

**EDWARDS LIFESCIENCES CORPORATION**  
**Unaudited Consolidated Statements of Operations**

Three Months Ended  
**March 31,**

(in millions, except per share data)

**2008      2007**

Net sales	\$296.8	\$264.1
Cost of goods sold	102.9	93.2
Gross profit	193.9	170.9
Selling, general and administrative expenses	114.6	98.6
Research and development expenses	32.9	28.8
Special charges, net	10.1	-
Interest expense, net	0.4	0.2
Other expense (income), net	1.2	(1.3)
Income before provision for income taxes	34.7	44.6
Provision for income taxes	16.5	11.4
Net income	\$18.2	\$33.2

**Earnings per share:**

Basic earnings per share	\$0.32	\$0.57
Diluted earnings per share	\$0.31	\$0.54

**Weighted average common shares outstanding:**

Basic	56.1	57.9
Diluted	58.5	63.5

**Operating Statistics**

As a percentage of net sales:

Gross profit	65.3%	64.7%
Selling, general and administrative expenses	38.6%	37.3%
Research and development expenses	11.1%	10.9%
Income before provision for income taxes	11.7%	16.9%
Net income	6.1%	12.6%
Effective tax rate	47.6%	25.6%

**Computation of Diluted Earnings per Share**

Net income	\$18.2	\$33.2
Adjustment for convertible debt interest expense	(A)	1.0
Adjusted net income	\$18.2	\$34.2
Weighted average common shares outstanding used to calculate diluted earnings per share excluding convertible debt	58.5	60.8
Weighted average common shares outstanding for the convertible debt	(A)	2.7
Weighted average common shares outstanding used to calculate diluted earnings per share including the convertible debt	58.5	63.5
Diluted earnings per share including the convertible debt	\$0.31	\$0.54

(A) The shares from the convertible debt have an anti-dilutive effect on the earnings per share calculation in the first quarter of 2008. Therefore, we have properly excluded both the shares and the related interest expense from the diluted earnings per share calculation.

Note: Numbers may not foot due to rounding

**EDWARDS LIFESCIENCES CORPORATION****Unaudited Balance Sheets**

(in millions)

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$162.9	\$141.8
Short-term investments	26.7	49.4
Accounts and other receivables, net	155.3	145.3
Inventories, net	139.5	152.6
Deferred income taxes	34.8	30.2
Prepaid expenses	30.8	25.4
Other current assets	41.6	37.0
Total current assets	<u>591.6</u>	<u>581.7</u>
Property, plant and equipment, net	223.6	228.2
Goodwill	315.7	350.3
Other intangible assets, net	111.9	122.5
Investments in unconsolidated affiliates	28.0	34.3
Deferred income taxes	19.7	13.8
Other assets	19.8	14.3
Total assets	<u><u>\$1,310.3</u></u>	<u><u>\$1,345.1</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$241.6	\$225.4
Convertible debt	150.0	150.0
Total current liabilities	<u>391.6</u>	<u>375.4</u>
Long-term debt	62.9	61.7
Other long-term liabilities	78.2	73.0
<b>Stockholders' equity</b>		
Common stock	68.9	68.6
Additional contributed capital	695.0	680.6
Retained earnings	566.8	548.6
Accumulated other comprehensive income	17.2	7.5
Common stock in treasury, at cost	(570.3)	(470.3)
Total stockholders' equity	<u>777.6</u>	<u>835.0</u>
Total liabilities and stockholders' equity	<u><u>\$1,310.3</u></u>	<u><u>\$1,345.1</u></u>

# EDWARDS LIFESCIENCES CORPORATION

## Non-GAAP Financial Information

To supplement the consolidated financial results prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), the Company uses non-GAAP financial measures that exclude certain items, such as special charges and gains, results of discontinued products, and fluctuations in exchange rates. Management does not consider the excluded items part of day-to-day business or reflective of the core operational activities of the Company as they result from transactions outside the ordinary course of business.

Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. Certain guidance is provided only on a non-GAAP basis that excludes special items and foreign exchange fluctuations due to the inherent difficulty in forecasting such items. By disclosing non-GAAP financial measures, management intends to provide investors with a more meaningful, consistent comparison of the Company's core operating results and trends for the periods presented.

Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, nor superior to, the corresponding measures calculated in accordance with GAAP.

### **The items described below are excluded from the GAAP financial results in the reconciliations that follow:**

**Special Charges, net** - The Company incurred certain special charges and gains in 2008 related to the following:

- 1) *Loss on sale of product line*: \$8.1 million net loss on the sale of the LifeStent product line in the first quarter of 2008;
- 2) *Litigation settlement*: \$2.1 million charge for a litigation settlement;
- 3) *Realignment expenses, net*: \$1.3 million charge for executive severance associated with the Company's business realignment, offset by a \$1.4 million gain from the reversal of previously accrued severance costs from the fourth quarter of 2007 related to the sale of the LifeStent product line in the first quarter of 2008.

