause or his or her resignation due to Constructive Termination, at any time during the period beginning with the execution date of the definitive agreement for the Change in Control transaction and ending with the earlier of (i) the termination of the definitive agreement without the consummation of such Change in Control or (ii) the expiration of the Applicable Acceleration Period following the consummation of such Change in Control.

(d) Should Participant cease Continuous Service during the Performance Period by reason of death or Permanent Disability and a Change in Control subsequently occurs prior to the Certification Date, then Participant shall, at the time of such Change in Control, vest in
a pro-rated number of shares of Common Stock calculated by multiplying (i) the number of Target Shares or Performance-Qualified Shares determined in accordance with the applicable provisions of subparagraphs (a) and (b) of this Paragraph 4 by (ii) a fraction, the numerator of which is the number of months of Continuous Service actually completed by Participant in the Performance Period (rounded to the closest whole month), and the denominator of which is the number of months (rounded to the closest whole number) comprising the portion of such Performance Period ending with the earlier of (i) the effective date of the Change in Control or (ii) the last day of the abbreviated Performance Period (if any) taken into account under clause (ii) of Paragraph 4(b), which shall be settled and paid as provided in subparagraph (f) of this Paragraph 4 in lieu of any issuance of shares pursuant to Schedule I.

(e) Should Participant cease Continuous Service by reason of his or her Retirement at least twelve (12) months following the Award Date but prior to the Certification Date and a Change in Control subsequently occurs prior to the Certification Date, then Participant shall, at the time of such Change in Control, immediately vest in that number of shares of Common Stock equal to the Target Shares subject to this Award, without any measurement of Performance Goal attainment to date and without regard to the Continuous Service vesting provisions.

(f) The number of shares of Common Stock in which Participant vests determined in accordance with the foregoing provisions of this Paragraph 4 shall be converted into the right to receive for each such share the same consideration per share of Common Stock payable to the other stockholders of the Company in consummation of the Change in Control, and such consideration shall be distributed to Participant on the earlier of (i) the tenth (10th) business day following the effective date of the Change in Control, provided such Change in Control also constitutes a Qualifying Change in Control, or (ii) the date those shares would have been issued to Participant in accordance with Paragraph 6 in the absence of such Change in Control. Each issuance or distribution made under this Paragraph 4(f) shall be subject to the Company’s collection of the applicable Withholding Taxes.

(g) Except for the actual number of shares of Common Stock in which Participant vests in accordance with this Paragraph 4, Participant shall cease to have any further right or entitlement to any additional shares of Common Stock under this Agreement following the effective date of the Change in Control.

(h) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

5. **Adjustment in Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Company’s receipt of consideration, or should the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger,
consolidation or other reorganization, then equitable adjustments shall be made by the Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change. The determination of the Administrator shall be final, binding and conclusive. In the event of any Change in Control transaction, the provisions of Paragraph 4 shall also be applicable.
6. **Issuance or Distribution of Vested Shares or Other Amounts.**

(a) Except as otherwise provided in Paragraph 4 or Paragraph 7, the shares of Common Stock in which Participant vests pursuant to the performance-vesting and Continuous Service vesting provisions of attached Schedule I shall be issued in accordance with the following provisions:

- The issuance of the shares of Common Stock shall be effected during the period beginning on the first (1st) business day of February of the calendar year immediately succeeding the end of the Performance Period and ending no later than March 15 of that calendar year.

(b) The Company shall, on the applicable issuance date, issue to or on behalf of Participant a certificate in electronic form for the shares of Common Stock in which Participant vests pursuant to the performance-vesting and Continuous Service vesting provisions of attached Schedule I and shall concurrently settle with Participant any phantom dividend equivalent amount with respect to those shares as provided in Paragraph 3.

(c) Except as otherwise provided in Paragraph 4, no shares of Common Stock shall be issued prior to the Certification Date. No fractional shares of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Agreement shall be rounded down to the next whole share.

(d) Participant acknowledges that, regardless of any action the Employer may take with respect to any or all Withholding Taxes related to Participant’s participation in the Plan and legally applicable to Participant, the ultimate liability for all Withholding Taxes is and remains Participant’s responsibility and may exceed the amount actually withheld by the Employer. Participant further acknowledges that the Employer (i) makes no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Award, including the grant, vesting or settlement of the Award, the issuance of shares of Common Stock or other property in settlement of the Award, the subsequent sale of the shares of Common Stock acquired pursuant to such issuance and the receipt of any dividends and/or phantom dividend equivalent amount provided pursuant to Paragraph 3 and (ii) does not commit to, and is under no obligation to, structure the terms of the grant or any aspect of the Award to reduce or eliminate Participant’s liability for Withholding Taxes or achieve any particular tax result. Further, if Participant is or becomes subject to Withholding Taxes in more than one jurisdiction, Participant acknowledges that the Employer (or former employer, as applicable) may withhold or account for Withholding Taxes in more than one jurisdiction.

(e) The Company shall collect, and Participant hereby authorizes the Company to collect, the Withholding Taxes with respect to the shares of Common Stock issued under this Agreement (including any shares of Common Stock issued in settlement of any phantom dividend equivalent amount as provided in Paragraph 3) through an automatic share withholding procedure pursuant to which the Company will withhold, immediately as the shares of Common Stock are issued under the Award, a portion of those shares with a Fair Market Value (measured as
of the issuance date) equal to the amount of such Withholding Taxes (the “Share Withholding Method”). Notwithstanding the foregoing, the Share Withholding Method shall not be utilized if (i) such method is not permissible or advisable under local law or (ii) the Company otherwise decides no longer to utilize such method and provides Participant with notice to such effect.

(f) If the Share Withholding Method is to be utilized for the collection of Withholding Taxes, then the Company shall withhold the number of otherwise issuable shares of Common Stock necessary to satisfy the applicable Withholding Taxes based on the applicable minimum statutory rate or other applicable withholding rate, including maximum applicable rates, as determined by the Company in its sole discretion. If the maximum rate is used, any over-withheld amount will be refunded to Participant in cash by the Employer (with no entitlement to the Common Stock equivalent) or if not refunded, Participant may seek a refund from the appropriate tax authorities. If the obligation for Withholding Taxes is satisfied by using the Share Withholding Method, then Participant will, for tax purposes, be deemed to have been issued the full number of shares of Common Stock subject to the vested Award, notwithstanding that a number of shares of Common Stock are withheld solely for the purpose of paying the applicable Withholding Taxes.

(g) The Company shall have sole discretion to determine whether or not the Share Withholding Method shall be utilized for the collection of the applicable Withholding Taxes. Participant shall be notified (in writing or through the Company’s electronic mail system) in the event the Company no longer intends to utilize the Share Withholding Method. Should any shares of Common Stock become issuable under the Award (including any shares of Common Stock issued in settlement of any phantom dividend equivalent amount as provided in Paragraph 3) at a time when the Share Withholding Method is not being utilized by the Company, then the Withholding Taxes shall be collected from Participant through a sale-to-cover transaction authorized by Participant, pursuant to which an immediate open-market sale of a portion of the shares of Common Stock issued to Participant will be effected, for and on behalf of Participant, by the Company’s designated broker to cover the Withholding Tax liability estimated by the Company to be applicable to such issuance. Participant shall, promptly upon request from the Company, execute (whether manually or through electronic acceptance) an appropriate sales authorization (in form and substance reasonably satisfactory to the Company) that authorizes and directs the broker to effect such open-market, sale-to-cover transactions and remit the sale proceeds, net of brokerage fees and other applicable charges, to the Company in satisfaction of the applicable Withholding Taxes. However, no sale-to-cover transaction shall be effected unless (i) such a sale is at the time permissible under the Company’s insider trading policies governing the sale of Common Stock and (ii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002.

(h) If the Company determines that such sale-to-cover transaction is not permissible or advisable at the time or if Participant otherwise fails to effect a timely sales authorization as required by this Agreement, then the Company may, in its sole discretion, elect either to defer the issuance of the shares of Common Stock until such sale-to-cover transaction can be effected in accordance with Participant’s executed sale directive or to collect the applicable Withholding Taxes through a wire transfer of funds from Participant to the Company in the amount
of such Withholding Taxes or by withholding such amount from other wages payable to Participant. In no event shall any shares of
Common Stock be issued in the absence of an arrangement reasonably satisfactory to the Company for the satisfaction of the
applicable Withholding Taxes, and any such arrangement must be in compliance with any applicable requirements of Code Section
409A.

(i) The Company shall collect the Withholding Taxes with respect to any phantom dividend equivalent amount as provided in Paragraph 3 that is distributed in a form other than shares of Common Stock by withholding a portion of that
distribution equal to the amount of the applicable Withholding Taxes, with the cash portion of the distribution to be the first portion
so withheld, or through such other tax withholding arrangement as the Company deems appropriate, in its sole discretion.

(j) Notwithstanding the foregoing provisions of Paragraphs 6(d) through 6(i), the employee portion of the
federal, state and local employment taxes required to be withheld by the Company in connection with the vesting (as determined
under applicable tax laws) of the shares of Common Stock or any other amounts hereunder (the “Employment Taxes”) shall in all
events be collected from Participant no later than the last business day of the calendar year in which those shares or other amounts
vest (as determined under applicable tax laws) hereunder. Accordingly, to the extent the applicable issuance date for one or more
vested shares of Common Stock or the distribution date for such other amounts is to occur in a year subsequent to the calendar year
in which those shares or other amounts vest, Participant shall, if so requested by the Company, on or before the last business day of
the calendar year in which such shares or other amounts vest, deliver to the Company a check payable to its order (or a wire transfer
of funds to the Company) in the dollar amount equal to the Employment Taxes required to be withheld with respect to those shares
or other amounts. Alternatively, the Company may, in its sole discretion, elect to withhold the dollar amount equal to the
Employment Taxes required to be withheld with respect to those shares or other amounts from other wages payable to Participant, or
through such other tax withholding arrangement as the Company deems appropriate, in its sole discretion. The provisions of this
Paragraph 6(j) shall be applicable only to the extent necessary to comply with the applicable tax withholding requirements of Code
Section 3121(v).

Except as otherwise provided in Paragraph 4 or this Paragraph 6, the settlement of all Performance Shares or Performance-Qualified
Shares which vest under the Award shall be made solely in shares of Common Stock.

7. **Special Deferral Election.** Provided Participant is a U.S. tax resident and Participant timely submits a
properly completed deferral election in a form provided by the Company, any shares of Common Stock that become issuable
pursuant to this Agreement shall be distributed in accordance with the terms of such deferral election, subject to Participant’s
satisfaction of any applicable Withholding Taxes under Paragraph 6.

8. **Leaves of Absence.** For purposes of applying the various Continuous Service vesting provisions of this
Agreement, Participant shall be deemed to cease Continuous Service on the commencement date of any leave of absence and not to
remain in Continuous Service status
during the period of that leave, except to the extent otherwise required under employment laws in the jurisdiction where Participant is employed or pursuant to the following policy:

- Participant shall be deemed to remain in Continuous Service status during (i) the first three (3) months of an approved personal leave of absence or (ii) the first seven (7) months of any bona fide leave of absence (other than an approved personal leave) and shall be deemed to cease Continuous Service upon the expiration of the applicable three (3)-month or seven (7)-month period.

- In no event, however, shall Participant be deemed, for vesting purposes hereunder, to remain in Continuous Service beyond the earlier of (i) the expiration date of that leave of absence, unless Participant returns to active Continuous Service or Employee status on or before that date, or (ii) the date Participant’s Continuous Service or Employee status actually terminates by reason of his or her voluntary or involuntary termination or by reason of his or her death or Permanent Disability.

9. **Compliance with Laws and Regulations.** The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Company and Participant with all Applicable Laws relating thereto.

10. **Nature of Grant.** In accepting the grant, Participant acknowledges, understands and agrees that:

   (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

   (b) the grant of the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;

   (c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;

   (d) Participant is voluntarily participating in the Plan;

   (e) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not intended to replace any pension rights or compensation;

   (f) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar payments;
the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot
be predicted with certainty;

no claim or entitlement to compensation or damages shall arise from forfeiture of the Award
resulting from the termination of Participant’s Continuous Service (for any reason whatsoever, whether or not later found to be
invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment
agreement, if any), and in consideration of the grant of the Award to which Participant is otherwise not entitled, Participant
irrevocably agrees never to institute any claim against the Company, any Related Entity or the Employer, waives Participant’s ability,
if any, to bring any such claim, and releases the Company, any Related Entity and the Employer from any such claim; if,
notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan,
Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents
necessary to request dismissal or withdrawal of such claim;

unless otherwise agreed with the Company in writing, the Award and the shares of Common Stock
subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, any service
Participant may provide as a director of the Company or a Related Entity; and

unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits
evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by,
another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares
of the Company.

11. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the
Company making any recommendations regarding Participant’s participation in the Plan, or Participant’s acquisition or sale of the
underlying shares of Common Stock. Participant should consult with Participant’s own personal tax, legal and financial advisors
regarding Participant’s participation in the Plan before taking any action related to the Plan or the Award.

12. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement
shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to
Participant shall be in writing and addressed to Participant at the most current address then indicated for Participant on the
Company’s employee records or shall be delivered electronically to Participant through the Company’s electronic mail system or
through an on-line brokerage firm authorized by the Company to effect sales of the Common Stock issued hereunder. All notices
shall be deemed effective upon personal delivery or delivery through the Company’s electronic mail system or upon deposit in the
U.S. mail, postage prepaid and properly addressed to the party to be notified.

13. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this
Agreement shall inure to the benefit of, and be binding upon, the
14. **Code Section 409A**

(a) It is the intention of the parties that the provisions of this Agreement shall, to the maximum extent permissible, comply with the requirements of the short-term deferral exception to Section 409A of the Code and Treasury Regulations Section 1.409A-1(b)(4) with respect to one or more shares of Common Stock underlying this Award. Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the requirements or limitations of Code Section 409A applicable to such short-term deferral exception, then those provisions, as they apply to such shares of Common Stock, shall be interpreted and applied in a manner that does not result in a violation of the requirements or limitations of Code Section 409A and the Treasury Regulations thereunder that apply to such exception.

(b) However, to the extent this Agreement should be deemed to create a deferred compensation arrangement subject to the requirements of Code Section 409A with respect to one or more shares of Common Stock underlying this Award, whether by reason of a deferral election that satisfies the requirements of Paragraph 7 above or the pro-rata Continuous Service vesting provisions of this Agreement, then the following provisions shall apply with respect to those shares, notwithstanding anything to the contrary set forth herein:

- None of those shares of Common Stock or other amounts which become issuable or distributable with respect to those shares by reason of Participant’s cessation of Continuous Service shall actually be issued or distributed to Participant until the date of Participant’s Separation from Service or as soon thereafter as administratively practicable, but in no event later than the later of (i) the close of the calendar year in which such Separation from Service occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the date of such Separation from Service.

- None of those shares of Common Stock or other amounts which become issuable or distributable with respect to those shares by reason of Participant’s cessation of Continuous Service shall actually be issued or distributed to Participant prior to the earlier of (i) the first (1st) day of the seventh (7th) month following the date of Participant’s Separation from Service or (ii) the date of Participant’s death, if Participant is deemed at the time of such Separation from Service to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations issued under Code Section 409A, as determined by the Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Company, and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The deferred shares of Common Stock or other distributable amount shall be issued
or distributed in a lump sum on the first (1st) day of the seventh (7th) month following the date of Participant’s Separation from Service or, if earlier, the first (1st) day of the month immediately following the date the Company receives proof of Participant’s death.

- No amounts that vest and become payable under Paragraph 4 of this Agreement with respect to those shares of Common Stock by reason of a Change in Control shall be distributed to Participant at the time of such Change in Control, unless that transaction also constitutes a Qualifying Change in Control. In the absence of such a Qualifying Change in Control, the distribution shall not be made until the date on which the shares of Common Stock to which those amounts pertain would have become issuable in accordance with the provisions of Paragraph 6(a) of this Agreement.

- If a deferral election under Paragraph 7 of this Agreement is in effect with respect to any shares of Common Stock underlying this Award, no amounts that vest and become payable under Paragraph 4 with respect to those shares by reason of a Change in Control shall be distributed to Participant at the time of that Change in Control unless the transaction also constitutes a Qualifying Change in Control. In the absence of such a Qualifying Change in Control, the distribution shall not be made until the date on which the shares of Common Stock to which those amounts pertain would have become issuable in accordance with Participant’s deferral election under Paragraph 7 of this Agreement.

15. **Construction.** This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

16. **Governing Law/Venue.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to that State’s conflict-of-laws rules. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement or otherwise relating to or arising from this Agreement, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

17. **Employment at Will.** Nothing in this Agreement or in the Plan shall confer upon Participant any right to remain in Continuous Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Employer or of Participant, which rights are hereby expressly reserved by each, to terminate Participant’s Continuous Service at any time for any reason, with or without Cause.
18. **Plan Prospectus.** The official prospectus for the Plan is available on the Company’s intranet at: Stock Awards section on GNET. Participant may also obtain a printed copy of the prospectus by contacting Stock Plan Services at stockplanservices@gilead.com.

19. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

21. **Waiver.** Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

22. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions including the United States and Participant’s country or his or her broker’s country, if different, which may affect Participant’s ability to accept, acquire, sell or otherwise dispose of shares, rights to shares (e.g., Performance Shares) or rights linked to the value of shares of Common Stock (e.g., dividend equivalents) during such times as Participant is considered to have “inside information” regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is Participant’s responsibility to comply with any applicable restrictions, and Participant should speak with his or her personal legal advisor on this matter.

23. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant’s participation in the Plan, on the Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. **Participant Acceptance.** Participant must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall any shares of Common Stock be issued (or other securities or
property distributed) under this Agreement in the absence of such acceptance. By accepting the Award, Participant agrees that this Award is granted under and governed by the terms and conditions of the Plan and this Agreement. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Agreement and fully understands all provisions of the Plan and Agreement.

IN WITNESS WHEREOF, Gilead Sciences, Inc. has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

GILEAD SCIENCES, INC.

[Signature]

By: Kathryn Watson
Title: Executive Vice President

PARTICIPANT

[Signature]
APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Applicable Laws** shall mean the legal requirements relating to the Plan and the Awards under applicable provisions of U.S. federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange, and the securities, tax and exchange control laws, rules, regulations, and requirements of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

B. **Award Date** shall mean the date the Performance Shares are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

C. **Certification Date** shall mean the date following the completion of the Performance Period on which the Administrator certifies the attained level of the TSR Performance Goal for such Performance Period.

D. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:

   (i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

   (ii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders or an acquisition, consolidation or other reorganization to which the Company is a party; or
(iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity. Should such holding company structure or other Parent entity be established for the Company, then subparagraph (iii) shall be applied solely to the board of directors of that holding company or Parent entity.

E. **Company** shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.

F. **Continuous Service** shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. For purposes of this Agreement, Participant shall be deemed to cease Continuous Service immediately upon the occurrence of either of the following events: (i) Participant no longer performs services in any of the foregoing capacities for the Company or any Related Entity or (ii) the entity for which Participant is performing such services ceases to remain a Related Entity of the Company, even though Participant may subsequently continue to perform services for that entity. The Administrator shall have the exclusive discretion to determine when Participant ceases Continuous Service for purposes of the Award.

G. **Employee** shall mean an individual who is in the employ of the Company (or any Related Entity), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

H. **Employer** shall mean the Company or any Related Entity employing Participant.

I. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock; provided, however, that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which
such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The applicable quoted price shall be as reported in The Wall Street Journal or such other source as the Administrator deems reliable.

J. **1934 Act** shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

K. **Parent** shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, provided each corporation in the unbroken chain (other than the Company) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

L. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

M. **Performance Goal** shall mean the total shareholder return performance goal specified on attached Schedule I (the “TSR Performance Goal”) that must be attained in order to satisfy the performance-vesting requirement for the shares of Common Stock subject to this Award.

N. **Performance Period** shall mean the period specified on attached Schedule I over which the attainment of the TSR Performance Goal is to be measured.

O. **Performance-Qualified Shares** shall mean the maximum number of Shares in which Participant can vest based on the level at which the Performance Goal for the Performance Period is attained and shall be calculated in accordance with the provisions of attached Schedule I. In no event shall the number of such Performance-Qualified Shares exceed two hundred percent (200%) of the Target Shares set forth in Paragraph 1 of this Agreement, as such number may be adjusted from time to time pursuant to the provisions of Paragraph 5 of this Agreement. Each Performance-Qualified Share that vests pursuant to the terms of the Award shall entitle Participant to receive one share of Common Stock.

P. **Permanent Disability** shall mean the inability of Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more. The Administrator shall have the exclusive discretion to determine when Permanent Disability has occurred for purposes of this Agreement.

Q. **Qualifying Change in Control** shall mean a change in control of ownership of the Company effected by one or more of the following transactions:

(i) a merger or consolidation in which the Company is not the surviving entity and in which one person or a group of related persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) acquires ownership of securities
possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company in complete liquidation or dissolution of the Company;

(iii) any reverse merger in which the Company is the surviving entity but in which one person or a group of related persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) acquires ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities;

(iv) the acquisition, directly or indirectly, by any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities pursuant to a tender or exchange offer made directly to the Company’s stockholders; or

(v) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

The foregoing definition of Qualifying Change in Control shall in all instances be applied and interpreted in such manner that the applicable Qualifying Change in Control transaction that serves as an issuance event for the shares of Common Stock subject to this Award (or distribution event for any amounts relating to those shares) that vest upon the occurrence of a Change in Control and are otherwise at the time subject to the issuance or distribution restrictions of Code Section 409A will also qualify as: (i) a change in the ownership of the Company, as determined in accordance with Section 1.409A-3(i)(5)(v) of the Treasury Regulations, (ii) a change in the effective control of the Company, as determined in accordance with Section 1.409A-3(i)(5)(vi) of the Treasury Regulations, or (iii) a change in the ownership of a substantial portion of the assets of the Company, as determined in accordance with Section 1.409A-3(i)(5)(vii) of the Treasury Regulations.
R. **Related Entity** shall mean (i) any Parent or Subsidiary of the Company and (ii) any corporation in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Participant provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least fifty percent (50%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain.

S. **Retirement** shall mean Participant’s cessation of Continuous Service after the date on which he or she (i) attains age 55 and has completed at least ten (10) years of Continuous Service or (ii) attains age 65; provided, however, that if Participant, as of December 31, 2018, (x) is in Salary Grade 35 or above, and (y) the sum of Participant’s attained age and completed years of Continuous Service equals or exceeds seventy (70) years, he or she shall be deemed to satisfy the requirements for “Retirement” upon a cessation of Continuous Service without regard to subsections (i) and (ii) of this Section.

T. **Separation from Service** shall mean Participant’s cessation of Employee status by reason of his or her death, Retirement or termination of employment. Participant shall be deemed to have terminated employment for such purpose at such time as the level of his or her bona fide services to be performed as an Employee (or as a consultant or independent contractor) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services he or she rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such services). Solely for purposes of determining when a Separation from Service occurs, Participant will be deemed to continue in “Employee” status for so long as he or she remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. “Employer Group” means the Company and any Parent or Subsidiary and any other corporation or business controlled by, controlling or under common control with, the Company, as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in such sections and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations. Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code.

U. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

V. **Subsidiary** shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, provided each corporation (other than
the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the
total combined voting power of all classes of stock in one of the other corporations in such chain.

W. **Withholding Taxes** shall mean any and all income taxes (including U.S. federal, state and local tax) and the
employee portion of the federal state and local taxes (including social insurance, payroll tax, fringe benefits tax, payment on account
or other tax-related items) required or permitted to be withheld by the Company and/or the Employer in connection with any taxable
or tax withholding event, as applicable, attributable to the Award or Participant’s participation in the Plan.
PERFORMANCE PERIOD

The measurement period for the Performance Shares shall be the thirty-five (35) month period beginning [____] and ending [____] (the “Performance Period”).

PERFORMANCE GOAL FOR PERFORMANCE VESTING

The number of shares of Common Stock in which Participant may actually vest on the basis of the number of Performance-Qualified Shares certified by the Administrator in accordance with the performance vesting provisions of this Schedule I shall be tied to his or her completion of the following Continuous Service vesting requirements:

- If Participant remains in Continuous Service through the Certification Date, Participant shall vest in one-hundred percent (100%) of the Performance-Qualified Shares certified by the Administrator for the Performance Period.

- If Participant’s Continuous Service terminates prior to the Certification Date by reason of death or Permanent Disability, then Participant shall, following the completion of the Performance Period and the Certification Date, vest in that number of shares of Common Stock (if any) determined by multiplying the number of Performance-Qualified Shares, based on the actual level at which the TSR Performance Goal is attained and certified for the Performance Period, by a fraction, the numerator of which is the number of months of Continuous Service actually completed by Participant in the Performance Period (rounded to the closest whole month), and the denominator of which is the number of months (rounded to the closest whole number) constituting the entire Performance Period.

- If Participant’s Continuous Service terminates by reason of his or her Retirement at least twelve (12) months following the Award Date but prior to the Certification Date, then Participant shall, following the completion of the Performance Period and the Certification Date, vest in one-hundred percent (100%) of the Performance-Qualified Shares certified by the Administrator for the Performance Period as if Participant had remained in Continuous Service through the Certification Date.

Schedule I-1
If Participant’s Continuous Service terminates by reason of an involuntary termination other than for Cause, or his or her resignation due to Constructive Termination, at any time after the completion of the Performance Period but prior to the Certification Date and (ii) such termination of Continuous Service also occurs during a period while there is in effect a definitive executed agreement for the Change in Control transaction, then Participant shall vest in the number of Performance-Qualified Shares in which Participant could vest, based on the actual level at which the TSR Performance Goal is attained and certified for the Performance Period, had Participant remained in Continuous Service through such Certification Date.

If Participant’s Continuous Service ceases for any other reason (including, without limitation, any deemed cessation of Continuous Service under Paragraph 8 of this Agreement) prior to the Certification Date, then Participant shall not vest in any of the Performance-Qualified Shares, and all of Participant’s right, title and interest to the shares of Common Stock subject to this Award shall immediately terminate; provided, however, that should a Change in Control occur prior to the completion of the Performance Period, then the provisions of Paragraph 4 shall govern the vesting of the Performance Shares subject to this Award.

Schedule I-2
GILEAD SCIENCES, INC.

PERFORMANCE SHARE AWARD AGREEMENT

REVENUE PERFORMANCE GOAL

RECITALS

A. Gilead Sciences, Inc. (the “Company”) has implemented the Gilead Sciences, Inc. 2004 Equity Incentive Plan, as amended (the “Plan”) for the purpose of providing incentives to attract, retain and motivate eligible Employees, Directors and Consultants to continue their service relationship with the Company.

B. This Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s issuance of shares of Common Stock to Participant thereunder.

C. All capitalized terms in this Performance Share Award Agreement (this “Agreement”) shall have the meaning assigned to them herein or in the attached Appendix A. Capitalized terms not defined herein or in the attached Appendix A shall have the meanings assigned to them in the Plan.

NOW, THEREFORE, it is hereby agreed as follows:

1. Grant of Performance Shares. The Company hereby awards to Participant, as of the Award Date indicated below, an award (the “Award”) of Performance Shares under the Plan. This Agreement provides the Participant with the right to receive one or more shares of Common Stock on the designated issuance date for those shares, based upon the extent to which each Performance Share vests pursuant to the terms hereof. The Target Shares subject to this Award, the applicable performance-vesting and Continuous Service vesting requirements for each separate Tranche of this Award, the date or dates on which the shares of Common Stock that vest hereunder shall become issuable and the remaining terms and conditions governing this Award, including the applicable vesting acceleration provisions, shall be as set forth in this Agreement.

AWARD SUMMARY

Participant: [____]

Award Date: [____]

Target Number of Performance Shares: [____]

The actual number of shares of Common Stock that may become issuable pursuant to the Performance Shares subject to this Agreement shall be determined in accordance with the performance-vesting and Continuous Service vesting provisions of attached Schedule I. For purposes of the applicable calculations under Schedule I, the target number of Performance Shares to be utilized is [____] shares (the “Target Shares”).

The Performance Shares shall be divided into three separate Tranches with one third (1/3) of the Target Shares allocated to each such Tranche.
Vesting Schedule:

Vesting Requirements. Each Tranche of Performance Shares shall be subject to the performance-vesting and Continuous Service vesting requirements set forth for that particular Tranche in attached Schedule I and shall vest on the Certification Date (as defined in Appendix A).

Change in Control Vesting. The shares of Common Stock underlying each Tranche of Performance Shares may also vest on an accelerated basis in accordance with the applicable provisions of Paragraph 4 of this Agreement should a Change in Control occur after the start but prior to the completion of the Performance Period applicable to that particular Tranche or the Certification Date.

Issuance Date:

The shares of Common Stock which actually vest and become issuable pursuant to each Tranche of Performance Shares shall be issued in accordance with the provisions of this Agreement applicable to the particular circumstances under which such vesting occurs.

2. **Limited Transferability.** Prior to the actual issuance of the shares of Common Stock which vest hereunder, Participant may not transfer any interest in the Performance Shares subject to this Award or the underlying shares of Common Stock or pledge or otherwise hedge the sale of those Performance Shares or underlying shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the underlying shares of Common Stock. However, any shares of Common Stock which vest hereunder but otherwise remain unissued at the time of Participant’s death may be transferred pursuant to the provisions of Participant’s will or the laws of inheritance.

3. **Stockholder Rights and Dividend Equivalents**

   (a) The holder of this Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the shares of Common Stock subject to the Award until Participant becomes the record holder of those shares upon their actual issuance following the Company’s collection of the applicable Withholding Taxes.

   (b) Notwithstanding the foregoing, in the event that any dividend or other distribution is declared and paid on shares of Common Stock after the Award Date, but prior to the complete settlement, cancellation or forfeiture of this Award, the Participant shall be entitled to receive, upon settlement of this Award, an amount (the “phantom dividend equivalent amount”) equal to the dividends or other distributions that would have been paid or issued on the number of shares of Common Stock actually vested and issuable to Participant pursuant to this Award. The phantom dividend equivalent amount shall be calculated by the Administrator in its discretion and need not be adjusted for interest, earnings or assumed reinvestment. The phantom dividend equivalent amount shall be distributed to Participant concurrently with the issuance of the vested shares to which those phantom dividend equivalents relate, and may be paid and distributed in the same form the actual dividend or distribution was paid to the holders of the Common Stock or in such other form as the Administrator deems appropriate. Each such distribution of phantom dividend equivalents shall be subject to the Company’s collection of any Withholding Taxes applicable to that distribution. The Administrator shall have the sole discretion to determine the dollar value of any dividend or distribution paid other than in the form of cash, and its determination shall be...
controlling. No phantom dividend equivalent amount shall be paid or distributed on shares of Common Stock under this Award that are forfeited or that otherwise are not vested and issued or issuable under this Award.

4. **Change in Control.** The following provisions shall apply only to the extent a Change in Control is consummated prior to the Certification Date and shall have no force or effect if the effective date of the Change in Control occurs after the Certification Date:

   (a) Should (i) the Change in Control occur during a Performance Period that is in effect at the time with respect to a particular Tranche of Performance Shares but prior to the completion of that Performance Period and (ii) Participant remains in Continuous Service through the effective date of that Change in Control, then Participant shall immediately vest in that number of shares of Common Stock equal to the Target Shares allocated to that particular Tranche, without any measurement of Performance Goal attainment to date with respect to that particular Tranche and without regard to the Continuous Service vesting provisions. To the extent a Performance Period for a particular Tranche of Performance Shares has not commenced prior to the effective date of the Change in Control, the Performance Shares allocated to that Tranche in accordance with Paragraph 1 of this Agreement and the provisions of attached Schedule I shall be cancelled, and Participant shall not have any further right or entitlement to receive any shares of Common Stock with respect to those cancelled Performance Shares.

   (b) Should (i) the Change in Control occur at any time on or after the completion of the Performance Period applicable to a particular Tranche of Performance Shares but prior to the Certification Date and (ii) Participant remains in Continuous Service through the effective date of that Change in Control, then Participant shall immediately vest in that number of shares of Common Stock equal to the actual number of Performance-Qualified Shares (if any) at the time subject to that Tranche by reason of the level at which the Revenue Performance Goal for that Tranche was in fact attained for the Performance Period applicable to that Tranche, without regard to the Continuous Service vesting provisions.

   (c) The foregoing provisions of this Paragraph 4 shall also apply should Participant’s Continuous Service terminate, by reason of an involuntary termination (other than as a result of Retirement, death, or Permanent Disability) other than for Cause or his or her resignation due to Constructive Termination, at any time during the period beginning with the execution date of the definitive agreement for the Change in Control transaction and ending with the earlier of (i) the termination of the definitive agreement without the consummation of such Change in Control or (ii) the expiration of the Applicable Acceleration Period following the consummation of such Change in Control.

   (d) Should Participant cease Continuous Service by reason of death or Permanent Disability during one or more Service Periods that are, pursuant to the provisions of attached Schedule I, in effect at that time with respect to one or more Tranches of Performance Shares and a Change in Control subsequently occurs prior to the Certification Date, then Participant shall, at the time of such Change in Control, vest in a pro-rated number of shares of Common Stock calculated by multiplying (i) the number of Target Shares or Performance-Qualified Shares (if any) determined for each such Tranche in accordance with the applicable provisions of subparagraphs
(a) and (b) of this Paragraph 4 by (ii) a fraction, the numerator of which is the number of months of Continuous Service actually completed by Participant in the applicable Service Period for such Tranche (rounded to the closest whole month), and the denominator of which is the number of months (rounded to the closest whole number) comprising the portion of that Service Period ending with the effective date of the Change in Control, which shall be settled and paid as provided in subparagraph (f) of this Paragraph 4 in lieu of any issuance of shares pursuant to Schedule I.

(e) Should Participant cease Continuous Service by reason of his or her Retirement at least twelve (12) months following the Award Date but prior to the Certification Date and during one or more Service Periods that are, pursuant to the provisions of attached Schedule I, in effect at that time with respect to one or more Tranches of Performance Shares and a Change in Control subsequently occurs prior to the Certification Date, then Participant shall, at the time of such Change in Control, immediately vest in that number of shares of Common Stock equal to the Target Shares allocated to that particular Tranche, without any measurement of Performance Goal attainment to date with respect to that particular Tranche and without regard to the Continuous Service vesting provisions. To the extent a Performance Period for a particular Tranche of Performance Shares has not commenced prior to the effective date of the Change in Control, the Performance Shares allocated to that Tranche in accordance with Paragraph 1 of this Agreement and the provisions of attached Schedule I shall be cancelled, and Participant shall not have any further right or entitlement to receive any shares of Common Stock with respect to those cancelled Performance Shares.

(f) The number of shares of Common Stock in which Participant vests determined in accordance with the foregoing provisions of this Paragraph 4 shall be converted into the right to receive for each such share the same consideration per share of Common Stock payable to the other stockholders of the Company in consummation of the Change in Control, and such consideration shall be distributed to Participant on the earlier of (i) the tenth (10th) business day following the effective date of the Change in Control, provided such Change in Control also constitutes a Qualifying Change in Control, or (ii) the date those shares would have been issued to Participant in accordance with Paragraph 6 in the absence of such Change in Control. Each issuance or distribution made under this Paragraph 4(f) shall be subject to the Company’s collection of the applicable Withholding Taxes.

(g) Except for the actual number of shares of Common Stock in which Participant vests in accordance with this Paragraph 4, Participant shall cease to have any further right or entitlement to any additional shares of Common Stock under this Agreement following the effective date of the Change in Control.

(h) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

5. **Adjustment in Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Company’s receipt of consideration, or should
the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change. The determination of the Administrator shall be final, binding and conclusive. In the event of any Change in Control transaction, the provisions of Paragraph 4 shall also be applicable.

6. **Issuance or Distribution of Vested Shares or Other Amounts.**

   (a) Except as otherwise provided in Paragraph 4 or Paragraph 7, the shares of Common Stock in which Participant vests pursuant to the performance-vesting and Continuous Service vesting provisions of attached Schedule I shall be issued in accordance with the following provisions:

   - The issuance of the shares of Common Stock underlying each particular Tranche of Performance Shares shall be effected during the period beginning on the first (1st) business day of February of the calendar year immediately succeeding the end of the Tranche Three Performance Period and ending no later than March 15 of that calendar year.

   (b) The Company shall, on the applicable issuance date, issue to or on behalf of Participant a certificate in electronic form for the shares of Common Stock in which Participant vests pursuant to the performance-vesting and Continuous Service vesting provisions of attached Schedule I and shall concurrently settle with Participant any phantom dividend equivalent amount with respect to those shares as provided in Paragraph 3.

   (c) Except as otherwise provided in Paragraph 4, no shares of Common Stock shall be issued prior to the Certification Date. No fractional shares of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Agreement shall be rounded down to the next whole share.

   (d) Participant acknowledges that, regardless of any action the Employer may take with respect to any or all Withholding Taxes related to Participant’s participation in the Plan and legally applicable to Participant, the ultimate liability for all Withholding Taxes is and remains Participant’s responsibility and may exceed the amount actually withheld by the Employer. Participant further acknowledges that the Employer (i) makes no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Award, including the grant, vesting or settlement of the Award, the issuance of shares of Common Stock or other property in settlement of the Award, the subsequent sale of the shares of Common Stock acquired pursuant to such issuance and the receipt of any dividends and/or phantom dividend equivalent amount provided pursuant to Paragraph 3 and (ii) does not commit to, and is under no obligation to, structure the terms of the grant or any aspect of the Award to reduce or eliminate Participant’s liability for Withholding Taxes or achieve any particular tax result. Further, if Participant is or becomes subject to Withholding Taxes in more than one jurisdiction, Participant acknowledges that the Employer (or former employer, as applicable) may withhold or account for Withholding Taxes in more than one jurisdiction.
(e) The Company shall collect, and Participant hereby authorizes the Company to collect, the Withholding Taxes with respect to the shares of Common Stock issued under this Agreement (including any shares of Common Stock issued in settlement of any phantom dividend equivalent amount as provided in Paragraph 3) through an automatic share withholding procedure pursuant to which the Company will withhold, immediately as the shares of Common Stock are issued under the Award, a portion of those shares with a Fair Market Value (measured as of the issuance date) equal to the amount of such Withholding Taxes (the “Share Withholding Method”). Notwithstanding the foregoing, the Share Withholding Method shall not be utilized if (i) such method is not permissible or advisable under local law or (ii) the Company otherwise decides no longer to utilize such method and provides Participant with notice to such effect.

(f) If the Share Withholding Method is to be utilized for the collection of Withholding Taxes, then the Company shall withhold the number of otherwise issuable shares of Common Stock necessary to satisfy the applicable Withholding Taxes based on the applicable minimum statutory rate or other applicable withholding rate, including maximum applicable rates, as determined by the Company in its sole discretion. If the maximum rate is used, any over-withheld amount will be refunded to Participant in cash by the Employer (with no entitlement to the Common Stock equivalent) or if not refunded, Participant may seek a refund from the appropriate tax authorities. If the obligation for Withholding Taxes is satisfied by using the Share Withholding Method, then Participant will, for tax purposes, be deemed to have been issued the full number of shares of Common Stock subject to the vested Award, notwithstanding that a number of shares of Common Stock are withheld solely for the purpose of paying the applicable Withholding Taxes.

(g) The Company shall have sole discretion to determine whether or not the Share Withholding Method shall be utilized for the collection of the applicable Withholding Taxes. Participant shall be notified (in writing or through the Company’s electronic mail system) in the event the Company no longer intends to utilize the Share Withholding Method. Should any shares of Common Stock become issuable under the Award (including any shares of Common Stock issued in settlement of any phantom dividend equivalent amount as provided in Paragraph 3) at a time when the Share Withholding Method is not being utilized by the Company, then the Withholding Taxes shall be collected from Participant through a sale-to-cover transaction authorized by Participant, pursuant to which an immediate open-market sale of a portion of the shares of Common Stock issued to Participant will be effected, for and on behalf of Participant, by the Company’s designated broker to cover the Withholding Tax liability estimated by the Company to be applicable to such issuance. Participant shall, promptly upon request from the Company, execute (whether manually or through electronic acceptance) an appropriate sales authorization (in form and substance reasonably satisfactory to the Company) that authorizes and directs the broker to effect such open-market, sale-to-cover transactions and remit the sale proceeds, net of brokerage fees and other applicable charges, to the Company in satisfaction of the applicable Withholding Taxes. However, no sale-to-cover transaction shall be effected unless (i) such a sale is at the time permissible under the Company’s insider trading policies governing the sale of Common Stock and (ii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002.

