



WHY WE'RE HERE

GILEAD SCIENCES 2006 ANNUAL REPORT

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The commercial success of our marketed products provides us with the resources to generate new clinical data defining their profiles and supports our development of new therapeutic advancements. In 2006, we leveraged our strong financial position to broaden our product portfolio and better position the company for long-term growth. As we bring new products into clinical development, our goal remains the same – to improve the lives of patients worldwide suffering from life-threatening diseases.

Marketed Products

| PRODUCT | INDICATION | PARTNER(S) |
|--|--|--|
| Atripla™ efavirenz 600 mg/emtricitabine 200 mg/ tenofovir disoproxil fumarate 300 mg | HIV/AIDS | Bristol-Myers Squibb Company (US and Canada) Merck & Co., Inc. (Developing World) |
| Truvada® emtricitabine and tenofovir disoproxil fumarate | HIV/AIDS | Japan Tobacco Inc. (Japan) |
| Viread® tenofovir disoproxil fumarate | HIV/AIDS | Japan Tobacco Inc. (Japan) |
| Emtriva® emtricitabine | HIV/AIDS | Japan Tobacco Inc. (Japan) |
| Hepsera® adefovir dipivoxil | Chronic Hepatitis B | GlaxoSmithKline Inc. (Asia, Latin America) |
| AmBisome® amphotericin B liposome for injection | Severe Fungal Infections | Astellas Pharma Inc. (US and Canada) Dainippon Sumitomo Pharma Co., Ltd. (Japan) |
| Tamiflu® oseltamivir phosphate | Influenza A and B | F. Hoffmann-La Roche Ltd (Worldwide) |
| Macugen® pegaptanib sodium injection | Neovascular (wet) Age-related Macular Degeneration (AMD) | OSI Pharmaceuticals, Inc. (US) Pfizer Inc. (Outside US) |
| Vistide® cidofovir injection | CMV Retinitis/AIDS | Pfizer Inc. (Outside US) |
| FloLAN® epoprostenol sodium for injection | Primary Pulmonary Hypertension | GlaxoSmithKline Inc. (Outside US) |



Product Pipeline

| CANDIDATE | RESEARCH | PRECLINICAL | PHASE | | | NEW DRUG APPLICATION |
|---------------------------------|---------------------------------|-------------|-------|----|-----|----------------------|
| | | | I | II | III | |
| Ambrisentan | Pulmonary Arterial Hypertension | | | | | |
| Aztreonam Lysine for Inhalation | Cystic Fibrosis | | | | | |
| Tenofovir Disoproxil Fumarate | Chronic Hepatitis B | | | | | |
| Darusentan | Resistant Hypertension | | | | | |
| GS 9137 integrase inhibitor | HIV/AIDS | | | | | |
| GS 9190 polymerase inhibitor | Hepatitis C | | | | | |
| Small Molecule Therapeutics | Viral Infections | | | | | |
| Small Molecule Therapeutics | Cardiopulmonary | | | | | |
| Inhaled Therapeutics | Respiratory Infections | | | | | |



To Our Stockholders, Employees and Friends: Since the founding of our company in 1987, Gilead has focused on developing and delivering medications that advance the treatment of life-threatening diseases worldwide. This is our singular motivation – it is why we are here. Our achievements in 2006 are the result of progress that can be traced over many years and, at the same time, create a foundation for continued growth in 2007 and beyond.

In 2006, Gilead's products and partnerships generated more than \$3 billion in total revenues. Now in our 20th year, we are pleased with the rapid growth and continued commercial success of our products. And, most importantly, we are proud that through our efforts to deliver innovative therapeutics, we are improving the lives of patients who are suffering from life-threatening diseases.

Infectious diseases, in particular, have been the focus of our efforts and the foundation of our business for nearly two decades. This year we leveraged our strong financial position to broaden our product portfolio beyond infectious diseases and position the company for long-term growth. Our acquisitions of Corus Pharma, Inc. and Myogen, Inc., and their investigational and commercial products, will be the cornerstone of our new respiratory and cardiopulmonary portfolio – expanding our ability to fulfill our strategic objective of developing and commercializing novel products that deliver therapeutic advancements to physicians and patients around the world.

MARKET LEADERSHIP IN HIV, HEPATITIS B AND INFLUENZA

The year 2006 marked the 25th anniversary of the first reported AIDS cases in the United States. Over the course of the last five years, Gilead has contributed to the tremendous progress made in the treatment of HIV/AIDS. Today, our HIV therapies are critical components of the most-prescribed highly active antiretroviral therapy (HAART) regimens and have contributed to the overall success of this treatment paradigm by helping to greatly reduce pill burden. Backed by years of safety and efficacy data, Viread and Truvada have each carved out leadership positions among HIV treatments. As the first and only complete HAART combination in a once-daily single tablet, Atripla has quickly joined their ranks since its U.S. approval in July 2006. Our HIV franchise, which consists of Viread, Emtriva, Truvada and Atripla, generated more than \$2 billion in product sales in 2006.

ADVANCING THERAPEUTICS



20 YEARS

Front row (from left to right): James R. Meyers, Senior Vice President, Commercial Operations, North America; Gregg H. Alton, Senior Vice President and General Counsel; William A. Lee, PhD, Senior Vice President, Research; Anthony D. Caracciolo, Senior Vice President, Manufacturing and Operations. Back row: Norbert W. Bischofberger, PhD, Executive Vice President, Research and Development and Chief Scientific Officer; John J. Toole, MD, PhD, Senior Vice President, Clinical Research; Kristen M. Metzger, Vice President, Human Resources; A. Bruce Montgomery, MD, Senior Vice President, Head of Respiratory Therapeutics; John F. Milligan, PhD, Chief Operating Officer and Chief Financial Officer; Kevin Young, Executive Vice President, Commercial Operations; John C. Martin, PhD, President and Chief Executive Officer; Taiyin Yang, PhD, Senior Vice President, Pharmaceutical Development and Manufacturing.



In 2006, nearly 500,000 patients in the United States were receiving antiretroviral therapy for HIV infection. Of these, approximately half were taking one or more Gilead HIV medications. However, the potential for growth remains. Approximately 400,000 people have been diagnosed with HIV but have not yet started treatment, and another 250,000 are estimated to be HIV-infected but are unaware of their status.

