



# GILEAD

Advancing Therapeutics.  
Improving Lives.



## **Q4 2011 Earnings Results Conference Call and Webcast**

**February 2, 2012**

# Forward-looking Statements

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The projected financial results presented in the following slides represent management's estimates of Gilead's future financial results. Gilead cautions readers that forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include: Gilead's ability to achieve its anticipated full year 2012 financial results, including the possibility that its full year 2012 guidance may be revised at a later date; Gilead's ability to sustain growth in revenues for its antiviral, cardiovascular and respiratory franchises; unpredictable variability of Tamiflu royalties and the strong relationship between this royalty revenue and global pandemic planning and supply; the availability of funding for state AIDS Drug Assistance Programs (ADAPs) and their ability to purchase at levels to support the number of patients that rely on ADAPs; the levels of inventory held by wholesalers and retailers which may cause fluctuations in Gilead's earnings; Gilead's ability to submit new drug applications for new product candidates in the timelines currently anticipated, including for cobicistat and elvitegravir; Gilead's ability to receive regulatory approvals in a timely manner or at all, for new and current products, including the Quad or Truvada for pre-exposure prophylaxis to reduce the risk of HIV infection; Gilead's ability to successfully commercialize its products, including Complera and Eviplera; Gilead's ability to successfully develop its respiratory, cardiovascular and oncology franchises; safety and efficacy data from clinical studies may not warrant further development of Gilead's product candidates, including the RIVER-PCI clinical trial evaluating ranolazine; the potential for additional austerity measures in European countries that may increase the amount of discount required on Gilead's products; fluctuations in the foreign exchange rate of the U.S. dollar that may cause an unfavorable foreign currency exchange impact on Gilead's future revenues and pre-tax earnings; Gilead's ability advance Pharmasset's product pipeline or develop an all-oral antiviral regimen for HCV; the effects of the Pharmasset acquisition on relationships with employees and the risk that anticipated synergies and benefits will not be realized; risks that Gilead will not commercialize any novel non-catalytic site integrase inhibitors for HIV, including BI 224436, under its licensing agreement with Boehringer Ingelheim; risks that Gilead's collaboration with Globelimmune, Inc. will not lead to the commercialization of therapeutic vaccine products for use in conjunction with Viread and other oral therapies for the treatment of chronic hepatitis B; risks that the collaboration with Bristol-Myers Squibb will not lead to the commercialization of a fixed-dose combination containing atazanavir and cobicistat; risks that the collaboration with Tibotec Pharmaceuticals will not lead to the commercialization of a single-tablet regimen containing darunavir, emtricitabine, GS-7340 and cobicistat; and other risks identified from time to time in Gilead's reports filed with the U.S. Securities and Exchange Commission.

Gilead directs readers to its Form 10-Q for the quarter ended September 30, 2011 and other subsequent disclosure documents filed with the SEC and press releases. Gilead claims the protection of the Safe Harbor contained in the Private Securities Litigation Reform Act of 1995 for forward-looking statements. All forward-looking statements are based on information currently available to Gilead, and Gilead assumes no obligation to update any such forward-looking statements. This presentation includes GAAP and non-GAAP financial measures, a complete reconciliation between these two measures is available on the Company's website at [www.gilead.com](http://www.gilead.com) within the investor section. Management believes this non-GAAP information is useful for investors, taken in conjunction with Gilead's GAAP financial statements, because management uses such information internally for its operating, budgeting and financial planning purposes. Non-GAAP information is not prepared under a comprehensive set of accounting rules and should only be used to supplement an understanding of Gilead's operating results as reported under U.S. GAAP.

# Q4 2011 Earnings Call Agenda

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## **Introduction**

Susan Hubbard, VP, Investor Relations

## **Commentary and Q&A**

John Milligan, President and COO

Robin Washington, SVP and CFO

Kevin Young, EVP, Commercial Operations

Norbert Bischofberger, EVP, R&D and CSO

John Martin, Chairman and CEO



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**John F. Milligan, Ph.D.**  
**President and Chief Operating Officer**

February 2, 2012

# Q4 2011 Corporate Highlights

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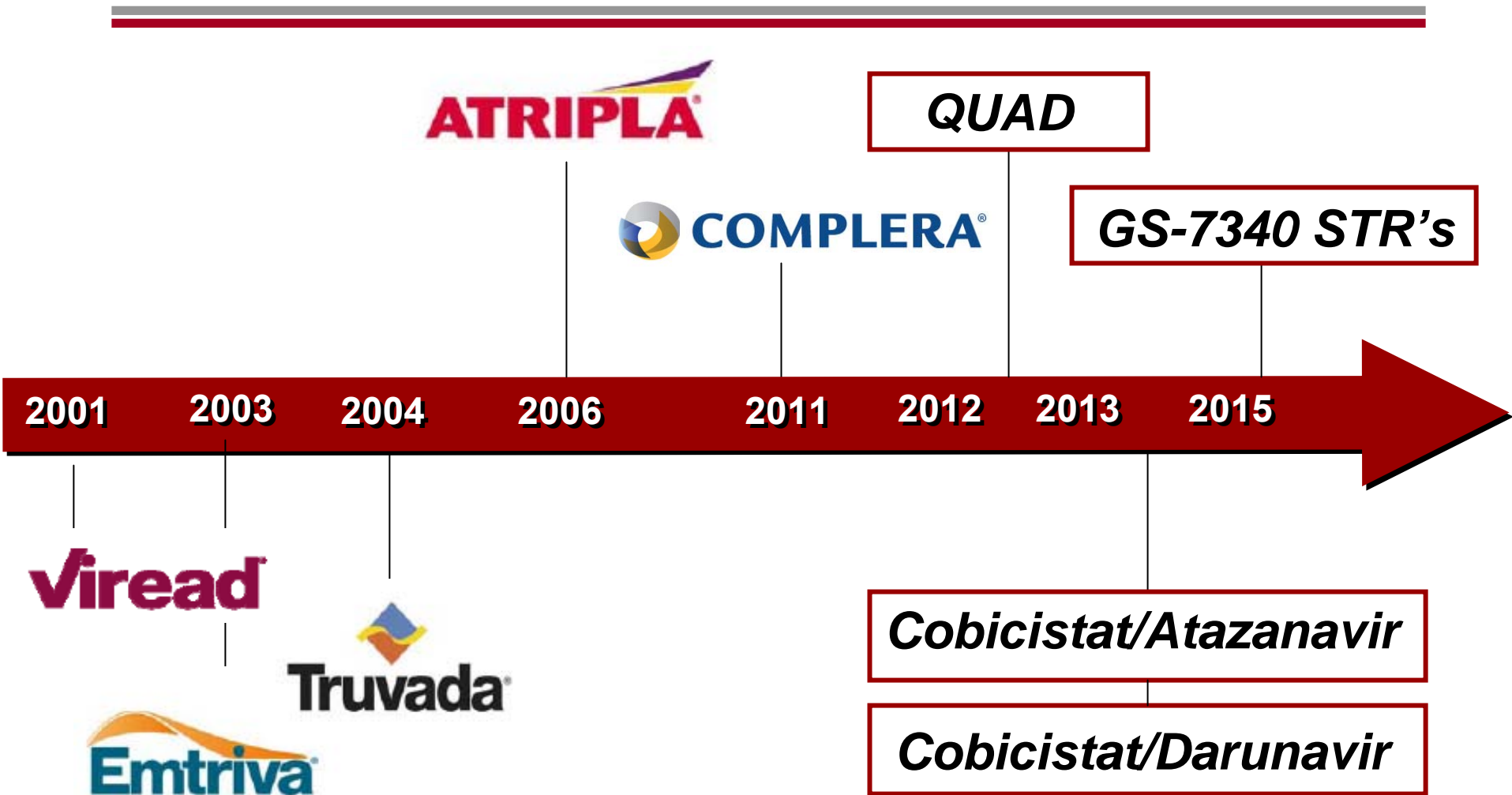
- ◆ Signed definitive agreement to acquire Pharmasset for \$137 per share in cash, or approximately \$11.1 billion (acquisition completed on January 17, 2012)
- ◆ Entered into multiple licensing agreements:
  - Boehringer Ingelheim for its novel non-catalytic site integrase inhibitors for HIV, including the lead compound BI 224436
  - GlobelImmune for therapeutic vaccine products for use in conjunction with Viread and other oral therapies for the treatment of chronic hepatitis B
  - Bristol-Myers Squibb for a fixed-dose combination containing atazanavir and Gilead’s cobicistat, a pharmacoenhancing or “boosting” agent that increases blood levels of certain HIV medicines to potentially allow for one-pill, once-daily dosing
  - Tibotec for a single-tablet regimen combining darunavir with Gilead’s emtricitabine; the investigational agent GS-7340, a novel prodrug of tenofovir; and cobicistat
- ◆ Submitted NDA to the U.S. FDA for the Quad (PDUFA date August 27, 2012); MAA validated by EMEA on December 20, 2011
- ◆ Submitted sNDA to the FDA for approval of once-daily Truvada for PrEP to reduce the risk of HIV-1 infection among uninfected adults

# Q4 2011 Corporate Highlights (Cont'd)

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- ◆ Announced positive five-year data from the open-label phase of two pivotal Phase 3 clinical trials (Studies 102 and 103) evaluating the efficacy of Viread for the treatment of chronic hepatitis B virus in primarily treatment-naïve patients
- ◆ European Commission granted marketing authorization for Eviplera in all 27 countries of the European Union
- ◆ Announced Phase 3 clinical trial results showing that cobicistat met its 48-week primary objective of non-inferiority to ritonavir
- ◆ Announced Phase 3 clinical trial results showing that elvitegravir was non-inferior to the integrase inhibitor raltegravir after two years (96 weeks) of therapy in treatment-experienced patients.

# Continuing to Innovate in HIV





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**Robin Washington**  
**SVP and Chief Financial Officer**

**February 2, 2012**

# Financial Highlights: A Snapshot of Q4 2011

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- ◆ Total revenues of \$2.20 billion
- ◆ Product sales of \$2.13 billion
- ◆ Net income per diluted share of \$0.87;  
Non-GAAP net income per diluted share of \$0.97\*
- ◆ Cash flow from operations of \$978.1 million

\* Excludes after-tax acquisition-related, restructuring and stock-based compensation expenses.

# Financial Highlights: Q4 2011

(US\$ millions, except per share amounts)

	Q4 2011	Q4 2010	% Change
<b>Product sales</b>	<b>\$ 2,133</b>	<b>\$ 1,930</b>	11%
Antiviral products	1,860	1,699	9%
Atripla	863	775	11%
Truvada	746	682	9%
Viread	191	191	0%
Complera/Eviplera	20	NA	
AmBisome	81	76	7%
Ranexa	84	68	23%
Letairis	79	64	23%
Cayston	26	19	34%
Royalty, contract and other revenues	67	68	(2%)
<b>Total revenues</b>	<b>\$ 2,200</b>	<b>\$ 1,999</b>	10%
<b>Non-GAAP costs and expenses*</b>	<b>\$ 1,206</b>	<b>\$ 951</b>	27%
COGS*	566	480	18%
R&D*	349	232	51%
SG&A*	290	239	21%
<b>Non-GAAP net income*</b>	<b>\$ 743</b>	<b>\$ 779</b>	(5%)
<b>Non-GAAP EPS*</b>	<b>\$ 0.97</b>	<b>\$ 0.95</b>	3%

\*Non-GAAP net income, EPS, costs and expenses exclude the impact of acquisition-related, restructuring and stock-based compensation expenses where applicable.

# Financial Highlights: FY 2011

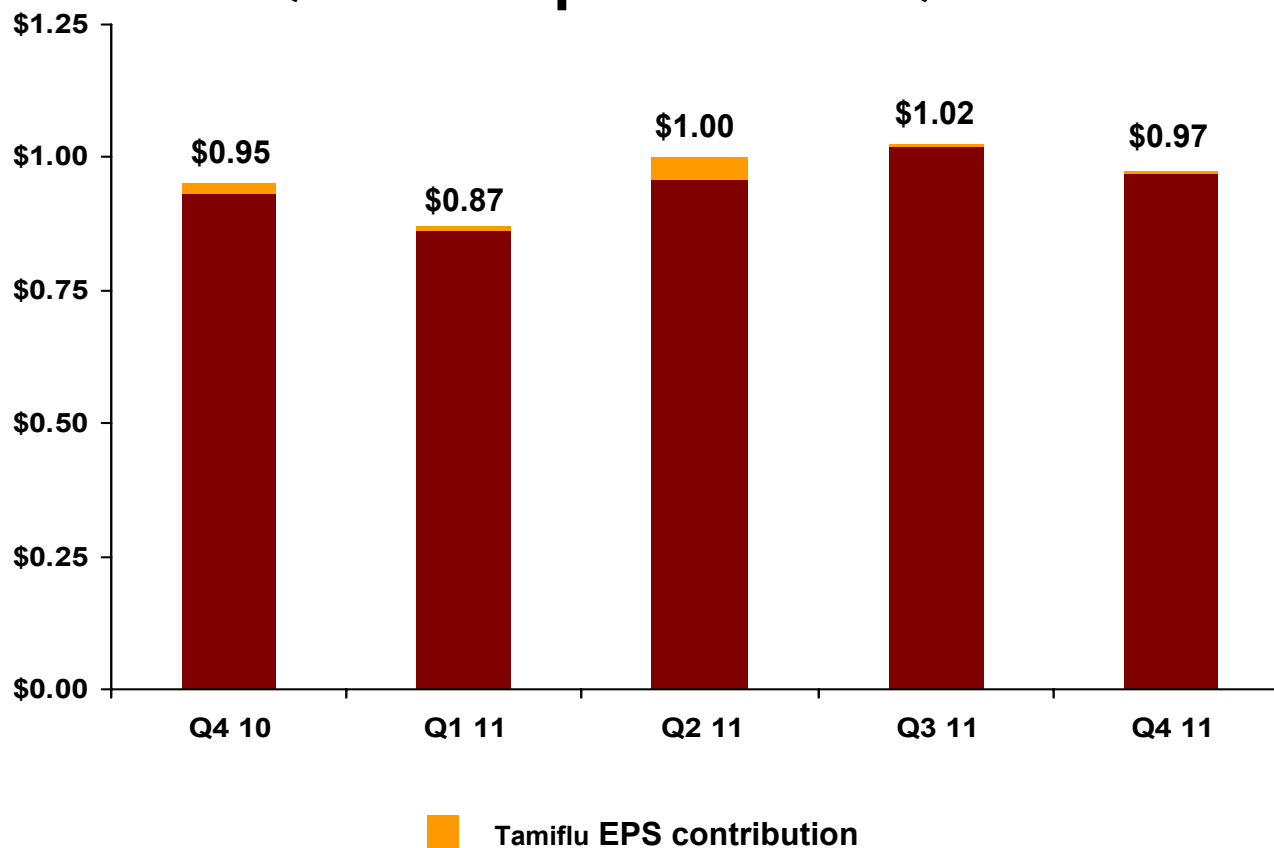
(US\$ millions, except per share amounts)

	FY 2011	FY 2010	% Change
<b>Product sales</b>	<b>\$ 8,102</b>	<b>\$ 7,390</b>	10%
Antiviral products	7,050	6,537	8%
Atripla	3,225	2,927	10%
Truvada	2,875	2,650	8%
Viread	738	732	1%
Complera/Eviplera	39	NA	
AmBisome	330	306	8%
Ranexa	320	240	33%
Letairis	293	240	22%
Cayston	91	48	91%
Royalty, contract and other revenues	283	559	(49%)
<b>Total revenues</b>	<b>\$ 8,385</b>	<b>\$ 7,949</b>	5%
<b>Non-GAAP costs and expenses*</b>	<b>\$ 4,260</b>	<b>\$ 3,544</b>	20%
COGS*	2,046	1,793	14%
R&D*	1,119	839	33%
SG&A*	1,094	913	20%
<b>Non-GAAP net income*</b>	<b>\$ 3,039</b>	<b>\$ 3,214</b>	(5%)
<b>Non-GAAP EPS*</b>	<b>\$ 3.86</b>	<b>\$ 3.69</b>	5%

\*Non-GAAP net income, EPS, costs and expenses exclude the impact of acquisition-related, restructuring and stock-based compensation expenses where applicable.