(h) If the Company determines that such sale-to-cover transaction is not
permissible or advisable at the time or if Participant otherwise fails to effect a timely sales authorization as required by this Agreement, then the Company may, in its sole discretion, elect either to defer the issuance of the shares of Common Stock until such sale-to-cover transaction can be effected in accordance with Participant’s executed sale directive or to collect the applicable Withholding Taxes through a wire transfer of funds from Participant to the Company in the amount of such Withholding Taxes or by withholding such amount from other wages payable to Participant. In no event shall any shares of Common Stock be issued in the absence of an arrangement reasonably satisfactory to the Company for the satisfaction of the applicable Withholding Taxes, and any such arrangement must be in compliance with any applicable requirements of Code Section 409A.

(i) The Company shall collect the Withholding Taxes with respect to any phantom dividend equivalent amount as provided in Paragraph 3 that is distributed in a form other than shares of Common Stock by withholding a portion of that distribution equal to the amount of the applicable Withholding Taxes, with the cash portion of the distribution to be the first portion so withheld, or through such other tax withholding arrangement as the Company deems appropriate, in its sole discretion.

(j) Notwithstanding the foregoing provisions of Paragraphs 6(d) through 6(i), the employee portion of the federal, state and local employment taxes required to be withheld by the Company in connection with the vesting (as determined under applicable tax laws) of the shares of Common Stock or any other amounts hereunder (the “Employment Taxes”) shall in all events be collected from Participant no later than the last business day of the calendar year in which those shares or other amounts vest (as determined under applicable tax laws) hereunder. Accordingly, to the extent the applicable issuance date for one or more vested shares of Common Stock or the distribution date for such other amounts is to occur in a year subsequent to the calendar year in which those shares or other amounts vest, Participant shall, if so requested by the Company, on or before the last business day of the calendar year in which such shares or other amounts vest, deliver to the Company a check payable to its order (or a wire transfer of funds to the Company) in the dollar amount equal to the Employment Taxes required to be withheld with respect to those shares or other amounts. Alternatively, the Company may, in its sole discretion, elect to withhold the dollar amount equal to the Employment Taxes required to be withheld with respect to those shares or other amounts from other wages payable to Participant, or through such other tax withholding arrangement as the Company deems appropriate, in its sole discretion. The provisions of this Paragraph 6(j) shall be applicable only to the extent necessary to comply with the applicable tax withholding requirements of Code Section 3121(v).

(k) Except as otherwise provided in Paragraph 4 or this Paragraph 6, the settlement of all Performance Shares or Performance-Qualified Shares which vest under the Award shall be made solely in shares of Common Stock.

7. Special Deferral Election. Provided Participant is a U.S. tax resident and Participant timely submits a properly completed deferral election in a form provided by the Company, any shares of Common Stock that become issuable pursuant to this Agreement shall be distributed in accordance with the terms of such deferral election, subject to Participant’s satisfaction of any applicable Withholding Taxes under Paragraph 6.
8. **Leaves of Absence.** For purposes of applying the various Continuous Service vesting provisions of this Agreement, Participant shall be deemed to cease Continuous Service on the commencement date of any leave of absence and not to remain in Continuous Service status during the period of that leave, except to the extent otherwise required under employment laws in the jurisdiction where Participant is employed or pursuant to the following policy:

- Participant shall be deemed to remain in Continuous Service status during (i) the first three (3) months of an approved personal leave of absence or (ii) the first seven (7) months of any bona fide leave of absence (other than an approved personal leave) and shall be deemed to cease Continuous Service upon the expiration of the applicable three (3)-month or seven (7)-month period.

- In no event, however, shall Participant be deemed, for vesting purposes hereunder, to remain in Continuous Service beyond the earlier of (i) the expiration date of that leave of absence, unless Participant returns to active Continuous Service or Employee status on or before that date, or (ii) the date Participant’s Continuous Service or Employee status actually terminates by reason of his or her voluntary or involuntary termination or by reason of his or her death or Permanent Disability.

9. **Compliance with Laws and Regulations.** The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Company and Participant with all Applicable Laws relating thereto.

10. **Nature of Grant.** In accepting the grant, Participant acknowledges, understands and agrees that:

    (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

    (b) the grant of the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;

    (c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;

    (d) Participant is voluntarily participating in the Plan;

    (e) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not intended to replace any pension rights or compensation;

    (f) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy,
(g) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(h) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of Participant’s Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any), and in consideration of the grant of the Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, any Related Entity or the Employer, waives Participant’s ability, if any, to bring any such claim, and releases the Company, any Related Entity and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(i) unless otherwise agreed with the Company in writing, the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of the Company or a Related Entity; and

(j) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company.

11. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant’s participation in the Plan, or Participant’s acquisition or sale of the underlying shares of Common Stock. Participant should consult with Participant’s own personal tax, legal and financial advisors regarding Participant’s participation in the Plan before taking any action related to the Plan or the Award.

12. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the most current address then indicated for Participant on the Company’s employee records or shall be delivered electronically to Participant through the Company’s electronic mail system or through an on-line brokerage firm authorized by the Company to effect sales of the Common Stock issued hereunder. All notices shall be deemed effective upon personal delivery or delivery through the Company’s electronic mail system or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.
13. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and Participant, the legal representatives, heirs and legatees of Participant’s estate.

14. **Code Section 409A**

   (a) It is the intention of the parties that the provisions of this Agreement shall, to the maximum extent permissible, comply with the requirements of the short-term deferral exception to Section 409A of the Code and Treasury Regulations Section 1.409A-1(b)(4) with respect to each Tranche of Performance Shares under this Award. Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the requirements or limitations of Code Section 409A applicable to such short-term deferral exception, then those provisions, as they apply to each Tranche, shall be interpreted and applied in a manner that does not result in a violation of the requirements or limitations of Code Section 409A and the Treasury Regulations thereunder that apply to such exception.

   (b) However, to the extent this Agreement should be deemed to create a deferred compensation arrangement subject to the requirements of Code Section 409A with respect to one or more Tranches of the Performance Shares, whether by reason of a deferral election that satisfies the requirements of Paragraph 7 above or the pro-rata Continuous Service vesting provisions of this Agreement, then the following provisions shall apply with respect to any such Tranche, notwithstanding anything to the contrary set forth herein:

   - No shares of Common Stock or other amounts which become issuable or distributable with respect to such Tranche by reason of Participant’s cessation of Continuous Service shall actually be issued or distributed to Participant until the date of Participant’s Separation from Service or as soon thereafter as administratively practicable, but in no event later than the later of (i) the close of the calendar year in which such Separation from Service occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the date of such Separation from Service.

   - No shares of Common Stock or other amounts which become issuable or distributable with respect to such Tranche by reason of Participant’s cessation of Continuous Service shall actually be issued or distributed to Participant prior to the earlier of (i) the first (1st) day of the seventh (7th) month following the date of Participant’s Separation from Service or (ii) the date of Participant’s death, if Participant is deemed at the time of such Separation from Service to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations issued under Code Section 409A, as determined by the Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Company, and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The deferred shares of Common Stock or other distributable amount shall be issued or distributed in a lump sum on the first (1st) day of the seventh (7th) month following the date of Participant’s Separation from Service or, if earlier, the first (1st) day of the month immediately
following the date the Company receives proof of Participant’s death.

- No amounts that vest and become payable under Paragraph 4 of this Agreement with respect to that Tranche by reason of a Change in Control shall be distributed to Participant at the time of such Change in Control, unless that transaction also constitutes a Qualifying Change in Control. In the absence of such a Qualifying Change in Control, the distribution shall not be made until the date on which the shares of Common Stock to which those amounts pertain would have become issuable in accordance with the provisions of Paragraph 6(a) of this Agreement.

- If a deferral election under Paragraph 7 of this Agreement is in effect with respect to any Tranche of Performance Shares under this Award, no amounts that vest and become payable under Paragraph 4 with respect to that particular Tranche by reason of a Change in Control shall be distributed to Participant at the time of that Change in Control unless the transaction also constitutes a Qualifying Change in Control. In the absence of such a Qualifying Change in Control, the distribution shall not be made until the date on which the shares of Common Stock to which those amounts pertain would have become issuable in accordance with Participant’s deferral election under Paragraph 7 of this Agreement.

- The shares of Common Stock that are issuable pursuant to each Tranche of Performance Shares in accordance with the provisions of this Agreement and attached Schedule I shall be deemed a separate payment for purposes of Code Section 409A.

15. **Construction.** This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

16. **Governing Law/Venue.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to that State’s conflict-of-laws rules. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement or otherwise relating to or arising from this Agreement, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

17. **Employment at Will.** Nothing in this Agreement or in the Plan shall confer upon Participant any right to remain in Continuous Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Employer or of Participant, which rights are hereby expressly reserved by each, to terminate Participant’s Continuous Service at any time for any reason, with or without Cause.
18. Plan Prospectus. The official prospectus for the Plan is available on the Company’s intranet at: Stock Awards section on GNET. Participant may also obtain a printed copy of the prospectus by contacting Stock Plan Services at stockplanservices@gilead.com.

19. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

21. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

22. Insider Trading Restrictions/Market Abuse Laws. Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions including the United States and Participant’s country or his or her broker’s country, if different, which may affect Participant’s ability to accept, acquire, sell or otherwise dispose of shares, rights to shares (e.g., Performance Shares) or rights linked to the value of shares of Common Stock (e.g., dividend equivalents) during such times as Participant is considered to have “inside information” regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is Participant’s responsibility to comply with any applicable restrictions, and Participant should speak with his or her personal legal advisor on this matter.

23. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant’s participation in the Plan, on the Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. Participant Acceptance. Participant must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall any shares of Common Stock be issued (or other securities or property distributed) under this Agreement in the absence of such acceptance. By accepting the
Award, Participant agrees that this Award is granted under and governed by the terms and conditions of the Plan and this Agreement. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Agreement and fully understands all provisions of the Plan and Agreement.
IN WITNESS WHEREOF, Gilead Sciences, Inc. has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

GILEAD SCIENCES, INC.

By: Kathryn Watson
Title: Executive Vice President

PARTICIPANT

Signature
APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Applicable Laws** shall mean the legal requirements relating to the Plan and the Awards under applicable provisions of U.S. federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange, and the securities, tax and exchange control laws, rules, regulations, and requirements of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

B. **Award Date** shall mean the date the Performance Shares are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

C. **Certification Date** shall mean the date following the completion of the Tranche Three Performance Period on which the Administrator certifies the attained level of the Performance Goal applicable to Tranche Three.

D. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:

   (i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

   (ii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders or an acquisition, consolidation or other reorganization to which the Company is a party; or

   (iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

   In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity. Should such holding company structure or other Parent entity be established for the Company, then subparagraph (iii) shall be applied solely to the board of directors of that holding company or Parent entity.

E. **Company** shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.

F. **Continuous Service** shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. For purposes of this Agreement, Participant shall be deemed to cease Continuous Service immediately upon the occurrence of either of the following events: (i) Participant no longer performs services in any of the foregoing capacities for the Company or any Related Entity or (ii) the entity for which Participant is performing such services ceases to remain a Related Entity of the Company, even though Participant may subsequently continue to perform services for that entity. The Administrator shall have the exclusive discretion to determine when Participant ceases Continuous Service for purposes of the Award.

G. **Employee** shall mean an individual who is in the employ of the Company (or any Related Entity), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

H. **Employer** shall mean the Company or any Related Entity employing Participant.
I. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock; provided, however, that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The applicable quoted price shall be as reported in The Wall Street Journal or such other source as the Administrator deems reliable.

J. **1934 Act** shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

K. **Parent** shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, provided each corporation in the unbroken chain (other than the Company) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

L. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

M. **Performance Goal** shall mean, with respect to each separate Tranche of Performance Shares, the net product revenue performance goal established or to be established for that Tranche at one or more designated levels of attainment in accordance with the provisions of attached Schedule I (the "Revenue Performance Goal") that must be subsequently attained in order to satisfy the performance-vesting requirement for the shares of Common Stock allocated to that particular Tranche.

N. **Performance Period** shall mean the one-year period specified on attached Schedule I for each separate Tranche of Performance Shares over which the attainment of the Revenue Performance Goal applicable to that particular Tranche is to be measured.

O. **Performance-Qualified Shares** shall mean, with respect to each separate Tranche of Performance Shares, the maximum number of shares of Common Stock in which Participant can vest based on the level at which the Performance Goal applicable to that particular Tranche is in fact attained and shall be calculated in accordance with the provisions of attached Schedule I. Each Performance-Qualified Share that vests pursuant to the terms of the Award shall entitle Participant to receive one share of Common Stock.

P. **Permanent Disability** shall mean the inability of Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more. The Administrator shall have the exclusive discretion to determine when Permanent Disability has occurred for purposes of this Agreement.

Q. **Qualifying Change in Control** shall mean a change in control of ownership of the Company effected by one or more of the following transactions:

   (i) a merger or consolidation in which the Company is not the surviving entity and in which one person or a group of related persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) acquires ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities;

   (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company in complete liquidation or dissolution of the Company;

   (iii) any reverse merger in which the Company is the surviving entity but in which one person or a group of related persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) acquires ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities;

   (iv) the acquisition, directly or indirectly, by any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities pursuant to a tender or exchange offer made directly to the Company’s stockholders; or

   (v) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.
The foregoing definition of Qualifying Change in Control shall in all instances be applied and interpreted in such manner that the applicable Qualifying Change in Control transaction that serves as an issuance event for the shares of Common Stock subject to this Award (or distribution event for any amounts relating to those shares) that vest upon the occurrence of a Change in Control and are otherwise at the time subject to the issuance or distribution restrictions of Code Section 409A will also qualify as: (i) a change in the ownership of the Company, as determined in accordance with Section 1.409A-3(i)(5)(v) of the Treasury Regulations, (ii) a change in the effective control of the Company, as determined in accordance with Section 1.409A-3(i)(5)(vi) of the Treasury Regulations, or (iii) a change in the ownership of a substantial portion of the assets of the Company, as determined in accordance with Section 1.409A-3(i)(5)(vii) of the Treasury Regulations.

R. **Related Entity** shall mean (i) any Parent or Subsidiary of the Company and (ii) any corporation in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Participant provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least fifty percent (50%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain.

S. **Retirement** shall mean Participant’s cessation of Continuous Service on or after the date on which he or she (i) attains age 55 and completes at least ten (10) years of Continuous Service or (ii) attains age 65; provided, however, that if Participant, as of December 31, 2018, (x) is in Salary Grade 35 or above, and (y) the sum of Participant’s attained age and completed years of Continuous Service equals or exceeds seventy (70) years, he or she shall be deemed to satisfy the requirements for “Retirement” upon a cessation of Continuous Service without regard to subsections (i) and (ii) of this Section.

T. **Separation from Service** shall mean Participant’s cessation of Employee status by reason of his or her death, Retirement or termination of employment. Participant shall be deemed to have terminated employment for such purpose at such time as the level of his or her bona fide services to be performed as an Employee (or as a consultant or independent contractor) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services he or she rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such services). Solely for purposes of determining when a Separation from Service occurs, Participant will be deemed to continue in “Employee” status for so long as he or she remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. “Employer Group” means the Company and any Parent or Subsidiary and any other corporation or business controlled by, controlling or under common control with, the Company, as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in such sections and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations. Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code.

U. **Service Period** shall mean, with respect to each Tranche of Performance Shares, the applicable service period specified for that particular Tranche in attached Schedule I over which the Continuous Service vesting requirement in effect for that Tranche is to be measured.

V. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

W. **Subsidiary** shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

X. **Tranche** shall mean the three separate tranches (**Tranche One**, **Tranche Two** and **Tranche Three**) into which the Performance Shares subject to this Award are divided in accordance with the provisions of Paragraph 1 of this Agreement and attached Schedule I.

Y. **Withholding Taxes** shall mean any and all income taxes (including U.S. federal, state and local tax) and the employee portion of the federal state and local taxes (including social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items) required or permitted to be withheld by the Company and/or the Employer in connection with any taxable or tax withholding event, as applicable, attributable to the Award or Participant’s participation in the Plan.
SCHEDULE I

PERFORMANCE GOALS AND PERFORMANCE PERIODS FOR THE THREE TRANCHES OF PERFORMANCE SHARES

ESTABLISHMENT OF SEPARATE TRANCHES

The Target Shares subject to the Award have, in accordance with Paragraph 1 of this Agreement, been divided into three (3) separate Tranches: Tranche One, Tranche Two and Tranche Three. Each such separate Tranche shall cover one-third of the Target Shares and shall have its own separate Performance Period and Service Period.

PERFORMANCE PERIOD FOR TRANCHE ONE

The measurement period for the Performance Goal for the Performance Shares allocated to Tranche One shall be the one-year period coincident with the Company’s [_____] fiscal year (the “Tranche One Performance Period”).

SERVICE PERIOD FOR TRANCHE ONE

The applicable Service Period for the Continuous Service vesting condition for Tranche One shall be the period beginning [_____] and ending on the Certification Date.

PERFORMANCE GOAL FOR PERFORMANCE VESTING FOR TRANCHE ONE

[_____]

PERFORMANCE PERIOD FOR TRANCHE TWO

The measurement period for the Performance Goal for the Performance Shares allocated to Tranche Two shall be the one-year period coincident with the Company’s [_____] fiscal year (the “Tranche Two Performance Period”).

SERVICE PERIOD FOR TRANCHE TWO

The applicable Service Period for the Continuous Service vesting condition for Tranche Two shall be the period beginning [_____] and ending on the Certification Date.

PERFORMANCE GOAL FOR PERFORMANCE VESTING FOR TRANCHE TWO

[_____]

PERFORMANCE PERIOD FOR TRANCHE THREE

The measurement period for the Performance Goal for the Performance Shares allocated to Tranche Three shall be the one-year period coincident with the Company’s [_____] fiscal year (the “Tranche Three Performance Period”).

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SERVICE PERIOD FOR TRANCHE THREE

The applicable Service Period for the Continuous Service vesting condition for Tranche Three shall be the period beginning [_____] and ending on the Certification Date.

PERFORMANCE GOAL FOR PERFORMANCE VESTING FOR TRANCHE THREE

[___]

CONTINUOUS SERVICE VESTING REQUIREMENT FOR PERFORMANCE-QUALIFIED SHARES

The number of shares of Common Stock in which Participant may actually vest on the basis of the number of Performance-Qualified Shares certified by the Administrator for each separate Tranche of Performance Shares in accordance with the foregoing provisions shall be tied to his or her completion of the following Continuous Service vesting requirement applicable to each such Tranche:

- If Participant remains in Continuous Service through the Certification Date, Participant shall vest in one hundred percent (100%) of the Performance-Qualified Shares certified by the Administrator for that Tranche.

- If Participant’s Continuous Service terminates prior to the Certification Date by reason of death or Permanent Disability, then Participant shall, following the Certification Date, vest in that number of shares of Common Stock (if any) determined by multiplying the number of Performance-Qualified Shares in which Participant could vest under a particular Tranche, based on the actual level at which the Performance Goal for that Tranche is attained and certified, by a fraction the numerator of which is the number of months of Continuous Service actually completed by Participant in the applicable Service Period for that Tranche (rounded to the closest whole month) and the denominator of which is the number of months (rounded to the closest whole number) between the beginning of the Service Period specified above for that Tranche and [____].

- If Participant’s Continuous Service terminates prior to the Certification Date but at least twelve (12) months following the Award Date by reason of Retirement, then Participant shall, following the Certification Date, vest in one hundred percent (100%) of the Performance-Qualified Shares certified by the Administrator for that Tranche as if Participant had remained in Continuous Service through the Certification Date.

- If Participant’s Continuous Service ceases for any other reason (including, without limitation, any deemed cessation of Continuous Service under Paragraph 8 of this Agreement) prior to the Certification Date, then Participant shall not vest in any of the Performance-Qualified Shares covered by any Tranche, and all of Participant’s right, title and interest to the shares of Common Stock

Schedule I-2
underlying each Tranche shall immediately terminate; **provided, however,** that should a Change in Control occur prior to the Certification Date, then the provisions of Paragraph 4 of the Agreement shall govern the vesting of the Performance Shares (if any) allocated to each Tranche.

- Notwithstanding anything to the contrary in the foregoing provisions of this Continuous Service section, should Participant’s Continuous Service cease for any reason prior to the start of the Service Period specified above for any particular Tranche of Performance Shares, then Participant shall not vest in any of the Performance Shares allocated to that Tranche, and all of Participant’s right, title and interest to the shares of Common Stock underlying that Tranche shall immediately terminate.
GILEAD SCIENCES, INC.
GLOBAL RESTRICTED STOCK UNIT ISSUANCE AGREEMENT

RECITALS

A. The Board has adopted the Plan for the purpose of providing incentives to attract, retain and motivate eligible Employees, Directors and Consultants.

B. This Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s issuance of shares of Common Stock to Participant thereunder.

C. All capitalized terms in this Agreement shall have the meaning assigned to them herein and in the attached Appendix A.

NOW, THEREFORE, the Company hereby awards Restricted Stock Units to Participant upon the following terms and conditions:

1. **Grant of Restricted Stock Units.** The Company hereby awards to Participant, as of the Award Date indicated below, Restricted Stock Units under the Plan. Each Restricted Stock Unit that vests hereunder will entitle Participant to receive one share of Common Stock on the specified issuance date for that unit. The number of Shares subject to the awarded Restricted Stock Units, the applicable vesting schedule for those Shares, the dates on which those vested Shares shall become issuable to Participant and the remaining terms and conditions governing the Award shall be as set forth in this Agreement.

**AWARD SUMMARY**

**Participant:**

**Award Date:**

**Number of Shares Subject to Award:** [___] shares of Common Stock (the “Shares”)

**Vesting Schedule:** The Shares shall vest in a series of four (4) successive equal annual installments upon Participant’s completion of each successive year of Continuous Service over the four (4)-year period measured from the Award Date. However, one or more Shares may be subject to accelerated vesting in accordance with the provisions of Paragraph 5 of this Agreement.
The Shares in which Participant vests in accordance with the Normal Vesting Schedule shall become issuable pursuant to the Plan on the applicable annual vesting date, subject to the Company’s collection of the applicable Withholding Taxes. In no event will the Shares in which Participant so vests be issued after the later of (i) the close of the calendar year in which the Shares vest pursuant to the Normal Vesting Schedule or (ii) the fifteenth (15th) day of the third (3rd) calendar month following such vesting date. The procedures pursuant to which the applicable Withholding Taxes are to be collected are set forth in Paragraph 7 of this Agreement.

2. **Limited Transferability.** Prior to actual receipt of the Shares which vest hereunder, Participant may not transfer any interest in the Award or the underlying Shares or pledge or otherwise hedge the sale of those Shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the underlying Shares. However, any Shares which vest hereunder but which otherwise remain unissued at the time of Participant’s death may be transferred pursuant to the provisions of Participant’s will or the laws of inheritance.

3. **Cessation of Service.**

   (a) Except as otherwise provided in this Paragraph 3 or in Paragraph 5 below, should Participant cease Continuous Service for any reason prior to vesting in one or more Shares pursuant to the Normal Vesting Schedule, then the Award will be immediately cancelled with respect to those unvested Shares, and the number of Restricted Stock Units will be reduced accordingly. Participant shall thereupon cease to have any right or entitlement to receive any Shares under those cancelled units.

   (b) Should Participant (i) cease Continuous Service at least twelve (12) months following the Award Date and (ii) (1) after attaining age 55 and completing at least ten (10) years of Continuous Service or (2) after attaining age 65, then Participant shall continue to vest in unvested Shares granted hereunder in accordance with the Normal Vesting Schedule as if such Participant had remained in Continuous Service. If Participant, as of December 31, 2018, (x) is in Salary Grade 35 or above, (y) has completed at least three (3) years of Continuous Service, and (z) the sum of Participant’s attained age and completed years of Continuous Service equals or exceeds seventy (70) years, he or she shall be deemed to satisfy the requirements of subparagraphs (b)(i) and (b)(ii). Any Shares which vest pursuant to this Subparagraph shall be issuable as set forth in Paragraph 1 above. Notwithstanding the foregoing, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in Participant’s jurisdiction that would likely result in the favorable treatment applicable to the Award pursuant to this subparagraph (b) being deemed unlawful and/or discriminatory, then the Company will not apply this favorable treatment at the time of Participant’s cessation of Continuous Service, and the Award will be treated as set forth in Subparagraph 3(a). Furthermore, if Participant is located in Australia, Hong Kong, or Taiwan, he or she shall not be eligible for the provisions of this Subparagraph 3(b) unless the Company receives a favorable tax ruling from the Dutch tax authorities. In the event a favorable
tax ruling is not obtained from the Dutch tax authorities and Participant is located in the Netherlands, the Award will be treated as set forth in Subparagraph 3(a).

4. **Stockholder Rights and Dividend Equivalents.**

   (a) The holder of this Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares upon their actual issuance following the Company’s collection of the applicable Withholding Taxes.

   (b) Notwithstanding the foregoing, should any dividend or other distribution, whether regular or extraordinary and whether payable in cash, securities (other than Common Stock) or other property, be declared and paid on the outstanding Common Stock while one or more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then a special book account shall be established for Participant and credited with a phantom dividend equivalent to the actual dividend or distribution which would have been paid on the Shares at the time subject to this Award had they been issued and outstanding and entitled to that dividend or distribution. As the Shares subsequently vest hereunder, the phantom dividend equivalents so credited to those Shares in the book account shall vest, and those vested dividend equivalents shall be distributed to Participant (in the form of additional Shares or in such other form as the Administrator deems appropriate under the circumstances) concurrently with the issuance of the vested Shares to which those phantom dividend equivalents relate. However, each such distribution shall be subject to the Company’s collection of the Withholding Taxes applicable to that distribution. To the extent any phantom dividend equivalents are to be distributed in Shares, then the following conversion process will be in effect. For each such dividend or distribution that is to be converted into Shares, the aggregate dollar value of the cash, securities or other property that would have been paid as an actual dividend or distribution on the Shares subject to this Award had they been actually issued and outstanding Shares at the time of such dividend or distribution will be divided by the Fair Market Value per Share measured as of the date on which such dividend or distribution was paid on the outstanding Common Stock, with any fractional Share rounded up to the next whole Share. The Administrator shall have the sole discretion to determine the dollar value of any such dividend or distribution paid other than in the form of cash, and its determination shall be controlling.

   (c) Should Participant cease Continuous Service without vesting in one or more of the Shares subject to this Award (including any Shares which do not or will not otherwise vest after taking into account any applicable vesting acceleration or continuation provisions set forth in Paragraph 3 or 5 of this Agreement), then the phantom dividend equivalents credited to those unvested Shares shall be cancelled, and Participant shall thereupon cease to have any further right or entitlement to those cancelled amounts.

5. **Change in Control.**

   (a) Any Restricted Stock Units subject to this Award at the time of a Change in Control may be (i) assumed or otherwise continued in full force and effect by the surviving corporation, (ii) replaced with an economically-equivalent substitute award or (iii) replaced with a
cash retention program of the successor corporation that is in a dollar amount equal to the Fair Market Value of the Shares underlying those Restricted Stock Units (as measured immediately prior to the Change in Control) and provides for the subsequent vesting and payout of that dollar amount in accordance with the same vesting and issuance provisions that would otherwise be in effect for those Shares in the absence of the Change in Control. In the event of such assumption or continuation of the Award or such replacement of the Award with an economically-equivalent award or cash retention program, no accelerated vesting of the Restricted Stock Units shall occur at the time of the Change in Control. Notwithstanding the foregoing, no such cash retention program shall be established for the Restricted Stock Units subject to this Award to the extent such program would otherwise be deemed to constitute a deferred compensation arrangement subject to the requirements of Code Section 409A and the Treasury Regulations thereunder.

(b) In the event the Award is assumed or otherwise continued in effect, the Restricted Stock Units subject to the Award shall be adjusted immediately after the consummation of the Change in Control so as to apply to the number and class of securities into which the Shares underlying those units immediately prior to the Change in Control would have been converted in consummation of that Change in Control had those Shares actually been issued and outstanding at that time. To the extent the actual holders of the outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation (or parent entity) may, in connection with the assumption or continuation of the Restricted Stock Units subject to the Award at that time and with the approval of the Administrator, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per Share in the Change in Control transaction, provided the substituted common stock is readily tradable on an established U.S. securities exchange.

(c) Any Restricted Stock Units which are to be assumed or otherwise continued in effect in connection with the Change in Control or are to be replaced with an economically equivalent award or cash retention program in accordance with Paragraph 5(a) shall be subject to accelerated vesting in accordance with the following provision:

If Participant's Employee status is unilaterally terminated as a result of an involuntary termination (other than for death or Permanent Disability) without Cause, or if Participant resigns from such Employee status due to a Constructive Termination, at any time during the period beginning with the execution date of the definitive agreement for that Change in Control transaction and ending with the earlier of (i) the termination of that definitive agreement without the consummation of such Change in Control or (ii) the expiration of the Applicable Acceleration Period following the consummation of such Change in Control, then Participant shall immediately vest in all the unvested Shares (or any replacement securities or cash proceeds) at the time subject to this Award. The Shares (or any replacement securities or cash proceeds) that vest pursuant to this Paragraph 5(c) shall be issued or distributed on the date of Participant’s Separation from Service in connection with such termination of Employee status or as soon as administratively practicable thereafter, but in no event later than the later of (i) the close of the calendar year in which such Separation from Service occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following
the date of such Separation from Service. The applicable Withholding Taxes with respect to such issuance shall be collected in accordance with Paragraph 7 of this Agreement.

(d) If the Restricted Stock Units subject to this Award at the time of the Change in Control are not assumed or otherwise continued in effect in connection with the Change in Control or are not replaced with an economically equivalent award or cash incentive program in accordance with Paragraph 5(a), then those units will vest immediately prior to the closing of the Change in Control. The Shares subject to those vested units shall be converted into the right to receive for each such Share the same consideration per Share payable to the other stockholders of the Company in consummation of that Change in Control, and such consideration per Share shall be distributed to Participant upon the tenth (10th) business day following the earliest to occur of (i) the date the Share would have otherwise vested and been issued pursuant to the Vesting and Issuance Schedules set forth in Paragraph 1 in the absence of such Change in Control, (ii) the date of Participant’s Separation from Service, or (iii) the first date following a Qualifying Change in Control on which the distribution can be made without contravention of any applicable provisions of Code Section 409A. Such distribution shall be subject to the Company’s collection of the applicable Withholding Taxes pursuant to the provisions of Paragraph 7.

(e) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

6. Adjustment in Shares. Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Company’s receipt of consideration, or should the value of outstanding Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change. In making such adjustments, the Administrator shall take into account any amounts to be credited to Participant’s book account under Paragraph 4(b) in connection with the transaction, and the determination of the Administrator shall be final, binding and conclusive. In the event of a Change in Control, the provisions of Paragraph 5 shall be controlling.

7. Issuance of Shares or Other Amounts.

(a) On or after each date on which one or more Shares are to be issued in accordance with the express provisions of this Agreement, the Company shall issue to or on behalf of Participant a certificate (which may be in electronic form) for those Shares and shall concurrently distribute to Participant any phantom dividend equivalents with respect to those Shares (in the form of additional Shares or in such other form as the Administrator deems appropriate under the circumstances), subject in each instance to the Company’s collection of the applicable Withholding Taxes.
Participant acknowledges that, regardless of any action the Company and/or the Employer take with respect to any or all Withholding Taxes related to Participant’s participation in the Plan and legally applicable to Participant, the ultimate liability for all Withholding Taxes is and remains Participant’s responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Award, including the grant, vesting or settlement of the Award, the issuance of Shares (or other property) upon settlement of the Award, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or phantom dividend equivalents; and (ii) do not commit to, and are under no obligation to, structure the terms of the grant or any aspect of the Award to reduce or eliminate Participant’s liability for Withholding Taxes or achieve any particular tax result. Further, if Participant has become subject to Withholding Taxes in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Withholding Taxes in more than one jurisdiction.

The Company shall collect, and Participant hereby authorizes the Company to collect, the Withholding Taxes with respect to the Shares issued under this Agreement (including Shares issued in settlement of phantom dividend equivalents) through an automatic Share withholding procedure pursuant to which the Company will withhold, immediately as the Shares are issued under the Award, a portion of those Shares with a Fair Market Value (measured as of the issuance date) equal to the amount of such Withholding Taxes, unless such Share Withholding Method is not permissible or advisable under local law or until the Company otherwise decides to no longer utilize the Share Withholding Method and provides Participants with a corresponding notice.

If the Share Withholding Method is to be utilized for the collection of Withholding Taxes, then the Company shall withhold the number of otherwise issuable Shares necessary to satisfy the applicable Withholding Taxes based on the applicable minimum statutory rate or other applicable withholding rate, including maximum applicable rates, as determined by the Company in its sole discretion. If the maximum rate is used, any over-withheld amount will be refunded to Participant in cash by the Company or Employer (with no entitlement to the Common Stock equivalent) or if not refunded, Participant may seek a refund from the local tax authorities. If the obligation for Withholding Taxes is satisfied by using the Share Withholding Method, then Participant will, for tax purposes, be deemed to have been issued the full number of Shares subject to the vested Award, notwithstanding that a number of the Shares are withheld solely for the purpose of paying the applicable Withholding Taxes.

The Company shall have sole discretion to determine whether or not the Share Withholding Method shall be utilized for the collection of the applicable Withholding Taxes. Participant shall be notified (in writing or through the Company’s electronic mail system) in the event the Company no longer intends to utilize the Share Withholding Method. Should any Shares become issuable under the Award (including Shares issued in settlement of phantom dividend equivalents) at a time when the Share Withholding Method is not being utilized by the Company, then the Withholding Taxes shall be collected from Participant through a sale-to-cover transaction.
authorized by Participant, pursuant to which an immediate open-market sale of a portion of the Shares issued to Participant will be
effected, for and on behalf of Participant, by the Company’s designated broker to cover the Withholding Tax liability estimated by
the Company to be applicable to such issuance. Participant shall, promptly upon request from the Company, execute (whether
manually or through electronic acceptance) an appropriate sales authorization (in form and substance reasonably satisfactory to the
Company) that authorizes and directs the broker to effect such open-market, sale-to-cover transactions and remit the sale proceeds,
et of brokerage fees and other applicable charges, to the Company in satisfaction of the applicable Withholding Taxes. However, no
sale-to-cover transaction shall be effected unless (i) such a sale is at the time permissible under the Company’s insider trading
policies governing the sale of Common Stock and (ii) the transaction is not otherwise deemed to constitute a prohibited loan under
Section 402 of the Sarbanes-Oxley Act of 2002.

If the Company determines that such sale-to-cover transaction is not permissible or advisable at the time
or if Participant otherwise fails to effect a timely sales authorization as required by this Agreement, then the Company may, in its
sole discretion, elect either to defer the issuance of the Shares until such sale-to-cover transaction can be effected in accordance with
Participant’s executed sale directive or to collect the applicable Withholding Taxes through Participant’s delivery of his or her
separate check payable to the Company in the amount of such Withholding Taxes or by withholding such amount from other wages
payable to Participant. In no event shall any Shares be issued in the absence of an arrangement reasonably satisfactory to the
Company for the satisfaction of the applicable Withholding Taxes and in compliance with any applicable requirements of Code
Section 409A.

Except as otherwise provided in Paragraph 5, the settlement of all Restricted Stock Units which vest
under the Award shall be made solely in Shares. In no event, however, shall any fractional Shares be issued. Accordingly, the total
number of Shares to be issued at the time the Award vests (including any Shares issued in settlement of phantom dividend
equivalents) shall, to the extent necessary, be rounded down to the next whole Share in order to avoid the issuance of a fractional
Share.

The Company shall collect the Withholding Taxes with respect to phantom dividend equivalents
distributed in a form other than Shares by withholding a portion of that distribution equal to the amount of the applicable
Withholding Taxes, with the cash portion of the distribution to be the first portion so withheld, or through such other tax withholding
arrangement as the Company deems appropriate, in its sole discretion.

Notwithstanding the foregoing provisions, to the extent Participant is subject to taxation in the United
States, the employee portion of the federal, state and local employment taxes required to be withheld by the Company in connection
with the vesting (as determined under applicable tax laws) of the Shares or any other amounts hereunder (the “Employment Taxes”) shall in all events be collected from Participant no later than the last business day of the calendar year in which those Shares or other amounts vest (as determined under applicable tax laws) hereunder. Accordingly, to the extent the applicable issuance date for one or more vested Shares or the distribution date for such other amounts is to occur in a year subsequent to the calendar
year in which those Shares or other amounts vest, Participant shall, if so requested by the Company, on or before the last business
day of the calendar year in which such Shares or other amounts vest, deliver to the Company a check payable to its order (or a wire
transfer of funds to the Company) in the dollar amount equal to the Employment Taxes required to be withheld with respect to those
Shares or other amounts. Alternatively, the Company may, in its sole discretion, elect to withhold the dollar amount equal to the
Employment Taxes required to be withheld with respect to those Shares or other amounts from other wages payable to Participant, or
through such other tax withholding arrangement as the Company deems appropriate, in its sole discretion. The provisions of this
Paragraph 7(i) shall be applicable only to the extent necessary to comply with the applicable tax withholding requirements of Code
Section 3121(v).

8. **Leaves of Absence.** For purposes of applying the various vesting provisions of this Agreement, the Administrator,
in its sole discretion, may determine that Participant shall be deemed to cease Continuous Service and Employee status on the
commencement date of any leave of absence and not remain in Continuous Service or Employee status during the period of that
leave, except to the extent otherwise required under employment laws in the jurisdiction where Participant is employed or the terms
of Participant’s employment agreement, if any or pursuant to the following policy:

Participant shall receive Continuous Service credit for such vesting purposes for (i) the first three (3) months of an
approved personal leave of absence and (ii) the first seven (7) months of any bona fide leave of absence (other than an
approved personal leave), but in no event beyond the expiration date of such leave of absence.

In no event, however, shall Participant be deemed, for vesting purposes hereunder, to remain in Continuous Service or
Employee status beyond the earliest of (i) the expiration date of that leave of absence, unless Participant returns to active
Continuous Service or Employee status on or before that date, (ii) the date Participant’s Continuous Service or Employee
status actually terminates by reason of his or her voluntary or involuntary termination or by reason of his or her death or
Permanent Disability or (iii) the date Participant is deemed to have a Separation from Service.

9. **Compliance with Laws and Regulations.**

(a) The issuance of Shares pursuant to the Award shall be subject to compliance by the Company and
Participant with all Applicable Laws relating thereto, as determined by counsel for the Company.

(b) The inability of the Company to obtain approval from any regulatory body having authority deemed by
the Company to be necessary to the lawful issuance and sale of any Common Stock pursuant to this Award shall relieve the Company
of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained.
The Company, however, shall use its reasonable best efforts to obtain all such approvals.

8
10. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions including the United States and Participant’s country or his or her broker’s country, if different, which may affect Participant’s ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., Restricted Stock Units) or rights linked to the value of Shares (e.g., dividend equivalents) during such times as Participant is considered to have “inside information” regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is Participant’s responsibility to comply with any applicable restrictions and Participant should speak with his or her personal legal advisor on this matter.

11. **Deferred Issuance Date.** Notwithstanding any provision to the contrary in this Agreement, to the extent Participant is subject to taxation in the United States and this Award may be deemed to create a deferred compensation arrangement under Code Section 409A, then the following limitation shall apply:

   No Shares or other amounts which become issuable or distributable under this Agreement upon Participant’s Separation from Service shall actually be issued or distributed to Participant prior to the **earlier** of (i) the first day of the seventh (7th) month following the date of such Separation from Service or (ii) the date of Participant’s death, if Participant is deemed at the time of such Separation from Service to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations issued under Code Section 409A, as determined by the Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Company, and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The deferred Shares or other distributable amount shall be issued or distributed in a lump sum on the first day of the seventh (7th) month following the date of Participant’s Separation from Service or, if earlier, the first day of the month immediately following the date the Company receives proof of Participant’s death.

