

KITE PHARMA, INC.

FORM SC14D9C

(Written communication by the subject company relating to a third party tender offer)

Filed 08/28/17

Address	2225 COLORADO AVENUE SANTA MONICA, CA 90404
Telephone	(310) 824-9999
CIK	0001510580
Symbol	KITE
SIC Code	2836 - Biological Products, Except Diagnostic Substances
Industry	Biotechnology & Medical Research
Sector	Healthcare

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

SCHEDULE 14D-9
(Rule 14d-101)

**SOLICITATION/RECOMMENDATION STATEMENT
UNDER SECTION 14(d)(4) OF THE SECURITIES EXCHANGE ACT OF 1934**

Kite Pharma, Inc.
(Name of Subject Company)

Kite Pharma, Inc.
(Name of Person Filing Statement)

COMMON STOCK, PAR VALUE \$0.001 PER SHARE
(Title of Class of Securities)

49803L109
(CUSIP Number of Class of Securities)

Arie Beldegrun, M.D.
President and Chief Executive Officer
Kite Pharma, Inc.
2225 Colorado Avenue
Santa Monica, California 90404
(310) 824-9999

(Name, address and telephone numbers of person authorized to receive notices and communications on behalf of the persons filing statement)

With copies to:

Alison S. Ressler
Eric M. Krautheimer
Sullivan & Cromwell LLP
1888 Century Park East
Los Angeles, California 90067
(310) 712-6600

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

On August 28, 2017, Kite Pharma, Inc., a Delaware corporation (the “Company”), issued a press release announcing the entry into an Agreement and Plan of Merger (the “Merger Agreement”), by and among the Company, Gilead Sciences, Inc., a Delaware corporation (“Parent”), and Dodgers Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (“Purchaser”), pursuant to which Purchaser will commence a tender offer (the “Offer”) to purchase all of the issued and outstanding shares (the “Shares”) of common stock, par value \$0.001 per share, of the Company at a price of \$180.00 per Share in cash, net to the seller, without interest and subject to any required withholding of taxes. If successful, the Offer will be followed by the merger of Purchaser with and into the Company pursuant to Section 251(h) of the General Corporation Law of the State of Delaware, with the Company being the surviving corporation (the “Merger”).

This Schedule 14D-9 filing consists of the following documents related to the proposed Offer and Merger:

- (i) Kite Pharma, Inc. Internal Talking Points, first used on August 28, 2017
- (ii) Kite Pharma, Inc. Internal Frequently Asked Questions, first used on August 28, 2017
- (iii) External Frequently Asked Questions, first used on August 28, 2017
- (iv) Gilead Sciences, Inc. Human Resources Frequently Asked Questions, first used on August 28, 2017
- (v) Form of E-mail response to Investor Inquiry, first used on August 28, 2017
- (vi) Announcement from Arie Belldegrun, the Chief Executive Officer of Kite Pharma, Inc., to employees, first used on August 28, 2017

The information set forth under Items 1.01, 8.01 and 9.01 of the Current Report on Form 8-K filed by Kite Pharma, Inc. on August 28, 2017 (including all exhibits attached thereto) is incorporated herein by reference.

Additional Information and Where to Find It

The tender offer described in this communication has not yet commenced. This communication is neither an offer to purchase nor a solicitation of an offer to sell shares of the Company. A solicitation and an offer to buy shares of the Company will be made only pursuant to an offer to purchase and related materials that Parent intends to file with the U.S. Securities and Exchange Commission (“SEC”). At the time the offer is commenced, Parent will file a Tender Offer Statement on Schedule TO with the SEC, and the Company will file a Solicitation/Recommendation Statement on Schedule 14D-9 with respect to the offer. The Company’s stockholders and other investors are urged to read the tender offer materials (including an Offer to Purchase, a related Letter of Transmittal and certain other offer documents) and the Solicitation/Recommendation Statement, as may be amended from time to time, because they will contain important information which should be read carefully before any decision is made with respect to the Offer.

