

**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	Q3 2013	Q4 2013	YTD 2013
<b>Cost of goods sold reconciliation:</b>										
GAAP cost of goods sold	\$ 580,931	\$ 617,345	\$ 597,269	\$ 675,818	\$ 2,471,363	\$ 634,448	\$ 684,663	\$ 681,868	\$ 857,523	\$ 2,858,502
Stock-based compensation expenses	(2,101)	(2,119)	(1,864)	(977)	(7,061)	(1,841)	(2,632)	(1,823)	(513)	(6,809)
Acquisition related-amortization of purchased intangibles	(15,836)	(15,836)	(15,837)	(15,837)	(63,346)	(21,264)	(21,264)	(21,264)	(79,526)	(143,318)
Non-GAAP cost of goods sold	\$ 562,994	\$ 599,390	\$ 579,568	\$ 659,004	\$ 2,400,956	\$ 611,343	\$ 660,767	\$ 658,781	\$ 777,484	\$ 2,708,375
<b>Product gross margin reconciliation:</b>										
GAAP product gross margin	73.7 %	73.5 %	74.7 %	73.2 %	73.8 %	73.5 %	74.2 %	74.8 %	71.8 %	73.5 %
Stock-based compensation expenses	0.1 %	0.1 %	0.1 %	0.0%	0.1 %	0.1 %	0.1 %	0.1 %	0.0%	0.1 %
Acquisition related-amortization of purchased intangibles	0.7 %	0.7 %	0.7 %	0.6 %	0.7 %	0.9 %	0.8 %	0.8 %	2.6 %	1.3 %
Non-GAAP product gross margin <sup>(1)</sup>	74.5 %	74.3 %	75.5 %	73.8 %	74.5 %	74.5 %	75.1 %	75.7 %	74.5 %	74.9 %
<b>Research and development expenses reconciliation:</b>										
GAAP research and development expenses	\$ 458,211	\$ 396,244	\$ 465,831	\$ 439,659	\$ 1,759,945	\$ 497,632	\$ 523,902	\$ 546,244	\$ 551,978	\$ 2,119,756
Stock-based compensation expenses	(118,623)	(20,355)	(23,236)	(24,886)	(187,100)	(26,875)	(24,646)	(27,740)	(29,511)	(108,772)
Restructuring expenses	(5,514)	(1,576)	(232)	(89)	(7,411)	(4,757)	(67)	31	176	(4,617)
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)	(30,000)	(11,258)	(58,700)
Non-GAAP research and development expenses	\$ 331,338	\$ 371,398	\$ 383,553	\$ 409,331	\$ 1,495,620	\$ 459,976	\$ 487,771	\$ 488,535	\$ 511,385	\$ 1,947,667
<b>Selling, general and administrative expenses reconciliation:</b>										
GAAP selling, general and administrative expenses	\$ 443,121	\$ 332,505	\$ 319,583	\$ 365,825	\$ 1,461,034	\$ 374,296	\$ 404,991	\$ 406,860	\$ 513,284	\$ 1,699,431
Stock-based compensation expenses	(121,944)	(25,929)	(29,364)	(31,264)	(208,501)	(33,051)	(28,675)	(33,010)	(41,894)	(136,630)
Restructuring expenses	(3,156)	(7,251)	(2,792)	63	(13,136)	(744)	306	2,972	(144)	2,390
Acquisition related-transaction costs	(10,280)	(594)	(222)	(1,236)	(12,332)	(7,156)	(4)	300	—	(6,860)
Acquisition related-amortization of purchased intangibles	—	—	—	(1,125)	(1,125)	(281)	(282)	(281)	(281)	(1,125)
Non-GAAP selling, general and administrative expenses	\$ 307,741	\$ 298,731	\$ 287,205	\$ 332,263	\$ 1,225,940	\$ 333,064	\$ 376,336	\$ 376,841	\$ 470,965	\$ 1,557,206
<b>Operating margin reconciliation:</b>										
GAAP operating margin	35.1 %	44.0 %	43.0 %	42.8 %	41.3 %	40.5 %	41.7 %	41.2 %	38.4 %	40.4 %
Stock-based compensation expenses	10.6 %	2.0 %	2.2 %	2.2 %	4.2 %	2.4 %	2.0 %	2.2 %	2.3 %	2.3 %
Restructuring expenses	0.4 %	0.4 %	0.1 %	0.0%	0.2 %	0.2 %	0.0%	(0.1)%	(0.0)%	0.0%
Acquisition related-transaction costs	0.5 %	0.0%	0.0%	0.0%	0.1 %	0.3 %	0.0%	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 %	2.6 %	1.3 %
Acquisition related-contingent consideration remeasurement	0.1 %	0.1 %	2.4 %	0.2 %	0.7 %	0.2 %	0.4 %	1.1 %	0.4 %	0.5 %