   To the extent there is any ambiguity as to whether any provision of this Agreement would otherwise contravene one or more requirements or limitations of Code Section 409A, such provisions shall be interpreted and applied in a manner that does not result in a violation of the applicable requirements or limitations of Code Section 409A and the Treasury Regulations thereunder.

   Each installment of Shares issuable pursuant to this Agreement shall be treated as a separate payment for purposes of Code Section 409A.

12. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at its principal
corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the most current address then indicated for Participant on the Company’s employee records or shall be delivered electronically to Participant through the Company’s electronic mail system or through the on-line brokerage firm authorized by the Company to effect the sale of the Shares issued hereunder. All notices shall be deemed effective upon personal delivery or delivery through the Company’s electronic mail system or upon deposit in the U.S. or local country mail, postage prepaid and properly addressed to the party to be notified.

13. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and Participant, Participant’s assigns, the legal representatives, heirs and legatees of Participant’s estate.

14. **Construction.** This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

15. **Governing Law and Venue.**

   (a) The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to that State’s conflict-of-laws rules.

   (b) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award and this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the Northern District of California, and no other courts where the grant of the Restricted Stock Units is made and/or to be performed.

16. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. **Acknowledgment of Nature of Plan and Award.** In accepting the Award, Participant acknowledges, understands and agrees that:

   (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
(b) the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;

(d) the Award and Participant’s participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Related Entity and shall not interfere with the ability of the Company, the Employer or any Related Entity, as applicable, to terminate Participant’s employment or service relationship (if any);

(e) Participant’s participation in the Plan is voluntary;

(f) the Award and the Shares subject to the Award, and the income and value of same, are not intended to replace any pension rights or compensation;

(g) the Award and the Shares subject to the Award, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar payments;

(h) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with any certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of Participant’s Continuous Service by the Employer or the Company (or any Related Entity) (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any), and in consideration of the Award, Participant irrevocably agrees not to institute any claim against the Company, the Employer or any Related Entity, waives his or her ability, if any, to bring any such claim and releases the Company, the Employer and any Related Entity from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(j) unless otherwise agreed with the Company in writing, the Award and the Shares subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of the Company or a Related Entity;

(k) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create
any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(l) the following provisions apply only if Participant is providing services outside the United States:

(iv) the Award and the Shares subject to the Award, and the income and value of same, are not part of normal or expected compensation or salary for any purpose;

(v) Participant acknowledges and agrees that neither the Company, the Employer nor any Related Entity shall be liable for any foreign exchange rate fluctuation between Participant’s local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

18. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant’s participation in the Plan or Participant’s acquisition or sale of the underlying Shares. Participant should consult with his or her personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan or the Restricted Stock Units.

19. **Waiver.** Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or other Participants.

20. **Data Privacy.**

(a) **Data Privacy Consent.** By electing to participate in the Plan via the Company's online acceptance procedure, Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Personal Data (as defined below) by the Company and the transfer of Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level of protection from a European (or other) data protection law perspective, for the purposes described herein.

(b) **Declaration of Consent.** Participant understands that he or she needs to review the following information about the processing of his or her personal data by or on behalf of the Company, the Employer and/or any Related Entity as described in the Agreement and any other Plan materials (the “Personal Data”) and declare his or her consent. As regards the processing of Participant’s Personal Data in connection with the Plan and this Agreement, Participant understands that the Company is the controller of his or her Personal Data.

(c) **Data Processing and Legal Basis.** The Company collects, uses and otherwise processes Personal Data about Participant for the purposes of allocating Shares and implementing, administering and managing the Plan. Participant understands that this Personal
Data may include, without limitation, his or her name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of stock or equivalent benefits awarded, cancelled, exercised, vested, unvested or outstanding in Participant’s favor. The legal basis for the processing of Participant’s Personal Data, where required, will be his or her consent.

(d) **Stock Plan Administration Service Providers.** Participant understands that the Company transfers his or her Personal Data, or parts thereof, to E*TRADE Financial Services, Inc. (and its affiliated companies), an independent service provider based in the United States which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Participant’s Personal Data with such different service provider that serves the Company in a similar manner. Participant understands and acknowledges that the Company’s service provider will open an account for him or her to receive and trade Shares acquired under the Plan and that he or she will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Participant’s ability to participate in the Plan.

(e) **International Data Transfers.** Participant understands that the Company and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as E*TRADE Financial Services, Inc., are based in the United States. Participant understands and acknowledges that his or her country may have enacted data privacy laws that are different from the laws of the United States. For example, the European Commission has issued only a limited adequacy finding with respect to the United States that applies solely if and to the extent that companies self-certify and remain self-certified under the EU/U.S. Privacy Shield program. The Company does not currently participate in the EU/U.S. Privacy Shield Program. The Company’s legal basis for the transfer of Participant’s Personal Data is his or her consent.

(f) **Data Retention.** Participant understands that the Company will use his or her Personal Data only as long as is necessary to implement, administer and manage his or her participation in the Plan, or to comply with legal or regulatory obligations, including under tax and securities laws. In the latter case, Participant understands and acknowledges that the Company’s legal basis for the processing of his or her Personal Data would be compliance with the relevant laws or regulations. When the Company no longer needs Participant’s Personal Data for any of the above purposes, Participant understands the Company will remove it from its systems.

(g) **Voluntariness and Consequences of Denial/Withdrawal of Consent.** Participant understands that his or her participation in the Plan and his or her consent is purely voluntary. Participant may deny or later withdraw his or her consent at any time, with future effect and for any or no reason. If Participant denies or later withdraws his or her consent, the Company can no longer offer Participant participation in the Plan or offer other equity awards to Participant or administer or maintain such awards and Participant would no longer be able
to participate in the Plan. Participant further understands that denial or withdrawal of his or her consent would not affect his or her status or salary as an employee or his or her career and that Participant would merely forfeit the opportunities associated with the Plan.

(h) **Data Subject Rights.** Participant understands that data subject rights regarding the processing of Personal Data vary depending on the applicable law and that, depending on where Participant is based and subject to the conditions set out in the applicable law, Participant may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Company holds about him or her and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about him or her that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, processed based on withdrawn consent, processed for legitimate interests that, in the context of his or her objection, do not prove to be compelling, or processed in non-compliance with applicable legal requirements, (iv) request the Company to restrict the processing of his or her Personal Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of Participant's Personal Data that he or she has actively or passively provided to the Company (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or his or her employment and is carried out by automated means. In case of concerns, Participant understands that he or she may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, Participant’s rights, Participant understands that he or she should contact his or her local human resources representative.

(i) **Alternate Basis and Additional Consents.** Finally, Participant understands that the Company may rely on a different basis for the collection, processing or transfer of Personal Data in the future and/or request that Participant provide another data privacy consent. If applicable, Participant agrees that upon request of the Company or the Employer, Participant will provide an executed acknowledgment or data privacy consent form (or any other agreements or consents) that the Company and/or the Employer may deem necessary to obtain from him or her for the purpose of administering his or her participation in the Plan in compliance with the data privacy laws in his or her country, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.

21. **Plan Prospectus.** The official prospectus for the Plan is available on the Company’s intranet at: GNet > Employee Resources > Stock Awards > Plan Documents. Participant may also obtain a printed copy of the prospectus by contacting Stock Plan Services at stockplanservices@gilead.com.

22. **Language.** By electing to accept this Agreement, Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently
proficient in English so as to allow Participant, to understand the terms and conditions of this Agreement. Further, if Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

23. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

24. **Participant Acceptance.** Participant must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall any Shares be issued (or other securities or property distributed) under this Agreement in the absence of such acceptance.

25. **Foreign Account / Assets Reporting.** Depending upon the country to which laws Participant is subject, Participant may have certain foreign asset and/or account reporting requirements that may affect Participant’s ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or phantom dividend equivalents received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant’s country. Participant’s country may require that he or she report such accounts, assets or transactions to the applicable authorities in Participant’s country. Participant is responsible for knowledge of and compliance with any such regulations and should speak with his or her own personal tax, legal and financial advisors regarding same.

26. **Addendum.** Notwithstanding any provisions in this Agreement, the Award shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for Participant’s country. Moreover, if Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary for legal or administrative reasons. The Addendum constitutes part of this Agreement.

27. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant’s participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

IN WITNESS WHEREOF, Gilead Sciences, Inc. has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.
By Participant’s electronic acceptance and the signature of the Company’s representative above, Participant and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and the Agreement, including the terms and conditions set forth in any Addendum to the Agreement for Participant’s country. Participant has reviewed the Plan and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting the Agreement and fully understands all provisions of the Plan and Agreement.
APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Addendum** shall mean the addendum to this Agreement setting forth special terms and conditions for Participant’s country.

B. **Administrator** shall mean the Compensation Committee of the Board (or a subcommittee thereof) acting in its capacity as administrator of the Plan.

C. **Agreement** shall mean this Global Restricted Stock Unit Issuance Agreement.

D. **Applicable Acceleration Period** shall have the meaning assigned to such term in Section 2(b) of the Plan and shall be determined on the basis of Participant’s status on the Change in Control date.

E. **Applicable Laws** shall mean the legal requirements related to the Plan and the Award under applicable provisions of the federal securities laws, state corporate and securities laws, the Code, the rules of any applicable Stock Exchange on which the Common Stock is listed for trading, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

F. **Award** shall mean the award of Restricted Stock Units made to Participant pursuant to the terms of this Agreement.

G. **Award Date** shall mean the date the Restricted Stock Units are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

H. **Board** shall mean the Company’s Board of Directors.

I. **Cause** shall have the meaning given to the term “Cause” in any effective employment agreement between the Participant and the Company or a Related Entity, or if none, shall mean the termination of Participant’s Continuous Service as a result of Participant’s (i) conviction of, a guilty plea with respect to, or a plea of nolo contendere to, a charge that Participant has committed a felony under the laws of the United States or of any State or a crime involving moral turpitude, including (without limitation) fraud, theft, embezzlement or any crime that results in or is intended to result in personal enrichment to Participant at the expense of the Company or a Related Entity; (ii) material breach of any agreement entered into between Participant and the Company or a Related Entity that impairs the Company’s or the Related Entity’s interest therein; (iii) willful misconduct, significant failure to perform his or her duties or gross neglect of his or her duties; (iv) engagement in any activity that constitutes a material conflict of interest with the Company or a Related Entity; or (v) reasons that are comparable to Cause under employment laws.
J. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:

(i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

(ii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders or an acquisition, consolidation or other reorganization to which the Company is a party; or

(iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity.

K. **Code** shall mean the U.S. Internal Revenue Code of 1986, as amended.
L. Common Stock or Shares shall mean shares of the Company’s common stock.

M. Company shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.

N. Constructive Termination shall have the meaning assigned to such term in Section 11(d) of the Plan.

O. Consultant shall mean any person, including an advisor, who is compensated by the Company or any Related Entity for services performed as a non-employee consultant; provided, however, that the term “Consultant” shall not include non-employee Directors serving in their capacity as Board members. The term “Consultant” shall include a member of the board of directors of a Related Entity.

P. Continuous Service shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. Subject to the foregoing and any applicable limitations of Code Section 409A, the Administrator shall have the exclusive discretion to determine when Participant ceases Continuous Service for purposes of the Award.

Q. Director shall mean a member of the Board.

R. Employee shall mean any person who is in the employ of the Company (or any Related Entity), subject to the control and direction of the Company or Related Entity as to both the work to be performed and the manner and method of performance.

S. Employer shall mean the Company or the Related Entity employing or retaining Participant.

T. Fair Market Value per share of Common Stock on any relevant date shall be the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock; provided, however, that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The applicable quoted price shall be as reported in The Wall Street Journal or such other source as the Administrator deems reliable.
U. **1934 Act** shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

V. **Normal Vesting Schedule** shall mean the schedule set forth in Paragraph 1 of the Agreement, pursuant to which the Restricted Stock Units and the underlying Shares are to vest in a series of installments over Participant’s period of Continuous Service.

W. **Parent** shall mean a “parent corporation,” whether now existing or hereafter established, as defined in Section 424(e) of the Code.

X. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

Y. **Plan** shall mean the Company’s 2004 Equity Incentive Plan, as amended and restated from time to time.

Z. **Permanent Disability** shall mean the inability of Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is expected to result in death or to be of continuous duration of twelve (12) months or more. The Administrator shall have exclusive discretion to determine when Permanent Disability has occurred for purposes of this Agreement.

AA. **Qualifying Change in Control** shall mean a change in the ownership of the Company, a change in the effective control of the Company or a change in ownership of a substantial portion of the Company’s assets, with each such event to be determined in accordance with the requirements for a change in control event set forth in Section 1.409A-3(i)(5) of the Treasury Regulations; provided, however, that a change in the effective control of the Company will only be deemed to occur if there is an acquisition, within the applicable twelve (12)-month period, of ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities.

BB. **Related Entity** shall mean (i) any Parent or Subsidiary of the Company and (ii) any corporation in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Participant provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least twenty percent (20%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain and there is a legitimate non-tax business purpose for making this Award to Participant.

CC. **Restricted Stock Unit** shall mean the Award in the form of a contractual right to receive Shares under this Agreement which will entitle Participant to receive one actual share of Common Stock per Restricted Stock Unit upon the satisfaction of the Continuous Service vesting requirements applicable to such Award.

DD. **Separation from Service** shall mean Participant’s cessation of Employee status by reason of his or her death, retirement or termination of employment. Participant shall be
deemed to have terminated employment for such purpose at such time as the level of his or her bona fide services to be performed as an Employee (or as a consultant or independent contractor) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services such person rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such services). Solely for purposes of determining when a Separation from Service occurs, Participant will be deemed to continue in “Employee” status for so long as he remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. “Employer Group” means the Company and any Parent or Subsidiary and any other corporation or business controlled by, controlling or under common control with, the Company, as determined in accordance with Sections 414(b) and 414(c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in such sections, and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations. Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code. In addition, the following special provisions shall be in effect for any leave of absence taken by Participant while this Award is outstanding:

(i) Should the period of such leave (other than a disability leave) exceed six (6) months, then Participant shall be deemed to incur a Separation from Service upon the expiration of the initial six (6) - month period of that leave, unless Participant retains a right to re-employment under Applicable Law or by contract with the Company (or any Parent or Subsidiary or other Related Entity).

(ii) Should the period of a disability leave exceed twenty-nine (29) months, then Participant shall be deemed to incur a Separation from Service upon the expiration of the initial twenty-nine (29)-month period of that leave, unless Participant retains a right to re-employment under Applicable Law or by contract with the Company (or any Parent or Subsidiary or other Related Entity). For such purpose, a disability leave shall be a leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than six (6) months and causes Participant to be unable to perform the duties of his position of employment with the Company (or any Parent or Subsidiary or other Related Entity) or any substantially similar position of employment.

EE. **Share Withholding Method** shall mean an automatic Share withholding procedure pursuant to which the Company will withhold, immediately as the Shares are issued under the Award, a portion of those Shares with a Fair Market Value (measured as of the issuance date) equal to the amount of the applicable Withholding Taxes.
FF. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

GG. **Subsidiary** shall mean a “subsidiary corporation,” whether now existing or hereafter established, as defined in Section 424(f) of the Code.

HH. **Withholding Taxes** shall mean any and all income taxes (including U.S. federal, state, and local tax and/or foreign income taxes) and the employee portion of the federal, state, local and/or foreign employment taxes (including social insurance, payroll tax, payment on account or other tax-related items) required or permitted to be withheld by the Company in connection with any taxable or tax withholding event, as applicable, attributable to the Award or Participant’s participation in the Plan.
GILEAD SCIENCES, INC.
RESTRICTED STOCK UNIT ISSUANCE AGREEMENT

RECITALS

A. Participant is to render valuable services to the Company as a non-employee Director, and this Restricted Stock Unit Issuance Agreement (this “Agreement”) is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s grant of a Restricted Stock Unit award to Participant in his or her capacity as a non-employee Director.

B. All capitalized terms used in this Agreement shall have the meaning assigned to them herein and in the attached Appendix A. Capitalized terms not defined herein or in the attached Appendix A shall have the meanings assigned to them in the Plan.

NOW, THEREFORE, the Company hereby grants this Restricted Stock Unit award (the “Award”) to Participant upon the following terms and conditions:

1. **Grant of Restricted Stock Units.** The Company hereby grants to Participant, as of the Award Date indicated below, the Award under which Participant may be issued the Shares under the Plan. Each Restricted Stock Unit that vests hereunder will entitle Participant to receive one share of Common Stock on the specified issuance date for that unit. The number of Shares subject to the Award, the applicable vesting schedule for those Shares, the date or dates on which those vested Shares shall become issuable to Participant and the remaining terms and conditions governing the Award shall be as set forth in this Agreement.

**AWARD SUMMARY**

- **Participant:** (First Name, Last Name)
- **Award Date:** (Date)
- **Number of Shares Subject to Award:** xxxx Shares
- **Vesting Schedule:** The Shares shall vest upon the earlier of (i) Participant’s completion of one (1) year of Continuous Service measured from the Award Date or (ii) the day immediately preceding the next regular annual stockholders meeting following the Award Date provided Participant remains in Continuous Service through such day (the earlier of (i) or (ii), the “Normal Vesting Date”). However, the Shares may be subject to accelerated vesting in accordance with the provisions of Paragraph 3 or Paragraph 5 of this Agreement.
Issuance Schedule: Unless Participant has made a timely Deferral Election with respect to the Award, the Shares in which Participant vests on the Normal Vesting Date shall become issuable immediately upon vesting, and will be issued no later than the later of (i) the close of the calendar year in which the Normal Vesting Date occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the Normal Vesting Date. However, if Participant has made a timely Deferral Election, then the Shares in which Participant vests on the Normal Vesting Date shall be issued in accordance with the terms and provisions of such Deferral Election, including the applicable distribution event and method of distribution. In the event of a Change in Control, the distribution provisions of Paragraph 5 shall apply.

2. **Limited Transferability.** Prior to actual receipt of the Shares which vest hereunder, Participant may not transfer or assign any interest in the Award or the underlying Shares. Any Shares which vest hereunder but which otherwise remain unissued at the time of Participant’s death may be issued and delivered to Participant’s designated beneficiary or beneficiaries of the Award, or, if none, to Participant’s estate. Participant may also direct the Company to re-issue the stock certificates (which may be in electronic form) for any Shares which in fact vest and become issuable under the Award during his or her lifetime to one or more designated members of Participant’s Immediate Family. However, the actual issuance of such Shares pursuant to the foregoing provisions of this Paragraph 2 shall be subject to the issuance and distribution provisions of any Deferral Election in effect for the Award.

3. **Cessation of Service.**

   (a) Except as otherwise expressly provided in subparagraph (b) of this Paragraph 3 and Paragraph 5 below, should Participant cease to remain in Continuous Service for any reason prior to the Normal Vesting Date, then the Award shall terminate immediately and cease to be outstanding with respect to any unvested Restricted Stock Units subject to this Award, and Participant shall cease to have any right or entitlement to receive any Shares under those cancelled units. However, for purposes of this Agreement, Participant shall not be deemed to cease Continuous Service if Participant continues to serve the Company as a Director Emeritus immediately following his or her cessation of service as a Board member without an intervening break in Continuous Service.

   (b) Notwithstanding the terms of any Deferral Election, in the event Participant’s Continuous Service terminates by reason of his or her death while any portion of this Award remains unvested, then all unvested Restricted Stock Units subject to this Award shall immediately vest as of the date of Participant’s death and the Shares issued upon such vesting shall be delivered to (i) the designated beneficiary or beneficiaries under any beneficiary designation in effect for this Award at the time of Participant’s death, (ii) in the absence of any such designation, the personal representative of Participant’s estate, or the person or persons to whom the Shares are transferred pursuant to Participant’s will or the laws of inheritance following Participant’s death.
4. **Stockholder Rights and Dividend Equivalents.**

   (a) The holder of the Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares upon their actual issuance following the Company’s collection of any Withholding Taxes.

   (b) Notwithstanding the foregoing, in the event that any dividend or other distribution is declared and paid on shares of Common Stock after the Award Date, but prior to the complete settlement, cancellation or forfeiture of this Award, Participant shall be entitled to receive, upon settlement of this Award, an amount (the “dividend equivalent amount”) equal to the dividends or other distributions that would have been paid or issued on the number of shares of Common Stock actually vested and issuable to Participant pursuant to this Award. The dividend equivalent amount shall be calculated by the Administrator in its discretion and need not be adjusted for interest, earnings or assumed reinvestment. The dividend equivalent amount shall be distributed to Participant concurrently with the issuance of the vested Shares to which those dividend equivalent amounts relate, and may be paid and distributed in the same form in which the actual dividend or distribution was paid to the holders of the Common Stock or in such other form as the Administrator deems appropriate. Each such distribution of dividend equivalent amounts shall be subject to the Company’s collection of any Withholding Taxes applicable to that distribution. The Administrator shall have the sole discretion to determine the dollar value of any dividend or distribution paid other than in the form of cash, and its determination shall be controlling. No dividend equivalent amount shall be paid or distributed on shares of Common Stock under this Award that are forfeited or that otherwise do not vest and are not issued or issuable under this Award.

5. **Change in Control.**

   (a) Should Participant remain in Continuous Service until the effective date of a Change in Control, then the Restricted Stock Units at the time subject to the Award shall vest immediately prior to the effective date of the Change in Control. The Shares subject to those vested units shall be converted into the right to receive the same consideration per share of Common Stock payable to the other stockholders of the Company in consummation of that Change in Control, and such consideration per Share shall be distributed to Participant at the same time as such shareholder payments, but such distribution to Participant shall in all events be completed no later than the later of (i) the close of the calendar year in which such Change in Control is effected or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the effective date of that Change in Control. However, if Participant has made a timely Deferral Election with respect to the Award, then the consideration payable per Share in consummation of the Change in Control shall be distributed to Participant in accordance with the distribution provisions of that Deferral Election, and those provisions shall supersede anything to the contrary in this Paragraph 5. Each such issuance shall be subject to the Company’s collection of any Withholding Taxes.

   (b) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.
6. **Adjustment in Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitulation, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class, or should the value of the outstanding shares of Common Stock change as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable and proportional adjustments shall be made by the Administrator to the total number and/or class of securities issuable pursuant to the Award in order to reflect such change. The determination of the Administrator shall be final, binding and conclusive upon Participant and any other person or persons having or claiming an interest in the Award. In the event of a Change in Control, the provisions of Paragraph 5 shall be controlling.

7. **Issuance of Shares or Other Amounts.**

   (a) On or as promptly as practicable after each date on which one or more Shares are to be issued in accordance with the express provisions of this Agreement or, if the Administrator permits Participant to file a Deferral Election and Participant files a Deferral Election, the distribution provisions of Participant’s Deferral Election, which shall have priority over the terms of this Agreement, the Company shall issue to or on behalf of Participant a stock certificate (which may be in electronic form) for those Shares and shall distribute to Participant any dividend equivalent amounts with respect to those Shares, subject in each instance to the Company’s collection of any Withholding Taxes. Unless otherwise permitted by the Administrator, only non-employee Directors in the United States may file a Deferral Election.

   (b) Except as otherwise provided in Paragraph 5, the settlement of all Restricted Stock Units which vest under the Award shall be made solely in Shares. In no event, however, shall any fractional Shares be issued. Accordingly, the total number of Shares to be issued at the time the Award vests shall, to the extent necessary, be rounded down to the next whole Share in order to avoid the issuance of a fractional Share.

8. **Compliance with Laws and Regulations.**

   (a) The issuance of Shares pursuant to the Award shall be subject to compliance by the Company and Participant with all Applicable Laws relating thereto, as determined by counsel for the Company.

   (b) The sale of the Shares issued under the Plan must comply with all Applicable Laws relating thereto, including U.S. securities laws that impose restrictions on insider trading, which may affect Participant’s ability to sell Shares acquired pursuant to the Award. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant is solely responsible for ensuring compliance with all Applicable Laws and should consult a legal advisor in this regard.
The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of any Common Stock pursuant to the Award shall relieve the Company of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Company, however, shall use its reasonable best efforts to obtain all such approvals.

9. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the most current address then indicated for Participant on the Company’s records or shall be delivered electronically to Participant through the Company’s electronic mail system. All notices shall be deemed effective upon personal delivery or delivery through the Company’s electronic mail system or upon deposit in the U.S. or local country mail, postage prepaid and properly addressed to the party to be notified.

10. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and Participant, the legal representatives, heirs and legatees of Participant’s estate and, if the Administrator permits Participant to designate beneficiaries of the Award, all designated beneficiaries.

11. **Construction.** This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

12. **Governing Law and Venue.**

   (a) The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to that State’s conflict-of-laws rules.

   (b) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award and this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the Northern District of California, and no other courts where the grant of the Restricted Stock Units is made and/or to be performed.

13. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
14. **Waiver.** Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

15. **Code Section 409A.** If Participant is a U.S. taxpayer, the following provisions apply to Participant’s Award:

   (a) It is the intention of the parties that in the absence of a timely-made Deferral Election with respect to the Award, the provisions of this Agreement shall, to the maximum extent permissible, comply with the requirements of the short-term deferral exception to Section 409A of the Code and Treasury Regulations Section 1.409A-1(b)(4). Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the requirements or limitations of Code Section 409A applicable to such short-term deferral exception, then those provisions shall be interpreted and applied in a manner that does not result in a violation of the requirements or limitations of Code Section 409A and the Treasury Regulations thereunder that apply to such exception.

   (b) However, if Participant makes a timely Deferral Election with respect to the Award, then this Agreement will create a deferred compensation arrangement subject to the requirements of Code Section 409A. In that event, the terms and provisions of this Agreement shall be applied and interpreted in a manner that complies with all applicable requirements of Code Section 409A and the Treasury Regulations thereunder. Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the applicable requirements or limitations of Code Section 409A, then those provisions shall be interpreted and applied in a manner that does not result in a violation of the applicable requirements or limitations of Code Section 409A and the Treasury Regulations thereunder.

16. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant’s participation in the Plan or Participant’s acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

17. **No Impairment of Rights.** This Agreement shall not in any way be construed or interpreted so as to affect adversely or otherwise impair the right of the Company or its stockholders to remove Participant from the Board at any time in accordance with the provisions of Applicable Law.

18. **Plan Prospectus.** The official prospectus for the Plan is attached if the Award is the first Restricted Stock Unit award made to Participant under the Plan. Participant may obtain an additional printed copy of the prospectus by contacting Stock Plan Services at stockplanservices@gilead.com.

19. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan.
by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Participant Acceptance.** Participant must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall any Shares be issued (or other securities or property distributed) under this Agreement in the absence of such acceptance.

21. **Appendices B and C.** Notwithstanding any provision of this Agreement to the contrary, if Participant resides in a country outside the United States or is otherwise subject to the laws of a country other than the United States, the Award and any Shares acquired under the Plan shall be subject to the additional terms and conditions set forth in Appendix B to this Agreement and to any special terms and provisions as set forth in Appendix C for Participant’s country, if any. Moreover, if Participant relocates to one of the countries included in Appendix C, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendices B and C constitute part of this Agreement.

22. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant’s participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**IN WITNESS WHEREOF,** Gilead Sciences, Inc. has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

GILEAD SCIENCES, INC.

By:

Title: EVP Human Resources

PARTICIPANT

By:  

______________________________

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APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Award Date** shall mean the date the Restricted Stock Units are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

B. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:

   (i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

   (ii) the closing of any transaction or series of related transactions (including without limitation a merger or reorganization in which the Company is the surviving entity) pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the Exchange Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company, the acquisition of outstanding securities held by one or more of the Company’s existing stockholders, or an acquisition, consolidation or other reorganization to which the Company is a party;

   (iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members.
described in clause (A) who were still in office at the time the Board approved such election or nomination; or

(iv) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity which results in any person or entity (other than the Company or a person or entity that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) owning fifty percent (50%) or more of the combined voting power of all classes of stock of such surviving entity.

In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity.

C. **Company** shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.

D. **Continuous Service** shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. For purposes of this Agreement, Participant shall be deemed to cease Continuous Service immediately upon the occurrence of either of the following events: (i) Participant no longer performs services in any of the foregoing capacities for the Company or any Related Entity or (ii) the entity for which Participant is performing such services ceases to remain a Related Entity of the Company, even though Participant may subsequently continue to perform services for that entity. The Administrator shall have the exclusive discretion to determine when Participant ceases Continuous Service for purposes of the Award.

E. **Deferral Election** shall mean an election timely filed by Participant with the Company pursuant to which Participant elects, in accordance with the applicable requirements of Code Section 409A, to defer the issuance of the Shares that vest under this Agreement or the distribution of the consideration payable per Share in a Change in Control transaction to one or more designated issuance or distribution dates or events beyond the vesting date for those Shares.

F. **Director** shall mean a member of the Board or a Director Emeritus.

G. **Exchange Act** shall mean the U.S. Securities Exchange Act of 1934, as
H. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock; *provided, however*, that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The applicable quoted price shall be as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable.

I. **Normal Vesting Date** shall mean the date (as set forth in Paragraph 1 of the Agreement) on which the Restricted Stock Units and the underlying Shares vest.

J. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

K. **Plan** shall mean the Company’s 2004 Equity Incentive Plan, as amended and restated from time to time.

L. **Related Entity** shall mean (i) any Parent or Subsidiary of the Company and (ii) any corporation in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Participant provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least twenty percent (20%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain and there is a legitimate non-tax business purpose for making the Award to Participant.

M. **Restricted Stock Unit** shall mean the Award in the form of a contractual right to receive Shares under this Agreement which will entitle Participant to receive one actual share of Common Stock per Restricted Stock Unit upon the satisfaction of the vesting requirements applicable to such Award.

N. **Share Withholding Method** shall mean an automatic Share withholding procedure pursuant to which the Company will withhold, immediately as the Shares are issued under the Award, a portion of those Shares with a fair market value (measured as of the issuance date) equal to the amount of any Withholding Taxes.

O. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

P. **Withholding Taxes** shall mean any U.S. federal, state, local and/or foreign income taxes and Participant’s portion of the federal, state, local and/or foreign employment taxes.
(including social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items), in each case, required or permitted to be withheld by the Company and/or any Related Entity in connection with any taxable event attributable to the Award or Participant’s participation in the Plan, as determined by the Administrator.
APPENDIX B

TERMS AND CONDITIONS FOR NON-U.S. PARTICIPANTS

The provisions in this Appendix B apply to Participants that reside in a country outside the United States or who are otherwise subject to the laws of a country other than the United States and supplement, amend or replace the provisions in the Agreement, as applicable:

1. **Transferability.** The following replaces Paragraph 2 of the Agreement in its entirety:

   Prior to actual receipt of the Shares which vest hereunder, Participant may not transfer any interest in the Award or the underlying Shares. Any Shares which vest hereunder but which otherwise remain unissued at the time of Participant’s death may be issued and delivered to Participant’s estate.

2. **Acknowledgment of Nature of Plan and Award.** In accepting the Award, Participant acknowledges, understands and agrees that:
   
   (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
   
   (b) the Award is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;
   
   (c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;
   
   (d) Participant’s participation in the Plan is voluntary;
   
   (e) the Award and the Shares subject to the Award are for future services and should not be considered as compensation for, or relating in any way to, past services for the Company (or any Related Entity);
   
   (f) the Award and Participant’s participation in the Plan will not be interpreted to form an employment relationship with the Company (or any Related Entity);
   
   (g) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with any certainty;
   
   (h) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of Participant’s Continuous Service by the
Company (for any reason whatsoever, whether or not later found to be invalid or in breach of the terms of Participant’s service agreement, if any), and in consideration of the grant of the Restricted Stock Units, Participant irrevocably agrees not to institute any claim against the Company (or any Related Entity), waives his or her ability, if any, to bring any such claim, and releases the Company (or any Related Entity) from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(i) unless otherwise provided for in the Plan or by the Company in its discretion, the grant of Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to or assumed by another company nor to be exchanged, cashed out or substituted for in connection with any corporate transaction affecting the shares of the Company; and

(j) neither the Company nor any Related Entity shall be liable for any exchange rate fluctuation between Participant’s local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

3. **Data Privacy.**

   (a) **Data Privacy Consent.** By accepting this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance, Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Personal Data (as defined below) by the Company and the transfer of Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level of protection from a European (or other) data protection law perspective, for the purposes described herein.

   (b) **Declaration of Consent.** Participant understands that he or she needs to review the following information about the processing of his or her personal data by or on behalf of the Company and/or any Related Entity as described in the Agreement and any other Plan materials (the “Personal Data”) and declare his or her consent. As regards the processing of Participant’s Personal Data in connection with the Plan and this Agreement, Participant understands that the Company is the controller of his or her Personal Data.

   (c) **Data Processing and Legal Basis.** The Company collects, uses and otherwise processes Personal Data about Participant for the purposes of allocating Shares and implementing, administering and managing the Plan. Participant understands that this Personal
Data may include, without limitation, his or her name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of stock or equivalent benefits awarded, cancelled, exercised, vested, unvested or outstanding in Participant’s favor. The legal basis for the processing of Participant’s Personal Data, where required, will be his or her consent.

(d) **Stock Plan Administration Service Providers.** Participant understands that the Company transfers his or her Personal Data, or parts thereof, to E*TRADE Financial Services, Inc. (and its affiliated companies), an independent service provider based in the United States which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Participant’s Personal Data with such different service provider that serves the Company in a similar manner. Participant understands and acknowledges that the Company’s service provider will open an account for him or her to receive and trade Shares acquired under the Plan and that he or she will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Participant’s ability to participate in the Plan.

(e) **International Data Transfers.** Participant understands that the Company and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as E*TRADE Financial Services, Inc., are based in the United States. Participant understands and acknowledges that his or her country may have enacted data privacy laws that are different from the laws of the United States. For example, the European Commission has issued only a limited adequacy finding with respect to the United States that applies solely if and to the extent that companies self-certify and remain self-certified under the EU/U.S. Privacy Shield program. The Company currently participates in the EU/U.S. Privacy Shield Program, though third parties implementing, administering, and managing the Plan may not. The Company’s legal basis for the transfer of Participant’s Personal Data is his or her consent.

(f) **Data Retention.** Participant understands that the Company will use his or her Personal Data only as long as is necessary to implement, administer and manage his or her participation in the Plan, or to comply with legal or regulatory obligations, including under tax and securities laws. In the latter case, Participant understands and acknowledges that the Company’s legal basis for the processing of his or her Personal Data would be compliance with the relevant laws or regulations. When the Company no longer needs Participant’s Personal Data for any of the above purposes, Participant understands the Company will remove it from its systems.

(g) **Voluntariness and Consequences of Denial/Withdrawal of Consent.** Participant understands that his or her participation in the Plan and his or her consent is purely voluntary. Participant may deny or later withdraw his or her consent at any time, with future effect.
and for any or no reason. If Participant denies or later withdraws his or her consent, the Company can no longer offer Participant participation in the Plan or offer other equity awards to Participant or administer or maintain such awards and Participant would no longer be able to participate in the Plan. Participant further understands that denial or withdrawal of his or her consent would not affect his or her status or remuneration as a non-employee Director and that Participant would merely forfeit the opportunities associated with the Plan.

(h) **Data Subject Rights.** Participant understands that data subject rights regarding the processing of Personal Data vary depending on the applicable law and that, depending on where Participant is based and subject to the conditions set out in the applicable law, Participant may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Company holds about him or her and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about him or her that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, processed based on withdrawn consent, processed for legitimate interests that, in the context of his or her objection, do not prove to be compelling, or processed in non-compliance with applicable legal requirements, (iv) request the Company to restrict the processing of his or her Personal Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of Participant’s Personal Data that he or she has actively or passively provided to the Company (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or his or her service and is carried out by automated means. In case of concerns, Participant understands that he or she may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, Participant’s rights, Participant understands that he or she should contact stockplanservices@gilead.com.

4. **Responsibility for Taxes.**

(a) Participant acknowledges that, regardless of any action the Company and/or any Related Entity take with respect to any or all Withholding Taxes related to Participant’s participation in the Plan and legally applicable to Participant, the ultimate liability for all Withholding Taxes is and remains Participant’s responsibility and may exceed the amount, if any, actually withheld by the Company or any Related Entity. Participant further acknowledges that the Company and/or any Related Entity (i) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Award, including the grant, vesting or settlement of the Award, the issuance of Shares upon settlement of the Award, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or dividend equivalent amounts; and (ii) do not commit to, and are under no obligation to, structure the terms

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of the grant or any aspect of the Award to reduce or eliminate Participant’s liability for Withholding Taxes or achieve any particular tax result. Further, if Participant has become subject to Withholding Taxes in more than one jurisdiction, Participant acknowledges that the Company and/or any Related Entity may be required to withhold or account for Withholding Taxes in more than one jurisdiction.

(b) Unless Participant elects to remit to the Company the amount of Withholding Taxes due in connection with the Award by submitting the election form to the Company within forty-five (45) days prior to the Normal Vesting Date, the Company shall collect, and Participant authorizes the Company to collect, the Withholding Taxes with respect to the issued Shares through an automatic Share Withholding Method pursuant to which the Company will withhold, immediately as the Shares are issued under the Award, a portion of those Shares with a fair market value (measured as of the issuance date) equal to the amount of such Withholding Taxes. Participant shall be notified (in writing or through the Company’s electronic mail system) in the event the Company no longer intends to utilize the Share Withholding Method.

(c) Should any Shares become issuable under the Award at a time when the Share Withholding Method is no longer utilized, then the Withholding Taxes shall be collected from Participant through either of the following alternatives:

- Participant’s delivery of his or her separate check payable to the Company in the amount of such Withholding Taxes or a wire transfer from Participant of sufficient funds to the Company to cover the amount of such Withholding Taxes, or

- the use of the proceeds from a next-day sale of the Shares issued or issuable to Participant, provided and only if (i) such a sale is permissible under the Company’s trading policies governing the sale of Common Stock, (ii) Participant makes an irrevocable commitment, on or before the issuance date for those Shares, to effect such sale of the Shares and (iii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002.

(d) If the Share Withholding Method is to be utilized for the collection of Withholding Taxes, then the Company shall withhold the number of otherwise issuable Shares necessary to satisfy the Withholding Taxes. Participant shall have no right to the Common Stock equivalent of any Shares withheld to satisfy the Withholding Taxes. Participant may seek a refund from the applicable tax authorities for any over-withheld amount. If the obligation for Withholding Taxes is satisfied by using the Share Withholding Method, for tax purposes, Participant will be deemed to have been issued the full number of Shares subject to the vested Award, notwithstanding that a number of the Shares are withheld solely for the purpose of paying the Withholding Taxes due as a result of Participant’s participation in the Plan. Participant shall pay to the Company and/
or any Related Entity any amount of Withholding Taxes that the Company and/or any Related Entity may be required to withhold or account for as a result of Participant’s participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant’s obligations in connection with the Withholding Taxes.

(c) Notwithstanding the above, the Company may collect the Withholding Taxes with respect to the distributed dividend equivalent amounts by withholding a portion of that distribution equal to the amount of the Withholding Taxes.

5. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions including the United States and Participant’s country or his or her broker’s country, if different, which may affect Participant’s ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., the Award) or rights linked to the value of Shares (e.g., dividend equivalents) during such times as Participant is considered to have “inside information” regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant is solely responsible for ensuring compliance with any applicable restrictions and should consult a legal advisor in this regard.

6. **Foreign Account / Assets Reporting.** Depending upon the country to which laws Participant is subject, Participant may have certain foreign asset and/or account reporting requirements that may affect Participant’s ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalent amounts received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant’s country. Participant’s country may require that he or she report such accounts, assets or transactions to the applicable authorities in Participant’s country. Participant is responsible for knowledge of and compliance with any such regulations and should speak with his or her own personal tax, legal and financial advisors regarding same.

7. **Language.** If Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
APPENDIX C

COUNTRY-SPECIFIC PROVISIONS

Terms and Conditions

This Appendix C includes special terms and conditions that govern the Restricted Stock Units granted to Participant if Participant resides in one of the countries listed herein. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Agreement (of which this Appendix C is a part) and the Plan.

Notifications

This Appendix C may also include information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant’s participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted herein as the only source of information relating to the consequences of Participant’s participation in the Plan because the information may be out of date at the time Participant vests in the Restricted Stock Units or sells Shares he or she acquires under the Plan.

