

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

(in thousands except percentages and per share amounts)

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	FY 2010	Q1 2011
<b>Cost of goods sold reconciliation:</b>						
GAAP cost of goods sold	\$ 440,430	\$ 455,525	\$ 477,584	\$ 496,337	\$ 1,869,876	\$ 474,111
Acquisition-related amortization of inventory mark-up	(4,978)	(2,042)	-	-	(7,020)	-
Acquisition-related amortization of purchased intangibles	(14,984)	(14,981)	(14,981)	(14,981)	(59,927)	(17,407)
Stock-based compensation expenses	(2,853)	(2,967)	(2,728)	(1,632)	(10,180)	(2,644)
Non-GAAP cost of goods sold	<u>\$ 417,615</u>	<u>\$ 435,535</u>	<u>\$ 459,875</u>	<u>\$ 479,724</u>	<u>\$ 1,792,749</u>	<u>\$ 454,060</u>
<b>Product gross margin reconciliation:</b>						
GAAP product gross margin	75.5 %	74.8 %	74.4 %	74.4 %	74.8 %	74.6 %
Acquisition-related amortization of inventory mark-up	0.3 %	0.1 %	-	-	0.1 %	-
Acquisition-related amortization of purchased intangibles	0.8 %	0.8 %	0.8 %	0.8 %	0.8 %	0.9 %
Stock-based compensation expenses	0.2 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %
Non-GAAP product gross margin (1)	<u>76.7 %</u>	<u>75.9 %</u>	<u>75.4 %</u>	<u>75.3 %</u>	<u>75.8 %</u>	<u>75.7 %</u>
<b>Research and development expenses reconciliation:</b>						
GAAP research and development expenses	\$ 218,664	\$ 231,066	\$ 230,440	\$ 392,760	\$ 1,072,930	\$ 254,446
Acquisition-related IPR&D impairment	-	-	-	(136,000)	(136,000)	-
Acquisition-related transaction costs	-	-	-	-	-	(446)
Restructuring expenses	(2,100)	(2,130)	(6,315)	(3,493)	(14,038)	213
Stock-based compensation expenses	(20,069)	(21,521)	(20,946)	(21,512)	(84,048)	(16,720)
Non-GAAP research and development expenses	<u>\$ 196,495</u>	<u>\$ 207,415</u>	<u>\$ 203,179</u>	<u>\$ 231,755</u>	<u>\$ 838,844</u>	<u>\$ 237,493</u>
<b>Selling, general and administrative expenses reconciliation:</b>						
GAAP selling, general and administrative expenses	\$ 265,618	\$ 248,006	\$ 250,559	\$ 280,209	\$ 1,044,392	\$ 295,568
Acquisition-related transaction costs	-	-	(387)	-	(387)	(378)
Restructuring expenses	(12,584)	(906)	(1,413)	(10,697)	(25,600)	(2,019)
Stock-based compensation expenses	(23,919)	(23,559)	(28,128)	(30,207)	(105,813)	(30,106)
Non-GAAP selling, general and administrative expenses	<u>\$ 229,115</u>	<u>\$ 223,541</u>	<u>\$ 220,631</u>	<u>\$ 239,305</u>	<u>\$ 912,592</u>	<u>\$ 263,065</u>
<b>Operating margin reconciliation:</b>						
GAAP operating margin	55.7 %	51.5 %	50.5 %	41.5 %	49.8 %	46.8 %
Acquisition-related transaction costs	-	0.0 %	0.0 %	-	0.0 %	0.0 %
Acquisition-related amortization of inventory mark-up	0.2 %	0.1 %	-	-	0.1 %	-
Acquisition-related amortization of purchased intangibles	0.7 %	0.8 %	0.8 %	0.7 %	0.8 %	0.9 %
Acquisition-related IPR&D impairment	-	-	-	6.8 %	1.7 %	-
Restructuring expenses	0.7 %	0.2 %	0.4 %	0.7 %	0.5 %	0.1 %
Stock-based compensation expenses	2.2 %	2.5 %	2.7 %	2.7 %	2.5 %	2.6 %
Non-GAAP operating margin (1)	<u>59.6 %</u>	<u>55.0 %</u>	<u>54.4 %</u>	<u>52.4 %</u>	<u>55.4 %</u>	<u>50.4 %</u>
<b>Net income attributable to Gilead reconciliation:</b>						
GAAP net income attributable to Gilead	\$ 854,901	\$ 712,061	\$ 704,876	\$ 629,419	\$ 2,901,257	\$ 651,141
Acquisition-related transaction costs	-	-	388	-	388	824
Acquisition-related amortization of inventory mark-up	3,657	1,433	-	-	5,090	-
Acquisition-related amortization of purchased intangibles	11,008	10,721	10,951	11,663	44,343	12,883
Acquisition-related IPR&D impairment	-	-	-	86,328	86,328	-
Restructuring expenses	10,788	2,061	5,639	10,781	29,269	1,337
Stock-based compensation expenses	34,413	34,395	37,812	41,090	147,710	36,614
Non-GAAP net income attributable to Gilead	<u>\$ 914,767</u>	<u>\$ 760,671</u>	<u>\$ 759,666</u>	<u>\$ 779,281</u>	<u>\$ 3,214,385</u>	<u>\$ 702,799</u>
<b>Diluted earnings per share reconciliation:</b>						
GAAP diluted earnings per share	\$ 0.92	\$ 0.79	\$ 0.83	\$ 0.76	\$ 3.32	\$ 0.80
Acquisition-related transaction costs	-	-	0.00	-	0.00	0.00
Acquisition-related amortization of inventory mark-up	0.00	0.00	-	-	0.01	-
Acquisition-related amortization of purchased intangibles	0.01	0.01	0.01	0.01	0.05	0.02
Acquisition-related IPR&D impairment	-	-	-	0.10	0.10	-
Restructuring expenses	0.01	0.00	0.01	0.01	0.03	0.00
Stock-based compensation expenses	0.04	0.04	0.04	0.05	0.17	0.05
Non-GAAP diluted earnings per share (1)	<u>\$ 0.99</u>	<u>\$ 0.85</u>	<u>\$ 0.90</u>	<u>\$ 0.95</u>	<u>\$ 3.69</u>	<u>\$ 0.87</u>
<b>Shares used in per share calculation (diluted) reconciliation:</b>						
GAAP shares used in per share calculation (diluted)	928,368	898,753	847,228	824,076	873,396	811,857
Share impact of current stock-based compensation guidance	(703)	(1,555)	(2,208)	(2,185)	(1,741)	(2,030)
Non-GAAP shares used in per share calculation (diluted)	<u>927,665</u>	<u>897,198</u>	<u>845,020</u>	<u>821,891</u>	<u>871,655</u>	<u>809,827</u>
<b>Non-GAAP adjustment summary:</b>						
Cost of goods sold adjustments	\$ 22,815	\$ 19,990	\$ 17,709	\$ 16,613	\$ 77,127	\$ 20,051
Research and development expenses adjustments	22,169	23,651	27,261	161,005	234,086	16,953
Selling, general and administrative expenses adjustments	36,503	24,465	29,928	40,904	131,800	32,503
Total non-GAAP adjustments before tax	81,487	68,106	74,898	218,522	443,013	69,507
Income tax effect	(21,621)	(19,496)	(20,108)	(68,660)	(129,885)	(17,849)
Total non-GAAP adjustments after tax	<u>\$ 59,866</u>	<u>\$ 48,610</u>	<u>\$ 54,790</u>	<u>\$ 149,862</u>	<u>\$ 313,128</u>	<u>\$ 51,658</u>

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.