In addition to the Offer to Purchase, the related Letter of Transmittal and certain other offer documents, as well as the Solicitation/Recommendation Statement, the Company files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information filed by the Company at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The Company’s filings with the SEC are also available to the public from commercial document-retrieval services and at the website maintained by the SEC at www.sec.gov. Investors and security holders may also obtain free copies of the documents filed with the SEC by the Company at www.kitepharma.com.

Cautionary Statement Regarding Forward-Looking Statements

This communication includes forward-looking statements related to the Company and the acquisition of the Company by Parent, within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks, uncertainties and other factors. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including all statements regarding the intent, belief or current expectation of the Company and members of their senior management team. Forward-looking statements include, without limitation, statements regarding the business combination, similar transactions, prospective performance, future plans, events, expectations, performance, objectives and opportunities and the outlook for the Company’s business; the commercial success of the Company’s products; approval of axi-cel by the U.S. Food and Drug Administration; the anticipated timing of clinical data; the possibility of unfavorable results from clinical trials; filings and approvals relating to the transaction; the expected timing of the completion of the transaction; the ability to complete the transaction considering the various closing conditions; and the accuracy of any assumptions underlying any of the foregoing.

Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and are cautioned not to place undue reliance on these forward-looking statements. Actual results may differ materially from those currently anticipated due to a number of risks and uncertainties. Risks and uncertainties that could cause the actual results to differ from expectations contemplated by forward-looking statements include: uncertainties as to the timing of the Offer and Merger; uncertainties as to how many of the Company's stockholders will tender their stock in the offer; the possibility that various closing conditions for the transaction may not be satisfied or waived, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction; the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement; the effects of the transaction (or the announcement thereof) on relationships with employees, customers, other business partners or governmental entities; transaction costs; the risk that the Merger will divert management's attention from the Company's ongoing business operations; and other risks and uncertainties detailed from time to time in documents filed with the SEC by the Company, including current reports on Form 8-K, quarterly reports on Form 10-Q and annual reports on Form 10-K, as well as the Schedule 14D-9 to be filed by the Company. All of the materials related to the offer (and all other offer documents filed with the SEC) will be available at no charge from the SEC through its website at www.sec.gov. Investors and security holders may also obtain free copies of the documents filed with the SEC by the Company at <http://ir.kitepharma.com/financials.cfm>. All forward-looking statements are based on information currently available to the Company, and the Company assumes no obligation to update any forward-looking statements.

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	Kite Pharma, Inc. Internal Talking Points, first used on August 28, 2017
99.2	Kite Pharma, Inc. Internal Frequently Asked Questions, first used on August 28, 2017
99.3	External Frequently Asked Questions, first used on August 28, 2017
99.4	Gilead Sciences, Inc. Human Resources Frequently Asked Questions, first used on August 28, 2017
99.5	Form of E-mail response to Investor Inquiry, first used on August 28, 2017
99.6	Announcement from Arie Belldegrun, the Chief Executive Officer of Kite Pharma, Inc., to employees, first used on August 28, 2017

Kite Internal Messaging

- Kite is making history yet again. We are excited to announce that Gilead will acquire Kite for \$11.9 billion dollars, or \$180 per share.
- This great news for all of us at Kite and is a testament to the strong business we have built as a pioneer and leader in cell therapy. All of this is clearly a reflection of the talent and accomplishments that are unique to Kite and a result of your hard work and dedication to make a difference.
- This transaction positions us to be a global leader in oncology and cell therapy. Our footprint in Santa Monica will continue to grow with the completion of the new Kite headquarters on Broadway plus planned expansion in R&D and Tech Ops.
- Kite's ability to realize the potential of CAR T therapy and achieve success in record time commanded industry notice. Only one company shared our passion and commitment to cell therapy — Gilead, one of the world's largest and most innovative biopharmaceutical companies in the industry.
- For over a year, Gilead scoured the entire cell therapy space. Two important insights came from that extensive exploration: 1) cell therapy is the future of oncology, and 2) Kite is well-positioned to be the industry leader.
- Gilead is the best in their field and share a very important distinction. Their portfolio of marketed products includes a number of category firsts. They have transformed the care of HIV and viral hepatitis, and they are committed to bringing this same innovation to patients with cancer.
- With Gilead's successful track record of driving continuous innovation, we will have the support and resources to reach unrivaled heights in cell therapy.