Currently, treatment of HIV-positive patients is recommended when plasma HIV viral load exceeds 10,000 copies/mL and CD4 cell counts are between 200 and 350 cells/mm³. Many physicians and virologists now believe that earlier diagnosis and initiation of treatment may improve outcomes and also significantly reduce the spread of the disease. In September 2006, the U.S. Centers for Disease Control and Prevention (CDC) took the first step along this path and recommended routine, voluntary HIV screening in healthcare settings for all individuals ages 13 to 64. Improving HIV testing and diagnosis may help raise awareness of the disease, bring more people into care and potentially reduce the rate of new infections.

We have also continued to grow our hepatitis franchise, where Hepsera remains the most-prescribed antiviral treatment for chronic hepatitis B in the United States, despite increased competition in this market. Tenofovir disoproxil fumarate, the active agent in Viread, is in Phase III clinical trials for the treatment of chronic hepatitis B. This compound has the potential to be the growth driver for our hepatitis franchise, much in the same way it has been for our HIV portfolio.

In addition, strong market growth was seen for Tamiflu, a product we invented and co-developed with our partner F. Hoffmann-La Roche Ltd (Roche) and one that is now sold worldwide by Roche. Tamiflu was initially developed for the treatment and prevention of seasonal flu but is now also seen as a key component in pandemic planning to prepare for the potential spread of the avian flu virus. Largely due to corporate planning and government stockpiling, Roche generated record sales of Tamiflu, resulting in royalty revenue recognized by Gilead of more than \$364 million in 2006.

ENHANCED PRODUCT PIPELINE We have several drugs in development that could further enhance our HIV and hepatitis franchises. Currently, we have a novel integrase inhibitor, GS 9137, in development for the treatment of HIV. Integrase inhibitors target a different stage in the HIV replication cycle than other currently marketed classes of drugs, and may, in combination with other antiretrovirals, effectively prevent the replication of the virus in the body, particularly resistant virus. We also have a novel compound in early clinical development, GS 9190, to treat hepatitis C.

IMPROVING LIVES



As we have grown, our strong financial position has enabled us to leverage corporate partnerships to build our portfolio of commercial products and investigational compounds. The 2006 acquisitions of Corus and Myogen added late-stage clinical candidates to our pipeline, providing near- and long-term revenue potential and placing Gilead in an excellent position to enter the respiratory and cardiopulmonary markets.

We completed the acquisitions of Corus and Myogen in the second half of 2006 – and welcomed their employees to the team at Gilead. These companies possessed late-stage clinical drug candidates that demonstrated the potential to address significant unmet medical needs in the treatment of respiratory and cardiopulmonary diseases.

With the acquisition of Corus in August, we gained a Phase III drug candidate, aztreonam lysine for inhalation, for the potential treatment of cystic fibrosis-related lung infections. Our acquisition of Myogen in November added two promising drug candidates to our development portfolio, ambrisentan for the treatment of pulmonary arterial hypertension and darusentan for the treatment of resistant hypertension. Ambrisentan is currently under review by the U.S. Food and Drug Administration (FDA). Additionally, as part of the Myogen acquisition, we gained a commercial therapeutic, Flolan, which is indicated for the long-term intravenous treatment of primary pulmonary hypertension. Through Myogen’s existing agreement with GlaxoSmithKline Inc. (GSK), we gained the rights to market and distribute Flolan in the United States.

We believe our experience in registering and commercializing highly differentiated specialty products will enable us to build these products into a successful respiratory and cardiopulmonary portfolio – and provide a foundation for near- and long-term growth as we continue to look for additional opportunities to broaden this franchise and augment our existing pipeline.

With small molecule therapeutics constituting a significant portion of our development efforts, in November we made the decision to acquire Raylo Chemicals Inc. and most of its assets from Germany-based, specialty chemicals company Degussa AG. For more than 17 years, Raylo generated the raw materials and manufactured the active pharmaceutical ingredients (API) for several of our antiviral compounds. Our new Edmonton, Alberta site will help ensure clinical and commercial API supplies to support our ongoing small molecule development programs and will assist in chemical development activities to improve existing commercial manufacturing processes.

WORLDWIDE REACH As our company continues to grow, we are increasingly focused on the commercialization of

our brands and products worldwide. In 2006, we began opening additional commercial operations in Europe to lessen our reliance on distributors and to capture greater revenue from European Union product sales. This expansion will give us the ability to more effectively control the launch and commercialization of our products in these important markets.

We recognize the need to enhance access to our HIV medications worldwide and have stepped up our efforts this year to extend their availability to resource-limited parts of the world where the epidemic has hit the hardest. By the end of 2006, we completed regulatory submissions for Viread in nearly all the 97 access program countries and reached non-exclusive license agreements with 11 Indian generic manufacturers to produce and distribute generic versions of Viread in resource-limited countries. We also established a partnership with Merck & Co., Inc. to distribute Atripla in the developing world. In addition, through our Advancing Access™ program, we continue to support access for patients in the United States who cannot afford to pay for our medications.

LONG-TERM GROWTH We have created an extraordinary product portfolio that is improving the lives of hundreds of thousands of people with unmet medical needs. Innovation in every aspect of our business has enabled us to develop these best-in-class therapeutics and to successfully commercialize them worldwide. We remain focused on developing and commercializing therapies that will continue to transform treatment paradigms in HIV, hepatitis, respiratory and cardiopulmonary diseases.

I would like to thank our employees for their contribution to our achievements this year. Ours is a team of inspired individuals who are as committed to improving patients’ lives as the physicians who are our primary customers. Quite simply, it is why we are here at Gilead. We are pleased with what we have accomplished this year and look forward to reporting our progress in 2007.

John C. Martin, PhD
President and Chief Executive Officer



Ileana, with her daughter. In the United States, HIV is increasingly impacting communities of color and women. As an HIV-positive woman belonging to the largest and fastest growing ethnic minority group in the United States, Ileana recognizes the importance of HIV/AIDS education and outreach in the Latino community.

Among patients currently receiving antiretroviral treatment in the United States, approximately 40 percent are on first-line treatment, 27 percent are receiving second-line regimens and 33 percent are receiving third-line regimens or beyond.

