

GILEAD SCIENCES INC
Form 8-K
January 25, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED):

January 20, 2011

GILEAD SCIENCES, INC.

(Exact name of registrant as specified in its charter)

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(State or other jurisdiction of
incorporation or organization)

(Commission

(I.R.S. Employer

File Number)

Identification No.)

333 LAKESIDE DRIVE, FOSTER CITY, CALIFORNIA

(Address of principal executive offices)

94404

(Zip Code)

(650) 574-3000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFD 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 5 CORPORATE GOVERNANCE AND MANAGEMENT**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers****(e) Compensation Arrangements of Certain Officers**
2010 Bonuses and 2011 Base Salaries

On January 20, 2011, the Compensation Committee (the Committee) of the Board of Directors (the Board) of Gilead Sciences, Inc. (the Company) set the base salaries for the 2011 fiscal year for the Company's current named executive officers (the Executive Officers). The Committee also determined their bonus awards for the completed 2010 fiscal year based on their individual performance and the Company's attained level of certain financial and non-financial objectives established for that year. The independent members of the Board ratified the 2010 bonus and 2011 base salary of John C. Martin, Ph.D., the Company's Chairman and Chief Executive Officer. The approved 2010 bonuses and 2011 base salaries for the Executive Officers are as follows:

| Name and Title | 2010 Bonus | 2011 Base Salary |
|---|-------------------|-------------------------|
| John C. Martin Chairman and Chief Executive Officer | \$ 2,325,375 | \$ 1,430,000 |
| John F. Milligan President and Chief Operating Officer | \$ 1,013,006 | \$ 905,000 |
| Norbert W. Bischofberger Executive Vice President, Research and Development and Chief Scientific Officer | \$ 665,039 | \$ 760,000 |
| Kevin Young Executive Vice President, Commercial Operations | \$ 630,219 | \$ 715,000 |
| Robin L. Washington Senior Vice President and Chief Financial Officer | \$ 453,113 | \$ 620,000 |

2011 Stock Option and Performance Shares Awards

On January 20, 2011, the Committee granted options to purchase shares of the Company's common stock and performance share awards to the Executive Officers under the Company's 2004 Equity Incentive Plan, as amended. The independent members of the Board ratified the equity grants to Dr. Martin.

The options each have an exercise price per share of \$38.17, representing the closing price of the Company's common stock on January 20, 2011. The options will vest as to 25% of the underlying shares on the first anniversary of the date of grant, and the balance will vest in successive equal quarterly installments through the fourth anniversary of the date of grant, subject to such individual's continued service with the Company through each applicable vesting date.

Each Executive Officer was also awarded a specific number of performance shares which will convert into actual shares of the Company's common stock based on the Company's attainment of certain performance goals measured over the three-year period beginning January 1, 2011 and ending December 31, 2013 and the individual's continued service with the Company. The actual number of shares of the Company's common stock into which the performance shares may convert will be calculated by multiplying the number of performance shares by a performance percentage ranging from 0% to 200% based on the attained level of Company performance as measured in terms of the following two performance criteria: (a) the Company's total stockholder return (TSR) for the three-year performance period relative to the total stockholder return realized by the companies comprising the NYSE Arca Biotech Index and the NYSE Arca Pharmaceutical Index (together, the Peer Group Index) for that period and (b) the Company's revenue growth relative to the Peer Group Index during the same three-year period.

The percentages in the table below represent the percentage of actual shares of the Company's common stock into which the performance shares would convert at the end of the performance period based on the Company's percentile rankings for both revenue growth and TSR relative to the Peer Group Index. For example, if the Company's revenue growth for the period is at the 85th percentile relative to the Peer Group Index and TSR is at the 50th percentile relative to the Peer Group Index, the performance shares would convert into actual shares of common stock equal to 150% of the number of performance shares specified on the grant date. If the Company performance is at or above the 80th percentile of the Peer Group Index for both TSR and revenue growth for the performance period, the performance shares would convert into actual shares of common stock equal to 200% of the number of performance shares specified on the grant date, representing the maximum award opportunity. If the Company's performance is below the 20th percentile of the Peer Group Index for both TSR and revenue growth for the performance period, then the performance shares would not convert into any actual shares of the Company's common stock.