In addition, the information is general in nature and may not apply to Participant’s particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is strongly advised to seek appropriate professional advice as to how the relevant laws in Participant’s country apply to his or her specific situation.

If Participant is a citizen or resident of another country, relocated to another country after the Award Date, or is considered a resident of another country for local law purposes, the information contained in this Appendix C may not be applicable to him or her.

MALTA

Terms and Conditions

Securities Law Warning. Participant acknowledges, understands and agrees that the Award, the Agreement, the Plan and all other materials Participant may receive regarding his or her participation in the Plan do not constitute advertising or an offering of securities in Malta and are deemed accepted by Participant only upon receipt of Participant’s electronic or written acceptance in the United States. The issuance of the Shares under the Plan has not and will not be registered in Malta and, therefore, the Shares described in any Plan documents may not be offered or placed in public circulation in Malta.
Participant further acknowledges, understands and agrees that in no event will Shares acquired upon vesting or settlement of the Award be delivered to Participant in Malta; all Shares acquired upon vesting or settlement of the Award will be maintained on Participant’s behalf in the United States.

SINGAPORE

Notifications

Securities Law Notice. The grant of the Restricted Stock Units is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) under which it is exempt from the prospectus and registration requirements under the SFA and the grant of the Restricted Stock Units is not made to Participant with a view to the Shares being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Participant should note that the Restricted Stock Units are subject to section 257 of the SFA and Participant should not make (i) any subsequent sale of the Shares in Singapore, or (ii) any offer of such subsequent sale of the Shares in Singapore, unless such sale or offer is made: (a) more than six months after the Award Date or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA, or pursuant to, and in accordance with the conditions of, any applicable provisions of the SFA.
GILEAD SCIENCES, INC.

2005 DEFERRED COMPENSATION PLAN

AS AMENDED AND RESTATED OCTOBER 22, 2007

AND SUBSEQUENTLY AMENDED EFFECTIVE JANUARY 1, 2008,

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1. HISTORY OF THE PLAN.

1.1 Successor Plan. The Plan is the successor plan to the Gilead Sciences, Inc. Deferred Compensation Plan, effective January 1, 2002, as amended (the “Prior Plan”). Effective as of December 31, 2004, the Prior Plan was frozen, and no new contributions were permitted to be made to it; provided, however, that any deferrals made under the Prior Plan before January 1, 2005 will continue to be governed by the terms and conditions of the Prior Plan as in effect on December 31, 2004. Any deferrals made under the Prior Plan after December 31, 2004 will be deemed to have been made under this Plan, and all such deferrals will accordingly be governed by the terms and conditions of this Plan, as it may be amended from time to time.

1.2 Restatement. The purpose of the October 22, 2007 restatement, as subsequently amended effective January 1, 2008, is to evidence the documentary compliance of the Plan, effective retroactive to January 1, 2005, with the applicable requirements of Section 409A of the Internal Revenue Code, the Treasury Regulations issued under Section 409A and the interim guidance provided by the Internal Revenue Service and the Treasury Department prior to the publication of the final Section 409A Regulations. The Plan as so restated was further amended in October 2008 in order to allow commissions to be deferred and to effect certain clarifications to the distribution provisions. The Plan was once again amended in November 2012 to allow more flexibility in structuring distribution elections for compensation earned and deferred after December 31, 2012 and in April of 2016 to make certain administrative adjustments.

2. PURPOSE OF THE PLAN.

2.1 Plan Purpose. The Employer maintains the Plan, a deferred compensation plan, for the benefit of (i) a select group of management and other highly compensated employees of the Employer and (ii) the non-employee members of the Employer’s Board of Directors. Each other Participating Employer will also maintain the Plan as a deferred compensation plan for the benefit of a select group of its management personnel and other highly compensated employees. The Participating Employers intend that the existence of the Trust will not alter the characterization of the Plan as “unfunded” for purposes of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and will not be deemed to provide income to Participants under the Plan prior to the actual payment of their vested accrued benefits hereunder. The Participating Employers intend that the Plan comply with the requirements of Section 409A of the Code and the regulations promulgated thereunder.

3. EFFECTIVE DATE OF THE PLAN.

3.1 Effective Date. The effective date of the Plan is January 1, 2005, except as otherwise noted herein.
4.  DEFINITIONS.

4.1 Definitions.

(a) Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

(1) “Account” means an account established on the books of the Employer for the purpose of recording amounts credited on behalf of a Participant pursuant to his or her Deferral Elections under the Plan and any income, expenses, gains or losses attributable to the deemed investment of such account in one or more of the notional Investment Funds. Effective January 1, 2013, each Participant’s Account will be divided into a series of separate subaccounts, with each such subaccount to be designated a “Distribution Election Subaccount” under the Plan. For each Participant with a balance credited to his or her Account on December 31, 2012, that account balance shall be designated his or her Pre-2013 Distribution Election Subaccount. For each Participant who makes Deferral Elections for one or more Plan Years beginning after December 31, 2012, a separate Distribution Election Subaccount shall be established for each distribution schedule (distribution event and method of distribution) designated for the amounts deferred pursuant to such Deferral Elections (subject to the limitations of Section 6.9). For any Participant who is credited with a deferred sign-on bonus at the time of his or her commencement of employment with the Employer or any other Participating Employer, a separate Distribution Election Subaccount shall be established under the Plan and designated his or her “Deferred Sign-On Bonus Subaccount.” Accordingly, the term “Distribution Election Subaccount” shall, unless the context expressly provides otherwise, mean each of the foregoing subaccounts established for the Participant.

(2) “Administrator” means the Employer adopting the Plan, or other person designated by the Employer.

(3) “Affiliated Company” means (i) the Employer and (ii) and each member of the group of commonly controlled corporations or other businesses that include the Employer, as determined in accordance with Section 414(b) and (c) of the Code and the Treasury Regulations issued thereunder.

(4) “Annual Retainer” means the annual retainer fee payable to an Eligible Director.

(5) “Beneficiary” means the person or persons entitled under Section 10.1 to receive benefits under the Plan upon the death of a Participant.

(6) “Board” means the Board of Directors of the Employer, as constituted from time to time.

(7) “Bonus” means the bonus payable to an Eligible Employee pursuant to the Employer’s corporate bonus program.
“Change of Control” will be deemed, consistent with Section 409A of the Code and the Treasury Regulations issued thereunder, to occur on the date that:

(A) any one person, or more than one person acting as a group (as defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), acquires ownership of stock of the Employer, that together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the outstanding stock of the Employer; provided, however, that if any one person, or more than one person acting as a group, is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the outstanding stock of the Employer, the acquisition of additional Employer stock by the same person or persons is not considered a Change of Control; or

(B) any one person, or more than one person acting as a group (as defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or group) assets from the Employer that have a total “gross fair market value” (as defined in Treasury Regulation Section 1.409A-3(i)(5)(vii)(A)) equal to forty percent (40%) or more of the total gross fair market value of all of the assets of the Employer immediately prior to such acquisition or acquisitions; or

(C) any one person, or more than one person acting as a group (as defined in Treasury Regulation Section 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or group) ownership of stock of the Employer possessing thirty percent (30%) or more of the total voting power of the stock of the Employer; or

(D) a majority of the members of the Board is replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of such appointment or election; provided, however, that for purposes of this subparagraph (D), no Change of Control will be deemed to have occurred if any other corporation is a majority stockholder of the Employer.

(9) “Code” means the Internal Revenue Code of 1986, as amended from time to time.

(10) “Compensation” means Salary, Bonus, Commissions and Annual Retainer. Compensation will not include, among other items, employee referral awards or severance payments. In addition, a Participant’s Compensation shall not, for purposes of the Plan, include any item of compensation earned for a period of service rendered prior to the effective date of the Deferral Election filed by the Participant with respect to that item.

(11) “Commissions” mean the commissions earned by an Eligible Employee for services rendered in connection with the direct sale of products or services of the Company or any Affiliated Entity to unrelated parties, with the amount of such commissions to be determined either as a percentage of the purchase price of those products or services or by reference to the volume of those sales.
“Deferral Election” means the irrevocable election filed by the Participant under Article V of the Plan pursuant to which a portion of his or her Compensation for the Plan Year is to be deferred in accordance with the provisions of the Plan.

“Eligible Director” means a non-employee member of the Board.

“Eligible Employee” means any Employee who is either a highly compensated employee of the Employer or other Participating Employer or part of its management personnel, as determined pursuant to guidelines established by the Administrator from time to time.

“Employee” means any person in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

“Employer” means Gilead Sciences, Inc.

“Employer Group” means (i) the Employer and (ii) each of the other members of the controlled group of corporations that includes the Employer, as determined in accordance with Sections 414(b) and (c) of the Code, except that in applying Sections 1563(1), (2) and (3) for purposes of determining the controlled group of corporations under Section 414(b), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in such sections, and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in Section 1.4.14(c)-2 of the Treasury Regulations.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“Extended Deferral Election” means a Participant’s election, made in accordance with the terms and conditions of Section 9.2 of the Plan, to defer the distribution of one or more of his or her Distribution Election Subaccounts for an additional period of at least five (5) years measured from the date or event on which each particular Distribution Election Subaccount subject to such election was otherwise scheduled to first become due and payable under the Plan.

“Identification Date” means each December 31.

“Investment Fund” means any actual investment fund which serves as the measure of the notional investment return on all or any portion of each Distribution Election Subaccount pursuant to the provisions of Section 8.

“Investment Fund Share” means the share, unit, or other evidence of ownership in a designated Investment Fund.

“Participant” means any Eligible Employee or Eligible Director who participates in the Plan through one or more Deferral Elections under Article V.
“Participating Employer” means the Employer and any other Affiliated Company which has, with the consent of the Administrator, adopted this Plan as a deferred compensation program for one or more of its Eligible Employees.

“Phantom Shares” mean an award denominated in shares of the Employer’s common stock pursuant to which the award holder has the right to receive an amount equal to the value of a specified number of shares of the Employer’s common stock at a designated time or over a designated period and which will be payable in such shares issued under the Gilead Sciences, Inc. 2004 Equity Incentive Plan. Phantom Shares shall be a form of deemed investment under the Plan only with respect to the Annual Retainers deferred hereunder by Eligible Directors.

“Plan” means the Gilead Sciences, Inc. 2005 Deferred Compensation Plan, as set forth in this document and as subsequently amended from time to time.

“Plan Year” means the calendar year.


“Salary” means an Eligible Employee’s base salary.

“Separation from Service” means, for a Participant who is an Employee, such individual’s cessation of Employee status by reason of his or her death, retirement or termination of employment. Such Participant shall be deemed to have terminated employment at such time as the level of his or her bona fide services to be performed as an Employee (or non-employee consultant or contractor) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services he or she rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such service). For an Eligible Director, a Separation from Service shall be deemed to occur when such individual ceases to serve as a Board member. Any determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Code Section 409A. In addition to the foregoing, a Separation from Service will not be deemed to have occurred while an Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six (6) months or any longer period for which such Employee’s right to reemployment with the Employer is provided either by statute or contract; provided, however, that in the event of an Employee’s leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than six (6) months and that causes such individual to be unable to perform his or her duties as an Employee, no Separation from Service shall be deemed to occur during the first twenty-nine (29) months of such leave. If the period of leave exceeds six (6) months (or twenty-nine (29) months in the event of disability as indicated above) and the Employee’s right to reemployment is not provided either by statute or contract, then such Employee will be deemed to have Separated from Service on the first day immediately following the expiration of such six (6)-month or twenty-nine (29)-month period.
“Specified Employee” means an Eligible Employee who, at any time during the twelve (12)-month period ending on the applicable Identification Date, is:

(A) an officer of the Employer or any other Affiliated Company having aggregate annual compensation from the Employer and/or one or more other Affiliated Companies greater than the compensation limit in effect at the time under Section 416(i)(1)(A)(i) of the Code, provided that no more than fifty such officers shall be determined to be Key Employees as of any Identification Date;

(B) a five percent owner of the Employer or any other Affiliated Company; or

(C) a one percent owner of the Employer or any other Affiliated Company who has aggregate annual compensation from the Company and/or one or more other Affiliated Companies of more than $150,000.

The determination of such Specified Employees shall be in accordance with the applicable standards and requirements of Section 409A of the Code and the Treasury Regulations thereunder. If an Eligible Employee is identified as a Specified Key Employee on a Identification Date, then such Eligible Employee shall be considered a Specified Employee for purposes of the Plan during the period beginning on the first April 1 following the Identification Date and ending on the next March 31.

“Trust” means the trust created by the Employer.

“Trust Agreement” means the agreement between the Employer and the Trustee, as set forth in a separate agreement, under which assets are held, administered, and managed subject to the claims of the Employer’s creditors in the event of the Employer’s insolvency, until paid to the Participants and their Beneficiaries as specified in the Plan.

“Trust Fund” means the property held in the Trust by the Trustee.

“Trustee” means the corporation or individuals appointed by the Employer to administer the Trust in accordance with the Trust Agreement.

“Unforeseeable Emergency” means a severe financial hardship to the Participant resulting from:

(A) An illness or accident of the Participant, the Participant’s spouse or Beneficiary or the Participant’s dependent (as defined in Section 152(a) of the Code); or

(B) Loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to the home not otherwise covered by insurance); or

(C) Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.
Financial hardship shall not constitute an Unforeseeable Emergency under the Plan to the extent that it is, or may be, relieved by (i) reimbursement or compensation, by insurance or otherwise, (ii) liquidation of the Participant's assets to the extent that the liquidation of such assets would not itself cause severe financial hardship, or (iii) cessation of deferrals under the Plan.

(b) Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise.

5. ELIGIBILITY; PARTICIPATION.

5.1 Eligibility. The Administrator (acting through an authorized committee of one or more officers or other senior executives) shall have absolute discretion in selecting the Eligible Employees who are to participate in the Plan for each Plan Year. An Eligible Employee selected for participation for any Plan Year must, in order to participate in the Plan for that year, file a timely Deferral Election in accordance with the requirements of Section 6.1. An Eligible Employee who is first selected for participation in the Plan after the start of a Plan Year and who has not otherwise been eligible for participation in any other non-qualified elective account balance plan subject to Code Section 409A and maintained by one or more Affiliated Companies may file a Deferral Election for that Plan Year in accordance with the applicable requirements of Section 6.1. Until such time as the Administrator implements a new policy, any selection of new Participants after the start of the Plan Year will be limited to the first business day of May of that Plan Year. Individuals who are selected for participation in the Plan, whether before or after the start of the Plan Year, shall be promptly notified by their Participating Employer of their eligibility to participate in the Plan. Eligible Directors shall automatically be eligible to participate in the Plan during their period of service in such capacity, and their Deferral Elections shall be subject to the same requirements set forth above for Employee Participants.

5.2 Continuation of Participation. Every Eligible Employee who becomes a Participant may continue to file Deferral Elections under the Plan for one or more subsequent Plan Years until the earliest of (i) his or her exclusion from the Plan upon written notice from the Administrator, (ii) his or her cessation of Eligible Employee status or (iii) the termination of the Plan. The Administrator shall have complete discretion to exclude one or more Eligible Employees from Participant status for one or more Plan Years as the Administrator deems appropriate, including the entire period the Participant continues in Eligible Employee status following such exclusion. However, no such exclusion authorized by the Administrator shall become effective until the first day of the first Plan Year coincident with or next following the date of the Administrator’s determination to exclude the individual from such participation. If any Eligible Employee is excluded from Participant status for one or more Plan Years, then such individual shall not be entitled to defer any part of his or her Compensation for those Plan Years.

5.3 Resumption of Participation Following Separation from Service. If a Participant ceases to be an Eligible Employee or an Eligible Director due to a Separation from Service and thereafter returns to service with the Employer, such individual will again become a Participant as of the first day of the first Plan Year coincident with or next following the date on which he or she resumes Eligible Employee or Eligible Director status, provided such individual files a timely a Deferral Election pursuant to Section 6.1 with respect to that Plan Year. However, a Participant
who returns to Eligible Employee or Eligible Director status after a Separation from Service of more than twenty-four (24) months during which he or she was not eligible to defer any Compensation under this Plan or any other any other non-qualified elective account balance plan subject to Code Section 409A and maintained by one or more Affiliated Companies shall, following resumption of such service, be permitted to make a Deferral Election under Section 6.1 in accordance with the requirements applicable to a newly-selected Participant. Notwithstanding the foregoing provisions of this Section 5.3, no returning Eligible Employee shall be eligible to participate in the Plan if the Administrator determines to exclude such individual from participation on or before his or her resumption of service.

5.4 Cessation or Resumption of Participation Following a Change in Status. If any Participant continues in the service of the Employer Group but ceases to be an Eligible Employee or Eligible Director, the individual will continue to be a Participant until the entire aggregate balance credited to the Distribution Election Subaccount or Subaccounts maintained for him or her under the Plan is distributed. However, any Deferral Elections that may otherwise be in effect for such individual shall not apply to Compensation earned for the period that he or she is not an Eligible Employee or Eligible Director. In the event that the individual subsequently resumes Eligible Employee or Eligible Director status in the same Plan Year, then his or her Deferral Elections for that Plan Year will immediately resume and apply to the Compensation subject to those elections that is earned for the period following such resumption of Eligible Employee or Eligible Director status. In the event that the individual subsequently resumes Eligible Employee or Eligible Director status in a subsequent Plan Year, then he or she will again become eligible to defer his or her Compensation under the Plan as of the first day the first Plan Year coincident with or next following the date of such resumption of Eligible Employee or Eligible Director status, provided such individual files a timely a Deferral Election pursuant to Section 6.1 with respect to that Plan Year. However, an Eligible Employee shall not be eligible to make such a new Deferral Election following his or her resumption of Eligible Employee status in a subsequent Plan Year if the Administrator determines to exclude such individual from participation on or before resumption of such status.

6. DEFERRAL AND DISTRIBUTION ELECTIONS.

6.1 Deferral Elections for Employee Participants. Each Eligible Employee selected for participation shall have the right to file a Deferral Election with respect to the Salary, Commissions and/or Bonus to be earned by such Participant for service as an Eligible Employee during the Plan Year for which the Deferral Election is made. Each Deferral Election must be made by a written or electronic notice filed with the Administrator or its designate in which the Participant shall indicate the percentage of Salary, Commissions and/or Bonus to be deferred in accordance with the applicable percentage limitations set forth in Section 6.5. The notice must be filed on or before the expiration date of the enrollment period designated by the Administrator for the Plan Year for which the Deferral Election is to be effective, but in no event shall the Administrator allow any Deferral Election to be filed later than the last day of the calendar year immediately preceding the start of the Plan Year for which the Salary, Commissions and/or Bonus subject to that election are to be earned. However, the following special rules shall be in effect for Deferral Elections:
(A) Commissions shall be deemed to be earned as a result of the Participant’s services in the Plan Year in which the sale to which those Commissions relate occurs. Accordingly, such Commissions shall only be deferred under the Plan to the extent the Participant has a Deferral Election covering Commissions for that Plan Year.

(B) The Administrator may allow a Deferral Election with respect to a Bonus which qualifies as performance-based compensation in accordance with the standards and requirements set forth in Section 1.409A-1(e) of the Treasury Regulations to be made by a Participant after the start of the Plan Year (or other performance period) to which that Bonus pertains but not later than by a designated date that is at least six (6) months prior to the end of that Plan Year (or any longer performance period in effect for that Bonus).

(C) An Eligible Employee who is first selected for participation in the Plan after the start of a Plan Year and who has not otherwise been eligible for participation in any other non-qualified elective account balance plan subject to Code Section 409A and maintained by one or more Affiliated Companies must file his or her initial Deferral Election no later than thirty (30) days after the date he or she is so selected. Such Deferral Election shall only be effective as follows:

- with respect to Salary and Commissions, such election shall be effective only for the portion thereof attributable to Employee service for the period commencing no earlier than the first day of the first calendar month next following the filing of such Deferral Election and ending with the close of such Plan Year, and

- with respect to any Bonus, such election shall be effective only for the portion thereof determined by multiplying the dollar amount of such Bonus by a fraction, the numerator of which is not more than the number of days remaining in the performance period applicable to that Bonus following the close of the calendar month in which the Participant’s Deferral Election as to such Bonus is filed and the denominator of which is the total number of days in that performance period; provided, however, that in the event any such Bonus qualifies as performance-based compensation and the Participant otherwise satisfies the applicable service requirements of Section 1.409A-2(a)(8) of the Treasury Regulations, then the provisions of Subsection 6.1(A) shall also be applicable in determining the amount of such Bonus that may be deferred.

6.2 Deferral Elections for Eligible Directors.

(a) Each Eligible Director shall have the right to file a Deferral Election with respect to the Annual Retainer to be earned by such Participant for service as an Eligible Director for the applicable Fee Period. Each Deferral Election must be made by a written or electronic notice filed with the Administrator or its designee in which the Participant shall indicate the percentage of the Annual Retainer for the Fee Period to be deferred in accordance with the percentage limitations set forth in Section 6.5. The notice must be filed on or before the expiration date of the enrollment period designated by the Administrator for the Fee Period for which the Deferral Election is to be
effective, but in no event shall the Administrator allow any Deferral Election to be filed later than the last day of the calendar year immediately preceding the Plan Year in which the Fee Period subject to that election will begin. For each Plan Year prior to January 1, 2009, the applicable Fee Period covered by the Deferral Election shall be the twelve (12)-month period beginning on the first day of July of that Plan Year and ending on the last day of June in the succeeding Plan Year. However, the Deferral Election filed for the 2009 Plan Year shall, as determined by the Administrator prior to the start of that Plan Year, cover either the six month Fee Period beginning on July 1, 2009 and ending December 31, 2009 or the twelve (12)-month Fee Period beginning on July 1, 2009 and ending June 30, 2010. For each Plan Year beginning after December 31, 2009, the Fee Period shall be determined by the Administrator prior to the start of that Plan Year.

(b) An individual who first becomes an Eligible Director after the start of a Plan Year and who has not otherwise been eligible for participation in any other non-qualified elective account balance plan subject to Code Section 409A and maintained by one or more Affiliated Companies must file his or her initial Deferral Election no later than thirty (30) days after the date he or she is appointed or elected as an Eligible Director. Such Deferral Election shall only be effective with respect to the portion of the Annual Retainer attributable to Eligible Director service for the period commencing with the first day of the first calendar month following the filing of such Deferral Election and ending on the last day of the Fee Period to which that Annual Retainer pertains.

6.3 Subsequent Elections. After an initial Deferral Election is made, a new Deferral Election must be made prior to the start of each subsequent Plan Year in order for a Participant to continue participation in the Plan for that Plan Year. Each such subsequent Deferral Election shall be effective on the first day of the Plan Year following the Plan Year in which the election is made.

6.4 Additional Provisions.

(a) The Deferral Election for an upcoming Plan Year shall become irrevocable upon the expiration date of the enrollment period designated for that Plan Year, but in no event later than the last day of the immediately preceding Plan Year (or the last date on which the Deferral Election for the Plan Year may be filed under Section 6.1 or 6.2 by a newly-eligible Participant or the last day on which a Deferral Election may be filed under Section 6.1(c) with respect to Bonus amounts qualifying as performance-based compensation), and no subsequent changes may be made to that Deferral Election once it becomes irrevocable. Under no circumstances may a Deferral Election be made retroactively.

(b) For any Deferral Elections made by a Participant for Plan Years ending prior to January 1, 2013, the balance credited as of December 31, 2012 to the Account maintained for that Participant shall be transferred to his or her Pre-2013 Distribution Election Subaccount. For any Deferral Elections made by a Participant for Plan Years beginning on or after January 1, 2013, the amount of Compensation deferred pursuant to such Deferral Elections shall be credited to one or more Distribution Election Subaccounts established for the Participant (based on the distribution event and method of distribution which the Participant elects with respect to such Compensation) as and when that Compensation would have otherwise become payable in the absence of his or her Deferral Election.
6.5 Deferral Percentages.

(a) The minimum deferral per Plan Year will be determined by the Administrator.

(b) A Participant who is an Eligible Employee may elect to defer (less any tax withholding requirements) up to 70% of Salary, up to 100% of Commissions and up to 100% of Bonus in any whole multiple of 1%.

(c) A Participant who is an Eligible Director may elect to defer up to 100%, in any whole multiple of 1%, of the Annual Retainer for the Fee Period.

(d) A Participant who is an Eligible Employee must also make satisfactory arrangements with his or her Participating Employer to assure the prompt collection of all withholding taxes applicable to the Compensation he or she elects to defer under the Plan.

6.6 Special Elections in 2005 regarding Deferrals. In accordance with IRS Notice 2005-1, Q&A-20, on or before March 15, 2005, Eligible Employees were permitted to make a Deferral Election with respect to the Bonus earned for the 2004 Plan Year. Deferral Elections made pursuant to this Section 6.6 are irrevocable and subject to any special administrative rules imposed by the Administrator consistent with Section 409A of the Code and Notice 2005-1, Q&A-20. No special election under this Section 6.6 will be permitted after March 15, 2005.

6.7 Phantom Share Program for Directors. Eligible Directors may, as part of their Deferral Election, elect to have the Annual Retainer subject to that election deferred in the form of fully vested Phantom Shares issued under the Gilead Sciences, Inc. 2004 Equity Incentive Plan. In the event of such election, the conversion of the deferred Annual Retainer (or the deferred portion thereof) into such Phantom Shares shall be effected on the first day of the Fee Period to which the deferred Annual Retainer relates. At the time of distribution, the Phantom Shares shall be converted into actual shares of Gilead Sciences, Inc. common stock issued under the Gilead Sciences, Inc. 2004 Equity Incentive Plan.

6.8 Distribution Election for Pre-2013 Plan Years. For Plan Years ending prior to January 1, 2013, the initial Deferral Election made by a Participant under this Section 6 must include an election as to the time and method of payment of all Compensation deferred by that Participant under the Plan through December 31, 2012, including the Compensation deferred pursuant to that initial election and all Compensation deferred pursuant to one or more subsequent Deferral Elections, through and including any Deferral Election for the Plan Year ending December 31, 2012. The permissible distribution events and methods of distribution for the Pre-2013 Deferral Election Subaccount attributable to those pre-2013 Deferral Elections are as follows:

(a) A Participant may elect to receive a lump sum distribution or commence installment distributions from his or her Pre-2013 Deferral Election Subaccount pursuant to Section 9 upon the attainment of one of the following ages: 75, 70, 65, 60, 55 and 50.
Alternatively, a Participant may elect to receive a lump sum distribution or commence installment distributions from his or her pre-2013 Deferral Election Subaccount pursuant to Section 9 either (i) five years following the date of the Participant’s Separation from Service, (ii) two years following the date of such Separation from Service or (iii) subject to Section 9.4, immediately following the date of such Separation from Service.

6.9 Distribution Election for Post-2012 Plan Years. The Deferral Election made by the Participant for each Plan Year beginning on or after January 1, 2013 shall also specify an election as to the time and method of payment of all Compensation deferred pursuant to that particular Deferral Election. The permissible distribution events and methods of distribution for each such post-2012 Deferral Election are as follows:

(a) A Participant may elect to receive a lump sum distribution or commence installment distributions pursuant to Section 9 upon the attainment of one of the following ages: 75, 70, 65, 60, 55 and 50.

(b) A Participant may elect to receive a lump sum distribution or commence installment distributions pursuant to Section 9 either (i) five years following the date of the Participant’s Separation from Service, (ii) two years following the date of such Separation from Service or (iii) subject to Section 9.4, immediately following the date of such Separation from Service.

(c) A Participant may elect to receive a lump sum distribution or commence installment distributions pursuant to Section 9 on January 31 of any calendar year that is at least one full calendar year after the calendar year to which that Deferral Election Subaccount relates. For example, for Compensation subject to a Deferral Election for the 2013 calendar year, the earliest permissible distribution date under this Section 6.9(c) would be January 31, 2015.

In no event, however, may a Participant have more than five (5) different distribution schedules designated in the aggregate under Section 6.8, Sections 6.9(a), (b) and (c) and Section 6.13 for the distribution of the Participant’s Account. Once five (5) different distribution schedules for the distribution of the Account maintained for the Participant under the Plan have been designated, then any subsequent Deferral Elections made by that Participant may only specify one or more of those existing five (5) distribution schedules as the distribution schedule for the portion of the Account resulting from those subsequent Deferral Elections, and no new distribution schedules may be designated. A separate Distribution Election Subaccount shall be established for each distribution schedule selected by the Participant; accordingly, up to five (5) Distribution Election Subaccounts (including his or her Pre-2013 Distribution Election Subaccount and/or his or her Deferred Sign-On Bonus Subaccount) may be established for a Participant under the Plan. If the entire balance under a Participant’s Distribution Election Subaccount has been paid out in full, the Participant may elect a new distribution schedule with respect to Deferral Elections made for subsequent Plan Years; provided, however, that a Participant may not at any time have more than five (5) different distribution schedules designated in the aggregate under Section 6.8, Sections 6.9(a), (b) and (c) and Section 6.13 for the distribution of the Participant’s Account.
6.10 Special Distribution Election in 2006. Participants may make a special distribution election to change the time and form of the distribution of their pre-2013 Distribution Election Subaccount, provided that the distribution election is made at least twelve months in advance of both the newly elected distribution date and the previously scheduled distribution date and the election is made no later than December 31, 2006. An election made pursuant to this Section 6.10 shall be treated as an initial distribution election and shall be subject to any special administrative rules imposed by the Administrator including rules intended to comply with Section 409A of the Code and Notice 2005-1, Q&A-19. No election under this Section 6.10 shall (i) change the payment date of any distribution otherwise scheduled to be paid in 2006 or cause a payment to be made in 2006 that was otherwise scheduled for payment in a later year or (ii) be permitted after December 31, 2006.

6.11 Special Distribution Election in 2007. Participants may make a special distribution election to change the time and form of the distribution of their Pre-2013 Distribution Election Subaccount, provided that the distribution election is made at least twelve months in advance of both the newly elected distribution date and the previously scheduled distribution date and the election is made no later than December 31, 2007. An election made pursuant to this Section 6.11 shall be treated as an initial distribution election and shall be subject to any special administrative rules imposed by the Administrator, including rules intended to comply with Section 409A of the Code. No election under this Section 6.11 shall (i) change the payment date of any distribution otherwise scheduled to be paid in 2007 or cause a payment to be made in 2007 that was otherwise scheduled for payment in a later year or (ii) be permitted after December 31, 2007.

6.12 Special Distribution Election in 2008. Participants may make a special distribution election to change the time and form of the distribution of their Pre-2013 Distribution Election Subaccount, provided that the distribution election is made at least twelve months in advance of both the newly elected distribution date and the previously scheduled distribution date and the election is made no later than December 31, 2008. An election made pursuant to this Section 6.12 shall be treated as an initial distribution election and shall be subject to any special administrative rules imposed by the Administrator, including rules intended to comply with Section 409A of the Code. No election under this Section 6.12 shall (i) change the payment date of any distribution otherwise scheduled to be paid in 2008 or cause a payment to be made in 2008 that was otherwise scheduled for payment in a later year or (ii) be permitted after December 31, 2008.

6.13 Deferred Sign-On Bonus. Should the Employer or any other Participating Employer establish a deferred sign-on bonus arrangement for an Eligible Employee at the time of his or her commencement of employment, then such arrangement shall, in accordance with the distribution provisions of Section 6.9 and Section 9, specify the time and method of payment for the amount so deferred and shall also specify any applicable vesting schedule. The deferred amount shall be credited to the Deferred Sign-On Bonus Subaccount established for that Eligible Employee, and such subaccount shall be treated as a Distribution Election Subaccount for all purposes under the Plan.

6.14 Election Form. All Deferral Elections under this Section 6 will be made in a manner prescribed for these purposes by the Administrator.
6.15 **Time of Making Employer Contributions.** The Employer may from time to time make a transfer of assets to the Trustee for a Plan Year. The Employer will provide the Trustee with information on the amount to be credited to the separate account of each Participant maintained under the Trust.

7. **PARTICIPANT ACCOUNTS.**

7.1 **Individual Accounts.** Each Distribution Election Subaccount established and maintained for each Participant under the Plan shall reflect the deferred Compensation credited to that subaccount on behalf of the Participant and the earnings, expenses, gains and losses attributable to the deemed investment of that subaccount pursuant to Section 8. The Employer shall establish and maintain such other accounts and records as it decides in its discretion to be reasonably required or appropriate in order to discharge its duties under the Plan. Except for his or her Deferred Sign-On Bonus Subaccount (if any), a Participant will at all times be 100% vested in each of his or her Distribution Election Subaccounts. The Deferred Sign-On Bonus Subaccount shall vest in one or more increments over the Participant’s period of employment with the Employer or other member of the Employer Group in accordance with the vesting schedule established for that subaccount. Participants will be furnished statements of the value of their various Distribution Election Subaccounts at least once each Plan Year.

8. **INVESTMENT OF CONTRIBUTIONS.**

8.1 **Available Investment Funds.** The Administrator (acting through an authorized committee of one or more officers or other senior executives) shall have absolute discretion to select the available Investments Funds which Participants may choose as the measure of the notional investment return on their individual Distribution Election Subaccounts in accordance with Section 8.2. The available Investment Funds shall be set forth in Attachment A, as amended from time to time; provided, however, that Eligible Directors who participate in the Plan may also direct the investment of their Distribution Election Subaccounts in Phantom Shares. All amounts credited to the Distribution Election Subaccounts shall be treated as though invested and reinvested only in those available Investment Funds.

8.2 **Investment Directives.** Each Distribution Election Subaccount of a Participant shall be treated as invested and reinvested in accordance with the Participant’s directives. All dividends, interest, gains, losses and distributions of any nature earned with respect to the Investment Fund Shares in which a Distribution Election Subaccount is deemed invested shall be credited to that subaccount as though reinvested in additional shares of that Investment Fund. Expenses attributable to the acquisition of investments that mirror the deemed investments in a Participant’s Distribution Election Subaccount shall be charged to that subaccount.

8.3 **Changes to Investment Funds.** Except as otherwise provided in this Section 8.3, the available Investment Funds set forth in Attachment A shall include the same investment funds selected by the Employer’s Benefits Committee (the “Benefits Committee”) as available investment choices for participants in the Employer’s 401(k) Savings Plan (the “Savings Plan”). Notwithstanding the forgoing, should any investment fund selected by the Benefits Committee for inclusion as an available investment fund under the Savings Plan not be available for Participants
in this Plan, then Administrator (acting through an authorized committee of one or more officers or other senior executives) shall have the authority to select an alternative investment option that is substantially similar to the unavailable investment fund. In all cases, the available investment funds under the Plan shall automatically change from time to time to reflect any changes made to the available investment funds under the Savings Plan, with such changes to become effective as of the same date and time as the corresponding changes are made to the available investment funds under the Saving Plan without the need for formal amendment under this Plan. Attachment A shall be updated from time to time to reflect such changes in investment options, and the Employer’s Head of Human Resources (or his or her authorized delegate) shall have the authority to execute documents and provide instruction to the Plan’s service providers with respect to the selection or modification of the Investment Funds made available from time to time under the Plan. The foregoing provisions of this Section 8.3 shall not apply to the Phantom Shares in which Eligible Directors may elect to invest their Deferral Election Subaccounts.

9. DISTRIBUTION OF BENEFITS.

9.1 Distribution of Benefits to Participants.

(a) Except as otherwise provided in Section 9.1(c), distributions under the Plan will be made in a cash lump sum or under a systematic withdrawal plan over a period not exceeding ten years. Such form of distribution shall be determined in accordance with Sections 9.2 and 9.3. However, in the event of the Participant’s death, whether before or after the distribution of one or more his or her Distribution Election Subaccounts has commenced, the provisions of Section 10.1 shall apply.

(b) Except as otherwise provided in Section 9.1(c), distributions under a systematic withdrawal plan must be made in annual installments, in cash, over a period certain which does not extend for more than ten years. A systematic withdrawal plan may include a plan whereby one installment is elected. For purposes of the Plan, installment payments shall be treated as a single aggregate distribution under Section 409A of the Code, and not as a series of individual installment payments.

(c) Notwithstanding Sections 9.1(a) and (b), distributions under the Plan to Eligible Directors shall, to extent attributable to Phantom Shares credited to their Distribution Election Subaccounts, be distributed in shares of the Employer’s common stock issuable under the Gilead Sciences, Inc. 2004 Equity Incentive Plan. Distributions of such common stock may be in a lump sum or under a systematic withdrawal plan, as determined in accordance with Section 9.2 and 9.3.

9.2 Determination of Timing and Method of Distribution. Subject to the applicable limitations of Sections 6.8 and 6.9, the Participant shall elect the timing and method of distribution of his or her Account. For Plan Years ending prior to January 1, 2013, such election shall be made at the time the Participant makes his or her initial Deferral Election or pursuant to any subsequent distribution election made in accordance with Section 6.10, 6.11 or 6.12 (as applicable) and will apply to all amounts credited to the Participant’s Pre-2013 Distribution Election Subaccount. Subject to the limitations of Section 6.9, the Deferral Election made by the Participant for each Plan Year.
beginning on or after January 1, 2013 shall also include an election as to the time and method of payment of the portion of his or her Account attributable to that Deferral Election. A Participant may make an Extended Deferral Election as to one or more Distribution Election Subaccounts by submitting a completed and executed election in the form approved by the Administrator for such purpose; provided, however, that such Extended Deferral Election must be made at least twelve (12) months prior to the date the Distribution Election Subaccount subject to that election is otherwise scheduled to become payable pursuant to the applicable provisions of Section 6 and the foregoing provisions of this Section 9, and such Extended Deferral Election shall in no event become effective or otherwise have any force or applicability until the expiration of the twelve (12)-month period measured from the date such election is filed with the Administrator. Accordingly, the Extended Deferral Election shall become null and void if the pre-existing specified commencement date or event for the distribution of the Distribution Election Subaccount to which such election pertains occurs within that twelve (12)-month period. The Extended Distribution Election must specify a commencement date in a Plan Year that is at least five (5) years later than the date on which the distribution of the Distribution Election Subaccount would have otherwise been made or commenced in the absence of the Extended Deferral Election. As part of the Extended Deferral Election for any Distribution Election Subaccount (including the Pre-2013 Distribution Election Subaccount), the Participant may also elect a different method of distribution, provided the selected method complies with one of the methods of distribution permissible for that Deferral Election Subaccount in accordance with the provisions and limitations of Section 6.9 and 9.1 of the Plan. Once the Extended Deferral Election becomes effective in accordance with the foregoing provisions of this Section 9.2, such election shall remain in effect, whether or not the Participant continues in Employee status; provided, however, that in the event of the Participant’s death, the provisions of Section 10.1 shall apply.

9.3 Default Distribution Election. If the Participant does not elect the method of distribution for any portion of his or her Account, the method of distribution for that portion of his or her Account will be a lump sum cash payment. Subject to Section 9.4 below, if the Participant does not elect the timing of the distribution of any portion of his or her Account, that portion of his or her Account will be distributed upon his or her Separation from Service.

9.4 Delayed Distribution to Specified Employees. Notwithstanding any other provision of this Section 9, a distribution made to a Participant who is a Specified Employee at the time of his or her Separation from Service will be delayed for a minimum period of six months if the Participant’s distribution is triggered by such Separation from Service. Any payment that otherwise would have been made pursuant to this Section 9 during such period will be made in one lump sum payment not later than the last day of the eight month following the month in which the Participant’s Separation from Service occurs. The determination of which Participants are Specified Employees will be made by the Administrator in accordance with Section 4.1(a)(21) of the Plan and Sections 416(i) and 409A of the Code and the Treasury Regulations thereunder.

9.5 Unforeseeable Emergency. Upon application by a Participant in the event of an Unforeseeable Emergency, the Administrator may its sole discretion authorize payment of all or part of the aggregate balance credited to the Participant’s Distribution Election Subaccounts in one lump sum payment no later than the last day of the second month following the month in which the
distribution is approved by the Administrator. The Administrator shall have complete discretion to accept or reject the request and shall in no event authorize a distribution from the Participant’s Distribution Election Subaccounts in an amount in excess of that reasonably required to meet such financial hardship and the tax liability attributable to that distribution. The minimum amount of a distribution due to a Participant’s Unforeseeable Emergency will be $1,000.00.

