

**GILEAD SCIENCES, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION**  
(unaudited)  
(in thousands except percentages and per share amounts)

	Q1 2008	Q2 2008	Q3 2008	Q4 2008	FY 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	FY 2009
<b>Cost of goods sold reconciliation:</b>										
GAAP cost of goods sold	\$ 239,848	\$ 265,684	\$ 300,183	\$ 321,531	\$ 1,127,246	\$ 329,414	\$ 383,045	\$ 409,700	\$ 473,399	\$ 1,595,558
Acquisition-related amortization of inventory mark-up	-	-	-	-	-	-	(3,711)	(4,922)	(5,013)	(13,646)
Acquisition-related amortization of purchased intangibles	-	-	-	-	-	-	(12,066)	(14,585)	(14,480)	(41,131)
Stock-based compensation expenses	(1,694)	(2,848)	(2,592)	(3,178)	(10,312)	(3,254)	(2,771)	(2,461)	(2,373)	(10,859)
Non-GAAP cost of goods sold	<u>\$ 238,154</u>	<u>\$ 262,836</u>	<u>\$ 297,591</u>	<u>\$ 318,353</u>	<u>\$ 1,116,934</u>	<u>\$ 326,160</u>	<u>\$ 364,497</u>	<u>\$ 387,732</u>	<u>\$ 451,533</u>	<u>\$ 1,529,922</u>
<b>Product gross margin reconciliation:</b>										
GAAP product gross margin	79.4 %	78.6 %	77.9 %	77.2 %	78.2 %	77.4 %	75.7 %	75.2 %	73.8 %	75.4 %
Acquisition-related amortization of inventory mark-up	-	-	-	-	-	-	0.2 %	0.3 %	0.3 %	0.2 %
Acquisition-related amortization of purchased intangibles	-	-	-	-	-	-	0.8 %	0.9 %	0.8 %	0.6 %
Stock-based compensation expenses	0.1 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.1 %	0.1 %	0.2 %
Non-GAAP product gross margin	<u>79.5 %</u>	<u>78.8 %</u>	<u>78.1 %</u>	<u>77.4 %</u>	<u>78.4 %</u>	<u>77.6 %</u>	<u>76.9 %</u>	<u>76.5 %</u>	<u>75.0 %</u>	<u>76.4 %</u>
<b>Research and development expenses reconciliation:</b>										
GAAP research and development expenses	\$ 155,301	\$ 176,542	\$ 188,062	\$ 201,863	\$ 721,768	\$ 188,779	\$ 241,638	\$ 269,856	\$ 239,645	\$ 939,918
Restructuring expenses	-	-	-	-	-	-	(11,251)	(5,780)	(8,687)	(25,718)
Stock-based compensation expenses	(16,895)	(15,370)	(17,680)	(16,578)	(66,523)	(16,955)	(24,321)	(21,916)	(19,701)	(82,893)
Non-GAAP research and development expense	<u>\$ 138,406</u>	<u>\$ 161,172</u>	<u>\$ 170,382</u>	<u>\$ 185,285</u>	<u>\$ 655,245</u>	<u>\$ 171,824</u>	<u>\$ 206,066</u>	<u>\$ 242,160</u>	<u>\$ 211,257</u>	<u>\$ 831,307</u>
<b>Selling, general and administrative expenses reconciliation:</b>										
GAAP selling, general and administrative expenses	\$ 194,957	\$ 219,533	\$ 189,189	\$ 193,665	\$ 797,344	\$ 203,951	\$ 261,411	\$ 227,427	\$ 253,897	\$ 946,686
Acquisition-related transaction costs	-	-	-	-	-	-	(8,165)	(239)	(30)	(8,434)
Restructuring expenses	-	-	-	-	-	-	(12,855)	(2,623)	(10,689)	(26,167)
Stock-based compensation expenses	(17,547)	(18,657)	(21,322)	(19,003)	(76,529)	(20,836)	(27,189)	(24,230)	(19,751)	(92,006)
Non-GAAP selling, general and administrative expense	<u>\$ 177,410</u>	<u>\$ 200,876</u>	<u>\$ 167,867</u>	<u>\$ 174,662</u>	<u>\$ 720,815</u>	<u>\$ 183,115</u>	<u>\$ 213,202</u>	<u>\$ 200,335</u>	<u>\$ 223,427</u>	<u>\$ 820,079</u>
<b>Purchased in-process research and development expense reconciliation:</b>										
GAAP purchased in-process research and development expense	\$ -	\$ 10,851	\$ -	\$ -	\$ 10,851	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased in-process research and development expense	-	(10,851)	-	-	(10,851)	-	-	-	-	-
Non-GAAP purchased in-process research and development expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Operating margin reconciliation:</b>										
GAAP operating margin	53.1 %	47.4 %	50.6 %	49.8 %	50.2 %	52.8 %	46.2 %	49.7 %	52.4 %	50.3 %
Acquisition-related transaction costs	-	-	-	-	-	-	0.5 %	0.0 %	0.0 %	0.1 %
Acquisition-related amortization of inventory mark-up	-	-	-	-	-	-	0.2 %	0.3 %	0.2 %	0.2 %
Acquisition-related amortization of purchased intangibles	-	-	-	-	-	-	0.7 %	0.8 %	0.7 %	0.6 %
