Gilead Sciences Inc

S&P CAPITAL IQ
McGRAW HILL FINANCIAL

S&P Capital IQ Recommendation	Price	12-Mo. Target Price	Report Currency	Investment Style
STRONG BUY ★★★★★	$107.18 (as of Feb 03, 2015 4:00 PM ET)	$143.00	USD	Large-Cap Growth

S&P Capital IQ Equity Analyst Jeffrey Loo, CFA

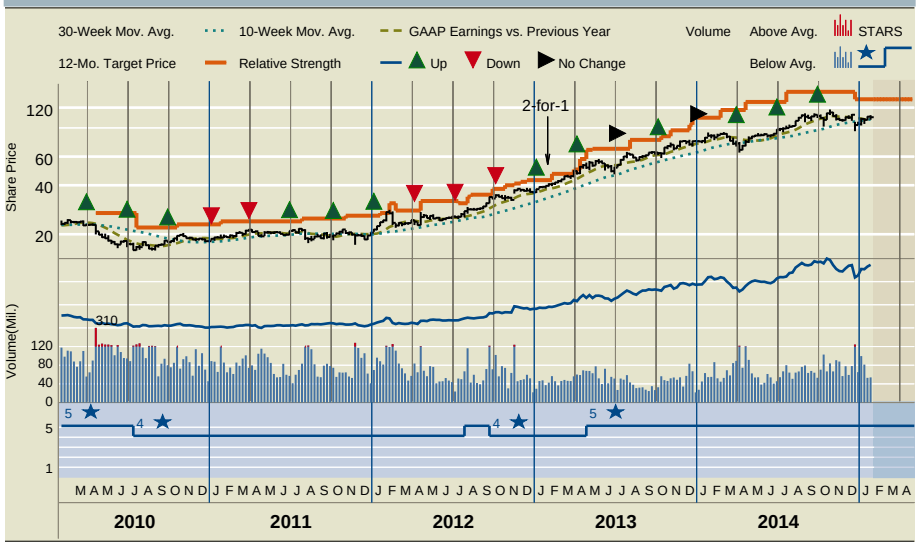
GICS Sector Health Care
Sub-Industry Biotechnology

Summary This biopharmaceutical company is engaged in the discovery, development and commercialization of treatments to fight viral, bacterial and fungal infections, respiratory disorders, cardiovascular conditions, and cancer.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

52-Wk Range	$116.83– 63.50	S&P Oper. EPS 2014E	8.29	Market Capitalization(B)	$162.021	Beta	0.73
Trailing 12-Month EPS	$5.61	S&P Oper. EPS 2015E	9.56	Yield (%)	Nil	S&P 3-Yr. Proj. EPS CAGR(%)	20
Trailing 12-Month P/E	19.1	P/E on S&P Oper. EPS 2014E	12.9	Dividend Rate/Share	Nil	S&P Quality Ranking	B
$10K Invested 5 Yrs Ago	$43,435	Common Shares Outstg. (M)	1,511.7	Institutional Ownership (%)	85		

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **Jeffrey Loo, CFA** on Feb 03, 2015 06:34 PM, when the stock traded at **$107.18**.

Highlights

- We estimate 2015 sales increasing 10.9% to $27.6 billion, driven by GILD's hepatitis C (HCV) franchise of Sovaldi (sofosbuvir) and Harvoni, a fixed-dose combination of ledipasvir and sofosbuvir. Our forecast is slightly above GILD's guidance of $26.0 billion to $27.0 billion, that we see as conservative, in spite of competition and larger discounts in 2015. GILD estimates a 46% gross-to-net adjustment for its HCV franchise, compared to 22% at the end of 2014. In 2014, 170K patients were treated with GILD's HCV drugs and it estimates up to 250K patients treated in 2015, driven by expanded patient access in the U.S and in Europe as more reimbursement agreements have been reached. Although we think the AbbVie and Express Scripts deal with AbbVie's Viekira Pak as the exclusive genotype 1 HCV drug on Express Script's formulary raises some uncertainty on sales, we see GILD maintaining a dominant market share. We also continue to view favorably GILD's leading U.S. HIV drug market share.
- We see gross margin of 90% and operating margins of 68.3% in 2015, up from 66.6% in 2014.
- We see EPS of $9.56 in 2015.

