

**The Merriam Report GILD 6/30/10 GILEAD SCIENCES INC**

All amounts in millions except for earnings per share

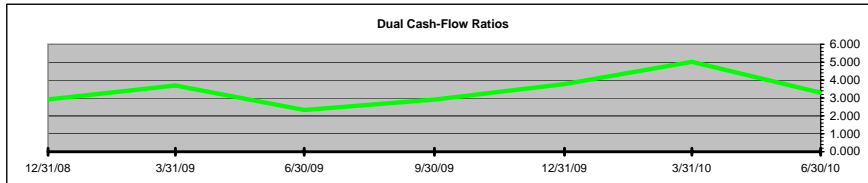
Quarterly period ending:	4	1	2	3	4	1	2	Averages
	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	
Earnings Per Share (Incl. Ext. Items)	\$ 0.590	\$ 0.630	\$ 0.610	\$ 0.720	\$ 0.86000	\$ 0.920	\$ 0.790	\$ 0.731
% Change in E.P.S. (from prev. qtr.)		6.8%	-3.2%	18.0%	19.4%	7.0%	-14.1%	5.7%
Total Revenues	142820.5	153046.0	164715.5	180138.9	203237.9	208585.3	192722.4	177895.2
% Change in Revenues (from prev. qtr.)		7.2%	7.6%	9.4%	12.8%	2.6%	-7.6%	5.3%
Cost of Revenues	32153.1	329414.0	383045.0	409700.0	473399.0	440430.0	455525.0	360523.7
Accounts Receivable:	102339.7	106800.0	124289.9	133916.5	138953.4	149133.2	148290.0	129103.2
% Change in Receivables (from prev. qtr.)		4.4%	16.4%	7.7%	3.8%	7.3%	-0.6%	6.5%
DSO's (# of days it took customers to pay)	65.2	63.5	68.7	67.7	62.2	65.1	70.0	66.0
Inventories:	92786.8	93672.7	96997.1	101782.7	105177.1	122394.5	135660.6	106924.5
% Change in Inventory (from prev. qtr.)		1.0%	3.5%	4.9%	3.3%	16.4%	10.8%	6.7%
Inventory as a % of Sales	65.0%	61.2%	58.9%	56.5%	51.8%	58.7%	70.4%	60.34%
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0
Other Current Assets:	12606.6	16492.9	7812.7	5971.4	6689.1	13988.0	24355.0	12559.4
Property, Plant & Equip. (net):	52879.9	67943.7	69742.6	70137.1	69997.0	69560.1	69504.3	67109.2
% Change in P,P & E (from prev. qtr.)		28.5%	2.6%	0.6%	-0.2%	-0.6%	-0.1%	5.1%
Accounts Payable:	60120.0	57836.2	64999.9	74268.4	81054.4	94908.4	106643.3	77118.7
% Change in Payables (from prev. qtr.)		-3.8%	12.4%	14.3%	9.1%	17.1%	12.4%	10.2%
Quarterly period ending:	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	
Total Liabilities:	266425.8	271582.5	319724.1	329044.2	333149.4	335400.2	393421.3	321249.6
Shareholder equity:	427257.3	480408.9	518985.1	564653.8	636706.5	734199.6	656249.5	574065.8
Retained Earnings (Accum. Deficit)	30031.4	67295.6	101983.9	142061.3	199527.2	268867.9	183138.1	141843.6
Operating Cash Flow (OCF)	444973.3	535387.5	463873.3	551137.7	683738.5	852068.9	689885.8	603009.3
OCF as % of Revenues	311.6%	349.8%	281.6%	306.0%	336.4%	408.5%	358.0%	335.98%
Balance Sheet Cash Flow (BSCF)	266408.3	271564.4	319704.4	329022.8	333126.7	335374.4	393393.4	321227.8
BSCF as % of Revenues	186.5%	177.4%	194.1%	182.6%	163.9%	160.8%	204.1%	181.36%
Spread between OCF & BSCF	178565.0	263823.2	144168.9	222114.9	350611.8	516694.5	296492.4	281781.5
Ratios								
Spread to Revenues	125.03%	172.38%	87.53%	123.30%	172.51%	247.71%	153.84%	1.546
Spread to OCF	1.670	1.971	1.451	1.675	2.052	2.541	1.754	1.874
MR Dual Cash-Flow Figure	2.921	3.695	2.326	2.908	3.778	5.018	3.292	3.420

**The Merriam Report**

GILEAD SCIENCES INC GILD 6/30/10	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10
MR Dual Cash-Flow Figure	2.921	3.695	2.326	2.908	3.778	5.018	3.292

**Merriam Report Signals:**

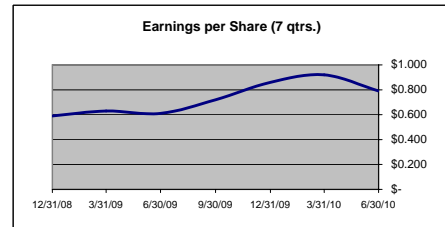
- Recent Bearish
- Confirmed Bearish
- Recent Bullish
- Confirmed Bullish