FOR ADDITIONAL INTERNAL MEETINGS

- There is always change when something this monumental happens. While we don't have answers to all of the questions yet, there are a few fundamental certainties that make us tremendously excited about this agreement.
 - We will remain singularly focused on our mission — to cure cancer.
 - Gilead intends to significantly invest in that mission. This will accelerate our research, next-generation technology, manufacturing expansion and global footprint at a speed we could not have accomplished alone. Our leadership, and your place, in making history in oncology and cell therapy will be significantly advanced by this transaction.
 - This is only the beginning for us and biotech in Santa Monica. Geographically, San Francisco and Boston currently dominate biotech. Santa Monica will now be on the map. Not only is this exciting for those of us here today, it will be even more compelling as we continue to grow and recruit new talent to the teams.
- Most importantly, Gilead recognizes the Kite team is our greatest asset, and deeply respects our talented workforce.

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KEY INTERNAL KITE QUESTIONS

GENERAL TRANSACTION INFORMATION

1. What does Gilead do?

Gilead is a science-focused biopharmaceutical company with a clear mission: improving care for people with life-threatening diseases around the world. The company developed the world's first once-daily, single tablet regimen for HIV, ushering in a new era in treatment. More recently, the company has expanded into the field of antivirals, inventing a cure for chronic hepatitis C virus. Today, Gilead has 24 marketed products.

The company is also developing treatments for people with inflammatory diseases (rheumatoid arthritis, ulcerative colitis and Crohn's disease), as well as for a liver condition called nonalcoholic steatohepatitis (NASH), a disease that is on the rise with increased rates of obesity and is expected to become the leading cause of liver transplantation by 2020.

Through Gilead's access program, more than 10 million people in the developing world receive a Gilead-based HIV regimen every day.

2. What are the benefits of this to Kite's business?

- Gilead and Kite share a unique passion and commitment to cell therapy
- For over a year, Gilead scoured the entire cell therapy space. Two important insights came out of that extensive exploration:
 - 1) Cell therapy is the future of oncology; and
 - 2) Kite is strongly positioned to be the leader in the field
- Gilead is a leader in their field with a number of category firsts that transform the care of HIV and viral hepatitis
- Gilead is committed to bringing that same innovation to oncology
- Combining with Gilead will accelerate and power our mission to develop curative therapies

3. Will the Kite name remain?

Nothing changes at this time.

We will be able to provide more details on matters such as this as we move through this process.

4. What role will Arie Beldegrun play going forward?

Gilead recognizes that the strength of our team is a key asset, and we will provide more details on matters such as this as we move through this process.

5. Will the Kite Executive leadership team remain?

Gilead recognizes that the strength of our team is a key asset, and we will provide more details on matters such as this as we move through this process.

6. Will we still move into the newly planned headquarters on Broadway?

Yes. Our footprint in the Los Angeles area will grow with the completion of our new Kite headquarters on Broadway together with planned expansion for R&D and Tech Ops. Research and clinical development will remain based in Santa Monica, and product manufacturing will remain at El Segundo.

7. How will we operate with Gilead?

Until the transaction closes, we will continue to operate independently, though we will also begin working with Gilead on certain transition planning matters.

We will, of course, continue to keep you posted as we move through this process.

8. What are the expectations with regard to interactions between Gilead employees and Kite employees between now and closing? Should I reach out to, or expect to hear from, my counterpart at Gilead? When can I share relevant confidential information with Gilead?

Until closing of the proposed transaction, our two companies will continue to operate independently.

Integration teams at Kite and Gilead will be established to determine how we bring our two companies together.

As we have updates to provide, we will be sharing that information with you.

Please talk with your manager if Gilead employees contact you or if you feel a need to contact Gilead employees, or if there is any question that you think needs input.

9. Do we have to get approval from Gilead on critical decisions before the closing?

Until the transaction closes, Kite will continue to operate as an independent company. Our merger agreement has certain customary operating restrictions. Please consult with our legal team regarding these restrictions. Prior to signing any contracts, committing any funds or committing any material external resources, you should discuss this with your manager.

