

GENZYME CORPORATION (GENZ)

Consolidated Statements of Operations (Unaudited, amounts in thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
Total revenues	\$ 1,057,514	\$ 1,160,284	\$ 3,434,895	\$ 3,431,479
Operating costs and expenses:				
Cost of products and services sold	359,407	285,208	1,005,742	857,851
Selling, general and administrative	367,347	331,170	1,039,436	996,861
Research and development	219,275	305,242	636,722	949,900
Amortization of intangibles	71,280	55,295	192,823	166,558
Contingent consideration expense	28,197	-	37,287	-
Total operating costs and expenses	<u>1,045,506</u>	<u>976,915</u>	<u>2,912,010</u>	<u>2,971,170</u>
Operating income	<u>12,008</u>	<u>183,369</u>	<u>522,885</u>	<u>460,309</u>
Other income (expenses):				
Gain (loss) on investments in equity securities, net	(651)	(14,129)	(1,332)	(4,201)
Gain on acquisition of business	-	-	24,159	-
Other	616	(133)	(2,419)	940
Investment income	4,544	11,793	14,038	40,015
Interest expense	-	(792)	-	(3,596)
Total other income (expenses)	<u>4,509</u>	<u>(3,261)</u>	<u>34,446</u>	<u>33,158</u>
Income before income taxes	16,517	180,108	557,331	493,467
Provision for income taxes	(522)	(60,512)	(158,276)	(159,036)
Net income	<u>\$ 15,995</u>	<u>\$ 119,596</u>	<u>\$ 399,055</u>	<u>\$ 334,431</u>
Net income per share:				
Basic	<u>\$ 0.06</u>	<u>\$ 0.44</u>	<u>\$ 1.48</u>	<u>\$ 1.25</u>
Diluted (1)	<u>\$ 0.06</u>	<u>\$ 0.42</u>	<u>\$ 1.45</u>	<u>\$ 1.19</u>
Weighted average shares outstanding:				
Basic	<u>268,957</u>	<u>269,176</u>	<u>269,923</u>	<u>267,767</u>
Diluted (1)	<u>273,741</u>	<u>288,179</u>	<u>275,375</u>	<u>286,003</u>

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, interest and debt fees related to these notes of \$1.9 million, net of tax, for the three months ended September 30, 2008, and \$5.7 million, net of tax, for the nine months ended September 30, 2008 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 and nine months ended September 30, 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)	September 30,	December 31,
	2009	2008
Cash and all marketable securities	\$ 988,872	\$ 973,691
Other current assets	1,947,836	1,886,522
Property, plant and equipment, net	2,695,231	2,306,567
Intangibles, net	3,779,951	3,055,772
Other noncurrent assets	559,001	448,724
Total assets	<u>\$ 9,970,891</u>	<u>\$ 8,671,276</u>
Current liabilities	\$ 1,097,440	\$ 914,283
Noncurrent liabilities	1,258,120	451,000
Stockholders' equity	7,615,331	7,305,993
Total liabilities and stockholders' equity	<u>\$ 9,970,891</u>	<u>\$ 8,671,276</u>