

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

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014
<b>Cost of goods sold reconciliation:</b>										
GAAP cost of goods sold	\$ 634	\$ 685	\$ 682	\$ 858	\$ 2,859	\$ 813	\$ 925	\$ 987	\$ 1,063	\$ 3,788
Stock-based compensation expenses	(2)	(3)	(1)	(1)	(7)	(3)	(2)	(3)	(2)	(10)
Acquisition related-amortization of purchased intangibles	(21)	(21)	(21)	(80)	(143)	(199)	(200)	(201)	(218)	(818)
Variable interest entity consolidated costs <sup>(2)</sup>	—	—	—	—	—	—	—	—	4	4
Non-GAAP cost of goods sold	\$ 611	\$ 661	\$ 660	\$ 777	\$ 2,709	\$ 611	\$ 723	\$ 783	\$ 847	\$ 2,964
<b>Product gross margin reconciliation:</b>										
GAAP product gross margin	73.5 %	74.2 %	74.8 %	71.8 %	73.5 %	83.3 %	85.6 %	83.5 %	85.3 %	84.5 %
Stock-based compensation expenses	0.1 %	0.1 %	0.1 %	0.0 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Acquisition related-amortization of purchased intangibles	0.9 %	0.8 %	0.8 %	2.6 %	1.3 %	4.1 %	3.1 %	3.4 %	3.0 %	3.3 %
Variable interest entity consolidated costs <sup>(2)</sup>	—%	—%	—%	—%	—%	—%	—%	—%	0.1 %	—%
Non-GAAP product gross margin <sup>(1)</sup>	74.5 %	75.1 %	75.7 %	74.5 %	74.9 %	87.4 %	88.7 %	86.9 %	88.3 %	87.9 %
<b>Research and development expenses reconciliation:</b>										
GAAP research and development expenses	\$ 498	\$ 524	\$ 546	\$ 552	\$ 2,120	\$ 595	\$ 584	\$ 630	\$ 1,045	\$ 2,854
Stock-based compensation expenses	(27)	(24)	(28)	(30)	(109)	(34)	(37)	(40)	(41)	(152)
Restructuring expenses	(4)	—	—	—	(4)	—	—	—	—	—
Acquisition related expenses	—	—	—	—	—	—	—	—	(85)	(85)
Acquisition related-contingent consideration remeasurement	(6)	(12)	(30)	(11)	(59)	(3)	(5)	(4)	(20)	(32)
Non-GAAP research and development expenses	\$ 461	\$ 488	\$ 488	\$ 511	\$ 1,948	\$ 558	\$ 542	\$ 586	\$ 899	\$ 2,585
<b>Selling, general and administrative expenses reconciliation:</b>										
GAAP selling, general and administrative expenses	\$ 374	\$ 405	\$ 407	\$ 513	\$ 1,699	\$ 548	\$ 614	\$ 945	\$ 876	\$ 2,983
Stock-based compensation expenses	(33)	(28)	(33)	(42)	(136)	(46)	(44)	(56)	(52)	(198)
Restructuring expenses	(1)	—	3	—	2	—	—	—	—	—
Acquisition related-amortization of purchased intangibles	—	—	(1)	—	(1)	(2)	—	(1)	(15)	(18)
Acquisition related-transaction costs	(7)	—	—	—	(7)	—	—	—	(1)	(1)
Variable interest entity consolidated costs <sup>(2)</sup>	—	—	—	—	—	—	—	—	(9)	(9)
Non-GAAP selling, general and administrative expenses	\$ 333	\$ 377	\$ 376	\$ 471	\$ 1,557	\$ 500	\$ 570	\$ 888	\$ 799	\$ 2,757
<b>Operating margin reconciliation:</b>										
GAAP operating margin	40.5 %	41.7 %	41.2 %	38.4 %	40.4 %	60.9 %	67.5 %	57.6 %	59.2 %	61.3 %
Stock-based compensation expenses	2.4 %	2.0 %	2.2 %	2.3 %	2.3 %	1.6 %	1.3 %	1.6 %	1.3 %	1.4 %
Restructuring expenses	0.2 %	0.0 %	(0.1)%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Acquisition related expenses/transaction costs	0.3 %	0.0 %	0.0 %	—%	0.1 %	0.0 %	0.0 %	0.0 %	1.2 %	0.3 %
Acquisition related-amortization of purchased intangibles	0.9 %	0.8 %	0.8 %	2.6 %	1.3 %	4.0 %	3.1 %	3.3 %	3.2 %	3.4 %
Acquisition related-contingent consideration remeasurement	0.2 %	0.4 %	1.1 %	0.4 %	0.5 %	0.1 %	0.1 %	0.1 %	0.3 %	0.1 %
Variable interest entity consolidated costs <sup>(2)</sup>	—%	—%	—%	—%	—%	—%	—%	—%	0.1 %	—%
Non-GAAP operating margin <sup>(1)</sup>	44.5 %	44.9 %	45.2 %	43.6 %	44.5 %	66.6 %	71.9 %	62.6 %	65.2 %	66.6 %
<b>Other income (expense) reconciliation:</b>										
GAAP other income (expense), net	\$ (3)	\$ (1)	\$ 6	\$ (11)	\$ (9)	\$ (18)	\$ (4)	\$ (5)	\$ 30	\$ 3
Acquisition related-transaction costs	—	—	—	—	—	(2)	0	—	—	(2)
