

GENZYME CORPORATION (GENZ)

Consolidated Statements of Operations (Unaudited, amounts in thousands, except per share amounts)	Three Months Ended March 31,	
	2009	2008
Total revenues	\$ 1,148,871	\$ 1,100,061
Operating costs and expenses:		
Cost of products and services sold	295,812	272,313
Selling, general and administrative	317,961	318,386
Research and development	206,925	262,797
Amortization of intangibles	57,598	55,658
Total operating costs and expenses	878,296	909,154
Operating income	270,575	190,907
Other income (expenses):		
Equity in income of equity method investments	-	188
Gain (loss) on investments in equity securities, net	(576)	775
Other	(979)	303
Investment income	5,350	14,870
Interest expense	-	(1,655)
Total other income (expenses)	3,795	14,481
Income before income taxes	274,370	205,388
Provision for income taxes	(78,884)	(60,117)
Net income	\$ 195,486	\$ 145,271
Net income per share:		
Basic	\$ 0.72	\$ 0.54
Diluted (1)	\$ 0.70	\$ 0.52
Weighted average shares outstanding:		
Basic	270,854	267,276
Diluted (1)	277,628	285,208

All amounts herein are presented in accordance with GAAP and are provided for quantitative analysis only and should be read in conjunction with the text of the Earnings Release. In addition, we believe that certain Non-GAAP financial measures, when considered together with the GAAP figures, can enhance the overall understanding of the company's past financial performance and its prospects for the future. Please refer to our GAAP to Non-GAAP Reconciliations attached to the Earnings Releases for the above respective periods, which are filed as 8-K's with the Securities and Exchange Commission at www.sec.gov. The Non-GAAP financial measures are provided with the intent of providing investors with a more complete understanding of the trends underlying our operating results and financial position and are among the primary indicators management uses for planning and forecasting purposes and measuring the company's performance.

Please refer to our Form 10-Q's and Form 10-K's for an in-depth discussion and analysis of our results of operations and financial position and for detailed information regarding specific material transactions in a particular period.

- (1) Prior to January 1, 2009, in accordance with EITF 04-8, the shares issuable upon conversion of our \$690.0 million in principal of 1.25% convertible senior notes were included in diluted weighted average shares outstanding for purposes of computing diluted earnings per share, unless the effect was anti-dilutive. Accordingly, for the three months ended March 31, 2008, interest and debt fees related to these notes of \$1.9 million, net of tax, have been added back to net income and approximately 9.7 million shares issuable upon conversion of these notes, prior to redemption, have been included in diluted weighted average shares outstanding. There are no similar adjustments to the computation of diluted earnings per share for the three months ended March 31, 2009 because the notes were redeemed, primarily for cash, on December 1, 2008.

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Condensed Consolidated Balance Sheets (Unaudited, amounts in thousands)	March 31, 2009	December 31, 2008
Cash and all marketable securities	\$ 981,770	\$ 973,691
Other current assets	1,832,611	1,886,522
Property, plant and equipment, net	2,354,299	2,306,567
Intangibles, net	2,998,550	3,055,772
Other noncurrent assets	452,676	448,724
Total assets	<u>\$ 8,619,906</u>	<u>\$ 8,671,276</u>
Current liabilities	\$ 835,322	\$ 914,283
Noncurrent liabilities	444,343	451,000
Stockholders' equity	7,340,241	7,305,993
Total liabilities and stockholders' equity	<u>\$ 8,619,906</u>	<u>\$ 8,671,276</u>