10. What should I do if I am contacted by the media or anyone outside the company about what is happening?

The SEC (Securities and Exchange Commission) has very specific communication standards related to a transaction like this, and it is critically important that the company follow these guidelines. As a result, if you are contacted by the media or other outside parties, please forward the inquiry to Christine Cassiano at 424-532-5084.

11. Who do I go to if I have questions?

We will continue to update you when we are able to do so.

If you have questions in the meantime, please speak with Cindy Butitta, cbutitta@kitepharma.com, 424-532-5170.

RESEARCH, COMMERCIALIZATION AND MANUFACTURING

1. How do I handle or transition external relations with patient advocacy groups, physicians, customers, regulatory agencies, vendors, clinical sites, etc.? Will this type of transition occur before closing?

We have placed calls into our partners. Please consult with your manager regarding who will be the point of contact with our partners regarding the transaction.

Until the closing of the proposed transaction, Kite will continue to operate as an independent company.

We have also contacted regulatory authorities, vendors, clinical partners, and others.

These matters will be addressed as part of any post-closing integration plan; for the time being, you should continue to manage all external relations as usual.

2. During the integration process, will we continue with planned regulatory interactions?

Yes. Until the closing of the proposed transaction, Kite will continue to operate as an independent company, including maintaining our relationships with regulators. You should not discuss the proposed acquisition with any of these regulators.

3. What impact will this have on our current clinical trials and programs?

Until the closing of the proposed transaction, Kite will continue to operate as an independent company. This includes continuing our important work on current clinical trials.

The merger agreement has certain customary operating restrictions. Please consult with the legal team regarding these restrictions.

Prior to signing any contracts, committing any funds or committing any material external resources, you should discuss with your manager.

HUMAN RESOURCES

1. Will I still have a job? Will my job remain the same?

Our employees are why we have been successful. Gilead recognizes this as a key differentiator and a critical component to the future success for Kite. Our focus – to cure cancer – does not change.

Going forward with Gilead by our side, we will have the support and resources to accelerate our research, manufacturing expansion and commercialization activities in both the U.S. and globally.

2. Do I still work for Kite or do I work for Gilead?

Your employment status does not change.

3. How does this announcement impact my base compensation, bonus, benefits or other terms of my employment?

Gilead intends to keep the salary and bonus structure the same in 2017 and 2018. Details on all these matters will be provided to you.

4. Will I have to relocate?

No. Our footprint in the area will grow with the completion of the new Kite headquarters on Broadway plus planned expansion in R&D and Tech Ops.

5. How will my current equity be handled? What will happen with my stock options/restricted stock units?

Stock options or restricted stock units that have vested will be paid out in cash at the \$180 purchase price, less any exercise price.

Unvested stock options or restricted stock units will be converted to Gilead stock options or restricted stock units based on the \$180 per share price. The vesting schedule of your new Gilead stock options or restricted stock units will align with the current Kite vesting schedule.

6. Will I have to take any action to exercise my vested equity awards?

No. In connection with the closing of the transaction, you will receive cash for your vested awards net of your option exercise price.

7. What happens to my unvested equity awards?

Your unvested awards will be converted into awards to acquire Gilead stock on the same vesting cycle as your Kite awards. However if in the next twelve months you are terminated without cause, your unvested awards will vest.

8. What is the impact of the transaction announcement on the Employee Stock Purchase Plan (ESPP)? What happens to the shares I have already purchased? What happens to the money already deducted from my check?

The Kite ESPP remains the same through the closing of the proposed transaction, or the next scheduled purchase date (whichever occurs first).

At that time, all amounts you have contributed, and continue to contribute, into your ESPP plan account will be used to purchase shares of Kite common stock before closing.

9. What is the status of the BLA equity award?

There is no change to the BLA award.

10. Will my manager remain the same?

For now we will continue to operate as an independent company. We are excited to have the added support and resources of Gilead to help us fuel our growth.

11. How can I get answers to questions that I receive from members of my team?

We have always had an open door policy at Kite. That will not stop. You should feel comfortable asking Cindy Butitta any questions you may have as we go through this process. She can be contacted at cbutitta@kitepharma.com, 424-532-5170.