HIV/AIDS

HEPATITIS B AND C

ADDITIONAL MARKETED PRODUCTS

RESPIRATORY AND CARDIOPULMONARY THERAPIES

GILEAD IN THE COMMUNITY

HIV/AIDS

Viread, Emtriva, Truvada, and now Atripla, for the treatment of HIV. We design HIV medicines with the goal of favorable safety, efficacy and resistance profiles, formulating them into tablets that can be taken once a day. Our products have attained leadership positions in the fight against the growing HIV epidemic. Each drug plays an integral role in the field of combination therapy for HIV treatment, and we continue to secure a large and growing share of the HIV market.

VIREAD The foundation of our HIV franchise, Viread, as part of combination therapy or in its molecule form tenofovir disoproxil fumarate (also a component of Truvada and Atripla), continues to have increasing use as a treatment for patients at varying stages of their HIV disease. Currently, more than half of all treated HIV patients in the United States are taking a tenofovir-containing regimen. This year tenofovir surpassed lamivudine as the most widely prescribed HIV molecule in the United States. Worldwide sales of Viread were \$689 million in 2006.

TRUVADA A fixed-dose combination of Viread and Emtriva, Truvada is currently the most commonly prescribed backbone for HIV combination therapy in the United States, accounting for more than half of our HIV franchise sales in 2006. Its growing uptake in Europe, where it is now available in 19 countries, helped contribute to \$1.19 billion in total sales in 2006.

ATRIPLA In 2004, we established a U.S. joint venture with Bristol-Myers Squibb Company (BMS) – the first of its kind in the field of HIV medicine – to co-formulate Truvada and efavirenz into a single tablet. The result was Atripla, the first and only complete HAART combination available in the United States as a once-daily single tablet for the treatment of HIV. Atripla exhibited strong uptake after its July 2006 U.S. FDA approval and launch in the United States. To expand the number of patients who could benefit from Atripla, we, together with BMS and Merck, which share rights to efavirenz in Europe, submitted a Marketing Authorisation Application in the European Union in October 2006. Approval is anticipated in the second half of 2007. In addition, we completed a separate agreement with Merck, which holds rights to efavirenz in resource-limited parts of the world, to help ensure access to the medication where the HIV epidemic has hit the hardest.



Isabelle Ravaux, MD, Centre d'Information et de Soins d'Immunodéficience Humaine, Hôpital de La Conception, Marseilles, France. *Dr. Isabelle Ravaux is a leading HIV-treating physician at the Hôpital de La Conception, a large city hospital in southern France. Dr. Ravaux works to serve the needs of a varied patient population, including migrants and gay/bisexual men, many of whom are co-infected with HIV and hepatitis viruses. The hospital cares for more than 1,500 AIDS patients annually and is part of a local network of clinics called Assistance Publique – Hôpitaux de Marseille (APHM) that serves low-income individuals.*

HIV/AIDS treatment regimens consist of at least three medications taken in combination to lower the amount of HIV, or "viral load," in a patient's body and, as a result, help to increase the number of immune system cells.

HIV/AIDS

Ten years ago, the use of potent anti-HIV drug combinations revolutionized AIDS care. Since Viread was introduced in 2001, Gilead's antiretroviral therapies have grown to become the cornerstone of HAART for many patients, helping transform HIV infection into a long-term treatable disease. This year's introduction of Atripla in the United States and its pending approval in the European Union signify a landmark in AIDS therapy – the first time HIV patients can take a complete HAART regimen in a single, once-daily tablet.

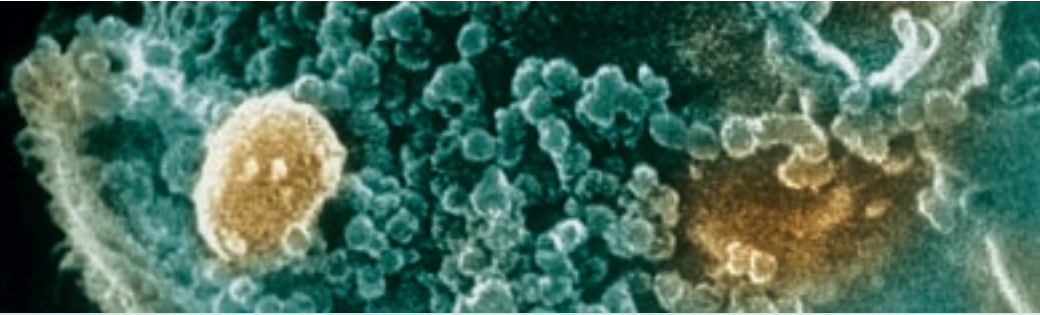
Early diagnosis is critical in order to maximize HAART effectiveness and extend survival for HIV-positive people. Recent studies show that many patients are diagnosed with HIV infection at an advanced stage of the disease, when treatment is less effective.

In September 2006, the U.S. CDC recommended HIV testing become a routine part of medical care for all Americans aged 13 to 64. The U.S. CDC believes routine HIV testing may help identify the estimated 250,000 people in the United States who do not realize they are infected, therefore potentially reducing the annual rate of new infections. Earlier diagnosis and treatment may significantly extend lives. If diagnosed soon after infection, the life expectancy of HIV-positive patients can be extended by as much as 35 years.

With HIV patients living longer and the potential for more patients being diagnosed and referred to care, the

availability of long-term clinical data on combination regimens has never been more important. That is why we design and conduct clinical trials to support use of our products and demonstrate their established safety and tolerability profiles.

This year we reported data from two long-term clinical trials of Viread, which is prescribed by itself and as part of Truvada and Atripla. In August 2006, we reported 96-week data from Study 934, our ongoing clinical trial comparing a once-daily regimen of Viread, Emtriva and efavirenz (the components of Atripla) to a regimen of twice-daily Combivir and once-daily efavirenz. In September 2006, we reported long-term data from Study 903E, an extension of a pivotal Phase III clinical trial. These data evaluated the safety and efficacy of treatment with Viread, lamivudine and efavirenz out to five years.