Investment Rationale/Risk

- In spite of recent share volatility due to competition from AbbVie's recently approved HCV drug, Viekira, and exclusive deal with Express Scripts, we expect GILD's HCV program to maintain a dominant market position. We believe AbbVie will likely obtain a 20% market share in HCV, but we believe Harvoni is the physician's preferred choice due to significantly easier compliance as Viekira requires 4-6 pills with dosing more than once a day. We also believe Harvoni's clinical data is superior with the FDA labeling requiring Viekira to be taken with ribavirin for genotype 1 treatment-naive, non-cirrhotic patients. We also believe many patients will be eligible for an eight-week treatment regimen of Harvoni, which would eliminate Viekira's price advantage. With GILD's shares trading at 11.1X our 2015 EPS estimate, well below peers and historical levels, we believe the shares are attractively valued.
- Risks to our recommendation and target price include a significant slowdown in Sovaldi sales.
- Our 12-month target price of $143 is 15.0X our 2015 EPS estimate, and reflecting a 0.75X PEG multiple, well below peers.

Analyst's Risk Assessment

LOW | **MEDIUM** | HIGH

Our risk assessment reflects Gilead's progress toward diversifying its business and easing reliance on its HIV drug franchise for near-term revenue growth, which we see as subject to pricing and reimbursement sensitivity, and some patent expirations late in the decade. We see new growth opportunities in hepatitis C and oncology emerging as potential long-term growth drivers.

Revenue/Earnings Data

Revenue (Million U.S. $)

	1Q	2Q	3Q	4Q	Year
2014	4,999	6,535	6,042	--	--
2013	2,532	2,767	2,783	3,120	11,202
2012	2,282	2,405	2,427	2,588	9,703
2011	1,926	2,137	2,122	2,200	8,385
2010	2,086	1,927	1,938	1,999	7,949
2009	1,530	1,647	1,801	2,032	7,011

Earnings Per Share (U.S. $)

2014	1.33	2.20	1.67	E2.40	E8.29
2013	0.43	0.46	0.47	0.47	1.81
2012	0.29	0.46	0.43	0.47	1.64
2011	0.40	0.47	0.48	0.44	1.78
2010	0.46	0.40	0.42	0.38	1.66
2009	0.32	0.31	0.36	0.43	1.41

Fiscal year ended Dec. 31. Next earnings report expected: Early February. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

No cash dividends have been paid.

Past performance is not an indication of future performance and should not be relied upon as such.

Gilead Sciences Inc

Business Summary February 03, 2015

CORPORATE OVERVIEW. Gilead Sciences (GILD) focuses on the research, development, and marketing of anti-infective medications, with a primary focus on treatments for HIV.

GILD has a leading market position in treating HIV virus. Truvada, approved in 2004, is a once-daily combination tablet formulated with previous-generation drugs Viread and Emtriva. Viread was approved in 2001. Truvada generated 2013 sales of $3.136 billion, slightly below 2012 sales of $3.18 billion. Viread is also used for treating hepatitis B, and saw 13% sales growth to $959 million in 2013 from $849 million in 2012. In 2006, GILD and Bristol-Myers Squibb (BMY) launched Atripla, a combination tablet with Truvada and BMY's Sustiva. Atripla generated 2013 sales of $3.65 billion up 2% from 2012 sales of $3.58 billion. Atripla received EU approval in December 2007.

More recently, Complera (U.S.) and Eviplera (Europe), comprised of Truvada and Tibotec's Edurant (rilpivirine), were approved in 2011, and generated $809 million in 2013 sales, up significantly from $342 million in 2012 sales. In August 2012, the FDA approved GILD's wholly owned "Quad Pill," marketed as Stribild, which combines investigational agents elvitegravir, and HIV-boosting agent cobicistat, with Truvada in patients new to HIV treatment. In Phase III study, Stribild showed non-inferiority to Atripla, with a favorable side effect profile. In May 2013, Stribild was approved in the European Union. Stribild saw sales of $539 million in 2013 compared to initial sales of $58 million in 2012.

Hepsera, approved for treatment of chronic hepatitis B in the U.S. and EU, saw sales decline to $81 million in 2013 following the 25% decline in 2012, to $108 million. AmBisome B, an antifungal agent that is approved for life-threatening fungal infections including cryptococcal meningitis in AIDS patients, generated sales of $352 million in 2013, up slightly from the $348 million in 2012. Tamiflu, an orally administered treatment for influenza A and B, is marketed by Roche, which pays GILD a 21%-22% royalty. Tamiflu's patents expire at the end of 2016.