# Financial Highlights: Non-GAAP Diluted EPS

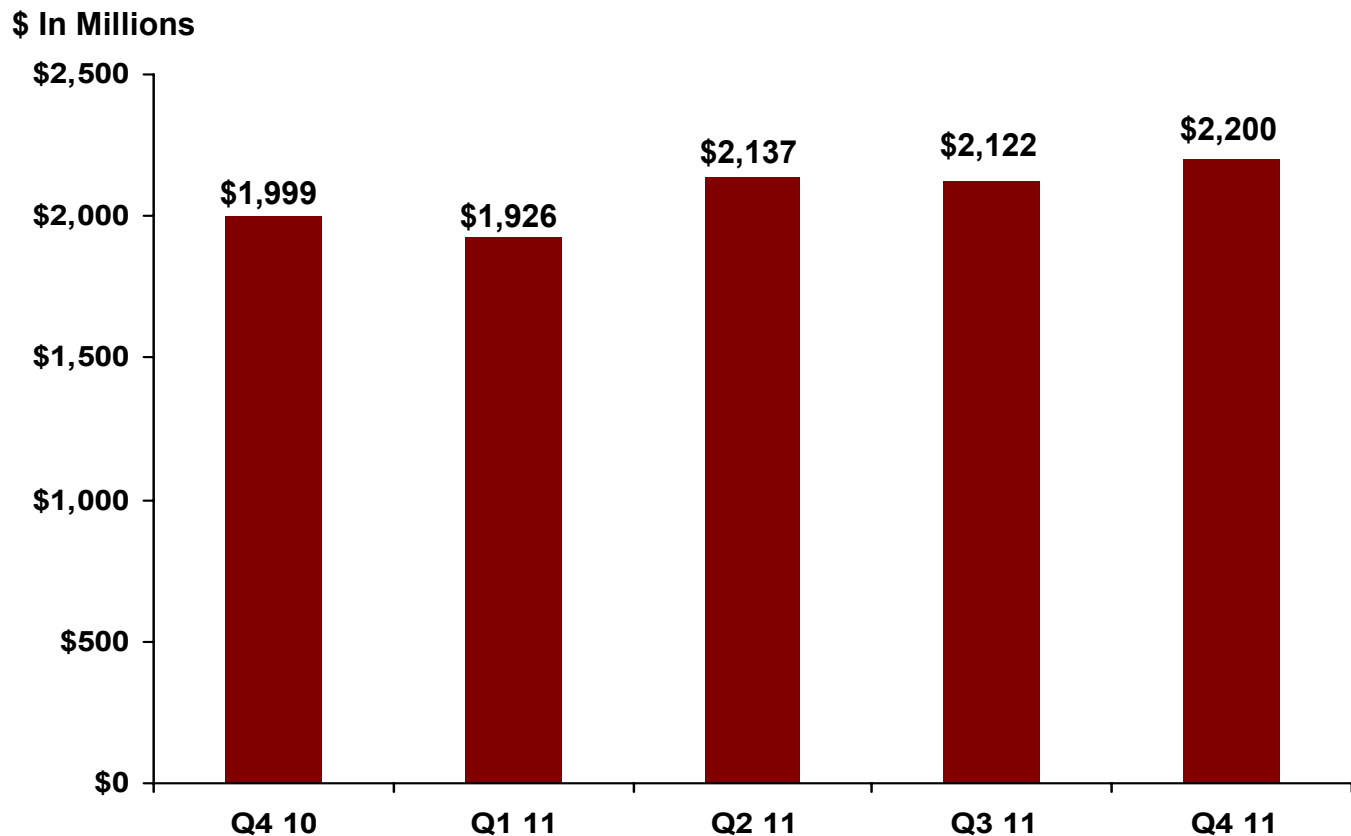
◆ Q4 2011 up 3% from Q4 2010



Note: For the 2010 and 2011 periods, non-GAAP diluted EPS excludes after-tax acquisition-related, restructuring and stock-based compensation expenses.

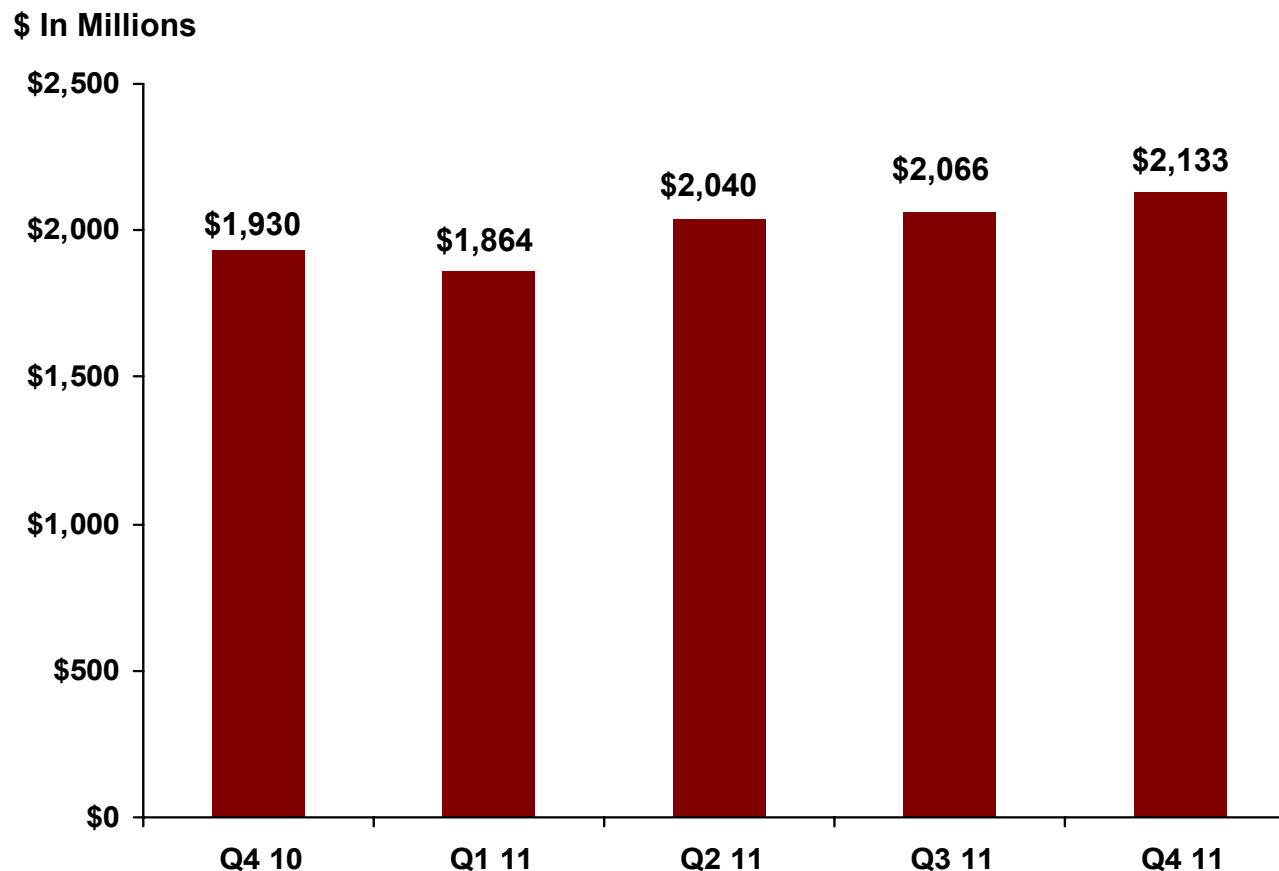
# Financial Highlights: Total Revenues

◆ Q4 2011 up 10% over Q4 2010

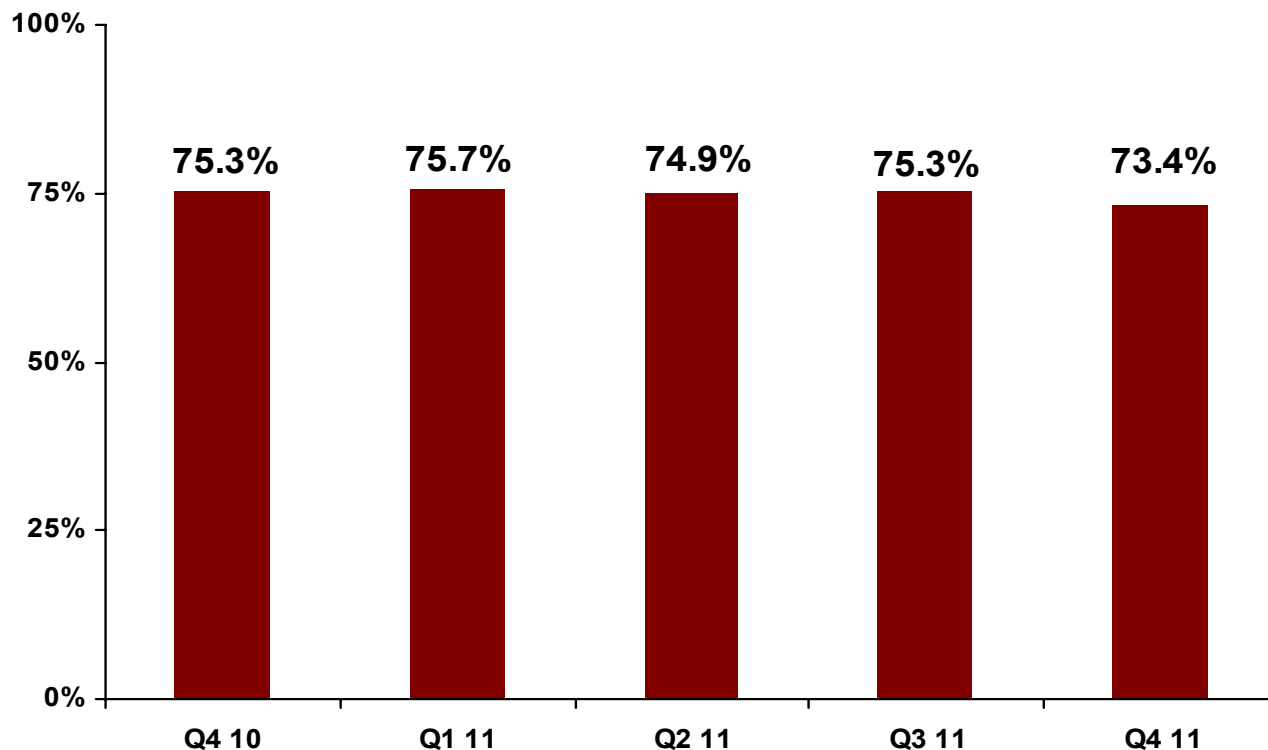


# Financial Highlights: Total Product Sales

◆ Q4 2011 up 11% over Q4 2010



# Non-GAAP Product Gross Margins



## Key Metrics

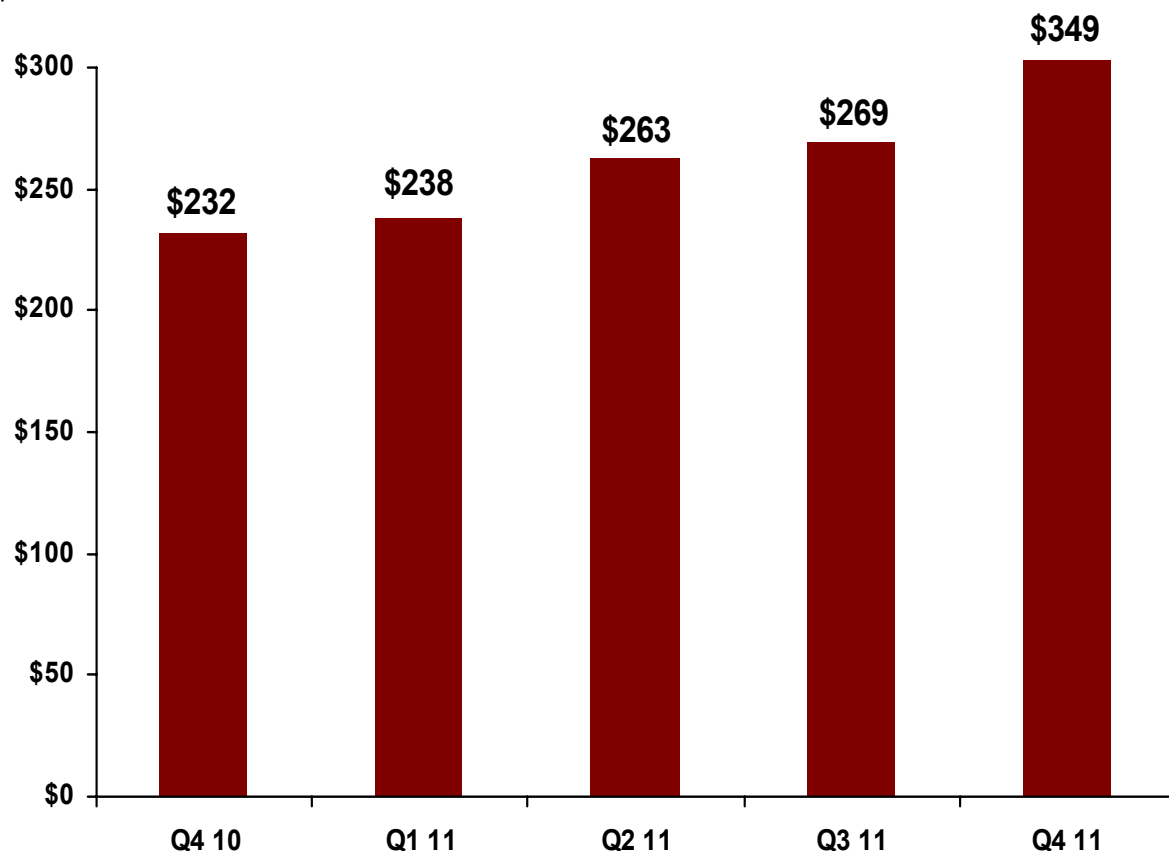
- ◆ Q4 2011 decrease from Q4 2010 due primarily to:
  - Annual net selling price true-up for Atripla which had an unfavorable impact of ~2% due to net selling price changes

Note: For the 2010 and 2011 periods, non-GAAP product gross margins exclude acquisition-related and stock-based compensation expenses.