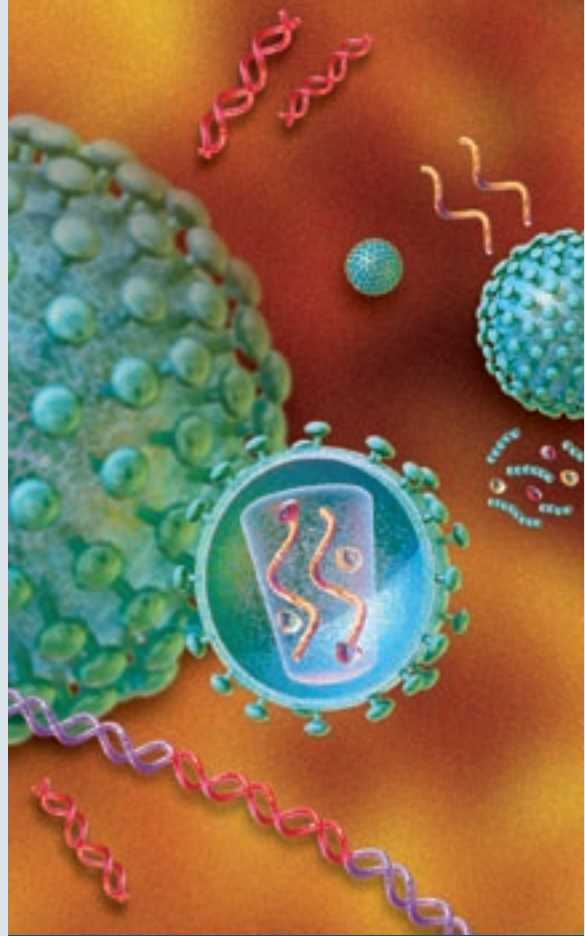
In 2006, 2.9 million people died of AIDS worldwide, the highest number ever reported. In the same time period, 4.3 million people became newly infected with HIV.

HIV Therapies in Development

The key to successfully combating HIV is to disrupt its replication in the body. HIV replication involves a number of steps, each representing a mechanism that potentially can be targeted by a drug. HAART therapy combines antiretrovirals from at least two different classes of medications, each with the purpose of disrupting the HIV lifecycle by a different mechanism and halting the spread of the virus and destruction of a patient's immune cells. The higher the efficacy of these combinations, the longer it takes for the virus to mutate and develop resistance to the therapy.

We are focused on expanding upon our successful HIV franchise through the addition of novel drugs that target different mechanisms within the HIV replication cycle. We made progress this year with our leading compound, GS 9137, an integrase inhibitor. Integrase inhibitors are a new and important class of HIV drugs that may, in combination with other antiretrovirals, elicit a rapid reduction in viral load.

In February 2007, we announced the completion of a Phase II clinical trial of GS 9137 boosted with ritonavir. Positive safety and efficacy data were presented at the 14th Conference on Retroviruses and Opportunistic Infections, and the design of our registrational studies is underway.



HIV Global Community Efforts

Forty million people are living with HIV throughout the world with more than two-thirds of these people living in sub-Saharan Africa. The need for simplified, effective therapies to treat HIV in developing countries is staggering. To improve the lives of a greater share of the global population suffering from this disease, we will continue our efforts to foster access to these drugs throughout the world.

The clinical data generated in long-term safety, efficacy and head-to-head studies has become the focal point of our communications with physicians worldwide, helping us differentiate our products from other therapies.

We recognize the need for access to our HIV therapeutics, particularly in developing countries with limited resources to combat the epidemic. To enhance our reach into these areas, we have expanded our Gilead Access Program to 97 countries, which includes all the countries of Africa, the Caribbean and many low-income nations in Latin America and Southeast and Central Asia. Through this program, we provide access to Viread and Truvada at greatly reduced prices.

To better enable access to therapy, this year we granted licensing and technology transfer agreements to 11 India-based companies for manufacturing and distribution of generic versions of Viread in the developing world. To extend the reach of Atripla, we also signed an agreement with Merck for distribution of the drug in the developing world.

Even with government, non-profit organizations and industry-based initiatives to improve access to HIV treatments, each year there are still an estimated five million people becoming infected with HIV worldwide. New prevention strategies are urgently needed. We are committed to gaining an understanding of the potential role of Viread and Truvada in the prevention of the transmission of HIV. As part of that commitment, we are providing Viread and Truvada at no cost for use in ongoing studies organized by Family Health International, the U.S. CDC, the National Institutes of Health and other third-party partners. Additionally, in December 2006, we granted rights to the International Partnership for Microbicides and CONRAD to develop, manufacture, and, if proven efficacious, distribute to resource-limited countries a gel formulation of tenofovir for use as a microbicide to prevent the transmission of HIV.



Front row (from left to right): Julie Winn, MD, Assistant Director, Hepatology and Liver Transplant; F. Fred Poordad, MD, Chief, Hepatology and Liver Transplant. Middle row: Kerstin Newland, RN; Martin Briseno, RN; Anush Arakelyan. Back row: Ryan Cabatbat; Nicholas N. Nissen, MD, Director, Hepatobiliary and Pancreatic Surgery; Sandy Leong, RN; Shampa De, PhD. The Center for Liver Disease and Transplantation at Cedars-Sinai Medical Center provides high-level expertise for patients coping with serious liver-related illnesses, including viral hepatitis. In addition to diagnosing and treating complex medical conditions, the staff is engaged in cutting-edge research. The Center for Liver Disease and Transplantation participated in the Hepsera pivotal clinical trials and is part of the ongoing tenofovir disoproxil fumarate clinical program.

While an HBV vaccine is 95 percent effective in preventing children and adults from developing chronic hepatitis B, it is not effective if a person is already infected with the virus. And no vaccine is available for hepatitis C.

Hepatitis B and C

Viral infections caused by hepatitis B and C are growing in prevalence worldwide, putting millions of people at risk of developing life-threatening liver disease and cancer. While both viruses can lead to the development of an acute disease that can be readily diagnosed, many people who contract the viruses develop chronic infections that can go undetected for years. These silent infections, together with a lack of awareness about how hepatitis B and C are transmitted, significantly contribute to the spread of both diseases.