In October 2006, GILD purchased Myogen for $2.5 billion for rights to Letairis, a once-daily treatment for pulmonary arterial hypertension (PAH), which was approved in June 2007. In 2013, Letairis generated $520 million in sales, up 27% from the $410 million in sales in 2012. In 2009, GILD purchased CV Therapeutics for its lead drug Ranexa for chronic angina. Ranexa generated 2013 sales of $449 million, up 20% from the $373 million in sales in 2012. Cayston (aztreonam lysine), an inhaled medicine for cystic fibrosis, was approved by the FDA in February 2010 and is conditionally approved in Europe, with final approval conditional upon completion of an ongoing study.

PIPELINE. GILD is advancing a pipeline for hepatitis C, centered around Sovaldi (sofosbuvir), acquired from Pharmasset. The drug secured FDA approval in December 2013 for genotypes 1 and 4 (12 weeks, with interferon/ribavirin), genotype 2 (12 weeks, with ribavirin), genotype 3 (24 weeks, with ribavirin). In addition, the FDA allowed Sovaldi/ribavirin to be considered in patients intolerant to interferon in a 24-week regimen. In October 2014, GILD received FDA approval for Harvoni (Ledipasvir/Sofosbuvir), the first once-daily single tablet regimen for the treatment of Hepatitis C for genotype 1, which accounts for about 75% of U.S patients, without the use of interferon and ribavirin. Harvoni achieved cure rates (SVR12) of 94%-99% in three Phase III clinical trials.

In HIV, GILD is in Phase III study on tenofovir alafenamide (GS-7340), which has a more potent profile than current therapy backbone tenofovir (Viread) in smaller doses, thereby reducing toxicity. In October 2012, GS-7340 met its primary endpoint of similar virologic response versus GILD's Stribild, with favorable bone mineral density and serum creatinine outcomes. In April 2011, GILD acquired privately held Calistoga Pharmaceuticals for $375 million to add pipeline candidates in oncology and inflammation. Lead candidate Zydelig (idelalisib) was approved by the FDA in late July 2014 for for chronic lymphocytic leukemia (CLL) and indolent non-Hodgkin's lymphoma (iNHL). European accelerated approval for iNHL, and for CLL is pending. In January 2011, GILD acquired privately held Arresto Biosciences for $225 million for early-stage treatment for idiopathic pulmonary fibrosis and advanced solid tumors. In February 2013, GILD acquired YM Biosciences, a developer of drugs for cancer and inflammatory disorders in a $510 million deal. YM's lead candidate CYT387 has completed Phase I/II study for blood disorder myelofibrosis.

FINANCIAL TRENDS. In 2013, total revenues rose 15.5% to $11.2 billion, from $9.7 billion in 2012. At September 30, 2014, GILD had $7.7 billion of cash and securities and $9.5 billion of long-term debt. The company issued $6 billion of new debt to acquire Pharmasset in January 2012. Since January 2010, GILD has repurchased roughly 169.9 million of its shares for $6.65 billion (including 5.743 million shares repurchased in Q1 2014 for $450 million). GILD commenced a new $5 billion program in 2011, but deferred its program to reduce debt following the Pharmasset acquisition. In July 2013, GILD resumed its repurchase program and in July 2014, it announced a new $5 billion program.

Corporate Information

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Officers

Chrmn & CEO
J.C. Martin

EVP & CSO
N.W. Bischofberger

Pres & COO
J.F. Milligan

EVP & Secy
G.H. Alton

EVP, CFO & Chief Acctg Officer
R.L. Washington

Board Members

J. F. Cogan
C. A. Hills
J. W. Madigan
N. G. Moore
G. E. Wilson
E. F. Davignon
K. E. Lofton
J. C. Martin
R. J. Whitley
P. Wold-Olsen

Domicile
Delaware

Auditor
ERNST & YOUNG, New York, NY

Founded
1987

Employees
6,100

Stockholders
381

Gilead Sciences Inc

S&P CAPITAL IQ
McGRAW HILL FINANCIAL

Quantitative Evaluations

S&P Capital IQ Fair Value Rank 5+

1 | 2 | 3 | 4 | **5**

LOWEST — HIGHEST

Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $217.70

Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that GILD is Undervalued by $110.52 or 103.1%.

Investability Quotient Percentile 97

LOWEST = 1 — HIGHEST = 100

GILD scored higher than 97% of all companies for which an S&P Capital IQ Report is available.