9.6 Prohibition on Acceleration. Notwithstanding any other provision of the Plan to the contrary, no distribution will be made from the Plan that would constitute an impermissible acceleration of payment as defined in Section 409A(a)(3) of the Code and the Treasury Regulations thereunder. However, the following mandatory distributions shall be made under the Plan:

(a) If the aggregate balance of all of the Participant’s Distribution Election Subaccounts under the Plan is not greater than the applicable dollar amount in effect under Code Section 402(g)(1)(B) at the time of the Participant’s Separation from Service and the Participant is not otherwise at that time participating in any other non-qualified plan subject to Code Section 409A that is maintained by one or more Affiliated Companies and required to be aggregated with this Plan pursuant to Treasury Regulations Section 1.409A-1(c)(2), then that aggregate balance shall be distributed to the Participant in a lump sum distribution on the date of his or her Separation from Service or as soon as administratively practical thereafter, whether or not the Participant elected that form of distribution or distribution event, but in no event later than the later of (i) the end of the calendar year in which such Separation from Service occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the date of such Separation from Service, except to the extent a further deferral is required to comply with the delayed distribution requirements set forth in Section 9.4.

(b) Should the aggregate present value of all of the remaining unpaid installments due to a Participant who is receiving one or more installment distributions from his or her Account under the Plan at any time fall below Twenty Thousand Dollars ($20,000), then those unpaid installments shall be paid to the Participant in a single lump sum within thirty (30) days thereafter.

9.7 Adjustment for Investment Experience. If any distribution under this Section 9 from a Distribution Election Subaccount is not made in a single lump sum payment, the amount remaining in that subaccount after the first installment payment will be subject to adjustment (until distributed) to reflect the income and gain or loss on the investments in which such subaccount is deemed invested pursuant to Section 8 and any expenses properly charged under the Plan and Trust to such subaccount.

9.8 Notice to Trustee. The Administrator will notify the Trustee in writing whenever any Participant or Beneficiary is entitled to receive benefits under the Plan. The Administrator’s notice will indicate the form, amount and frequency of benefits that such Participant or Beneficiary will receive.

9.9 Time of Distribution. Except as provided in Section 9.4, in no event shall a distribution to a Participant from any of his or her Distribution Election Subaccounts be made or commence later than:
- the last day of the second month following the month in which the Participant attains the elected age specified for the distribution of that particular Distribution Election Subaccount, or

- the last day of the second month following the month in which occurs the Participant’s Separation from Service or any applicable anniversary of such Separation from Service (if such event or anniversary is the designated distribution event for that particular Distribution Election Subaccount), or

- the last day of the second month following the January 31 distribution date applicable to that particular Distribution Election Subaccount (if the Participant has designated a specific calendar year as the distribution year for that subaccount), or

- the last day of the second month following the month in which the deferred commencement date designated in the Participant Extended Deferral Election occurs.

10. EFFECT OF DEATH OF A PARTICIPANT.

10.1 Distributions. In the event of a Participant’s death, whether before or after the distribution of one or more his or her Distribution Election Subaccounts has commenced, the entire aggregate unpaid balance of all of his or her Distribution Election Subaccounts shall be distributed to the Participant’s Beneficiary in a single lump sum cash payment. Such distribution shall be made as soon as administratively practicable after the date of the Participant’s death, but in no event later than the later of (i) the close of the calendar year in which the Participant’s death occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the date of the Participant’s death.

10.2 Beneficiary Designation.

(a) Upon enrollment in the Plan, each Participant shall file a prescribed form with the Administrator or its designate naming a person or persons as the Beneficiary who will receive distributions payable under the Plan in the event of the Participant’s death. If the Participant does not name a Beneficiary, or if none of the named Beneficiaries is living at the time payment is due, then the Beneficiary shall be the Participant’s spouse, or if none, the Participant’s children in equal shares, or if none, the Participant’s estate.

(b) The Participant may change the designation of a Beneficiary at any time in accordance with procedures established by the Administrator. Designation of a Beneficiary, or an amendment or revocation thereof, shall be effective only if made in the prescribed manner and received by the Administrator prior to the Participant’s death.

11. ESTABLISHMENT OF A TRUST.

11.1 Trust. The Participating Employers shall be responsible for the payment of benefits under the Plan attributable to their respective Eligible Employees and Eligible Directors. At their discretion, the Participating Employers may establish one or more grantor trusts for the purpose of providing for the payment of benefits under the Plan; provided, however, that the establishment of
such a trust shall not affect the status of the Plan as an unfunded plan. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Participating Employer’s creditors in the event of its bankruptcy or insolvency. Benefits paid the Participants from any such trust shall be considered paid by the Participating Employer for purposes of meeting that Participating Employer’s obligations under the Plan. Notwithstanding the establishment of a trust, each Participating Employer reserves the right at any time and from time to time to pay Plan benefits to Participants or their Beneficiaries in whole or in part from sources other than the Trust, in which case upon the Participating Employer’s request, that Participating Employer shall receive a distribution from the Trust in an amount equal to the amount paid by that Participating Employer from sources other than the Trust to the Participant or Beneficiary in satisfaction of its obligations under the Plan, provided that such distribution shall not exceed the amount of Trust assets previously allocated to such Participant or Beneficiary.

11.2 General Duties of Trustee. The Trustee shall manage, invest and reinvest the Trust Fund as provided in the Trust Agreement. The Trustee shall collect the income on the Trust Fund and make distributions therefrom, all as provided in the Plan and in the Trust Agreement.

12. AMENDMENT AND TERMINATION.

12.1 Amendment by Employer. The Employer reserves the authority to amend the Plan in its sole discretion. Each such amendment will become effective on the designated effective date of that amendment. Any such amendment notwithstanding, none of the Participant’s Deferral Elections Subaccounts will be reduced by such amendment below the amount to which the Participant would have otherwise been entitled from each such Deferral Election Subaccount had the applicable distribution event for that subaccount under Section 6 occurred immediately prior to the date of the amendment. The Employer may from time to time make any amendment to the Plan that may be necessary to satisfy applicable requirements of the Code or ERISA. The Board or other individual(s) designated by the Board may act on behalf of the Employer for purposes of this Section 12.1. In no event shall any amendment to the Plan adversely affect the distribution provisions in effect for the Participant Deferral Election Subaccounts maintained under the Plan, and all amounts deferred under those subaccounts prior to the date of any such Plan amendment shall continue to become due and payable in accordance with the distribution provisions of Sections 6, 9 and 10 as in effect immediately prior to such amendment. Notwithstanding the foregoing, the Employer’s Head of Human Resources (or his or her authorized delegate) shall have the authority to adopt amendments to the Plan that are required by law or provide administrative practices or clarity (specifically amendments not materially affecting either the financial obligation of the Company or the level of benefits provided to a Participant or a Beneficiary) through the Plan. Any such amendments made by the Employer’s Head of Human Resources or his or her authorized delegate) shall be subject to the limitations set forth above.

12.2 Retroactive Amendments. An amendment made by the Employer in accordance with Section 12.1 may be made effective on a date prior to the first day of the Plan Year in which adopted, if such amendment is necessary or appropriate to enable the Plan and Trust to satisfy the applicable requirements of the Code or ERISA or to conform the Plan to any change in federal law or to any regulations or ruling thereunder. Any retroactive amendment by the Employer will be
subject to the provisions of Section 12.1. The Board or any officer of the Employer designated by the Board, including the Employer’s Head of shall have the authority to act on behalf of the Employer for purposes of this Section 12.2.

12.3 Termination. The Employer has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, the Employer has no obligation or liability whatsoever to maintain the Plan for any length of time and may suspend the Plan by discontinuing contributions under the Plan or terminate the Plan at any time in its discretion without any liability hereunder for any such suspension or termination. Except as otherwise provided in Sections 12.3(a), (b) or (c) below, the termination of the Plan shall not result in any reduction to the balance credited to each Deferral Elections Subaccount at the time of such plan termination, and all amounts deferred prior to the date of any such plan termination shall continue to become due and payable in accordance with the distribution provisions of Sections 6, 9 and 10 as in effect immediately prior to such plan termination.

(a) Except as provided in Sections 12.3(b) and (c) below, in the event of a termination of the Plan during a period in which the Employer has not experienced a financial downturn, the Distribution Election Subaccounts maintained under the Plan may, in the Employer’s discretion, be distributed within the period beginning twelve (12) months after the date the Plan is terminated and ending twenty-four (24) months after the date of such plan termination, or pursuant to the provisions of Section 6, 9 or 10 of the Plan, if earlier. If the Plan is terminated and the Distribution Election Subaccounts are distributed, the Employer and the other Participating Employers shall also terminate and liquidate all other non-qualified deferred compensation plans that are maintained by them and required to be aggregated with this Plan pursuant to Treasury Regulations Section 1.409A-1(c) and shall not adopt, for at least three (3) years after the date this Plan is terminated, a new non-qualified deferred compensation plan that would be aggregated with this terminated Plan pursuant to Treasury Regulations Section 1.409A-1(c).

(b) The Employer and the other Participating Employers may terminate the Plan thirty (30) days prior to or within twelve (12) months following a Change of Control and distribute, within the twelve (12)-month period following the termination of the Plan, the Distribution Election Subaccounts of the Participants affected by such Change in Control. If the Plan is terminated and such Distribution Election Subaccounts are distributed, the Employer and the other Participating Employers shall also terminate all other non-qualified deferred compensation plans that are sponsored by them in which such Participants participate and that are required to be aggregated with this Plan pursuant to Treasury Regulations Section 1.409A-1(c), and all of the benefits accrued under those terminated plans by such Participants shall be distributed to them within twelve (12) months following the termination of such plans.

(c) The Employer may terminate the Plan upon a corporate dissolution of the Employer that is taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A), provided that the Distribution Election Subaccounts are distributed and included in the gross income of the Participants by the later of (i) the Plan Year in which the Plan terminates or (ii) the first Plan Year in which payment of the Distribution Election Subaccounts is administratively practicable.
13. MISCELLANEOUS.

13.1 Withholding Taxes. All distributions under the Plan shall be subject to reduction in order to reflect tax withholding obligations imposed by law.

13.2 Participant's Unsecured Rights. The Distribution Election Subaccounts maintained under the Plan for each Participant, and such Participant's right to receive distributions from those subaccounts, shall be considered an unsecured claim against the general assets of the Employer; and such Distribution Election Subaccounts shall be only unfunded bookkeeping entries. The Employer considers the Plan to be unfunded for tax purposes and for purposes of Title I of ERISA. No Participant shall have an interest in, or make claim against, any specific asset of the Employer (or any other Participating Employer) pursuant to the Plan.

13.3 Limitation of Rights. Neither the establishment of the Plan and the Trust, nor any amendment thereof, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving to any Participant or other person any legal or equitable right against any Participating Employer, the Administrator or the Trustee, except as provided herein. In no event shall the terms of employment or service of any Participant be modified or in any way affected hereby.

13.4 Nonalienability of Benefits. Except as provided in Sections 13.4(a) and (b) with respect to domestic relations orders, the benefits provided hereunder will not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind, either voluntarily or involuntarily, and any attempt to cause such benefits to be so subjected will not be recognized, except to such extent as may be required by law.

(a) The procedures established by the Administrator for the determination of the qualified status of domestic relations orders and for making distributions under qualified domestic relations orders, as provided in Section 206(d) of ERISA, shall apply to the Plan, to the extent applicable.

(b) To the extent required to comply with a qualified domestic relations order, amounts awarded to an alternate payee under a qualified domestic relations order shall be distributed in the form of a lump sum distribution as soon as administratively feasible following the determination of the qualified status of the domestic relations order. To the extent that the qualified domestic relations order does not require an immediate lump sum distribution, the alternate payee shall have all rights regarding investment elections and distribution elections and withdrawal rights as if such alternate payee were a Participant. For purposes of determining distributions to an alternate payee, “Separation from Service” shall be the Separation from Service of the Participant whose Deferral Election Subaccount or Subaccounts are the subject of the qualified domestic relations order.

13.5 Facility of Payment. In the event the Administrator determines, on the basis of medical reports or other evidence satisfactory to the Administrator, that the recipient of any benefit
payments under the Plan is incapable of handling his or her affairs by reason of minority, illness, infirmity or other incapacity, the
Administrator may direct the Trustee to disburse such payments to a person or institution designated by a court which has jurisdiction
over such recipient or a person or institution otherwise having the legal authority under state law for the care and control of such
recipient. The receipt by such person or institution of any such payments will be complete acquittance therefore, and any such
payment to the extent thereof, will discharge the liability of the Participating Employer and the Trust for the payment of benefits
hereunder to such recipient.

13.6 Governing Law. The validity, interpretation, construction and performance of the Plan shall be governed by ERISA,
and, to the extent that they are not preempted, by the laws of the State of California, excluding California’s choice-of-law provisions.

13.7 Section 409A Compliance. To the extent there is any ambiguity as to whether any provision of this Plan would
otherwise contravene one or more requirements or limitations of Code Section 409A, such provision shall be interpreted and applied
in a manner that does not result in a violation of the applicable requirements or limitations of Code Section 409A and the Treasury
Regulations thereunder.

14. PLAN ADMINISTRATION.

14.1 Powers and Responsibilities of the Administrator. The Administrator has the full power and the full responsibility to
administer the Plan in all of its details. The Administrator’s powers and responsibilities include, but are not limited to, the following:

(a) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of
the Plan;

(b) To interpret the Plan, with each such interpretation made in good faith to be final and conclusive on all persons
claiming benefits under the Plan;

(c) To decide all questions concerning the Plan, the eligibility of any person to participate in the Plan and the amount
of benefits to which such person may be entitled under the Plan;

(d) To administer the claims and review procedures specified in Section 14.2;

(e) To compute the amount of benefits which will be payable to any Participant or Beneficiary in accordance with
the provisions of the Plan;

(f) To determine the person or persons to whom such benefits will be paid;

(g) To authorize the payment of benefits;

(h) To comply with the reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA;
(i) To appoint such agents, counsel, accountants and consultants as may be required to assist in administering the Plan; and

(j) By written instrument, to allocate and delegate its responsibilities, including the formation of an Administrative Committee to administer the Plan.

14.2 Claims and Review Procedure.

(a) Informal Resolution of Questions. Any Participant or Beneficiary who has questions or concerns about his or her benefits under the Plan may communicate with the Administrator. If this discussion does not give the Participant or Beneficiary satisfactory results, a formal claim for benefits may be made, within one year of the event giving rise to the claim, in accordance with the procedures of this Section 14.2.

(b) Formal Benefits Claim – Review by Administrator. A Participant or Beneficiary may make a written claim for his or her benefits under the Plan. The claim must be addressed to the Administrator, Deferred Compensation Plan, Gilead Sciences, Inc., 333 Lakeside Drive, Foster City, California 94404. The Administrator shall decide the action to be taken with respect to any such claim and may require additional information if necessary to process the claim. The Administrator shall review the claim and shall issue its decision, in writing, no later than ninety (90) days after the date the claim is received, unless the circumstances require an extension of time. If such an extension is required, written notice of the extension shall be furnished to the person making the claim within the initial ninety (90-day period, and the notice shall state the circumstances requiring the extension and the date by which the Administrator expects to reach a decision on the claim. In no event shall the extension exceed a period of ninety (90) days from the end of the initial period.

(c) Notice of Denied Claim. If the Administrator denies a claim in whole or in part, the Administrator shall provide the person making the claim with written notice of the denial within the period specified in Section 14.2(b) above. The notice shall set forth the specific reason for the denial, reference to the specific Plan provisions upon which the denial is based, a description of any additional material or information necessary to perfect the claim, an explanation of why such information is required, and an explanation of the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

(d) Appeal to Administrator.

(1) A person whose claim has been denied in whole or in part (or such person's authorized representative) may file an appeal of the decision in writing with the Administrator within sixty (60) days of receipt of the notification of denial. The appeal must be addressed to: Administrator, Deferred Compensation Plan, Gilead Sciences, Inc., 333 Lakeside Drive, Foster City, California 94404. The Administrator, for good cause shown, may extend the period during which the appeal may be filed for another sixty (60) days. The appellant and/or his or her authorized representative shall be permitted to submit written comments, documents, records and other information relating to the claim for benefits. Upon request and free of charge, the
applicant should be provided reasonable access to and copies of, all documents, records or other information relevant to the
appellant's claim.

(2) The Administrator’s review shall take into account all comments, documents, records and other
information submitted by the appellant relating to the claim, without regard to whether such information was submitted or considered
in the initial benefit determination. The Administrator shall not be restricted in its review to those provisions of the Plan cited in the
original denial of the claim.

(3) The Administrator shall issue a written decision within a reasonable period of time but not later than sixty
(60) days after receipt of the appeal, unless special circumstances require an extension of time for processing, in which case the
written decision shall be issued as soon as possible, but not later than one hundred twenty (120) days after receipt of an appeal. If
such an extension is required, written notice shall be furnished to the appellant within the initial sixty (60)-day period. This notice
shall state the circumstances requiring the extension and the date by which the Administrator expects to reach a decision on the
appeal.

(4) If the decision on the appeal denies the claim in whole or in part written notice shall be furnished to the
appellant. Such notice shall state the reason(s) for the denial, including references to specific Plan provisions upon which the denial
was based. The notice shall state that the appellant is entitled to receive, upon request and free of charge, reasonable access to, and
copies of, all documents, records, and other information relevant to the claim for benefits. The notice shall describe any voluntary
appeal procedures offered by the Plan and the appellant's right to obtain the information about such procedures. The notice shall also
include a statement of the appellant's right to bring an action under Section 502(a) of ERISA.

(5) The decision of the Administrator on the appeal shall be final, conclusive and binding upon all persons
and shall be given the maximum possible deference allowed by law.

(e) Exhaustion of Remedies. No legal or equitable action for benefits under the Plan shall be brought unless and
until the claimant has submitted a written claim for benefits in accordance with Section 14.2(b) above, has been notified that the
claim is denied in accordance with Section 14.2(c) above, has filed a written request for a review of the claim in accordance with
Section 14.2(d) above, and has been notified in writing that the Administrator has affirmed the denial of the claim in accordance with
Section 14.2(d) above; provided, however, that an action for benefits may be brought after the Administrator has failed to act on the
claim within the time prescribed in Section 14.2(b) and Section 14.2(d), respectively.
14.3 **Execution and Signature.** To record the adoption of the Plan by the Board, the Company has caused its duly authorized officer to affix the corporate name hereto:

GILEAD SCIENCES, INC.

By: Katie Watson

Name: Katie Watson

Employer’s Head of Human Resources

Dated: April 19, 2016
### PLAN INVESTMENT FUNDS AS OF JANUARY 1, 2016

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<td>T. Rowe Price Real Estate</td>
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<td>Vanguard Total Bond Market Index - Instl Shares</td>
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For Eligible Directors Only

Common Stock of Gilead Sciences, Inc. (Phantom Shares)
May 21, 2019

Johanna Mercier

Dear Johanna,

Gilead Sciences, Inc. ("Gilead") is pleased to offer you the position of Chief Commercial Officer (CCO) of Gilead. In this role you will report to Gilead's Chief Executive Officer ("CEO"), Daniel O'Day, and will have responsibility for Gilead's core commercial portfolio, not including Kite Pharma, Inc. You will join Gilead's Leadership Team and be based in our Foster City, California headquarters. We would expect you to start on July 1, 2019 or such earlier date as may be agreed to by the CEO (such date, the "Start Date").

We are very excited about the possibility of you joining Gilead, and we look forward to working with you in our innovative company. The following outlines the specific terms of our offer:

**Annual Compensation.** Your base salary on an annualized basis will be $1,000,000, less taxes, payable bi-weekly.

You will be eligible to participate in Gilead's annual corporate bonus program, including with respect to 2019. Your target bonus will be 100% of annual base salary. Based on your 2019 annualized base salary, your target bonus would be $1,000,000. Your actual bonus payout, which, for 2019, will be pro-rated based on the number of days between the Start Date and December 31, 2019, can range from 0% to 150% of this target based on the achievement of individual and corporate performance goals as established by the Compensation Committee (the "Compensation Committee") of Gilead’s Board of Directors (the “Board”).

In addition to an initial equity award as described below, you will be eligible to participate in Gilead's annual equity award program, under which awards are typically granted in the first quarter of the year. For 2020, the aggregate target grant date value for your equity awards will be $3,500,000. Currently, 25% of the aggregate target value of such annual equity awards is comprised of stock options, 25% is comprised of restricted stock units (RSUs), and the remaining 50% is comprised of performance share unit awards (PSUs). The actual award breakdown will be determined by the Compensation Committee prior to grant, and the number of shares subject to each of these grants will be determined based on the assumptions used by Gilead at the time of grant to value equity awards for purposes of Gilead's financial reporting. These awards will be subject to the standard terms utilized for grants to the Gilead Leadership Team. The target grant values and equity vehicles are reviewed on an annual basis and subject to change as determined by the Compensation Committee.

**New-Hire Equity Awards.** You will be granted equity awards with an aggregate target grant date value of $5,500,000 following your Start Date (your “New-Hire Equity Awards”), in lieu of annual equity award grants for 2019. Your New Hire Equity Awards will be made under the Gilead Sciences, Inc. 2004 Equity Incentive Plan, as amended (the “Equity Incentive Plan”), with $2,000,000 of the awards granted in the form of restricted stock units (RSUs) intended to replace the value of unvested equity awards forfeited from your current employer, $1,750,000 granted in the form of stock options and $1,750,000 granted in the form of performance-based restricted stock unit awards (PBSUs). The actual number of shares subject to each of these grants will be determined based on the assumptions used by Gilead at the time of grant to value equity awards for purposes of Gilead’s financial reporting. Your New-Hire Equity Awards will be subject to the standard terms utilized for grants to the Gilead Leadership Team under the Equity Incentive Plan as approved by the Compensation Committee prior to the time of this offer, including the following:

- The exercise price for your stock options will be no less than the fair market value per share of Gilead common stock on the grant date. The fair market value per share for that date will be determined in accordance with the provisions of the Equity Incentive Plan. You will be notified of the details after your options have been granted. Your options will vest and become exercisable for 25% of the option shares upon your completion of one year of employment with Gilead, measured from the grant date, and will vest and become exercisable for the balance of the option shares in a series of successive equal quarterly installments upon your completion of each successive three-month period of continued employment with

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*Exhibit 10.26*
Gilead over the next three years. The options will have a maximum term of ten years, subject to earlier termination upon or following your cessation of employment.

- Your RSUs will vest, and the underlying shares of Gilead common stock issued to you, in a series of four successive annual installments upon your completion of each year of continued employment with Gilead over the four-year period measured from the award date. Each RSU that vests will entitle you to one share of Gilead common stock.

- Your PBSUs will vest based on the extent to which you attain the performance goal(s), as established for you within the first 90 days of your employment, and subject to your continued employment with Gilead until the completion of the applicable performance period. The performance period for the performance goal(s) will be set at the time the performance goal is established and approved by the Compensation Committee, and the combined performance period for all of your performance goals typically will not exceed five years. To the extent a performance goal is not attained within the established performance period for that performance goal, the PBSUs tied to that performance goal will be forfeited. For each PBSU that vests in accordance with such vesting provisions, you will receive one share of Gilead common stock following the completion of the applicable performance period and the Compensation Committee’s certification of the attained performance goals. In the event of your death or permanent disability, your PBSUs will be subject to pro-rated vesting. In each case, the issuance of vested shares will be subject to Gilead’s collection of all applicable withholding taxes.

**Sign-On Bonus.** To offset the value of your annual bonus and unvested equity awards forfeited from your current employer and to compensate for other economic consequences of accepting this offer, you will receive a one-time cash payment of $2,500,000 (the “Sign-On Bonus”). Your Sign-On Bonus will be paid to you in two equal installments. The first installment of $1,250,000 will be paid with your first payroll check subsequent to the Start Date and, subject to your continued employment, the second installment of $1,250,000 will be paid with the first payroll check subsequent to the first anniversary of the Start Date. In the event that your employment is terminated by Gilead for Cause (as defined in the Equity Incentive Plan) or by you without Good Reason (as defined below), prior to your completion of one year of service, you will be required to repay the first installment of the Sign-On Bonus to Gilead. Your repayment obligation, if applicable, is due in full to Gilead within ninety days following your employment termination date.

In the event that, during your first two years with Gilead, your employment is terminated by Gilead without Cause (as defined in the Equity Incentive Plan) or if you voluntarily terminate for Good Reason (as defined below), you will become 100% vested in any of your remaining unvested New Hire Equity Awards and the full Sign-On Bonus, subject to your execution and non-revocation of a waiver and general release of claims within the time period specified by and in the form then provided by Gilead. In such circumstances, any unvested PBSUs granted as part of your New Hire Equity Awards will vest based on target performance and any stock options granted as part of your New Hire Equity Awards will remain exercisable until the first anniversary of your termination date. Any unpaid portion of the Sign-On Bonus will be paid to you within 60 days of such termination date. The stock options, RSUs and PBSUs will be subject, in all respects except as specifically set forth herein, to the terms and conditions of an award agreement that will be provided to you.

As used in this letter, “Good Reason” means the occurrence of any of the following events or conditions: (i) an adverse change in your employment status, title, position or responsibilities as CCO (including reporting responsibilities); (ii) a reduction in your annual base compensation or any failure to pay you any compensation or benefits to which you are entitled within 30 days of the date due; (iii) a reduction in your target bonus or annual equity award opportunity prior to the first anniversary of the Start Date; or (iv) Gilead requires you to relocate to any place outside a 50 mile radius of the greater Foster City, California area, except for reasonably required travel on the business of Gilead or any subsidiary.
Relocation Assistance. Because your role requires you to be based in our Foster City headquarters, Gilead will provide you with certain relocation benefits to support your work in Northern California. Subject to the following paragraph, Gilead will enroll you in our home marketing, Buyer Value Option (BVO) Program, administered by our relocation vendor, The MIGroup. Gilead, through The MIGroup, will cover all non-recurring transaction costs in connection with the sale of your current home and (if you so elect) purchase of a new home, for up to five years from your Start Date. This includes the real estate commission, typical seller closing costs, and typical purchase closing costs associated with the purchase of a new home. A complete policy will be provided to you by The MIGroup, subject to the terms hereof. The MIGroup also will arrange to have your household goods moved to your new location utilizing the company contracted carrier.

Gilead will provide you with up to 12 months of temporary accommodations in a fully furnished corporate apartment. Gilead and its relocation vendors will assist you with the selection and billing for these accommodations. Following such period of temporary accommodations, to assist you when working in a significantly higher cost housing area compared to your previous housing area, you may elect to receive from Gilead either the mortgage subsidy or the rental subsidy described in the following two paragraphs.

If you elect to purchase a home, Gilead will (as noted above) reimburse you for 100% of the transaction costs associated with your home purchase. All non-recurring transaction costs in connection with purchase of a new home will be covered by Gilead, through The MI Group. This includes the typical purchase closing costs associated with the purchase of a new home. A complete policy will be provided to you by The MIGroup. The new home purchase must be within five years of your Start Date. In addition, Gilead will provide you a mortgage subsidy. The subsidy is an amount of money to be used only to help you purchase a home in the new location by reducing the mortgage’s interest rate for a period of time so that you can transition into a higher cost area. You cannot use the mortgage subsidy for any purpose other than to reduce (temporarily) the interest rate on your loan. In order to be most tax advantageous to you, we will allow you to configure this subsidy in any manner you choose, provided it follows all legal guidelines for tax-favored treatment by Gilead. The mortgage subsidy is provided exclusively through The MIGroup for up to five years. The annual distribution is set on a reducing scale basis and the total subsidy amount is capped at $500,000.

Alternatively, if you elect to rent a home, Gilead will provide you with a rental subsidy. The Rental Subsidy Program (RSP) is provided for a maximum of 24 months and paid in two annual advance, lump sum installments. The first 12 month payment will be issued within 10 days of your request and the second 12 month payment will be paid on the first anniversary of your first payment. The RSP you are eligible for is limited to $100,000 annually. The RSP payments are considered taxable income and will be paid net of taxes.

You will be provided a miscellaneous relocation allowance of $20,000, paid net of taxes as soon as administratively possible. This is intended to cover miscellaneous expenses such as utilities installation, auto license and registration, and any other expenses not provided elsewhere under Gilead’s relocation policy.

If your employment should terminate within two years of your Start Date, the full cash amount of this relocation package including, but not limited to, any moving costs, temporary housing costs, transaction costs, lump sums and associated tax gross-ups accepted by you is due and payable to Gilead within 90 days after your last date of employment, except that you will have no such repayment obligation if your employment is terminated by Gilead without Cause (as defined in the Equity Incentive Plan) or by you for Good Reason (as defined above).

Additional Benefits. Gilead provides a comprehensive company-paid benefits package including health, dental, vision, life, and long-term disability insurance plans. You are eligible for health and welfare benefits if you are a full-time employee working 30 hours or more (unless otherwise specified). You will need to enroll for medical, dental and vision coverage within 31 days of your hire date, or you will not be eligible to enroll until the next open enrollment, unless you have a qualifying life event. Upon completion of enrollment within such 31 day period, your coverage begins effective as of your Start Date.
At the next enrollment date, you will be eligible to participate in our Employee Stock Purchase Plan (“ESPP”) that offers you the opportunity to contribute up to 15% of your earnings, up to the IRS maximum, through payroll deductions to purchase Gilead stock at 85% of the lower of the closing price at the date of enrollment or purchase. ESPP enrollment occurs two times a year.

Additionally, we offer a 401(k) plan, which provides you with the opportunity for Pre-tax, Roth After-tax and Additional After-tax savings by deferring from 1-50% of your annual salary, subject to IRS maximums. Gilead will match 100% of your Pre-tax and/or Roth After-tax contributions to the plan up to a maximum company contribution of $12,000 per year. More detailed information regarding your benefits will be provided at your New Employee Orientation, shortly after you begin employment.

As an employee, you are covered under Gilead’s Workers Compensation insurance policy. This policy applies to all employees who become ill or injured on the job. Gilead’s Workers Compensation carrier is XL Insurance America, Inc. Claims are handled by Sedgwick, a Third Party Administrator, at 1-855-336-0983.

You will be entitled to severance benefits in accordance with the terms and conditions of the Gilead Sciences, Inc. Severance Plan. A copy of this plan will be provided to you.

For your information, we have enclosed a Benefits Summary outlining Gilead's benefits programs. We will arrange for you to meet with a member of our benefits staff to review your benefits package and enroll in the various programs. Please note that, as an executive, you will not accrue paid time-off but will instead have the flexibility of taking time off at your discretion in accordance with the business needs of the corporation.

Additional Terms. All compensation provided to you, including any cash or equity-based compensation, will be subject to Gilead’s collection of the applicable withholding taxes, and unless otherwise specifically stated above, Gilead will not gross-up or make whole for any such taxes.

Gilead intends to honor your ongoing confidentiality obligations and you agree to abide by Gilead’s strict company policy that prohibits any new employee from using or bringing with them from any prior employer any proprietary information, trade secrets, proprietary materials or processes of such former employers. Upon starting employment with Gilead, you will be required to sign Gilead’s Confidential Information and Inventions Agreement (“CIIA”) for Employees indicating your agreement with this policy. At the termination of your employment, you will be reminded of your continuing duties under the CIIA. Please read this policy and the CIIA carefully.

You and Gilead will also enter into Gilead’s standard form of indemnification agreement with its executive officers. During your employment with Gilead and for a period of not less than six (6) years after your employment with Gilead terminates, Gilead will cover you under directors and officers liability insurance in the same amount and to the same extent as Gilead covers its other executive officers and directors.

You will also be required to fill out the electronic Employment Eligibility Verification (Form I-9). This electronic form will be sent to you via email. On your first day of employment, please bring the necessary documents that establish your identity and employment eligibility.

You understand and agree that Gilead does not desire or intend to acquire from you any trade secrets or confidential proprietary information you may have acquired from others, including former employers. Therefore, you agree that during the term of your employment with Gilead, you will not bring to Gilead any such trade secrets or confidential proprietary information, nor will you use or disclose any trade secrets or confidential proprietary information of any former or concurrent employer, or any other person or entity with whom you have an agreement or to whom you owe a duty to keep such information in confidence. Further, you agree and represent to Gilead by signing below that as of the Start Date you will not be subject to any other agreement or any other previous or existing business relationship which conflicts with or restricts the full performance of your duties and obligations to Gilead (including your duties and obligations under this or any other agreement) during the term of your employment, except for any agreements described on Attachment A.
In the event of a claim against you by your current or former employer: (i) arising out of or related to any agreement that purports to limit or restrict your ability to work for Gilead of the nature described on Attachment A, or (ii) otherwise by reason of your status as an officer or employee of Gilead, Gilead hereby agrees to indemnify and hold you harmless against, and directly to pay as incurred or advance the attorney's fees and costs incurred in defending against the claim (with the legal counsel of your choice, subject to Gilead's consent, which shall not be unreasonably withheld, and for avoidance of doubt Gilead consents to your retention of Sullivan & Cromwell LLP in connection with any such claim), and any amounts that you may be required to pay to your current or former employer in connection with such claim. Gilead's agreement to provide such indemnity and advancement is in addition to any obligations under Delaware law, its certificate of incorporation and bylaws, and the indemnification agreement referenced earlier in this letter and is subject to any applicable standard of conduct required under Delaware law. Subject to the foregoing, Gilead's agreement under this paragraph to provide indemnity and advancement is revocable upon notice by Gilead in the event that you have knowingly and intentionally breached any legal obligation to your current or former employer to an extent that would fall within the definition of Cause, including with respect to misuse or disclosure of any confidential, proprietary, or trade secret information, other than in connection with any purported noncompetition, nonsolicitation or nondisparagement obligation.

If you are prevented from working for Gilead (i) for any period of time, (ii) in any particular location, or (iii) in any particular subject area or function, because of the enforcement or threatened enforcement of a written agreement between you and your current or former employer (or other legal restriction arising from your employment with your current or former employer), Gilead will use reasonable efforts to modify your job duties for such period of time as necessary during your employment with Gilead. If Gilead determines that it is unable to modify your job duties in a manner such that you are eligible to perform your role while employed with Gilead, you understand and agree that you may be placed on a paid leave of absence for the period of time for which you are unable to proceed with your active employment with Gilead and shall be recalled to the position of CCO in accordance with this offer once any restrictions on your ability to perform services while employed with Gilead are abated or removed, and that any such action shall not constitute “Good Reason” under this letter. During any such paid leave of absence, you will continue to receive your base salary, target bonus and annual equity award opportunity, and such paid leave of absence will not adversely affect (i) the vesting of any outstanding equity awards (including your New-Hire Equity Awards) or your Sign-On Bonus, provided that any performance conditions will be established so as to accommodate such leave of absence in a manner that does not materially diminish the compensation that would have been expected under the performance goals personal to you, or (ii) any other benefits provided under this offer; provided, however, that such amounts shall be offset by any amount paid to you by a former employer in satisfaction of any restrictive covenant period.

Further, you agree and represent to Gilead by signing below that you have never been terminated, suspended, or otherwise disciplined by an employer or organization for conduct that was alleged to be in violation of that employer/organization's personnel policies, including but not limited to policies concerning harassment, discrimination, or other misconduct.

You agree by signing below that Gilead has made no other promises other than what is outlined in this letter. It contains the entire offer Gilead is making to you. In case of any conflict between this letter and the terms of any other letter or agreement, this letter will be controlling. Our agreement can only be modified by written agreement signed by you and Gilead’s representative. You also agree that should you accept a position at Gilead, the employment relationship is based on the mutual consent of the employee and Gilead. Accordingly, either you or Gilead can terminate the employment relationship at will, at any time, with or without cause or advance notice. You should also note that Gilead may modify wages and benefits from time to time at its discretion.

This offer of employment is effective for 10 days from the date of this letter. The offer is also contingent upon successful background and reference checks and Gilead's review. If all of the foregoing is satisfactory, please sign and date within 10 days.
I am excited to have you join the Gilead Leadership Team as the new leader of Gilead’s commercial organization and look forward to working with you on the organization’s short and long-term success.

Sincerely,

[Signature]

Daniel O’Day
CEO and Chairman

Foregoing terms and conditions hereby accepted:

**Signature:** /s/ Johanna Mercier

**Name:** Johanna Mercier

**Date:** May 23rd 2019
A Non-Compete/Non-Solicitation Agreement and General Release, dated Oct. 2, 2017, between Bristol-Myers Squibb Company (the “Current Employer”) and Johanna Mercier

Equity award and other compensation agreements with the Current Employer which purport to impose noncompetition, nonsolicitation and/or nondisparagement obligations on Mercier for up to 12 months following termination of employment.
GILEAD SCIENCES, INC.
GLOBAL STOCK OPTION AGREEMENT

RECITALS

A. This Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s grant of an option to Optionee.

B. All capitalized terms used but not otherwise defined in this Agreement shall have the meaning assigned to them in the attached Appendix.

NOW, THEREFORE, the Company hereby grants an option to Optionee upon the following terms and conditions:

1. **Grant of Option.** The Company hereby grants to Optionee an option to purchase shares of Common Stock under the Plan. The Grant Date, the Option Shares, the Exercise Price, the Vesting Schedule and the Expiration Date are indicated on attached Schedule I to this Agreement. The option is a non-statutory option under the U.S. federal income tax laws. The remaining terms and conditions governing this option shall be as set forth in this Agreement.

2. **Option Term.** The term of this option shall commence on the Grant Date and continue to be in effect until the close of business on the last business day prior to the Expiration Date specified in attached Schedule I, unless sooner terminated in accordance with Paragraph 5 or 6 below.

3. **Transferability.** This option shall be neither transferable nor assignable by Optionee other than by will or the laws of inheritance following Optionee’s death and may be exercised, during Optionee’s lifetime, only by Optionee.

4. **Dates of Exercise.** This option shall vest and become exercisable for the Option Shares in a series of installments in accordance with the Vesting Schedule set forth in attached Schedule I or as otherwise provided in Paragraph 5. As the option vests and becomes exercisable for such installments, those installments shall accumulate, and the option shall remain exercisable for the accumulated installments until the last business day prior to the Expiration Date or any sooner termination of the option term under Paragraph 5 or 6 below.

5. **Cessation of Service.** The option term specified in Paragraph 2 above shall terminate (and this option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

   (a) Except as otherwise expressly provided in subparagraphs (b) through (f) of this Paragraph 5, should Optionee cease to remain in Continuous Service for any reason while this option is outstanding, then Optionee shall have until the close of business on the last business day prior to the expiration of the earlier of (i) the expiration of the three (3)-month period measured from the date of such cessation of Continuous Service, or (ii) the Expiration Date, during which to exercise this option for any or all of the Option Shares for which this option is vested and exercisable
at the time of Optionee’s cessation of Continuous Service. Upon the expiration of such limited exercise period, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(b) In the event Optionee ceases Continuous Service by reason of his or her death while this option is outstanding, then any unvested portion of this option shall immediately vest in full as of the date of Optionee’s death, subject to the execution and non-revocation by the personal representative of Optionee’s estate of a general release of claims against the Company in the form provided by the Company and within the timeframes specified therein. Thereafter, this option may be exercised, for any or all of the Option Shares subject thereto, by (i) the personal representative of Optionee’s estate or (ii) the person or persons to whom the option is transferred pursuant to Optionee’s will or the laws of inheritance following Optionee’s death. Any such right to exercise this option shall lapse, and this option shall cease to be outstanding, upon the close of business on the last business day prior to the earlier of (A) the expiration of the twelve (12)-month period measured from the date of Optionee’s death or (B) the Expiration Date. Upon the expiration of such limited exercise period, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(c) Should Optionee cease Continuous Service by reason of Disability while this option is outstanding, then any unvested portion of this option shall immediately vest in full as of the date of Optionee’s cessation of Continuous Service, subject to the execution and non-revocation by Optionee (or his personal representative) of a general release of claims against the Company in the form provided by the Company and within the timeframes specified therein. Thereafter, Optionee shall have until the close of business on the last business day prior to the earlier of (i) expiration of the twelve (12)-month period measured from the date of such cessation of Continuous Service, or (ii) the Expiration Date, during which to exercise this option for any or all of the Option Shares subject thereto. Upon the expiration of such limited exercise period, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(d) Should Optionee’s Continuous Service be terminated by the Company without Cause or should Optionee resign for Good Reason, then any unvested portion of this option shall immediately vest in full as of the date of Optionee’s cessation of Continuous Service, subject to the execution and non-revocation by Optionee of a general release of claims against the Company in the form provided by the Company and within the timeframes specified therein. Thereafter, Optionee shall have until the close of business on the last business day prior to the expiration of the earlier of (i) the expiration of the three (3)-month period measured from the date of such cessation of Continuous Service, or (ii) the Expiration Date, during which to exercise this option for any or all of the Option Shares subject thereto; provided, however, that should (i) Optionee cease Continuous Service after completion of at least three (3) years of Continuous Service and (ii) the sum of Optionee’s attained age and completed years of Continuous Service at the time of such cessation of Service equals or exceeds seventy (70) years, then Optionee shall have until the close of business on the last business day prior to the earlier of: (A) expiration of the sixty (60)-month period measured from the date of such cessation of Continuous Service, or (B) the Expiration Date, during which to exercise this option for any or all of the Option Shares subject thereto.
Notwithstanding the foregoing, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal
development in Optionee’s jurisdiction that would likely result in the favorable treatment applicable to the option pursuant to this
subparagraph (d) being deemed unlawful and/or discriminatory, then the Company will not apply the favorable treatment at the time
of Optionee’s cessation of Continuous Service, and the option will be treated as set forth in the other subparagraphs of this Paragraph
5, as applicable.

