

GILEAD SCIENCES, INC.
Consolidated Balance Sheets
(in millions, except per share amounts)

	December 31,	
	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,588	\$ 8,229
Short-term marketable securities	17,922	3,666
Accounts receivable, net of allowances of \$455 at December 31, 2017 and \$763 at December 31, 2016	3,851	4,514
Inventories	801	1,587
Prepaid and other current assets	1,661	1,592
Total current assets	31,823	19,588
Property, plant and equipment, net	3,295	2,865
Long-term marketable securities	11,184	20,485
Intangible assets, net	17,100	8,971
Goodwill	4,159	1,172
Other long-term assets	2,722	3,896
Total assets	<u>\$ 70,283</u>	<u>\$ 56,977</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 814	\$ 1,206
Accrued government and other rebates	4,704	5,021
Other accrued liabilities	3,370	2,991
Current portion of long-term debt and other obligations, net	2,747	—
Total current liabilities	11,635	9,218
Long-term debt, net	30,795	26,346
Long-term income taxes payable	6,794	1,753
Other long-term obligations	558	297
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, par value \$0.001 per share; 5 shares authorized; none outstanding	—	—
Common stock, par value \$0.001 per share; shares authorized of 5,600 at December 31, 2017 and December 31, 2016; shares issued and outstanding of 1,308 at December 31, 2017 and 1,310 at December 31, 2016	1	1
Additional paid-in capital	1,264	454
Accumulated other comprehensive income	165	278
Retained earnings	19,012	18,154
Total Gilead stockholders' equity	20,442	18,887
Noncontrolling interest	59	476
Total stockholders' equity	20,501	19,363
Total liabilities and stockholders' equity	<u>\$ 70,283</u>	<u>\$ 56,977</u>

See accompanying notes.

GILEAD SCIENCES, INC.
Consolidated Statements of Income
(in millions, except per share amounts)

	Year Ended December 31,		
	2017	2016	2015
Revenues:			
Product sales	\$ 25,662	\$ 29,953	\$ 32,151
Royalty, contract and other revenues	445	437	488
Total revenues	26,107	30,390	32,639
Costs and expenses:			
Cost of goods sold	4,371	4,261	4,006
Research and development expenses	3,734	5,098	3,014
Selling, general and administrative expenses	3,878	3,398	3,426
Total costs and expenses	11,983	12,757	10,446
Income from operations	14,124	17,633	22,193
Interest expense	(1,118)	(964)	(688)
Other income (expense), net	523	428	154
Income before provision for income taxes	13,529	17,097	21,659
Provision for income taxes	8,885	3,609	3,553
Net income	4,644	13,488	18,106
Net income (loss) attributable to noncontrolling interest	16	(13)	(2)
Net income attributable to Gilead	\$ 4,628	\$ 13,501	\$ 18,108
Net income per share attributable to Gilead common stockholders - basic	\$ 3.54	\$ 10.08	\$ 12.37
Shares used in per share calculation - basic	1,307	1,339	1,464
Net income per share attributable to Gilead common stockholders - diluted	\$ 3.51	\$ 9.94	\$ 11.91
Shares used in per share calculation - diluted	1,319	1,358	1,521
Cash dividends declared per share	\$ 2.08	\$ 1.84	\$ 1.29

See accompanying notes.

GILEAD SCIENCES, INC.
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2017	2016	2015
Operating Activities:			
Net income	\$ 4,644	\$ 13,488	\$ 18,106
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	233	177	161
Amortization expense	1,053	981	937
Stock-based compensation expense	638	380	382
Deferred income taxes	(82)	(119)	(393)
In-process research and development impairment	—	432	—
Other	304	162	562
Changes in operating assets and liabilities:			
Accounts receivable, net	754	1,192	(1,397)
Inventories	(253)	(488)	(855)
Prepaid expenses and other	358	(520)	(90)
Accounts payable	(430)	47	226
Income taxes payable	5,497	1,010	269
Accrued liabilities	(818)	305	3,342
Net cash provided by operating activities	11,898	17,047	21,250
Investing Activities:			
Purchases of marketable securities	(23,314)	(25,619)	(17,239)
Proceeds from sales of marketable securities	10,440	13,039	4,792
Proceeds from maturities of marketable securities	7,821	1,700	719
Other investments	—	(357)	—
Acquisitions, net of cash acquired	(10,426)	—	—
Capital expenditures	(590)	(748)	(747)
Net cash used in investing activities	(16,069)	(11,985)	(12,475)
Financing Activities:			
Proceeds from debt financing, net of issuance costs	8,985	5,293	9,902
Proceeds from convertible note hedges	—	956	784
Proceeds from issuances of common stock	234	208	319
Repurchases of common stock	(954)	(11,001)	(10,002)
Repayments of debt and other obligations	(1,811)	(1,981)	(997)
Payments to settle warrants	—	(469)	(3,865)
Payment of dividends	(2,731)	(2,455)	(1,874)
Other	(330)	(276)	(151)
Net cash provided by (used in) financing activities	3,393	(9,725)	(5,884)
Effect of exchange rate changes on cash and cash equivalents	137	41	(67)
Net change in cash and cash equivalents	(641)	(4,622)	2,824
Cash and cash equivalents at beginning of period	8,229	12,851	10,027
Cash and cash equivalents at end of period	\$ 7,588	\$ 8,229	\$ 12,851
Supplemental disclosure of cash flow information:			
Interest paid, net of amounts capitalized	\$ 1,038	\$ 885	\$ 529
Income taxes paid	\$ 3,342	\$ 2,436	\$ 3,137

See accompanying notes.