

GENZYME CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP EARNINGS
For the Three Months Ended September 30, 2008
(Amounts in thousands, except percentage and per share data)

	GAAP As Reported	FAS 123R Expense	NON-GAAP As Adjusted (1)
Income Statement Classification:			
Total revenues	\$ 1,160,284		\$ 1,160,284
Cost of products and services sold	\$ (285,208)	\$ 6,926	\$ (278,282)
Gross margin	75% \$ 875,076	\$ 6,926	76% \$ 882,002
Selling, general and administrative	\$ (331,170)	\$ 24,222	\$ (306,948)
Research and development	\$ (305,242)	\$ 14,645	\$ (290,597)
Amortization of intangibles	\$ (55,295)		\$ (55,295)
Purchase of in-process research and development	\$ -		\$ -
Equity in income (loss) of equity method investments	\$ -		\$ -
Minority interest	\$ 566		\$ 566
Gains (losses) on investments in equity securities	\$ (14,129)		\$ (14,129)
Other	\$ (699)		\$ (699)
Investment income	\$ 11,793		\$ 11,793
Interest Expense	\$ (792)		\$ (792)
Summary:			
Income (loss) before income taxes	\$ 180,108	\$ 45,793	\$ 225,901
(Provision for) benefit from income taxes	34% \$ (60,512)	\$ (14,025)	33% \$ (74,537)
Net income (loss)	<u>\$ 119,596</u>	<u>\$ 31,768</u>	<u>\$ 151,364</u>
Net income (loss) per share:			
Basic	\$ 0.44	\$ 0.12	\$ 0.56
Diluted (2)	\$ 0.42	\$ 0.11	\$ 0.53
Weighted average shares outstanding:			
Basic	269,176		269,176
Diluted (2)	288,179		288,179

Items Formerly Excluded From Non-GAAP [(Income)/Expense]			
Dilution Due to Common Stock Equivalents	Loss on Investment in Equity Securities	License Fee	Amortization
		\$ 100,000	
			\$ 55,295
	\$ 14,268		
\$ -	\$ 14,268	\$ 100,000	\$ 55,295
\$ -	\$ (3,673)	\$ (8,750)	\$ (18,711)
<u>\$ -</u>	<u>\$ 10,595</u>	<u>\$ 91,250</u>	<u>\$ 36,584</u>

Notes:

(1) Represents the adjusted Non-GAAP results of operations and financial position for Genzyme Corporation for the three months ended September 30, 2008. All other amounts presented herein represent previously reported amounts. 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. The Non-GAAP financial measures are included 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. Such Non-GAAP financial measures should not be considered in isolation or used as a substitute for GAAP.

(2) Diluted earnings per share and diluted weighted average shares outstanding reflect the adoption of EITF 04-8. In accordance with the provisions of EITF 04-8, interest and debt fees related to our 1.25% convertible senior notes of \$1,885K, net of tax, have been added back to net income and approximately 9,686K shares have been added to diluted weighted average shares outstanding for purposes of computing GAAP and Non-GAAP diluted earnings per share.