Volatility LOW | **AVERAGE** | HIGH

Technical Evaluation BULLISH

Since January, 2015, the technical indicators for GILD have been BULLISH.

Insider Activity UNFAVORABLE | **NEUTRAL** | FAVORABLE

Expanded Ratio Analysis

	2013	2012	2011	2010
Price/Sales	11.36	5.99	3.86	3.98
Price/EBITDA	26.14	13.47	7.76	7.20
Price/Pretax Income	30.24	16.09	8.86	8.09
P/E Ratio	41.39	22.43	11.53	10.91
Avg. Diluted Shares Outstg (M)	1,694.7	1,582.6	1,580.2	1,746.8

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	15.45	12.47	14.49	25.47
Net Income	18.65	0.96	6.00	NM
Ratio Analysis (Annual Avg.)				
Net Margin (%)	27.45	29.20	32.34	26.49
% LT Debt to Capitalization	21.35	38.20	32.88	29.22

For further clarification on the terms used in this report, please visit www.standardandpoors.com/stockreportguide

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (U.S. $)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tangible Book Value	NM	NM	3.10	2.77	2.69	2.28	1.86	0.99	1.65	1.04
Cash Flow	2.02	1.81	1.97	1.81	1.53	1.08	0.86	-0.62	0.45	0.26
Earnings	1.81	1.64	1.78	1.66	1.41	1.05	0.84	-0.65	0.43	0.25
S&P Capital IQ Core Earnings	1.83	1.68	1.77	1.66	1.41	1.05	0.84	-0.65	0.39	0.20
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	76.11	38.56	21.75	24.75	26.64	28.82	23.95	17.50	14.13	9.77
Prices:Low	36.94	20.68	17.23	15.87	20.31	17.80	15.48	13.12	7.60	6.44
P/E Ratio:High	42	24	12	15	19	27	29	NM	33	39
P/E Ratio:Low	20	13	10	10	14	17	18	NM	18	26
Income Statement Analysis (Million U.S. $)										
Revenue	11,202	9,703	8,385	7,949	7,011	5,336	4,230	3,026	2,028	1,325
Operating Income	4,869	4,314	4,169	4,396	3,802	2,741	2,201	1,683	1,148	656
Depreciation	345	278	302	265	213	51.7	36.9	47.3	36.8	24.4
Interest Expense	307	361	205	109	69.7	12.1	13.5	20.4	0.44	7.35
Pretax Income	4,208	3,612	3,651	3,914	3,502	2,726	2,261	-644	1,158	656
Effective Tax Rate	27.4%	28.8%	23.6%	26.2%	25.0%	26.5%	29.0%	NM	30.0%	31.5%
Net Income	3,075	2,592	2,804	2,901	2,636	2,011	1,615	-1,190	814	449
S&P Capital IQ Core Earnings	3,112	2,659	2,784	2,895	2,630	2,008	1,610	-1,188	737	354
Balance Sheet & Other Financial Data (Million U.S. $)										
Cash	2,132	1,862	9,964	5,318	3,905	3,240	1,172	937	2,324	1,254
Current Assets	6,727	6,156	13,305	8,144	4,813	4,300	3,028	2,429	3,092	1,850
Total Assets	22,497	21,240	17,303	11,593	9,699	7,019	5,835	4,086	3,765	2,156
Current Liabilities	6,325	4,270	2,515	2,465	1,872	1,221	736	764	455	253
Long Term Debt	3,939	7,055	7,921	3,006	1,322	1,300	1,301	1,300	241	0.23
Common Equity	11,433	9,310	6,867	6,122	6,505	4,152	3,460	1,816	3,028	1,871
Total Capital	18,444	17,775	14,788	9,128	7,827	5,672	4,772	3,169	3,277	1,871
Capital Expenditures	191	397	132	61.9	230	115	78.7	105	2,226	51.4
Cash Flow	3,420	2,870	3,106	3,155	2,849	2,063	1,652	-1,143	851	474
Current Ratio	1.2	1.4	5.3	3.3	3.4	3.5	4.1	3.2	6.8	7.3
% Long Term Debt of Capitalization	21.4	39.7	53.6	32.9	16.9	22.9	27.2	41.0	7.3	NM
% Net Income of Revenue	27.5	26.7	33.4	36.5	37.6	37.7	38.2	NM	40.1	33.9
% Return on Assets	NA	NA	19.4	27.3	31.5	31.3	32.6	NM	27.5	24.2
% Return on Equity	NA	NA	43.2	46.5	49.5	52.8	61.2	NM	33.2	31.3

