

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

| | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | FY 2009 | Q1 2010 | Q2 2010 | Q3 2010 | YTD 2010 |
|-----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| Cost of goods sold reconciliation: | | | | | | | | | |
| GAAP cost of goods sold | \$ 329,414 | \$ 383,045 | \$ 409,700 | \$ 473,399 | \$ 1,595,558 | \$ 440,430 | \$ 455,525 | \$ 477,584 | \$ 1,373,539 |
| Acquisition-related amortization of inventory mark-up | - | (3,711) | (4,922) | (5,013) | (13,646) | (4,978) | (2,042) | - | (7,020) |
| Acquisition-related amortization of purchased intangibles | - | (12,066) | (14,585) | (14,480) | (41,131) | (14,984) | (14,981) | (14,981) | (44,946) |
| Stock-based compensation expenses | (3,254) | (2,771) | (2,461) | (2,373) | (10,859) | (2,853) | (2,967) | (2,728) | (8,548) |
| Non-GAAP cost of goods sold | <u>\$ 326,160</u> | <u>\$ 364,497</u> | <u>\$ 387,732</u> | <u>\$ 451,533</u> | <u>\$ 1,529,922</u> | <u>\$ 417,615</u> | <u>\$ 435,535</u> | <u>\$ 459,875</u> | <u>\$ 1,313,025</u> |
| Product gross margin reconciliation: | | | | | | | | | |
| GAAP product gross margin | 77.4 % | 75.7 % | 75.2 % | 73.8 % | 75.4 % | 75.5 % | 74.8 % | 74.4 % | 74.9 % |
| Acquisition-related amortization of inventory mark-up | - | 0.2 % | 0.3 % | 0.3 % | 0.2 % | 0.3 % | 0.1 % | - | 0.1 % |
| Acquisition-related amortization of purchased intangibles | - | 0.8 % | 0.9 % | 0.8 % | 0.6 % | 0.8 % | 0.8 % | 0.8 % | 0.8 % |
| Stock-based compensation expenses | 0.2 % | 0.2 % | 0.1 % | 0.1 % | 0.2 % | 0.2 % | 0.2 % | 0.1 % | 0.2 % |
| Non-GAAP product gross margin (1) | <u>77.6 %</u> | <u>76.9 %</u> | <u>76.5 %</u> | <u>75.0 %</u> | <u>76.4 %</u> | <u>76.7 %</u> | <u>75.9 %</u> | <u>75.4 %</u> | <u>76.0 %</u> |
| Research and development expenses reconciliation: | | | | | | | | | |
| GAAP research and development expenses | \$ 188,779 | \$ 241,638 | \$ 269,856 | \$ 239,645 | \$ 939,918 | \$ 218,664 | \$ 231,066 | \$ 230,440 | \$ 680,170 |
| Restructuring expenses | - | (11,251) | (5,780) | (8,687) | (25,718) | (2,100) | (2,130) | (6,315) | (10,545) |
| Stock-based compensation expenses | (16,955) | (24,321) | (21,916) | (19,701) | (82,893) | (20,069) | (21,521) | (20,946) | (62,536) |
| Non-GAAP research and development expenses | <u>\$ 171,824</u> | <u>\$ 206,066</u> | <u>\$ 242,160</u> | <u>\$ 211,257</u> | <u>\$ 831,307</u> | <u>\$ 196,495</u> | <u>\$ 207,415</u> | <u>\$ 203,179</u> | <u>\$ 607,089</u> |
| Selling, general and administrative expenses reconciliation: | | | | | | | | | |
| GAAP selling, general and administrative expenses | \$ 203,951 | \$ 261,411 | \$ 227,427 | \$ 253,897 | \$ 946,686 | \$ 265,618 | \$ 248,006 | \$ 250,559 | \$ 764,183 |
| Acquisition-related transaction costs | - | (8,165) | (239) | (30) | (8,434) | - | - | (387) | (387) |
| Restructuring expenses | - | (12,855) | (2,623) | (10,689) | (26,167) | (12,584) | (906) | (1,413) | (14,903) |
| Stock-based compensation expenses | (20,836) | (27,189) | (24,230) | (19,751) | (92,006) | (23,919) | (23,559) | (28,128) | (75,606) |
| Non-GAAP selling, general and administrative expenses | <u>\$ 183,115</u> | <u>\$ 213,202</u> | <u>\$ 200,335</u> | <u>\$ 223,427</u> | <u>\$ 820,079</u> | <u>\$ 229,115</u> | <u>\$ 223,541</u> | <u>\$ 220,631</u> | <u>\$ 673,287</u> |
| Operating margin reconciliation: | | | | | | | | | |
| GAAP operating margin | 52.8 % | 46.2 % | 49.7 % | 52.4 % | 50.3 % | 55.7 % | 51.5 % | 50.5 % | 52.6 % |
| Acquisition-related transaction costs | - | 0.5 % | 0.0 % | 0.0 % | 0.1 % | - | 0.0 % | 0.0 % | 0.0 % |
| Acquisition-related amortization of inventory mark-up | - | 0.2 % | 0.3 % | 0.2 % | 0.2 % | 0.2 % | 0.1 % | - | 0.1 % |
| Acquisition-related amortization of purchased intangibles | - | 0.7 % | 0.8 % | 0.7 % | 0.6 % | 0.7 % | 0.8 % | 0.8 % | 0.8 % |