Non-GAAP operating margin <sup>(1)</sup>	47.3 %	47.2 %	48.5 %	45.9 %	47.2 %	44.5 %	44.9 %	45.2 %	43.6 %	44.5 %
<b>Interest expense reconciliation:</b>										
GAAP interest expense	\$ (97,270)	\$ (88,418)	\$ (89,322)	\$ (85,906)	\$ (360,916)	\$ (81,787)	\$ (78,008)	\$ (73,949)	\$ (73,150)	\$ (306,894)
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)	\$ (73,949)	\$ (73,150)	\$ (306,894)
<b>Net income attributable to Gilead reconciliation:</b>										
GAAP net income attributable to Gilead, net of tax	\$ 441,956	\$ 711,564	\$ 675,505	\$ 762,541	\$ 2,591,566	\$ 722,186	\$ 772,605	\$ 788,606	\$ 791,411	\$ 3,074,808
Stock-based compensation expenses	229,604	35,236	39,442	42,423	346,705	45,380	40,379	46,576	52,967	185,302
Restructuring expenses	6,346	6,426	2,165	101	15,038	5,368	(244)	(2,076)	(40)	3,008
Acquisition related-transaction costs	12,891	651	123	981	14,646	7,156	4	(300)	—	6,860
Acquisition related-amortization of purchased intangibles	11,590	11,529	11,462	12,605	47,186	15,829	15,563	16,275	74,211	121,878
Acquisition related-contingent consideration remeasurement	2,002	1,871	60,243	4,783	68,899	6,024	11,418	30,000	11,258	58,700
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	\$ 879,081	\$ 929,807	\$ 3,450,556
<b>Diluted earnings per share reconciliation:</b>										
GAAP diluted earnings per share	\$ 0.28	\$ 0.46	\$ 0.43	\$ 0.47	\$ 1.64	\$ 0.43	\$ 0.46	\$ 0.47	\$ 0.47	\$ 1.81
Stock-based compensation expenses	0.15	0.02	0.02	0.03	0.22	0.03	0.02	0.03	0.03	0.11
Restructuring expenses	0.00	0.00	0.00	0.00	0.01	0.00	(0.00)	(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)	—	0.00
Acquisition related-amortization of purchased intangibles	0.01	0.01	0.01	0.01	0.03	0.01	0.01	0.01	0.04	0.07
Acquisition related-contingent consideration remeasurement	0.00	0.00	0.04	0.00	0.04	0.00	0.01	0.02	0.01	0.03
Non-GAAP diluted earnings per share <sup>(1)</sup>	\$ 0.45	\$ 0.49	\$ 0.50	\$ 0.50	\$ 1.95	\$ 0.48	\$ 0.50	\$ 0.52	\$ 0.55	\$ 2.04
<b>Shares used in per share calculation (diluted) reconciliation:</b>										
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	1,691,898	1,694,212	1,694,747
Share impact of current stock-based compensation rules	(4,076)	(3,146)	(2,620)	(1,965)	(2,522)	(1,716)	(1,228)	(1,139)	(1,002)	(1,190)
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	1,690,759	1,693,210	1,693,557
<b>Non-GAAP adjustment summary:</b>										
Cost of goods sold adjustments	\$ 17,937	\$ 17,955	\$ 17,701	\$ 16,814	\$ 70,407	\$ 23,105	\$ 23,896	\$ 23,087	\$ 80,039	\$ 150,127
Research and development expenses adjustments	126,873	24,846	82,278	30,328	264,325	37,656	36,131	57,709	40,593	172,089
Selling, general and administrative expenses adjustments	135,380	33,774	32,378	33,562	235,094	41,232	28,655	30,019	42,319	142,225
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	110,815	162,951	464,441
Income tax effect	(25,090)	(20,862)	(18,922)	(19,811)	(84,685)	(22,236)	(21,562)	(20,340)	(24,555)	(88,693)
Total non-GAAP adjustments after tax	\$ 262,433	\$ 55,713	\$ 113,435	\$ 60,893	\$ 492,474	\$ 79,757	\$ 67,120	\$ 90,475	\$ 138,396	\$ 375,748

Note:

<sup>(1)</sup> Amounts may not sum due to rounding

Management believes the 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. generally accepted accounting principles.