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KEY INVESTOR QUESTIONS

INVESTOR RELATIONS

1. **What role will your executive team have after the Merger? Will Arie, David, Shawn and Tim stay on?**
Gilead views our team as a key strength. We will provide more details on these matters as we proceed toward closing.
2. **What is the status of the FDA review? Is it still on track?**
Yes. The review process is moving forward. On our Second Quarter conference call, we indicated that the FDA had completed its mid-cycle review, inspection of our commercial manufacturing facility, and GCP inspections of our clinical sites. The PDUFA date is November 29, 2017.
3. **What is the premium?**
The \$180 per share acquisition price represents a 57% premium to Kite's 60-day volume weighted average stock price and an equity value for the entire company of \$11.9 billion on a fully diluted basis.
4. **Can you provide any color on the timing of the merger agreement? Why didn't you wait until after launch? Was there a lack of confidence in the commercial potential of axi-cel?**
Our 14d-9 will include details on the Board's considerations. After careful consideration, our Board unanimously concluded that a combination with Gilead is in the best interest of our stockholders.
5. **When did discussions between Gilead and Kite begin? How long did this process take?**
Please refer to our 14d-9, when available.
6. **Was it a competitive process? How many bidders were involved?**
Please refer to our 14d-9, when available.
7. **What is the integration strategy ?**
Research and clinical development will remain based in Santa Monica, and product manufacturing will remain at El Segundo.
8. **When will you commence the tender offer?**
Gilead will commence, within the next two weeks, a tender offer to acquire all of the outstanding shares of Kite's common stock at a price of \$180 per share in cash.

Following completion of the tender offer, Gilead will as soon as possible thereafter acquire all remaining shares not tendered in the offer through a merger at the tender offer price.

The consummation of the tender offer is subject to various conditions, including a minimum tender condition of at least a majority of outstanding Kite shares on a fully diluted basis, the expiration or termination of the waiting period under the Hart Scott Rodino Act, and other customary conditions.

9. When will you file with the Federal Trade Commission for Hart Scott Rodino? When do you expect clearance? Do you anticipate any significant pushback on HSR?

Further details will be available in our 14d-9. We expect to close the transaction in the fourth quarter of 2017.

10. When do you expect to file the Schedule 14-D forms?

Under the merger agreement the tender offer documents are required to be filed within 10 business days following the signing.

11. When do you expect the transaction to close?

We expect to close the transaction in the fourth quarter of 2017.

Investor Messages:

- **\$180 per share all cash offer, representing an equity value of more than \$11.9 billion.**
- **Transaction expected to close in Q4 2017, subject to the satisfaction of customary closing conditions, including receipt of U.S. regulatory clearance.**
- **Kite's Board of Directors engaged in a careful and thorough process, and determined that this all-cash transaction with Gilead maximizes value for shareholders.**
- **The combination of Kite with a larger global organization expands the potential of our proposed commercial cell therapies and clinical pipeline to reach more patients globally.**
- **We have significant momentum across our clinical development, cell manufacturing and research programs and this is an affirmation of the meaningful value we have created.**

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Gilead and Kite Agreement

Q: What was announced on August 28, 2017?

Gilead announced an agreement to acquire Kite Pharma for \$180 per share, or approximately \$11.9 billion. The acquisition will be structured as a tender offer directly to shareholders.

Q: What is a “tender offer”?

A tender offer is a broad solicitation by a company (in this case Gilead) to purchase a substantial percentage of another company’s (in this case Kite’s) stock for a limited period of time. More information is available on the [U.S. Securities and Exchange Commission Web page](#).

Q: What does this agreement mean for Kite?

This is an exciting time for Kite, as approval of axi-cel is expected shortly and it is absolutely critical to both companies that nothing disrupts launch preparations. We do not anticipate any changes to Kite’s organizational structure through the end of the year, as everyone works together to support the launch of axi-cel and Gilead learns more about the Kite teams.

Q: Why does this agreement make sense strategically?

