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	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	$ 895,955
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)	(29,965)
Stock-based compensation expenses	(3,254)	(2,771)	(2,461)	(2,373)	(10,859)	(2,853)	(2,967)	(5,820)
Non-GAAP cost of goods sold	$ 326,160	$ 364,497	$ 387,732	$ 451,533	$ 1,529,922	$ 417,615	$ 435,535	$ 853,150
Product gross margin reconciliation:								
GAAP product gross margin	77.4 %	75.7 %	75.2 %	73.8 %	75.4 %	75.5 %	74.8 %	75.1 %
Acquisition-related amortization of inventory mark-up	-	0.2 %	0.3 %	0.3 %	0.2 %	0.3 %	0.1 %	0.2 %
Acquisition-related amortization of purchased intangibles	-	0.8 %	0.9 %	0.8 %	0.6 %	0.8 %	0.8 %	0.8 %
Stock-based compensation expenses	0.2 %	0.2 %	0.1 %	0.1 %	0.2 %	0.2 %	0.2 %	0.2 %
Non-GAAP product gross margin (1)	77.6 %	76.9 %	76.5 %	75.0 %	76.4 %	76.7 %	75.9%	76.3%
Research and development expenses reconciliation:								
GAAP research and development expenses	$ 188,779	$ 241,638	$ 269,856	$ 239,645	$ 939,918	$ 218,664	$ 231,066	$ 449,730
Restructuring expenses	-	(11,251)	(5,780)	(8,687)	(25,718)	(2,100)	(2,130)	(4,230)
Stock-based compensation expenses	(16,955)	(24,321)	(21,916)	(19,701)	(82,893)	(20,069)	(21,521)	(41,590)
Non-GAAP research and development expenses	$ 171,824	$ 206,066	$ 242,160	$ 211,257	$ 831,307	$ 196,495	$ 207,415	$ 403,910
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	$ 513,624
Acquisition-related transaction costs	-	(8,165)	(239)	(30)	(8,434)	-	-	-
Restructuring expenses	-	(12,855)	(2,623)	(10,689)	(26,167)	(12,584)	(906)	(13,490)
Stock-based compensation expenses	(20,836)	(27,189)	(24,230)	(19,751)	(92,006)	(23,919)	(23,559)	(47,478)
Non-GAAP selling, general and administrative expenses	$ 183,115	$ 213,202	$ 200,335	$ 223,427	$ 820,079	$ 229,115	$ 223,541	$ 452,656
Operating margin reconciliation:								
GAAP operating margin	52.8 %	46.2 %	49.7 %	52.4 %	50.3%	55.7 %	51.5%	53.7%
Acquisition-related transaction costs	-	0.5 %	0.0 %	0.0 %	0.1%	-	0.0%	0.0%
Acquisition-related amortization of inventory mark-up	-	0.2 %	0.3 %	0.2 %	0.2%	0.2 %	0.1%	0.2%
Acquisition-related amortization of purchased intangibles	-	0.7 %	0.8 %	0.7 %	0.6%	0.7 %	0.8%	0.7%
Restructuring expenses	-	1.5 %	0.5 %	1.0 %	0.7%	0.7 %	0.2%	0.4%
Stock-based compensation expenses	2.7 %	3.3 %	2.7 %	2.1 %	2.6%	2.2 %	2.5%	2.4%
Purchased in-process research and development expense	-	-	-	-	-	-	0.0%	0.0%
Non-GAAP operating margin (1)	55.5 %	52.4 %	53.9 %	56.4 %	54.6%	59.6 %	55.0 %	57.4%
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	$ 1,566,962
Acquisition-related transaction costs	-	8,165	239	30	8,434	-	-	-
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	21,729
Restructuring expenses	-	17,792	6,260	14,640	38,692	10,788	2,061	12,849
Stock-based compensation expenses	30,288	39,961	36,218	32,805	139,272	34,413	34,395	68,808
Purchased in-process research and development expense	-	-	-	-	-	-	-	-
Non-GAAP net income attributable to Gilead	$ 619,400	$ 648,884	$ 730,283	$ 864,416	$ 2,862,983	$ 914,767	$ 760,671	$ 1,675,438
Diluted earnings per share reconciliation:								
GAAP diluted earnings per share	$ 0.63	$ 0.61	$ 0.72	$ 0.87	$ 2.82	$ 0.92	$ 0.79	$ 1.71
Acquisition-related transaction costs	-	0.01	0.00	0.00	0.01	-	-	-
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	0.02
Restructuring expenses	-	0.02	0.01	0.02	0.04	0.01	0.00	0.01
Stock-based compensation expenses	0.03	0.04	0.04	0.04	0.15	0.04	0.04	0.08
Purchased in-process research and development expense	-	-	-	-	-	-	-	-
Non-GAAP diluted earnings per share (1)	$ 0.66	$ 0.69	$ 0.78	$ 0.93	$ 3.06	$ 0.99	$ 0.85	$ 1.83
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	913,819
Share impact of current stock-based compensation guidance	799	28	(119)	(598)	28	(703)	(1,555)	(1,262)
Non-GAAP shares used in per share calculation (diluted)	943,278	934,506	932,305	926,315	934,137	927,665	897,198	912,557
Non-GAAP adjustment summary:								
Cost of goods sold adjustments	$ 3,254	$ 18,548	$ 21,968	$ 21,866	$ 65,636	$ 22,815	$ 19,990	$ 42,805
Research and development expenses adjustments	16,955	35,572	27,696	28,388	108,611	22,169	23,651	45,820
Selling, general and administrative expenses adjustments	20,836	48,209	27,092	30,470	126,607	36,503	24,465	60,968
Total non-GAAP adjustments before tax	41,045	102,329	76,756	80,724	300,854	81,487	68,106	149,593
Income tax effect	(10,757)	(24,843)	(19,506)	(18,520)	(73,626)	(21,621)	(19,496)	(41,117)
Total non-GAAP adjustments after tax	$ 30,288	$ 77,486	$ 57,250	$ 62,204	$ 227,228	$ 59,866	$ 48,610	$ 108,476

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.