HEPATITIS B Although an effective vaccine is available to prevent hepatitis B virus (HBV) infection, two billion people worldwide have been infected with the virus. The rising infection rate is due in part to the virulence of HBV; it is 50 to 100 times more infectious than HIV. Its spread is exacerbated by the fact that 400 million people are living with chronic (lifelong) HBV infections and unknowingly passing it to others.

Available in more than 30 countries worldwide, Hepsera remains one of the leading drugs on the market to treat chronic hepatitis B, generating more than \$230 million in revenues in 2006. Approved by the U.S. FDA in 2002, Hepsera continues to capture more than half of the total prescription market for HBV antivirals in the United States where more than 1.25 million individuals are estimated to be living with chronic HBV. Incidence of the disease in Europe is rising, with approximately nine million people living with chronic HBV infections. Sales growth continues in the European Union, particularly in France, Greece, Italy and Turkey, which have the highest prevalence of the disease. GSK markets Hepsera in all countries outside of the Gilead territories, the most significant of which include China, Japan, Korea and Taiwan.

To garner a greater share of the growing hepatitis B market, we are currently studying tenofovir disoproxil fumarate, the active ingredient in Viread, for the treatment of the disease. Data generated in our HIV clinical trials for the product led to the decision to pursue an additional indication for this compound. In these studies, tenofovir disoproxil fumarate lowered amounts of hepatitis virus in patients co-infected with HIV and HBV. In June 2006, we completed enrollment in two pivotal Phase III clinical trials (Studies 102 and 103) of tenofovir disoproxil fumarate for chronic hepatitis B. We anticipate data from both these pivotal studies before the end of 2007.

HEPATITIS C With no vaccine on the horizon, the incidence of hepatitis C worldwide is growing unabated. Globally, an estimated 170 million people are chronically infected with the hepatitis C virus (HCV), and three to four million people are newly infected each year.

We are applying our expertise in the development of antiviral drugs toward the discovery of new therapies to treat hepatitis C. We began clinical evaluation of a non-nucleoside HCV polymerase inhibitor, GS 9190, in HCV-infected individuals in December of 2006.



Fiona Palmer, Marketing; Joe Bains, General Manager; Angela Salamoussa, Marketing. *Gilead's operations in Australia are responsible for sales, marketing and clinical trial activities throughout Australia and New Zealand. The Australian team is committed to providing the highest quality service to our customers. This commitment is evident through Gilead's commercial and medical support for products such as AmBisome, which was approved in Australia in 1996.*

The royalty stream generated from the worldwide sales of Tamiflu exceeded \$364 million in 2006.

Additional Marketed Products

While our HIV and hepatitis drugs are significant revenue contributors to Gilead, additional products continue to generate revenue and extend our corporate brand as proven treatments for a range of other infectious and viral diseases. AmBisome, Tamiflu and Vistide collectively delivered solid financial results during 2006.

AMBISOME First approved in Europe more than 15 years ago, AmBisome remains a strong seller even in the face of new competition. AmBisome is used to treat systemic fungal infections, particularly in immunocompromised patients. These fungal infections are increasingly common in hospital settings. Astellas Pharma Inc. promotes and sells AmBisome in the United States and Canada. Dainippon Sumitomo Pharma Co., Ltd. markets AmBisome in Japan. Gilead retains exclusive marketing rights to AmBisome throughout the rest of the world. AmBisome is available in more than 40 countries worldwide.

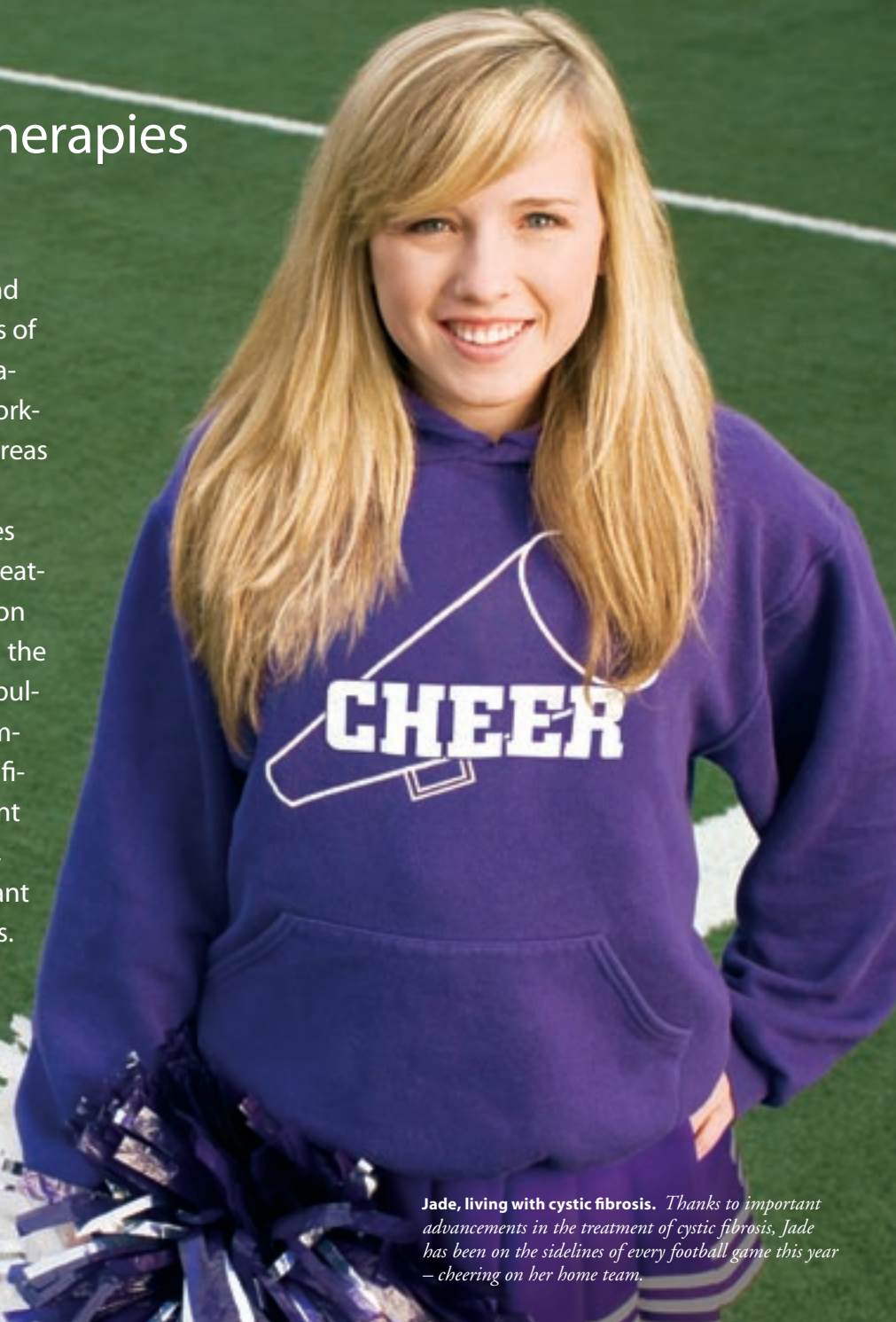
TAMIFLU Discovered by Gilead and marketed worldwide by Roche, Tamiflu is approved for the treatment and