(e) The applicable period of post-service exercisability in effect pursuant to the foregoing provisions of this
Paragraph 5 shall automatically be extended by an additional period of time equal in duration to any interval within such post-service
exercise period during which the exercise of this option or the immediate sale of the Option Shares acquired under this option cannot
be effected in compliance with applicable federal, state and foreign securities laws, but in no event shall such an extension result in
the continuation of this option beyond the close of business on the last business day prior to the Expiration Date.

(f) Should Optionee’s Continuous Service be terminated for Cause (or for a reason that is comparable to
termination for Cause under employment laws in the jurisdiction where Optionee is employed or the terms of Optionee’s
employment agreement, if any), or should Optionee engage in any other conduct, while in Continuous Service or following cessation
of Continuous Service, that is materially detrimental to the business or affairs of the Company (or any Related Entity), as determined
in the sole discretion of the Administrator, then this option, whether or not vested and exercisable at the time, shall terminate
immediately and cease to be outstanding.

(g) During the limited period of post-service exercisability provided under this Paragraph 5, this option may
not be exercised in the aggregate for more than the number of Option Shares for which this option is at the time vested and
exercisable (after giving effect to any accelerated vesting pursuant hereto). Except to the extent (if any) specifically authorized by the
Administrator pursuant to an express written agreement with Optionee, this option shall not vest or become exercisable for any
additional Option Shares, whether pursuant to the normal Vesting Schedule set forth in attached Schedule I or the special vesting
acceleration provisions of this Paragraph 5 or Paragraph 6 below, following Optionee’s cessation of Continuous Service. Upon the
expiration of such limited exercise period or (if earlier) upon the close of business on the last business day prior to the Expiration
Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise
been exercised.


(a) This option, to the extent outstanding at the time of an actual Change in Control but not otherwise fully
exercisable, shall automatically accelerate so that this option shall, immediately prior to the effective date of such Change in Control,
become exercisable for all of the Option Shares at the time subject to this option and may be exercised for any or all of those Option
Shares as fully vested shares of Common Stock. However, this option shall not become exercisable on such an accelerated basis if
and to the extent: (i) this option is to be assumed by the successor corporation (or parent thereof) or is otherwise to continue in full
force and effect pursuant to the terms of the Change in Control transaction, (ii) this option is to be replaced with an economically-
equivalent substitute equity award or (iii) this option is to be replaced with a cash retention program.
of the successor corporation which preserves the spread existing at the time of the Change in Control on any Option Shares for which this option is not otherwise at that time vested and exercisable (the excess of the Fair Market Value of those Option Shares over the aggregate Exercise Price payable for such shares) and provides for the subsequent vesting and concurrent payout of that spread in accordance with the same Vesting Schedule for those Option Shares as set forth in attached Schedule I or Paragraph 5 above. Notwithstanding the foregoing, no such cash retention program shall be established for this option (or any other option granted to Optionee under the Plan) to the extent such program would otherwise be deemed to constitute a deferred compensation arrangement subject to the requirements of Code Section 409A and the Treasury Regulations thereunder.

(b) Immediately following the consummation of the Change in Control, this option shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in effect pursuant to the terms of the Change in Control transaction.

(c) If this option is assumed in connection with a Change in Control or otherwise continued in effect, then this option shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities into which the shares of Common Stock subject to this option would have been converted in consummation of such Change in Control had those shares actually been outstanding at the time. Appropriate adjustments shall also be made to the Exercise Price, provided the aggregate Exercise Price shall remain the same. To the extent the actual holders of the Company’s outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption or continuation of this option but subject to the Administrator’s approval, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control, provided such common stock is readily tradable on an established U.S. securities exchange or market.

(d) If this option is assumed or otherwise continued in effect in connection with a Change in Control or replaced with an economically-equivalent equity award or a cash retention program in accordance with Paragraph 6(a) above, then:

   (i) the option (or such economically equivalent award) shall vest and become immediately exercisable for all of the Option Shares or other securities at the time subject to the option (or such award) and may, within the applicable exercise period under Paragraph 5, be exercised for any or all of those Option Shares or other securities as fully vested shares or securities, or

   (ii) the balance credited to Optionee under any cash retention program established in accordance with Paragraph 6(a) shall immediately be paid to Optionee in a lump sum, subject to the Company’s collection of all applicable Withholding Taxes;

if, within the period beginning with the execution date of the definitive agreement for the Change in Control transaction and ending with the earlier of (i) the
termination of that definitive agreement without the consummation of such Change in Control or (ii) the expiration of the Applicable Acceleration Period following the consummation of such Change in Control, Optionee’s Continuous Service is terminated by the Company without Cause, by Optionee for Good Reason, or by reason of Optionee’s death or Disability.

(e) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. Adjustment in Option Shares. Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, or other change affecting the outstanding Common Stock as a class without the Company’s receipt of consideration, or should the value of outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable and proportional adjustments shall be made by the Administrator to (i) the total number and/or class of securities subject to this option and (ii) the Exercise Price. The adjustments shall be made in such manner as the Administrator deems appropriate in order to reflect such change and thereby prevent the dilution or enlargement of benefits hereunder, and those adjustments shall be final, binding and conclusive upon Optionee and any other person or persons having an interest in the option. In the event of any Change in Control transaction, the adjustment provisions of Paragraph 6(c) above shall be controlling.

8. Stockholder Rights. The holder of this option shall not have any stockholder rights including voting, dividend or liquidation rights, with respect to the Option Shares until such person shall have exercised the option, paid the Exercise Price and become a holder of record of the purchased shares.


(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or any other person or persons exercising the option) must take the following actions:

(i) Execute and deliver to the Company a Notice of Exercise as to the Option Shares for which the option is exercised or comply with such other procedures as the Company may establish for notifying the Company, either directly or through an on-line internet transaction with a brokerage firm authorized by the Company to effect such option exercises, of the exercise of this option for one or more Option Shares.

(ii) Pay the aggregate Exercise Price for the purchased shares in one or more of the following forms:

(A) cash or check made payable to the Company; or
(B) through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the option) shall concurrently provide irrevocable instructions (i) to a brokerage firm (reasonably satisfactory to the Company for purposes of administering such procedure in accordance with the Company’s pre-clearance/pre-notification policies) to effect the immediate sale of all or a sufficient portion of the purchased shares so that such brokerage firm can remit to the Company, on the settlement date, sufficient funds out of the resulting sale proceeds to cover the aggregate Exercise Price payable for all the purchased shares plus all applicable Withholding Taxes and (ii) to the Company to deliver the purchased shares directly to such brokerage firm on such settlement date.

Except to the extent the sale and remittance procedure is utilized in connection with the option exercise, payment of the Exercise Price must accompany the Notice of Exercise (or other notification procedure) delivered to the Company in connection with the option exercise.

(iii) Furnish to the Company appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise this option.

(iv) Make appropriate arrangements with the Company (or the Employer) for the satisfaction of all applicable Withholding Taxes.

(b) As soon as practical after the Exercise Date, the Company shall issue to or on behalf of Optionee (or any other person or persons exercising this option) the purchased Option Shares, subject to appropriate restrictions, if any.

(c) In no event may this option be exercised for any fractional shares.

10. **Responsibility for Taxes.**

(a) Optionee acknowledges that, regardless of any action the Company and/or the Employer take with respect to any or all Withholding Taxes, the ultimate liability for all Withholding Taxes is and remains Optionee’s responsibility and may exceed the amount actually withheld by the Company or the Employer. Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the option, including the grant, vesting or exercise of the options, the subsequent sale of any shares of Common Stock acquired at exercise and the receipt of any dividends; and (ii) do not commit to, and are under no obligation to, structure the terms of the grant or any aspect of the option to reduce or eliminate Optionee’s liability for Withholding Taxes or achieve any particular tax result. Further, if Optionee is subject to Withholding Taxes in more than one jurisdiction, Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Withholding Taxes in more than one jurisdiction.
(b) Prior to the relevant taxable event, Optionee agrees to make arrangements satisfactory to the Company and/or the Employer to satisfy all Withholding Taxes. In this regard, Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Withholding Taxes by one or a combination of the following:

(i) withholding from any wages or other cash compensation paid to Optionee by the Company and/or the Employer; or

(ii) withholding from the proceeds of the sale of shares of Common Stock acquired upon exercise of the option.

Depending on the withholding method, the Company may withhold or account for Withholding Taxes by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Optionee will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. Optionee shall pay to the Company and/or the Employer any amount of Withholding Taxes that the Company and/or the Employer may be required to withhold as a result of Optionee’s participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to deliver any purchased Option Shares or the proceeds of the sale of shares if Optionee fails to comply with Optionee’s obligations in connection with the Withholding Taxes.

11. **Compliance with Laws and Regulations.**

   (a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Company and Optionee with all Applicable Laws relating thereto, as determined by counsel for the Company.

   (b) The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of any Common Stock pursuant to this option shall relieve the Company of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Company, however, shall use its reasonable best efforts to obtain all such approvals.

12. **Insider Trading Restrictions/Market Abuse Laws.** Optionee acknowledges that, depending on Optionee’s country, Optionee may be subject to insider trading restrictions and/or market abuse laws, which may affect Optionee’s ability to acquire or sell shares of Common Stock or rights to shares of Common Stock (e.g., options) under the Plan during such times as Optionee is considered to have “inside information” regarding the Company (as defined by the laws in Optionee’s country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Optionee acknowledges that it is Optionee’s responsibility to comply with any applicable restrictions, and Optionee should speak to his or her personal advisor on this matter.
13. **Successors and Assigns.** Except to the extent otherwise provided in Paragraphs 3 and 6 above, the provisions of this Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns and Optionee, Optionee’s assigns, the legal representatives, heirs and legatees of Optionee’s estate.

14. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the most current address then indicated for Optionee on the Company’s employee records or shall be delivered electronically to Optionee through the Company’s electronic mail system or through an on-line brokerage firm authorized by the Company to effect option exercises through the internet. All notices shall be deemed effective upon personal delivery or delivery through the Company’s electronic mail system or upon deposit in the U.S. or local country mail, postage prepaid and properly addressed to the party to be notified.

15. **Construction.** This Agreement and the option evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in this option.

16. **Governing Law and Venue.**

   (a) The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to Delaware’s conflict-of-laws rules.

   (b) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this option and this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the Northern District of California, and no other courts where the grant of this option is made and/or to be performed.

17. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

18. **Waiver.** Optionee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Optionee or other Optionees.

19. **Excess Shares.** If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of shares of Common Stock which may without stockholder approval be issued under the Plan, then this option shall be void with respect to those excess shares, unless
stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock issuable under the Plan is obtained in accordance with the provisions of the Plan. In no event shall the option be exercisable with respect to any of the excess Option Shares unless and until such stockholder approval is obtained.

20. **Leaves of Absence.** The following provisions shall govern leaves of absence, except to the extent the application of such provisions to Optionee would contravene employment laws in the jurisdiction where Optionee is employed or the terms of Optionee’s employment agreement, if any.

(a) For purposes of this Agreement, Optionee’s Continuous Service shall not be deemed to cease during any period for which Optionee is on a military leave, sick leave or other personal leave approved by the Company. However, Optionee shall not receive any Continuous Service credit, for purposes of vesting in this option and the Option Shares pursuant to the Vesting Schedule set forth in attached Schedule I, for any period of such leave of absence, except to the extent otherwise required by employment laws in the jurisdiction where Optionee is employed or the terms of Optionee’s employment agreement, if any or pursuant to the following policy:

- Optionee shall receive Continuous Service credit for such vesting purposes for (i) the first three (3) months of an approved personal leave of absence or (ii) the first seven (7) months of any bona fide leave of absence (other than an approved personal leave), but in no event beyond the expiration date of such leave of absence.

(b) In no event shall Optionee be deemed to remain in Continuous Service at any time after the earlier of (i) the expiration date of his or her leave of absence, unless Optionee returns to active Continuous Service on or before that date, or (ii) the date Optionee’s Continuous Service actually terminates by reason of his or her voluntary or involuntary termination or by reason of his or her death or Disability.

21. **Acknowledgment of Nature of Plan and Option.** In accepting the option, Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future options, if any, will be at the sole discretion of the Company;

(d) the option grant and Optionee’s participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the
Company, the Employer or any Related Entity and shall not interfere with the ability of the Company, the Employer or any Related Entity, as applicable, to terminate Optionee’s employment or service relationship (if any);

(e) Optionee’s participation in the Plan is voluntary;

(f) the option and the Option Shares, and the income and value of same, are not intended to replace any pension rights or compensation;

(g) the option and the Option Shares, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the future value of the Option Shares is unknown, indeterminable and cannot be predicted with any certainty;

(i) if the Option Shares do not increase in value, the option will have no value;

(j) if Optionee exercises his or her option and obtains the Option Shares, the value of those Option Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the option resulting from termination of Optionee’s Continuous Service by the Employer or the Company (or any Related Entity) (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Optionee is employed or the terms of Optionee’s employment agreement, if any), and in consideration of the Award to which Optionee is not otherwise entitled, Optionee irrevocably agrees never to institute any claim against the Company, the Employer or any Related Entity, waives his or her ability, if any, to bring any such claim and releases the Company, the Employer and any Related Entity from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Optionee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(l) unless otherwise agreed with the Company in writing, the option and the Option Shares, and the income and value of same, are not granted as consideration for, or in connection with, any service Optionee may provide as a director of the Company or a Related Entity;

(m) unless otherwise provided in the Plan or by the Company in its discretion, the option and the benefits evidenced by this Agreement do not create any entitlement to have the option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Option Shares; and
the following provisions apply only if Optionee is providing services outside the United States:

(i) the option and the Option Shares, and the income and value of same, are not part of normal or expected compensation or salary for any purpose;

(ii) Optionee acknowledges and agrees that neither the Company, the Employer nor any Related Entity shall be liable for any foreign exchange rate fluctuation between Optionee’s local currency and the United States Dollar that may affect the value of the option or of any amounts due to Optionee pursuant to the exercise of the option or the subsequent sale of any Option Shares acquired upon exercise.

22. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee’s participation in the Plan or Optionee’s acquisition or sale of the Option Shares. Optionee is hereby advised to consult with his or her personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

23. **Data Privacy.**

(a) Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Optionee’s personal data as described in this Agreement and any other option grant materials by and among, as applicable, the Employer, the Company and any Related Entity for the exclusive purpose of implementing, administering and managing Optionee’s participation in the Plan.

(b) Optionee understands that the Company and the Employer may hold certain personal information about Optionee, including, but not limited to, Optionee’s name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in Optionee’s favor, for the exclusive purpose of implementing, administering and managing the Plan (“Data”).

(c) Optionee understands that Data will be transferred to E*TRADE Financial Services, Inc. or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Optionee understands that the recipients of the Data may be located in the United States, or elsewhere, and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than Optionee’s country. Optionee understands that if Optionee resides outside the United States, Optionee may request a list with the names and addresses of any potential recipients of the Data by contacting Optionee’s local human resources representative. Optionee authorizes the Company, E*TRADE Financial Services, Inc. and any other possible recipients which may assist the Company (presently or in the future) with
implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Optionee’s participation in the Plan. Optionee understands that Data will be held only as long as is necessary to implement, administer and manage Optionee’s participation in the Plan. Optionee understands that if Optionee resides outside the United States, Optionee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Optionee’s local human resources representative. Further, Optionee understands that Optionee is providing the consents herein on a purely voluntary basis. If Optionee does not consent, or if Optionee later revokes his or her consent, Optionee’s employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Optionee’s consent is that the Company would not be able to grant Optionee options or other equity awards or administer or maintain such awards. Therefore, Optionee understands that refusing or withdrawing Optionee’s consent may affect Optionee’s ability to participate in the Plan.

24. **Plan Prospectus.** The official prospectus for the Plan is available on the Company’s intranet at: GNet > Employee Resources > Stock Awards > Plan Documents. Optionee may also obtain a printed copy of the prospectus by contacting Stock Plan Services at stockplanservices@gilead.com.

25. **Language.** If Optionee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

26. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through the electronic acceptance procedure established and maintained by the Company or a third party designated by the Company.

27. **Optionee Acceptance.** Optionee must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall this option be exercised in the absence of such acceptance. An exercise of any portion of the shares subject to this Option shall be deemed to be an acceptance by Optionee of the terms and conditions of this Agreement.

28. **Foreign Account / Assets Reporting.** Depending upon the country to which laws Optionee is subject, Optionee may have certain foreign asset and/or account reporting requirements that may affect Optionee’s ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside Optionee’s country of residence. Optionee’s country may require that he or she report such accounts, assets or transactions to the applicable authorities in Optionee’s country. Optionee is responsible
for knowledge of and compliance with any such regulations and should speak with his or her own personal tax, legal and financial advisors regarding same.

29. **Addendum.** Notwithstanding any provision herein, Optionee’s participation in the Plan shall be subject to any additional terms and conditions as set forth in the Addendum for Optionee’s country of residence, if any. Moreover, if Optionee relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Optionee, to the extent the Company determines that the application of such terms and conditions is necessary for legal or administrative reasons. The Addendum constitutes part of this Agreement.

30. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Optionee’s participation in the Plan, on the option and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

GILEAD SCIENCES, INC.

By: Kathryn Watson

Title: EVP, Human Resources

PARTICIPANT: ______________________________

By: Daniel O’Day

Date: ______________________________
APPENDIX

The following definitions shall be in effect under the Agreement:

A. **Addendum** shall mean the addendum to this Agreement setting forth special terms and conditions for Optionee’s country.

B. **Administrator** shall mean the Compensation Committee of the Board (or a subcommittee thereof) acting in its capacity as administrator of the Plan.

C. **Agreement** shall mean this Global Stock Option Agreement.

D. **Applicable Acceleration Period** shall have the meaning assigned to such term in Section 2(b) of the Plan and shall be determined on the basis of Optionee’s status on the Change in Control date.

E. **Applicable Laws** shall mean the legal requirements related to the Plan and the option under applicable provisions of the federal securities laws, state corporate and securities laws, the Code, the rules of any applicable Stock Exchange on which the Common Stock is listed for trading, and the rules of any non-U.S. jurisdiction applicable to options granted to residents therein.

F. **Board** shall mean the Company’s Board of Directors.

G. **Cause** shall have the meaning given to the term “Cause” in that certain letter agreement entered into between the Company and Optionee dated November 30, 2018.

H. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:

   (i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

   (ii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders.
or an acquisition, consolidation or other reorganization to which the Company is a party; or

(iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (a) have been Board members continuously since the beginning of such period or (b) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (a) above who were still in office at the time the Board approved such election or nomination.

In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity.

I. **Code** shall mean the U.S. Internal Revenue Code of 1986, as amended.

J. **Common Stock** shall mean shares of the Company’s common stock.

K. **Company** shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.

L. **Consultant** shall mean any person, including an advisor, who is compensated by the Company or any Related Entity for services performed as a non-employee consultant; provided, however, that the term “Consultant” shall not include non-employee Directors serving in their capacity as Board members. The term “Consultant” shall include a member of the board of directors of a Related Entity.

M. **Continuous Service** shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. For purposes of this Agreement, Optionee shall be deemed to cease Continuous Service immediately upon the occurrence of either of the following events: (i) Optionee no longer performs services in any of the foregoing capacities for the Company or any Related Entity or (ii) the entity for which Optionee is performing such services ceases to remain a Related Entity of the Company, even though Optionee may subsequently continue to perform services for that entity. Subject to the foregoing, the Administrator shall have the exclusive discretion to determine when Optionee ceases Continuous Service for purposes of the option.

N. **Director** shall mean a member of the Board.
O. **Disability** shall have the meaning given to the term “Disability” in that certain letter agreement entered into between the Company and Optionee dated November 30, 2018.

P. **Employee** shall mean an individual who is in the employ of the Company (or any Related Entity), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

Q. **Employer** shall mean the Company or the Related Entity employing or retaining Optionee.

R. **Exercise Date** shall mean the date on which the option shall have been exercised in accordance with Paragraph 9 of the Agreement.

S. **Exercise Price** shall mean the exercise price payable per Option Share as specified in attached Schedule I.

T. **Expiration Date** shall mean the date specified on attached Schedule I for measuring the maximum term for which the option may remain outstanding.

U. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock: **provided, however,** that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The applicable quoted price shall be as reported in The Wall Street Journal or such other source as the Administrator deems reliable.

V. **Good Reason** shall have the meaning given to the term “Good Reason” in that certain letter agreement entered into between the Company and Optionee dated November 30, 2018.

W. **Grant Date** shall mean the date on which the option is granted, as specified on attached Schedule I.

X. **1934 Act** shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

Y. **Non-Statutory Option** shall mean an option not intended to satisfy the requirements of Code Section 422.

Z. **Notice of Exercise** shall mean the notice of option exercise in the form authorized by the Company.

AA. **Option Shares** shall mean the number of shares of Common Stock subject to the option as specified in attached Schedule I.
BB. **Optionee** shall mean the person identified in attached Schedule I to whom the option is granted pursuant to the Agreement.

CC. **Parent** shall mean a “parent corporation,” whether now existing or hereafter established, as defined in Section 424(e) of the Code.

DD. **Plan** shall mean the Company’s 2004 Equity Incentive Plan, as amended from time to time.

EE. **Related Entity** shall mean (i) any Parent or Subsidiary of the Company and (ii) any corporation in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Optionee provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least twenty percent (20%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain and there is a legitimate non-tax business purpose for making this option grant to Optionee.

FF. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

GG. **Subsidiary** shall mean a “subsidiary corporation,” whether now existing or hereafter established, as defined in Section 424(f) of the Code.

HH. **Vesting Schedule** shall mean the schedule set forth in attached Schedule I, pursuant to which the option is to vest and become exercisable for the Option Shares in a series of installments over Optionee’s period of Continuous Service.

II. **Withholding Taxes** shall mean any and all income tax (including U.S. federal, state, and local tax and/or foreign income taxes) and the employee portion of the federal, state, local and/or foreign employment taxes (including social insurance, payroll tax, payment on account or other tax-related items) required or permitted to be withheld by the Company and/or the Employer in connection with any taxable event attributable to the option or Optionee’s participation in the Plan.
SCHEDULE I
OPTION GRANT SPECIFICS

Name of Optionee: Daniel O’Day
Grant Date: March 1, 2019
Total Number of Option Shares: 231,280
Exercise Price: $66.01

Vesting Schedule:

<table>
<thead>
<tr>
<th>Shares</th>
<th>Vest Type</th>
<th>Full Vest Date</th>
<th>Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>57,820</td>
<td>On Vest Date</td>
<td>01-MAR-20</td>
<td>01-MAR-29</td>
</tr>
<tr>
<td>173,460</td>
<td>Quarterly</td>
<td>01-MAR-23</td>
<td>01-MAR-29</td>
</tr>
</tbody>
</table>

The option will vest and become exercisable for the number of Option Shares noted on the first line above on the first anniversary of the Grant Date, as noted by the date listed under “Full Vest Date.” With respect to each subsequent line, the option will vest and become exercisable for the listed Option Shares in equal quarterly installments, beginning one quarter after the Full Vest Date on the previous line and ending on the corresponding Full Vest Date for the listed Option Shares at issue. Fractional shares will be rounded down to the nearest whole number.
RECITALS

A. Gilead Sciences, Inc. (the “Company”) has implemented the Gilead Sciences, Inc. 2004 Equity Incentive Plan, as amended (the “Plan”) for the purpose of providing incentives to attract, retain and motivate eligible Employees, Directors and Consultants to continue their service relationship with the Company.

B. This Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s issuance of shares of Common Stock to Participant thereunder.

C. All capitalized terms in this Performance Share Award Agreement (this “Agreement”) shall have the meaning assigned to them herein or in the attached Appendix A. Capitalized terms not defined herein or in the attached Appendix A shall have the meanings assigned to them in the Plan.

NOW, THEREFORE, it is hereby agreed as follows:

1. Grant of Performance Shares. The Company hereby awards to Participant, as of the Award Date indicated below, an award (the “Award”) of Performance Shares under the Plan. This Agreement provides the Participant with the right to receive one or more shares of Common Stock on the designated issuance date for those shares, based upon the extent to which each Performance Share vests pursuant to the terms hereof. The Target Shares subject to this Award, the applicable performance-vesting and Continuous Service vesting requirements for this Award, the date or dates on which the shares of Common Stock that vest hereunder shall become issuable and the remaining terms and conditions governing this Award, including the applicable vesting acceleration provisions, shall be as set forth in this Agreement.

AWARD SUMMARY

Participant: Daniel O’Day

Award Date: March 1, 2019

Target Number of Performance Shares: The actual number of shares of Common Stock that may become issuable pursuant to the Performance Shares subject to this Agreement shall be determined in accordance with the performance-vesting and Continuous Service vesting provisions of attached Schedule I. For purposes of the applicable calculations under Schedule I, the target number of Performance Shares to be utilized is 45,850 shares (the “Target Shares”).
Vesting Schedule:

**Vesting Requirements.** The Performance Shares shall be subject to the performance-vesting and Continuous Service vesting requirements set forth in attached Schedule I and shall vest on the Certification Date (as defined in Appendix A).

**Change in Control Vesting.** The shares of Common Stock underlying the Performance Shares may also vest on an accelerated basis in accordance with the applicable provisions of Paragraph 4 of this Agreement should a Change in Control occur after the start but prior to the completion of the Performance Period applicable to the Performance Shares.

Issuance Date:
The shares of Common Stock which actually vest and become issuable pursuant to the Performance Shares shall be issued in accordance with the provisions of this Agreement applicable to the particular circumstances under which such vesting occurs.

2. **Limited Transferability.** Prior to the actual issuance of the shares of Common Stock which vest hereunder, Participant may not transfer any interest in the Performance Shares subject to this Award or the underlying shares of Common Stock or pledge or otherwise hedge the sale of those Performance Shares or underlying shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the underlying shares of Common Stock. However, any shares of Common Stock which vest hereunder but otherwise remain unissued at the time of Participant’s death may be transferred pursuant to the provisions of Participant’s will or the laws of inheritance.

3. **Stockholder Rights and Dividend Equivalents**

   (a) The holder of this Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the shares of Common Stock subject to the Award until Participant becomes the record holder of those shares upon their actual issuance following the Company’s collection of the applicable Withholding Taxes.

   (b) Notwithstanding the foregoing, in the event that any dividend or other distribution is declared and paid on shares of Common Stock after the Award Date, but prior to the complete settlement, cancellation or forfeiture of this Award, the Participant shall be entitled to receive, upon settlement of this Award, an amount (the “phantom dividend equivalent amount”) equal to the dividends or other distributions that would have been paid or issued on the number of shares of Common Stock actually vested and issuable to Participant pursuant to this Award. The phantom dividend equivalent amount shall be calculated by the Administrator in its discretion and need not be adjusted for interest, earnings or assumed reinvestment. The phantom dividend equivalent amount shall be distributed to Participant concurrently with the issuance of the vested shares to which those phantom dividend equivalents relate, and may be paid and distributed in the same form the actual dividend or distribution was paid to the holders of the Common Stock or in such other form as the Administrator deems appropriate. Each such distribution of phantom dividend equivalents shall be subject to the Company’s collection of any Withholding Taxes applicable to that distribution. The Administrator shall have the sole discretion to determine the dollar value of any dividend or distribution paid other than in the form of cash, and its determination shall be controlling. No phantom dividend equivalent amount shall be paid or distributed on shares of Common Stock under this Award that are forfeited or that otherwise are not vested and issued or issuable under this Award.
4. **Change in Control.** The following provisions shall apply only to the extent a Change in Control is consummated prior to the Certification Date and shall have no force or effect if the effective date of the Change in Control occurs after the Certification Date:

(a) Should (i) the Change in Control occur within the first twelve (12) months of the Performance Period and (ii) Participant remains in Continuous Service through the effective date of that Change in Control, then Participant shall immediately vest in that number of shares of Common Stock equal to the Target Shares subject to this Award, without any measurement of Performance Goal attainment to date and without regard to the Continuous Service vesting provisions.

(b) Should (i) the Change in Control occur at any time on or after the completion of the first twelve (12) months of the Performance Period but prior to the Certification Date and (ii) Participant remains in Continuous Service through the effective date of that Change in Control, then Participant shall immediately vest in that number of shares of Common Stock equal to the greater of (i) the Target Shares subject to this Award or (ii) the actual number of Performance-Qualified Shares determined by multiplying (A) the Target Shares subject to this Award by (B) the applicable percentage (determined in accordance with the payout slope set forth in attached Schedule I) for the level at which the TSR Performance Goal is attained over an abbreviated Performance Period ending with the close of the Company’s fiscal quarter coincident with or immediately preceding the effective date of the Change in Control, in either case, without regard to the Continuous Service vesting requirements.

(c) The foregoing provisions of this Paragraph 4 shall also apply should Participant’s Continuous Service be terminated by the Company without Cause, by Participant for Good Reason, or by reason of Participant’s death or Disability, at any time during the period beginning with the execution date of the definitive agreement for the Change in Control transaction and ending with the earlier of (i) the termination of the definitive agreement without the consummation of such Change in Control or (ii) the expiration of the Applicable Acceleration Period following the consummation of such Change in Control.

(d) Should Participant cease Continuous Service by reason of his or her Retirement at least twelve (12) months following the Award Date but prior to the Certification Date and a Change in Control subsequently occurs prior to the Certification Date, then Participant shall, at the time of such Change in Control, immediately vest in that number of shares of Common Stock equal to the Target Shares subject to this Award, without any measurement of Performance Goal attainment to date and without regard to the Continuous Service vesting provisions.

(e) The number of shares of Common Stock in which Participant vests determined in accordance with the foregoing provisions of this Paragraph 4 shall be converted into the right to receive for each such share the same consideration per share of Common Stock payable to the other stockholders of the Company in consummation of the Change in Control, and such consideration shall be distributed to Participant on the earlier of (i) the tenth (10th) business day following the effective date of the Change in Control or (ii) the date those shares would have been issued to Participant in accordance with Paragraph 6 in the absence of such Change in Control. Each issuance or distribution made under this Paragraph 4(f) shall be subject to the Company’s collection of the applicable Withholding Taxes.

(f) Except for the actual number of shares of Common Stock in which Participant vests in accordance with this Paragraph 4, Participant shall cease to have any further right or entitlement to any additional shares of Common Stock under this Agreement following the effective date of the Change in Control.
This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

5. **Adjustment in Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Company’s receipt of consideration, or should the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change. The determination of the Administrator shall be final, binding and conclusive. In the event of any Change in Control transaction, the provisions of Paragraph 4 shall also be applicable.

6. **Issuance or Distribution of Vested Shares or Other Amounts.**

   (a) Except as otherwise provided in Paragraph 4 or Paragraph 7, the shares of Common Stock in which Participant vests pursuant to the performance-vesting and Continuous Service vesting provisions of attached Schedule I shall be issued in accordance with the following provisions:

   - The issuance of the shares of Common Stock shall be effected during the period beginning on the first (1st) business day of February of the calendar year immediately succeeding the end of the Performance Period and ending no later than March 15 of that calendar year.

   (b) The Company shall, on the applicable issuance date, issue to or on behalf of Participant a certificate in electronic form for the shares of Common Stock in which Participant vests pursuant to the performance-vesting and Continuous Service vesting provisions of attached Schedule I and shall concurrently settle with Participant any phantom dividend equivalent amount with respect to those shares as provided in Paragraph 3.

   (c) Except as otherwise provided in Paragraph 4, no shares of Common Stock shall be issued prior to the Certification Date. No fractional shares of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Agreement shall be rounded down to the next whole share.

   (d) Participant acknowledges that, regardless of any action the Employer may take with respect to any or all Withholding Taxes related to Participant’s participation in the Plan and legally applicable to Participant, the ultimate liability for all Withholding Taxes is and remains Participant’s responsibility and may exceed the amount actually withheld by the Employer. Participant further acknowledges that the Employer (i) makes no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Award, including the grant, vesting or settlement of the Award, the issuance of shares of Common Stock or other property in settlement of the Award, the subsequent sale of the shares of Common Stock acquired pursuant to such issuance and the receipt of any dividends and/or phantom dividend equivalent amount provided pursuant to Paragraph 3 and (ii) does not commit to, and is under no obligation to, structure the terms of the grant or any aspect of the Award to reduce or eliminate Participant’s liability for Withholding Taxes or achieve any particular tax result. Further, if Participant is or becomes subject to Withholding Taxes in more than
one jurisdiction, Participant acknowledges that the Employer (or former employer, as applicable) may withhold or account for Withholding Taxes in more than one jurisdiction.

(e) The Company shall collect, and Participant hereby authorizes the Company to collect, the Withholding Taxes with respect to the shares of Common Stock issued under this Agreement (including any shares of Common Stock issued in settlement of any phantom dividend equivalent amount as provided in Paragraph 3) through an automatic share withholding procedure pursuant to which the Company will withhold, immediately as the shares of Common Stock are issued under the Award, a portion of those shares with a Fair Market Value (measured as of the issuance date) equal to the amount of such Withholding Taxes (the “Share Withholding Method”). Notwithstanding the foregoing, the Share Withholding Method shall not be utilized if (i) such method is not permissible or advisable under local law or (ii) the Company otherwise decides no longer to utilize such method and provides Participant with notice to such effect.

(f) If the Share Withholding Method is to be utilized for the collection of Withholding Taxes, then the Company shall withhold the number of otherwise issuable shares of Common Stock necessary to satisfy the applicable Withholding Taxes based on the applicable minimum statutory rate or other applicable withholding rate, including maximum applicable rates, as determined by the Company in its sole discretion. If the maximum rate is used, any over-withheld amount will be refunded to Participant in cash by the Employer (with no entitlement to the Common Stock equivalent) or if not refunded, Participant may seek a refund from the appropriate tax authorities. If the obligation for Withholding Taxes is satisfied by using the Share Withholding Method, then Participant will, for tax purposes, be deemed to have been issued the full number of shares of Common Stock subject to the vested Award, notwithstanding that a number of shares of Common Stock are withheld solely for the purpose of paying the applicable Withholding Taxes.

(g) The Company shall have sole discretion to determine whether or not the Share Withholding Method shall be utilized for the collection of the applicable Withholding Taxes. Participant shall be notified (in writing or through the Company’s electronic mail system) in the event the Company no longer intends to utilize the Share Withholding Method. Should any shares of Common Stock become issuable under the Award (including any shares of Common Stock issued in settlement of any phantom dividend equivalent amount as provided in Paragraph 3) at a time when the Share Withholding Method is not being utilized by the Company, then the Withholding Taxes shall be collected from Participant through a sale-to-cover transaction authorized by Participant, pursuant to which an immediate open-market sale of a portion of the shares of Common Stock issued to Participant will be effected, for and on behalf of Participant, by the Company’s designated broker to cover the Withholding Tax liability estimated by the Company to be applicable to such issuance. Participant shall, promptly upon request from the Company, execute (whether manually or through electronic acceptance) an appropriate sales authorization (in form and substance reasonably satisfactory to the Company) that authorizes and directs the broker to effect such open-market, sale-to-cover transactions and remit the sale proceeds, net of brokerage fees and other applicable charges, to the Company in satisfaction of the applicable Withholding Taxes. However, no sale-to-cover transaction shall be effected unless (i) such a sale is at the time permissible under the Company’s insider trading policies governing the sale of Common Stock and (ii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002.

(h) If the Company determines that such sale-to-cover transaction is not permissible or advisable at the time or if Participant otherwise fails to effect a timely sales authorization as required by this Agreement, then the Company may, in its sole discretion, elect either to defer the issuance of the shares of Common Stock until such sale-to-cover transaction can be effected in accordance
with Participant’s executed sale directive or to collect the applicable Withholding Taxes through a wire transfer of funds from Participant to the Company in the amount of such Withholding Taxes or by withholding such amount from other wages payable to Participant. In no event shall any shares of Common Stock be issued in the absence of an arrangement reasonably satisfactory to the Company for the satisfaction of the applicable Withholding Taxes, and any such arrangement must be in compliance with any applicable requirements of Code Section 409A.

(i) The Company shall collect the Withholding Taxes with respect to any phantom dividend equivalent amount as provided in Paragraph 3 that is distributed in a form other than shares of Common Stock by withholding a portion of that distribution equal to the amount of the applicable Withholding Taxes, with the cash portion of the distribution to be the first portion so withheld, or through such other tax withholding arrangement as the Company deems appropriate, in its sole discretion.

(j) Notwithstanding the foregoing provisions of Paragraphs 6(d) through 6(i), the employee portion of the federal, state and local employment taxes required to be withheld by the Company in connection with the vesting (as determined under applicable tax laws) of the shares of Common Stock or any other amounts hereunder (the “Employment Taxes”) shall in all events be collected from Participant no later than the last business day of the calendar year in which those shares or other amounts vest (as determined under applicable tax laws) hereunder. Accordingly, to the extent the applicable issuance date for one or more vested shares of Common Stock or the distribution date for such other amounts is to occur in a year subsequent to the calendar year in which those shares or other amounts vest, Participant shall, if so requested by the Company, on or before the last business day of the calendar year in which such shares or other amounts vest, deliver to the Company a check payable to its order (or a wire transfer of funds to the Company) in the dollar amount equal to the Employment Taxes required to be withheld with respect to those shares or other amounts. Alternatively, the Company may, in its sole discretion, elect to withhold the dollar amount equal to the Employment Taxes required to be withheld with respect to those shares or other amounts from other wages payable to Participant, or through such other tax withholding arrangement as the Company deems appropriate, in its sole discretion. The provisions of this Paragraph 6(j) shall be applicable only to the extent necessary to comply with the applicable tax withholding requirements of Code Section 3121(v).

Except as otherwise provided in Paragraph 4 or this Paragraph 6, the settlement of all Performance Shares or Performance-Qualified Shares which vest under the Award shall be made solely in shares of Common Stock.

7. **Special Deferral Election.** Provided Participant is a U.S. tax resident and Participant timely submits a properly completed deferral election in a form provided by the Company, any shares of Common Stock that become issuable pursuant to this Agreement shall be distributed in accordance with the terms of such deferral election, subject to Participant’s satisfaction of any applicable Withholding Taxes under Paragraph 6.

8. **Leaves of Absence.** For purposes of applying the various Continuous Service vesting provisions of this Agreement, Participant shall be deemed to cease Continuous Service on the commencement date of any leave of absence and not to remain in Continuous Service status during the period of that leave, except to the extent otherwise required under employment laws in the jurisdiction where Participant is employed or pursuant to the following policy:

- Participant shall be deemed to remain in Continuous Service status during (i) the first three (3) months of an approved personal leave of absence or (ii) the
first seven (7) months of any bona fide leave of absence (other than an approved personal leave) and shall be deemed to cease Continuous Service upon the expiration of the applicable three (3)-month or seven (7)-month period.

- In no event, however, shall Participant be deemed, for vesting purposes hereunder, to remain in Continuous Service beyond the earlier of (i) the expiration date of that leave of absence, unless Participant returns to active Continuous Service or Employee status on or before that date, or (ii) the date Participant’s Continuous Service or Employee status actually terminates by reason of his or her voluntary or involuntary termination or by reason of his or her death or Disability.

9. **Compliance with Laws and Regulations.** The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Company and Participant with all Applicable Laws relating thereto.

