## RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION*

### (in millions, except percentages and per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
<th>Q4 2014</th>
<th>FY 2014</th>
<th>Q1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of goods sold reconciliation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP cost of goods sold</td>
<td>$ 813</td>
<td>$ 925</td>
<td>$ 987</td>
<td>$ 1,063</td>
<td>$ 3,788</td>
<td>$ 882</td>
</tr>
<tr>
<td>Stock-based compensation expenses</td>
<td>(3)</td>
<td>(2)</td>
<td>(3)</td>
<td>(2)</td>
<td>(10)</td>
<td>(3)</td>
</tr>
<tr>
<td>Acquisition related-amortization of purchased intangibles</td>
<td>(199)</td>
<td>(200)</td>
<td>(201)</td>
<td>(218)</td>
<td>(818)</td>
<td>(206)</td>
</tr>
<tr>
<td>Variable interest entity consolidated costs (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-GAAP cost of goods sold</td>
<td>$ 611</td>
<td>$ 723</td>
<td>$ 783</td>
<td>$ 847</td>
<td>$ 2,964</td>
<td>$ 674</td>
</tr>
</tbody>
</table>

### Product gross margin reconciliation:

| GAAP product gross margin | 83.3% | 85.6% | 85.5% | 85.3% | 84.5% | 88.1% |
| Stock-based compensation expenses | 61.2% | 63.4% | 66.4% | 66.1% | 66.3% | 66.7% |
| Acquisition related-amortization of purchased intangibles | 4.1% | 3.1% | 3.4% | 3.0% | 3.3% | 2.8% |
| Variable interest entity consolidated costs (3) |          |        |        |        |        |        |
| Non-GAAP product gross margin (4) | 87.4% | 88.5% | 86.9% | 88.3% | 87.0% | 90.9% |

### Research and development expenses reconciliation:

| GAAP research and development expenses | $ 595 | $ 584 | $ 630 | $ 1,045 | $ 2,854 | $ 696 |
| Stock-based compensation expenses | (54) | (37) | (40) | (41) | (152) | (42) |
| Acquisition related expenses |          |        |        |        |        |        |
| Acquisition related-amortization of purchased intangibles | (2) | (1) | (15) | (18) |        |        |
| Acquisition related-transaction costs |          |        |        |        |        |        |
| Variable interest entity consolidated costs (5) |          |        |        |        |        |        |
| Non-GAAP research and development expenses | $ 558 | $ 542 | $ 546 | $ 899 | $ 2,585 | $ 651 |

### Selling, general and administrative expenses reconciliation:

| GAAP selling, general and administrative expenses | $ 548 | $ 614 | $ 945 | $ 876 | $ 2,983 | $ 645 |
| Stock-based compensation expenses | (46) | (44) | (56) | (52) | (198) | (47) |
| Restructuring expenses |          |        |        |        |        |        |
| Acquisition related-amortization of purchased intangibles | (2) |        |        |        |        |        |
| Acquisition related-transaction costs |          |        |        |        |        |        |
| Variable interest entity consolidated costs (6) |          |        |        |        |        |        |
| Non-GAAP selling, general and administrative expenses | $ 500 | $ 570 | $ 888 | $ 796 | $ 2,757 | $ 600 |

### Operating margin reconciliation:

| GAAP operating margin | 60.9% | 67.5% | 57.6% | 59.2% | 61.3% | 70.7% |
| Stock-based compensation expenses | 1.6% | 1.3% | 1.6% | 1.3% | 1.4% | 1.2% |
| Acquisition related-expenses/tranaction costs |      |      |      |      | 1.2% | 0.3% |
| Acquisition related-amortization of purchased intangibles | 4.0% | 3.1% | 3.3% | 3.2% | 3.4% | 2.7% |
| Acquisition related-contingent consideration remeasurement | 0.1% | 0.1% | 0.1% | 0.1% |      |      |
| Variable interest entity consolidated costs (7) |      |      |      |      |      |      |
| Non-GAAP operating margin (8) | 66.6% | 71.9% | 62.6% | 65.2% | 66.6% | 74.7% |