# Non-GAAP R&D Expenses: Q4 2011

◆ Q4 2011 up 51% from Q4 2010

\$ In Millions



Note: For the 2010 and 2011 periods, non-GAAP R&D expenses exclude acquisition-related, restructuring and stock-based compensation expenses.

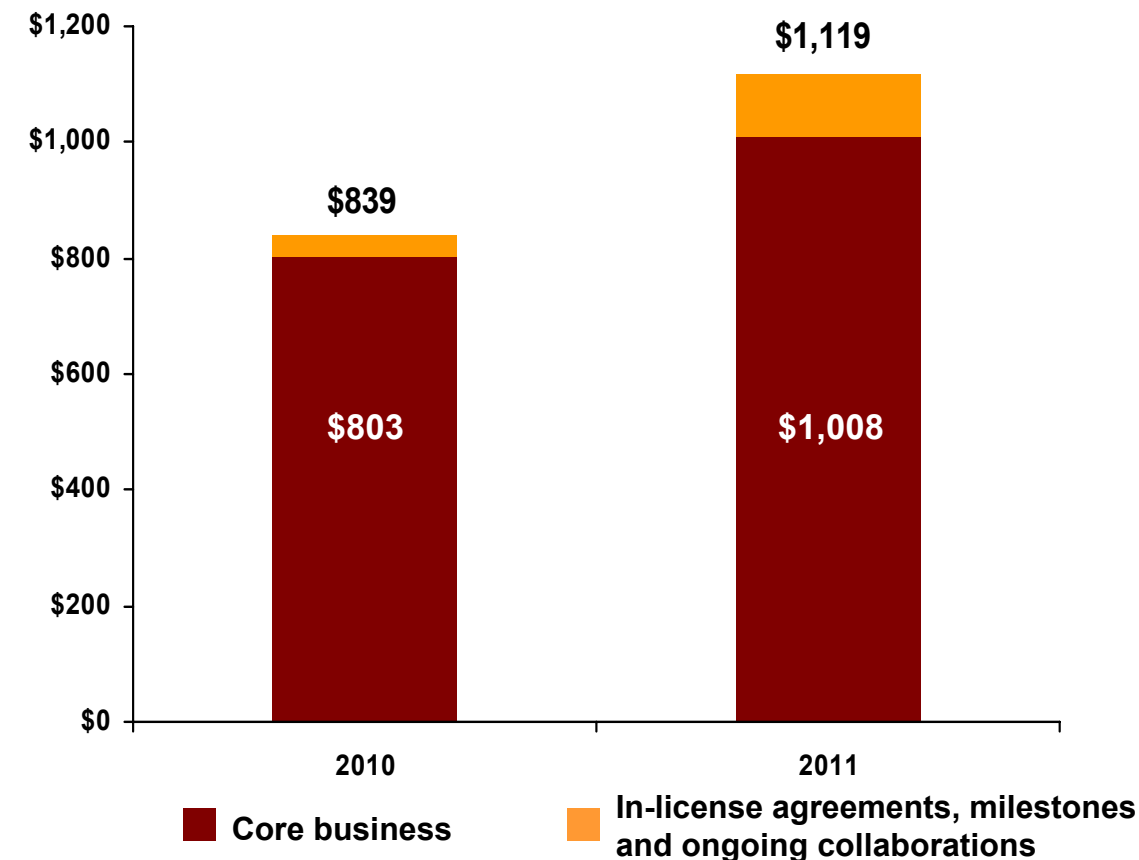
## Key Metrics

- ◆ Higher R&D expenses in Q4 2011 over Q4 2010 due primarily to:
  - Increased clinical activities and expenses associated with acquisitions and collaborations
  - Milestone payment associated with the accelerated registrational filings for the Quad in the U.S. and Europe
  - Continued advancement of our clinical pipeline

# Non-GAAP R&D Expenses: FY 2011

◆ 2011 up 33% from 2010

\$ In Millions



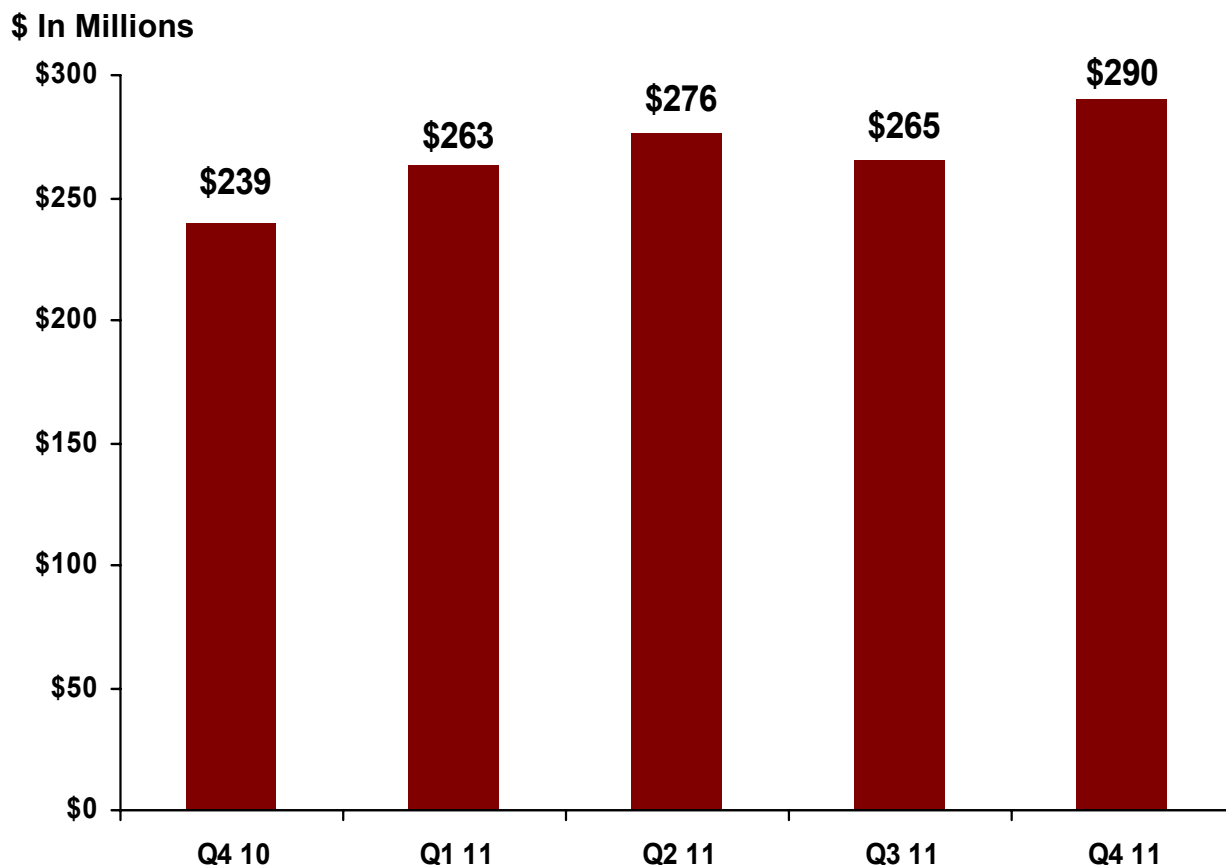
## Key Metrics

- ◆ Higher R&D expenses in 2011 over 2010 due primarily to:
  - Clinical activities primarily attributable to study progression in liver disease and HIV and new initiatives in oncology and inflammation
  - Payments associated with in-license agreements, milestones and ongoing collaborations
  - Increased research and process development manufacturing to support clinical studies and new initiatives

Note: For the 2010 and 2011 periods, non-GAAP R&D expenses exclude acquisition-related, restructuring and stock-based compensation expenses.

# Non-GAAP SG&A Expenses

◆ Q4 2011 up 21% from Q4 2010

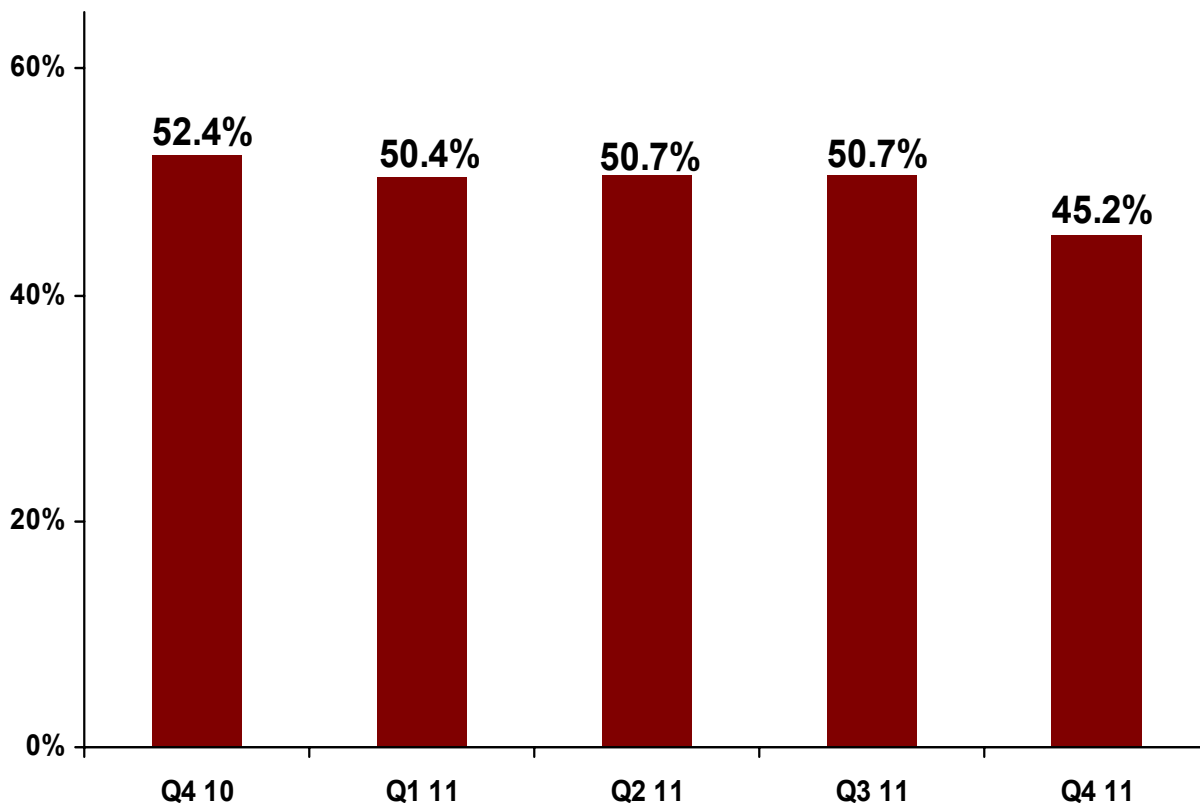


## Key Metrics

- ◆ Higher SG&A expenses in Q4 2011 over Q4 2010 driven primarily by:
  - Pharmaceutical excise tax resulting from U.S. healthcare reform of ~\$50 million for FY 2011
  - Increased expenses associated with the ongoing growth of the business
  - Increased bad debt expenses due to slower collections in Southern Europe

Note: For the 2010 and 2011 periods, non-GAAP SG&A expenses exclude acquisition-related, restructuring and stock-based compensation expenses.

# Non-GAAP Operating Margins



## Key Metrics

- ◆ Q4 2011 decrease from Q4 2010 driven primarily by:
  - Increased investments in R&D
  - Annual true-up for Atripla which had an unfavorable impact of ~2% in Q4 11 due to net selling price changes
  - Increased SG&A driven predominantly by the U.S. pharmaceutical excise tax
  - Decreased product gross margin

Note: For the 2010 and 2011 periods, non-GAAP operating margins exclude acquisition-related, restructuring and stock-based compensation expenses.

# Effective Tax Rate

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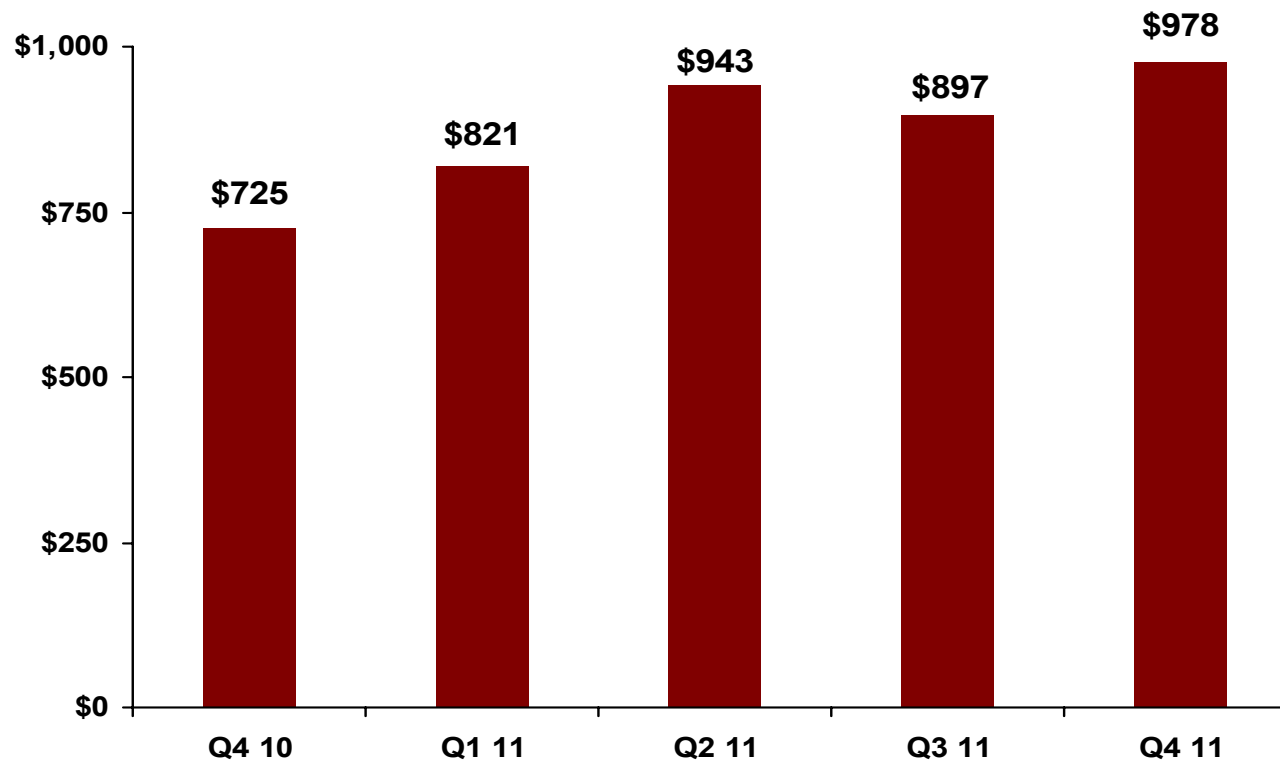
	FYE 2010	FYE 2011
<b>Effective Tax Rate</b>	26.2%	23.6%

- ◆ Effective tax rate decreased year-over-year due to:
  - Lower state taxes and geographic mix of product sales, partially offset by U.S. pharmaceutical excise tax

# Financial Highlights: Operating Cash Flows

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\$ In Millions



# Other Selected Financial Information

	Sep. 30, 2011	Dec. 31, 2011
<b>Cash, Cash Equivalents &amp; Marketable Securities</b> (\$ in Millions)	\$5,482.1	\$9,964.0
<b>Interest Income/(Expense) and Other Income, net (Non-GAAP)</b> (\$ in millions)	(\$28.7)	(\$24.8)
<b>Inventories</b> (\$ in Millions)	\$1,337.8	\$1,390.0
<b>Days Sales Outstanding</b> (Accounts Receivable)	67	69
<b>Common Shares Repurchased During the Quarter*</b> (\$ in Millions)	\$883.6	\$226.2
<b>Diluted Shares Used in Per Share Calculation for the Quarter (Non-GAAP)</b> (In thousands)	779,216	764,193
<b>Diluted Shares Used in Per Share Calculation for the Quarter (GAAP)</b> (In thousands)	781,312	766,326
<b>Common Shares Outstanding</b> (In thousands)	756,094	753,106

\* As of December 31, 2011, Gilead had \$4.6 billion remaining in its January 2011, \$5 billion share repurchase program.