Kite has built a technology platform that is poised to make a tremendous difference for people, producing novel therapies to potentially cure certain cancers. Like Kite, Gilead operates at the forefront of science and has a history of driving rapid innovation to bring more effective and safer products to people with life-threatening disease. The merger provides tremendous benefit to both of our teams – and to patients around the world whose lives will be improved by revolutionary new treatments.

Q: What does Gilead do?

Gilead is a science-focused biopharmaceutical company with a clear mission: improving care for people with life-threatening diseases around the world. The company developed the world’s first once-daily, single tablet regimen for HIV, ushering in a new era in treatment. More recently, Gilead has expanded its offering in the field of antivirals, inventing a cure for chronic hepatitis C virus. Today, Gilead has 24 marketed products.

Gilead is also developing treatments for people with inflammatory diseases (rheumatoid arthritis, ulcerative colitis and Crohn’s disease), as well as for a liver condition called nonalcoholic steatohepatitis (NASH), a disease that is on the rise and is expected to become the leading cause of liver transplantation by 2020.

Through Gilead’s access program, more than 10 million people in the developing world receive a Gilead-based HIV regimen every day.



Gilead has operations around the world with 9,000 employees in 38 countries.

More information about Gilead can be found on our website at www.gilead.com.

Q: When will the acquisition be complete?

The acquisition is expected to close in Q4 2017.

Q: What happens between now and close?

Nothing will change between the signing and closing, as Gilead and Kite remain separate independent companies. Under federal law, Gilead and Kite are restricted from engaging in joint activities until the transaction has been approved by the Federal Trade Commission. As noted above, we do not anticipate any changes to the Kite organizational structure between now and the end of the year.

Q: How will the new organization be structured?

Research and development, as well as the commercialization operations for Kite, will remain based in Santa Monica, California, with product manufacturing remaining in El Segundo, California.

We do not anticipate any changes to the organizational structure before the end of the year, as previously stated. We will work together over the coming weeks to assess the best structure to build into the future as the two companies get to know each other better.

Q: When will we receive access to Gilead's internal systems (email, directory, intranet etc.)?

We will assess the best way to integrate technical systems. Again, given the timing of this agreement and the criticality of Kite's anticipated axi-cel launch, we will work to ensure that we do not make changes that are in any way disruptive.

Q: Will my compensation be impacted?

In recognition of Kite's strong performance in 2017, the bonus will be paid out at the maximum level of 125% at the end of the year. All Kite employees will receive this bonus at the end of December.

There will be no salary reductions as a result of the merger. After the transaction is complete, you will receive more information about your compensation.

Q: What happens to my unvested restricted stock units (RSUs) or options?

If you hold unvested Kite Pharma RSUs, then your RSUs will be assumed by Gilead and converted into Gilead RSUs on the same terms and conditions as those that currently apply to your Kite Pharma RSUs. Your Kite Pharma RSUs will be converted into a number of Gilead RSUs based on a conversion ratio that adjusts for the difference between \$180, the per-share tender offer price, and Gilead's stock price. The conversion ratio is a fraction, the numerator of which is \$180 and the denominator of which is Gilead's average stock price for 15 trading days preceding the completion of the tender offer.



If you hold unvested Kite Pharma options, then your options will be assumed by Gilead and converted into options to purchase Gilead common stock on the same terms and conditions as those that currently apply to your Kite Pharma options. Your Kite Pharma options will be converted into a number of Gilead options based on a conversion ratio that adjusts for the difference between \$180 and Gilead's stock price. The conversion ratio is the same as for RSUs.

Q. What happens to my vested options?

If you hold vested and unexercised Kite Pharma options with an exercise price of less than \$180, then each of your unvested options will be cancelled and converted into a cash payment equal to the difference between \$180 and the exercise price of your option. For example, if you hold 100 Kite Pharma options with a per-share exercise price of \$40, then you will be entitled to receive \$140 per option, or \$14,000 total, reduced by any applicable withholding taxes. You will receive your cash payment through Kite Pharma's payroll system on the payroll date following the completion of the tender offer or five business days following the completion of the tender offer, whichever is later.