Non-GAAP other income (expense), net	\$ (3)	\$ (1)	\$ 6	\$ (11)	\$ (9)	\$ (20)	\$ (4)	\$ (5)	\$ 30	\$ 1
<b>Effective tax rate reconciliation:</b>										
GAAP effective tax rate	23.7 %	28.6 %	27.3 %	29.3 %	27.3 %	24.6 %	15.2 %	19.2 %	18.2 %	18.8 %
Restructuring expenses	(0.1)%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Acquisition related-transaction costs	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Acquisition related-amortization of purchased intangibles	0.0 %	0.0 %	0.0 %	(1.5)%	(0.4)%	(1.4)%	(0.6)%	(1.0)%	(0.8)%	(0.9)%
Acquisition related-contingent consideration remeasurement	(0.1)%	(0.3)%	(0.9)%	(0.3)%	(0.4)%	0.0 %	0.0 %	0.0 %	(0.1)%	0.0 %
Non-GAAP effective tax rate <sup>(1)</sup>	23.5 %	28.3 %	26.4 %	27.5 %	26.5 %	23.2 %	14.6 %	18.2 %	17.3 %	17.9 %
<b>Net income attributable to Gilead reconciliation:</b>										
GAAP net income attributable to Gilead	\$ 722	\$ 773	\$ 789	\$ 791	\$ 3,075	\$ 2,227	\$ 3,656	\$ 2,731	\$ 3,487	\$ 12,101
Stock-based compensation expenses	46	40	46	53	185	64	72	81	79	296
Restructuring expenses	5	—	(2)	—	3	—	—	—	—	—
Acquisition related expenses/transaction costs	7	—	—	—	7	(1)	—	—	71	70
Acquisition related-amortization of purchased intangibles	16	15	16	75	122	195	196	198	226	815
Acquisition related-contingent consideration remeasurement	6	12	30	11	59	3	5	4	20	32
Non-GAAP net income attributable to Gilead	\$ 802	\$ 840	\$ 879	\$ 930	\$ 3,451	\$ 2,488	\$ 3,929	\$ 3,014	\$ 3,883	\$ 13,314
<b>Diluted earnings per share reconciliation:</b>										
GAAP diluted earnings per share	\$ 0.43	\$ 0.46	\$ 0.47	\$ 0.47	\$ 1.81	\$ 1.33	\$ 2.20	\$ 1.67	\$ 2.18	\$ 7.35
Stock-based compensation expenses	0.03	0.02	0.03	0.03	0.11	0.04	0.04	0.05	0.05	0.18
Restructuring expenses	0.00	(0.00)	(0.00)	(0.00)	0.00	0.00	0.00	0.00	—	—
Acquisition related expenses/transaction costs	0.00	0.00	(0.00)	—	0.00	(0.00)	0.00	(0.00)	0.04	0.04
Acquisition related-amortization of purchased intangibles	0.01	0.01	0.01	0.04	0.07	0.12	0.12	0.12	0.14	0.49
Acquisition related-contingent consideration remeasurement	0.00	0.01	0.02	0.01	0.03	0.00	0.00	0.00	0.01	0.02
Non-GAAP diluted earnings per share <sup>(1)</sup>	\$ 0.48	\$ 0.50	\$ 0.52	\$ 0.55	\$ 2.04	\$ 1.48	\$ 2.36	\$ 1.84	\$ 2.43	\$ 8.09
<b>Shares used in per share calculation (diluted) reconciliation:</b>										
GAAP shares used in per share calculation (diluted)	1,665	1,694	1,692	1,694	1,695	1,680	1,664	1,637	1,597	1,647
Share impact of current stock-based compensation rules	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Non-GAAP shares used in per share calculation (diluted)	1,663	1,693	1,691	1,693	1,694	1,679	1,663	1,636	1,596	1,646
<b>Non-GAAP adjustment summary:</b>										
Cost of goods sold adjustments	\$ 23	\$ 24	\$ 23	\$ 80	\$ 150	\$ 202	\$ 202	\$ 204	\$ 216	\$ 824
Research and development expenses adjustments	38	36	57	41	172	37	42	44	146	269
Selling, general and administrative expenses adjustments	41	29	30	42	142	48	44	57	77	226
Other income (expense) adjustments	—	—	—	—	—	(2)	—	—	—	(2)
Total non-GAAP adjustments before tax	102	89	110	163	464	285	288	305	439	1,317
Income tax effect	(22)	(21)	(20)	(25)	(88)	(24)	(14)	(23)	(38)	(99)
Less: variable interest entity consolidated costs <sup>(2)</sup>	—	—	—	—	—	—	—	—	(5)	(5)
Total non-GAAP adjustments after tax attributable to Gilead	\$ 80	\$ 68	\$ 90	\$ 138	\$ 376	\$ 261	\$ 274	\$ 282	\$ 396	\$ 1,213

Note:

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

<sup>(2)</sup> Consolidation of a contract manufacturer

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.