# Full Year 2012 Guidance

*(\$ in millions, except percentages and per share amounts)*

	Guidance
<b>Net Product Sales</b>	<b>\$ 8,600 – \$ 8,800</b>
<b>Non-GAAP*</b>	
<b>Product Gross Margin</b>	<b>73% – 75%</b>
<b>R&amp;D</b>	<b>\$ 1,325 – \$ 1,400</b>
<b>SG&amp;A</b>	<b>\$ 1,225 – \$ 1,300</b>
<b>Effective Tax Rate</b>	<b>26% – 28%</b>
<b>Diluted EPS Impact of Acquisition-Related, Restructuring and Stock-Based Compensation Expenses</b>	<b>\$ 0.31 – \$ 0.34</b>

\* Non-GAAP product gross margin and expenses exclude the impact of acquisition-related, restructuring and stock-based compensation expenses where applicable.

# Full Year 2012 Guidance

(\$ in millions, except percentages and per share amounts)

	<u>2/02/12</u>
<b>Projected product gross margin GAAP to non-GAAP reconciliation:</b>	
GAAP projected product gross margin	72% - 74%
Acquisition-related amortization of purchased intangibles	1% - 1%
Non-GAAP projected product gross margin*	<u>73% - 75%</u>
<b>Projected research and development expenses GAAP to non-GAAP reconciliation:</b>	
GAAP projected research and development expenses	\$1,434 - \$1,525
Acquisition-related expenses	(26) - (30)
Restructuring expenses	(6) - (6)
Stock-based compensation expenses	(77) - (89)
Non-GAAP projected research and development expenses	<u>\$1,325 - \$1,400</u>
<b>Projected selling, general and administrative expenses GAAP to non-GAAP reconciliation:</b>	
GAAP projected selling, general and administrative expenses	\$1,354 - \$1,435
Acquisition-related expenses	(10) - (11)
Restructuring expenses	(6) - (6)
Stock-based compensation expenses	(113) - (118)
Non-GAAP projected selling, general and administrative expenses	<u>\$1,225 - \$1,300</u>
<b>Projected diluted EPS impact of acquisition-related, restructuring and stock-based compensation expenses:</b>	
Acquisition-related expenses	0.11 - 0.12
Restructuring expenses	0.01 - 0.01
Stock-based compensation expenses	0.19 - 0.21
Projected diluted EPS impact of acquisition-related, restructuring and stock-based compensation expenses	<u>\$0.31 - \$0.34</u>

\* Stock-based compensation expenses have a less than one percent impact on non-GAAP projected product gross margin. Acquisition-related expense includes \$0.02 related to transaction expense for the Pharmasset acquisition.

# Pharmasset Acquisition Financing

<b>Funding Sources</b>	<b>At Acquisition Close Jan 2012</b>	<b>Projected Mid-2013</b>
<b>Senior Credit Facilities</b>	<b>\$2.15 B</b>	<b>\$0.0</b>
<b>Senior Notes</b> (3, 5, 10 and 30 year maturities)	<b>\$3.70 B</b>	<b>\$3.70 B</b>
<b>Total Debt Raised*</b>	<b>\$5.85 B</b>	
<b>Net Debt to EBITDA**</b>	<b>~2.4x</b>	<b>~1.5x</b>
<b>Cash Used</b>	<b>\$5.25 B</b>	
<b>Total Acquisition Price</b>	<b>\$11.1 B</b>	

\* Average interest rate of 3.2%.

\*\* Inclusive of all outstanding debt.

Net interest impact from Acquisition is projected to be (\$230) million for 2012.

Total interest expense and amortization from all debt sources anticipated at ~\$90 million per quarter in 2012.



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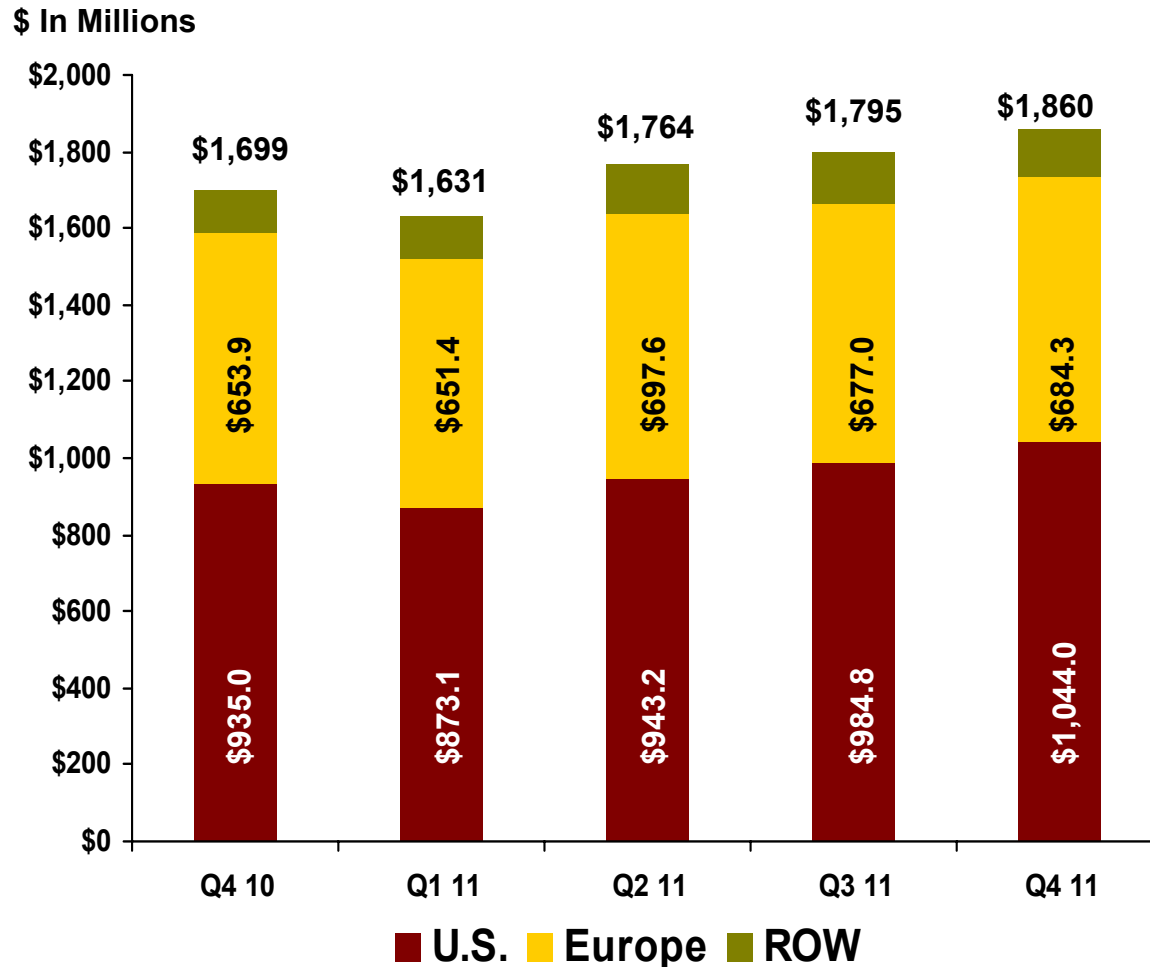


**Kevin Young CBE**  
**EVP Commercial Operations**

February 2, 2012

# Antiviral Franchise Q4 2011 Financial Performance and Key Metrics

◆ Q4 2011 up 9% from Q4 2010



## Key Metrics

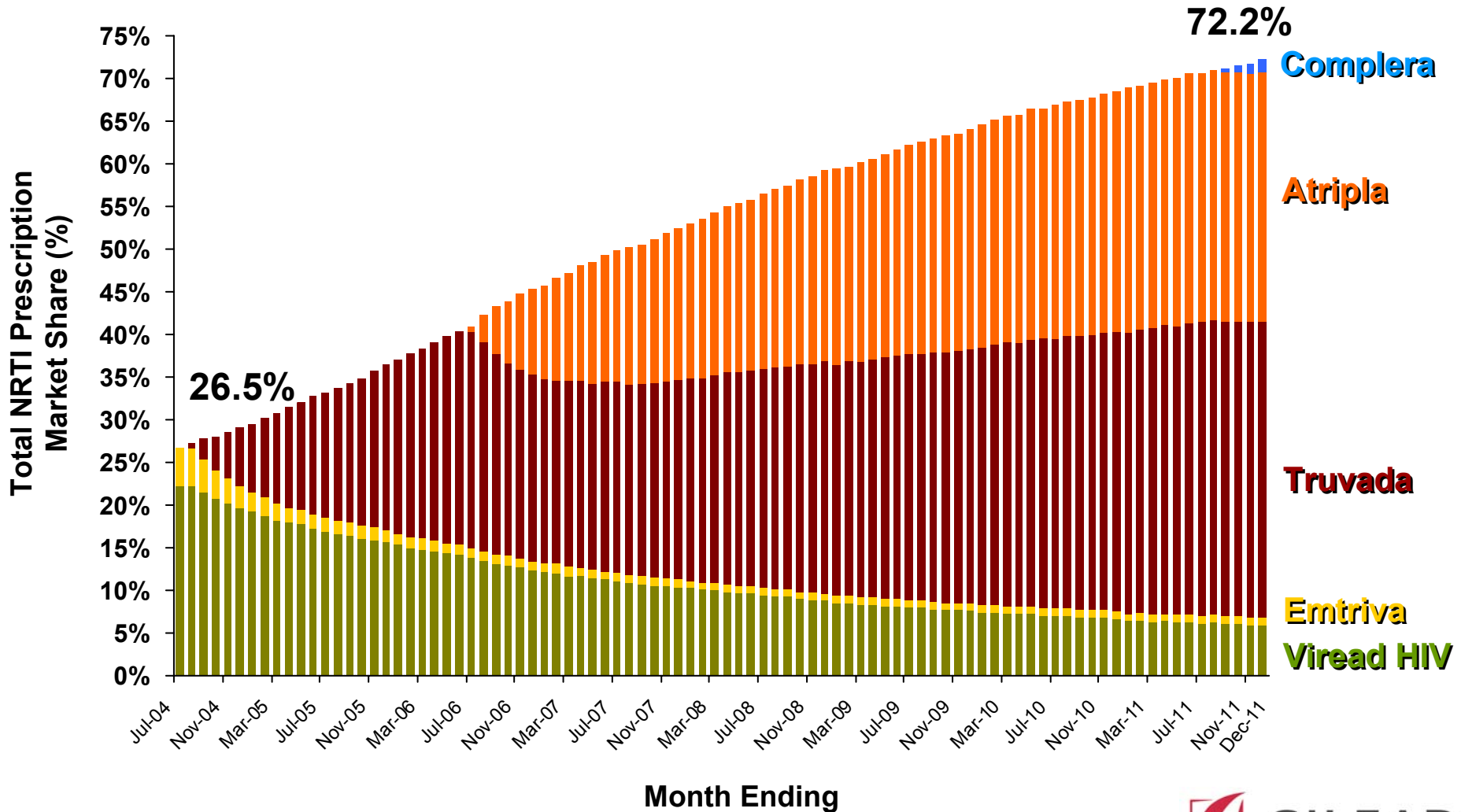
U.S.:

- ◆ Inventory levels remained at the low-end of the range
- ◆ Quarter-on-quarter non-retail purchasing ahead of prescription growth

EU:

- ◆ Quarter-on-quarter revenue growth driven by demand
- ◆ No austerity price actions taken in Big5 markets in Q4 2011

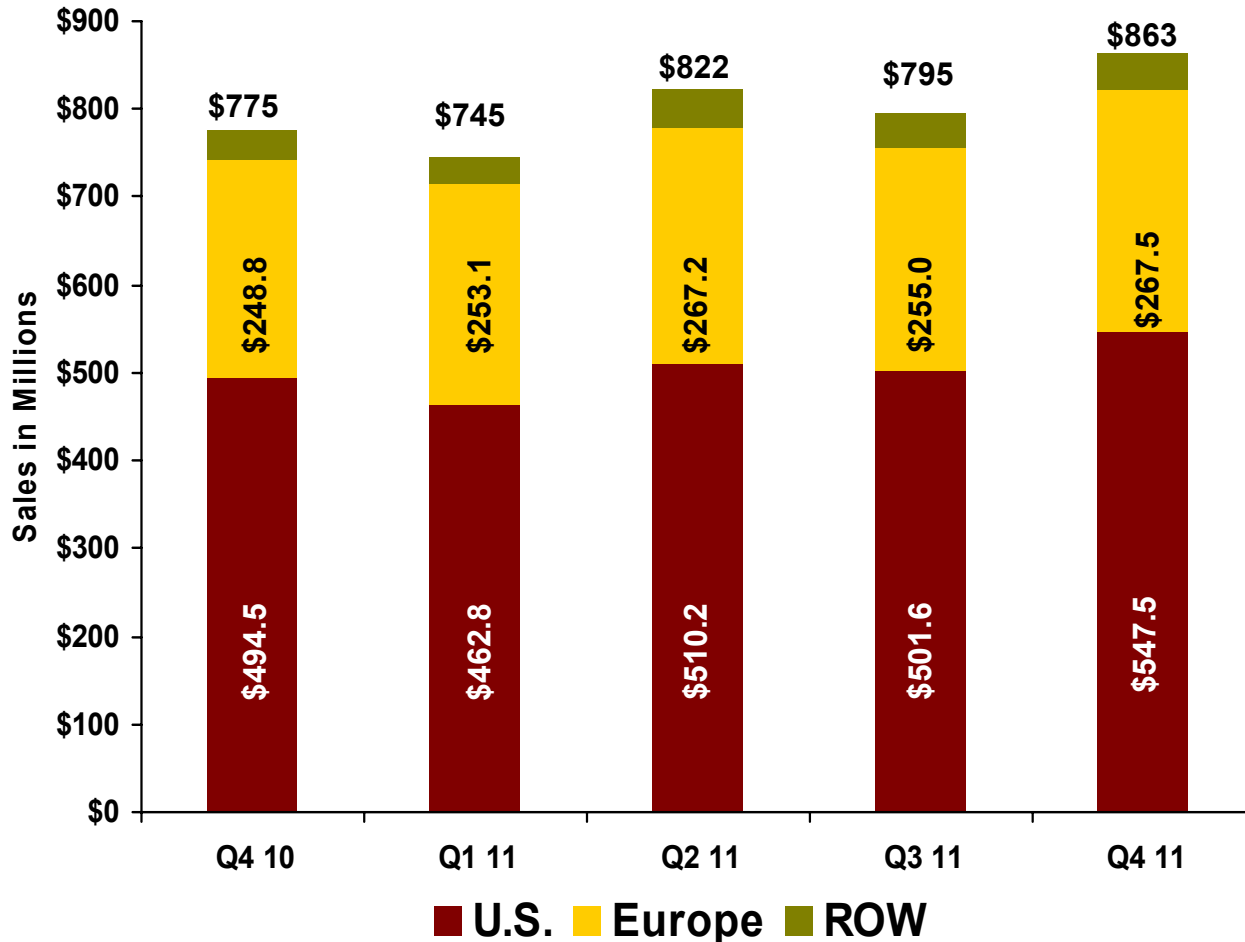
# Gilead's HIV Franchise Continued to Gain Share in the U.S.