10. **Nature of Grant.** In accepting the grant, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;

(c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;

(d) Participant is voluntarily participating in the Plan;

(e) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not intended to replace any pension rights or compensation;

(f) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar payments;

(g) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(h) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of Participant’s Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any), and in consideration of the grant of the Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, any Related Entity or the Employer, waives Participant’s ability, if any, to bring any such claim, and releases the Company, any Related Entity and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is
allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(i) unless otherwise agreed with the Company in writing, the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of the Company or a Related Entity; and

(j) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company.

11. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant’s participation in the Plan, or Participant’s acquisition or sale of the underlying shares of Common Stock. Participant should consult with Participant’s own personal tax, legal and financial advisors regarding Participant’s participation in the Plan before taking any action related to the Plan or the Award.

12. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the most current address then indicated for Participant on the Company’s employee records or shall be delivered electronically to Participant through the Company’s electronic mail system or through an on-line brokerage firm authorized by the Company to effect sales of the Common Stock issued hereunder. All notices shall be deemed effective upon personal delivery or delivery through the Company’s electronic mail system or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

13. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and Participant, the legal representatives, heirs and legatees of Participant’s estate.

14. **Code Section 409A**

(a) It is the intention of the parties that the provisions of this Agreement shall, to the maximum extent permissible, comply with the requirements of the short-term deferral exception to Section 409A of the Code and Treasury Regulations Section 1.409A-1(b)(4) with respect to one or more shares of Common Stock underlying this Award. Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the requirements or limitations of Code Section 409A applicable to such short-term deferral exception, then those provisions, as they apply to such shares of Common Stock, shall be interpreted and applied in a manner that does not result in a violation of the requirements or limitations of Code Section 409A and the Treasury Regulations thereunder that apply to such exception.

(b) However, to the extent this Agreement should be deemed to create a deferred compensation arrangement subject to the requirements of Code Section 409A with respect to one or more shares of Common Stock underlying this Award, whether by reason of a deferral election
that satisfies the requirements of Paragraph 7 above or the pro-rata Continuous Service vesting provisions of this Agreement, then the following provisions shall apply with respect to those shares, notwithstanding anything to the contrary set forth herein:

- None of those shares of Common Stock or other amounts which become issuable or distributable with respect to those shares by reason of Participant’s cessation of Continuous Service shall actually be issued or distributed to Participant until the date of Participant’s Separation from Service or as soon thereafter as administratively practicable, but in no event later than the later of (i) the close of the calendar year in which such Separation from Service occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the date of such Separation from Service.

- None of those shares of Common Stock or other amounts which become issuable or distributable with respect to those shares by reason of Participant’s cessation of Continuous Service shall actually be issued or distributed to Participant prior to the earlier of (i) the first (1st) day of the seventh (7th) month following the date of Participant’s Separation from Service or (ii) the date of Participant’s death, if Participant is deemed at the time of such Separation from Service to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations issued under Code Section 409A, as determined by the Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Company, and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The deferred shares of Common Stock or other distributable amount shall be issued or distributed in a lump sum on the first (1st) day of the seventh (7th) month following the date of Participant’s Separation from Service or, if earlier, the first (1st) day of the month immediately following the date the Company receives proof of Participant’s death.

- No amounts that vest and become payable under Paragraph 4 of this Agreement with respect to those shares of Common Stock by reason of a Change in Control shall be distributed to Participant at the time of such Change in Control, unless that transaction also constitutes a Qualifying Change in Control. In the absence of such a Qualifying Change in Control, the distribution shall not be made until the date on which the shares of Common Stock to which those amounts pertain would have become issuable in accordance with the provisions of Paragraph 6(a) of this Agreement.

- If a deferral election under Paragraph 7 of this Agreement is in effect with respect to any shares of Common Stock underlying this Award, no amounts that vest and become payable under Paragraph 4 with respect to those shares by reason of a Change in Control shall be distributed to Participant at the time of that Change in Control unless the transaction also constitutes a Qualifying Change in Control. In the absence of such a Qualifying Change in Control, the distribution shall not be made until the date on which the shares of Common Stock to which those amounts pertain would have become issuable in accordance with Participant’s deferral election under Paragraph 7 of this Agreement.

15. **Construction.** This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any question or issue
16. **Governing Law/Venue.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to that State’s conflict-of-laws rules. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement or otherwise relating to or arising from this Agreement, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

17. **Employment at Will.** Nothing in this Agreement or in the Plan shall confer upon Participant any right to remain in Continuous Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Employer or of Participant, which rights are hereby expressly reserved by each, to terminate Participant’s Continuous Service at any time for any reason, with or without Cause.

18. **Plan Prospectus.** The official prospectus for the Plan is available on the Company’s intranet at: [Stock Awards section on GNET](#). Participant may also obtain a printed copy of the prospectus by contacting Stock Plan Services at stockplanservices@gilead.com.

19. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

21. **Waiver.** Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

22. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions including the United States and Participant’s country or his or her broker’s country, if different, which may affect Participant’s ability to accept, acquire, sell or otherwise dispose of shares, rights to shares (e.g., Performance Shares) or rights linked to the value of shares of Common Stock (e.g., dividend equivalents) during such times as Participant is considered to have “inside information” regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is Participant’s responsibility to comply with any applicable restrictions, and Participant should speak with his or her personal legal advisor on this matter.
23. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant’s participation in the Plan, on the Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. **Participant Acceptance.** Participant must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall any shares of Common Stock be issued (or other securities or property distributed) under this Agreement in the absence of such acceptance. By accepting the Award, Participant agrees that this Award is granted under and governed by the terms and conditions of the Plan and this Agreement. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Agreement and fully understands all provisions of the Plan and Agreement.
IN WITNESS WHEREOF, Gilead Sciences, Inc. has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

GILEAD SCIENCES, INC.

[Signature]

By: Kathryn Watson
Title: Executive Vice President

PARTICIPANT

_______________________________
Signature

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APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Applicable Laws** shall mean the legal requirements relating to the Plan and the Awards under applicable provisions of U.S. federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange, and the securities, tax and exchange control laws, rules, regulations, and requirements of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

B. **Award Date** shall mean the date the Performance Shares are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

C. **Cause** shall have the meaning given to the term “Cause” in that certain letter agreement entered into between the Company and Participant dated November 30, 2018.

D. **Certification Date** shall mean the date following the completion of the Performance Period on which the Administrator certifies the attained level of the TSR Performance Goal for such Performance Period.

E. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:

   (i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

   (ii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders.
or an acquisition, consolidation or other reorganization to which the Company is a party; or

(iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity. Should such holding company structure or other Parent entity be established for the Company, then subparagraph (iii) shall be applied solely to the board of directors of that holding company or Parent entity.

F. **Company** shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.

G. **Continuous Service** shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. For purposes of this Agreement, Participant shall be deemed to cease Continuous Service immediately upon the occurrence of either of the following events: (i) Participant no longer performs services in any of the foregoing capacities for the Company or any Related Entity or (ii) the entity for which Participant is performing such services ceases to remain a Related Entity of the Company, even though Participant may subsequently continue to perform services for that entity. The Administrator shall have the exclusive discretion to determine when Participant ceases Continuous Service for purposes of the Award.

H. **Disability** shall have the meaning given to the term “Disability” in that certain letter agreement entered into between the Company and Participant dated November 30, 2018.

I. **Employee** shall mean an individual who is in the employ of the Company (or any Related Entity), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

J. **Employer** shall mean the Company or any Related Entity employing Participant.
K. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock; provided, however, that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The applicable quoted price shall be as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable.

L. **Good Reason** shall have the meaning given to the term “Good Reason” in that certain letter agreement entered into between the Company and Participant dated November 30, 2018.

M. **1934 Act** shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

N. **Parent** shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, provided each corporation in the unbroken chain (other than the Company) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

O. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

P. **Performance Goal** shall mean the total shareholder return performance goal specified on attached Schedule I (the “TSR Performance Goal”) that must be attained in order to satisfy the performance-vesting requirement for the shares of Common Stock subject to this Award.

Q. **Performance Period** shall mean the period specified on attached Schedule I over which the attainment of the TSR Performance Goal is to be measured.

R. **Performance-Qualified Shares** shall mean the maximum number of Shares in which Participant can vest based on the level at which the Performance Goal for the Performance Period is attained and shall be calculated in accordance with the provisions of attached Schedule I. In no event shall the number of such Performance-Qualified Shares exceed two hundred percent (200%) of the Target Shares set forth in Paragraph 1 of this Agreement, as such number may be adjusted from time to time pursuant to the provisions of Paragraph 5 of this Agreement. Each Performance-Qualified Share that vests pursuant to the terms of the Award shall entitle Participant to receive one share of Common Stock.

S. **Qualifying Change in Control** shall mean a change in control of ownership of the Company effected by one or more of the following transactions:

(i) a merger or consolidation in which the Company is not the surviving entity and in which one person or a group of related persons (other than
the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) acquires ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company in complete liquidation or dissolution of the Company;

(iii) any reverse merger in which the Company is the surviving entity but in which one person or a group of related persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) acquires ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities;

(iv) the acquisition, directly or indirectly, by any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities pursuant to a tender or exchange offer made directly to the Company’s stockholders; or

(v) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

The foregoing definition of Qualifying Change in Control shall in all instances be applied and interpreted in such manner that the applicable Qualifying Change in Control transaction that serves as an issuance event for the shares of Common Stock subject to this Award (or distribution event for any amounts relating to those shares) that vest upon the occurrence of a Change in Control and are otherwise at the time subject to the issuance or distribution restrictions of Code Section 409A will also qualify as: (i) a change in the ownership of the Company, as determined in accordance with Section 1.409A-3(i)(5)(v) of the Treasury Regulations, (ii) a change in the effective control of the Company, as determined in accordance with Section 1.409A-3(i)(5)(vi) of the Treasury Regulations, or (iii) a change in the ownership of a substantial portion of the assets of the Company, as determined in accordance with Section 1.409A-3(i)(5)(vii) of the Treasury Regulations.
T. **Related Entity** shall mean (i) any Parent or Subsidiary of the Company and (ii) any corporation in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Participant provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least fifty percent (50%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain.

U. **Retirement** shall mean Participant’s cessation of Continuous Service after the date on which he or she (i) attains age 55 and has completed at least ten (10) years of Continuous Service or (ii) attains age 65; provided, however, that if Participant, as of December 31, 2018, (x) is in Salary Grade 35 or above, and (y) the sum of Participant’s attained age and completed years of Continuous Service equals or exceeds seventy (70) years, he or she shall be deemed to satisfy the requirements for “Retirement” upon a cessation of Continuous Service without regard to subsections (i) and (ii) of this Section.

V. **Separation from Service** shall mean Participant’s cessation of Employee status by reason of his or her death, Retirement or termination of employment. Participant shall be deemed to have terminated employment for such purpose at such time as the level of his or her bona fide services to be performed as an Employee (or as a consultant or independent contractor) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services he or she rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such services). Solely for purposes of determining when a Separation from Service occurs, Participant will be deemed to continue in “Employee” status for so long as he or she remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. “Employer Group” means the Company and any Parent or Subsidiary and any other corporation or business controlled by, controlling or under common control with, the Company, as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in such sections and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations. Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code.

W. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

X. **Subsidiary** shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing A-5
fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Y. **Withholding Taxes** shall mean any and all income taxes (including U.S. federal, state and local tax) and the employee portion of the federal state and local taxes (including social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items) required or permitted to be withheld by the Company and/or the Employer in connection with any taxable or tax withholding event, as applicable, attributable to the Award or Participant’s participation in the Plan.
SCHEDULE I
PERFORMANCE GOAL AND PERFORMANCE PERIOD

PERFORMANCE PERIOD

The measurement period for the Performance Shares shall be the thirty-five (35) month period beginning February 1, 2019 and ending December 31, 2021 (the “Performance Period”).

PERFORMANCE GOAL FOR PERFORMANCE VESTING

CONTINUOUS SERVICE VESTING REQUIREMENT FOR PERFORMANCE-QUALIFIED SHARES

The number of shares of Common Stock in which Participant may actually vest on the basis of the number of Performance-Qualified Shares certified by the Administrator in accordance with the performance vesting provisions of this Schedule I shall be tied to his or her completion of the following Continuous Service vesting requirements:

- If Participant remains in Continuous Service through the Certification Date, Participant shall vest in one-hundred percent (100%) of the Performance-Qualified Shares certified by the Administrator for the Performance Period.

- If Participant’s Continuous Service terminates prior to the Certification Date by reason of termination by the Company without Cause, resignation for Good Reason, death or Disability, then, subject to Participant’s (or his personal representative’s) execution and non-revocation of a general release of claims against the Company in the form provided by the Company and within the timeframes specified therein, Participant shall: (i) if the Performance Period has not yet ended, immediately vest upon his Separation from Service in connection with such termination in that number of shares of Common Stock equal to the Target Shares, without any measurement of Performance Goal attainment to date and without regard to the Continuous Service vesting provisions, and (ii) if the Performance Period has ended but such termination is prior to the Certification Date, vest following the completion of the Performance Period and the Certification Date, in one-hundred percent (100%) of the Performance-Qualified Shares certified by the Administrator for the Performance Period as if Participant had remained in Continuous Service through the Certification Date.

- If Participant’s Continuous Service terminates by reason of his or her Retirement (that is not otherwise by reason of termination by the Company without Cause, resignation for Good Reason, death or Disability) at least twelve (12) months following the Award Date but prior to the Certification Date, then Participant shall, following the completion of the Performance Period and the Certification Date,
vest in one-hundred percent (100%) of the Performance-Qualified Shares certified by the Administrator for the Performance Period as if Participant had remained in Continuous Service through the Certification Date.

- If Participant’s Continuous Service ceases for any other reason (including, without limitation, any deemed cessation of Continuous Service under Paragraph 8 of this Agreement) prior to the Certification Date, then Participant shall not vest in any of the Performance-Qualified Shares, and all of Participant’s right, title and interest to the shares of Common Stock subject to this Award shall immediately terminate; provided, however, that should a Change in Control occur prior to the completion of the Performance Period, then the provisions of Paragraph 4 shall govern the vesting of the Performance Shares subject to this Award.

Schedule I-2
GILEAD SCIENCES, INC.
PERFORMANCE SHARE AWARD AGREEMENT

REVENUE PERFORMANCE GOAL

RECITALS

A. Gilead Sciences, Inc. (the “Company”) has implemented the Gilead Sciences, Inc. 2004 Equity Incentive Plan, as amended (the “Plan”) for the purpose of providing incentives to attract, retain and motivate eligible Employees, Directors and Consultants to continue their service relationship with the Company.

B. This Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s issuance of shares of Common Stock to Participant thereunder.

C. All capitalized terms in this Performance Share Award Agreement (this “Agreement”) shall have the meaning assigned to them herein or in the attached Appendix A. Capitalized terms not defined herein or in the attached Appendix A shall have the meanings assigned to them in the Plan.

NOW, THEREFORE, it is hereby agreed as follows:

1. Grant of Performance Shares. The Company hereby awards to Participant, as of the Award Date indicated below, an award (the “Award”) of Performance Shares under the Plan. This Agreement provides the Participant with the right to receive one or more shares of Common Stock on the designated issuance date for those shares, based upon the extent to which each Performance Share vests pursuant to the terms hereof. The Target Shares subject to this Award, the applicable performance-vesting and Continuous Service vesting requirements for each separate Tranche of this Award, the date or dates on which the shares of Common Stock that vest hereunder shall become issuable and the remaining terms and conditions governing this Award, including the applicable vesting acceleration provisions, shall be as set forth in this Agreement.

AWARD SUMMARY

Participant
Daniel O’Day

Award Date:
March 1, 2019

Target Number of Performance Shares: The actual number of shares of Common Stock that may become issuable pursuant to the Performance Shares subject to this Agreement shall be determined in accordance with the performance-vesting and Continuous Service vesting provisions of attached Schedule I. For purposes of the applicable calculations under Schedule I, the target number of Performance Shares to be utilized is 45,450 shares (the “Target Shares”).

The Performance Shares shall be divided into three separate Tranches with one third (1/3) of the Target Shares allocated to each such Tranche.
Vesting Schedule:

**Vesting Requirements.** Each Tranche of Performance Shares shall be subject to the performance-vesting and Continuous Service vesting requirements set forth for that particular Tranche in attached Schedule I and shall vest on the Certification Date (as defined in Appendix A).

**Change in Control Vesting.** The shares of Common Stock underlying each Tranche of Performance Shares may also vest on an accelerated basis in accordance with the applicable provisions of Paragraph 4 of this Agreement should a Change in Control occur after the start but prior to the completion of the Performance Period applicable to that particular Tranche or the Certification Date.

Issuance Date:

The shares of Common Stock which actually vest and become issuable pursuant to each Tranche of Performance Shares shall be issued in accordance with the provisions of this Agreement applicable to the particular circumstances under which such vesting occurs.

2. **Limited Transferability.** Prior to the actual issuance of the shares of Common Stock which vest hereunder, Participant may not transfer any interest in the Performance Shares subject to this Award or the underlying shares of Common Stock or pledge or otherwise hedge the sale of those Performance Shares or underlying shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the underlying shares of Common Stock. However, any shares of Common Stock which vest hereunder but otherwise remain unissued at the time of Participant’s death may be transferred pursuant to the provisions of Participant’s will or the laws of inheritance.

3. **Stockholder Rights and Dividend Equivalents**

   (a) The holder of this Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the shares of Common Stock subject to the Award until Participant becomes the record holder of those shares upon their actual issuance following the Company’s collection of the applicable Withholding Taxes.

   (b) Notwithstanding the foregoing, in the event that any dividend or other distribution is declared and paid on shares of Common Stock after the Award Date, but prior to the complete settlement, cancellation or forfeiture of this Award, the Participant shall be entitled to receive, upon settlement of this Award, an amount (the “phantom dividend equivalent amount”) equal to the dividends or other distributions that would have been paid or issued on the number of shares of Common Stock actually vested and issuable to Participant pursuant to this Award. The phantom dividend equivalent amount shall be calculated by the Administrator in its discretion and need not be adjusted for interest, earnings or assumed reinvestment. The phantom dividend equivalent amount shall be distributed to Participant concurrently with the issuance of the vested shares to which those phantom dividend equivalents relate, and may be paid and distributed in the same form the actual dividend or distribution was paid to the holders of the Common Stock or in such other form as the Administrator deems appropriate. Each such distribution of phantom dividend equivalents shall be subject to the Company’s collection of any Withholding Taxes applicable to that distribution. The Administrator shall have the sole discretion to determine the dollar value of any dividend or distribution paid other than in the form of cash, and its determination shall be...
controlling. No phantom dividend equivalent amount shall be paid or distributed on shares of Common Stock under this Award that are forfeited or that otherwise are not vested and issued or issuable under this Award.

4. **Change in Control.** The following provisions shall apply only to the extent a Change in Control is consummated prior to the Certification Date and shall have no force or effect if the effective date of the Change in Control occurs after the Certification Date:

   (a) Should (i) the Change in Control occur prior to the completion of any applicable Performance Period with respect to a particular Tranche of Performance Shares and (ii) Participant remains in Continuous Service through the effective date of that Change in Control, then Participant shall immediately vest in that number of shares of Common Stock equal to the Target Shares allocated to that particular Tranche, without any measurement of Performance Goal attainment to date with respect to that particular Tranche and without regard to the Continuous Service vesting provisions.

   (b) Should (i) the Change in Control occur at any time on or after the completion of the Performance Period applicable to a particular Tranche of Performance Shares but prior to the Certification Date and (ii) Participant remains in Continuous Service through the effective date of that Change in Control, then Participant shall immediately vest in that number of shares of Common Stock equal to the actual number of Performance-Qualified Shares (if any) at the time subject to that Tranche by reason of the level at which the Revenue Performance Goal for that Tranche was in fact attained for the Performance Period applicable to that Tranche, without regard to the Continuous Service vesting provisions.

   (c) The foregoing provisions of this Paragraph 4 shall also apply should Participant’s Continuous Service be terminated by the Company without Cause, by Participant for Good Reason, or by reason of Participant’s death or Disability, at any time during the period beginning with the execution date of the definitive agreement for the Change in Control transaction and ending with the earlier of (i) the termination of the definitive agreement without the consummation of such Change in Control or (ii) the expiration of the Applicable Acceleration Period following the consummation of such Change in Control.

   (d) Should Participant cease Continuous Service by reason of his or her Retirement at least twelve (12) months following the Award Date but prior to the Certification Date and during one or more Service Periods that are, pursuant to the provisions of attached Schedule I, in effect at that time with respect to one or more Tranches of Performance Shares and a Change in Control subsequently occurs prior to the Certification Date, then Participant shall, at the time of such Change in Control, immediately vest in that number of shares of Common Stock equal to the Target Shares allocated to that particular Tranche, without any measurement of Performance Goal attainment to date with respect to that particular Tranche and without regard to the Continuous Service vesting provisions. Except as otherwise provided herein, to the extent a Performance Period for a particular Tranche of Performance Shares has not commenced prior to the effective date of the Change in Control, the Performance Shares allocated to that Tranche in accordance with Paragraph 1 of this Agreement and the provisions of attached Schedule I shall be cancelled, and
Participant shall not have any further right or entitlement to receive any shares of Common Stock with respect to those cancelled Performance Shares.

(e) The number of shares of Common Stock in which Participant vests determined in accordance with the foregoing provisions of this Paragraph 4 shall be converted into the right to receive for each such share the same consideration per share of Common Stock payable to the other stockholders of the Company in consummation of the Change in Control, and such consideration shall be distributed to Participant on the earlier of (i) the tenth (10th) business day following the effective date of the Change in Control, provided such Change in Control also constitutes a Qualifying Change in Control, or (ii) the date those shares would have been issued to Participant in accordance with Paragraph 6 in the absence of such Change in Control. Each issuance or distribution made under this Paragraph 4(f) shall be subject to the Company’s collection of the applicable Withholding Taxes.

(f) Except for the actual number of shares of Common Stock in which Participant vests in accordance with this Paragraph 4, Participant shall cease to have any further right or entitlement to any additional shares of Common Stock under this Agreement following the effective date of the Change in Control.

(g) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

5. Adjustment in Shares. Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Company’s receipt of consideration, or should the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change. The determination of the Administrator shall be final, binding and conclusive. In the event of any Change in Control transaction, the provisions of Paragraph 4 shall also be applicable.

6. Issuance or Distribution of Vested Shares or Other Amounts.

(a) Except as otherwise provided in Paragraph 4 or Paragraph 7, the shares of Common Stock in which Participant vests pursuant to the performance-vesting and Continuous Service vesting provisions of attached Schedule I shall be issued in accordance with the following provisions:

- The issuance of the shares of Common Stock underlying each particular Tranche of Performance Shares shall be effected during the period beginning on the first (1st) business day of February of the calendar year immediately succeeding the end of the Tranche Three Performance Period and ending no later than March 15 of that calendar year.
The Company shall, on the applicable issuance date, issue to or on behalf of Participant a certificate in electronic form for the shares of Common Stock in which Participant vests pursuant to the performance-vesting and Continuous Service vesting provisions of attached Schedule I and shall concurrently settle with Participant any phantom dividend equivalent amount with respect to those shares as provided in Paragraph 3.

Except as otherwise provided in Paragraph 4, no shares of Common Stock shall be issued prior to the Certification Date. No fractional shares of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Agreement shall be rounded down to the next whole share.

Participant acknowledges that, regardless of any action the Employer may take with respect to any or all Withholding Taxes related to Participant’s participation in the Plan and legally applicable to Participant, the ultimate liability for all Withholding Taxes is and remains Participant’s responsibility and may exceed the amount actually withheld by the Employer. Participant further acknowledges that the Employer (i) makes no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Award, including the grant, vesting or settlement of the Award, the issuance of shares of Common Stock or other property in settlement of the Award, the subsequent sale of the shares of Common Stock acquired pursuant to such issuance and the receipt of any dividends and/or phantom dividend equivalent amount provided pursuant to Paragraph 3 and (ii) does not commit to, and is under no obligation to, structure the terms of the grant or any aspect of the Award to reduce or eliminate Participant’s liability for Withholding Taxes or achieve any particular tax result. Further, if Participant is or becomes subject to Withholding Taxes in more than one jurisdiction, Participant acknowledges that the Employer (or former employer, as applicable) may withhold or account for Withholding Taxes in more than one jurisdiction.

The Company shall collect, and Participant hereby authorizes the Company to collect, the Withholding Taxes with respect to the shares of Common Stock issued under this Agreement (including any shares of Common Stock issued in settlement of any phantom dividend equivalent amount as provided in Paragraph 3) through an automatic share withholding procedure pursuant to which the Company will withhold, immediately as the shares of Common Stock are issued under the Award, a portion of those shares with a Fair Market Value (measured as of the issuance date) equal to the amount of such Withholding Taxes (the “Share Withholding Method”). Notwithstanding the foregoing, the Share Withholding Method shall not be utilized if (i) such method is not permissible or advisable under local law or (ii) the Company otherwise decides no longer to utilize such method and provides Participant with notice to such effect.

If the Share Withholding Method is to be utilized for the collection of Withholding Taxes, then the Company shall withhold the number of otherwise issuable shares of Common Stock necessary to satisfy the applicable Withholding Taxes based on the applicable minimum statutory rate or other applicable withholding rate, including maximum applicable rates, as determined by the Company in its sole discretion. If the maximum rate is used, any over-withheld amount will be refunded to Participant in cash by the Employer (with no entitlement to the Common Stock equivalent) or if not refunded, Participant may seek a refund from the appropriate tax authority.
If the obligation for Withholding Taxes is satisfied by using the Share Withholding Method, then Participant will, for tax purposes, be deemed to have been issued the full number of shares of Common Stock subject to the vested Award, notwithstanding that a number of shares of Common Stock are withheld solely for the purpose of paying the applicable Withholding Taxes.

(g) The Company shall have sole discretion to determine whether or not the Share Withholding Method shall be utilized for the collection of the applicable Withholding Taxes. Participant shall be notified (in writing or through the Company’s electronic mail system) in the event the Company no longer intends to utilize the Share Withholding Method. Should any shares of Common Stock become issuable under the Award (including any shares of Common Stock issued in settlement of any phantom dividend equivalent amount as provided in Paragraph 3) at a time when the Share Withholding Method is not being utilized by the Company, then the Withholding Taxes shall be collected from Participant through a sale-to-cover transaction authorized by Participant, pursuant to which an immediate open-market sale of a portion of the shares of Common Stock issued to Participant will be effected, for and on behalf of Participant, by the Company’s designated broker to cover the Withholding Tax liability estimated by the Company to be applicable to such issuance. Participant shall, promptly upon request from the Company, execute (whether manually or through electronic acceptance) an appropriate sales authorization (in form and substance reasonably satisfactory to the Company) that authorizes and directs the broker to effect such open-market, sale-to-cover transactions and remit the sale proceeds, net of brokerage fees and other applicable charges, to the Company in satisfaction of the applicable Withholding Taxes. However, no sale-to-cover transaction shall be effected unless (i) such a sale is at the time permissible under the Company’s insider trading policies governing the sale of Common Stock and (ii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002.

(h) If the Company determines that such sale-to-cover transaction is not permissible or advisable at the time or if Participant otherwise fails to effect a timely sales authorization as required by this Agreement, then the Company may, in its sole discretion, elect either to defer the issuance of the shares of Common Stock until such sale-to-cover transaction can be effected in accordance with Participant’s executed sale directive or to collect the applicable Withholding Taxes through a wire transfer of funds from Participant to the Company in the amount of such Withholding Taxes or by withholding such amount from other wages payable to Participant. In no event shall any shares of Common Stock be issued in the absence of an arrangement reasonably satisfactory to the Company for the satisfaction of the applicable Withholding Taxes, and any such arrangement must be in compliance with any applicable requirements of Code Section 409A.

(i) The Company shall collect the Withholding Taxes with respect to any phantom dividend equivalent amount as provided in Paragraph 3 that is distributed in a form other than shares of Common Stock by withholding a portion of that distribution equal to the amount of the applicable Withholding Taxes, with the cash portion of the distribution to be the first portion so withheld, or through such other tax withholding arrangement as the Company deems appropriate, in its sole discretion.
(j) Notwithstanding the foregoing provisions of Paragraphs 6(d) through 6(i), the employee portion of the federal, state and local employment taxes required to be withheld by the Company in connection with the vesting (as determined under applicable tax laws) of the shares of Common Stock or any other amounts hereunder (the “Employment Taxes”) shall in all events be collected from Participant no later than the last business day of the calendar year in which those shares or other amounts vest (as determined under applicable tax laws) hereunder. Accordingly, to the extent the applicable issuance date for one or more vested shares of Common Stock or the distribution date for such other amounts is to occur in a year subsequent to the calendar year in which those shares or other amounts vest, Participant shall, if so requested by the Company, on or before the last business day of the calendar year in which such shares or other amounts vest, deliver to the Company a check payable to its order (or a wire transfer of funds to the Company) in the dollar amount equal to the Employment Taxes required to be withheld with respect to those shares or other amounts. Alternatively, the Company may, in its sole discretion, elect to withhold the dollar amount equal to the Employment Taxes required to be withheld with respect to those shares or other amounts from other wages payable to Participant, or through such other tax withholding arrangement as the Company deems appropriate, in its sole discretion. The provisions of this Paragraph 6(j) shall be applicable only to the extent necessary to comply with the applicable tax withholding requirements of Code Section 3121(v).

(k) Except as otherwise provided in Paragraph 4 or this Paragraph 6, the settlement of all Performance Shares or Performance-Qualified Shares which vest under the Award shall be made solely in shares of Common Stock.

7. **Special Deferral Election.** Provided Participant is a U.S. tax resident and Participant timely submits a properly completed deferral election in a form provided by the Company, any shares of Common Stock that become issuable pursuant to this Agreement shall be distributed in accordance with the terms of such deferral election, subject to Participant’s satisfaction of any applicable Withholding Taxes under Paragraph 6.

8. **Leaves of Absence.** For purposes of applying the various Continuous Service vesting provisions of this Agreement, Participant shall be deemed to cease Continuous Service on the commencement date of any leave of absence and not to remain in Continuous Service status during the period of that leave, except to the extent otherwise required under employment laws in the jurisdiction where Participant is employed or pursuant to the following policy:

- Participant shall be deemed to remain in Continuous Service status during (i) the first three (3) months of an approved personal leave of absence or (ii) the first seven (7) months of any bona fide leave of absence (other than an approved personal leave) and shall be deemed to cease Continuous Service upon the expiration of the applicable three (3)-month or seven (7)-month period.

- In no event, however, shall Participant be deemed, for vesting purposes hereunder, to remain in Continuous Service beyond the earlier of (i) the expiration date of that leave of absence, unless Participant returns to active Continuous Service or Employee status on or before that date, or (ii) the date Participant’s Continuous Service or Employee status actually terminates by reason
of his or her voluntary or involuntary termination or by reason of his or her death or Disability.

9. **Compliance with Laws and Regulations.** The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Company and Participant with all Applicable Laws relating thereto.

10. **Nature of Grant.** In accepting the grant, Participant acknowledges, understands and agrees that:

   (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

   (b) the grant of the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;

   (c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;

   (d) Participant is voluntarily participating in the Plan;

   (e) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not intended to replace any pension rights or compensation;

   (f) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar payments;

   (g) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

   (h) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the termination of Participant’s Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any), and in consideration of the grant of the Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, any Related Entity or the Employer, waives Participant’s ability, if any, to bring any such claim, and releases the Company, any Related Entity and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents necessary to request dismissal or withdrawal of such claim;
unless otherwise agreed with the Company in writing, the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of the Company or a Related Entity; and

unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company.

11. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant’s participation in the Plan, or Participant’s acquisition or sale of the underlying shares of Common Stock. Participant should consult with Participant’s own personal tax, legal and financial advisors regarding Participant’s participation in the Plan before taking any action related to the Plan or the Award.

12. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the most current address then indicated for Participant on the Company’s employee records or shall be delivered electronically to Participant through the Company’s electronic mail system or through an on-line brokerage firm authorized by the Company to effect sales of the Common Stock issued hereunder. All notices shall be deemed effective upon personal delivery or delivery through the Company’s electronic mail system or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

13. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and Participant, the legal representatives, heirs and legatees of Participant’s estate.

14. **Code Section 409A**

   (a) It is the intention of the parties that the provisions of this Agreement shall, to the maximum extent permissible, comply with the requirements of the short-term deferral exception to Section 409A of the Code and Treasury Regulations Section 1.409A-1(b)(4) with respect to each Tranche of Performance Shares under this Award. Accordingly, to the extent there is any ambiguity as to whether one or more provisions of this Agreement would otherwise contravene the requirements or limitations of Code Section 409A applicable to such short-term deferral exception, then those provisions, as they apply to each Tranche, shall be interpreted and applied in a manner that does not result in a violation of the requirements or limitations of Code Section 409A and the Treasury Regulations thereunder that apply to such exception.
However, to the extent this Agreement should be deemed to create a deferred compensation arrangement subject to the requirements of Code Section 409A with respect to one or more Tranches of the Performance Shares, whether by reason of a deferral election that satisfies the requirements of Paragraph 7 above or the pro-rata Continuous Service vesting provisions of this Agreement, then the following provisions shall apply with respect to any such Tranche, notwithstanding anything to the contrary set forth herein:

- No shares of Common Stock or other amounts which become issuable or distributable with respect to such Tranche by reason of Participant’s cessation of Continuous Service shall actually be issued or distributed to Participant until the date of Participant’s Separation from Service or as soon thereafter as administratively practicable, but in no event later than the later of (i) the close of the calendar year in which such Separation from Service occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the date of such Separation from Service.

- No shares of Common Stock or other amounts which become issuable or distributable with respect to such Tranche by reason of Participant’s cessation of Continuous Service shall actually be issued or distributed to Participant prior to the earlier of (i) the first (1st) day of the seventh (7th) month following the date of Participant’s Separation from Service or (ii) the date of Participant’s death, if Participant is deemed at the time of such Separation from Service to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations issued under Code Section 409A, as determined by the Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Company, and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2).

- No amounts that vest and become payable under Paragraph 4 of this Agreement with respect to that Tranche by reason of a Change in Control shall be distributed to Participant at the time of such Change in Control, unless that transaction also constitutes a Qualifying Change in Control. In the absence of such a Qualifying Change in Control, the distribution shall not be made until the date on which the shares of Common Stock to which those amounts pertain would have become issuable in accordance with the provisions of Paragraph 6(a) of this Agreement.

- If a deferral election under Paragraph 7 of this Agreement is in effect with respect to any Tranche of Performance Shares under this Award, no amounts that vest and become payable under Paragraph 4 with respect to that particular Tranche by reason of a Change in Control shall be distributed to Participant at the time of that Change in Control unless the transaction also constitutes a
Qualifying Change in Control. In the absence of such a Qualifying Change in Control, the distribution shall not be made until
the date on which the shares of Common Stock to which those amounts pertain would have become issuable in accordance
with Participant’s deferral election under Paragraph 7 of this Agreement.

- The shares of Common Stock that are issuable pursuant to each Tranche of Performance Shares in
accordance with the provisions of this Agreement and attached Schedule I shall be deemed a separate payment for purposes
of Code Section 409A.

15. Construction. This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and
are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this
Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any
question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the
Award.

16. Governing Law/Venue. The interpretation, performance and enforcement of this Agreement shall be governed
by the laws of the State of Delaware without resort to that State’s conflict-of-laws rules. For purposes of any action, lawsuit or other
proceedings brought to enforce this Agreement or otherwise relating to or arising from this Agreement, the parties hereby submit to
and consent to the sole and exclusive jurisdiction of the courts of San Mateo County, California, or the federal courts for the United
States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

17. Employment at Will. Nothing in this Agreement or in the Plan shall confer upon Participant any right to remain
in Continuous Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Employer
or of Participant, which rights are hereby expressly reserved by each, to terminate Participant’s Continuous Service at any time for
any reason, with or without Cause.

18. Plan Prospectus. The official prospectus for the Plan is available on the Company’s intranet at: Stock Awards
section on GNET. Participant may also obtain a printed copy of the prospectus by contacting Stock Plan Services at
stockplanservices@gilead.com.

19. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents
related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by
electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the
Company or a third party designated by the Company.

20. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined
to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
21. **Waiver.** Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

22. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions including the United States and Participant’s country or his or her broker’s country, if different, which may affect Participant’s ability to accept, acquire, sell or otherwise dispose of shares, rights to shares (e.g., Performance Shares) or rights linked to the value of shares of Common Stock (e.g., dividend equivalents) during such times as Participant is considered to have “inside information” regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is Participant’s responsibility to comply with any applicable restrictions, and Participant should speak with his or her personal legal advisor on this matter.

23. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant’s participation in the Plan, on the Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. **Participant Acceptance.** Participant must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall any shares of Common Stock be issued (or other securities or property distributed) under this Agreement in the absence of such acceptance. By accepting the Award, Participant agrees that this Award is granted under and governed by the terms and conditions of the Plan and this Agreement. Participant has reviewed the Plan and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Agreement and fully understands all provisions of the Plan and Agreement.
IN WITNESS WHEREOF, Gilead Sciences, Inc. has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

GILEAD SCIENCES, INC.

[Signature]

By: Kathryn Watson
Title: Executive Vice President

PARTICIPANT

Signature

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APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Applicable Laws** shall mean the legal requirements relating to the Plan and the Awards under applicable provisions of U.S. federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange, and the securities, tax and exchange control laws, rules, regulations, and requirements of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

B. **Award Date** shall mean the date the Performance Shares are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

C. **Cause** shall have the meaning given to the term “Cause” in that certain letter agreement entered into between the Company and Participant dated November 30, 2018.

D. **Certification Date** shall mean the date following the completion of the Tranche Three Performance Period on which the Administrator certifies the attained level of the Performance Goal applicable to Tranche Three.

E. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:

   (i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

   (ii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Company or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders.
or an acquisition, consolidation or other reorganization to which the Company is a party; or

(iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity. Should such holding company structure or other Parent entity be established for the Company, then subparagraph (iii) shall be applied solely to the board of directors of that holding company or Parent entity.

C. **Company** shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.

D. **Continuous Service** shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. For purposes of this Agreement, Participant shall be deemed to cease Continuous Service immediately upon the occurrence of either of the following events: (i) Participant no longer performs services in any of the foregoing capacities for the Company or any Related Entity or (ii) the entity for which Participant is performing such services ceases to remain a Related Entity of the Company, even though Participant may subsequently continue to perform services for that entity. The Administrator shall have the exclusive discretion to determine when Participant ceases Continuous Service for purposes of the Award.

E. **Disability** shall have the meaning given to the term “Disability” in that certain letter agreement entered into between the Company and Participant dated November 30, 2018.

F. **Employee** shall mean an individual who is in the employ of the Company (or any Related Entity), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

G. **Employer** shall mean the Company or any Related Entity employing Participant.

H. **Fair Market Value** per share of Common Stock on any relevant date shall be
the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock; provided, however, that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The applicable quoted price shall be as reported in The Wall Street Journal or such other source as the Administrator deems reliable.

I. **Good Reason** shall have the meaning given to the term “Good Reason” in that certain letter agreement entered into between the Company and Participant dated November 30, 2018.

J. **1934 Act** shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

K. **Parent** shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, provided each corporation in the unbroken chain (other than the Company) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

L. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

M. **Performance Goal** shall mean, with respect to each separate Tranche of Performance Shares, the net product revenue performance goal established or to be established for that Tranche at one or more designated levels of attainment in accordance with the provisions of attached Schedule I (the “Revenue Performance Goal”) that must be subsequently attained in order to satisfy the performance-vesting requirement for the shares of Common Stock allocated to that particular Tranche.

N. **Performance Period** shall mean the one-year period specified on attached Schedule I for each separate Tranche of Performance Shares over which the attainment of the Revenue Performance Goal applicable to that particular Tranche is to be measured.

O. **Performance-Qualified Shares** shall mean, with respect to each separate Tranche of Performance Shares, the maximum number of shares of Common Stock in which Participant can vest based on the level at which the Performance Goal applicable to that particular Tranche is in fact attained and shall be calculated in accordance with the provisions of attached Schedule I. Each Performance-Qualified Share that vests pursuant to the terms of the Award shall entitle Participant to receive one share of Common Stock.