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Gilead Sciences Inc

Sub-Industry Outlook

Our positive fundamental outlook for the biotechnology sub-industry for the next 12 months reflects favorable prospects for new and novel therapies to reach commercialization. We are encouraged by what we view as a strong period for the reporting of late-stage clinical results, and a more accommodating U.S. FDA for approvals. Although the FDA approved 27 new therapies in 2013, down from 39 in 2012, we think many of these newly approved drugs have significant commercial prospects and represent major advances in therapeutic areas such as hepatitis C, multiple sclerosis and cancer. We expect wider adoption of biomarker research and genetic-targeted clinical studies to help bolster long-term R&D pipeline productivity. In late 2012, the FDA introduced "breakthrough therapy" designations, intended to speed development of promising programs, and granted this designation 35 times, and has approved three drugs with this status as of May 2014.

We expect a favorable M&A (mergers and acquisitions) climate, as large pharmaceutical firms move to offset lost revenues from expiring drug patents and large biotechs bolster their drug pipelines amid maturing products. We note an uptick in M&A speculation and announced deals recently after a subdued first half of 2013. We also see large cap biotechs generating cash flows supporting larger scale acquisitions of their own. In 2011, industry bellwether Amgen became the first biotech company to initiate a regular dividend.

The 2010 health care reform law established the FDA's authorization to govern "biosimilar" drug approvals and set a 12-year exclusivity to branded drugmakers. However, we see biosimilars advancing at a slower rate than initially anticipated. Several firms have abandoned biosimilar plans due to high development costs and a lack of regulatory clarity. Once marketed, we expect biosimilars to sell at more modest price discounts than in the pharmaceutical industry due to higher clinical, manufacturing and marketing costs, and we expect branded drugs to retain significant market share due to a lack of interchangeability among these options.

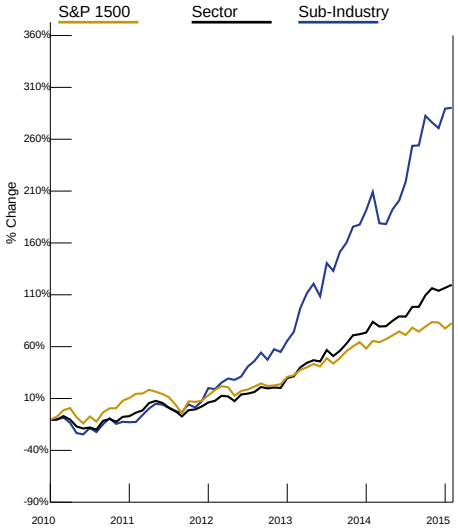
We recommend that investors concentrate core holdings in established, profitable companies, as smaller biotechs tend to be more volatile. We would seek companies with at least two years of operating capital and multiple pipeline value drivers, as those with smaller pipelines typically suffer significant share price declines on an unfavorable outcome. Year-to-date through September 19, the S&P Biotech Index rose 26.0% vs. a 8.2% gain for the S&P 1500 Composite Index. In 2013, the S&P Biotech Index rose 74.2%, vs. a 30.1% gain for the S&P 1500 Index.

--Jeffrey Loo, CFA

Industry Performance

GICS Sector: Health Care
Sub-Industry: Biotechnology

Based on S&P 1500 Indexes
Five-Year market price performance through
Feb 3, 2015



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : Biotechnology Peer Group*: Biotech Therapeutics - Larger Capitalization

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Gilead Sciences	**GILD**	**162,021**	**107.18**	**116.83/63.50**	**0.73**	**Nil**	**19**	**217.70**	**B**	**97**	**27.4**	**21.4**
Amgen Inc	AMGN	115,635	152.23	173.14/108.20	0.52	2.1	23	167.00	B+	90	27.2	54.6
Biogen Idec	BIIB	93,003	393.89	397.00/272.02	1.10	Nil	32	452.30	B+	99	26.9	6.4
Celgene Corp	CELG	93,928	117.60	124.60/66.85	1.09	Nil	49	156.30	B	95	22.3	43.0