The example below illustrates how the conversion ratio will be calculated and applied to assumed RSUs and stock options:

Conversation Ratio	\$180 (offer price) / \$75 (estimated GILD avg)
Assumed RSUs (e.g., 100)	100 Kite RSUs * Conversion Ratio = 240 Gilead RSUs
Assumed Options (e.g., 100)	100 Kite Options * Conversation Ratio = 240 Gilead Stock Options
Exercise Price (e.g., \$40.00)	Gilead Stock Option Exercise Price = \$16.67
Vested Options (e.g., 100)	\$14,000 cash
Exercise Price (e.g., \$40.00)	

* All amounts shown are in USD

Q: How will the transition to Gilead's stock and benefits plans work?

Kite employees will be transitioned to Gilead's stock and benefits program after the acquisition closes. Please look for more information about that process, as well as information on how to enroll in Gilead's Employee Stock Purchase Plan, in the coming weeks.



Q: What US health and wellness benefits does Gilead have?

Gilead offers a comprehensive health and wellness program. We offer the following medical plans:

- Anthem Blue Cross PPO Saver
- Anthem Blue Cross EPO
- Anthem Blue Cross PPO
- Kaiser (for California employees)

We also offer Delta Dental, VSP Vision Care, as well as life insurance, accidental death and dismemberment (AD&D) and business travel coverage.

Gilead also offers comprehensive health and risk benefits outside of the United States. Specific benefit plan information for each relevant country will be provided in the coming weeks.

Q: Does Gilead have a 401(k) plan?

Yes. Gilead offers a 401(k) retirement savings plan through Fidelity. The plan provides a company match of 100 percent of employee contributions, up to a maximum of \$10,000 a year. The matching contributions vest immediately.

Q: Does Gilead have an Employee Stock Purchase Plan (ESPP)?

Yes. Eligible employees may contribute up to 15 percent of their salary, subject to IRS limits, on an after-tax basis to purchase Gilead common stock at a discount. The purchase price of ESPP stock will be equal to 85 percent of the lower of the subscription price or the fair market value of Gilead stock on the purchase date (e.g., a six month “look-back” period). We will provide more information about the ESPP shortly.

Q: What time-off benefits does Gilead offer?

In the U.S., Gilead offers 15 days of vacation for new hires, which increases to 20 days after five years of service. Gilead also provides 10 sick days that employees can use for their own illness or to care for an ill dependent.

Additionally, Gilead offers 13 paid holidays, including a winter shutdown and one floating holiday. Time-off benefits vary by country and additional information will be provided for each location.

Kite employees' years of service will transfer and be counted toward the number of years of employment at Gilead at the time the acquisition closes. This will apply to vacation accrual, tuition reimbursement and other benefits.

Q: What information about the acquisition may I share outside the company?

There are strict Securities and Exchange Commission rules governing how Gilead and Kite may communicate about the transaction during this period between the announcement and the close of the deal. Please share only information that has been disclosed publicly.



Q: What should I do if I receive a phone call from member of the media?

Please decline to comment and refer calls to Christine Cassiano.

Q. What if I have questions?

Please feel free to ask questions, as always, of any Kite leader. Additionally, you can address questions to Cindy Butitta.

Q: When will we receive more information?

We will continue to keep the Kite team updated and will provide regular communications between now and when the acquisition closes.

Additional Information and Where to Find It

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In addition to the Offer to Purchase, the related Letter of Transmittal and certain other offer documents, as well as the Solicitation/Recommendation Statement, Kite files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information filed by Kite at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Kite’s filings with the SEC are also available to the public from commercial document-retrieval services and at the website maintained by the SEC at www.sec.gov. Investors and security holders may also obtain free copies of the documents filed with the SEC by Kite at www.kitepharma.com.

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RESPONSE TO INVESTOR INQUIRY

Dear [],

Thank you for contacting Kite.

On August 28, 2017, Kite announced it has entered an agreement with Gilead Sciences, Inc. to be acquired for \$11.9 billion or \$180 per share in cash.

We expect the transaction to close in the fourth quarter of 2017. Until then, Kite will continue to operate as an independent company and we will continue our normal business activities.

