

GILEAD SCIENCES, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION
(unaudited)

(in thousands except percentages and per share amounts)

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	YTD 2012	Q1 2013	Q2 2013	YTD 2013
Cost of goods sold reconciliation:								
GAAP cost of goods sold	\$ 580,931	\$ 617,345	\$ 597,269	\$ 675,818	\$ 2,471,363	\$ 634,448	\$ 684,663	\$ 1,319,111
Stock-based compensation expenses	(2,101)	(2,119)	(1,864)	(977)	(7,061)	(1,841)	(2,632)	(4,473)
Acquisition related-amortization of purchased intangibles	(15,836)	(15,836)	(15,837)	(15,837)	(63,346)	(21,264)	(21,264)	(42,528)
Non-GAAP cost of goods sold	\$ 562,994	\$ 599,390	\$ 579,568	\$ 659,004	\$ 2,400,956	\$ 611,343	\$ 660,767	\$ 1,272,110
Product gross margin reconciliation:								
GAAP product gross margin	73.7 %	73.5 %	74.7 %	73.2 %	73.8 %	73.5 %	74.2 %	73.9 %
Stock-based compensation expenses	0.1 %	0.1 %	0.1 %	0.0%	0.1 %	0.1 %	0.1 %	0.1 %
Acquisition related-amortization of purchased intangibles	0.7 %	0.7 %	0.7 %	0.6 %	0.7 %	0.9 %	0.8 %	0.8 %
Non-GAAP product gross margin ⁽¹⁾	74.5 %	74.3 %	75.5 %	73.8 %	74.5 %	74.5 %	75.1 %	74.8 %
Research and development expenses reconciliation:								
GAAP research and development expenses	\$ 458,211	\$ 396,244	\$ 465,831	\$ 439,659	\$ 1,759,945	\$ 497,632	\$ 523,902	\$ 1,021,534
Stock-based compensation expenses	(118,623)	(20,355)	(23,236)	(24,886)	(187,100)	(26,875)	(24,646)	(51,521)
Restructuring expenses	(5,514)	(1,576)	(232)	(89)	(7,411)	(4,757)	(67)	(4,824)
Acquisition related-transaction costs	-	(345)	-	-	(345)	-	-	-
Acquisition related-contingent consideration remeasurement	(2,736)	(2,570)	(58,810)	(5,353)	(69,469)	(6,024)	(11,418)	(17,442)
Non-GAAP research and development expenses	\$ 331,338	\$ 371,398	\$ 383,553	\$ 409,331	\$ 1,495,620	\$ 459,976	\$ 487,771	\$ 947,747
Selling, general and administrative expenses reconciliation:								
GAAP selling, general and administrative expenses	\$ 443,121	\$ 332,505	\$ 319,583	\$ 365,825	\$ 1,461,034	\$ 374,296	\$ 404,991	\$ 779,287
Stock-based compensation expenses	(121,944)	(25,929)	(29,364)	(31,264)	(208,501)	(33,051)	(28,675)	(61,726)
Restructuring expenses	(3,156)	(7,251)	(2,792)	63	(13,136)	(744)	306	(438)
Acquisition related-transaction costs	(10,280)	(594)	(222)	(1,236)	(12,332)	(7,156)	(4)	(7,160)
Acquisition related-amortization of purchased intangibles	-	-	-	(1,125)	(1,125)	(281)	(282)	(563)
Non-GAAP selling, general and administrative expenses	\$ 307,741	\$ 298,731	\$ 287,205	\$ 332,263	\$ 1,225,940	\$ 333,064	\$ 376,336	\$ 709,400
Operating margin reconciliation:								
GAAP operating margin	35.1 %	44.0 %	43.0 %	42.8 %	41.3 %	40.5 %	41.7 %	41.1 %
Stock-based compensation expenses	10.6 %	2.0 %	2.2 %	2.2 %	4.2 %	2.4 %	2.0 %	2.2 %
Restructuring expenses	0.4 %	0.4 %	0.1 %	0.0%	0.2 %	0.2 %	0.0%	0.1 %
Acquisition related-transaction costs	0.5 %	0.0%	0.0%	0.0%	0.1 %	0.3 %	0.0%	0.1 %
Acquisition related-amortization of purchased intangibles	0.7 %	0.7 %	0.7 %	0.7 %	0.7 %	0.9 %	0.8 %	0.8 %
Acquisition related-contingent consideration remeasurement	0.1 %	0.1 %	2.4 %	0.2 %	0.7 %	0.2 %	0.4 %	0.3 %
Non-GAAP operating margin ⁽¹⁾	47.3 %	47.2 %	48.5 %	45.9 %	47.2 %	44.5 %	44.9 %	44.7 %