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Gilead Sciences Inc

S&P Capital IQ Analyst Research Notes and other Company News

February 3, 2015
06:14 pm ET ... S&P CAPITAL IQ REITERATES STRONG BUY OPINION ON SHARES OF GILEAD SCIENCES (GILD 107.18*****): We raise our 12-month target $8 to $143 on below peers 15X our '15 EPS estimate. Q4 EPS of $2.43 vs. $0.55 is $0.03 ahead of our estimate. Sovaldi and Harvoni sales of $3.8B. In '14, 170K patients were treated with Sovaldi or Harvoni and GILD sees up to 250K patients treated in '15. But GILD estimates a 46% gross-to-net adjustment, more than double the 22% in '14, indicating larger discounts. GILD guides, '15 sales of $26.0B-$27.0B that we view as conservative, in spite of competition and higher rebates. GILD initiates $0.43 quarterly dividend and announces a $15B stock buyback. /Jeffrey Loo, CFA

January 5, 2015
02:21 pm ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF GILEAD SCIENCES (GILD 97.28*****): CVS Health (CVS 95 ****) announced it has given GILD's hepatitis C (HCV) drugs, Sovaldi and Harvoni exclusivity on its formularies. This follows AbbVie's (ABBV 64 ***) exclusive deal with Express Scripts, for its recently approved HCV drug, Viekira. We are not surprised by the CVS/GILD deal and believe it removes some investor concern over a potential ABBV/CVS deal. The companies have not disclosed a pricing discount, but we believe GILD will provide a discount. Express Scripts and CVS are the 2 largest PBMs in the U.S., respectively, and we do not see any more exclusive deals. /Jeffrey Loo, CFA

December 22, 2014
11:15 am ET ... S&P CAPITAL IQ MAINTAINS STRONG BUY OPINION ON SHARES OF GILEAD SCIENCES (GILD 94.85*****): The FDA approved AbbVie's (ABBV 67 ***) hepatitis C (HCV) drug, Viekira Pak, that will compete with GILD's HCV drugs. ABBV priced Viekira Pak at $83,319, below Sovaldi and Harvoni. FDA approval was expected, but more importantly, ABBV entered into an exclusive deal with Express Scripts, which includes a "significant discount" with Viekira Pak as the exclusive HCV drug, excluding GILD"s drugs. We believe this unprecedented deal will hurt GILD sales by at least $1B in 2015. We lower our 12-mo. target $15 to $135 on below-peers 15X our '15 EPS est. of $9.00, down from $9.65. /gcc_support

December 22, 2014
11:15 am ET ... CORRECTION - S&P CAPITAL IQ KEEP STRONG BUY OPINION ON SHARES OF GILEAD SCIENCES (GILD 94.85*****): Corrected analyst tag. The FDA approved AbbVie's (ABBV 67 ***) hepatitis C (HCV) drug, Viekira Pak, that will compete with GILD's HCV drugs. ABBV priced Viekira Pak at $83,319, below Sovaldi and Harvoni. ABBV entered into an exclusive deal with Express Scripts, which includes a "significant discount" with Viekira Pak as the exclusive HCV drug, excluding GILD"s drugs. We believe this unprecedented deal will hurt GILD sales by at least $1B in 2015. We lower our 12-mo. target $15 to $135 on below-peers 15X our '15 EPS est. of $9.00, down from $9.65. /Jeffrey Loo, CFA

October 28, 2014
05:52 pm ET ... S&P CAPITAL IQ REITERATES STRONG BUY OPINION ON SHARES OF GILEAD SCIENCES INC. (GILD 113.45*****): We lower our '14 EPS est. $0.51 to $8.29 but keep our 12-mo. target at $150 on below peers 15.6X our forward 12-mo. EPS est. of $9.58. Q3 adj. EPS of $2.05 vs. $0.52 is $0.41 below our est. Sovaldi sales of $2.8B was robust but below our $3.4B forecast due to patient delays in anticipation of FDA approval of Harvoni. But we see a re-acceleration of hepatitis C sales driven by Harvoni in Q4 and '15. GILD indicated the Harvoni launch is proceeding well with a broader group of physicians prescribing it, a faster rate of adoption, and the potential for an 8-week treatment regimen. /Jeffrey Loo, CFA