We refer you to our press release, the webcast of Gilead's conference call to discuss the proposed transaction, and related SEC documents for additional information.

Additional information regarding Gilead Sciences is available on their website: www.gilead.com.

Sincerely,

Greg Mann

Greg Mann
Kite Pharma
Vice President, Investor Relations
o. 424-322-1795
gmann@kitepharma.com
www.kitepharma.com

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ALL-STAFF INTERNAL ANNOUNCEMENT

August 28, 2017

Dear Kite Team:

Kite is making history yet again. Today we announced that Gilead will acquire Kite for \$11.9 billion dollars, or \$180 per share. A copy of today's press release can be found on our website.

This is exciting news for all of us at Kite and is a testament to the strong business we have built as a pioneer and leader in cell therapy. All of this is clearly a reflection of the talent and accomplishments that are unique to Kite and a result of your hard work and dedication to make a difference.

This transaction positions us to be a global leader in oncology and cell therapy. Our footprint in Santa Monica will continue to grow with the completion of the new Kite headquarters on Broadway plus planned expansion in R&D and Tech Ops.

I must emphasize that Kite employees are a critical component. Our people are our greatest asset, and our talented teams and ability to execute is deeply respected. After the closing of the transaction, the following can be expected:

- Salary and bonus structure will remain the same in 2017 and 2018
- "Welcome" grants of Gilead equity awards
- Stock options or restricted stock units (RSUs) that have vested will be paid out in cash at the \$180 purchase price.
- Stock options or restricted stock units not vested will be converted into Gilead stock options or restricted stock units based on the \$180 per share price.
- The vesting schedule of your new Gilead stock options or restricted stock units will align with the current Kite vesting schedule.

We will have an all-staff meeting at our commercial manufacturing facility in El Segundo at 2355 Utah Ave., El Segundo, CA 90245 where not only will I be able to talk with you and answer questions about this exciting news, I will have the pleasure of introducing you to the CEO of Gilead, Dr. John Milligan. You will receive an email invitation to this meeting, which will include travel arrangements. We will also post all of this information on Kite Line.

Kite's ability to realize the potential of CAR T therapy and achieve success in record time commanded industry notice. One company in particular shared our passion and commitment to cell therapy — Gilead, one of the world's largest and most innovative biopharmaceutical companies in the industry.

For over a year, Gilead scoured the entire cell therapy space. Two important insights came from that extensive exploration: 1) cell therapy is the future of oncology, and 2) Kite is well-positioned to be the industry leader.

ALL-STAFF INTERNAL ANNOUNCEMENT

Gilead is a leader in their field and share a very important distinction. Their portfolio of marketed products includes a number of category firsts. They have transformed the care of HIV and viral hepatitis, and they are committed to bringing that same innovation to patients with cancer.

There is always change when something this monumental happens. While we don't have answers to all of the questions yet, there are a few fundamental certainties that make us tremendously excited about this agreement.

- Our goal of a successful approval and launch of axi-cel remains a top priority.
- We will remain singularly focused on our mission — to cure cancer.
- Gilead intends to significantly invest in that mission. This will accelerate our research, next-generation technology, manufacturing expansion and global footprint at a speed we could not have accomplished alone. Our leadership, and your place, in making history in oncology and cell therapy will be significantly advanced by this transaction.
- This is only the beginning for us and biotech in Santa Monica. Geographically, San Francisco and Boston currently dominate biotech. Santa Monica will now be on the map. Not only is this exciting for those of us here today, it will be even more compelling as we continue to grow and recruit new talent to the teams.

We have always had an open door policy at Kite. That will not stop. You should feel comfortable asking Cindy Butitta at cbutitta@kitepharma.com any questions you may have as we go through this process.

Please note that over the coming weeks, you may be contacted by members of the media, investors or other interested third parties regarding this transaction. Since it is important that we speak with one voice, please forward all investor or media calls related to this transaction to Christine Cassiano at ccassiano@kitepharma.com.

I cannot express enough how proud I am of everything we have accomplished together and how excited I am about this next chapter in our journey. With Gilead's successful track record of driving continuous innovation, we will have the support and resources to reach unrivaled heights in cell therapy.

Arie

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