prevention of all common strains of influenza A and B and is available in pill and liquid suspension form. Last flu season, doctors wrote more prescriptions for Tamiflu than any other antiviral flu treatment. Tamiflu has also demonstrated effectiveness in blocking replication of the H5N1 virus, which is known to cause avian flu. To date, 75 countries have begun to stockpile Tamiflu in the event of an influenza pandemic.

VISTIDE Marketed in the United States by Gilead and internationally by Pfizer Inc., Vistide is an antiviral for the treatment of cytomegalovirus retinitis in AIDS patients. The year 2006 marked the 10th anniversary of the product's initial launch.

Respiratory and Cardiopulmonary Therapies

In 2006, we broadened our focus beyond infectious diseases with the acquisitions of two specialty biopharmaceutical companies, Corus and Myogen, which were working to address diseases that represent areas of significant unmet medical need. The promising late-stage product candidates along with the approved drug for the treatment of primary pulmonary hypertension gained through these acquisitions form the basis of our new respiratory and cardiopulmonary business. We believe these compounds will enable us to capture a significant share of the market in the treatment of cystic fibrosis-related lung infections, pulmonary arterial hypertension, resistant hypertension and other related diseases.



Jade, living with cystic fibrosis. Thanks to important advancements in the treatment of cystic fibrosis, Jade has been on the sidelines of every football game this year – cheering on her home team.

Cystic fibrosis remains an unmet medical need. In 1995, children who suffered from CF were not expected to make it to the first grade. Today, the average life-span of a patient with CF is 36.5 years. Advancements in treatments are helping to further extend lives.

Respiratory Therapies

Cystic fibrosis (CF) impacts the lives of more than 70,000 people and their families worldwide. There is no known cure for this inherited chronic disease, which affects the lungs and digestive tract. Our acquisition of Corus enhances our development portfolio with compounds to treat respiratory infections, including one late-stage candidate for the potential treatment of cystic fibrosis-related lung infections.

Pulmonary infection with Gram-negative bacteria, particularly pulmonary *Pseudomonas aeruginosa* (*P. aeruginosa*), represents the single greatest cause of illness and death among people with CF. Developed by scientists at Corus, aztreonam lysine for inhalation is an antibiotic with activity against Gram-negative bacteria, including *P. aeruginosa*. The drug is delivered through a novel inhalation device, the eFlow® Electronic Nebulizer, developed by PARI GmbH. PARI also contributed to the development and optimization of the drug formulation (aztreonam lysine) for efficient and fast delivery with the eFlow. Aztreonam

lysine for inhalation was granted orphan drug status in the United States and the European Union.

Two pivotal Phase III clinical studies were initiated to determine the safety and efficacy of aztreonam lysine for inhalation in treating CF patients with *P. aeruginosa* infections. In late 2006, we announced positive results from the placebo-controlled AIR-CF2 study. We believe that aztreonam lysine for inhalation, if granted marketing approval, has the potential to become an important new CF treatment option.



Lewis J. Rubin, MD, Professor of Medicine, Pulmonary and Critical Care, University of California, San Diego. Dr. Rubin has been involved in basic research, clinical investigation and direct care of patients with pulmonary vascular diseases for more than twenty years. He serves on the Steering Committee for the pivotal trials of ambrisentan for the treatment of pulmonary arterial hypertension.

Pulmonary arterial hypertension is a debilitating disease that affects 200,000 people worldwide. Twice as many cases are reported in women as in men. Approximately 50 percent of PAH patients succumb to the disease within five years of diagnosis.

Cardiopulmonary Therapies

Endothelin is a small peptide hormone believed to play a critical role in the regulation of blood flow and cell division. Elevated endothelin blood levels are associated with several cardiovascular disease conditions, including pulmonary arterial hypertension (PAH) and resistant hypertension. Two endothelin receptor antagonists, ambrisentan for the treatment of PAH and darusentan for the treatment of resistant hypertension, are the foundation of Gilead's cardiopulmonary development portfolio and resulted from the acquisition of Myogen.

Current therapeutic options for PAH are limited, and there remains an unmet need for safe and effective new treatments. In December 2006, we submitted a New Drug Application (NDA) to the U.S. FDA for ambrisentan as a treatment for PAH. In February 2007, the U.S. FDA granted priority review of the NDA, giving ambrisentan an estimated six-month review. The compound has been granted orphan drug status as a treatment for PAH in the United States and the European Union. If approved, we believe that ambrisentan has the profile to become the endothelin receptor antagonist of choice for the treatment of PAH.

Another candidate in development, darusentan, is currently being evaluated in Phase III clinical trials as a potential treatment for resistant hypertension.

Through our acquisition of Myogen, we also gained commercialization rights for Flolan in the United States. Developed by GSK, Flolan is a synthetic chemical similar to prostacyclin, a naturally occurring chemical in the body that helps regulate the size or diameter of blood vessels. It was approved in 1995 for the long-term intravenous treatment of primary pulmonary hypertension. This product has provided an important opportunity for our U.S.-based specialty sales team to gain experience selling products in the field of PAH.