### Effective tax rate calculation:

| GAAP effective tax rate | 24.6% | 15.2% | 19.2% | 18.2% | 18.8% | 17.3% |
| Acquisition related-amortization of purchased intangibles | (1.4)% | (0.8)% | (1.0)% | (0.9)% | (0.9)% | (0.4)% |
| Acquisition related-contingent consideration remeasurement |      |      |      |      |      |      |
| Non-GAAP effective tax rate (9) | 23.2% | 14.4% | 18.2% | 17.3% | 17.0% | 16.9% |

### Net income attributable to Gilead reconciliation:

| GAAP net income attributable to Gilead | $ 2,227 | $ 3,656 | $ 2,731 | $ 3,487 | $ 12,101 | $ 4,333 |
| Stock-based compensation expenses | 64 | 72 | 81 | 79 | 296 | 69 |
| Restructuring expenses |          |        |        |        |        |        |
| Acquisition related-expenses/tranaction costs | (1) |        |        |        |        |        |
| Acquisition related-amortization of purchased intangibles | 195 | 196 | 198 | 226 | 815 | 201 |
| Acquisition related-contingent consideration remeasurement | 3 | 5 | 4 | 20 | 32 | 3 |
| Non-GAAP net income attributable to Gilead | $ 2,489 | $ 3,929 | $ 3,014 | $ 3,883 | $ 13,314 | $ 4,954 |

### Diluted earnings per share reconciliation:

| GAAP diluted earnings per share | $ 1.33 | $ 2.20 | $ 1.67 | $ 2.18 | $ 7.35 | $ 2.76 |
| Stock-based compensation expenses | 0.04 | 0.04 | 0.05 | 0.05 | 0.18 | 0.04 |
| Acquisition related-expenses/tranaction costs |        |        |        |        | 0.04 | 0.04 |
| Acquisition related-amortization of purchased intangibles | 0.12 | 0.12 | 0.12 | 0.14 | 0.49 | 0.13 |
| Non-GAAP diluted earnings per share (10) | $ 1.48 | $ 2.38 | $ 1.84 | $ 2.43 | $ 8.09 | $ 2.94 |

### Shares used in per share calculation (diluted) reconciliation:

| GAAP shares used in per share calculation (diluted) | 1,680 | 1,664 | 1,637 | 1,597 | 1,647 | 1,569 |
| Share impact of current stock-based compensation rules | (1) | (1) | (1) | (1) | (1) | (1) |
| Non-GAAP shares used in per share calculation (diluted) | 1,679 | 1,663 | 1,636 | 1,596 | 1,646 | 1,568 |

### Non-GAAP adjustment summary:

- **Cost of goods sold adjustments**
  - GAAP: $ 202 | $ 202 | $ 204 | $ 216 | $ 824 | $ 208
  - Non-GAAP: $ 48 | $ 48 | $ 48 | $ 48 | $ 48 | $ 48

- **Research and development expenses adjustments**
  - GAAP: $ 37 | $ 42 | $ 44 | $ 46 | $ 269 | $ 45
  - Non-GAAP: $ 48 | $ 48 | $ 48 | $ 48 | $ 48 | $ 48

- **Selling, general and administrative expenses adjustments**
  - GAAP: $ 48 | $ 48 | $ 48 | $ 48 | $ 269 | $ 45
  - Non-GAAP: $ 48 | $ 48 | $ 48 | $ 48 | $ 48 | $ 48

- **Other income (expense) adjustments**
  - GAAP: $ 2 |        |        |        |        |        |
  - Non-GAAP: $ 2 |        |        |        |        |        |

### Total non-GAAP adjustments before tax

- **Income tax effect**
  - GAAP: $ 285 | $ 288 | $ 305 | $ 439 | $ 1,317 | $ 298
  - Non-GAAP: $ 38 | $ 38 | $ 38 | $ 38 | $ 38 |

### Total non-GAAP adjustments after tax attributable to Gilead

- **GAAP:** $ 261 | $ 274 | $ 282 | $ 396 | $ 1,213 | $ 271

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**Note:**

1. Amounts may not sum due to rounding
2. Numerical amounts are not presented in the tables above
3. 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.