Company TSR vs. the Peer Group Index

| | | | | | |
|--------------------------------|-------------------|---------------------|---------------------|---------------------|-------------------|
| ≥ 80th percentile | 100.0% | 110.0% | 150.0% | 175.0% | 200.0% |
| 60th to 79th percentile | 75.0% | 85.0% | 125.0% | 150.0% | 175.0% |
| 40th to 59th percentile | 50.0% | 60.0% | 100.0% | 125.0% | 150.0% |
| 20th to 39th percentile | 10.0% | 20.0% | 60.0% | 85.0% | 110.0% |
| < 20th percentile | 0.0% | 10.0% | 50.0% | 75.0% | 100.0% |
| | < 20th | 20th to 39th | 40th to 59th | 60th to 79th | ≥ 80th |
| | percentile | percentile | percentile | percentile | percentile |

Company Revenue Growth vs. the Peer Group Index

Should the Executive Officer's service with the Company terminate prior to the completion of the performance period, then his or her performance shares will be forfeited, whether or not the performance goals are met. However, if the Executive Officer's employment terminates under the following circumstances during the performance period, he or she may subsequently become entitled to a portion of his or her performance shares upon the completion of the performance period:

(i) Should the Executive Officer cease service due to death or disability, then a portion of his or her performance shares would convert into actual shares of vested common stock based on the level at which the performance goals are actually attained for the performance period and the number of calendar months of continuous service he or she completed during that period.

(ii) Should the Executive Officer leave the Company's employ prior to the completion of the performance period, but after completion of at least one year of service during the performance period, by reason of retirement on or after the date his or her combined age and years of service total 70 years or more, then a portion of his or her performance shares would convert into actual shares of vested common stock based on the level at which the performance goals are actually attained for the performance period and the number of calendar months of continuous service he or she completed during that period.

Should the Executive Officer remain in continued service through the closing of a change in control transaction, then his or her performance shares will immediately convert into vested shares of the Company's common stock equal to 100% of the number of performance shares or, if the change in control occurs more than one year after the start of the performance period, any greater number of shares of common stock determined by measuring the Company's TSR and revenue growth relative to the Peer Group Index over an abbreviated performance period ending with the Company's last fiscal quarter prior to the effective date of the change in control.

An Executive Officer who is a U.S. resident may elect to defer the receipt of any shares of the Company's common stock into which the performance shares may convert to a later date by submitting a deferral election form to the Company within certain specified time periods. In the absence of such deferral, the performance shares that vest upon the completion of the performance period will be issued on or before March 15, 2014.

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The table below summarizes the 2011 option and performance share grants for the Executive Officers:

| Name and Title | Stock Option Grant | Performance Share Award | | Maximum |
|--|-----------------------|------------------------------------|------------------------------------|----------------------------|
| | | Minimum Number of Actual Shares | Number of Performance Shares | Number of Actual Shares |
| John C. Martin Chairman and Chief Executive Officer | 430,000 | 0 | 144,000 | 288,000 |
| John F. Milligan President and Chief Operating Officer | 192,000 | 0 | 63,600 | 127,200 |
| Norbert W. Bischofberger Executive Vice President, Research and Development and Chief Scientific Officer | 119,000 | 0 | 42,000 | 84,000 |
| Kevin Young Executive Vice President, Commercial Operations | 119,000 | 0 | 42,000 | 84,000 |
| Robin L. Washington Senior Vice President and Chief Financial Officer | 92,400 | 0 | 30,800 | 61,600 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GILEAD SCIENCES, INC.
(Registrant)

/s/ Robin L. Washington
Robin L. Washington

Senior Vice President and

Chief Financial Officer

Date: January 25, 2011