Interest expense reconciliation:								
GAAP interest expense	\$ (97,270)	\$ (88,418)	\$ (89,322)	\$ (85,906)	\$ (360,916)	\$ (81,787)	\$ (78,008)	\$ (159,795)
Acquisition related-transaction costs	7,333	-	-	-	7,333	-	-	-
Non-GAAP interest expense	\$ (89,937)	\$ (88,418)	\$ (89,322)	\$ (85,906)	\$ (353,583)	\$ (81,787)	\$ (78,008)	\$ (159,795)
Net income attributable to Gilead reconciliation:								
GAAP net income attributable to Gilead, net of tax	\$ 441,956	\$ 711,564	\$ 675,505	\$ 762,541	\$ 2,591,566	\$ 722,186	\$ 772,605	\$ 1,494,791
Stock-based compensation expenses	229,604	35,236	39,442	42,423	346,705	45,380	40,379	85,759
Restructuring expenses	6,346	6,426	2,165	101	15,038	5,368	(244)	5,124
Acquisition related-transaction costs	12,891	651	123	981	14,646	7,156	4	7,160
Acquisition related-amortization of purchased intangibles	11,590	11,529	11,462	12,605	47,186	15,829	15,563	31,392
Acquisition related-contingent consideration remeasurement	2,002	1,871	60,243	4,783	68,899	6,024	11,418	17,442
Non-GAAP net income attributable to Gilead, net of tax	\$ 704,389	\$ 767,277	\$ 788,940	\$ 823,434	\$ 3,084,040	\$ 801,943	\$ 839,725	\$ 1,641,668
Diluted earnings per share reconciliation:								
GAAP diluted earnings per share	\$ 0.28	\$ 0.46	\$ 0.43	\$ 0.47	\$ 1.64	\$ 0.43	\$ 0.46	\$ 0.89
Stock-based compensation expenses	0.15	0.02	0.02	0.03	0.22	0.03	0.02	0.05
Restructuring expenses	0.00	0.00	0.00	0.00	0.01	0.00	(0.00)	0.00
Acquisition related-transaction costs	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Acquisition related-amortization of purchased intangibles	0.01	0.01	0.01	0.01	0.03	0.01	0.01	0.02
Acquisition related-contingent consideration remeasurement	0.00	0.00	0.04	0.00	0.04	0.00	0.01	0.01
Non-GAAP diluted earnings per share ⁽¹⁾	\$ 0.45	\$ 0.49	\$ 0.50	\$ 0.50	\$ 1.95	\$ 0.48	\$ 0.50	\$ 0.98
Shares used in per share calculation (diluted) reconciliation:								
GAAP shares used in per share calculation (diluted)	1,554,776	1,561,012	1,584,608	1,636,939	1,582,549	1,665,060	1,694,577	1,683,269
Share impact of current stock-based compensation rules	(4,076)	(3,146)	(2,620)	(1,965)	(2,522)	(1,716)	(1,228)	(1,453)
Non-GAAP shares used in per share calculation (diluted)	1,550,700	1,557,866	1,581,988	1,634,974	1,580,027	1,663,344	1,693,349	1,681,816
Non-GAAP adjustment summary:								
Cost of goods sold adjustments	\$ 17,937	\$ 17,955	\$ 17,701	\$ 16,814	\$ 70,407	\$ 23,105	\$ 23,896	\$ 47,001
Research and development expenses adjustments	126,873	24,846	82,278	30,328	264,325	37,656	36,131	73,787
Selling, general and administrative expenses adjustments	135,380	33,774	32,378	33,562	235,094	41,232	28,655	69,887
Interest expense adjustments	7,333	-	-	-	7,333	-	-	-
Total non-GAAP adjustments before tax	287,523	76,575	132,357	80,704	577,159	101,993	88,682	190,675
Income tax effect	(25,090)	(20,862)	(18,922)	(19,811)	(84,685)	(22,236)	(21,562)	(43,798)
Total non-GAAP adjustments after tax	\$ 262,433	\$ 55,713	\$ 113,435	\$ 60,893	\$ 492,474	\$ 79,757	\$ 67,120	\$ 146,877

⁽¹⁾ Amounts may not sum due to rounding.

Management believes this non-GAAP information presented above is useful for investors, when considered 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 U.S. GAAP.