| Restructuring expenses | - | 1.5 % | 0.5 % | 1.0 % | 0.7 % | 0.7 % | 0.2 % | 0.4 % | 0.4 % |
| Stock-based compensation expenses | 2.7 % | 3.3 % | 2.7 % | 2.1 % | 2.6 % | 2.2 % | 2.5 % | 2.7 % | 2.5 % |
| Non-GAAP operating margin (1) | <u>55.5 %</u> | <u>52.4 %</u> | <u>53.9 %</u> | <u>56.4 %</u> | <u>54.6 %</u> | <u>59.6 %</u> | <u>55.0 %</u> | <u>54.4 %</u> | <u>56.4 %</u> |
| Net income attributable to Gilead reconciliation: | | | | | | | | | |
| GAAP net income attributable to Gilead | \$ 589,112 | \$ 571,398 | \$ 673,033 | \$ 802,212 | \$ 2,635,755 | \$ 854,901 | \$ 712,061 | \$ 704,876 | \$ 2,271,838 |
| Acquisition-related transaction costs | - | 8,165 | 239 | 30 | 8,434 | - | - | 388 | 388 |
| Acquisition-related amortization of inventory mark-up | - | 2,659 | 3,667 | 3,788 | 10,114 | 3,657 | 1,433 | - | 5,090 |
| Acquisition-related amortization of purchased intangibles | - | 8,909 | 10,866 | 10,941 | 30,716 | 11,008 | 10,721 | 10,951 | 32,680 |
| Restructuring expenses | - | 17,792 | 6,260 | 14,640 | 38,692 | 10,788 | 2,061 | 5,639 | 18,488 |
| Stock-based compensation expenses | 30,288 | 39,961 | 36,218 | 32,805 | 139,272 | 34,413 | 34,395 | 37,812 | 106,620 |
| Non-GAAP net income attributable to Gilead | <u>\$ 619,400</u> | <u>\$ 648,884</u> | <u>\$ 730,283</u> | <u>\$ 864,416</u> | <u>\$ 2,862,983</u> | <u>\$ 914,767</u> | <u>\$ 760,671</u> | <u>\$ 759,666</u> | <u>\$ 2,435,104</u> |
| Diluted earnings per share reconciliation: | | | | | | | | | |
| GAAP diluted earnings per share | \$ 0.63 | \$ 0.61 | \$ 0.72 | \$ 0.87 | \$ 2.82 | \$ 0.92 | \$ 0.79 | \$ 0.83 | \$ 2.55 |
| Acquisition-related transaction costs | - | 0.01 | 0.00 | 0.00 | 0.01 | - | - | 0.00 | 0.00 |
| Acquisition-related amortization of inventory mark-up | - | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | - | 0.01 |
| Acquisition-related amortization of purchased intangibles | - | 0.01 | 0.01 | 0.01 | 0.03 | 0.01 | 0.01 | 0.01 | 0.04 |
| Restructuring expenses | - | 0.02 | 0.01 | 0.02 | 0.04 | 0.01 | 0.00 | 0.01 | 0.02 |
| Stock-based compensation expenses | 0.03 | 0.04 | 0.04 | 0.04 | 0.15 | 0.04 | 0.04 | 0.04 | 0.12 |
| Non-GAAP diluted earnings per share (1) | <u>\$ 0.66</u> | <u>\$ 0.69</u> | <u>\$ 0.78</u> | <u>\$ 0.93</u> | <u>\$ 3.06</u> | <u>\$ 0.99</u> | <u>\$ 0.85</u> | <u>\$ 0.90</u> | <u>\$ 2.74</u> |
| Shares used in per share calculation (diluted) reconciliation: | | | | | | | | | |
| GAAP shares used in per share calculation (diluted) | 942,479 | 934,478 | 932,424 | 926,913 | 934,109 | 928,368 | 898,753 | 847,228 | 890,216 |
| Share impact of current stock-based compensation guidance | 799 | 28 | (119) | (598) | 28 | (703) | (1,555) | (2,208) | (1,621) |
| Non-GAAP shares used in per share calculation (diluted) | <u>943,278</u> | <u>934,506</u> | <u>932,305</u> | <u>926,315</u> | <u>934,137</u> | <u>927,665</u> | <u>897,198</u> | <u>845,020</u> | <u>888,595</u> |
| Non-GAAP adjustment summary: | | | | | | | | | |
| Cost of goods sold adjustments | \$ 3,254 | \$ 18,548 | \$ 21,968 | \$ 21,866 | \$ 65,636 | \$ 22,815 | \$ 19,990 | \$ 17,709 | \$ 60,514 |
| Research and development expenses adjustments | 16,955 | 35,572 | 27,696 | 28,388 | 108,611 | 22,169 | 23,651 | 27,261 | 73,081 |
| Selling, general and administrative expenses adjustments | 20,836 | 48,209 | 27,092 | 30,470 | 126,607 | 36,503 | 24,465 | 29,928 | 90,896 |
| Total non-GAAP adjustments before tax | 41,045 | 102,329 | 76,756 | 80,724 | 300,854 | 81,487 | 68,106 | 74,898 | 224,491 |
| Income tax effect | (10,757) | (24,843) | (19,506) | (18,520) | (73,626) | (21,621) | (19,496) | (20,108) | (61,225) |
| Total non-GAAP adjustments after tax | <u>\$ 30,288</u> | <u>\$ 77,486</u> | <u>\$ 57,250</u> | <u>\$ 62,204</u> | <u>\$ 227,228</u> | <u>\$ 59,866</u> | <u>\$ 48,610</u> | <u>\$ 54,790</u> | <u>\$ 163,266</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.