P. **Qualifying Change in Control** shall mean a change in control of ownership of the Company effected by one or more of the following transactions:

   (i) a merger or consolidation in which the Company is not the

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surviving entity and in which one person or a group of related persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) acquires ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company in complete liquidation or dissolution of the Company;

(iii) any reverse merger in which the Company is the surviving entity but in which one person or a group of related persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) acquires ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities;

(iv) the acquisition, directly or indirectly, by any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities or constituting more than fifty percent (50%) of the total fair market value of the Company’s outstanding securities pursuant to a tender or exchange offer made directly to the Company’s stockholders; or

(v) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

The foregoing definition of Qualifying Change in Control shall in all instances be applied and interpreted in such manner that the applicable Qualifying Change in Control transaction that serves as an issuance event for the shares of Common Stock subject to this Award (or distribution event for any amounts relating to those shares) that vest upon the occurrence of a Change in Control and are otherwise at the time subject to the issuance or distribution restrictions of Code Section 409A will also qualify as: (i) a change in the ownership of the Company, as determined in accordance with Section 1.409A-3(i)(5)(v) of the Treasury Regulations, (ii) a change in the effective control of the Company, as determined in accordance with Section 1.409A-3(i)(5)(vi) of the Treasury Regulations, or (iii) a change in the ownership of a substantial portion of the assets of the Company, as determined in accordance with Section 1.409A-3(i)(5)(vii) of the Treasury Regulations.
Q. **Related Entity** shall mean (i) any Parent or Subsidiary of the Company and (ii) any corporation in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Participant provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least fifty percent (50%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain.

R. **Retirement** shall mean Participant’s cessation of Continuous Service on or after the date on which he or she (i) attains age 55 and completes at least ten (10) years of Continuous Service or (ii) attains age 65; provided, however, that if Participant, as of December 31, 2018, (x) is in Salary Grade 35 or above, and (y) the sum of Participant’s attained age and completed years of Continuous Service equals or exceeds seventy (70) years, he or she shall be deemed to satisfy the requirements for “Retirement” upon a cessation of Continuous Service without regard to subsections (i) and (ii) of this Section.

S. **Separation from Service** shall mean Participant’s cessation of Employee status by reason of his or her death, Retirement or termination of employment. Participant shall be deemed to have terminated employment for such purpose at such time as the level of his or her bona fide services to be performed as an Employee (or as a consultant or independent contractor) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services he or she rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such services). Solely for purposes of determining when a Separation from Service occurs, Participant will be deemed to continue in “Employee” status for so long as he or she remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. “Employer Group” means the Company and any Parent or Subsidiary and any other corporation or business controlled by, controlling or under common control with, the Company, as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in such sections and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations. Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code.

T. **Service Period** shall mean, with respect to each Tranche of Performance Shares, the applicable service period specified for that particular Tranche in attached Schedule I over which the Continuous Service vesting requirement in effect for that Tranche is to be measured.

U. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

V. **Subsidiary** shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Participant provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least fifty percent (50%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain.
chain of corporations beginning with the Company, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

W. **Tranche** shall mean the three separate tranches (**Tranche One**, **Tranche Two** and **Tranche Three**) into which the Performance Shares subject to this Award are divided in accordance with the provisions of Paragraph 1 of this Agreement and attached Schedule I.

X. **Withholding Taxes** shall mean any and all income taxes (including U.S. federal, state and local tax) and the employee portion of the federal state and local taxes (including social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items) required or permitted to be withheld by the Company and/or the Employer in connection with any taxable or tax withholding event, as applicable, attributable to the Award or Participant’s participation in the Plan.
ESTABLISHMENT OF SEPARATE TRANCHES

The Target Shares subject to the Award have, in accordance with Paragraph 1 of this Agreement, been divided into three (3) separate Tranches: Tranche One, Tranche Two and Tranche Three. Each such separate Tranche shall cover one-third of the Target Shares and shall have its own separate Performance Period and Service Period.

PERFORMANCE PERIOD FOR TRANCHE ONE

The measurement period for the Performance Goal for the Performance Shares allocated to Tranche One shall be the one-year period coincident with the Company’s 2019 fiscal year (the “Tranche One Performance Period”).

SERVICE PERIOD FOR TRANCHE ONE

The applicable Service Period for the Continuous Service vesting condition for Tranche One shall be the period beginning March 1, 2019 and ending on the Certification Date.

PERFORMANCE GOAL FOR PERFORMANCE VESTING FOR TRANCHE ONE

[___]

PERFORMANCE PERIOD FOR TRANCHE TWO

The measurement period for the Performance Goal for the Performance Shares allocated to Tranche Two shall be the one-year period coincident with the Company’s 2020 fiscal year (the “Tranche Two Performance Period”).

SERVICE PERIOD FOR TRANCHE TWO

The applicable Service Period for the Continuous Service vesting condition for Tranche Two shall be the period beginning January 1, 2020 and ending on the Certification Date.

PERFORMANCE GOAL FOR PERFORMANCE VESTING FOR TRANCHE TWO

[___]

PERFORMANCE PERIOD FOR TRANCHE THREE

The measurement period for the Performance Goal for the Performance Shares allocated to Tranche Three shall be the one-year period coincident with the Company’s 2021 fiscal year (the “Tranche Three Performance Period”).
SERVICE PERIOD FOR TRANCHE THREE

The applicable Service Period for the Continuous Service vesting condition for Tranche Three shall be the period beginning January 1, 2021 and ending on the Certification Date.

PERFORMANCE GOAL FOR PERFORMANCE VESTING FOR TRANCHE THREE

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CONTINUOUS SERVICE VESTING REQUIREMENT FOR PERFORMANCE-QUALIFIED SHARES

The number of shares of Common Stock in which Participant may actually vest on the basis of the number of Performance-Qualified Shares certified by the Administrator for each separate Tranche of Performance Shares in accordance with the foregoing provisions shall be tied to his or her completion of the following Continuous Service vesting requirement applicable to each such Tranche:

- If Participant remains in Continuous Service through the Certification Date, Participant shall vest in one hundred percent (100%) of the Performance-Qualified Shares certified by the Administrator for that Tranche.

- If Participant’s Continuous Service terminates prior to the Certification Date by reason of termination by the Company without Cause, resignation for Good Reason, death or Disability, then, subject to Participant’s (or his personal representative’s) execution and non-revocation of a general release of claims against the Company in the form provided by the Company and within the timeframes specified therein, Participant shall: (i) immediately vest upon his Separation from Service in connection with such termination in that number of shares of Common Stock equal to the Target Shares allocated to any particular Tranche of Performance Shares for which the Performance Period has not yet ended, without any measurement of Performance Goal attainment to date with respect to that particular Tranche and without regard to the Continuous Service vesting provisions; and (ii) vest on the Certification Date, in that number of shares of Common Stock equal to the actual number of Performance-Qualified Shares (if any) at the time subject to any particular Tranche of Performance Shares for which the Performance Period has ended but the Certification Date has not yet occurred by reason of the level at which the Revenue Performance Goal for that Tranche was in fact attained for the Performance Period applicable to that Tranche, without regard to the Continuous Service vesting provisions.

- If Participant’s Continuous Service terminates prior to the Certification Date but at least twelve (12) months following the Award Date by reason of Retirement (that is not otherwise by reason of termination by the Company without Cause, resignation for Good Reason, death or Disability), then Participant shall, following the Certification Date, vest in one hundred percent (100%) of the

Schedule I-2
Performance-Qualified Shares certified by the Administrator for that Tranche as if Participant had remained in Continuous Service through the Certification Date.

- If Participant’s Continuous Service ceases for any other reason (including, without limitation, any deemed cessation of Continuous Service under Paragraph 8 of this Agreement) prior to the Certification Date, then Participant shall not vest in any of the Performance-Qualified Shares covered by any Tranche, and all of Participant’s right, title and interest to the shares of Common Stock underlying each Tranche shall immediately terminate; provided, however, that should a Change in Control occur prior to the Certification Date, then the provisions of Paragraph 4 of the Agreement shall govern the vesting of the Performance Shares (if any) allocated to each Tranche.

- Notwithstanding anything to the contrary in the foregoing provisions of this Continuous Service section, should Participant’s Continuous Service cease other than by reason of termination by the Company without Cause, resignation for Good Reason, death or Disability, prior to the start of the Service Period specified above for any particular Tranche of Performance Shares, then Participant shall not vest in any of the Performance Shares allocated to that Tranche, and all of Participant’s right, title and interest to the shares of Common Stock underlying that Tranche shall immediately terminate.

Schedule I-3
GILEAD SCIENCES, INC.
GLOBAL RESTRICTED STOCK UNIT ISSUANCE AGREEMENT

RECITALS

A. The Board has adopted the Plan for the purpose of providing incentives to attract, retain and motivate eligible Employees, Directors and Consultants.

B. This Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Company’s issuance of shares of Common Stock to Participant thereunder.

C. All capitalized terms in this Agreement shall have the meaning assigned to them herein and in the attached Appendix A.

NOW, THEREFORE, the Company hereby awards Restricted Stock Units to Participant upon the following terms and conditions:

1. Grant of Restricted Stock Units. The Company hereby awards to Participant, as of the Award Date indicated below, Restricted Stock Units under the Plan. Each Restricted Stock Unit that vests hereunder will entitle Participant to receive one share of Common Stock on the specified issuance date for that unit. The number of Shares subject to the awarded Restricted Stock Units, the applicable vesting schedule for those Shares, the dates on which those vested Shares shall become issuable to Participant and the remaining terms and conditions governing the Award shall be as set forth in this Agreement.

AWARD SUMMARY

Participant: Daniel O’Day

Award Date: March 1, 2019

Number of Shares Subject to Award: [____] shares of Common Stock (the “Shares”)

Vesting Schedule: The Shares shall vest in a series of [____] successive equal annual installments upon Participant’s completion of each successive year of Continuous Service over the [____]-year period measured from the Award Date. However, one or more Shares may be subject to accelerated vesting in accordance with the provisions of Paragraph 3 or 5 of this Agreement.
The Shares in which Participant vests in accordance with the Normal Vesting Schedule shall become issuable pursuant to the Plan on the applicable annual vesting date, subject to the Company’s collection of the applicable Withholding Taxes. In no event will the Shares in which Participant so vests be issued after the later of (i) the close of the calendar year in which the Shares vest pursuant to the Normal Vesting Schedule or (ii) the fifteenth (15th) day of the third (3rd) calendar month following such vesting date. Shares that vest pursuant to the special vesting provisions of Paragraph 3 or 5 of this Agreement shall be issued in accordance with the applicable provisions of such Paragraph. The procedures pursuant to which the applicable Withholding Taxes are to be collected are set forth in Paragraph 7 of this Agreement.

2. **Limited Transferability.** Prior to actual receipt of the Shares which vest hereunder, Participant may not transfer any interest in the Award or the underlying Shares or pledge or otherwise hedge the sale of those Shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of the underlying Shares. However, any Shares which vest hereunder but which otherwise remain unissued at the time of Participant’s death may be transferred pursuant to the provisions of Participant’s will or the laws of inheritance.

3. **Cessation of Service.**

   (a) Should Participant’s Continuous Service be terminated by the Company without Cause, by Participant for Good Reason, or by reason of Participant’s death or Disability, any unvested portion of the Award shall immediately vest in full as of the date of Participant’s Separation from Service, subject to Participant’s (or his personal representative’s) execution and non-revocation of a general release of claims against the Company in the form provided by the Company and within the timeframes specified therein. The Shares in which Participant so vests shall be issued on the date of Participant’s Separation from Service in connection with such termination of Continuous Service or as soon as administratively practicable thereafter, but in no event later than the later of (i) the close of the calendar year in which such Separation from Service occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the date of such Separation from Service.

   (b) Except as otherwise provided in Paragraph 3(a) or Paragraph 5 below, should Participant cease Continuous Service for any reason prior to vesting in one or more Shares pursuant to the Normal Vesting Schedule, then the Award will be immediately cancelled with respect to those unvested Shares, and the number of Restricted Stock Units will be reduced accordingly. Participant shall thereupon cease to have any right or entitlement to receive any Shares under those cancelled units.

4. **Stockholder Rights and Dividend Equivalents.**

   (a) The holder of this Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares upon their actual issuance following the Company’s collection of the applicable Withholding Taxes.
(b) Notwithstanding the foregoing, should any dividend or other distribution, whether regular or extraordinary and whether payable in cash, securities (other than Common Stock) or other property, be declared and paid on the outstanding Common Stock while one or more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then a special book account shall be established for Participant and credited with a phantom dividend equivalent to the actual dividend or distribution which would have been paid on the Shares at the time subject to this Award had they been issued and outstanding and entitled to that dividend or distribution. As the Shares subsequently vest hereunder, the phantom dividend equivalents so credited to those Shares in the book account shall vest, and those vested dividend equivalents shall be distributed to Participant (in the form of additional Shares or in such other form as the Administrator deems appropriate under the circumstances) concurrently with the issuance of the vested Shares to which those phantom dividend equivalents relate. However, each such distribution shall be subject to the Company’s collection of the Withholding Taxes applicable to that distribution. To the extent any phantom dividend equivalents are to be distributed in Shares, then the following conversion process will be in effect. For each such dividend or distribution that is to be converted into Shares, the aggregate dollar value of the cash, securities or other property that would have been paid as an actual dividend or distribution on the Shares subject to this Award had they been actually issued and outstanding Shares at the time of such dividend or distribution will be divided by the Fair Market Value per Share measured as of the date on which such dividend or distribution was paid on the outstanding Common Stock, with any fractional Share rounded up to the next whole Share. The Administrator shall have the sole discretion to determine the dollar value of any such dividend or distribution paid other than in the form of cash, and its determination shall be controlling.

(c) Should Participant cease Continuous Service without vesting in one or more of the Shares subject to this Award (including any Shares which do not otherwise vest at that time after taking into account any applicable vesting acceleration provisions set forth in Paragraphs 3 and 5 of this Agreement), then the phantom dividend equivalents credited to those unvested Shares shall be cancelled, and Participant shall thereupon cease to have any further right or entitlement to those cancelled amounts.

5. **Change in Control.**

(a) Any Restricted Stock Units subject to this Award at the time of a Change in Control may be (i) assumed or otherwise continued in full force and effect by the surviving corporation, (ii) replaced with an economically-equivalent substitute award or (iii) replaced with a cash retention program of the successor corporation that is in a dollar amount equal to the Fair Market Value of the Shares underlying those Restricted Stock Units (as measured immediately prior to the Change in Control) and provides for the subsequent vesting and payout of that dollar amount in accordance with the same vesting and issuance provisions that would otherwise be in effect for those Shares in the absence of the Change in Control. In the event of such assumption or continuation of the Award or such replacement of the Award with an economically-equivalent award or cash retention program, no accelerated vesting of the Restricted Stock Units shall occur at the time of the Change in Control. Notwithstanding the foregoing, no such cash retention program shall be established for the Restricted Stock Units subject to this Award to the extent such program would
otherwise be deemed to constitute a deferred compensation arrangement subject to the requirements of Code Section 409A and the Treasury Regulations thereunder.

(b) In the event the Award is assumed or otherwise continued in effect, the Restricted Stock Units subject to the Award shall be adjusted immediately after the consummation of the Change in Control so as to apply to the number and class of securities into which the Shares underlying those units immediately prior to the Change in Control would have been converted in consummation of that Change in Control had those Shares actually been issued and outstanding at that time. To the extent the actual holders of the outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation (or parent entity) may, in connection with the assumption or continuation of the Restricted Stock Units subject to the Award at that time and with the approval of the Administrator, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per Share in the Change in Control transaction, provided the substituted common stock is readily tradable on an established U.S. securities exchange.

(c) Any Restricted Stock Units which are to be assumed or otherwise continued in effect in connection with the Change in Control or are to be replaced with an economically equivalent award or cash retention program in accordance with Paragraph 5(a) shall be subject to accelerated vesting in accordance with the following provision:

If Participant’s Employee status is terminated by the Company without Cause, by Participant for Good Reason, or by reason of Participant’s death or Disability, at any time during the period beginning with the execution date of the definitive agreement for that Change in Control transaction and ending with the earlier of (i) the termination of that definitive agreement without the consummation of such Change in Control or (ii) the expiration of the Applicable Acceleration Period following the consummation of such Change in Control, then Participant shall immediately vest in all the unvested Shares (or any replacement securities or cash proceeds) at the time subject to this Award. The Shares (or any replacement securities or cash proceeds) that vest pursuant to this Paragraph 5(c) shall be issued or distributed on the date of Participant’s Separation from Service in connection with such termination of Employee status or as soon as administratively practicable thereafter, but in no event later than the later of (i) the close of the calendar year in which such Separation from Service occurs or (ii) the fifteenth (15th) day of the third (3rd) calendar month following the date of such Separation from Service. The applicable Withholding Taxes with respect to such issuance shall be collected in accordance with Paragraph 7 of this Agreement.

(d) If the Restricted Stock Units subject to this Award at the time of the Change in Control are not assumed or otherwise continued in effect in connection with the Change in Control or are not replaced with an economically equivalent award or cash incentive program in accordance with Paragraph 5(a), then those units will vest immediately prior to the closing of the Change in Control. The Shares subject to those vested units shall be converted into the right to receive for each such Share the same consideration per Share payable to the other stockholders of the Company in consummation of that Change in Control, and such consideration per Share shall
be distributed to Participant upon the tenth (10th) business day following the earliest to occur of (i) the date the Share would have otherwise vested and been issued pursuant to the Vesting and Issuance Schedules set forth in Paragraph 1 in the absence of such Change in Control, (ii) the date of Participant’s Separation from Service, or (iii) the first date following a Qualifying Change in Control on which the distribution can be made without contravention of any applicable provisions of Code Section 409A. Such distribution shall be subject to the Company’s collection of the applicable Withholding Taxes pursuant to the provisions of Paragraph 7.

(e) This Agreement shall not in any way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

6. **Adjustment in Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Company’s receipt of consideration, or should the value of outstanding Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change. In making such adjustments, the Administrator shall take into account any amounts to be credited to Participant’s book account under Paragraph 4(b) in connection with the transaction, and the determination of the Administrator shall be final, binding and conclusive. In the event of a Change in Control, the provisions of Paragraph 5 shall be controlling.

7. **Issuance of Shares or Other Amounts.**

(a) On or after each date on which one or more Shares are to be issued in accordance with the express provisions of this Agreement, the Company shall issue to or on behalf of Participant a certificate (which may be in electronic form) for those Shares and shall concurrently distribute to Participant any phantom dividend equivalents with respect to those Shares (in the form of additional Shares or in such other form as the Administrator deems appropriate under the circumstances), subject in each instance to the Company’s collection of the applicable Withholding Taxes.

(b) Participant acknowledges that, regardless of any action the Company and/or the Employer take with respect to any or all Withholding Taxes related to Participant’s participation in the Plan and legally applicable to Participant, the ultimate liability for all Withholding Taxes is and remains Participant’s responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Withholding Taxes in connection with any aspect of the Award, including the grant, vesting or settlement of the Award, the issuance of Shares (or other property) upon settlement of the Award, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or phantom dividend equivalents; and (ii) do not commit to, and are under no obligation to, structure the terms of the grant or any aspect of the Award to reduce or eliminate Participant’s liability for Withholding Taxes.
Taxes or achieve any particular tax result. Further, if Participant has become subject to Withholding Taxes in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Withholding Taxes in more than one jurisdiction.

(c) The Company shall collect, and Participant hereby authorizes the Company to collect, the Withholding Taxes with respect to the Shares issued under this Agreement (including Shares issued in settlement of phantom dividend equivalents) through an automatic Share withholding procedure pursuant to which the Company will withhold, immediately as the Shares are issued under the Award, a portion of those Shares with a Fair Market Value (measured as of the issuance date) equal to the amount of such Withholding Taxes, unless such Share Withholding Method is not permissible or advisable under local law or until the Company otherwise decides to no longer utilize the Share Withholding Method and provides Participants with a corresponding notice.

(d) If the Share Withholding Method is to be utilized for the collection of Withholding Taxes, then the Company shall withhold the number of otherwise issuable Shares necessary to satisfy the applicable Withholding Taxes based on the applicable minimum statutory rate or other applicable withholding rate, including maximum applicable rates. If the maximum rate is used, any over-withheld amount will be refunded to Participant in cash by the Company or Employer (with no entitlement to the Common Stock equivalent) or if not refunded, Participant may seek a refund from the local tax authorities. If the obligation for Withholding Taxes is satisfied by using the Share Withholding Method, then Participant will, for tax purposes, be deemed to have been issued the full number of Shares subject to the vested Award, notwithstanding that a number of the Shares are withheld solely for the purpose of paying the applicable Withholding Taxes.

(e) The Company shall have sole discretion to determine whether or not the Share Withholding Method shall be utilized for the collection of the applicable Withholding Taxes. Participant shall be notified (in writing or through the Company’s electronic mail system) in the event the Company no longer intends to utilize the Share Withholding Method. Should any Shares become issuable under the Award (including Shares issued in settlement of phantom dividend equivalents) at a time when the Share Withholding Method is not being utilized by the Company, then the Withholding Taxes shall be collected from Participant through a sale-to-cover transaction authorized by Participant, pursuant to which an immediate open-market sale of a portion of the Shares issued to Participant will be effected, for and on behalf of Participant, by the Company’s designated broker to cover the Withholding Tax liability estimated by the Company to be applicable to such issuance. Participant shall, promptly upon request from the Company, execute (whether manually or through electronic acceptance) an appropriate sales authorization (in form and substance reasonably satisfactory to the Company) that authorizes and directs the broker to effect such open-market, sale-to-cover transactions and remit the sale proceeds, net of brokerage fees and other applicable charges, to the Company in satisfaction of the applicable Withholding Taxes. However, no sale-to-cover transaction shall be effected unless (i) such a sale is at the time permissible under the Company’s insider trading policies governing the sale of Common Stock and (ii) the transaction is not otherwise deemed to constitute a prohibited loan under Section 402 of the Sarbanes-Oxley Act of 2002.
(f) If the Company determines that such sale-to-cover transaction is not permissible or advisable at the time or if Participant otherwise fails to effect a timely sales authorization as required by this Agreement, then the Company may, in its sole discretion, elect either to defer the issuance of the Shares until such sale-to-cover transaction can be effected in accordance with Participant’s executed sale directive or to collect the applicable Withholding Taxes through Participant’s delivery of his or her separate check payable to the Company in the amount of such Withholding Taxes or by withholding such amount from other wages payable to Participant. In no event shall any Shares be issued in the absence of an arrangement reasonably satisfactory to the Company for the satisfaction of the applicable Withholding Taxes and in compliance with any applicable requirements of Code Section 409A.

(g) Except as otherwise provided in Paragraph 5, the settlement of all Restricted Stock Units which vest under the Award shall be made solely in Shares. In no event, however, shall any fractional Shares be issued. Accordingly, the total number of Shares to be issued at the time the Award vests (including any Shares issued in settlement of phantom dividend equivalents) shall, to the extent necessary, be rounded down to the next whole Share in order to avoid the issuance of a fractional Share.

(h) The Company shall collect the Withholding Taxes with respect to phantom dividend equivalents distributed in a form other than Shares by withholding a portion of that distribution equal to the amount of the applicable Withholding Taxes, with the cash portion of the distribution to be the first portion so withheld, or through such other tax withholding arrangement as the Company deems appropriate.

8. **Leaves of Absence.** For purposes of applying the various vesting provisions of this Agreement, the Administrator, in its sole discretion, may determine that Participant shall be deemed to cease Continuous Service and Employee status on the commencement date of any leave of absence and not remain in Continuous Service or Employee status during the period of that leave, except to the extent otherwise required under employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any or pursuant to the following policy:

Participant shall receive Continuous Service credit for such vesting purposes for (i) the first three (3) months of an approved personal leave of absence and (ii) the first seven (7) months of any bona fide leave of absence (other than an approved personal leave), but in no event beyond the expiration date of such leave of absence.

In no event, however, shall Participant be deemed, for vesting purposes hereunder, to remain in Continuous Service or Employee status beyond the **earliest** of (i) the expiration date of that leave of absence, unless Participant returns to active Continuous Service or Employee status on or before that date, (ii) the date Participant’s Continuous Service or Employee status actually terminates by reason of his or her voluntary or involuntary termination or by reason of his or her death or Disability or (iii) the date Participant is deemed to have a Separation from Service.
9. **Compliance with Laws and Regulations.**

   (a) The issuance of Shares pursuant to the Award shall be subject to compliance by the Company and Participant with all Applicable Laws relating thereto, as determined by counsel for the Company.

   (b) The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of any Common Stock pursuant to this Award shall relieve the Company of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Company, however, shall use its reasonable best efforts to obtain all such approvals.

10. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions including the United States and Participant’s country or his or her broker’s country, if different, which may affect Participant’s ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., Restricted Stock Units) or rights linked to the value of Shares (e.g., dividend equivalents) during such times as Participant is considered to have “inside information” regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that it is Participant’s responsibility to comply with any applicable restrictions and Participant should speak with his or her personal legal advisor on this matter.

11. **Deferred Issuance Date.** Notwithstanding any provision to the contrary in this Agreement, to the extent Participant is subject to taxation in the United States and this Award may be deemed to create a deferred compensation arrangement under Code Section 409A, then the following limitation shall apply:

    No Shares or other amounts which become issuable or distributable under this Agreement upon Participant’s Separation from Service shall actually be issued or distributed to Participant prior to the earlier of (i) the first day of the seventh (7th) month following the date of such Separation from Service or (ii) the date of Participant’s death, if Participant is deemed at the time of such Separation from Service to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations issued under Code Section 409A, as determined by the Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Company, and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The deferred Shares or other distributable amount shall be issued or distributed in a lump sum on the first day of the seventh (7th) month following the date of
Participant’s Separation from Service or, if earlier, the first day of the month immediately following the date the Company receives proof of Participant’s death.

To the extent there is any ambiguity as to whether any provision of this Agreement would otherwise contravene one or more requirements or limitations of Code Section 409A, such provisions shall be interpreted and applied in a manner that does not result in a violation of the applicable requirements or limitations of Code Section 409A and the Treasury Regulations thereunder.

Each installment of Shares issuable pursuant to this Agreement shall be treated as a separate payment for purposes of Code Section 409A.

12. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the most current address then indicated for Participant on the Company’s employee records or shall be delivered electronically to Participant through the Company’s electronic mail system or through the on-line brokerage firm authorized by the Company to effect the sale of the Shares issued hereunder. All notices shall be deemed effective upon personal delivery or delivery through the Company’s electronic mail system or upon deposit in the U.S. or local country mail, postage prepaid and properly addressed to the party to be notified.

13. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and Participant, Participant’s assigns, the legal representatives, heirs and legatees of Participant’s estate.

14. **Construction.** This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. In the event of any conflict between the provisions of this Agreement and the terms of the Plan, the terms of the Plan shall be controlling. All decisions of the Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

15. **Governing Law and Venue.**

(a) The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Delaware without resort to that State’s conflict-of-laws rules.

(b) For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award and this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Mateo County, California, or the federal courts for the Northern District of California, and no other courts where the grant of the Restricted Stock Units is made and/or to be performed.
16. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. **Acknowledgment of Nature of Plan and Award.** In accepting the Award, Participant acknowledges, understands and agrees that:

   (a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

   (b) the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

   (c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;

   (d) the Award and Participant’s participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Related Entity and shall not interfere with the ability of the Company, the Employer or any Related Entity, as applicable, to terminate Participant’s employment or service relationship (if any);

   (e) Participant’s participation in the Plan is voluntary;

   (f) the Award and the Shares subject to the Award, and the income and value of same, are not intended to replace any pension rights or compensation;

   (g) the Award and the Shares subject to the Award, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

   (h) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with any certainty;

   (i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of Participant’s Continuous Service by the Employer or the Company (or any Related Entity) (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant’s employment agreement, if any), and in consideration of the Award, Participant irrevocably agrees not to institute any claim against the Company, the Employer or any Related Entity, waives his or her ability, if any, to bring any such claim and releases the Company, the Employer and any Related Entity from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan,
Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(j) unless otherwise agreed with the Company in writing, the Award and the Shares subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of the Company or a Related Entity;

(k) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(l) the following provisions apply only if Participant is providing services outside the United States:

(iv) the Award and the Shares subject to the Award, and the income and value of same, are not part of normal or expected compensation or salary for any purpose;

(v) Participant acknowledges and agrees that neither the Company, the Employer nor any Related Entity shall be liable for any foreign exchange rate fluctuation between Participant’s local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

18. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant’s participation in the Plan or Participant’s acquisition or sale of the underlying Shares. Participant should consult with his or her personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan or the Restricted Stock Units.

19. **Waiver.** Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or other Participants.

20. **Data Privacy.**

(a) Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant’s personal data as described in this Agreement and any other grant materials by and among, as applicable, the Employer, the Company and any Related Entity for the exclusive purpose of implementing, administering and managing Participant’s participation in the Plan.

(b) Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant’s
(c) Participant understands that Data will be transferred to E*TRADE Financial Services, Inc. or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States, or elsewhere, and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than Participant’s country. Participant understands that if Participant resides outside the United States, Participant may request a list with the names and addresses of any potential recipients of the Data by contacting Participant’s local human resources representative. Participant authorizes the Company, E*TRADE Financial Services, Inc. and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant’s participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant’s participation in the Plan. Participant understands that if Participant resides outside the United States, Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant’s local human resources representative. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later revokes his or her consent, Participant’s employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant’s consent is that the Company would not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant’s consent may affect Participant’s ability to participate in the Plan. For more information on the consequences of Participant’s refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant’s local human resources representative.

(d) Finally, upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or the Employer may deem necessary to obtain from Participant for the purpose of administering his or her participation in the Plan in compliance with the data privacy laws in his or her country, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.
21. **Plan Prospectus.** The official prospectus for the Plan is available on the Company’s intranet at: GNet > Employee Resources > Stock Awards > Plan Documents. Participant may also obtain a printed copy of the prospectus by contacting Stock Plan Services at stockplanservices@gilead.com.

22. **Language.** By electing to accept this Agreement, Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English so as to allow Participant, to understand the terms and conditions of this Agreement. Further, if Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

23. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

24. **Participant Acceptance.** Participant must accept the terms and conditions of this Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company. In no event shall any Shares be issued (or other securities or property distributed) under this Agreement in the absence of such acceptance.

25. **Foreign Account / Assets Reporting.** Depending upon the country to which laws Participant is subject, Participant may have certain foreign asset and/or account reporting requirements that may affect Participant’s ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or phantom dividend equivalents received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant’s country. Participant’s country may require that he or she report such accounts, assets or transactions to the applicable authorities in Participant’s country. Participant is responsible for knowledge of and compliance with any such regulations and should speak with his or her own personal tax, legal and financial advisors regarding same.

26. **Addendum.** Notwithstanding any provisions in this Agreement, the Award shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for Participant’s country. Moreover, if Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary for legal or administrative reasons. The Addendum constitutes part of this Agreement.

27. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant’s participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
IN WITNESS WHEREOF, Gilead Sciences, Inc. has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

GILEAD SCIENCES, INC.

By: Kathryn Watson
Title: EVP, Human Resources

PARTICIPANT: ____________________________
By: Daniel O'Day
Date: ____________________________
APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Addendum** shall mean the addendum to this Agreement setting forth special terms and conditions for Participant’s country.

B. **Administrator** shall mean the Compensation Committee of the Board (or a subcommittee thereof) acting in its capacity as administrator of the Plan.

C. **Agreement** shall mean this Global Restricted Stock Unit Issuance Agreement.

D. **Applicable Acceleration Period** shall have the meaning assigned to such term in Section 2(b) of the Plan and shall be determined on the basis of Participant’s status on the Change in Control date.

E. **Applicable Laws** shall mean the legal requirements related to the Plan and the Award under applicable provisions of the federal securities laws, state corporate and securities laws, the Code, the rules of any applicable Stock Exchange on which the Common Stock is listed for trading, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

F. **Award** shall mean the award of Restricted Stock Units made to Participant pursuant to the terms of this Agreement.

G. **Award Date** shall mean the date the Restricted Stock Units are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

H. **Board** shall mean the Company’s Board of Directors.

I. **Cause** shall have the meaning given to the term “Cause” in that certain letter agreement entered into between the Company and Participant dated November 30, 2018.

J. **Change in Control** shall mean a change in ownership or control of the Company effected through the consummation of any of the following transactions:

   (i) a sale, transfer or other disposition of all or substantially all of the Company’s assets;

   (ii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a “group” within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Company or a person
that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Company) becomes directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) the beneficial owner (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Company or the acquisition of outstanding securities held by one or more of the Company’s existing stockholders or an acquisition, consolidation or other reorganization to which the Company is a party; or

(iii) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

In no event, however, shall a Change in Control be deemed to occur upon a merger, consolidation or other reorganization effected primarily to change the State of the Company’s incorporation or to create a holding company structure pursuant to which the Company becomes a wholly-owned subsidiary of an entity whose outstanding voting securities immediately after its formation are beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company’s outstanding voting securities immediately prior to the formation of such entity.

K. **Code** shall mean the U.S. Internal Revenue Code of 1986, as amended.

L. **Common Stock or Shares** shall mean shares of the Company’s common stock.

M. **Company** shall mean Gilead Sciences, Inc., a Delaware corporation, and any successor corporation to all or substantially all of the assets or voting stock of Gilead Sciences, Inc. which shall by appropriate action adopt the Plan.

N. **Consultant** shall mean any person, including an advisor, who is compensated by the Company or any Related Entity for services performed as a non-employee consultant; provided, however, that the term “Consultant” shall not include non-employee Directors serving in their capacity as Board members. The term “Consultant” shall include a member of the board of directors of a Related Entity.

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O. Continuous Service shall mean the performance of services for the Company or a Related Entity (whether now existing or subsequently established) by a person in the capacity of an Employee, Director or Consultant. For purposes of this Agreement, Participant shall be deemed to cease Continuous Service immediately upon the occurrence of either of the following events: (i) Participant no longer performs services in any of the foregoing capacities for the Company or any Related Entity or (ii) the entity for which Participant is performing such services ceases to remain a Related Entity of the Company, even though Participant may subsequently continue to perform services for that entity. Subject to the foregoing and any applicable limitations of Code Section 409A, the Administrator shall have the exclusive discretion to determine when Participant ceases Continuous Service for purposes of the Award.

P. Director shall mean a member of the Board.

Q. Disability shall have the meaning given to the term “Disability” in that certain letter agreement entered into between the Company and Participant dated November 30, 2018.

R. Employee shall mean any person who is in the employ of the Company (or any Related Entity), subject to the control and direction of the Company or Related Entity as to both the work to be performed and the manner and method of performance.

S. Employer shall mean the Company or the Related Entity employing or retaining Participant.

T. Fair Market Value per share of Common Stock on any relevant date shall be the closing price per share of Common Stock (or the closing bid, if no sales were reported) on that date, as quoted on the Stock Exchange that is at the time serving as the primary trading market for the Common Stock; provided, however, that if there is no reported closing price or closing bid for that date, then the closing price or closing bid, as applicable, for the last trading date on which such closing price or closing bid was quoted shall be determinative of such Fair Market Value. The applicable quoted price shall be as reported in The Wall Street Journal or such other source as the Administrator deems reliable.

U. Good Reason shall have the meaning given to the term “Good Reason” in that certain letter agreement entered into between the Company and Participant dated November 30, 2018.

V. 1934 Act shall mean the U.S. Securities Exchange Act of 1934, as amended from time to time.

W. Normal Vesting Schedule shall mean the schedule set forth in Paragraph 1 of the Agreement, pursuant to which the Restricted Stock Units and the underlying Shares are to vest in a series of installments over Participant’s period of Continuous Service.

X. Parent shall mean a “parent corporation,” whether now existing or hereafter established, as defined in Section 424(e) of the Code.
Y. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

Z. **Plan** shall mean the Company’s 2004 Equity Incentive Plan, as amended and restated from time to time.

AA. **Qualifying Change in Control** shall mean a change in the ownership of the Company, a change in the effective control of the Company or a change in ownership of a substantial portion of the Company’s assets, with each such event to be determined in accordance with the requirements for a change in control event set forth in Section 1.409A-3(i)((5) of the Treasury Regulations; provided, however, that a change in the effective control of the Company will only be deemed to occur if there is an acquisition, within the applicable twelve (12)-month period, of ownership of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities.

BB. **Related Entity** shall mean (i) any Parent or Subsidiary of the Company and (ii) any corporation in an unbroken chain of corporations beginning with the Company and ending with the corporation in the chain for which Participant provides services as an Employee, Director or Consultant, provided each corporation in such chain owns securities representing at least twenty percent (20%) of the total outstanding voting power of the outstanding securities of another corporation or entity in such chain and there is a legitimate non-tax business purpose for making this Award to Participant.

CC. **Restricted Stock Unit** shall mean the Award in the form of a contractual right to receive Shares under this Agreement which will entitle Participant to receive one actual share of Common Stock per Restricted Stock Unit upon the satisfaction of the Continuous Service vesting requirements applicable to such Award.

DD. **Separation from Service** shall mean Participant’s cessation of Employee status by reason of his or her death, retirement or termination of employment. Participant shall be deemed to have terminated employment for such purpose at such time as the level of his or her bona fide services to be performed as an Employee (or as a consultant or independent contractor) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services such person rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such services). Solely for purposes of determining when a Separation from Service occurs, Participant will be deemed to continue in “Employee” status for so long as he remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. “Employer Group” means the Company and any Parent or Subsidiary and any other corporation or business controlled by, controlling or under common control with, the Company, as determined in accordance with Sections 414(b) and 414(c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in such sections, and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common...
control for purposes of Section 414(c), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations. Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code. In addition, the following special provisions shall be in effect for any leave of absence taken by Participant while this Award is outstanding:

(i) Should the period of such leave (other than a disability leave) exceed six (6) months, then Participant shall be deemed to incur a Separation from Service upon the expiration of the initial six (6) - month period of that leave, unless Participant retains a right to re-employment under Applicable Law or by contract with the Company (or any Parent or Subsidiary or other Related Entity).

(ii) Should the period of a disability leave exceed twenty-nine (29) months, then Participant shall be deemed to incur a Separation from Service upon the expiration of the initial twenty-nine (29)-month period of that leave, unless Participant retains a right to re-employment under Applicable Law or by contract with the Company (or any Parent or Subsidiary or other Related Entity). For such purpose, a disability leave shall be a leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than six (6) months and causes Participant to be unable to perform the duties of his position of employment with the Company (or any Parent or Subsidiary or other Related Entity) or any substantially similar position of employment.

EE. **Share Withholding Method** shall mean an automatic Share withholding procedure pursuant to which the Company will withhold, immediately as the Shares are issued under the Award, a portion of those Shares with a Fair Market Value (measured as of the issuance date) equal to the amount of the applicable Withholding Taxes.

FF. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

GG. **Subsidiary** shall mean a “subsidiary corporation,” whether now existing or hereafter established, as defined in Section 424(f) of the Code.

HH. **Withholding Taxes** shall mean any and all income taxes (including U.S. federal, state, and local tax and/or foreign income taxes) and the employee portion of the federal, state, local and/or foreign employment taxes (including social insurance, payroll tax, payment on account or other tax-related items) required or permitted to be withheld by the Company in connection with any taxable or tax withholding event, as applicable, attributable to the Award or Participant’s participation in the Plan.
CERTIFICATION

I, Daniel P. O’Day, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gilead Sciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2019

/s/ DANIEL P. O’DAY
Daniel P. O’Day
Chairman and Chief Executive Officer
CERTIFICATION

I, Robin L. Washington, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gilead Sciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2019

/s/ ROBIN L. WASHINGTON
Robin L. Washington
Executive Vice President and Chief Financial Officer
CERTIFICATIONS

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350, as adopted), Daniel O’Day, the Chairman and Chief Executive Officer of Gilead Sciences, Inc. (the Company), and Robin L. Washington, the Executive Vice President and Chief Financial Officer of the Company, each hereby certifies that, to the best of his or her knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the Report) fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2019

/s/ DANIEL P. O’DAY
Chairman and Chief Executive Officer

/s/ ROBIN L. WASHINGTON
Executive Vice President and Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.