Based on Source® monthly PHAST, Jul 04 to Dec 11, Wolters Kluwer Health.

# Atripla Q4 2011 Financial Performance and Key Metrics

◆ Q4 2011 up 11% from Q4 2010



## Key Metrics\*

U.S.:

- ◆ Most prescribed regimen in HIV with 34% of all treated patients
- ◆ Captured 40% of naïve patient share

EU:

- ◆ Most prescribed regimen in HIV with 24% of all treated patients across the Big 5 markets
- ◆ Captured 25% of naïve patient share

\*Sources:

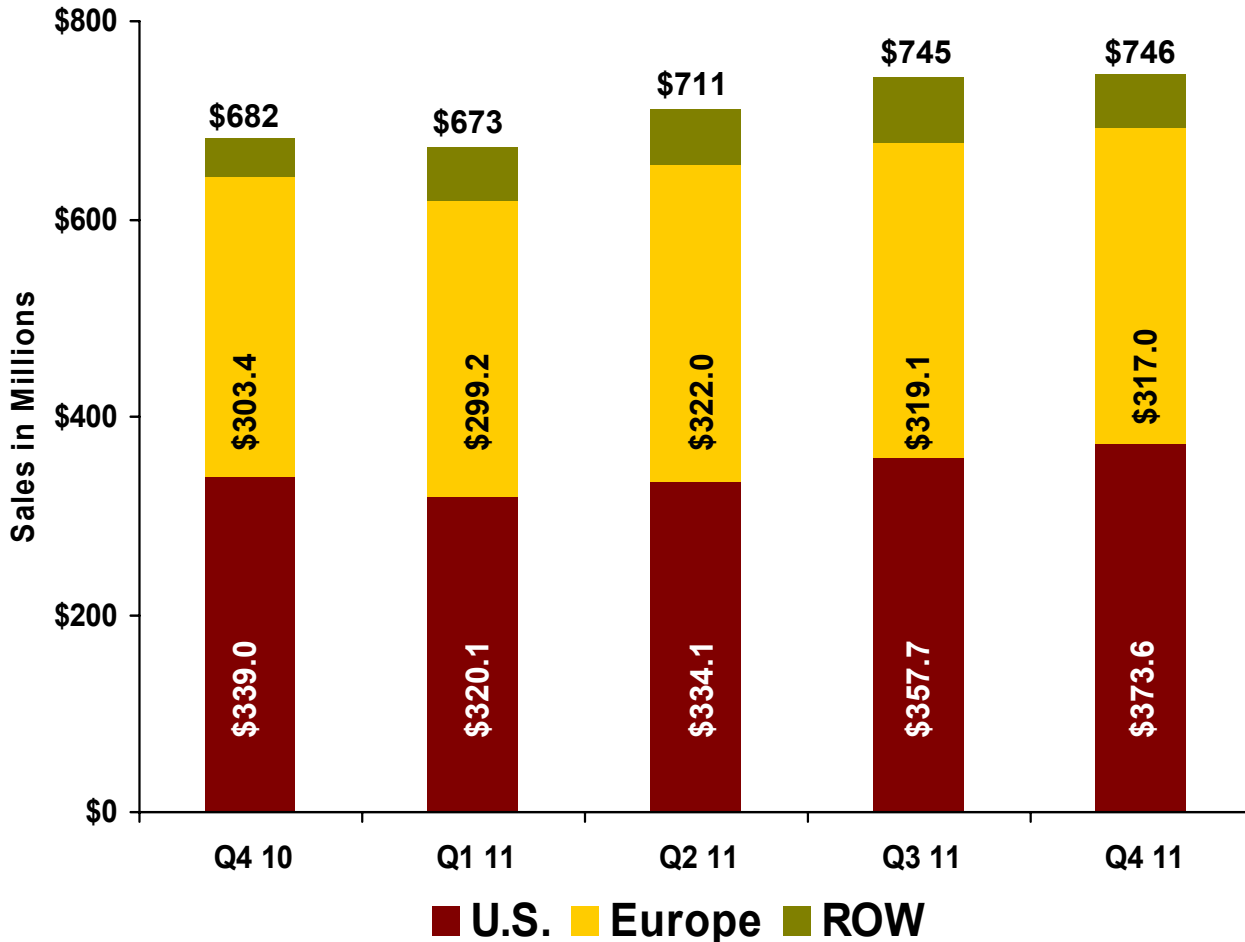
U.S. data from Synovate Healthcare U.S. HIV Monitor Q3 2011.  
EU data from Synovate EU HIV Scope Q4 2011 and Gilead estimates.

Note: Atripla does not have a naïve indication in Europe and is not promoted to this group of patients.

Note: efavirenz (the active pharmaceutical component in Atripla purchased from BMS) accounted for approximately 39% of Atripla sales in Q4 2011 which represented \$347.3 million to be paid to Bristol-Myers Squibb.

# Truvada Q4 2011 Financial Performance and Key Metrics

◆ Q4 2011 up 9% from Q4 2010



### Key Metrics\*

**U.S.:**

- ◆ Most prescribed product in HIV with 40% of all treated patients
- ◆ Captured 47% of naïve patient share

**EU:**

- ◆ Most prescribed product in HIV with 43% of all treated patients
- ◆ Captured 48% of naïve patient share

\*Sources:

U.S. data from Synovate Healthcare U.S. HIV Monitor Q3 2011.

EU data from Synovate Monitor Q3 2011 & SCOPE Q4 2011 and Gilead estimates.

# Other Product Sales

Product (\$ in Millions)	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	%▲ From Q4 2010
<b>Viread</b>	\$191.1	\$168.4	\$185.7	\$192.9	\$190.9	0%
<b>Ranexa</b>	\$67.8	\$68.3	\$86.1*	\$82.0	\$83.7	23%
<b>AmBisome</b>	\$75.5	\$78.5	\$88.6	\$82.2	\$80.8	7%
<b>Letairis</b>	\$64.0	\$62.2	\$73.6	\$79.0	\$78.7	23%
<b>Hepsera</b>	\$43.6	\$38.1	\$38.7	\$35.6	\$32.3	(26%)
<b>Cayston</b>	\$19.4	\$19.8	\$21.5	\$23.6	\$25.9	34%
<b>Complera</b>	NA	NA	NA	\$19.0^	\$19.7	NA

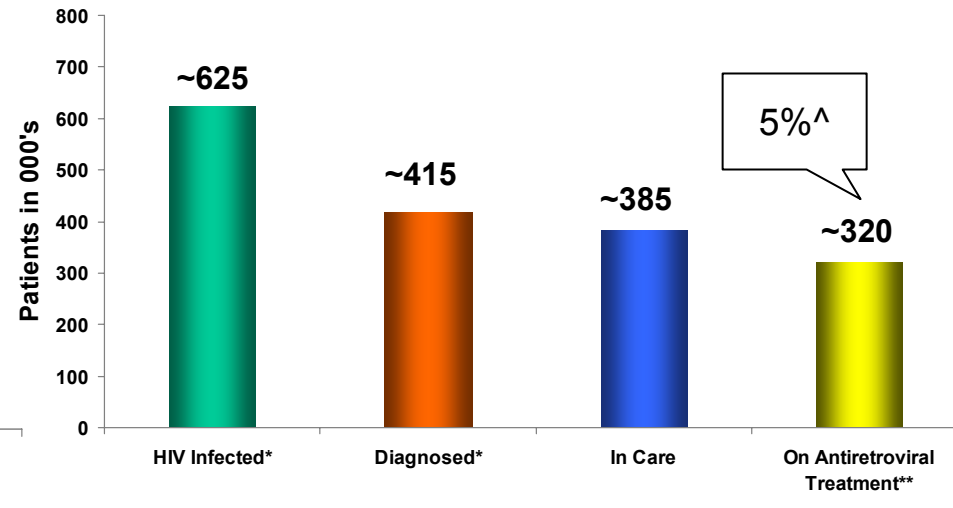
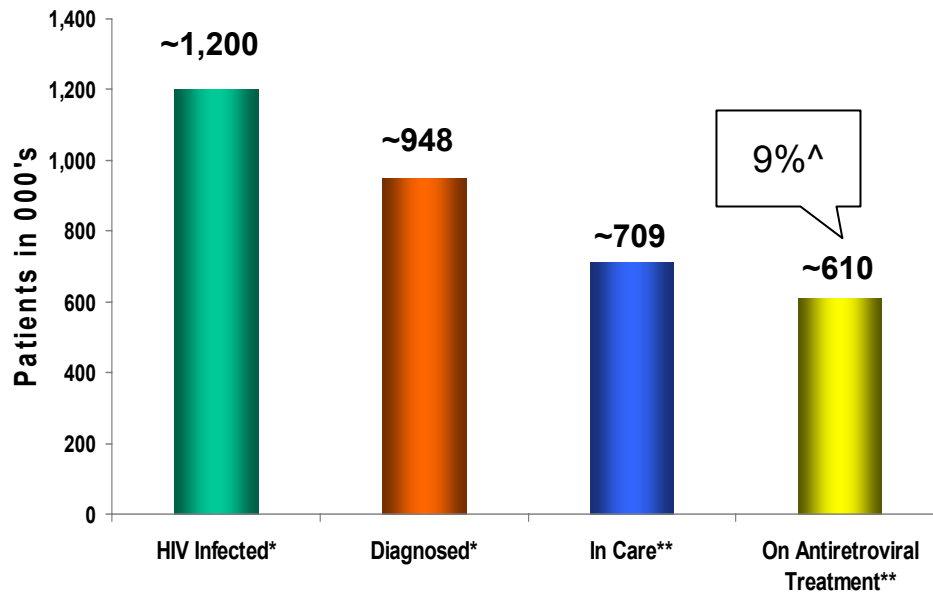
\* Includes a one-time \$8.3 million adjustment to sales return reserves.

^ First quarter of Complera; the majority of sales estimated as channel fill for Q3 11.

# U.S. and Big 5 EU HIV Market Dynamics

In the U.S., ~600,000 HIV infected people **NOT** on antiretroviral treatment

In the Big 5 EU, ~300,000 HIV infected people **NOT** on antiretroviral treatment



Sources:

\* October 2008 CDC estimates as of the end of 2006.

\*\* Synovate Healthcare U.S. HIV Monitor Q3 2011.

Sources:

\* National Surveillance Units per country & ECDC 2010.

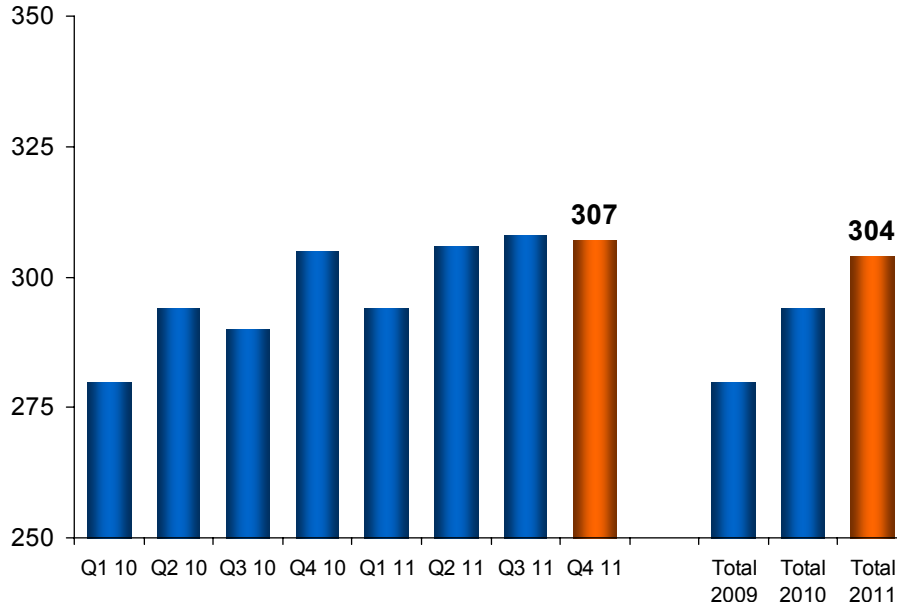
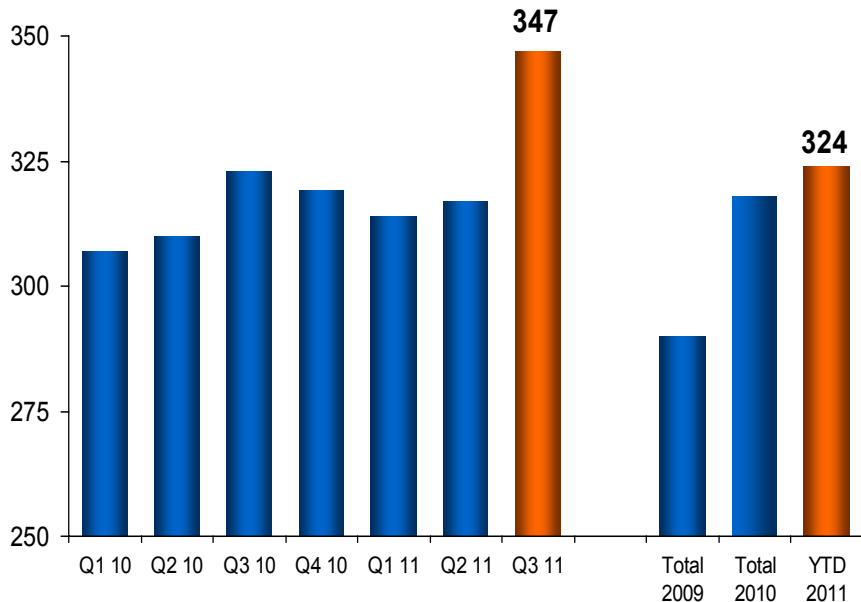
\*\* IMS/GERS Q3 2011 & Synovate Q3 2011.