October 10, 2014
02:23 pm ET ... S&P CAPITAL IQ REITERATES STRONG BUY OPINION ON SHARES OF GILEAD SCIENCES (GILD 105.92*****): The FDA approved GILD's Sovaldi + Ledipasvir (Harvoni) pill to treat genotype 1 hepatitis C (HCV) patients, with treatment duration of 8, 12 or 24 weeks. Harvoni is the first combination pill approved to treat genotype 1 HCV patients and is the first regimen that does not require interferon or ribavirin. We expect Harvoni, with cure rates of between 94%-99% to command a dominant market position. But we note continued pricing controversy. Although GILD has not disclosed pricing, we anticipate Harvoni to be priced around $95K for 12-weeks. We also anticipate EU approval shortly. /Jeffrey Loo, CFA

September 15, 2014
03:28 pm ET ... S&P CAPITAL IQ REITERATES STRONG BUY OPINION ON SHARES OF GILEAD SCIENCES (GILD 101.22*****): GILD announced a deal with 7 Indian generic drug firms that enables these firms to sell Sovaldi at a much lower cost than the $84,000 GILD charges for a 12-week regimen in the U.S. The deal covers 91 developing countries, where more than 100 million people have hepatitis C, but excludes many of the larger more developed countries such as China and Brazil. GILD plans to price its own branded Sovaldi in India for $10 a pill or $300/month, so we expect generics to be priced lower. Separately, GILD provided a glimpse of the potential pricing for Sovalid/Ledipasvir at about $95,000. /Jeffrey Loo, CFA

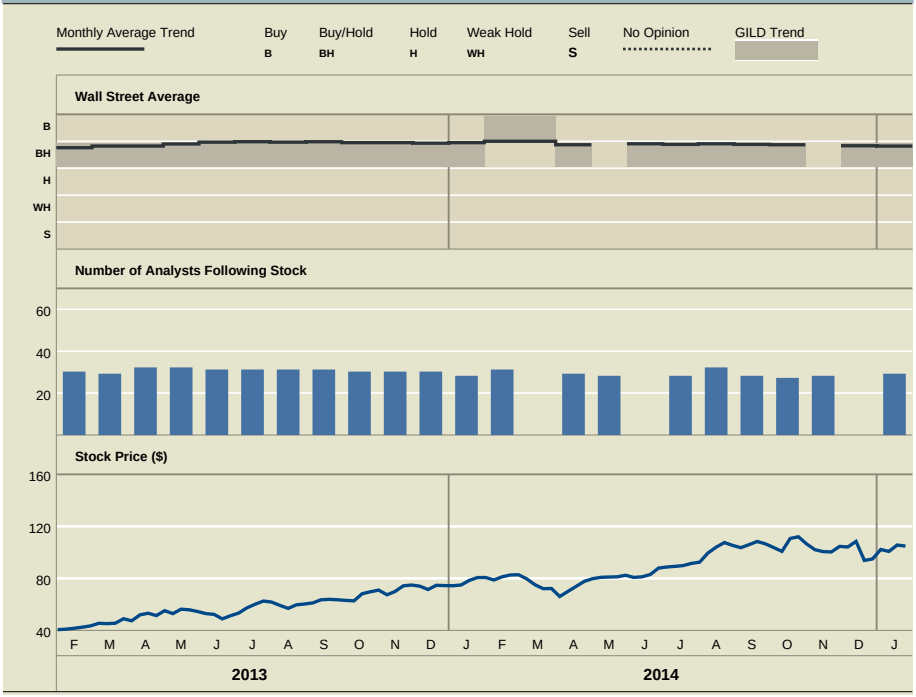
July 24, 2014
08:29 am ET ... S&P CAPITAL IQ REITERATES STRONG BUY OPINION ON SHARES OF GILEAD SCIENCES (GILD 90.34*****): We raise our target price $20 to $150 on below peers 17X our '14 EPS est. of $8.80, up from $4.94 and PEG of 0.45X. Q2 adj. EPS of $2.36 vs. $0.50 is $1.20 above our est. Robust Sovaldi sales of $3.5B easily beat our $2.8B forecast as payer reimbursement expands amid continued calls to lowering its price. Only 3 states now do not provide Medicaid reimbursement for Sovaldi. GILD stated they have seen evidence of some patient warehousing in anticipation of its Sovaldi/Ledipasvir's Oct. 10 FDA action date, but we believe potential impact to be immaterial as demand remains robust. /Jeffrey Loo, CFA