Through its March 2006 agreement with Myogen, GSK holds the rights to commercialize ambrisentan in territories outside of the United States, where GSK currently markets Flolan.

Gilead in the Community

Our mission is to develop and commercialize novel products that deliver therapeutic advancements and improve the lives of patients around the world. With 10 products currently on the market benefiting hundreds of thousands of people worldwide and a

pipeline of promising late-stage products, we believe we are making significant progress toward this goal. Our commitment extends beyond the products we offer to the broader communities in which we live and work.



Ernie Rodriguez, *Gilead Community Liaison, Chicago, Illinois*



Carol Reagan, *Accounting, San Dimas, California* and **Kevin Stapleton, PhD**, *Respiratory Pharmaceutical Development, Seattle, Washington*



Global Camps Africa, *a Gilead Foundation-funded program, offers a camp experience for children affected by HIV/AIDS with the goal of creating a healthy vision for their future.*

Our U.S. Advancing Access program provides access to certain Gilead medications for people who cannot obtain reimbursement or afford to pay for them. Since the program's inception, more than 10,000 patients have received Gilead therapies.

Community partnerships are a key component of the patient education programs in which we participate. These grassroots programs are focused on driving awareness of HIV and HBV, encouraging patients to take an active role in their treatment. We also work closely with patient advocacy groups to better understand, and to address, their needs and concerns.

Each of our more than 2,500 employees is part of implementing our mission every day. Gilead employees make the time to participate in annual patient community events such as local walks, marathons and bicycle rides to raise funds for non-profit healthcare organizations. In addition, we provide unrestricted educational grants to support the efforts of third-party patient organizations providing important services to our local and patient communities.

Established in 2005, the Gilead Foundation is a non-profit philanthropic organization that seeks to improve access to healthcare for people around the world. In 2006, the Gilead Foundation funded more than 25 organizations to support HIV education, healthcare training and infrastructure, and treatment programs in resource-limited countries, as well as disease awareness and education programs in underserved communities in the United States.

WHY WE'RE HERE

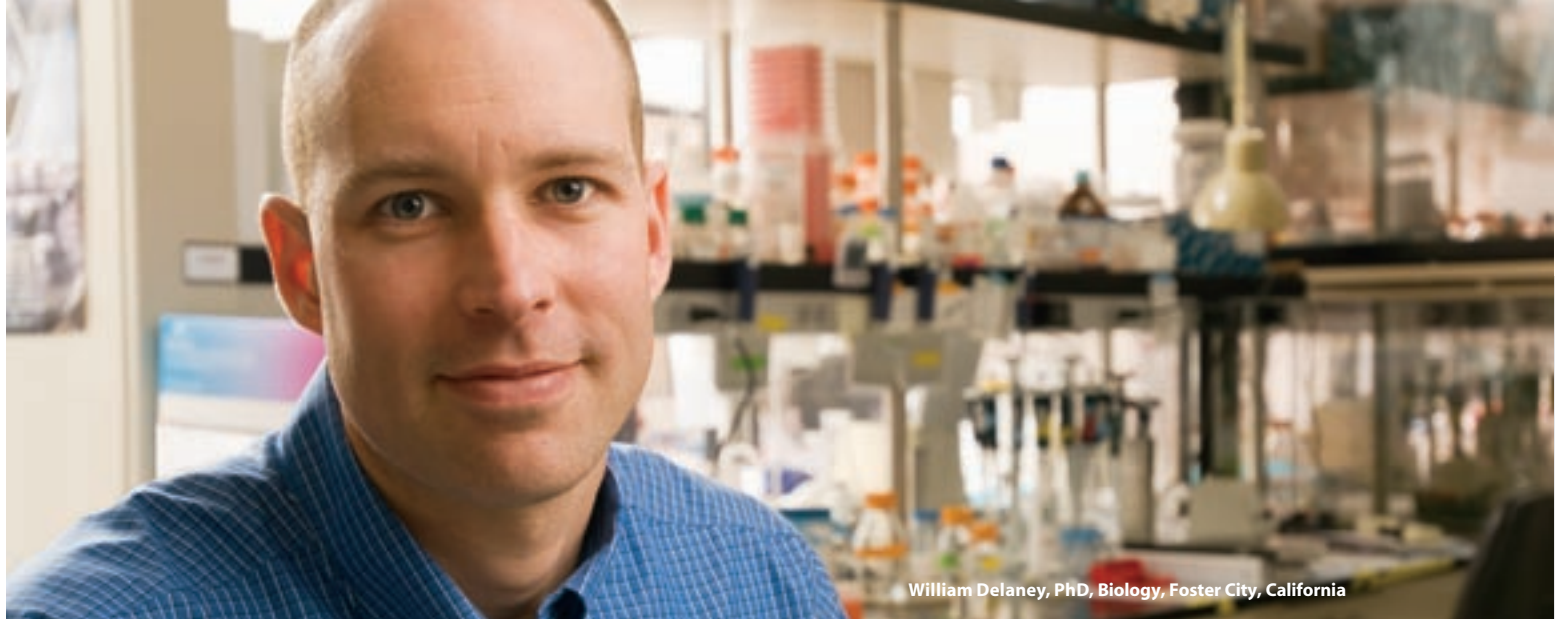
HIV/AIDS

HEPATITIS B AND C

ADDITIONAL MARKETED PRODUCTS

RESPIRATORY AND CARDIOPULMONARY THERAPIES

GILEAD IN THE COMMUNITY



William Delaney, PhD, Biology, Foster City, California



Lloyd E. Bailey, MD, Attending Physician, Spellman Center for HIV Related Disorders, St. Vincent's Midtown Hospital, New York



Oanh, living with hepatitis B



Gilead has grown markedly in the 20 years since its inception. Our successful identification and development of drugs that attack HIV at different stages of the virus's replication has established Gilead as a leader in this therapeutic category. Our resulting financial success has enabled us to fuel the development of new therapies for HIV and hepatitis, and to expand our product portfolio to include novel therapies to treat chronic respiratory and cardiopulmonary diseases. Our continued financial and corporate growth will not change who we are. We remain committed to developing and commercializing innovative therapeutics to treat life-threatening diseases worldwide. That is why we're here at Gilead – for patients and their families.