Given the magnitude and unusual nature of these special charges and gains relative to the operating results for the periods presented, these items have been excluded from non-GAAP net income.

**Results of Discontinued Products** – The Company has discontinued certain products during the periods presented. As discontinued products do not have a continuing contribution to operations, management believes that excluding such items from the Company's sales growth provides investors with a means of evaluating the Company's on-going operations. In light of the significance of the impact these products had on the sales growth of the Company, the sales results of these products have been detailed in the "Unaudited Reconciliation of Sales by Product Line and Region."

**Foreign Exchange** - Fluctuation in exchange rates impacts the comparative results and sales growth rates of the Company's underlying business. Management believes that excluding the impact of foreign exchange rate fluctuations from its sales growth provides investors a more meaningful comparison to historical financial results. The impact of foreign exchange rate fluctuations has been detailed in the "Unaudited Reconciliation of Sales by Product Line and Region."

**EDWARDS LIFESCIENCES CORPORATION**  
**Reconciliation of GAAP to Non-GAAP Financial Information**

Three Months Ended  
**March 31,**  
**2008      2007**

(in millions, except per share data)

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**GAAP net income** \$18.2      \$33.2

Reconciling items:

**Special charges, net**

1) Loss on sale of product line	8.1	-
2) Litigation settlement	2.1	-
3) Realignment expenses, net	(0.1)	-
Total special charges, net	10.1	-

**Provision for income taxes**

Tax effect on non-GAAP adjustments (A)	4.9	-
Total provision for income taxes, net	4.9	-

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**Non-GAAP net income** **\$33.2      \$33.2**

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**Non-GAAP earnings per share:**

Basic non-GAAP earnings per share	\$0.59	\$0.57
Diluted non-GAAP earnings per share (B)	\$0.56	\$0.54

**Non-GAAP weighted average shares outstanding:**

Basic	56.1	57.9
Diluted	61.2	63.5

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Notes 1 - 3: See description of Special Charges, net on the previous page.

(A) The tax effect on non-GAAP adjustments is calculated using the relevant tax jurisdictions' statutory tax rates.

(B) Diluted non-GAAP earnings per share is calculated by adding back to net income \$1.0 million for the quarter in interest expense related to the convertible debt, then dividing by the weighted average diluted shares outstanding.

Note: Numbers may not calculate due to rounding

**EDWARDS LIFESCIENCES CORPORATION**  
**Unaudited Reconciliation of Sales by Product Line and Region**  
(in millions)

Sales by Product Line (QTD)	1Q 2008	1Q 2007	Change	GAAP Growth Rate	2008 Adjusted		2007 Adjusted			Underlying Growth Rate *
					Discontinued Product Line Impact	1Q 2008 Underlying Sales	Discontinued Product Line Impact	FX Impact	1Q 2007 Underlying Sales	
Heart Valve Therapy	\$ 146.7	\$ 129.5	\$ 17.2	13.3%	\$ -	\$ 146.7	\$ (1.8)	\$ 6.1	\$ 133.8	9.6%
Critical Care	106.7	90.9	15.8	17.4%	(0.6)	106.1	-	5.2	96.1	10.4%
Cardiac Surgery Systems	21.4	16.8	4.6	27.4%	-	21.4	2.3	0.8	19.9	7.5%
Vascular	22.0	20.2	1.8	8.9%	(7.8)	14.2	(6.1)	0.8	14.9	(5.0%)
Other Distributed Products	-	6.7	(6.7)	(100.0%)	-	-	(6.9)	0.1	(0.1)	(100.0%)
<b>Total Sales</b>	<b>\$ 296.8</b>	<b>\$ 264.1</b>	<b>\$ 32.7</b>	<b>12.4%</b>	<b>\$ (8.4)</b>	<b>\$ 288.4</b>	<b>\$ (12.5)</b>	<b>\$ 13.0</b>	<b>\$ 264.6</b>	<b>9.0%</b>

Sales by Region (QTD)	1Q 2008	1Q 2007	Change	GAAP Growth Rate
United States	\$ 135.5	\$ 124.1	\$ 11.4	9.2%
Europe	91.2	73.9	17.3	23.4%
Japan	37.8	38.6	(0.8)	(2.1%)
Rest of World	32.3	27.5	4.8	17.5%
International	161.3	140.0	21.3	15.2%
<b>Total</b>	<b>\$ 296.8</b>	<b>\$ 264.1</b>	<b>\$ 32.7</b>	<b>12.4%</b>

\* Numbers may not calculate due to rounding.