June 9, 2014
10:52 am ET ... S&P CAPITAL IQ MAINTAINS STRONG BUY OPINION ON SHARES OF GILEAD SCIENCES (GILD 79.29*****): GILD shares are lower following news of Merck (MRK 58, ***) agreeing to acquire Idenix (IDIX 24, NR) for $3.85B. IDIX has a portfolio of hepatitis C (HCV) compounds based on nucleoside/nucleotide chemistry similar to GILD's Sovaldi. MRK believes a combination of two of its HCV compounds MK-5127 and MK-8742 along with one of IDIX's HCV compounds, including IDX 21437, could create a potent drug to cure all strains of HCV in as little as four weeks. But we believe any potential successful MRK and IDIX drug combination is several years away and GILD's share decline is unwarranted. /Jeffrey Loo, CFA

June 9, 2014
10:41 am ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF MERCK (MRK 57.77***): MRK agrees to buy Idenix (IDIX 24 NR) for $24.50/share or $3.9B. The deal, subject to approvals, is expected to close in Q3 14. IDIX has a portfolio of Hepatitis C (HCV) candidates based on nucleoside/nucleotide chemistry. MRK believes a combination of its HCV candidates MK-5172 and MK-8742 with one of IDIX's compounds can offer a potent drug to cure all strains of HCV in as little as 4 weeks. IDIX's main drug, IDX 21437, works similar to Gilead Science's (GILD 80 *****) HCV drug Sovaldi. But we note toxicity levels in nucleosides/nucleotides are high and challenging to produce. /Jeffrey Loo, CFA

Gilead Sciences Inc

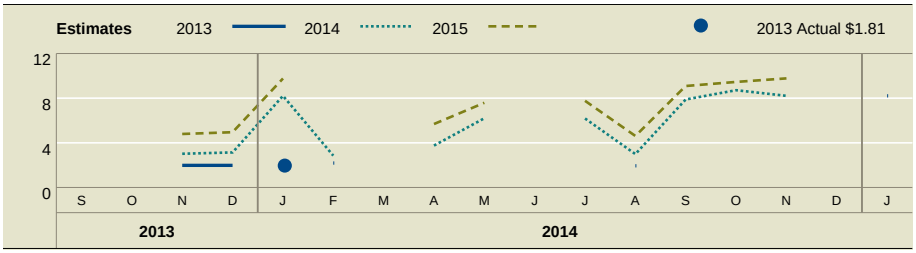
Analysts' Recommendations



Of the total 29 companies following GILD, 29 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	14	48	0	14
Buy/Hold	10	34	0	8
Hold	3	10	0	4
Weak Hold	1	3	0	0
Sell	0	0	0	0
No Opinion	1	3	0	2
Total	**29**	**100**	**0**	**28**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2015	9.84	12.15	7.14	27	10.9
2014	8.29	8.29	8.29	1	12.9
2015 vs. 2014	▲ 19%	▲ 47%	▼ -14%	▲ 2600%	▼ -16%

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Argus Research Company
Atlantic Equities LLP
BMO Capital Markets, Canadian Equity Research
Barclays
BofA Merrill Lynch
Citigroup Inc
Cowen and Company, LLC
Credit Suisse
Deutsche Bank
Erste Group Bank AG
Evercore ISI
Goldman Sachs
Guggenheim Securities, LLC
JMP Securities
JP Morgan
Jefferies LLC
Leerink Swann LLC
Maxim Group
Morgan Stanley
Morningstar Inc.
Needham & Company
Nomura Securities Co. Ltd.
Piper Jaffray Companies
RBC Capital Markets
Robert W. Baird & Co.
Sanford C. Bernstein & Co., Inc.
UBS Investment Bank
Wells Fargo Securities, LLC
William Blair & Company L.L.C.

Wall Street Consensus vs. Performance

For fiscal year 2014, analysts estimate that GILD will earn US$ 8.29. For fiscal year 2015, analysts estimate that GILD's earnings per share will grow by 19% to US$ 9.84.

Gilead Sciences Inc

Glossary

S&P Capital IQ STARS
Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

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(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Capital IQ EPS Estimates
S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

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S&P Capital IQ 12-Month Target Price
The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

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CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment
Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:
★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.
★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.
★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.
★★★☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.
★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:
In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

Gilead Sciences Inc

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STARS Stock Reports:

S&P Capital IQ Global STARS Distribution as of December 31, 2014

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Hold	51.6%	48.4%	45.0%	50.4%
Sell	10.7%	26.2%	21.2%	14.4%
Total	100%	100%	100%	100%

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Gilead Sciences Inc

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