GILEAD MILESTONES

| | | | | | | | | | | |
|---------------------------------|----------------------------------|---|-----------------------------------|---|--------------------------------|---------------------------------|--|--|--|-----------------|
| 1987 » Gilead Founded | 1990 AmBisome Approved | 1991 »»» In-licensed Nucleotides from IOCB/Rega | 1996 » Vistide Approved | 1999 > NeXstar Acquired (Establishment of European Operations) Tamiflu Approved | 2001 Viread Approved | 2002 Hepsera Approved | 2003 Triangle Acquired Emtriva Approved | 2004 > Truvada Approved Macugen Approved | 2006 Atripla Approved Corus Acquired Raylo Acquired Myogen Acquired | 2007 »»» |
|---------------------------------|----------------------------------|---|-----------------------------------|---|--------------------------------|---------------------------------|--|--|--|-----------------|

OUR VISION

Corporate Information

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Chief Executive Officer

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Mt. Sinai Medical Center

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School of Medicine

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FRCP, MACG
University of Miami
School of Medicine

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University of California,
San Diego

Richard J. Whitley, MD
University of Alabama
at Birmingham

CORPORATE SECRETARY

Gregg H. Alton
Senior Vice President and
General Counsel

CORPORATE COUNSEL

Cooley Godward Kronish LLP
Palo Alto, California

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Ernst & Young LLP
Palo Alto, California

CORPORATE HEADQUARTERS

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

STOCKHOLDER INQUIRIES

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

Investor Relations
Gilead Sciences, Inc.
333 Lakeside Drive
Foster City, CA 94404
USA
Phone: (800) 445-3235 or
(650) 574-3000
Fax: (650) 578-9264

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

STOCK LISTING

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

ANNUAL MEETING

The annual meeting of
stockholders will be held at
10:00 a.m. on Wednesday,
May 9, 2007 at the Westin
San Francisco Airport Hotel.

TRANSFER AGENT AND REGISTRAR

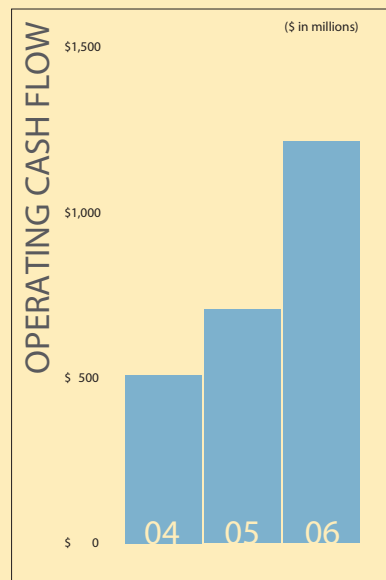
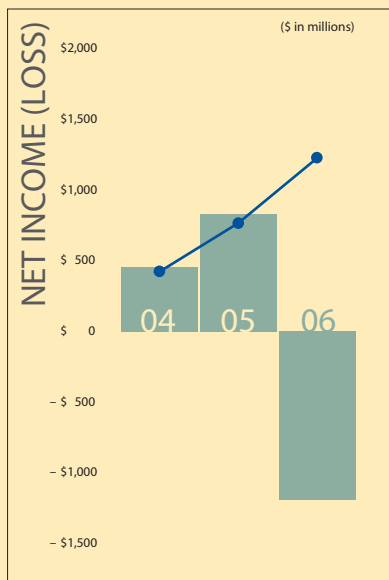
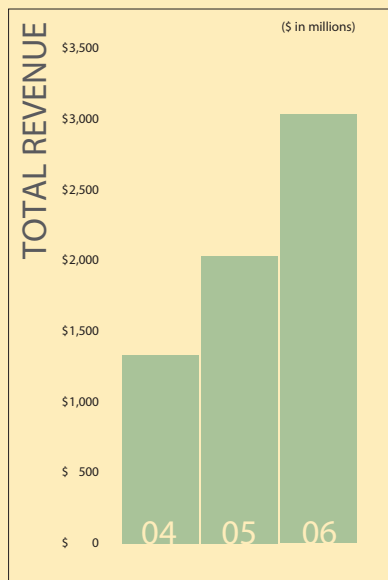
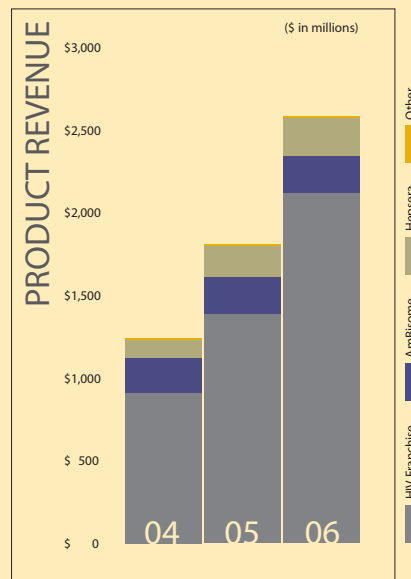
Communications concerning
stock transfer requirements,
lost certificates and changes of
address should be directed to
the Transfer Agent:

Mellon Investor Services LLC
PO Box 3315
South Hackensack, NJ 07606
USA
(800) 710-0940
www.melloninvestor.com

EQUAL OPPORTUNITY EMPLOYER

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

Gilead Financial Highlights



Notes:

- The non-GAAP net income for 2004 and 2005 excluded stock-based compensation expense relating to SFAS 123(R) as we began expensing stock-based compensation on January 1, 2006.
- The non-GAAP net income for 2004 excluded a make-whole payment related to the redemption of our \$345.0 million 2% convertible senior debt and a gain related to our warrants in Eyetech Pharmaceuticals, Inc. (acquired by OSI Pharmaceuticals, Inc.), which completed its initial public offering in 2004.
- The non-GAAP net income for 2005 excluded a one-time tax provision benefit related to a qualified dividend distribution made under the American Jobs Creation Act of 2004.
- The non-GAAP net income for 2006 excluded the impact of IPR&D charges of \$2.39 billion associated with the acquisitions of Corus in August 2006 and Myogen in November 2006.

HEADQUARTERS

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Phone: (650) 574-3000
Fax: (650) 578-9264
1-800-GILEAD-5
(1-800-445-3235)