

GENZYME CORPORATION (GENZ)

Consolidated Statements of Operations (Unaudited, amounts in thousands, except per share amounts)	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Total revenues	\$ 1,173,560	\$ 1,036,758	\$ 4,605,039	\$ 3,813,519
Operating costs and expenses:				
Cost of products and services sold	290,711	262,657	1,148,562	927,330
Selling, general and administrative	341,329	308,377	1,338,190	1,187,184
Research and development	358,430	197,323	1,308,330	737,685
Amortization of intangibles	59,884	51,804	226,442	201,105
Charge for impaired assets	2,036	-	2,036	-
Purchase of in-process research and development	-	106,350	-	106,350
Total operating costs and expenses	1,052,390	926,511	4,023,560	3,159,654
Operating income	121,170	110,247	581,479	653,865
Other income (expenses):				
Equity in income of equity method investments	13	8,489	201	7,398
Minority interest	625	-	2,217	3,932
Gain (loss) on investments in equity securities, net	861	(969)	(3,340)	13,067
Other	(1,021)	(747)	(1,861)	(637)
Investment income	11,245	18,509	51,260	70,196
Interest expense	(822)	(2,864)	(4,418)	(12,147)
Total other income (expenses)	10,901	22,418	44,059	81,809
Income before income taxes	132,071	132,665	625,538	735,674
Provision for income taxes	(45,421)	(53,766)	(204,457)	(255,481)
Net income	\$ 86,650	\$ 78,899	\$ 421,081	\$ 480,193
Net income per share:				
Basic	\$ 0.32	\$ 0.30	\$ 1.57	\$ 1.82
Diluted (1)	\$ 0.31	\$ 0.29	\$ 1.50	\$ 1.74
Weighted average shares outstanding:				
Basic	270,658	265,418	268,490	263,895
Diluted (1)	284,338	283,374	285,595	280,767

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, Genzyme believes that certain non-GAAP financial measures, when considered together with the GAAP figures, can enhance the overall understanding of Genzyme'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 included in the Investors section of our website at www.genzyme.com. 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 Genzyme 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) In accordance with EITF 04-8, the shares issuable upon conversion of our \$690.0 million in principal of 1.25% convertible senior notes are included in diluted weighted average shares outstanding for purposes of computing diluted earnings per share, unless the effect would be anti-dilutive. The notes were redeemed for primarily cash on December 1, 2008. Accordingly, interest and debt fees related to these notes of \$1.3 million and \$1.9 million, net of tax, for the three months ended December 31, 2008 and 2007, respectively, and \$6.9 million and \$7.5 million, net of tax, for the years ended December 31, 2008 and 2007, respectively, have been added back to net income. Approximately 6.4 million shares and 8.9 million shares issuable upon conversion of these notes prior to redemption have been included in diluted weighted average shares outstanding for the three months ended and the year ended December 31, 2008, respectively. Approximately 9.7 million shares issuable upon conversion of these notes have been included in diluted weighted average shares outstanding for the same periods of 2007.

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Condensed Consolidated Balance Sheets (Unaudited, amounts in thousands)	December 31, 2008	December 31, 2007
Cash and all marketable securities	\$ 973,775	\$ 1,460,394
Other current assets	1,852,220	1,661,740
Property, plant and equipment, net	2,306,567	1,968,402
Intangibles, net (1)	3,285,298	2,959,480
Other noncurrent assets	518,764	251,725
Total assets	<u>\$ 8,936,624</u>	<u>\$ 8,301,741</u>
Current liabilities	\$ 914,265	\$ 1,502,406
Noncurrent liabilities (1)	687,163	186,398
Stockholders' equity	7,335,196	6,612,937
Total liabilities and stockholders' equity	<u>\$ 8,936,624</u>	<u>\$ 8,301,741</u>

- (1) Effective January 1, 2008, in connection with the restructuring of BioMarin/Genzyme LLC, our joint venture with BioMarin Pharmaceutical Inc., we licensed certain rights to commercialize Aldurazyme from the joint venture and began consolidating the results of the joint venture at fair value in accordance with FIN 46R. As of December 31, 2008, intangibles, net, and noncurrent liabilities each include a net \$456,475K for the fair values associated with the joint venture's manufacturing and commercialization rights to Aldurazyme. Excluding these rights, the fair value of the assets and liabilities of the joint venture as of December 31, 2008 was not significant.