<sup>^</sup> Moving annual total.

# Median CD4 Cell Count at Initiation of Therapy in the U.S. and Big 5 EU

U.S. DHHS treatment guidelines updated in December 2009

IAS treatment guidelines updated in July 2010



Source: Synovate HIV US SCOPE Q1 2009 to Q3 2011.  
Base: All initiations within each quarter with known CD4 count at initiation.

Source: Synovate HIV SCOPE Q1 2009 to Q4 2011.  
Base: All initiations within each quarter with known CD4 count at initiation.

# Growing Support for Single-Tablet Regimens

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## U.S.

- ◆ **“Patients on once daily single tablet regimen were associated with 24% lower risk to be hospitalized compared to patients on the 3 (OR = 0.76, p < 0.001).”**

*P. Sax, Tenth International Congress on Drug Therapy in HIV Infection, Glasgow, November 2010*

- ◆ **“The use of a once daily single tablet antiretroviral regimen was associated with a 17% reduction in total healthcare cost.”**

*C. Cohen, 13th European AIDS Conference – October 2011*

## Italy

- ◆ **“STR is the most cost-effective treatment strategy compared with other therapeutic regimens.”**

*Cost Effectiveness analysis of initial HIV treatment under Italian Guidelines CEOR, October 2011*

- ◆ **“STR regimens have a more effective durability of viral suppression vs. more complex regimens and the use of STRs can be a key element contributing to a better quality of life and to a better adherence of patients.”**

*Italian HIV Guidelines, October 2011*

## Spain

- ◆ **“Use of FDACs should be recommended for the treatment of HIV-1 infection in those situations where the agents included in the coformulation are drugs of choice.”**

*AIDS 2011, 25:000-000.*

- ◆ **“The use of STRs is the most efficient strategy to prevent selective treatment adherence.”**

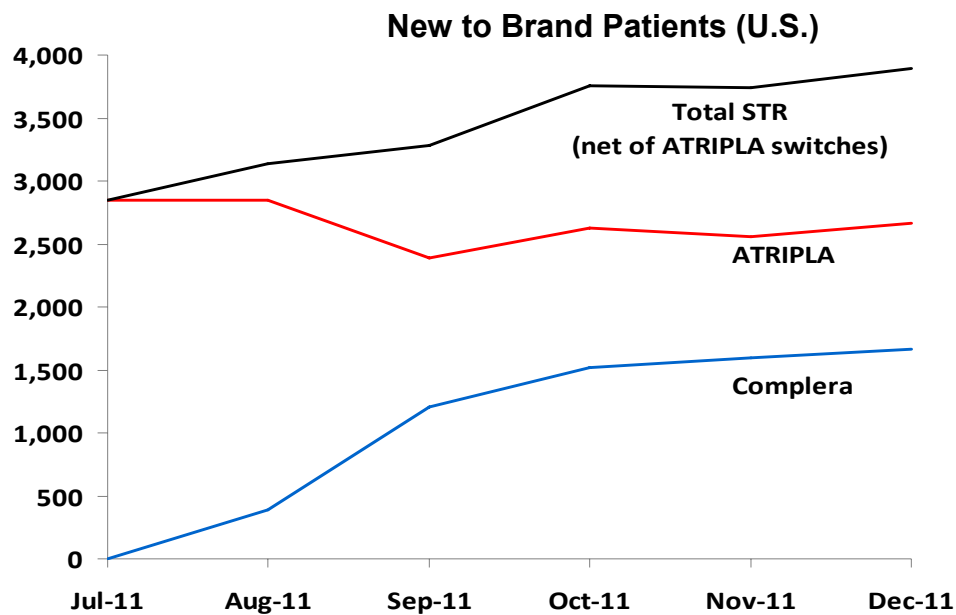
*Consensus Document of GESIDA and National AIDS Plan regarding antiretroviral treatment in adults infected by HIV (Update January 2012).*

# Complera/Eviplera: A New HIV Single Tablet Regimen (STR)

- ◆ Launched in the U.S. on August 11, 2011
  - ~37% growth in prescriptions for new patient starts
  - Uptake from naïve patients and switches (other than Atripla)
  - TRx volume above Prezista (darunavir) after first 4 months
  - Primarily being used in healthier patients and women of child bearing age
- ◆ EU authorization on November 28, 2011
  - Launched in UK, Austria and Germany
- ◆ Phase 3b studies underway
  - PI-switch study fully enrolled (n=482), 24 week endpoint
  - Head-to-head versus Atripla study fully enrolled (n=799), 48 week endpoint



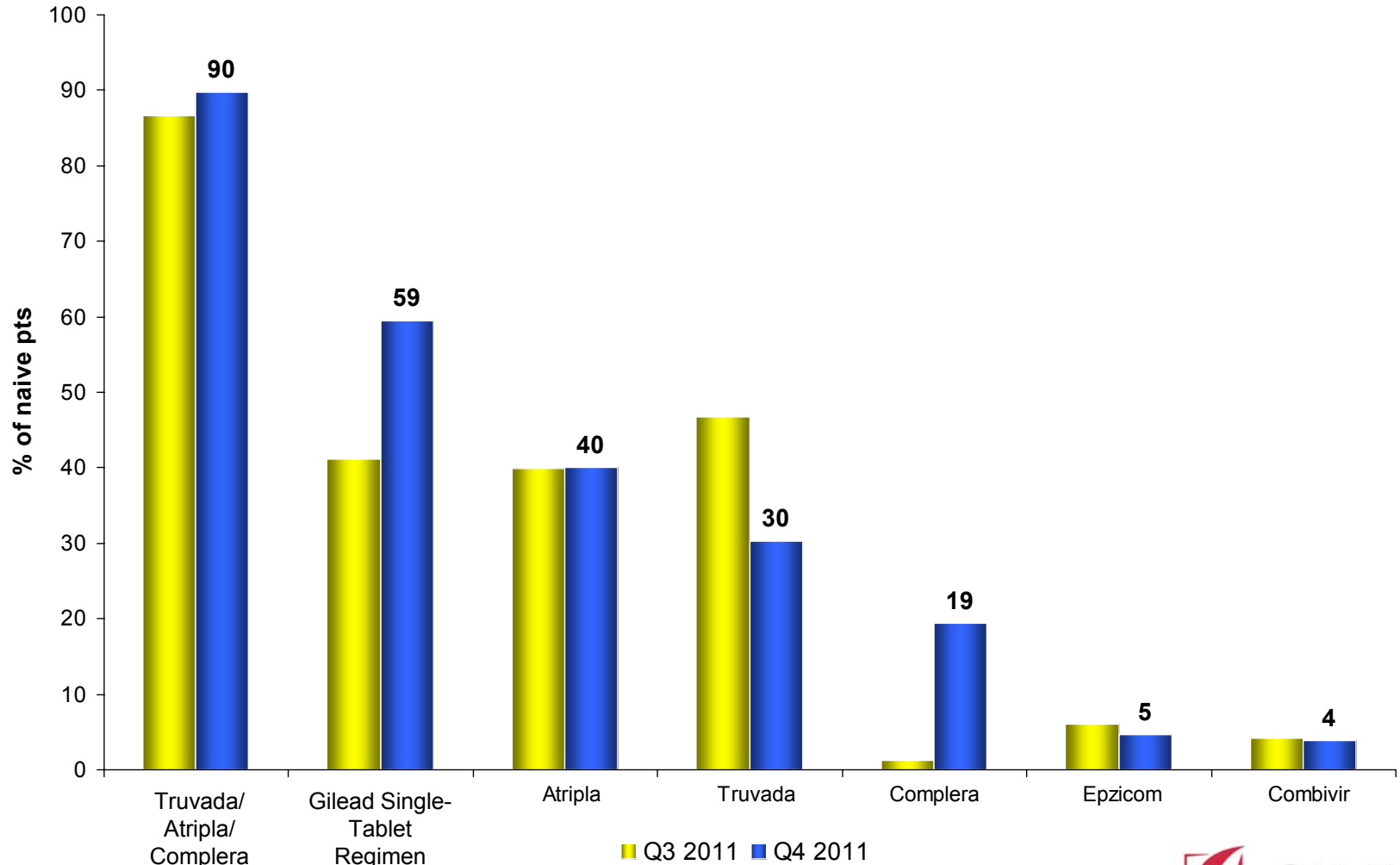
**COMPLERA**<sup>®</sup>  
emtricitabine 200mg/rilpivirine 25mg/  
tenofovir disoproxil fumarate 300mg tablets



Source: IMS NPA Extended Insights



# U.S. Complera Launch Adding to Number of Patients on a Single-Tablet Regimen

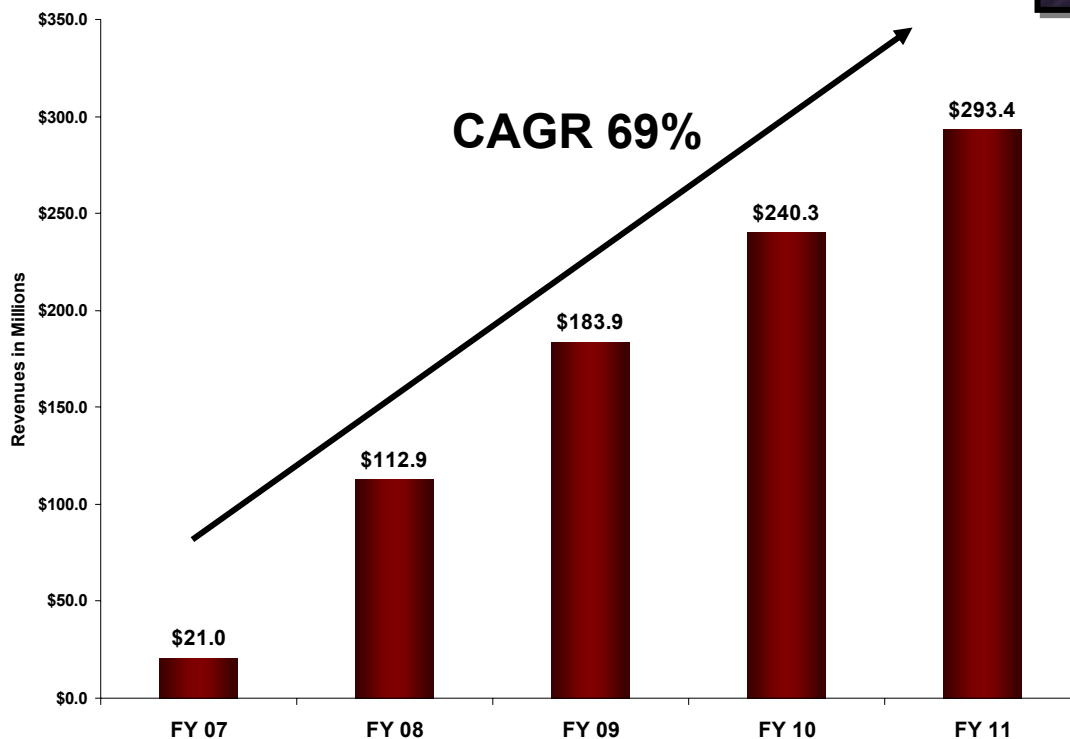


Base: All initiations within each quarter

Source: Ipsos Healthcare SCOPE 2011 Q4

# Letairis for Pulmonary Arterial Hypertension

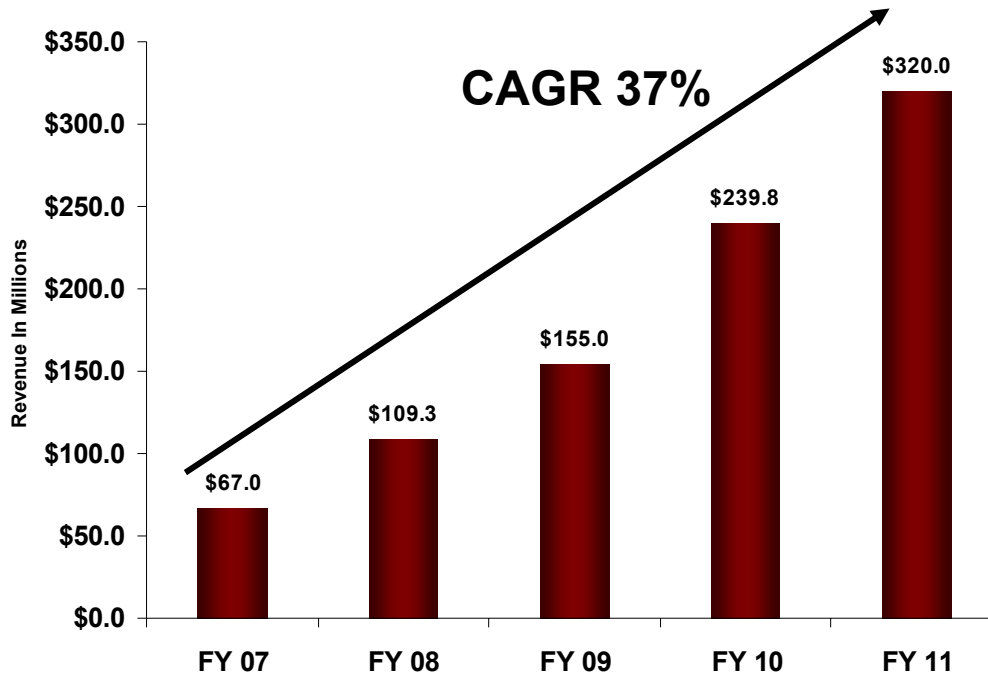
- ◆ Q4 11 product sales of \$79 million, up 23% from Q4 10 sales of \$64 million
- ◆ Sustained increase in new patient enrollments following removal of liver toxicity from black box warning



CAGR; compound annual growth rate

# Ranexa for Chronic Angina

- ◆ Q4 11 product sales of \$84 million, up 23% from Q4 10 sales of \$68 million
- ◆ 22% total prescription yearly growth
- ◆ Phase 3 studies in type 2 diabetes and use in conjunction with percutaneous coronary intervention (stenting)



Note: Gilead acquired Ranexa from CV Therapeutics in Q2 2009 and recorded \$131.1 million in revenues for 2009.