Restructuring expenses	-	-	-	-	-	-	1.5 %	0.5 %	1.0 %	0.7 %
Stock-based compensation expenses	2.9 %	2.9 %	3.0 %	2.7 %	2.9 %	2.7 %	3.3 %	2.7 %	2.1 %	2.6 %
Purchased in-process research and development expense	-	0.8 %	-	-	0.2 %	-	-	-	-	-
Non-GAAP operating margin (1)	<u>56.0 %</u>	<u>51.1 %</u>	<u>53.6 %</u>	<u>52.5 %</u>	<u>53.3 %</u>	<u>55.5 %</u>	<u>52.4 %</u>	<u>53.9 %</u>	<u>56.4 %</u>	<u>54.6 %</u>
<b>Net income attributable to Gilead reconciliation:</b>										
GAAP net income attributable to Gilead	\$ 488,300	\$ 434,783	\$ 495,853	\$ 559,963	\$ 1,978,899	\$ 589,112	\$ 571,398	\$ 673,033	\$ 802,212	\$ 2,635,755
Acquisition-related transaction costs	-	-	-	-	-	-	8,165	239	30	8,434
Acquisition-related amortization of inventory mark-up	-	-	-	-	-	-	2,659	3,667	3,788	10,114
Acquisition-related amortization of purchased intangibles	-	-	-	-	-	-	8,909	10,866	10,941	30,716
Restructuring expenses	-	-	-	-	-	-	17,792	6,260	14,640	38,692
Stock-based compensation expenses	26,001	26,409	30,081	30,308	112,799	30,288	39,961	36,218	32,805	139,272
Purchased in-process research and development expense	-	7,769	-	-	7,769	-	-	-	-	-
Non-GAAP net income attributable to Gilead	<u>\$ 514,301</u>	<u>\$ 468,961</u>	<u>\$ 525,934</u>	<u>\$ 590,271</u>	<u>\$ 2,099,467</u>	<u>\$ 619,400</u>	<u>\$ 648,884</u>	<u>\$ 730,283</u>	<u>\$ 864,416</u>	<u>\$ 2,862,983</u>
<b>Diluted earnings per share reconciliation:</b>										
GAAP diluted earnings per share	\$ 0.51	\$ 0.45	\$ 0.52	\$ 0.59	\$ 2.06	\$ 0.63	\$ 0.61	\$ 0.72	\$ 0.87	\$ 2.82
Acquisition-related transaction costs	-	-	-	-	-	-	0.01	0.00	0.00	0.01
Acquisition-related amortization of inventory mark-up	-	-	-	-	-	-	0.00	0.00	0.00	0.01
Acquisition-related amortization of purchased intangibles	-	-	-	-	-	-	0.01	0.01	0.01	0.03
Restructuring expenses	-	-	-	-	-	-	0.02	0.01	0.02	0.04
Stock-based compensation expenses	0.03	0.03	0.03	0.03	0.12	0.03	0.04	0.04	0.04	0.15
Purchased in-process research and development expense	-	0.01	-	-	0.01	-	-	-	-	-
Non-GAAP diluted earnings per share (1)	<u>\$ 0.53</u>	<u>\$ 0.48</u>	<u>\$ 0.55</u>	<u>\$ 0.63</u>	<u>\$ 2.19</u>	<u>\$ 0.66</u>	<u>\$ 0.69</u>	<u>\$ 0.78</u>	<u>\$ 0.93</u>	<u>\$ 3.06</u>
<b>Shares used in per share calculation (diluted) reconciliation:</b>										
GAAP shares used in per share calculation (diluted)	966,554	965,663	960,585	942,837	958,825	942,479	934,478	932,424	926,913	934,109
Effect of SFAS 123R	2,121	2,403	1,924	683	1,686	799	28	(119)	(598)	28
Non-GAAP shares used in per share calculation (diluted)	<u>968,675</u>	<u>968,066</u>	<u>962,509</u>	<u>943,520</u>	<u>960,511</u>	<u>943,278</u>	<u>934,506</u>	<u>932,305</u>	<u>926,315</u>	<u>934,137</u>
<b>Non-GAAP adjustment summary:</b>										
Cost of goods sold adjustment	\$ 1,694	\$ 2,848	\$ 2,592	\$ 3,178	\$ 10,312	\$ 3,254	\$ 18,548	\$ 21,968	\$ 21,866	\$ 65,636
Research and development expenses adjustments	16,895	15,370	17,680	16,578	66,523	16,955	35,572	27,696	28,388	108,611
Selling, general and administrative expenses adjustment	17,547	18,657	21,322	19,003	76,529	20,836	48,209	27,092	30,470	126,607
Purchased in-process research and development expense adjustment	-	10,851	-	-	10,851	-	-	-	-	-
Total non-GAAP adjustments before tax	36,136	47,726	41,594	38,759	164,215	41,045	102,329	76,756	80,724	300,854
Income tax effect	(10,135)	(13,548)	(11,513)	(8,451)	(43,647)	(10,757)	(24,843)	(19,506)	(18,520)	(73,626)
Total non-GAAP adjustments after tax	<u>\$ 26,001</u>	<u>\$ 34,178</u>	<u>\$ 30,081</u>	<u>\$ 30,308</u>	<u>\$ 120,568</u>	<u>\$ 30,288</u>	<u>\$ 77,486</u>	<u>\$ 57,250</u>	<u>\$ 62,204</u>	<u>\$ 227,228</u>

Note:

(1) Amounts may not sum due to rounding

Management believes the non-GAAP information presented above 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 United States generally accepted accounting principles.