Slight decline in DCF ratio, but overall bullish trend

**MR Dual Cash-Flow Figure (avg.)**

3.420



	12/31/08	03/31/09	06/30/09	09/30/09	12/31/09	03/31/10	06/30/10	
P/E	23.79	20.41	19.28	17.68	14.87	14.17	10.11	1 17.19
P/S	9.19	7.78	7.32	6.77	5.76	5.58	3.93	1 6.619
P/FCF	23.4653	20.0328	20.4214	17.5907	14.4083	13.5764	9.8208	1 17.05
PEG	0.9288	0.7845	0.5717	0.4673	0.403	0.332	0.2491	1 0.534
Earnings Yield	0.042	0.049	0.0519	0.0566	0.0673	0.0706	0.0989	1 0.062
Cash to Total Asse	0.2581	0.274	0.1484	0.1517	0.1708	0.1545	0.1906	0 0.193
Debt-to-Assets	0.1591	0.1486	0.1827	0.1507	0.1197	0.1101	0.1607	-1 0.147

**Accrual Ratios Average Accruals**

	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10
Accrual Ratios	-3.74%	3.64%	12.04%	2.65%	2.49%	11.69%	-8.79%
Average Accruals	2.85%						

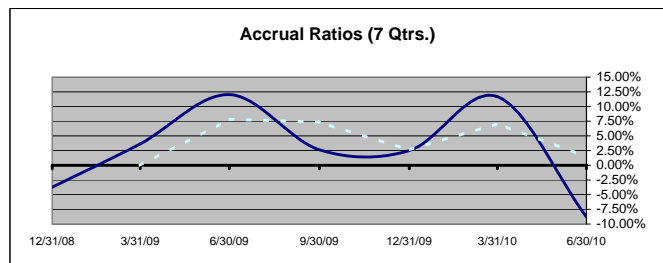
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**Revenue Metrics (as % of Sales)**

	Recent Qtr.	Combined Avg.
Research & Development	11.99%	12.78%
Cost of Sales	23.64%	22.59%
S/G/A	24.86%	26.06%
Payables	55.34%	43.35%

**Capital Productivity**

	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.704	\$ 0.601
Receivables / Revenues	\$ 0.769	\$ 0.726
Inventory & Receivables / Revenues	\$ 1.473	\$ 1.327
P,P&E / Revenues	\$ 0.361	\$ 0.377



Accrual Ratios: According to the MR model, a ratio of -5 or less is very bullish and a ratio of +5 or more is very bearish.

-1.05% 1.20%

### Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bullish

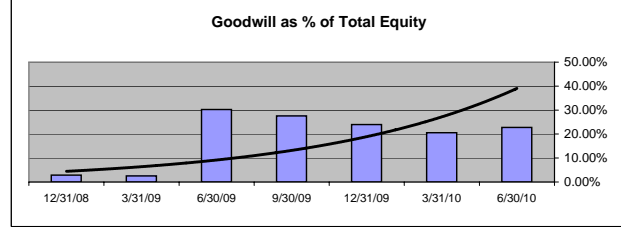
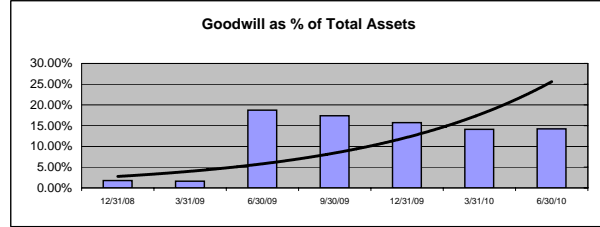
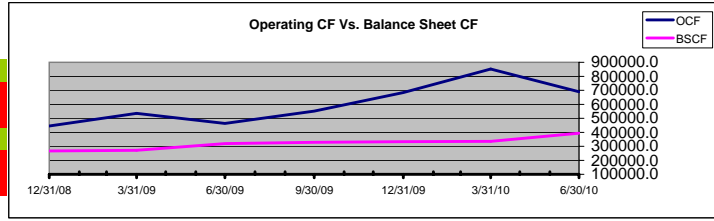
Operating Cash-Flow Trend  
Balance Sheet Cash-Flow Trend

Bearish  
Bearish

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#### Comparison of Recent Quarter Changes to Average

EPS Bullish  
Revenues Bearish  
Accounts Receivable Bearish  
Days Sales Outstanding Bullish  
Inventory Bearish  
Accounts Payable Bearish  
Accrual Ratios Bullish



	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	AVG.	
Goodwill as % of Total Assets	1.77%	1.64%	18.73%	17.41%	15.72%	14.12%	14.24%	11.95%	-1
Goodwill as % of Total Equity	2.88%	2.56%	30.27%	27.55%	23.95%	20.56%	22.78%	18.65%	-1
	1.62	1.57	1.62	1.58	1.52	1.46	1.60	1.56	-3

Dual Cash Flow Trend -2  
Financial Ratios (conventional) 4  
Balance Sheet and Income Statement -8  
Accrual Ratios 1.6  
Revenue Metrics and Capital Productivity -4  
Goodwill Trends -3

**GILEAD SCIENCES INC**  
Ending Period Share Price 6/30/10 8/23/10  
34.28 \$ 32.90  
Estimated Fair Value \$ 34.52  
End Price to Est. FV -0.71% -4.70% UNDERVALUED

**BUY**

**Merriam Report Score**

**-11.4**

-0.71%

0.24 \$ 34.52

39.67 20.58%  
Oct. 29