# Hepatitis B

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- ◆ Viread sales for all indications FY 2011 of \$738 million
  - Europe \$328 million
  - U.S. \$325 million (~50% from HBV)
- ◆ Continue to expand the diagnosis and treatment of hepatitis B through targeted programs
- ◆ Viread therapy over five years demonstrated to improve fibrosis (AASLD 2011)
- ◆ Approaches to limited duration therapies
  - Globelmmune: co-develop and commercialize a therapeutic vaccine for use in conjunction with Viread or other oral therapies
  - Combination of Viread with interferon
  - TLR7 agonists





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**Norbert Bischofberger, Ph.D.**  
**EVP, R&D and CSO**

February 2, 2012

# Pipeline Product Candidates

	Phase			Filed for Marketing Approval
	1	2	3	
<b>HIV/AIDS</b>				
"Quad" Integrase STR (elvitegravir/FTC/TDF/cobicistat)				<b>U.S. and European Approvals Submitted</b>
Elvitegravir (integrase inhibitor)				
Cobicistat (PK enhancer)				
GS-7340 (nucleotide reverse transcriptase inhibitor)				
<b>Liver Disease</b>				
GS-7977 (nucleotide NS5B inhibitor) - <i>HCV</i>				
GS-9451 (NS3 protease inhibitor) - <i>HCV</i>				
GS-5885 (NS5A inhibitor) - <i>HCV</i>				
GS-9256 (NS3 protease inhibitor) - <i>HCV</i> *				
GS-9190 (non-nuc NS5B site 1 polymerase inhibitor) - <i>HCV</i> *				
GS-6624 (monoclonal antibody) - <i>Liver Fibrosis</i>				
GS-9669 (non-nuc NS5B polymerase site 2 inhibitor) - <i>HCV</i>				
GS-9620 (TLR-7 agonist) - <i>HBV/HCV</i>				
GS-7340 (nucleotide reverse transcriptase inhibitor) - <i>HBV</i>				

\* No further clinical trials planned at this time.



# Quad: First Integrase Containing Single Tablet Regimen for the Treatment of HIV



## Truvada

*Market leading NRTI backbone*

+



## Elvitegravir

*Integrase Inhibitor with once daily dosing*

+



## Cobicistat

*Novel PK enhancer with no HIV activity, good chemical stability, and can be easily formulated as a tablet*



**Quad**

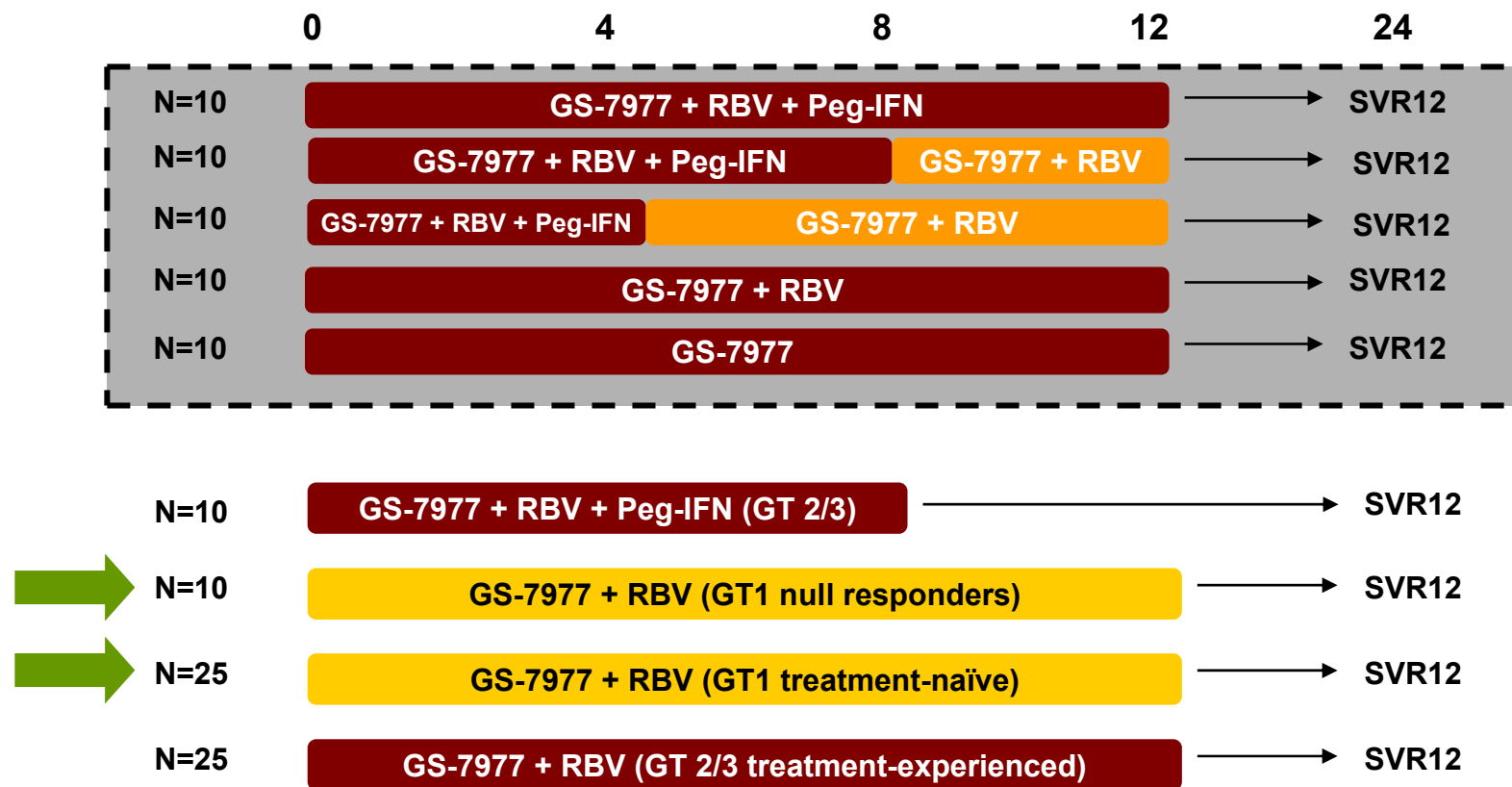
- ◆ U.S. PDUFA date August 27, 2012
- ◆ MAA accepted December 20, 2011
- ◆ Anticipate U.S. NDA submission for Elvitegravir and Cobicistat in Q2 12

# GS-7340 for HIV: Novel Nucleotide Prodrug Advancing in the Clinic

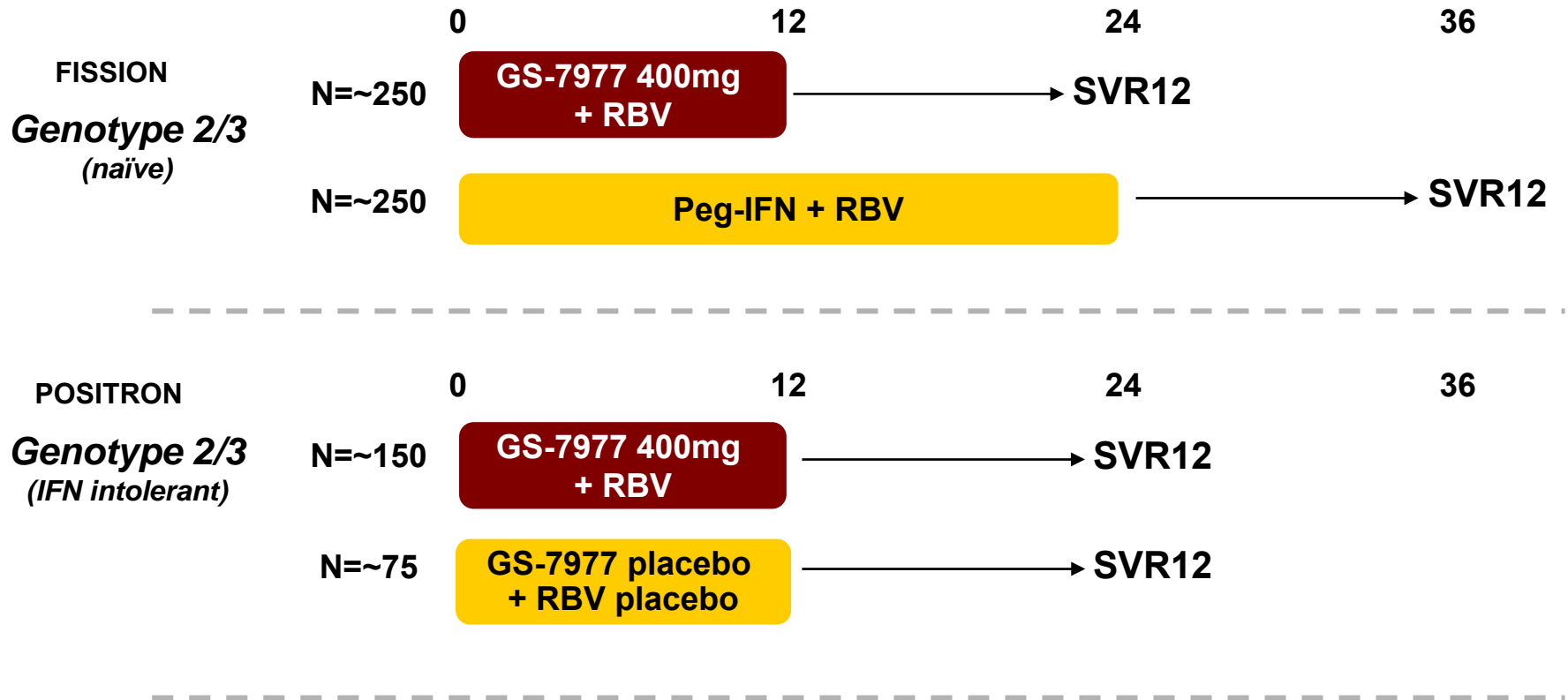
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- ◆ Novel prodrug of tenofovir that specifically targets the lymphatic system, the primary site of HIV replication
- ◆ GS-7340 is a potential improvement over Viread
  - Safety and efficacy
  - Smaller size allows for fixed-dose formulations currently not possible with Viread
- ◆ 48 week, randomized, double-blinded Phase 2 with GS-7340 Quad versus Viread Quad (n=150) in HIV now enrolling (Q1 12)
- ◆ Initiate 24 week Phase 2 in PI single-tablet regimen in HIV (Q2 12)

# ELECTRON: Focus on Outcomes from HCV GT1 Arms to Support Phase 3



# First Phase 3 Studies in Genotype 2/3 Underway



- ◆ A Phase 3 program in all genotypes planned for 1H 12

# Three Phase 2 HCV Studies: IFN-Free Strategy

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**Study 120**  
*Treatment-naive*

**N=120**

**GS-5885 + GS-9451 + GS-9190\* + RBV**

**Study 131**  
*Treatment-experienced*

**N=150**

**GS-5885 + GS-9451 + GS-9190\* + RBV**

**Study 132**  
*IFN-Ineligible or  
IFN-Intolerant*

**N=150**

**GS-5885 + GS-9451 + GS-9190\* + RBV**

GS-5885 (*NS5A Inhibitor*); GS-9451 (*NS3 Protease Inhibitor*); GS-9190 (*Non-nuc NS5B site 1 polymerase Inhibitor*)

\* No further clinical trials planned at this time.

# Five IFN-Sparing HCV Phase 2 Studies Ongoing

## Study 123

*Treatment-naïve (16 week RGT)*

GS-9256\* + GS-9190\* + RBV + PEG

## Study 140

*Treatment-naïve (16 week RGT)*

GS-9451 + GS-9190\* + RBV + PEG

## Study 148 & Study 121

*Treatment-naïve (6-12 weeks RGT)*

GS-5885 + GS-9451 + RBV + PEG

## Study 124

*Treatment-experienced (24 weeks RGT)*

GS-5885 + GS-9190\* + RBV + PEG

GS-9451 + GS-9190\* + RBV + PEG

GS-5885 + GS-9451 + RBV + PEG

GS-5885 (NS5A Inhibitor); GS-9451 (NS3 Protease Inhibitor); GS-9190 (Non-nuc NS5B site 1 polymerase Inhibitor);  
GS-9256 (NS3 Protease Inhibitor)

*Response Guided Therapy (RGT)*

\* No further clinical trials planned at this time.

# Anticipated Key Pipeline Milestones in 2012

HIV/AIDS		
Viread	Q1	<input checked="" type="checkbox"/> Received U.S. FDA approval of pediatric indication for Viread lower-strength tablets and oral powder formulations
Quad	Q1 Q1 Q3 2H Q4	<input checked="" type="checkbox"/> Initiate Phase 3b 48 week integrase inhibitor switch study (n = 50) <input type="checkbox"/> Present 48 week data from Phase 3 Studies 102 and 103 <input type="checkbox"/> U.S. FDA marketing approval anticipated (PDUFA August 27, 2012) <input type="checkbox"/> Release top-line 96 week data from Phase 3 Studies 102 and 103 <input type="checkbox"/> European marketing approval anticipated
Truvada	Q2	<input type="checkbox"/> U.S. FDA advisory committee panel meeting for PrEP filing
GS-7340	Q1 Q2	<input checked="" type="checkbox"/> Initiate Phase 2 with GS-7340 Quad versus Viread Quad in HIV <input type="checkbox"/> Initiate Phase 2 with darunavir containing single-tablet regimen in HIV
Cobicistat	Q2	<input type="checkbox"/> File U.S. NDA
Elvitegravir	Q2	<input type="checkbox"/> File U.S. NDA <input type="checkbox"/> Present 96 week data from Phase 3 Study 145
Complera	Q2 Q4	<input type="checkbox"/> Top-line data from Phase 3b 24 week protease switch study <input type="checkbox"/> Top-line data from Phase 3b 48 week Atripla head-to-head study

# Anticipated Key Pipeline Milestones in 2012 (cont'd)

<b>Liver Disease</b>		
GS-9190	Q2	<input type="checkbox"/> Present data from four drug OAV Ph 2 studies in treatment-naïve and treatment-experienced HCV patients
GS-9451		
GS-5885	Q1	<input type="checkbox"/> Complete drug-drug interaction studies in HCV with GS-7977
GS-7977	1H	<input type="checkbox"/> Top-line SVR-4 data from Phase 2 Electron genotype 1 in HCV patients
	Q2	<input type="checkbox"/> Top-line SVR-4 data from Phase 2 Quantum study in HCV patients
	1H	<input type="checkbox"/> Initiate Phase 3 program in genotype 1 HCV patients
<b>Cardiovascular</b>		
Ranolazine	Q1	<input checked="" type="checkbox"/> Initiate two Phase 3 studies (monotherapy and with sulfonylurea) in patients with type 2 diabetes mellitus
	Q3	<input type="checkbox"/> Initiate third Phase 3 study with metformin in patients with type 2 diabetes mellitus
<b>Inflammation/Oncology</b>		
GS-1101	Q1	<input checked="" type="checkbox"/> Initiate Phase 3 study in CLL
	2H	<input type="checkbox"/> Initiate Phase 3 study in iNHL



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**John C. Martin, Ph.D.**  
**Chairman and Chief Executive Officer**

**February 2, 2012**

# Science Magazine 2011 Breakthrough of the Year

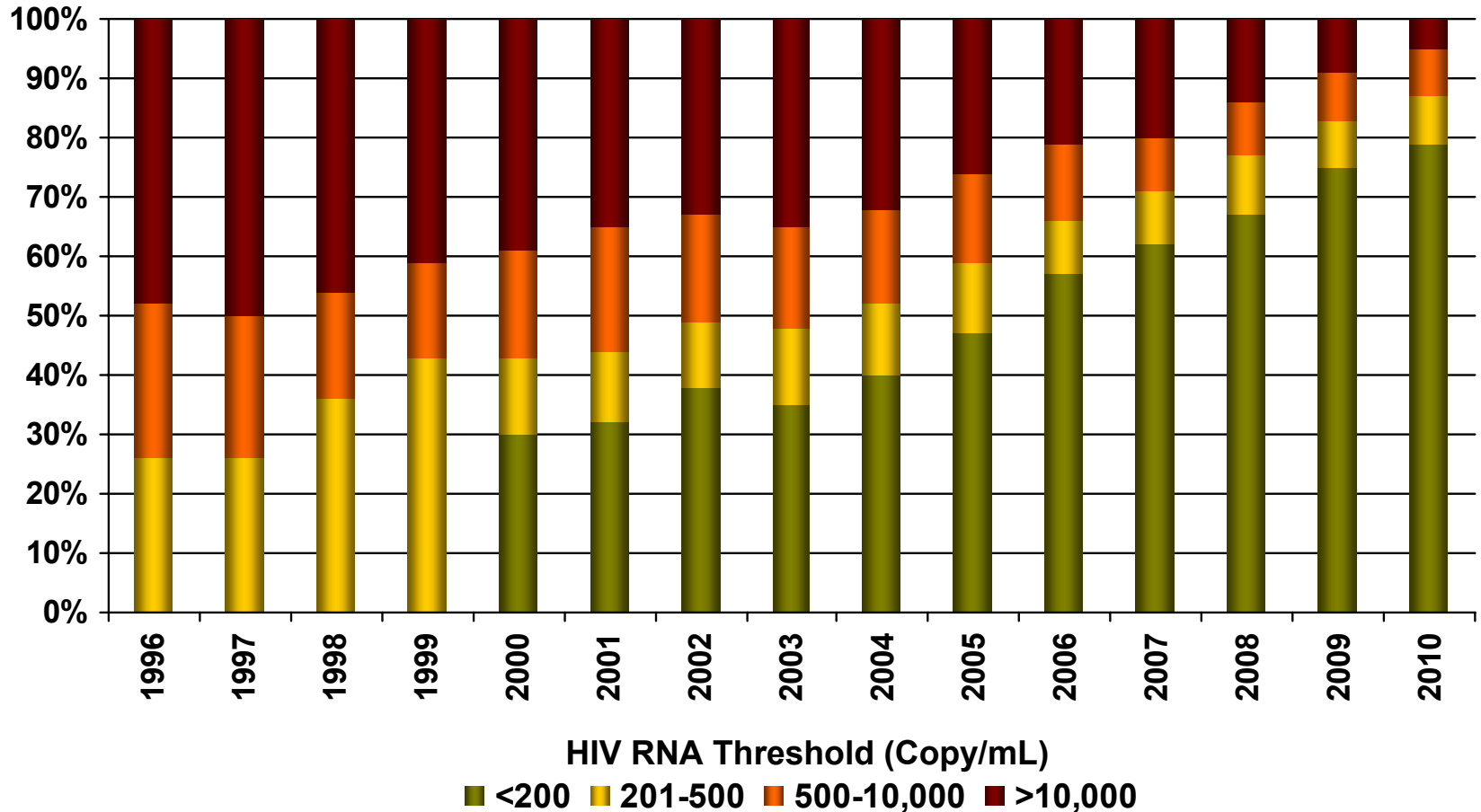
- ◆ *HPTN 052 Prevention of HIV-1 Infection with Early Antiretroviral Therapy*
- ◆ Early initiation of antiretroviral therapy resulted in a 96% reduction in HIV transmission
- ◆ Early treatment provides better outcomes to patients and benefits society by reducing the number of new infections



M.S. Cohen *et al.*, *N. Engl. J. Med.* 365, 493 (2011).

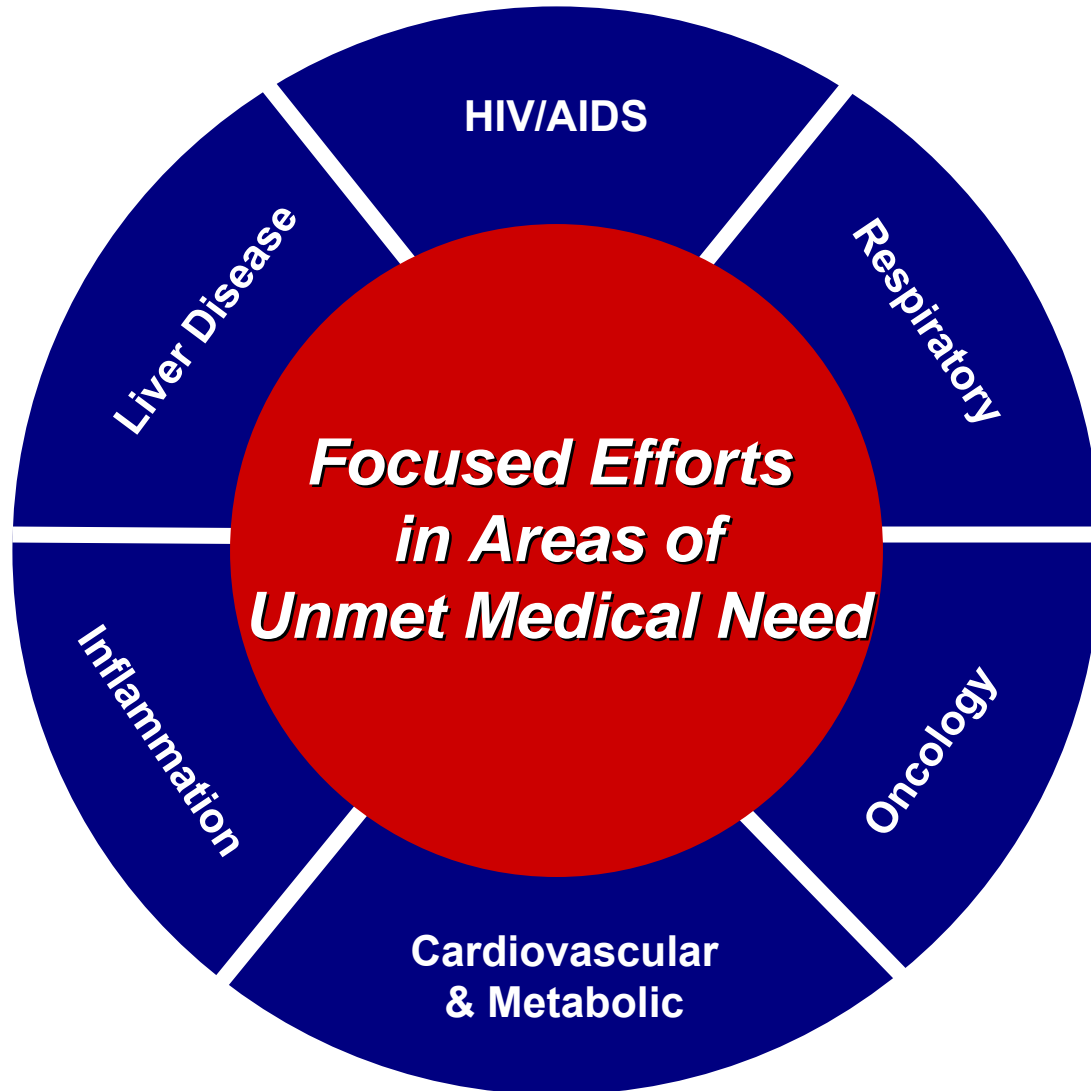
# Dramatic Decline in Community HIV Viral Load

## Johns Hopkins HIV Clinical Cohort



# Research and Development Focus

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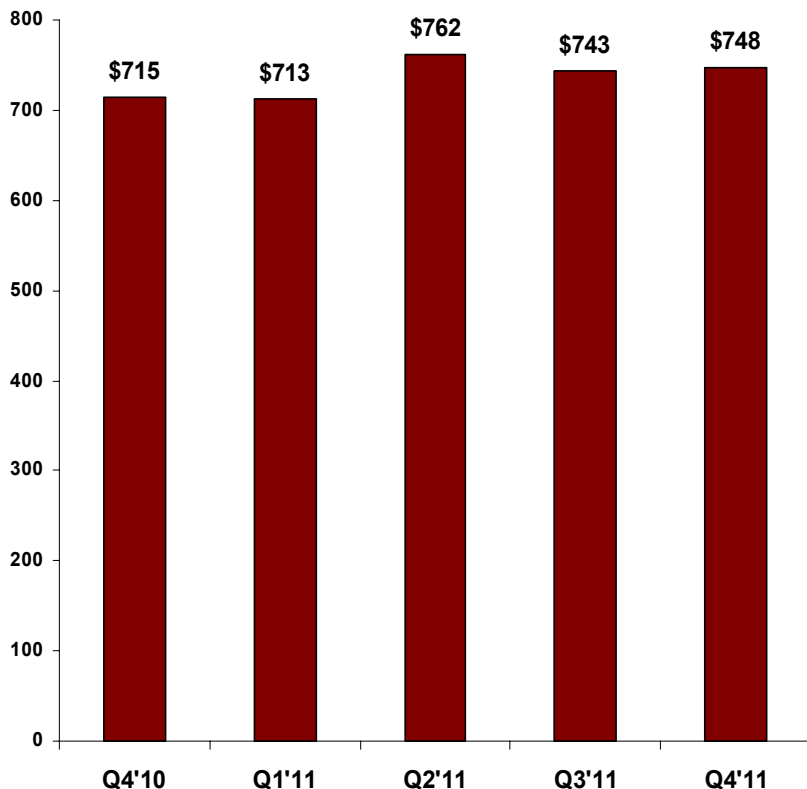


## Backup Slides

February 2, 2012

# European Total Product Sales Increased 8% Year-over-Year Excluding FX

\$ In Millions, Net Sales\*



- ◆ FX impact to international revenues was unfavorable \$21.8 million QoQ and unfavorable \$21.2 million YoY
- ◆ FX impact to pre-tax net income was unfavorable \$16.0 million QoQ and unfavorable \$22.1 million YoY
- ◆ FY 2011 FX impact to international revenues was favorable \$21.4 million and unfavorable \$18.6 million to pre-tax net income

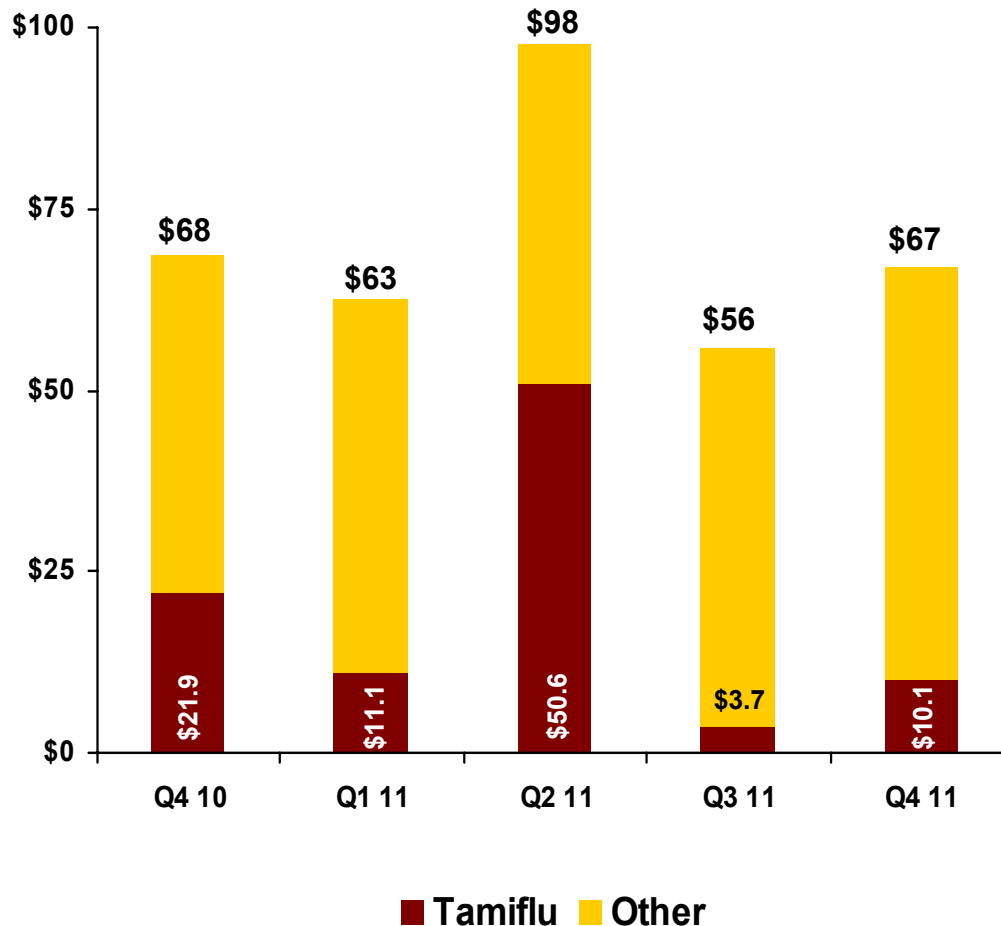
	Q4'11	Q4'10	YoY	Excl FX
Atripla	\$268	\$249	8%	10%
Truvada	\$317	\$303	4%	8%
Viread	\$83	\$76	9%	14%
Hepsera	\$15	\$24	(37%)	(34%)
AmBisome	\$58	\$57	3%	7%
Other	\$7	\$6	13%	17%
<b>Total</b>	<b>\$748</b>	<b>\$715</b>	<b>5%</b>	<b>8%</b>

\* Includes all regions of Europe correlating to the product sales breakdown in our earnings press release.

# Total Royalty, Contract and Other Revenues

◆ Q4 2011 down 2% from Q4 2010

\$ In Millions



## Key Metrics

- ◆ Q4 2011 decrease from Q4 2010 due to:
  - Lower Q4 2011 Tamiflu royalties from Roche of \$10.1 million, down 54% from \$21.9 million in Q4 2010
  - Excluding Tamiflu, Royalty Contract and Other Revenues increased by \$10.4 million or 22% in Q4 2011 over Q4 2010

# GAAP to Non-GAAP Earnings Per Share Reconciliation

	Three Months Ended Dec. 31, 2011	FY Ended Dec. 31, 2011
<b>GAAP EPS</b>	\$0.87	\$3.55
<b>Stock-Based Compensation Expenses</b>	\$0.05	\$0.18
<b>Restructuring Expenses</b>	-	\$0.01
<b>Acquisition-Related Expenses</b>	\$0.05	\$0.11
<b>Non-GAAP EPS</b>	\$0.97	\$3.86

Note: Amounts may not sum due to rounding.

# 2011 Share Repurchase Activity

	Type of Repurchase	Dollar Amount (In Millions)	Share Number	Average Purchase Price
Q1 2011	Open Market	\$548.5*	14,020,543	\$39.12
Q2 2011	Open Market	\$723.9*	17,825,730	\$40.61
Q3 2011	Open Market	\$883.6* **	22,362,399	\$39.51
Q4 2011	Open Market	\$226.2**	5,650,368	\$40.04
<b>Totals</b>		<b>\$2,382.2</b>	<b>59,859,040</b>	<b>\$39.80</b>

\* \$5.0 billion share repurchase program authorized May 10, 2010 completed September 13, 2011.

\*\* \$5.0 billion share repurchase program authorized January 20, 2011, with \$4.6B remaining as of December 31, 2011.